



LUND UNIVERSITY
School of Economics and Management

The Utilization of Management Control Systems in Corporate Social Responsibility (CSR) for Banking Sector

A case study on Santander Group and China Minsheng Bank

by

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Abstract:

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Five Key Words: Management Control Systems, Corporate Social Responsibility, CSR, Banking sector, MCS framework.

Purpose: The purpose of the thesis is to discover how banks use management control systems in their CSR development. The paper will have an inside view on the two case company's` degree of management control systems` utilization. Additionally, a deep understanding of CSR in corporations and an ideal theoretical framework for CSR management will also be discussed.

Methodology: Based on multiple case study, a qualitative research approach will be followed throughout the thesis.

Theoretical Perspectives: The theoretical framework is based on the literature regarding to MCS, CSR and innovation.

Empirical Foundation: The empirical data was collected from two interviewees, a research on CSR issue and a manager in the bank, respectively. While collecting the the primary data from interviews, the secondary data, as another major empirical foundation of the thesis, was extracted from the case banks` CSR reports.

Conclusions: The paper has strived to analyze two "How" questions, with the hope of finding the common factors of how banks use MCS in managing and controlling their CSR. The research team has utilized the MCS developed by Malmi and Brown (2008) and analyzed the banks`CSR management from 5 perspectives: Culture control, Planning, Reward & Compensation, Cybernetic control and Administrative control. Comparison of CSR management art between Santander and Minsheng bank has been talked about in order to find out the most suitable management practice as references for other banks.

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1. Introduction

This chapter provides readers with an overview on the thesis, that is, the utilization of management control systems (MCS) in corporate social responsibility (CSR) for banking sector. The introduction part starts with the background of the thesis. Besides, the introduction part also discusses the underlying problems within the topic. With the hope of proposing the research questions that we aim to solve, the purpose of research in the selected area has also been presented. Finally, the outline of the thesis will be given in order to facilitate the readers in comprehending the structure of this thesis.

1.1 Background

Corporate Social Responsibility (CSR) has become an increasingly interesting topic for organizations and academic researches around the world (Bello & Meka, 2014; Selvakumar, Arumugam and Sathiyalakshmi, 2016). The World Business Council for Sustainable Development (WBCSD, 2019), defines CSR as “*the continuing commitment by businesses to contribute to economic development while improving the quality of life of the workforce and their families, as well as of the community and society at large*”. Besides, Hawn and Loannou (2016) considered CSR as a corporate-level issue which can assist to the long-term prosperity on both corporate and society-level. CSR is mostly related to philanthropy activities and community development (Paluri & Mehra, 2017). In most countries, CSR is carried out beyond the minimum requirement of the law (Godfrey, 2005). On this occasion, to most practitioners, CSR is perceived as a voluntary practice instead of a compulsory obligation. While CSR is carried out in accordance to the principle of voluntary (Kang, Germann & Grewal, 2016), some countries, for example, India, has legitimately requested large-scale firms in CSR spending (Paluri & Mehra, 2017).

The idea and framework of CSR have been developed and researched for approximately 50 years (Paluri & Mehra, 2018). During these 50 years, the concept of CSR has left a deep mark in people's mind. According to a survey conducted by Ipsos (2013 cited in Kang, Germann and Grewal, 2016), 77% of customers have stated that more CSR activities should be initiated by companies. While customers have demonstrated enthusiasm in CSR activities, different opinions with regards to the purpose of CSR activities coexist. For example, Friedman (1970) believes that CSR has to be the fundamental aspect in a organization's management. However, Fombrun (1995) stated that CSR could improve corporate reputation only after the customers have gained satisfaction from corporations' core business (core product and services). On the other hand, Carroll (1979) suggested more freedom should be given to managers in CSR issues. Despite the different views on CSR management philosophy, a common principle has been widely accepted by researchers, that is, organizations need to adapt to the contemporary social expectations into their CSR activities (Beurden & Gössling, 2008; Gössling & Vocht, 2007; Lee & Yang, 2014).

As for firms, conducting CSR activities tend to have a positive influence on financial performance (Kang, Germann & Grewal, 2016). For those corporations conducting Corporate Social Irresponsibility (CSI), launching CSR activities are likely to make up for past mistakes and improve corporate image in customers' mind (Kang, Germann & Grewal, 2016). As CSR activities are likely to promote the business' reputation, Jones (2000) explained this linkage and concluded that better reputation tends to stabilize the stock price decline during a stock market crisis. However, some researchers argued the causal relationship between conducting CSR activities and financial performance (Ducassy, 2013; Barnett, 2007). The phenomenons of CSR have also proved the contradiction. While in Indonesia, where CSR has shown a positive relationship with corporate financial performance (Huang & Lien, 2012), increasingly CSR activities operated by Islamic banks in Bangladesh seems have no influence on its financial performance (Tuhin, 2014). To sum up the finds, in different social and cultural contexts, CSR has different effects on the company's financial performance.

Banking, one of the greatest inventions in capitalism, is recognized as a high involvement service, which is closely linked to modern society and economic development (Dolnicar and Pomeroy, 2007). The traditional characteristic of banks includes screening lenders, monitoring loans and enforcement in case of default (Scholtens, 2009). Though specialized in financial services, banks demonstrate a trend of increasing spending on CSR activities globally (Paluri & Mehra, 2017). By propage their CSR activities, banks can gain trust from their stakeholders (Money and Schepers, 2007). Besides, as it has been stated by Olejniczak (2016), the major reason for banks in incorporating CSR activities is the potential of obtaining a positive image, thus, to gain competitive advantage within the industry. Contradictorily to previous research, Paluri and Mehra (2017) argued that customers' attitudes towards banks will not be differentiated -- though at the same time, customers expect CSR activities to be carried out by banks. On this occasion, banks need to further express the necessity of their CSR activities with their clients, as customers have an relatively indifferent attitude towards banks' involvement in CSR activities (Paluri & Mehra, 2017).

CSR is one of the synonyms for Sustainability (Duthler & Dhanesh, 2018). Many companies have established some funds in order to gain and contribute to sustainable development (Lee & Hu, 2018). According to Lee and Hu (2018), CSR can be viewed as a strategic approach for business sustainability, which allows corporations give back to society. In addition, Upadhye, Das and Varshneya (2019) argued that CSR activities can be viewed as a signal, which attempts to convey information related to the corporation's determination in protecting stakeholders and enhancing the business sustainability.

As it has been stated by Gostomski (2009 cited in Olejniczak, 2016), banks are expected to focus their CSR activities mainly on the following 5 perspectives.

- (1) Shareholders, who require banks to constantly provide value-based information in order to enhance the communication.
- (2) Customers, that is to say, banks are expected to improve their business with better service and more competitive products.
- (3) Employees, in terms of their career development and job satisfaction.

- (4) Society, which means supporting and supporting their culture, education and charities.
- (5) Pro-environmental actions, which are actions to be taken in order to protect the natural environment.

Above all, CSR is a society-benefiting issue, at the same time, a complicated task which involves the interests of multiple stakeholders. Conducting CSR activities posts new challenges for banks in setting regulations, in CSR monitoring, and in balancing the relationship between CSR and corporate financial performance (Scholtens, 2009). This emerging requirement calls for a new MCS in managing CSR in banking sector.

As a comprehensive task handled by banks, CSR requires a specific MCS which satisfies the needs of identifying, evaluating and monitoring CSR activities. With the help of a specific MCS, financial institutions are able to ensure that employees are acting in a consistent way with the organization's strategy (Merchant & Van der Stede, 2007). Historically, management control was recognized under the traditional accounting-based controls (Anthony, 1965). Since the 1970s, researchers have published numerous MCS frameworks, which emphasized the importance on strategic decisions (Strauß & Zecher, 2013). Such trend has urged the emergence of amendment in MCS. Ahrens and Chapman (2007) have argued that employee's behaviors could be re-shaped by shift MCS into the one, which relatively tend to focus on strategic-decisions.

Malmi, T. and Brown, D.A. (2008) introduced the idea of MCS as a package. Their arguments were that MCS do not operate in isolation and that a broad understanding of MCS may help managers design a range of controls to support organisational objectives. These authors, by synthesizing decades of research, come up with a conceptual type of MCS. This system consists of planning, cybernetic, reward/compensation, administrative and cultural controls. Cultural controls are made up with clans, values and symbols. Planning is formed by action planning and long range planning. Cybernetic controls are composed by budgets, financial measures, non financial measures and hybrids. Reward/compensation consists of linking rewards to achievement of goals. Administrative control components are organisational design and structure, governance structures and policies and procedures.

Lueg, R. and Radlach, R. (2016) use Malmi and Brown work to conduct an empirical research on types of controls that organizations use to enforce sustainable development. Their findings include that companies do not find the appropriate set of controls to adequately address sustainable development. Organizations, according to Lueg and Radlach (2016), overly focus on smaller aspects of sustainable development, such as environmental responsibility. Thus, only few organizations implement a sustainable MCS (SMCS) that addresses all aspects of sustainable development.

1.2 Problem

As it has been stated by Paluri and Mehra (2017), corporations are motivated in conducting CSR activities because they are put intense pressure by stakeholders in order for them to achieve their goals. On this occasion, an effective management control system can assist the corporation in demonstrating its vision to stakeholders. Similarly, Gond et al (2012) stated that the company's MCS adjustment should have a positive impact on long-term success.

Over the past decades, the concepts and functionality of CSR has not only been discussed by researchers, but also been adopted through common sense by practitioners (Lee & Hu, 2018). However, CSR is most likely to be based on corporate level decisions, as laws in most countries do not regulate on CSR issues (Kang, Germann & Grewal, 2016). Besides, as it has been stated in the previous Background section, CSR's effectiveness on a corporation's financial performance remains open for further development and research. On this occasion, a more efficient CSR management control system is expected, as currently CSR activities are costly and are likely to have a negative impact on the corporation's short-term market value (Di Giuli & Kostovetsky, 2014). Due to the people's dislike in brand insertion, MCS on CSR should monitor the ongoing activities and corporate behaviors in case negative effects arise from CSR activities (Mutch & Aitken, 2009).

Additionally, CSR management control systems are not extensively discussed in academic research, which give practitioners less of a benchmark in the business world. In terms of the banking sector, institutions provide a service to their customers. Thus, do not have large supply chain issues, such as the chemical sector, for instance. Lock I. and Seele P. (2013) found that banking and insurance sectors are not used to reporting CSR issues as widely as the chemical sector. Thus, organizations in this sector do not meet the sustainability reporting benchmarks. These authors predict further standardization of CSR reporting reporting issues, which are cross sector. The global reporting initiative (GRI) and European Union (EU) are the main bodies influencing CSR issues in large european organisations.

From an internal point of view, CSR management is comprised by process and attitudes. Adam CA. (2002) discusses how corporate characteristics and other general contextual factors influence internal management of CSR. Internal process is comprised by decision making bodies working together with stakeholders and CSR reporting committees. Attitudes are a key issue, also according to Adam CA (2002), they set what are the organization's ethical standards. These standards are determined by the company's views on CSR reporting, organizational issues and corporate culture.

1.3 Purpose

The purpose of this paper is to promote the understanding of how banks manage and control their CSR in order to stay in line with their strategies. To be more specific, this paper provides readers with a comprehensive framework for banks in CSR management control systems. First, the thesis will discuss how MCSs have supported the process of CSR in the banking sector. We think this approach is more interesting, since previous research on CSR has mostly focused on its relationship between financial performance (Kang, Germann and Grewal, 2016), corporate tax aggressiveness (Lanis & Richardson, 2016), customer satisfaction (Paluri & Mehra, 2017), bank image management (Olejniczak, 2016), this thesis's contribution focuses on "how" banks utilize MCS in their CSR activities.

By interviewing bank managers and reviewing banks' sustainability reports, an analysis of banks' CSR based on Malmi and Brown (2008) control perspectives will be carried out. With the help of interviews and annual report analysis, the research team aims to find out linkages between Malmi and Brown (2008) MCS framework and CSR practice in the real world.

Below, targeted empirical questions have been listed:

1. How do banks manage their CSR? (With an emphasis on designing and monitoring CSR activities)
2. How does MCS facilitate the management of CSR in banks?

We will use two case studies: China's merchant bank and Santander Group. Being two banks from different countries, we will be able to analyze their CSR activities, MCS and establish proper comparisons between them.

With the hope of answering the two proposed questions, a corresponding analysis of MCS framework for CSR in the banking sector will be developed. As the fulfillment of CSR activities could increase corporate reputation (Porter & Kramer, 2002), the revised, and adjusted framework is aimed to promote the MCS of banks' CSR onto a holistic level, meanwhile, improve the efficiency and effectiveness in bank's CSR activities. Besides, the previously mentioned framework is expected to lighten other relevant research in the future.

