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Value creation through Businesses' Support of Community Development

a case study of Sparbanken Skåne

by

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Abstract

The demand for integrating Corporate Social Responsibility into business has increased during recent decades. Despite the dramatic growth of demand for CSR, some researchers still criticize that it is a waste of money. However, other researchers see CSR as an opportunity and advantage to become more profitable and create a better reputation, etc. In this work, the researcher explores the driving forces for the company to support community development through implementing CSR activities, as well as examines the impact of such activities on community development.

To make this study more concrete, the case study of Sparbanken Skåne was chosen. Sparbanken Skåne is a Swedish bank that supports the local community. Since Sweden is one of the leading countries with CSR and Sustainability, the study focuses on a company from this country.

To find out the alignment of CSR in business, a literature review was done. The theoretical studies helped to come up with the model of Four Prevailing Justifications for CSR by Porter and Kramer (2006). This model will help to understand the bank's driving forces to create value for the community. To understand the impact of the CSR activities of the banks, the theories developed by Garriga & Mele (2004) were used. To understand and test the two models, seven interviews were conducted with the bank representatives and their stakeholders.

The analysis shows that the bank has one main driving force, which is not tied to the company's financial interest but to making positive changes in the community. The study highlighted the impact of banks on community development. It was identified that theories of CSR are overlapping and can not strictly relate to only one theory. The researcher advances the discussion of value creation through CSR, including its integration into business model and strategy. Also, this study highlights the impact the company has on community development.

Keywords: corporate social responsibility (CSR), value creation, community development, business support

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1. Introduction

Nowadays, Corporate Social Responsibility (CSR) is an integral part of any business. The concept of social responsibility is defined as “the willingness of an organization to integrate social and environmental considerations in its decision making and be accountable for the impacts of its decisions and activities on society and the environment” (ISO 26000, 2010 n.p.).

During the decades after the globalization of the market in the 2000s, there emerged new, complex problems in the relationship between the companies and different social groups (Rodriguez-Gomez et al., 2020). Since then, CSR has become an essential element in companies' actions to meet the various social requirements.

According to Matten and Moon (2008), there are two methods of implementing social activities by businesses: implicit and explicit. The implicit implementation of CSR comes as a voluntary initiative from the side of the company. At the same time, the explicit method entails the implementation of mandatory regulations, rules, and norms made by society and environmental issues and the role of the businesses in it (Matten & Moon, 2008). Despite implementing CSR according to some rules and obligations, some companies pay more attention to it than others. So what is the motivation for such actions?

Companies are responsible now not only for providing products or services of good quality, but they are also responsible for the impact on society and the environment they make. Reporting about CSR activities has become an obligation in some countries, including Sweden, according to the European Union (EU) directive (2014). Nowadays, many companies change their altruistic approach to CSR and consider their own CSR activity as an instrument of economic value.

There are conceptual explanations for CSR and the motivation of the companies to implement it. Schmitz and Schrader (2015) identified two theoretical standards of such motivation. The first strand of literature explains that socially responsible activities are a good way to increase the profit of the company, and every business implementing CSR is doing so as a voluntary activity. The second strand argues that CSR is an independent objective of the firm and has nothing in common with profit maximization. The company's focus can be taken only to social and environmental activities or profit, it is hard to combine and integrate these two components (Schmitz & Schrader, 2015).

However, the disconnection between strategy and CSR makes the social and environmental programs ineffective and does not bring any benefits to the company nor to society or the environment. Porter and Kramer (2006) stated that CSR can be an integrated part of the business strategy. According to their concept, society and business are interrelated and have an influence on each other. To create an effective impact or shared value companies should

include CSR in the business strategy, but make it related to the profile of the company (Porter & Kramer, 2006). CSR activities are factor that opens up great opportunities for companies and civil society.

From these contradictory ideas, the relation between CSR and business strategy, this research creates an understanding of the motivation of companies to support communities and the outcome that society receives from such support.

1.1. Problem Statement

In today's world more companies try to balance profit and CSR or even combine them (Tran, 2015). Successful companies demonstrate their concern for the community and nature, participate in social projects, and seek to reduce the harmful effects on the environment and society (Mi & Coffman, 2019).

Still, some problems related to CSR and business activities have emerged. On the one side, there is independence and incoherence of CSR and business strategy which makes charitable activities not effective, and often it is a one-time help that does not have any positive outcome (Gao & Bansal, 2013). CSR activities need systematic attention from the managerial side and should be done on a regular basis to make a positive impact on community development (Saftwat, 2015).

Some studies were developed to understand the relationship between CSR and financial performance. Most of the studies are based on a quantitative approach (Brammer, He, & Mellahi, 2015). Based on this approach, it is hard to calculate and understand how much value companies create for the community and for themselves. Also, it is hard to identify the general formula of the motivation or driving forces of the companies to be engaged in the CSR (Halkos & Skouloudis, 2017; Peng et al., 2014). To fill in the knowledge gap, this research will be the qualitative case study of Sparbanken Skåne as an example of CSR integration into the strategy. The problem with this topic is that there is not enough understanding of the motivation to integrate CSR into business strategy. Also, there is a lack of understanding of the impact on community development by businesses. It is hard to find consensus among researchers in the field of motivation and impact of CSR.

The concept of Four Prevailing Justifications for CSR developed by Porter and Kremer (2006) will be a starting point of this research. It will help to describe the importance of CSR as an opportunity for innovation and not just for making the shareholders money. However, there are some companies and organizations interested in creating CSR and using it as an opportunity. The bank of Skane region in Sweden is working on the development of the local community, implementing CSR programs to support community growth. This study will focus on identifying the driving forces of the bank's CSR activities. The study also aims to show the value that businesses create through the support of the Lund community. In order to understand the value banks create for the community, this research will use the CSR theories

which were divided into four groups: instrumental, political, integrative, and ethical (Garriga & Mele, 2004).

1.2. Research Purpose

Available concepts of CSR and business strategy were studied separately. Despite several conceptual studies, we still have a limited understanding of the interrelation and interconnection of CSR and the strategy of the company. We understand the external factors which drive companies to care about CSR, but the internal reasons are still unknown. The purpose of this study is to investigate the motivation of the business to integrate CSR into the business strategy and to understand the impact of such integration on community development.

1.3. Research Questions

Research Question 1 (RQ1): What are the driving forces behind the Sparbanken Skåne's support in community development?

Research Question 2 (RQ2): What is the direct developmental impact of Sparbanken's financial support on the Lund community?

1.4. Delimitations

This study will be focused on a single case study of Sparbanken Skåne. The result will not be generalized for other companies but can be used as an example. The research will not dive deep into the business strategy topics but will show the CSR implementation from both sides of the company - strategy and stakeholders' perspective - direct developmental impact.

1.5. Outline of the Thesis

This chapter describes the problem and purpose of the study. The next chapter, the Theoretical Framework, aims to highlight the main concepts developed by researchers in the field of Corporate Responsibility, Value Creation, and Strategy, and it describes the integration of CSR into business strategy. The third chapter explains the methodological approach and research design and explains the choice of data collection and analysis. Also, the validity and reliability of the study and its limitations are presented. The fourth chapter presents the empirical data received from the company's documents and semi-structured interviews. The fifth chapter presents analysis and empirical research, which is accompanied by theories that have been described in the chapter of the literature review. The last, sixth chapter describes the conclusions of the whole work and suggestions for further research.

2. Literature Review/ Theoretical Framework

This chapter introduces the current literature on corporate responsibility, value creation, business strategy, and CSR in conjunction with the company's strategy in the context of value creation for the community, which forms a basis for research questions and research design. As a result, readers can better understand what is already known and relevant to study.