1.4 Outlines of the Thesis

The following thesis is constructed under this order: First of all, in Chapter 2, research methodology will be introduced and discussed. Chapter 3 focuses on selecting the most suitable existing literature for the research purpose and develops an integrated theoretical framework for analysis. Later on, in Chapter 4 and Chapter 5, an in-depth empirical findings on two case banks have been presented. Having conducted interviews and read the CSR

annual reports carefully, the research team utilized the observed information and combined it with MCS theoretical concepts and frameworks. Chapter 6 mainly sums up and compares empirical findings. Finally, conclusion of the empirical findings have been presented in Chapter 7, where the contribution, limitation and suggestion for future research will also be mentioned.

2. Methodology

This chapter focuses on the illustration of selected research methodologies. This chapter begins with the research design and conceptualization, where the guiding ideology will be demonstrated. The following part explains the criteria in targeting the case companies. After the presentation of first two sections, there are sections mainly focusing on how research data is collected, analyzed and presented. Validity and reliability will be carried out as a review on the research process. Finally, limitations of the research will be discussed, which also aim to facilitate future research on this topic.

2.1 Research Design and Conceptualization

By focusing on MCS, the research approach can be categorized as exploratory. On this occasion, interviews and research based on the case companies' disclosure will be carried out in order to clearly explain the expectations for MCS in governing banks' CSR issue. Instead of conducting hypothesis and testing, the thesis will explain connections between MCS theories and existing approach of managing CSR. With the help of the explanatory approach, the essential connection between observed phenomenon and data can be compared with the theoretical framework (Bryman & Bell, 2015).

Besides, the thesis aims to discover the relationship between CSR and bank management. The above-mentioned relationship will be researched by extensive reading on journal articles, corporate reports and interview with manager in case companies, which allow authors better comprehending the management focus (Bryman & Bell, 2015). Having developed two questions in Section 1.3, the research methodology will follow interpretivism and constructionism, which according to Bryman and Bell (2015), could be viewed as efficient qualitative research approaches.

The information in corporate reports could assist this research team in gaining a overview of the documentary realities (Bryman & Bell, 2015). Thus, in the process of research design, the authors have firstly looked into the case companies' annual and corporate social responsibility reports in order to locate core information related to banks' CSR management. However, the revealed information is not vivid and adequate enough in solving the proposed research questions. On this occasion, a multiple-case study method has been decided in order to make the MCS in different banks comparable. Besides, the multiple-case study

method also well-accommodate the development of exploratory analysis and proposed question in Section 1.3 (Bryman & Bell, 2015). Lastly, limitations exist in the research design as the research ought to be finished in a relatively short period of time and with limited resources. Thus, only two case companies have been selected, which hamper the generalization of the thesis conclusion.

2.2 Case Selection

The members of the thesis team consists with relatively international background, as one of the thesis writer comes from Spain while the other one comes from China. The difference in cultures, society structure, national productivity and history leads to great divergence from the chinese banking sector to western banking sector. Aiming to analyze the CSR management control system in global banking sector, case companies from varied nations could add persuasiveness and generalization within the thesis. Furthermore, the selection of the case companies have been limited to stock exchange listed companies, as it could facilitate the research since they publish various kinds of organizational reports regularly. The authors also followed the principle of convenience selection (Bryman & Bell, 2015), because they have chosen banks from their countries as it is more accessible and familiar. On this occasion, the case-study banks are Santander and China Minsheng Bank, from Spain and China, respectively. Both banks belong to shareholder commercial banks and operate similar banking businesses, such as absorbing public saving, handling domestic & international settlement and issuing loans, etc (Minsheng, 2017 and Santander Annual report 2018). Being stock-listed corporations, both case-companies have published annual reports and corporate social responsibility reports, which provide the research with crucial secondary data in the later analysis and conclusion section. As for the collection of primary data, both authors have contacted interviewees by email with the hope of conducting interviews.

2.3 Data Collection

During the collection of data, the research team has focused on both primary data, i.e. interviews, and secondary data, i.e. organizational documents, from the two selected companies. As for the collection of primary data, the research team was enlighten by the existing literature, and also used the newly developed theoretical framework as a benchmark for conducting the interviews. The collection of secondary data also utilized the theoretical framework as benchmark, as it can complement some missing evidences in primary data collection process. With the collection of primary data and secondary data collection, a comprehensive picture of banks CSR management is expected to be demonstrated.

2.3.1 Framework for Data Collection

At the beginning of developing the empirical research questions, the research team not only reviewed the theoretical concepts and frameworks in MCS, but also reviewed the studies on CSR and banks. The research team used *Lund University Libraries* for searching the relevant literature. Key words and phrases, such as “MCS”, “corporate social responsibility”, “CSR”, “CSR in banking sector”, “management control”, etc., have been used in the search engine. The determination of research direction and process has been facilitated by the searching outcomes.

In order to have a overview on the CSR management control system in banking sector, an integrated theoretical framework is going to be developed in Section 3. This framework will consist and based on literature from academic journals, the research team will review and integrate the most relevant aspects of existing literature in order to come up with an integrated approach towards management control systems and corporate social responsibility. We will illustrate this framework in a way, that combines a step by step approach and includes systems and processes for performance evaluation and monitorization of different aspects of CSR development and commitment.

Besides, the newly development theoretical framework assists the development of interview questions and the analysis of CSR management issues in banking sectors.

2.3.2 Primary Data

According to Yin (2009), primary data are considered as one of the most essential elements in case study. Collected through interviews, the primary data are expected to be contributive in the answering the proposed research questions in Section 1.3. Having received positive responses about the interviews, we sent the interview questions through email and appointed online-interviews with interviews due to the long-distance. Thanks to the interaction in the related topic, the research team had been profoundly benefited from practitioners` insights and thoughts provided by interviewees.

Aim to solve the two research questions in Section 1.3, the research team has internally generated interview questions based on the their own theoretical framework, which is one the thesis contribution in banks` CSR management control systems. The interview questions have touched on the perspective on MCS, CSR in banks and business strategy in banking sector. Besides, the interview questions were used between two case-study companies, as the research aims to make comparisons between different MCS and CSR planning & measurement in banks. Moreover, in order to improve the flexibility of interviews, the research team had temporarily added some enquiries and changed the order of certain questions in the interviews based on specific topics and situations at the time (Bryman & Bell, 2015). The developed interview questions serve as an interview guide and aim to provide a mindmap and framework during the interview. However, the interviews are carried out in Spanish and Mandarin respectively, which require translation and phrase-reformulation into English. The research team had ensured that responses from interviewees are formulated in

academic and similar wording, which facilitate a neat and clear presentation of interviewees' answering.

In order to eliminate the potential influence of potential bias throughout the interviews, the order of questions are listed from "what" to "how", which comply with logical thinking. Initially, the interview questions are developed in Spanish and Mandarin respectively, as it is comprehensible to interviewees (Bryman & Bell, 2015). The interview questions can be viewed in the Appendix (see Appendix A).

After the formulation of interview questions, the research team has emailed the questionnaire to interviewees from case-study companies before the commence of interviews. The research team has also set the time of interviews after communication. By doing this, the research team aimed to provide some time for interviewees' preparation, which includes reading the interview questions and look for relevant information that can be helpful to the interviews. On the other hand, the research team, as interviewers, had read the published materials of the case companies in order to become more familiar with the companies' implementation on CSR. As it has been stated by Bryman and Bell (2015), human beings are not able to remember all informations during the interviews. On this occasion, the research team has decided to record the audio of the interviews. Another preparation made by researchers was testing the recording devices, since they will be used during the later-on interviews.

Due to the barrier of language, the interviews to two case-study companies are conducted individually by the research team. After the interviews, the research members have met each other and exchanged the information generated from interviewees. With the aid of information exchange, both researchers have gained the understanding of the other case-banks utilization of MCS in CSR, which also allow researchers to compare the two bank's MCS in CSR activities and their accordance to the literature.

As the research team was based in Lund, Sweden, the interviews regarding to both case-study companies were carried out through live-video on Internet. Before the actual start of the interviews, the research team asked the interviewees for recording, as the team needs to review their opinions during the research period. All of the interviewees have agreed the team to record for our private use. Before the end of interviews, both interviewers have followed the research ethics and asked if they want to stay anonymous. Positive answers were received from two interviewees. Therefore, the name of the interviewees in a Spanish institution and China Minsheng bank will be referred as Interviewee A and Interviewee B, respectively. As another part of protecting their privacy, their title will also remain anonymous. However, the anonymity was recognized as partial anonymity, as the interviewees allows research team to use their career background and the name of case-study banks (Given, 2008).

Interviewee A has developed sustainability for Spanish multinationals banks and has worked as a CSR Consultant at one of the Big four professional services firms. Currently, (s)he is in charge of Bachelor courses regarding CSR and Audit in a leading Spanish University.

Interviewee B is a manager in Minsheng Bank, with specialization in banks risk management. (s)he has banking management experience for decades. In addition to the work in banking sector, Interviewee B has conducted many academic researches and has written a research report on CSR of commercial banks. For the Chinese environment, (s)he has his (her) own unique understanding on CSR related issues.

2.3.3 Secondary Data

Similar to primary data, secondary data is considered as one means of triangulation (Bryman & Bell, 2015; Yin, 2009), which could improve the objectivity of research (Bryman & Bell, 2015). In the thesis, secondary data was mainly generated from the targeted banks' organizational documents. To be more specific, the research team used the annual & CSR reports of Santander and China Minsheng Bank. These reports assist the research process by providing relevant information on CSR activities and MCS in banks. In the opinion of Atkinson & Coffey (2004, cited in Bryman & Bell, 2005), corporate reports are able to present companies' documentary reality. In the thesis, where the corporate reality has been stated in an academic manner, authenticity and meaning (Scott, 1990, cited in Bryman & Bell, 2015) become two of the most contributive factor through the analysis in the thesis.

The research team has also concerned about the other two criteria for scrutinizing the quality of organizational documents, which refer to representativeness and credibility, respectively (Scott, 1990, cited in Bryman & Bell, 2015). The assessing of above-mentioned factors could check the companies' potential information manipulation, which was designed in favor of the public willing (Bryman & Bell, 2015). On this occasion, audit opinion reports produced by third-party audit companies have been checked by the research team. Moreover, the research team members also interrogated some information, which has been revealed in the corporate documents. With the aid of these behaviors, the representativeness and credibility of reports could be seen as being enhanced, which create a more credible and reliable manner in the research process.

2.4 Data Analysis

Before the commencement of data analysis, the research team had finished the preparation processes, such as data collection, reading relevant materials and conducting interviews. By doing so, the research team followed both open coding and selective coding system in order to enrich the research foundation (Bryman & Bell, 2015).

As for the open coding system, the research team analyzed the existing literature in CSR and banks' MCSs. By doing so, the research team aims to comprehend the knowledge in CSR, MCS, and banking sectors, which allow the researchers form an up-coming overview on the research area. To be more specific, after the creation of a theoretical framework, the

research team had analyzed the banks' business nature, CSR activities, and the utilization of MCS on CSR domain. Besides, comparisons have been made among different MCS and CSR activities in order to discover the differences in management purpose and ideology. The MCS developed by Malmi and Brown (2008) is the main benchmark in analyzing the CSR related issues. By using this MCS framework, the research team has conducted an in-depth research on the two case banks, as the MCS gives a comprehensive view on each control system.

While analyzing various MCSs, the research team adopted the selective coding, which allows the researchers to construct a theoretical framework specifically related to management control system in banks' CSR. The selective coding assists the research by re-organizing the digged-out knowledge into an integrated structure, which demonstrate the mindmap in MCS analysis, to be more clear, purely related to CSR in banking sector.

During the data coding process, the research team had negotiated until the consensus of analysis methodology has been made. The exchange of ideas not only serves the researchers in unifying the research logic, but also in reducing the risk of neglecting crucial information (Yin, 2009).

2.5 Data Presentation

The collected primary and secondary data has been presented after the illustration of integrated theoretical framework. Firstly, the collected data about CSR on the two case banks was demonstrated by introducing the CSR activities that have been mentioned in CSR reports. The data related to the theoretical framework design was mentioned in Chapter 2 and Chapter 3, where existing literatures and theoretical concepts have been introduced. Besides, the research team also conducted interviews in order to enrich the primary data. Interviewees idea has been presented in Chapter 4 and Chapter 5, where the empirical findings on case banks have been presented separately.

2.6 Credibility and Transferability

Bryman and Bell (2015) have mentioned data triangulation's functionality in ensuring the research credibility, i.e. internal validity, of the thesis. The research team followed the sources of adopting data triangulation mentioned by Yin (2009), for example, interviews and published corporate reports. During the interviews, the research team utilized the previously prepared information from the corporate documents, which serve as an approach of clarifying the research credibility. Moreover, the research team has also checked the consistency of absorbed information with interviewees, which ensured the respondent validation and thus improved the research accuracy (Bryman & Bell, 2015).

The research team has also enhanced the credibility by presenting the collected data into a logical path throughout the thesis. This method also allows the conclusion being able to be traceable to the original sources, through which followed the principle of “traceable chain of evidence” urged by Yin (2009). Besides, aiming to solve the proposed empirical questions in Section 1.3, the research team used the technique called explanation building (Yin, 2009) in order to promote the internal validity of data analysis. On this occasion, collected data has been compared and related to some existing literatures, as a result of the research team’s endeavour in strengthening credibility of the thesis.

The research structure of the thesis has adopted a multiple-case study structure, in comparison with the single-case study, would improve the conclusion’s generalizability (Yin, 2009) by making comparisons between different MCSs in banks` from Western and Eastern world. Moreover, being representative banks in each country, the case-study banks are able to represent the other banks on certain extent, which has further enhance the generalizability of the thesis. As every sword has double edges, there are still limitations on the generalizability of the thesis, due to the relatively small sample of case study and the uniqueness of banking sector in Spain and China. Besides, CSR is a relatively new task around the world, and to the best of the researchers` knowledge, CSR content varies dramatically from countries to countries due to the different level of social development level, cultural and political background. Thus, comparing to making a best-practice guideline for banks CSR management control systems, the conclusion of the thesis aims to enlighten the readers with ideas on MCS construction under different cultural backgrounds.

2.7 Confirmability and Dependability

Cooperating in a group of two people, the authors have fully discussed and exchanged their thoughts and ideas of the thesis, through which followed the interobserver consistency and added reliability to the article (Bryman & Bell, 2015). Instead of merely focusing on the findings and existing literatures, the authors have also searched and discussed the controversy within the research domain, which could significantly control the probability of subjectivity, errors and bias according to Yin (2009). Moreover, the voice records of interviews are saved privately by researchers, which add dependability to the thesis (Bryman & Bell, 2015).

2.8 Limitations

Although the research team has decided qualitative research strategy with multiple-case study from both Eastern and Western perspective, there are still inevitable limitations which exist in the thesis.

First of all, the subjectivity risk of researchers emerges as the thesis adopts a qualitative research strategy. Bryman and Bell (2015) has pointed out the researcher's` objectivity could influence the interpretation of data, which is caused due to the lack of unified interpretation mechanism in data explanation. Secondly, the two-case study format seems to be constrained due to small sample size. Constrained by the limited sample size, a smaller degree of freedom occurs and hamper the generalization of the thesis conclusion.

Besides, as a graduation thesis aimed to be accomplished in less than two months, the limited time and resources are very likely to cause the above-mentioned limitation in generalization of the thesis conclusion. Last but not the least, the limitation regarding to the the interviewees may also exist, as they are closed-related stakeholders of the targeted companies. Information collection from the published corporate reports has been conducted in the research process. However, aiming to conducting the interviews with employees in managerial level, the dependability of research might be harmed due to the only one perspective in phenomena observation (Yin, 2009).

For future research on this topic, the authors suggest more targeted companies to be case-studied in order to promote the academic rigorous. The authors also realized the importance of multiple level interviewees with in the companies, which stand for carrying out interviews among employees from various administrative levels. Lastly, as there are different banks in terms of their functionality (such as commercial banks, private banks and investment banks, etc), targeted case companies are expected to be extended according their specialization and functionalities.

3. Theoretical Framework

This chapter provides readers with an aerial view on the existing literature in the domain of MCS. Besides, this chapter also provides the mind-path in the theoretical framework development. Specifically, the chapter begins with the presentation of integrated theoretical framework that has been generated in order to best explain the CSR management issues in banks. Following with the existing MCS theoretical framework, the thesis will discuss the cornerstones in the framework creation.

The theories used are regarding corporate CSR driven actions, and how this may be used to achieve competitive advantage, this will be useful for us to establish different dimensional models in terms of CSR in organizations. In the MCS part, we will look at what different authors say regarding MCS for CSR, particularly, diagnostic, interactive, boundary and belief processes and systems.

3.1. CSR-driven actions

According to Gadaf R. et. al. (2013) the only successful brands of the future will be the ones that see addressing social justices, poverty and climate change as an opportunity to contribute. The department of trade and security of the United Kingdom defines CSR as the way a company governs itself, in terms of integrity, in relation with expectations from internal and external stakeholders.

Calabrese A. et. al. (2013) developed a two dimensional model to explain how CSR can be a source of competitive advantage. For CSR to enhance an organization's competitive advantage, the company must go through a series of internal changes. The two dimensions of the model are the following: CSR development and CSR commitment.

CSR development, is the process by which a company, through a CSR-supportive culture, develops and improves competitiveness. Porter and Kramer (2006, 2011) have studied how CSR and competitive advantage are related, coming up the conclusion that, on the long term, a firm's competitiveness improves with CSR supportive organizational culture. By combining and linking Carroll and Shabana (2010) and Maon et. al. (2010) work, Calabrese A. et. al. (2013) develop a CSR development dimension conceptual framework that includes: broad view, narrow view and No view. The broad view, includes the following stages: caring stage, strategizing stage and transforming stage. The narrow view, includes: self-protecting stage, compliance-seeking stage and capability-seeking stage. No view has no stage.

The perspectives associated with each view are the following, Broad view: stakeholder dialogue, sustainability and change the game. Narrow view: Reputation & Philanthropy, Requirement and Stakeholder management. Calabrese A. et. al. (2013) also outline the benefits of each view. Broad view: License to operate, Cost reductions, efficiency gains, Image improvement, Risk Management, Reduced capital costs, Opening new markets, Customer related benefits, Employee-related benefits, differentiation, innovation and competitive advantage. Thus, we can see that the broader approach an organization has, higher the possibility of gaining competitive advantage through CSR. On the other hand, if an organization has a narrower approach, the opportunities that arise from CSR are, mainly, image and cost related. Meaning that, cost savings and brand image improvement can be achieved even through a narrower approach to CSR. But, if a broader range of benefits are intended to gain, a corresponding broad approach is required.

Secondly, there is CSR commitment. This is the second dimension in the model developed by Calabrese A. et. al. (2013). CSR commitment is the analysis of efforts and performance in Economic, Legal, Ethical and Philanthropic areas. These areas are then transformed into a CSR commitment index, to facilitate comparability across different firms. Thus, a higher CSR commitment index indicates that the company sees CSR as a strategic and competitiveness development tool.

3.2 MCS Design for CSR actions

Different from traditional accounting-based management system, the MCS regarding CSR are aiming to gain reputation for corporations and contribute to sustainability in societies (Gray, 2010). MCSs are likely to perform an increasingly important role in corporate CSR, not only due to CSR's close linkage with other business processes (Burnett and Hansen, 2008; Perego and Hartmann, 2009), but also because of the increasing regulations in external environment (Schaltegger and Burritt, 2010).

Firms conduct CSR activities for various reasons. O'Dwyer (2002) believed that corporations conduct CSR activities in order to enhance the compatibility of their existing business models. In recent years, sustainability has become a "*shared value*" by practitioners (Porter and Kramer, 2011). When it comes to CSR, a sub-topic under sustainability, managers maintain their perception of sustainability, believing that corporations could enhance their reputation and act social responsibility by well-organizing CSR activities (Moon, 2007). On the other hand, there are also views which state firms conduct CSR activities merely for increasing the wealth of shareholders (Gray, 2010; Milne et al., 2006). Thus, financial-oriented CSR tend to be short-term and focusing on those activities closely related to core business (Arjaliès and Mundy, 2013).

MCSs enable managers to make decisions in business operations and ensure that employees follow the organizational strategic goals (Adams and McNicholas, 2007). In order to motivate employees enthusiasm for CSR, MCS is expected to become an activator (Simons, 1994). Below, table one describes the management control perspectives on CSR management. With similar idea to Simons (1994) MCS framework, the table lists diagnostic process, interactive process, belief system and boundary process.

How the CAC 40 group of companies mobilize the levers of control in order to manage CSR strategy.

Diagnostic processes to manage critical performance variables	Interactive processes to manage strategic uncertainties and opportunities	Belief systems to communicate core values	Boundary processes to manage risks
<p><i>Purpose:</i> to define and measure key performance indicators for CSR strategy against internal and external targets; to identify the gaps between achievements to date and past plans</p> <p><i>How leveraged:</i> senior managers/CSRDs use reports to manage the activities of operational departments in relation to the performance of critical CSR activities</p> <p><i>Examples of MCS used to provide information on performance:</i> EMS, standardized CSR reporting processes (GRI, Global Compact); competitive benchmarking</p>	<p><i>Purpose:</i> to reveal and debate emergent strategies and identify opportunities for innovation in relation to CSR activities</p> <p><i>How leveraged:</i> through regular and formal discussions between CSRD/senior managers and operational managers</p> <p><i>Examples of MCS used interactively:</i> regular meetings between CSRD and operational managers; intranet systems for communities of practitioners; exchange of best practices to share innovations</p>	<p><i>Purpose:</i> to establish a shared vision of CSR; to unite employees around a set of organizational values; to inspire employees to seek opportunities</p> <p><i>How leveraged:</i> formal and explicit statements of intentions with respect to CSR mission and values</p> <p><i>Examples of MCS used to communicate values and purpose:</i> CSR strategic plans; organizational-wide conferences; 'Values' Chart', mission statements; training sessions; communication tools such as intranet</p>	<p><i>Purpose:</i> to set strategic limits and business conduct boundaries around CSR plans and activities</p> <p><i>How leveraged:</i> formal and explicit statements of appropriate and inappropriate areas for consideration in CSR strategy and of acceptable and proscribed behaviours</p> <p><i>Examples of MCS used to provide boundaries:</i> external documentation on legal and voluntary regulations, e.g. NRE, GRI that help to identify key strategic priorities (e.g. reduction in CO₂ emissions); guidelines on approved activities; ethics guides, codes of conduct, anti-bribery guidelines; guidelines on best or recommended practices; job descriptions (e.g. purchasers); communities of best practice</p>

Table 1, source: D.-L. Arjaliès, J. Mundy / Management Accounting Research 24 (2013) 284–300

Inspired by the above framework, the research team suggests a MCS design that facilitates communication, which could assist employees in understanding the meaning thus motivate them. The MCS are also expected to assist managers in identifying the targets in CSR. To be more specific, targets related to number of activities, amount of assistance might be taken into the evaluation of CSR management. In a fast changing world, CSR activities may vary from in their forms. On this occasion, the MCS should demonstrate flexibility for finding new CSR activities and identifying potential threats in conducting them.

3.3. Integrated Theoretical Framework

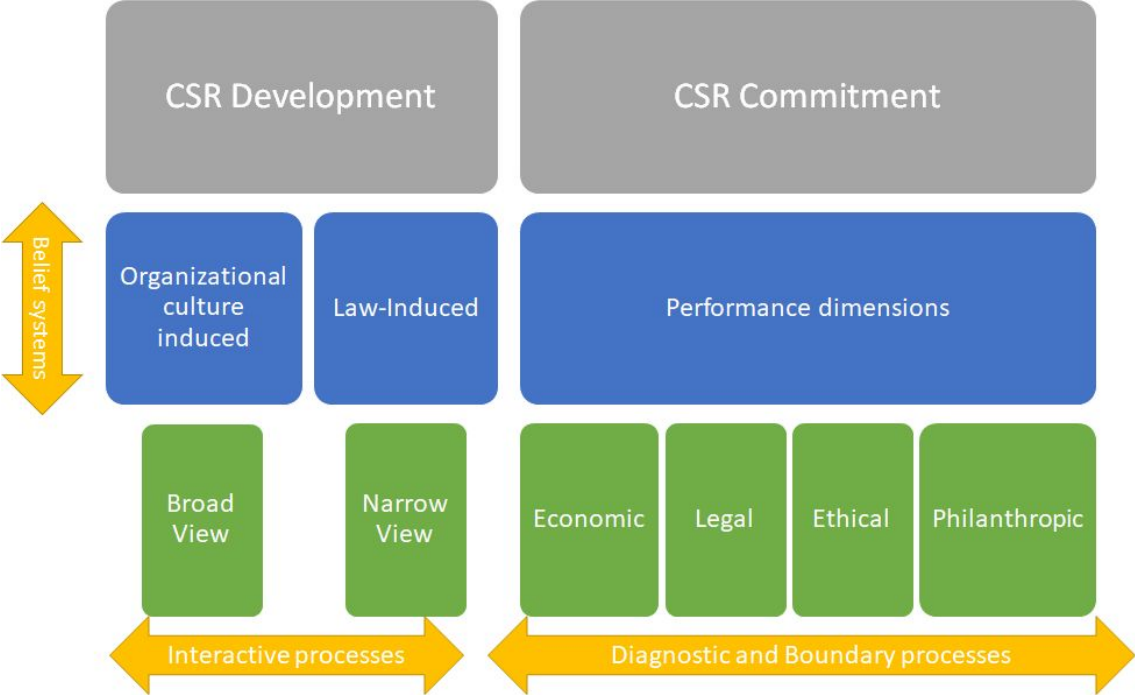


Table 2, Integrated Theoretical framework to approach CSR and MCS

In Table 2 above, illustrates, a framework, that according to our research, could be a useful theoretical approach to CSR and MCS. The research team developed this framework by summarizing and conceptualizing, the literature we describe in previous chapters.