2.1. Corporate Responsibility

2.1.1. Corporate Social Responsibility

The importance of corporate social responsibility (CSR) began to be fully realized in the 1960s. Its active development has been observed since the early 1990s (Husted, 2015). The development of CSR occurred in high-income countries, where companies identify responsibility in the context of maximizing shareholder value (Chakraborty et al., 2004). Friedman (1970) stated that there is only one responsibility of a business: to use the company's resources to increase its profit. However, Drucker (1997) argued that the concept of making a profit and maximizing it is egocentric and pointless. Such an attitude of the companies could create a dangerous impact on society. In Drucker's (2001 p.89) opinion, profit "is not the explanation, cause, or rationale of business behavior and decisions, but the test of their validity." Moreover, he explained that the goal of the business is not to make a profit but to make sure that a company is sustainable and continues to work on innovative ideas. Such discussions lead to the question of the role of business in society's development.

In recent decades, the importance of CSR has been emphasized by leading international institutions, experts, and companies. World management practice considers the social responsibility of enterprises as an effective regulator of the relationship between society, business, and the state (Marco-Fondevila et al., 2018). CSR in a business context is a concept in which companies include the interests of society, taking responsibility for the impact of their activities on stakeholders and the environment (Maimunah, 2009). The European Commission defines CSR as "the responsibility of companies for their impact on society" (EU strategy, 2019). Philip Kotler interprets CSR as the inclusion of socially responsible approaches in companies' strategies (Kotler & Lee, 2005). Walter (2014) suggested the definition of CSR as social and moral obligations and the impact that business makes on society. Considering the different approaches to determining the social responsibility of business, we can conclude that it involves the activities of companies aimed at creating a positive impact on the internal and external environment.

One of the world's largest CSR initiatives is the UN Global Compact, which sets out 10 principles in the areas of human rights, labor relations, the environment, and the fight against

corruption. As of 2019, it was joined by 9,913 companies from 161 countries. These principles are a unified base of concepts and values that companies use to guarantee their employees' and colleagues' integrity to people and the planet (UN Global Compact). Another crucial global initiative is the Global Reporting Initiative which aims to help governments, businesses, and other organizations to create an impact, communicate this impact, and discuss the issues on which they are working, such as environmental, human rights, corruption, and more (Global Reporting Initiative). In addition, CSR principles are supported by the Organization for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises, the World Business Council for Sustainable Development (WBCSD), the United Nations Principles for Social Responsibility (PRI), the Global Reporting Initiative (GRI), and ISO 26.:2010 "Guide to Social Responsibility" (Khalili, 1955). Many international organizations help to promote the CSR framework and guiding principles for implementing them in business.

Every organization has its own definition of CSR. The definitions explain the mission of CSR by using the same terminology but giving different approaches. The same phenomenon was described by Votaw:

corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large (1972, p. 25).

According to the European Commission (2012), there are three main CSR components: economic (profit), environmental (planet), and social (people). These components are synchronized and should be taken into account as one united point. The new era of corporate responsibility is characterized by a combination of all these elements, as well as environmental, social, and fiscal responsibility and responsibility to the employees (Global CSR RepTrak). At the same time, the definition of CSR is endlessly developing, and now it includes many different factors. Nowadays, CSR is an umbrella term that combines and overlaps with other concepts (Crane, Matten, & Spence, 2008; Carroll, 2008 in Garriga & Mele, 2004). Some of these factors include:

- environmental sustainability - when companies care about environment;
- corporate citizenship - when corporations are seen as members of society and contribute to it;
- corporate philanthropy - when businesses on a volunteering basis support some social and environmental initiatives (Council on Foundations, 2020);
- sustainability - when business on a supports some social and environmental initiatives and cares about social and economic resources (Hopwood et al., 2005);

- business ethics - rules, principles and moral obligations that are taken into account in the activities of the business and decision-making process (Clegg et al., 2007).

2.1.2.CSR Theories

To give more clarity to the different CSR activities of companies, to create the logic and structure of them, and to further understand the impact businesses make on community development, relevant CSR theories are discussed below. The researchers Garriga E. and Mele D. (2004), in their study, classified the theories into four groups: instrumental, political, integrative, and ethical.

2.1.2.1. Instrumental theories

This category of theories views corporations as a tool for enrichment and holds that their responsibility is the economic aspect of business (Garriga & Mele, 2004). A representative of this theory is Friedman. He stated that “the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country” (1970 in Garida & Mele, 2004, p.53). His opinion also was supported by Windsor (2001), who mentioned that wealth creation is dominant in the managerial responsibility concept.

This theory does not exclude the stakeholder’s interests. For example, other researchers describe that meeting the needs of stakeholders and investing in social activities and charity can also be done to maximize profits (McWilliams & Siegel, 2001; Mitchell et al., 1997; Ogden & Watson, 1999). Many studies also show a positive correlation between CSR and profit (Waddock & Graves, 1997; Griffin & Mahon, 1997 in Garriga & Mele, 2004), but such a correlation is hard to measure (Griffin, 2000).

Instrumental theory can consist of two other concepts. The first one is to maximize shareholder value. Again, Friedman’s approach states that socio-economic and economic objectives are entirely separated (1970). Nowadays, this concept is also called shareholder value (see Section 2.2.1).

The second concept focuses on allocating resources to achieve long-term social objectives and create a competitive advantage (Husted & Allen, 2000). This idea relates to social investments in a competitive context (Porter & Kramer, 2002), a natural resource-based view of the firm and its dynamic capabilities (Barney, 1991), and strategies for the bottom of the economic pyramid (Prahalad & Hammond, 2002).

Social investment in a competitive context is applied to Porter’s competitive advantage theory (Porter, 1980). This idea opposes those of Friedman. It explains that businesses have resources and are capable of solving problems, sometimes better than the government, because they understand how to solve the issues related to the company’s mission (Porter &

Kramer, 2002). Nowadays, for example, we can see this when IT companies conduct courses for students to fill knowledge gaps and, at the same time, contribute to youth development.

The resource-based approach and dynamic capabilities (Barney, 1991 in Garriga & Mele) are based on the unique expertise or resources a company has. This resource could be physical, organizational, or human. It should be something that gives a company a competitive advantage over other companies in a market (Teece et al., 1997). “We define dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competencies to address and shape rapidly changing environments” (Teece et al., 1997 p. 516). Based on this perspective, Petrick and Quinn (2001) identified that resources could also be ethical and social, as they can also be a source of competitive advantage and a way of creating value for the stakeholders (including employees, community, and customers) (Harrison & St. John, 1996; Hillman & Keim, 2001).

Another concept of instrumental theories named “at the bottom of the pyramid” is based on the idea that when a company, for example, builds a factory in a low-income country, it “changes consumers’ behavior and changes the way products are made and delivered” (Simanis & Duke, 2014 n.p.). It gives the possibility to change the way of producing the product, which makes a disruptive innovation (Christensen & Overdorf, 2000) and reaches low-income buyers (Simanis & Duke, 2014). This concept helps consumers to become producers. It means that the company enters the market and starts production for local people, but, at the same time, can produce some products for global markets. According to this theory, the producers from low-income countries start to generate income and revenue for the business. Moreover, they also receive the product they produce locally, which helps them receive the money and supply their local markets with goods that earlier were not available in their region (Prahalad & Hammond, 2002).

2.1.2.2. Political theories

This group of CSR theories explains the possible interaction between business and society, and other types of business responsibilities and their roles. This theory also has several approaches to explaining such interactions: Corporate Constitutionalism (Davis, 1960) and Corporate Citizenship.

Corporate Constitutionalism describes the role and impact of business on society (Davis, 1960). According to Davis (1960), a company, as a social institution, has a responsibility and the power to solve their internal and external problems. Accordingly, companies care not only for economic questions but can solve social dilemmas and switch to political roles since they have power. Davis argued that the more social power a company has, the more social responsibility it has (Davis, 1967). Also, if a company does not use its social power, it loses it and other companies and competitors become reputationally stronger, since other businesses or institutions will replace it in this role.

According to Maignan and Ferrell, corporate citizenship is “the extent to which businesses meet the economic, legal, ethical, and discretionary responsibilities imposed on their stakeholders” (2000, p. 284). Carroll (1999 in Garriga & Mele, 2004) defines this concept as a new approach to solving problems in society. Since the word “citizenship” is taken from political science, “corporate citizenship” is focused on rights, responsibilities and possible partnerships of business in society” (Garriga & Mele, 2004).