Firstly, this framework splits into two stages: CSR Development and CSR Commitment. CSR Development has two levels to it. Organizational culture and law induced. If CSR development is based on organizational culture, it means that the company has a broad view. A broad view involves larger parts of the company, and, implies cultural and values based implications. On the other hand, law induced CSR development is a narrower view, that is because a smaller group of people are in charge to develop CSR in accordance with local regulation and standards. A belief system is required to monitor that the shared vision towards CSR is achieved within the employees of the company. An interactive process is required to update and innovate in broad and narrow view based CSR.

When it comes to CSR Commitment, we see that regardless of a broad or narrow view, the same performance dimension apply. We have Economic, Legal, Ethical and Philanthropic as dimensions. These dimensions shall be measured separately. Diagnostic systems and process are key here to establish and monitor key performance indicators for each dimensions. Boundary processes and systems are required as well, these establish limits

and boundaries regarding CSR plans and activities. Boundaries are linked to a view, thus, a broad view of CSR has wider boundaries than a narrow view.

3.4. The Choice of MCS Framework

In this section, the criteria of selecting the MCS will be discussed. Aiming to solve the proposed empirical questions, the MCS which bring the research team with an overview in banks` management control will be preferred. In order to make comparisons among various MCS, the research team has adopted the overview of MCS developed by Haustein, Luther and Schuster (2014) for evaluating the most suitable system. This overview mainly takes two perspectives in evaluating MCS, namely, main focus and degree of direct control over sub-systems (see Table 3 below). Based on the suggestion given by the framework, the research team has discussed the applicability of different MCSs in the topic of banks` CSR management. After the discussion, the researchers decided to utilize the MCS framework developed by Malmi and Brown (2008). In the following context, discussion on both Malmi and Brown (2008) and other MCSs will be demonstrated with the hope of giving a clear explanation on the sufficient conditions under the thesis topic.

	Source of control	Mechanism of control	Formalization of control	Interfaces of control	Package of control	System based approaches of control		Object of control
	Hopwood (1976)	Ouchi (1979)	Adler & Borys (1996)	Alvesson & Kärreman (2004)	Malmi & Brown (2008)	Simons (1995)	Ferreira & Oley (2009)	Merchaet & Van der Stede (2012)
Degree of interaction with employees more direct more indirect	administrative control	market control bureaucratic control	coercive control enabling control	technocratic control socio-ideological control	cybernetic controls planning reward and compensation administrative controls	interactive control boundary systems diagnostic control beliefs systems	3 measures of components: vision & mission, key success factors, organization structure, strategies & plans, key performance measures, target setting, performance evaluation, reward systems	results control action control
	self-control							4 measures of mechanisms and features of PMS
	social control	clan control			cultural controls			cultural control

Table 3: Overview of MCS frameworks; Source: *Haustein et. al. (2014), p. 38*

Comparing to other MCSs, the frameworks developed by Hopwood (1976) and Ouchi (1979) have the longest history in academia. These two MCS frameworks have introduced formal and informal control systems, especially the informal control system, which is seen as the beginning of emphasizing indirect socialization processes in organizations (Haustein, Luther & Schuster, 2014). Though acting as pioneers in MCS frameworks, these two MCSs did not state to what extent should managers emphasize on formal control or informal control. To be more specific, Ouchi (1979) emphasized more on formal control. Besides, Ouchi (1979) only developed the clan control, which refer to informal control. On the other hand, Hopwood

(1976) emphasized on internalized self-control system, which demonstrate gaps when comparing to Ouchi (1979).

When talking about the degree of formal control, latter MCS developed by Alvesson and Kärreman (2004) has great similarity when comparing with the MCS of Hopwood (1976). Though Alvesson and Kärreman`s (2004) MCS discussed technocratic forms of control which require managers to be meaning-focusing, the MCS itself provides the research team few perspectives on solving banks` CSR management issues. Among the MCSs evaluated by Haustein, Luther and Schuster (2014), Adler and Borys`s (1996) MCS was mainly theoretical-based, as it discussed the MCS`s nature and categorization.

The above mentioned MCS frameworks have strong theoretical research features, and it is difficult to come up with an endorsement opinion for our two empirical questions by utilizing them. On this occasion, the following context will test the suitability on the MCSs of Malmi and Brown (2008), Simons (1994), Ferreira and Otley (2009), and Merchant and Van der Stede (2007). Based on the former MCS frameworks, Simons (1994) have listed four control systems in the MCS package, that is, interactive, boundary, diagnostic and belief control system. Besides, Simons (1994) also emphasized the importance of informal controls and introduced deliberately intended and emerging strategies in utilizing MCSs. The main drawback of this MCS framework on given topic is not only on it`s hierarchical understanding of MCS, but also on treating MCS as an activator in achieving organizational goals. Being a comprehensive issue in banks, CSR management requires MCS to provide guidelines in determining banks` actions.

Comparing to Simons (1994), the MCS developed by Ferreira and Otley (2009) emphasized on the role of control in managing organizations. This MCS also stressed on formal control systems by introducing twelve corresponding approaches of performance measurement. However, this framework has demonstrated weakness in informal control, as it views that corporate culture could be out of the control of managers.

The research team has also analyzed the suitability of Merchant and Van der Stede`s (2007) MCS under the given topic. This MCS have listed four types of control, namely, result, action, personnel and cultural controls, which gives a comprehensive perspective in solving the proposed empirical questions. However, when comparing to Malmi and Brown`s (2008) MCS, the above-mentioned MCS demonstrates it`s weakness, as each control system gives researchers and managers great autonomy in understanding it`s in-depth meaning. Though having a similar problem, the MCS developed by Malmi and Brown (2008) has a relatively strong discussion in the joint operation of control systems. To be more specific, instead of having a thorough discussion on each individual system, Malmi and Brown (2008) have emphasized on how could each system cooperate, thus contribute to the overall MCS. Besides, Malmi and Brown (2008) agreed on the perspective that MCS should be able to support the decision making process and encourage the different-level employees participation in corporate tasks. On this occasion, MCS developed by Malmi and Brown not only provide a comprehensive understanding of MCS, but also give managers the mutual influence within the control package (Strauß & Zecher, 2013).

The popularity of Malmi and Brown in academia (Crutzen, Zvezdov and Schaltegger, 2017) is also a major reason for choosing this MCS as a benchmark in analysis. By May of 2019, the article written by Malmi and Brown (2008) which introduced the above-mentioned MCS has been cited for more than 1,300 times. Readers' familiarity of this MCS could facilitate their understanding of the analysis.

3.5. MCS Framework

Malmi and Brown (2008), summarize decades of MCS research and come up with the following control package.

Cultural Controls						
Clans		Values			Symbols	
Planning		Cybernetic Controls				Reward and Compensation
Long range planning	Action planning	Budgets	Financial Measurement Systems	Non Financial Measurement Systems	Hybrid Measurement Systems	
Administrative Controls						
Governance Structure		Organisation Structure			Policies and Procedures	

Table 4, source Malmi and Brown (2008)

The framework was developed as a thorough MCS, with an emphasis on using and seeing MCS in a broader, functional tool. Thus, MCS as a package was selected by Malmi and Brown as the optimal way to view MCS. In this chapter, we will discuss and analyze each component of the package.

3.5.1. Cultural Control System

Depending on the literature we look at, organizational culture and control is defined in several ways. Flamholtz and Das (1985) provide a few definitions, which have one thing in common. All authors agree that organizational culture is highly influenced by corporate values. Thus, cultural controls are the ones that direct organizational behavior based on corporate values and norms. When discussing cultural controls, Ouchi (1977) and Wilkins (1979) say that it is essential for organizational to outlay as many stories, rituals and ceremonies as necessary for members in the organizational to believe in the common goal.

It can be deduced, from the previous paragraph, that cultural controls are a critical part of developing a CSR strategy. Malmi and Brown (2008) segment cultural controls in three different parts: clan based controls, value based control and symbol based controls.

Clan based controls arise, given the fact that different sub groups coexist in an organization. Clegg et. al. (2005) say these subcultures can be denominated as clans. Ouchi (1977) claims that socialization inserts a set of skills and attitudes and values in individuals. Thus, clan controls work as a way to direct behavior through stories and rituals for each clan. Malmi and Brown use the work from these authors, and insert clan based controls as a part of cultural controls.

Value based control are based on the premise that organizations recruit individuals that have the same values they have. This premise is essential in order to understand value based controls, and, is the first level of Malmi and Brown value based control system. The second level, is that individuals adapt and adjust their set of values to fit in the organization. The third, is that employees do not always adhere, personally, to organizational values. All they must do is behave according to the organization's values. Thus, we can say that employee values are hard to measure, objectively, from the organization's point of view. This is an important point, since, for sustainability issues, most employees will appear committed to the cause, but there is no objective way for the organization or for third party auditors, to verify their personal beliefs.

Symbol based control, are defined by Schein (1997) as organizations creating tangible and visible assets to reflect and develop a certain kind of culture. For instance, organizations can develop design buildings, dress codes that they feel will build organization culture and control that the culture is followed by employees and managers.

Having looked at the three parts of, what Malmi and Brown, call cultural controls. We can say that value based controls are key for CSR. Thus, finding common ground between team members and organizational values is a fundamental part of building a corporate social responsibility control system and strategy.

3.5.2. Planning Control System

Planning is primarily a forward looking form of control, Flamholtz and Das (1985). Thus, Planning sets goals, standards and procedures for each area of the organization. In contraposition to this approach, there is the "*do your best approach*". Empirical research, such as Ivancevich (1976), has proved that specific goal setting outperforms the "do your best" approach.

There is general consensus among authors like Coch and French (1948), Likert (1967) and Argyris (1964) that participation in goal setting increases probability of goal acceptance and

future commitment. Flamholtz and Das (1985) postulate three propositions to link control mechanism and outcomes. First, they say that planning in the form of goals is directly related to performance outcomes. This in line with Ivancevich (1976), which was that specific goal setting approach is the best in terms of performance outcomes. Second, work outcomes (performance) will vary in the measure that individual outcomes will. Thus, it can be deduced the more individual and organizational objectives are aligned, the more likely the desired performance can be achieved. Third, there is a correlation between goal clarity and expected outcome. Goal setting shall be as clear as possible to avoid misunderstanding and ambiguity.

According to Malmi and Brown (2008) , Planning control systems are characterized by goal setting and provide standards to achieve these goals. The emphasis in Planning controls is to ensure that individual objectives are aligned with the organization's goals. There are two approaches. First, action planning which cover a maximum of twelve month period. These goals and procedures are considered tactical, because they cover operational areas of the organization. The second approach, is long term planning. This approach covers goal and standard setting for a medium and long term time frame. Thus, this approach has a more strategic focus.

When it comes to sustainable development, Arjaliès and Mundy (2013) say that organizations include it in their short and long term processes. To include sustainable development, facilitates employee acceptance and lowers their resistance. The empirical research summarized in Lueg and Radlach (2016) suggests that management commitment plays an essential role when it comes to include sustainable development in short and long term planning. To include sustainable development in the planning process, requires the business and responsibility goals to be somewhat related. Integration becomes easier when non traditional tools are used. Arjaliès and Mundy (2013) discuss how sustainable development integration into organizational operational and strategic planning fails if the planning is not adapted to local circumstances. Another scenario where integration fails is when the organization does not develop specific action plans.

3.5.3. Cybernetic Control System

Green and Welsh (1988) argue that for a control system to be formal, it has, necessarily, to be cybernetic. Cybernetic system is basically a information system. But, since managers use this system to support decisions, it is a decision making support system, Malmi and Brown (2008). Managers use cybernetic system to link behavior of targets, establish performance measurement and monitoring. Thus, the system becomes a MCS. Malmi and Brown (2008) summarize existing types of cybernetic system to come up with a package. The categories they use are: Budgets, financial measures, non-financial measures, and hybrids (Balance score card). Hansen s. et. al. (2003) discuss two approaches to address budgets by organizations in the modern era. On the one hand, some organizations advocate for improving the planning aspect of traditional budgeting. On the other hand, organizations advocate for abandoning traditional budgets, to primarily focus on performance evaluation

problems within budgeting. Ittner and Larcker (1998) explain financial measures as a way to hold employees accountable in a objective manner. Financial measures are, generally, specific and straight forward. Examples of financial measures include return on invested capital and Earning per share.

There is existing consensus among authors such as Ittner and Larcker (1998) and Hansen (2003) that non financial measures have gained importance in contemporary organizations. Authors also discuss that non financial measures are used to solve shortcomings of financial measures. Hybrid performance measures, are a combination of financial and non financial measures. Examples include Balance Scorecard (Ittner and Larcker, 1998) and management by objectives (Greenwood, 1981). When it comes to CSR, Lueg and Radlach (2016) come up with three major types of cybernetic controls. They are the following: flexible budgets to assess environmental impacts, sustainable balance scorecard with an environmental perspective, and, sustainability accounting.