2.1.2.3. Integrative theories

This group of theories examines the relationships and interdependence of business and society. The first theory of this group is issues management, which states that organizations act following social issues, so they should answer the community’s requirements to solve particular social problems (Ackerman, 1973). Ackerman (1973) also stated that social objectives should be initialized and integrated internally into the organization to manage and solve social issues.

According to Jones (1980), CSR activities should consider all the interests of different company stakeholders. In the context of CSR, he stated that the company should pay more attention to the process of how responsibility was reached rather than to the outcomes of such activities (Jones, 1980). Thus companies should respond to the demands of society. As a result, the term “social responsiveness” appeared. This term means a process and implementation of socially responsible activities (Logsdon, 2004). Friedman et al. (2004) described such activities as strategic tools for sustaining the company's competitive advantage. Dillon et al. (2014) stated that businesses realize the need to contribute to the development of their community, region, and country.

Another theory from this group is the principle of public responsibility (Preston & Post, 1975). Authors of this theory highlighted the importance of public interests, not only those of one social group, which limits CSR. Public responsibility includes law regulations, legal requirements, and “the broad pattern of social direction reflected in public opinion, emerging issues” (Preston & Post, 1981, p. 57). According to their idea, if businesses work according to the legal standards and regulations of the government, they can be acceptable in the context of social responsibility.

This group also included stakeholder management. This concept views stakeholders as people who are affected by business activities. This theory will be discussed more in-depth in Section 2.2.2.

The last concept of this group of theories is corporate social performance. This concept describes the need to fulfill a business’s economic, legal, ethical, and discretionary responsibilities (Carroll, 1991). Discretionary responsibilities are resources that corporations use for social, educational, and cultural purposes (Carroll, 1991). Later, Carroll (1999 in Garriga & Mele, 2004) created a “Pyramid of Corporate Social Responsibilities” (Figure 2), which included the same components, but discretion was changed to philanthropic

responsibility. The idea of this pyramid is that companies gradually move from the first step of the pyramid up the hill, reaching each level step by step.

2.1.2.4. Ethical theories

Ethics is defined as the concept of doing the right things. It is also a system of values and moral principles of good and bad (Carroll, 1991; Raiborn & Payne, 1990). According to Freeman and Gilbert (1988), the definition of morals and ethics are interchangeable.

Thomas Garrett and Richard Klonoski stated that business ethics looks primarily at the relationship between business goals and means, specifically human goals. Business ethics is about the impact of individual actions on the position of the individual, firm, economic structure, and society as a whole. Business ethics explain a business's generally accepted moral norms (Garrett & Klonoski, 1985).

Ethical theories, based on the ethical and moral responsibilities of companies in relation to society, were divided into four subgroups: normative stakeholder theory, universal rights, sustainable development, and common good approach (Garriga & Mele, 2004).

The normative stakeholder theory describes the importance of interacting with the stakeholders. Moreover, such interaction requires building relationships on some morality (Kantian, theories of justice, etc.) (Mansell, 2013). This theory will be described in more detail in Section 2.2.2. The universal rights concept is based on fundamental human rights, proposed by the UN Global Compact. Also, it takes into account economic, social, political justice, and legal regulations.

Sustainable development theory, which emerged in the late 1980s (World Commission on Environment and Development, 1987), stated the need to think not just about the present but also about the future to decrease the harmful outcome to the society and environment. This concept describes the importance of adopting a "triple bottom line" (Figure 3) developed by Elkington (1999), of economic, but also social and environmental responsibility. Companies should consider these three aspects as a single concept that is inseparable and indivisible. It is important to align CSR to the strategy of the company and create responsibility in allegiance to customer needs (Van Marrewijk & Werre, 2003).

The common good approach describes the need of businesses to contribute to the common good. This concept unfolds business as a unit of society, which positively impacts people's well-being by providing goods and services by respecting fundamental human rights (Fort, 1996, 1999).