3.5.4. Reward & Compensation System

The reward and compensation system can guide and motivate the employees in accordance to the corporate willingness. This system can be both adopted after employees' completement or be formulated as corporate regulations and norms. By properly designing and complying the reward and compensation system, the company is not only able to increase the productivity of employees, but is also able to guide the employees' behaviour towards corporate goals (Bevilacqua & Singh, 2009; Falk & Kosfeld, 2006; Kerr, 1995).

According to Flamholtz and Das (1985), the reward and compensation system can be categorized into two subsystems, namely, extrinsic system and intrinsic system. Baule and Soost (2016) also suggested that the system can be utilized to reward the performance both on individual level and group level. Despite the categorization of this system, the effectiveness could be optimized when the pre-setted goals are aligned with the employee's performance, and when the goals are contingent with employee's own goals (Flamholtz & Das, 1985). On this occasion, erroneous and loss in rewarding a behavior which is not expected by the corporation can be greatly reduced (Kerr, 1995). In banks' CSR case, the reward and compensation system ought to act as activator that improve the CSR activities, corporate reputation, to its ultimate goal, improve the company's profitability and wealth of shareholders (Dutta, Lawson & Marcinko, 2013).

In practice, reward and compensation control system is not often utilized for sustainability development targets (Arjalies & Mundy, 2013; Fairfield et al., 2011). This phenomenon is caused due to the fact that sustainability development is less directly related to financial benefits and more obstacles in aligning responsibilities (Jabbour, 2011).

3.5.5. Administrative Control System

Administrative control systems are achieved through the organization of individuals and groups within the company (Malmi & Brown, 2008). The functionality of this system is to monitor the behaviors and improve the accountability of actions, as well as evaluate the space of improvement for future tasks and behaviors (Malmi & Brown, 2008). Comparing to the weight of management control actions, the organizational structure design and organizational governance policies also play important roles in this control system (Malmi & Brown, 2008).

In Malmi and Brown (2008) understanding organizational structure could significantly influence the way in which employees cooperate and communicate. As a complicated issue that requires cooperation from various departments, CSR in banks is a task which has a close connection to banks' organizational structure. Besides, organizational structure is viewed as a crucial element which contribute to corporations' long-term goals (Ditillo & Lisi, 2014).

Governance policies, according to Merchant and Van der Stede (2007), apply it's control through establishing a form of action control. With the form of action control, so-called policies have been created and have been expected to be followed by employees (Merchant and Van der Stede, 2007). According to Kocmanova, Hrebicek, and Docekalova (2011), effective administrative control mechanism allows corporations to reach their goals in sustainability issues.

3.6. Critique of the MCS Framework

Although the implementation approach and advantages of Malmi & Brown (2008) framework has been mentioned in the previous section, the shortages of this theoretical framework should also be stressed in order to comprehend the benefits & risks for using this existing literature.

One of the major critique of Malmi & Brown (2008) framework is on its inherent characteristic of viewing Management Control System as package of management methods (Grabner & Moers, 2013; Otley, 2016). As it has been stated by Otley (2016), observing MCSs as management methods package narrowed the cognition on interdependence among management approaches (Grabner & Moers, 2013; Otley, 2016). Moreover, Otley (2016) suggested that by viewing MCS as a package, limitation occurs to the practical usage of the MCS due to failure of not being well-integrated. Specifically, Strauß and Zecher (2013) made a critique related to the cultural control system, which has been greatly emphasized in Malmi and Brown's (2008) framework. The reason for critique on the cultural control system has rooted in the incomplete consideration in the category of culture, that is to say, the cultural control systems only take the employees and organizations perspectives into consideration, but fail to include the society's cultural expectation into the MCS framework (Strauß and

Zecher, 2013). On this occasion, the overview of the MCS is somehow limited due to the incomplete cognition in cultural control segment.

Though being controversial due to the listed critiques of viewing MCS as a package, Malmi and Brown's (2008) perspective on MCS was adopted as one of the main theoretical frameworks in solving the proposed empirical questions in Section 1.3. Throughout the thesis, the general usage of MCS was emphasized in order to investigate the ideal utilization of MCS in banks' CSR activities. Moreover, the cultural control perspective seems has great similarities among different banks due to the similar motivations for conducting CSR activities.

4. Empirical Findings about Santander Group

This chapter provides the reader with an overview of the collected empirical data on the Santander group, and its MCS for CSR. We will begin with the company's background, continue with a summary of findings. Lastly, a detailed explanation of Santander's CSR and MCS will be the core part of the chapter.

4.1. Background of the Company

Santander is a Spanish bank, headquartered in Madrid, Spain. Santander employs 200,000 people and has 144 million customers. (Santander Annual Report, 2017). Santander operates in Spain, United Kingdom, Brazil, USA, Mexico, Chile, Argentina, Portugal and Poland. Santander provides a complete range of financial services, including consumer banking, corporate and investment banking, asset and wealth management, and private banking.

Santander is a publicly traded financial institution, its shares can be bought and sold at the stock markets of Madrid, New York, Warsaw and London.

4.2. Summary of the Findings

At Santander, CSR is a tool to promote and develop its brand perception. Santander's brand perception strategy is to be seen, both internally and externally, as simple, personal and fair. The research team believes that this is a fair statement, since brand perception and CSR development goals are aligned, in Santander's case.

The research team has analyzed Santander's MCS with regards to its CSR activities. Main finding is the idea of using and promoting CSR activities within the company to reinforce

company culture. Santander's culture, are key from an internal perspective. Although, MCS for CSR activities that have an internal impact objective, these also have external repercussions. Internal adoption and embeddedness of Santander culture is projected externally, since customers and shareholders interact and experience the culture Santander is embedding in its employees.

The research team has also found that, Santander is heavily dependant on policies, standards and organizational governance in their MCS regarding CSR. At Santander, a member of the executive chairman's team is solely dedicated to responsible banking.

Santander is strongly oriented towards long term planning of environmental and humanitarian progress contribution and footprint. Santander develops, two to three years plans for aspects such as reduction of paper consumption, partnering with universities and develop microloan programs aimed for SMEs financing. It is also notable to see how centralized, but, at the same time localized Santander's CSR policies are. Santander uses a hierarchical system to prioritize global employee conduct policies, but, at a second level, local specificities can be included.

Regarding Key performance indicators (KPIs), Santander uses them to monitor strategic priorities such as community contribution and student and SME support. Examples of these strategic priorities are number of agreements with academic institutions and amount of loans provided through the micro loans program.

The research team, emphasizes that the results of this empirical findings are subjective and were gathered through interview and external document analysis. Thus, findings are not a interpretation of the research team, rather a gathering of information from external and internal sources of both case study banks.

4.3. CSR

Santander denominates "*Responsible Banking*" to its CSR activities. Their broad statement is "Helping people and business prosper". (Responsible Banking Report, 2018).

CSR is focused and aligned with the organization's overall brand perception strategy. Which is, to be perceived as simple, personal and fair. Santander bases this in a strong corporate culture, motivated and prepared employees and, mainly, responsible business practices.

Santander's corporate culture, is the "Santander Way" (Responsible Banking Report, 2018). This reflects their global culture. This statement is the backbone of Santander's purpose, aim and business practices. Simple, Personal and Fair is how Santander wants to be seen by external and internal stakeholders. Simple refers to their daily effort to offer uncomplicated services and products to customers. Personal refers to the treatment and behavior with customers, which ought to be personal and emphasize in need satisfaction. Fair refers to fair

and equal treatment of internal and external stakeholders. The three business principles above mentioned, are further supported by corporate culture behaviors: show respect, truly listen, talk straight, support people, embrace change, actively collaborate and bring passion. In addition, Santander approaches risk in a way that everyone's responsible for their actions on a day to day basis.

Santander also believes that having a well prepared and motivated team is essential to provide stakeholders and interest group with what they expect (Responsible Banking Report, 2018). Santander has a fast-paced and continuously changing work environment. Thanks to their diversity & inclusion practices, as well as, their transparent remuneration policy, Santander has earned top employer Europe 2019 and Great Place to Work (Latin America) awards. Santander also scores 95.32 points out of 100 in the Bloomberg Gender-Equality Index, (Responsible Banking Report, 2018).

With regards to responsible business practices, Santander works in the areas of product offering, customer service and procurement. Product offering has to be transparent, thus, Santander ensures that commercialization of products is done with the highest degree of consumer protection possible. Santander, for this purpose, has a product governance and consumer protection function, this area serves as internal regulatory body to ensure control and compliance in terms of product offering and customer protection. Santander, in terms of customer experience, makes continuous efforts to meet customer needs, simplify processes, and develop country specific practices to ensure customer and regulatory needs. Santander also has in place measures to ensure proper supplies, a common process to select, evaluate and approve suppliers. Sustainability measures are included in the methodology, in addition to price and quality of service. A supplier certification has been developed to further improve the selection and monitoring process.

The other aspect, in which Santander focuses its efforts, is Inclusive and sustainable growth. This, similar to what theory says, is defined by Santander as the kind of growth that meets the needs of today, without compromising the demands of future generations (Responsible Banking Report, 2018). Thus, the role of a major financial institution like Santander is to balance the numbers of economic growth with social welfare and environmental protection. Inclusive growth refers to how Santander aims to include other economic agents in their own growth. For that, they support entrepreneurs, students and small businesses. Santander aims to enlarge the size cake so everyone can have a larger piece. Sustainable growth, refers to actions promoted and developed by Santander to support environmental protection and innovative energy production, which is environmentally friendly.

Theory tells us that organizations respond to their interest groups, when it comes to CSR activities. Thus, organizations must satisfy the expectations of their interest groups. Santander's interest group are people, customers, communities and Shareholders. Santander develops an engagement strategy in order to deal with expectations, objectives setting and reporting to its stakeholders.

4.4. MCS

4.4.1. Cultural Control System

In this chapter, we will see how Santander's cultural control system, through value based, clan and symbol based systems. Santander is a bank that aims to maintain a high reputation in order to ensure brand credibility to external and internal stakeholders (Responsible Banking Report, 2018).

Value-based controls system

Santander's value system is based on how business is carried out in a day to day basis. The three principles that govern this are simple, personal and fair. This is a way Santander want to be seen, internally and externally. Santander's corporate culture is further supported by eight specific behaviors: show respect, truly listen, talk straight, keep promises, support people, embrace change, actively collaborate and bring passion (Santander responsible banking report, 2018). These behaviors are the backbone of Santander's corporate culture, and are essential for Santander to accomplish brand perception of simple, personal and fair.

Clan control system

As repeatedly stated during this chapter, Simple, Personal and Fair are the principles that govern Santander's cultural control system. Santander uses this same principle to internalize this culture in their employees. In order to do this, they use initiatives, such as The Santander Way of working, Diversity & Inclusion, Behaviors & leadership and Employee value proposition.

Leadership commitments are a backbone for Santander to ensure a proper cultural change pace. For that, Santander has developed the following leadership commitments: being open and inclusive, inspiring and executing transformation, leading by example and encouraging the team to prosper.

Diversity and Inclusion, has a key role when it comes to developing clan control systems. Specially, in a global financial institution like Santander. According to Santander, having a diverse and inclusive workforce is essential to understand the financial needs of modern societies. Santander has developed general principles on diversity & inclusion (D&I). The control system for these principles are based on a Global D&I Executive Working Group and a Global Network of D&I experts. In addition, a global D&I online training is also in place.

Symbol-based control system

Being a financial institution that provides financial services to consumers and corporations, Santander does not employ tangible and visual symbols that reinforce and represent its culture.

4.4.2. Planning Control System

In this chapter, Planning control system of Santander's CSR activities will be analyzed. To do this, we will use Malmi and Brown (2008) breakdown of planning control systems: short and long term.

Short term

In previous sections of this paper, short term planning is defined as action planning. Generally, it is said to be all planning that is done, for objectives with a time frame lower than 12 months.

Nevertheless, in Santander's case, the majority of planning regarding CSR, is done on the long term. In the short term, the action planning of tasks and actions, that are required to achieve their long term CSR goals, are developed. Therefore, actions such as day to day employee training and learning are part of short term planning control systems.

Long term

Santander has ambitious long term goals, when it comes to CSR. These are, mainly, in the areas of environmental footprint (production efficiency) and contribution to the UN sustainable development goals.

Firstly, efficiency is planned on a two year time frame, at Santander. The 2016-2018 efficiency plan, for instance, targeted reducing electricity consumption, Greenhouse gas emissions and Paper consumption. Thus, Santander adapts the targets and metrics for efficiency management, according to the time and stakeholders expectations of their financial activities.

Secondly, Santander emphasizes on contributing to the UN Sustainable Development Goals (SDG). According to Santander, all individuals, organizations and institutions have an obligation of contributing to the UN SDG. Specifically, the goals that Santander wants and does contribute the most to are: Good Health and Well-being, Quality Education, Gender Equality, Decent work and Economic Growth, Reduced Inequalities, Sustainable cities and Communities, Responsible Consumption and Production, Climate Action and Partnerships for the goals. In order make the contribution effective, to the above mentioned objectives,

Santander plans measures and activities such as: BeHealthy Program, Santander X International University, Gender Equality on management level, Top Employer and Great Place to work certifications, support SMEs, students and Microfinance programs.

4.4.3. Cybernetic Control System

In this chapter, we will discuss how Santander uses cybernetic controls, through Malmi and Brown (2008) breakdown: Budget, Financial and Non-financial measures and Hybrid measures.

Budgeting

Santander, in a CSR context, uses budgeting for the following purposes: expenditure in training and educating employees, scholarships awarded, corporate volunteering, agreements with universities and institutions, microfinance loans and financial education.

The above mentioned activities are implemented in the organization on a standardized way. Therefore they are, usually, carried out in a similar way every year. Reporting of their results, is done on an annual basis.

Financial measures

As we have discussed in previous sections of this paper, CSR is about satisfying the expectations of internal and external stakeholders. Financial measures, at Santander, are about satisfying the expectations of Shareholders (Responsible Banking Report, 2018). Specifically, Shareholders seek Capital strength, risk management and profitability. Metrics of these strategic priorities include: Cost of credit, Efficiency ratio, Growth in earning per share, Common Equity (CET1) and Return on Tangible Equity.

Non financial measures

Santander places great importance to engage with its stakeholders (Interviewee A, May 15, 2019). That is a important part of Santander's non financial measure strategy, because by establishing key dialogue channels with stakeholders, Santander can measure and make improvements in non financial objectives and actions. People, Customers, Communities and Shareholders are Santander's stakeholders. For People, Santander conducts interviews and queries to measure what percentage of employees see Santander as Simple, personal and fair, as well as what percentage of them are proud to work for Santander.

Regarding customers, Santander surveys customers to measure how many of them perceive Santander as Simple, personal and fair. Complaints received is a non financial measure that Santander as a key performance indicators (KPIs) in terms of customer satisfaction.

Within Communities, Santander includes universities and academic institutions, social institutions and their social media followers. Non financial key performance indicators (KPIs) for Santander, in terms of Communities, include perception of University students of Santander as Simple, personal and fair. Number of agreements with Universities, Academic Institutions, Social entities and institutions and number of social media followers are the remaining non financial KPIs.

Lastly, Santander maintains a wide range of dialogue channels with their Shareholders. Interviews, Formal meetings, emails, phone and even WhatsApp queries and surveys are conducted to measure the bank's perception as Simple, personal and fair.

Additional non financial key performance indicators (KPIs) are third party awards and recognitions, Santander prouds on being awarded recognitions such as: Top Employer, Top three ranked in the Dow Jones Sustainability Index, Fortune Magazine change the world, Microfinance to be selected as good practice program, and, lastly, Santander X program selected also as example of good practice.

Hybrid measures

Santander uses informal links between non financial and financial targets. That is, because when it comes to CSR, expectations from Stakeholders are key. Thus, hybrid measurement systems, are a way that links Strategic priorities and Key performance indicators (KPIs) for Stakeholders. But, as we have seen in previous sections of this chapter, all stakeholders have been covered in the financial and non-financial measures.

4.4.4. Reward & Compensation System

Santander, uses a fix, variable and perks based remuneration model (Responsible Banking Report, 2018). Fixed salaries are always adjusted to local needs and regulations. Variable salary is linked to individuals and group performance towards group, team and individual targets. Additionally, variable salary also includes qualitative aspects such as Leadership, Commitment, Development and Risk Management. Santander identifies the employees whose responsibilities, may involve a high degree of risk for the whole group. For these employees, Santander applies a deferral variable compensation system. This, along with potential reduction in variable remuneration cause by malpractice, is how Santander holds employees personally responsible for risks.

Additionally, Santander initiated, in 2018, the adoption of a consistent analysis of the gender wage gap and the gender wage equity. The gender wage equity addresses equal wage for the performance of the same function.

4.4.5. Administrative Control System

In this chapter, Administrative control system of Santander's CSR activities will be analyzed. To do this, we will use Malmi and Brown (2008) breakdown of Administrative control systems: Organizational structure, Governance structure and Policies & Procedures.

Organizational structure

The CSR organization is as following: Firstly, there is a Responsible banking, sustainability & culture committee (RBSCC), this group helps the board of directors in the oversight of the organization's global sustainability issues. These include: sustainable growth, digital transformation, ethics and conduct and corporate culture. Nevertheless, the most important responsibilities of the RBSCC are culture steering and Inclusive & sustainable banking steering. A member of the executive chairman's office team is solely in charge of responsible banking. Additionally, Santander has a Senior Advisor on Responsible Business Practices that reports and works alongside the executive chairman.

All principles and activities developed by the RBSCC, are communicated to Santander subsidiaries, which have embedded group strategy metrics & targets. A senior member of each business unit is in charge of this, and reports directly to the head of the responsible banking unit.

Governance structure

Santander has a culture steering governing *body*. This group meets on a monthly basis, and its main function is to monitor, develop and promote the corporate culture policy.

Policies & procedure

Santander has two policy levels when it comes to CSR Governance: The Code of Conduct and the Corporate culture policy.

The code of conduct, defines, on a broad and general level, the standards and principles that govern the day-to-day activities and tasks of all employees, on a global scale. This area covers areas such as: collective rights, environmental protection, occupational risk prevention, work-life balance, non-discrimination, respect for people and equal opportunities (Responsible Banking Report, 2018).

The corporate culture policy, is the value based system's main tool. This policy establishes the guidelines to be followed ensuring a consistent culture is formed and embedded throughout the Group. (Santander responsible banking report, 2018). This policy is structured in three levels: common elements, mandatory global initiatives and local initiatives. This system is hierarchical, thus, common elements are the top because they are a core element

of Santander Group on a global scale. The common elements apply to the entire elements and are used as a standardization method across regions. Global initiatives are implemented across all units around Santander's different operating regions, but, can be tailored to better fit and managed on a local scale. Lastly, local initiatives are, exclusively, developed and implemented locally. Although, common and global initiatives shall always be prioritized and respected when developing local initiatives.

When it comes to risk, Santander adapts a system called *risk pro* this system ensures, that all employees are personally responsible for managing their risks on a day to day business practice context.

Other policies, that Santander uses for CSR related issues, include: Consumer protection policy, Code of conduct in security markets, Cybersecurity, Tax policy, Conflicts of interest policy, Financing of political parties policy, Policy on contributions for social purposes and corporate volunteering policy.

5. Empirical Findings about China Minsheng Bank

This chapter provides readers with collected data & empirical findings about China Minsheng Bank. This chapter starts with the background of the company, then follows with summary of the findings on China Minsheng Bank's CSR and MCS. This section will also discuss the in-depth findings on CSR and how MCS is implemented in CSR issue. Specifically, the sub-systems in each control system will be presented.

5.1. Background of the Company

China Minsheng Bank was formally established in Beijing on January 12, 1996 (China Minsheng Bank, 2017). It is the first national joint-stock commercial bank initiated by private enterprises in China (China Minsheng Bank, 2017). On December 19, 2000, China Minsheng Bank A shares (code: 600016) were listed on the Shanghai Stock Exchange (China Minsheng Bank, 2017). On November 26, 2009, China Minsheng Bank H-share stock (code: 01988) was listed on the Hong Kong Stock Exchange (China Minsheng Bank, 2017).

China Minsheng Bank has a net capital of more than 370 billion Yuan, total assets of more than 5.7 trillion Yuan, approximately 3,000 branches, and nearly 57,000 employees (China Minsheng Bank, 2017). China Minsheng Bank ranked 29th in the ranking of the world's 1,000 largest banks published by the British Banker magazine in July 2017 (China Minsheng Bank, 2017). In the Fortune Magazine's July 2017 list of the world's top 500 companies, the bank ranks 251st (China Minsheng Bank, 2017). As one of the earliest commercial bank in China, Minsheng Bank is considered to be committed to exploring the path of modern commercial banking for the Chinese banking industry (Interviewee B, May 11, 2019). As Minsheng Bank revealed in its CSR report (2017), It is also committed to providing customers with modern financial services with professional characteristics, and its goal is to create higher market value and return on investment for investors.

Taking the Phoenix Project as the main task on its development, China Minsheng Bank follows the development path of *"strengthening corporate business, expanding retail business, optimizing financial markets business, highlighting Internet finance business, promoting integrated operation and streamlining overseas business"* (China Minsheng Bank, 2017). Under the background of China's "New Normal" in economic development, the bank has a focus on lean management, sustainable development and closely follows the state strategy in promoting industrial structure (China Minsheng Bank, 2017).

5.2. Summary of the Findings

In Minsheng Bank's case, CSR is considered as a tool that can be used to improve corporate image and optimize the business environment after conducting the research. Operating in a huge country, Minsheng Bank faces different requirements and difficulties to implement CSR activities (China Minsheng Bank, 2017). After researching the CSR of Minsheng Bank, the research team has found that spontaneous consciousness within Minsheng employees and government expectations are the two major driving forces.

The research team also analyzed Minsheng Bank's MCS regards its CSR activities. Among the perspectives mentioned by Malmi and Brown (2008), cultural controls, planning and policies & procedures has been greatly exploited by the management team. As for the culture control perspective, Minsheng Bank utilized employee training and CSR propaganda, which could facilitate the creation of an enthusiastic atmosphere for conducting CSR activities. Moreover, the employee club and CSR activities further enhanced the image recognition.

The research team also found that Minsheng Bank has focused on both short-term and long-term planning. Operated in a fast changing country, the bank has to closely monitor its CSR activities in order to ensure the applicability of the ongoing projects (China Minsheng Bank, 2017). As for complex CSR tasks, the bank was found to make long-term planning in order to ensure the projects' smooth progress. The research team has also found that Minsheng Bank issued many regulations regarding to CSR issue. Both "rule-based" and "principle-based" norms have been published. While the code of ethics policies enrich and extend the meaning and importance of CSR, the code of conduct policies act as guidelines in the practice of Minsheng Bank's CSR activities.

The research team, emphasizes that the results of this empirical findings are subjective and were gathered through interview and external document analysis. Thus, findings are not a interpretation of the research team, rather a gathering of information from external and internal sources of both case study banks.

5.3. CSR

Since its establishment in 1996, China Minsheng Bank constantly follows the idea of "*Minsheng Bank serves the public and people's livelihood, the public attaches to Minsheng Bank*" (China Minsheng Bank, 2017).

"Minsheng Bank has always paid attention to the fulfillment of social responsibilities and has invested heavily in organizational, human and financial resources. For example, in 2018, Minsheng Bank donated 175 million Yuan, accounting for nearly 3.5% of the net profit.

Regardless of the amount or proportion, it ranks first in the Chinese banking industry.”
(Interviewee B, May 11, 2019)

As for the CSR in green finance, China Minsheng Bank supports the transformation of development mode, economic structure transformation and development power transformation in the assisted regions (China Minsheng Bank, 2017). For example, in Qinghai Province, China, the sub-branch bank supported the industries and companies which could contribute to sustainable development (China Minsheng Bank, 2017). By the end of 2017, the loan balance reached around 7.2 billion Yuan, which demonstrate a dramatic increase of 64.75% comparing to previous year due to the loan tightening in traditional sectors (China Minsheng Bank, 2017). The national development strategy is also a main focus on China Minsheng Bank's CSR, as they said they will address the financial support in following 8 strategic emerging industries: Biomedical, Robotics, 3D printing, high-end manufacturing, TMT industry, energy conservation and environmental protection, new materials and renewable energy (China Minsheng Bank, 2017).

Additionally to the focus on green finance, Minsheng Bank also focuses on environmental protection (China Minsheng Bank, 2017). Minsheng Bank strictly follows the inner regulation "Management Measures of China Minsheng Bank for Suppliers" in office product procurement (China Minsheng Bank, 2017). With the hope of reducing the negative impact on the environment and procurement costs, Minsheng bank has centralized its procurement process, which assists the corporation in securing the priority of purchasing environmentally friendly products and in reducing operating costs (China Minsheng Bank, 2017). Besides, Minsheng Bank has a comprehensive selection on lightning devices and has asked employees to do two-sided copying for informal papers (China Minsheng Bank, 2017).

Realizing the trend of increasing need in philanthropy, Minsheng Bank has been actively enrolled in the development of the corresponding financial product innovation (China Minsheng Bank, 2017). Minsheng Bank's charity trust has been developed according to relevant national laws and has become a relatively flexible charity trust within the country (China Minsheng Bank, 2017). The charity trust is aimed to satisfying the needs of high-net-worth family customers, which allow the bank and corresponding customers jointly assume their responsibility to society (China Minsheng Bank, 2017).