There are several approaches to determining ethics in business in modern economics literature. All of them are reduced to the fact that this is the concept of reconciling and connecting the interests of the organization, consumers, and society as a whole (Lewis, 1985). The concept of taking into account everybody's claims is also called value creation (Crane, Matten, & Spence, 2008) which will be described in the next section.

2.2. Value Creation

The concept of value creation has several points of view. According to Gummerus's study (2013), there are economic, firm-wide, business-based, and accountancy values, among others. Value creation through CSR is a concept where businesses consider the interests of society by taking responsibility for the impact of their activities on the environment, stakeholders, and shareholders (Crane, Matten, & Spence, 2008).

2.2.1. Value Creation for Shareholders

The shareholder value is always considered from the economic dimensions. Friedman's (1970) well-known theory, which was discussed above, stated that a company aims to maximize shareholder value. It is the main goal in the context of corporate social activities. Also, Carroll (1991) stated that from the shareholder's perspective, solving social issues is not part of their job. Wartick and Cochran (1985) argue that businesses are not moral agents and that solving social problems is the work of individuals who have moral responsibilities. Moreover, working with social issues is a governmental task (Carroll, 1989).

Andriof and McIntosh (2001) support Friedman's idea that companies' most important social responsibility is to maximize their profit. When businesses generate a profit, they can provide people with jobs, pay them salaries, and provide shareholders with returns. Carroll (1989) argued that if managers focus on the social responsibility of business, they will weaken the company itself and impede its purpose - to make a profit. He also argued that a company is concerned with technology, economic, and environmental issues, and disputes the need for additional social responsibility if the primary goal of business is not to solve social problems but to make a profit (Carroll, 1989).

In addition, Henderson (2002) stated that the responsibility of business is to be a good participant in society in the context of conducting business and establishing production processes in accordance with legal regulations. In his opinion, such obedience to the law and business functions has led to the development of democracy and welfare (Henderson, 2002).

Some researchers dispute the idea of value creation only for shareholders. In some countries, businesses should take responsibility for other institutions (Rojas, 2002). This idea applies especially to developing countries because of the lack of well-functioning social institutions and legal authorities. Instead, businesses can take their role and work on solving social problems. In such cases, companies can help provide social well-being, and they perform the role of other institutions (Rojas, 2002).

2.2.2. Value Creation for Stakeholders

As previously mentioned, society has become more aware of global-scale problems such as poverty, climate change, and human rights, which force businesses to pay more attention to CSR activities (Nicoara, Palihawadana, & Robson, 2019). Stakeholder requirements shape the focus of companies to work with CSR. The researchers Bhattacharyya, Sahay, Arora, and Chaturvedi (2007) state that CSR is defined as a continuous interaction process with stakeholders, the state, clients, and the local community in whose territory activities are carried out. Societal expectations influence the way companies do business. Whereas companies' approach to CSR used to be altruistic and charitable, today, it is changing into an instrument of economic value. To this end, companies integrate CSR into their strategy and benefit socially and economically - creating value for shareholders. Nicoara et al. (2019) emphasized the role of stakeholders in influencing the market, their expectations formulating the rules of playing in a market. It means that companies now are not only passive participants in the global ecosystem, but they are also taking part in the development of solutions to global challenges (Fontana, 2017), which are also known as Sustainable Development Goals (website of the UN).

Some researchers believe that companies should be able to meet the interests of shareholders, customers, employees, and the community and the city in which the company is located (Hilman & Keim, 2001). Hilman and Keim (2001) stated that when a company invests in stakeholders' relationships, it helps to build a good reputation, customer loyalty, and the ability to attract professionals to the company.

To have a holistic picture of bringing value to stakeholders, we will examine different ways to implement CSR in business. According to Griffin and Prakash (2010), there are three ways of identifying personal CSR paths for companies. The first method is donating money to organizations and institutions. It could be a one-time, non-regular, or regular initiative. Second, building partnerships with governmental and non-governmental (NGO) organizations and working with them regularly. The third way is to create a charity fund or foundation from the company and support different initiatives and society. The fourth one, added by Hilman and Keim (2001) is a voluntary project initiated to reduce the harmful impact on the environment, for example, or to solve the problem of pollution.