Poverty alleviation, is also a major task in Minsheng Bank's CSR (China Minsheng Bank, 2017). In its 2017 CSR report, Minsheng Bank has mentioned "targeted poverty alleviation", which refer to conducting CSR activities according to specific causes of poverty, thus ensure the effects of CSR activities (China Minsheng Bank, 2017). For example, in Tibetan Autonomous Region, where the infrastructure is less developed, Minsheng Bank has actively participated in the local infrastructure project with the hope of laying a good foundation for future economic development (China Minsheng Bank, 2017). Moreover, in 2017, Minsheng Bank has spent over 12 million Yuan in Hua county and Fengqiu County in Henan Province, which has helped reducing and eliminating over 17,000 people's poverty in above mentioned counties. (China Minsheng Bank, 2017). The bank has also purchased medical insurance for around 30,000 poor

people in order to prevent the poverty & re-poverty caused by illness (China Minsheng Bank, 2017).

*“Conducting targeted poverty alleviation is a glorious political task and our burden duty”.
(Zheng Wanchun, Party secretary and president of China Minsheng Bank, China Minsheng Bank, 2017)*

The lack of education is considered as a major cause of poverty, and a constraint to its elimination. Over a decade, Minsheng Bank has assisted the building of schools, funding students and awarding teachers in targeted poverty alleviation areas (Interviewee B, May 11, 2019). In 2017, the bank has spent over 11.4 million Yuan in building one school and two teaching buildings for two schools (China Minsheng Bank, 2017). The bank also funded 1,483 students and rewarded 317 outstanding teachers (China Minsheng Bank, 2017).

Minsheng Bank has engaged in the popularization of financial knowledge to the broad masses of the people. In 2017, the bank held 15,383 on-site promotion and distributed more than 200 million promotional materials (China Minsheng Bank, 2017). Besides, the bank held a two-month financial security education event in Beijing, Shanghai and other 5 sub-branch division in order to enhance ordinary people's awareness in daily financial activities (China Minsheng Bank, 2017).

“Employee Care Plan”, as it has been mentioned by Minsheng Bank, is aimed to solve the difficulties met by female employees, retired employees and employees who are facing family poverty (China Minsheng Bank, 2017). During the reported year, the board of directors, board of supervisors, management team and workers union have conducted joint actions in visiting and helping employees who are facing poverty before the Spring Festival (China Minsheng Bank, 2017). Moreover, the bank has organized Chinese medical consultations in order to protect employees` health (China Minsheng Bank, 2017). When it comes to ordinary employees, the bank has paid attention to cultivating their healthy lifestyle and promoting sustainability in continuing study (China Minsheng Bank, 2017). For this reason, the bank has conducted long-distance running events during the reporting period (China Minsheng Bank, 2017). Reading-sharing sessions and more than tens of clubs also assist to cultivate the employees` interest and enrich employees` off-office time.

5.4. MCS

5.4.1. Cultural Control System

As it has been mentioned above, Minsheng Bank is considered acting as a responsible corporation in China. The Name of the bank, Minsheng, actually stands for “people's life” in Chinese, which is a great sign that demonstrate the bank`s cultural orientation. The external business environment of an enterprise is also an important factor in strengthening the

internal culture of an enterprise. In this regard, the Chinese government revised the “General Principles of Company Law” in October 2005, and the fifth article clearly clarified that companies should assume certain social responsibilities (Interviewee B, May 11, 2019). Since 2006, China's stock exchanges have developed social responsibility guidelines for listed companies (Interviewee B, May 11, 2019).

“The bank has developed a corporate culture manual, issued an image recognition system, emphasized the fulfillment of social responsibility in daily management, and paid attention to appropriate publicity through various media.” (Interviewee B, May 11, 2019)

Value-based controls system

According to the interview with Interviewee B, the bank has developed a corporate culture manual, issued an image recognition system, emphasized the fulfillment of social responsibility in daily management, and paid attention to appropriate publicity through various media. In local operations, it also actively integrated into the local society and community, and played an active role at party committees, league committees, and trade unions encouraging party members and other members to actively repay to society (China Minsheng Bank, 2017).

The bank has also been proud of enrolling in CSR activities and actively participated in CSR exhibition event, which is very likely to further improve the corporate image and enhance the value-based control system (China Minsheng Bank, 2017).

Clan control system

Minsheng Bank put great emphasis on graduate training (China Minsheng Bank, 2017). During the training period, new employees not only gain the capabilities in their new roles, but also emerge in Minsheng Bank's corporate atmosphere, where regulations and behaviors related to CSR are to be demonstrated constantly (China Minsheng Bank, 2017). On this occasion, clan control systems are expected to be enhanced after the employees who, by adhering to the same principles, have further developed their careers within the company.

The clubs mentioned above in Chapter 5.3 also provide employees with an occasion for enhancing clan controls, as it extends the interaction between employees during the off-office hours. Having the perspective from practitioners, Interviewee B also expressed the urgency of constantly promoting clan control:

“It is necessary to create a corporate culture that actively integrates into the society and returns the society. On this occasion, the rigid requirements for fulfilling social responsibility can be transformed into the endogenous incentives for all employees in consciously giving back to the society.” (Interviewee B, May 11, 2019)

Symbol-based control system

As mentioned in the previous section, the Chinese meaning of Minsheng, stands for “People's life”, which represents an approach in symbol-based control system. Besides, Minsheng Bank established various activities to enhance the task of CSR. As it has been mentioned previously, the bank makes regular visits and assists to employees who are facing poverty. As for public, the bank held free education for the broad of mass people in order to enrich their financial knowledge and prevent financial fraud (China Minsheng Bank, 2017). On this occasion, employees` enrollment would be to enhance the symbol of CSR within the corporation.

While the CSR activities conducted by the bank is an apparent method, some other symbols promoting the CSR activities seems not as direct as the above-mentioned methods (China Minsheng Bank, 2017). For example, Minsheng Bank has established “Management Measures of China Minsheng Bank for Supplier” in their supply chain management in order to purchase sustainable products thus reduce the impact on environment (China Minsheng Bank, 2017).

5.4.2. Planning Control System

This chapter mainly discusses both short-term and long-term planning of CSR activities in China Minsheng Bank.

Short term

As can be seen from it`s CSR report, Minsheng Bank stressed on short term (shorter than 12 months) planning when it comes to CSR activities. Formed by senior managers and directors, the Public Welfare Decision Making Committee is the highest decision-making body on CSR issues (China Minsheng Bank, 2017). In 2017, the committee held two meetings, in which the plan and material CSR activities within the year were discussed and settled (China Minsheng Bank, 2017). Workers union and branch banks on a basic level are the major conductors of CSR activities (China Minsheng Bank, 2017). Operating in such a large country, grassroots units have their autonomy due to the specific conditions in different regions (China Minsheng Bank, 2017). The grassroots units have to report to headquarters about their CSR activities before carrying them out (Interviewee B, May 11, 2019). As the planning of headquarters are short-term based, the grassroots CSR activities also follow the same pattern (China Minsheng Bank, 2017), as a result of the top design problem.

Long term

Operating it`s business in a fast-changing country, Minsheng Bank strives to be flexible overtime and be consistent with the country` needs, while it rapidly develops (China

Minsheng Bank, 2017). While emphasizing on short-term planning in conducting CSR activities, the Public Welfare Decision Making Committee also used long-term planning for complex CSR tasks which would take a relatively long period to fulfill, such as the Tibet Children's Congenital Heart Disease Treatment Project, poverty alleviation designated by China Banking Regulatory Commission, and the AIDS prevention and treatment conducted by China Red Ribbon Fund (China Minsheng Bank, 2017). With the planning made by the committee, the grassroots units could obtain a guideline for ongoing CSR activities.

Moreover, Minsheng Bank also mentioned that they closely monitor it's MCS on CSR and make corresponding adjustments in the long run (China Minsheng Bank, 2017).

5.4.3. Cybernetic Control System

Budget

The board is an independent decision making body of the company. It's responsibility includes preparing the annual financial budget and profit distribution plans (China Minsheng Bank annual report, 2017). As it has been stated by the China Minsheng Bank (2017), the Public Welfare Decision Making Committee is the major planning body of CSR activities (China Minsheng Bank, 2017). However, the research team did not find the information related to how this two department cooperate in CSR's budgeting issue.

As for the monitoring on budgeting, Minsheng Bank conducts regular monitoring on the implementation of budgets (China Minsheng Bank, 2017). For example, the bank enquires the sub-branch bank who has much higher than average electricity consumption (China Minsheng Bank, 2017). Similar budgeting monitoring method also exists in the use of office supply (China Minsheng Bank, 2017).

Financial measures

Being a listed company, Minsheng Bank's initial task is to create value for shareholders. Financial measure measurement has been utilized in banking businesses, however, the bank has also adopted financial measurement KPIs (China Minsheng Bank, 2017).

However, their annual report has not mentioned the linkage between the employees' compensation and the KPIs (China Minsheng Bank, 2017). On this occasion, the KPI act as a tool which assist the managers in monitoring the CSR expenses. There are no targets set for the KPIs too (Interviewee B, May 11, 2019).

Non financial measures

Minsheng Bank has adopted Non financial measurement in counting the number of held activities, number of trained employees and the number of distributed educational brochures

(China Minsheng Bank, 2017). Despite the collection of CSR statistics, the bank conducted non financial measurement by investigating the specific conditions, communicating with local government and people in the assisted areas (China Minsheng Bank, 2017). This action can be seen as aiming to direct the objectives in CSR activities.

Hybrid measures

As a way of comprehensively monitoring the disciplinary execution, Minsheng Bank has adopted balanced scorecard, which is a combination between non financial and financial targets (China Minsheng Bank, 2017). The bank has incorporated major case risk incidents and discipline violations into the balanced scorecard assessment (China Minsheng Bank, 2017), which is highly linked to business performance. Corporate activities, such as anti-corruption performance, off-office auditing and compulsory vacation have been treated as crucial factors in the KPIs of the management team (China Minsheng Bank, 2017). The balance scorecard evaluation system independently sets the rule of law compliance assessment indicators, conducts rule of law compliance management and risk assessment for 42 branches on a quarterly basis, strengthens compliance guidance, and promotes improvement in management (China Minsheng Bank, 2017).

5.4.4. Reward & Compensation System

Under the topic of conducting CSR activities, no obvious reward & compensation system has been found in Minsheng Bank. This phenomenon can be seen from the nature of listed companies, as they ought to engage in their core business thus create value for shareholders. CSR activities, to some extent, could promote the improvement of the company's image and optimize the business environment, at the same time, the bank puts focus on adapting to business development needs through risk management and assessment (Interviewee B, May 11, 2019).

Despite the nature of listed companies, another reason for not adopting reward & compensation system in CSR, is because the chinese government has no mandatory requirements for content of CSR (Interviewee B, May 11, 2019). On this occasion, measurement varies dramatically from year to year due to changing content of CSR activities (Interviewee B, May 11, 2019). In Minsheng Bank's case, there is implicit reflection regarding to reward & compensation system -- Despite working capabilities, as it has been stated by Interviewee B (May 11, 2019), a great personality is also an important factor when it comes to an employees' promotion process. Generally speaking, people tend to have more favorable impression for colleagues who are enthusiastic about public welfare.

5.4.5. Administrative Control System

In this section, the Administrative control system of China Minsheng Bank's CSR will be discussed from three perspectives, namely, Organizational structure, Governance structure, Policies & procedure.

Organizational structure

Similar to other Chinese banks, Minsheng Bank follows a formal hierarchical organizational structure, in which the head office develops a general strategic approach, followed by specific actions taken by branches (China Minsheng Bank, 2017). In the domain of CSR, the Public Welfare Decision-Making Committee is the supreme authority for strategic decision making (China Minsheng Bank, 2017). Under the highest authority, the head office has established social responsibility management office and art institution management office, in charge of CSR implementation and CSR promotion, respectively (China Minsheng Bank, 2017).

“The head office centrally coordinates functions and makes overall planning arrangements for medium- and long-term or annual social responsibility activities. Local branches are deployed according to the overall planning arrangements and specific local needs. Of course, those activities should be reported and approved by the head office.” (Interviewee B, May 11, 2019)

Different from Western banks, Minsheng Bank has Communist Party Branches (CP branches) in almost every department. Paralleled with their rooted executive department, the CP branches supervise the thinking and organization of party members and teams in their respective organizations. In the management structure of the enterprise, it plays the role of education to unite the active strength of the majority of party members and other members (Interviewee B, May 11, 2019). They play a vanguard role in CSR. In the local production and operations, CP branches also actively collaborate in the local society and community, they organize and participate in various public welfare activities, and encourage the majority of party members and the members of the Communist Youth League to repay society (China Minsheng Bank, 2017).

Governance structure

While the set-up of organizational structure plays an important role in Minsheng Bank's governance structure, the customized regulations also act as benchmarks in guiding the CSR development (China Minsheng Bank, 2017). For example, the Bank formulated the relevant planning policies such as the “Development Plan of China Minsheng Bank” and guided the development direction of the Bank's business (China Minsheng Bank, 2017). The policy went deeply into the modern service industry development areas, and investigated the Internet economy, modern logistics, health, sewage treatment and other industrial private enterprises and provided comprehensive services. The policy also ensures continuously researching and tracking of new trends, new changes, and new demands of the modern service industry, the establishment of a customer classification service system, and the promotion of modern service industry with differentiated services (China Minsheng Bank, 2017).

Policies & procedure

All policies within Minsheng Bank are based on corporate values. In the CSR task, Minsheng Bank's policies can be categorized into code of ethics and code of conduct.

As for the code of ethics, China Minsheng Bank has formulated the "Minsheng DNA – Handbook on Corporate Culture", where the concepts of corporate culture have been clearly stated (China Minsheng Bank, 2017). The corporate mission "From the people, for the people" proposed by Minsheng Bank have enriched and extended the meaning and importance of CSR (China Minsheng Bank, 2017).

The policy "Management Rules of China Minsheng Bank on Loans Pledged by Rural Land Contracted Management Right (Trial)" and "Management Rules of China Minsheng Bank on Loans Pledged by Rural Housing and Property Ownership Right (Trial)" are two of the most important policies in the operation of rural finance (China Minsheng Bank, 2017). In order to facilitate the poverty alleviation in Hua county and Fengqiu County, Minsheng bank has formulated "2017 Fixed-Point Poverty Alleviation Plan", with the ambition to increase the investment in education and assist the popularization of medical care services (China Minsheng Bank, 2017). With relatively specific guidance in CSR activities, the "code of conduct" policies further improve the financial service mechanism and promote the development of poverty-stricken areas (China Minsheng Bank, 2017).

6. Analysis & Discussion

In this Chapter, the MCS used for empirical findings will be analyzed and discussed in order to find out its adaptiveness. Moreover, with the hope of answering two "How" questions proposed in Chapter 1, this chapter is also going to analyze, compare and discuss the empirical findings regarding to CSR management issue in Santander and Minsheng Bank.

6.1. Empirical Findings Analysis & Discussion

Having conducted the research in a Spanish Bank and a Chinese bank, the research team aims to analyze the management issue regarding bank's CSR from both Western and Eastern practice. While having certain similarities in managing CSR activities, the researched banks also have differences due to different cultural backgrounds and the level of development in their respective business environment.

On the CSR perspective, both banks use CSR activities as an approach to further enhance their corporate culture. Both banks focus their CSR in assisting the accomplishment of "business prosperity", for instance, how they have focused CSR in assisting the growth of

SMEs. Besides, the researched banks have a same task in conducting CSR, which is constantly balancing the relationship between economic growth and environmental protection. Being a bonus task performed by both banks, CSR activities require policies, planning and organizational governance in their MCSs. Both banks' head offices set up CSR guiding policies and thoughts. In order to further facilitate the implementation of CSR, and better adjust to real demand, both banks allow sub-branch department localize and further interpret the CSR policies.

On the other hand, differences exist in their CSR implementation. At Minsheng Bank, the impact of government expectations is reflected in its financial support for some of China's emerging industries. Operated globally in tens of markets, Santander's major CSR stakeholder is not just one government, but are their customers, shareholders etc. Their CSR activities, as they are claimed to be engaged in, such as lowering carbon emissions and supporting innovative forms of energy production, has shown how CSR is under developed societies. The two banks also vary in how they identify the need of stakeholders before conducting CSR activities. On Santander's side, the bank has a culture that encourages the bank to directly ask expectations from stakeholders (for example, through customer surveys), with the objective of achieving the purpose of determining specific CSR activities. On the other hand, Minsheng Bank has a hierarchical government structure in managing CSR and tends to rely on top-level design. However, this system has its advantage, as the bureaucratic management system facilitates the communication between Minsheng Bank and other charities and local governments, and helps implementation of contemporary CSR policies.

As for the differences in governance structures, the research team has noticed Communist Party Branches' (CP branches) participation in Minsheng Bank's CSR. Paralleled with the each embedded department, each CP branches are responsible for the ideological education work and are able to decide their CSR content. Besides, their presence appears in activities for public welfare campaigns, which are usually short-term activities. Without a comprehensive top-design, the CP branches take separate actions.

Below are the discussion on proposed "How" questions. Each question will be answered separately.

How do banks manage their CSR? (With an emphasis on designing and monitoring CSR activities)

1. Both banks rely heavily on cultural controls, as CSR is based on the idea of sustainable development and requires employees' cooperation. The banks write down the company's recognition of CSR and process it into a CSR cultural guidebook. At Santander, diversity and inclusion has a key role when it comes to developing clan control systems. According to Santander, having a diverse and inclusive workforce is essential to understand the financial needs of modern societies. As for Minsheng Bank, the new employee training and employees club are two of the major approaches for enhancing the clan controls, as both approaches unite

employees into unified atmospheres that encourage CSR activities. After the research on Santander, the research team concluded that Santander does not employ any tangible and visual symbols that reinforce and represent its culture. Different from Santander, Minsheng Bank emphasized on symbol-based control system. It's name, Minsheng, is recognized as the most representative symbol of its value, as the word stands for "For the people's life" in Chinese.

2. Both researched banks establish a governing authority for managing and developing their CSR. The responsible banking, sustainability & culture committee (RBSCC) at Santander helps the board of directors in the oversight of the organization's global sustainability issues. RBSCC also assists the spreading out of group strategy metrics & targets. When it comes to Minsheng Bank's CSR management, the Public Welfare Decision-Making Committee is the highest authority for strategic decision making. The two authorities have a great degree of similarity in function and composition.
3. Both banks formulate relevant policies related to CSR. The policies can be divided into two main categories: Code of Conduct and Code of Culture, these provide guiding principles and control that the CSR culture is embedded in the corporation, respectively. As for the Code of Conduct policies, the guidelines are not only related to CSR, but also related to banking issues that promote customer protection.

How does MCS facilitate the management of CSR in banks?

1. While Santander is strongly oriented towards long term planning of environmental and humanitarian progress contribution and footprint, Minsheng Bank also stressed on the short-time planning, as the rapid changing society requires different connotations of CSR. Though having different weight between short-term and long-term planning, the researched banks have both adopted the planning method when it comes to CSR. In Santander's case, short-term planning posts more detailed guides and aims to facilitate the achievement of long-term planning. In Minsheng Bank's case, short-term planning is relatively weakly linked to long-term planning, as it is used to adopt new demands of CSR in China.
2. Both banks have adopted KPIs in measuring CSR activities. Santander conducts non-financial measurements in terms of customers' satisfaction via interviews. This measurement allows revision and re-designing of CSR activities. Minsheng Bank puts both financial data and non-financial statistics in its KPI chart and lists their timeline from year to year. This reflects a statistical need, which allows the bank in monitoring its CSR activities.
3. Reward and compensation can be a great motivation for employees to participate in CSR activities. As for Santander, the variable salary calls for qualitative aspects such as Leadership, Commitment, Development and Risk Management, which make employees pay more attention to the fulfillment of social responsibility. On the other

hand, Minsheng Bank did not post any reward and compensation policy regarding CSR. However, promotion within the corporation not only puts forward requirements for employees' work ability, but also raises high expectations for employees' personality. Participating CSR activities, on this occasion, could be a important reference factor during the evaluation process.

6.2. Literature discussion

In this paper, the research team has review, analyzed and summarized multiple sources of academic literature. Mostly, this literature was from the field of MCS and CSR. The research also suggested an integrated framework, that serves as general approach towards MCS of CSR. The research team believes that there is an extensive amount of literature regarding MCS and CSR, but scarce amount when it comes to linking both of these field. A critique of the literature used in this paper, namely, Malmi and Brown (2008) integrated framework, would be that it overlooks interdependence between different management approaches. That is, because Malmi and Brown (2008) design MCS as a package. In this paper the research team has analyzed what other authors say, separately, about Malmi and Brown (2008) control package components. But, an alternative approach could have been taken by overlooking these components as a package, and see them as a whole, as a set of interdependent metrics. Thus, the research team would like to point that, the literature used in this paper was selected on the basis of easiness, uncomplexity and accessibility. Other sources of MCS could have been used, and these may have altered the results that this paper currently shows.

7. Conclusion Remarks

This last Chapter provides the reader with the overall empirical conclusion, reflections on the Integrated framework, as well as, limitations, contributions and future research suggestions.

7.1. Conclusion

After reviewing, researching, analyzing and summarizing literature on MCS and CSR, and empirically evaluating these in two case study Banks, the research team reaches the following conclusions.

Firstly, the research team has seen that Banks rely heavily on Policies and Procedures to control their CSR activities. Strong organizational bodies are settled in order to reinforce and update these codes of conduct. Thus, formal organizational control plays a key role for CSR, as well. These formal organizational controls are used to support and embed in employs corporate culture and behavioral guidelines.

Secondly, stakeholder expectations play a key role in CSR objective setting. It is shown in this thesis, how Minsheng bank responds, mostly, to the different context and expectations of the Chinese government, who, is their main stakeholder. On the other hand, Santander has a wider range of stakeholders, with whom it maintains periodic communication to know about their expectations. Minsheng bank, within their own internal organization, has members of the Government to let them know what they expect in terms of CSR.

Thirdly, it has been shown in this paper, that both short and long term are important when it comes to the planning CSR. Short term actions have been proven to help long term objective achievement, as well as, a way to achieve objectives that are intended for a time period lower than twelve months.

Fourthly, it is also important to emphasize the use of KPIs and strategic priorities within CSR, to design, develop, evaluate and monitor CSR in the organization. Main KPIs used are metrics that measure stakeholder satisfaction with the Bank's CSR strategy.

Lastly, the research team emphasizes on the use of policies and procedures by banks to implement organizational culture and embed use and utility of CSR activities within the organization.

7.2. Contributions

This paper contributes to literature that links MCS, CSR and financial institutions. In this paper, the research team analyzed, interpreted and summarized existing literature in the fields of management control systems and corporate social responsibility. The research team put special attention to those academic papers and journals that linked these two fields. Thus, this paper collects and summarized important concepts from papers that link MCS and CSR.

The research conducted an analysis, through the Malmi and Brown (2008) integrated framework, of Santander and Minsheng Bank's CSR MCS. These banks are from Spain and China, respectively. Thus, this paper contributes to the qualitative empirical findings of financial institutions and their MCS for CSR.

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Appendix A

Interview Questions

Interview Questions for Santander

1. For how long, do you think, has CSR been part of large companies' strategy in Spain?
2. Why do you think sustainability is emphasized as a strategic priority in Spanish banks?
3. How do you think Spanish banks have changed/developed their set of products since the financial crisis of 2008?
4. What do you think are the most important KPIs used by Banks in Spain in order to track sustainability progress?
5. How do you think companies in Spain organize their sustainability activities: regional, functional, from a process point of view, informal?
6. Can you describe the process/stages of the development of sustainability i.e. from when an idea or action is created until it's taken into practice
7. What do you think influences banks to take sustainability actions?
8. Do you think CSR has changed the way Banks conduct business in a day to day basis?
9. Which do you think are the interest groups for a Bank, like for instance, Santander?
10. What do you think is the ideal internal control system for CSR activities?
11. Do you think sustainability issued changes the design of internal control systems? (Planning, budgeting, administrative and cultural controls)
12. In your opinion, how do organizations use formal management control system (e.g. budgets, balance scorecard, performance measures, reward systems etc.) to support sustainability?

Interview Questions for Minsheng Bank

1. In China, for how long has the CSR become an issue for banks?
2. At present, does the state have any rigid requirement on the corporate social responsibility for the banking industry?
3. Many CSR activities conducted by Minsheng bank has been mentioned in the CSR report (2017). In your bank, who, or which level of managers are the setters of CSR plan?
4. Please make a brief introduction on Minsheng Bank's CSR management team, for example, staffing issue.
5. How does the contemporary governance structure influence the CSR issue in your firm?
6. As it is known to all that China is a large country. The degree of development varies a lot from area to area. In your opinion, whether it is good to have a centralized management team for CSR issue, or better to give local branches more autonomy on CSR issue?
7. Do you think the execution of CSR activities will have a positive influence on other business operations in Minsheng Bank?
8. In the management of CSR, does Minsheng Bank use reward and compensation control system for employees or branches who enrolled in such activities?
9. What are the important factors in Minsheng Bank's CSR management? Government? Shareholders? Clients?
10. As a practitioner and professional in bank sector, how do you see banks conducting CSR activities?
11. What do you think of the CSR trend in China's banking sector? In your opinion, is there any specific factors that could potentially influence the CSR trend?
12. We have noticed that the Communist Party Branch and Youth Branch has played an important role in CSR activities. What are the main tasks for Communist Party Branch and Youth Branch? What kind of roles do they act in the governance structure? What kind of roles do they play in corporate CSR?
13. How do you use formal management control systems (e.g. budgets, balanced scorecard, performance measures, reward systems etc.) to support CSR activities?
14. How do you use informal management control systems (e.g. culture, knowledge sharing, social norms etc.) to support CSR activities?
15. What do you think is the ideal internal control system for CSR activities?
16. Do you think sustainability issue changes the design of internal control systems (planning, budgeting, administrative and cultural controls)?
17. In your opinion, how do banks use formal management control system (e.g. budgets, balance scorecard, performance measures, reward systems etc.) to support sustainability?