Businesses cannot solve all global problems, and every company has its own mechanism of value creation and target group they choose to support. There could be some actions that focus on improving societies' human and social capital and on employees to enhance social and economic opportunities (Griffin & Prakash, 2010).

Other researchers suggested classifying business initiatives into six categories: cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practices (Kotler & Lee, 2005). Cause promotions are actions made by businesses that aim to increase awareness of the social

problem. Cause related marketing is related to the volume of sales and works within the algorithm that business gives back to society some percentage from the sales – for example, every 1 SEK from the cup of coffee goes to charity. The third category, corporate social marketing, aims for businesses to attract more attention from society and promote behavioral change to public health, environmental issues, social wellbeing, or another cause. Corporate philanthropy refers to the direct grants made by businesses to support some charity, educational, or other initiatives. Community volunteering demonstrates a gesture of solidarity and inclusion of employees of a particular enterprise in society. The last category, socially responsible business, explained that businesses make a direct investment or donation to support the environment or enhance the community's wellbeing (Kotler & Lee, 2005). All of the above categories are relevant and important today. In particular, the last one is becoming more and more popular, as companies and businesses are also residents of the community. Thus it obliges them to take care of local communities and solve problems with residents, government, and various institutions.

2.2.3. Shared Value

The concept of shared value was developed by Porter and Kramer (2011). The idea of shared value is defined as “policies and operating practices that enhance the company's competitiveness while simultaneously advancing the economic and social conditions in the communities it operates” (Porter & Kramer, 2011, p. 6). According to them, CSR should not be perceived by businesses as a cost but as an opportunity to create benefits for business and society (Porter & Kramer, 2011), a so-called win-win strategy. They viewed business not only in terms of profit but also in terms of solving specific social and economic problems (Porter and Kramer, 2011). Porter and Kramer (2011) believe that searching for common value creates new business opportunities.

Shared value creation, a new concept of creating economic value by solving social problems, found support among other researchers (Pfitzer et al., 2013; Wojcik, 2016). Falck and Heblich (2007) related the notion of strategic CSR to the shareholder value theory of wealth maximization. But in this case, it states that if the company supports the community, it will return the value, even multiply it (Falck & Heblich, 2007).

At the same time, Kramer (2012) states that shared value also can bring some innovation to the company. In his opinion, the shared value framework focuses on solution findings for solving social issues. Such solutions create social benefits for the community and company simultaneously. Also, Kramer (2012) mentions that to reach practical sustainability goals, businesses should work on them from a long-term perspective.

2.3. Strategy

To work on CSR in the long run and not to do it as a one-time action, businesses should integrate CSR into their strategy to ensure the maximum effectiveness of supportive programs (Porter & Kramer, 2011).

In this subchapter, we will discuss the business strategy and the importance of incorporating CSR into it.

2.3.1. Business Strategy

Researchers identify strategy as a plan of action to achieve some goals (Caves, 1984; Ghemawat, 1991). Originally, the word strategy was used in warfare and meant to find the right path to victory (Sun Tzu, 2015). Porter describes “strategy is the creation of a unique and valuable position, involving a different set of activities” (1996, p. 64).

Strategy is about the number of choices and decision-making to achieve some goals and reach the desired outcome of these choices. When companies develop a strategy, they create a plan to operate the firm and create value for its stakeholders (Porter, 1996). The strategic choice perspective argues that companies do not randomly react to business questions. It is a combination of strategic choices and interactions among employees (Child, 1972). To achieve these strategic goals, they should be aligned between company resources, capabilities, and competencies with the environment and society (Shendel & Hofer, 1979). The resource-based perspective on business strategy sees resources as a key component for sustaining competitive advantage and company performance (Barney, 1991).

In this paper, we will explore the integration of CSR into business strategy and observe the impact of such integration and the company's internal processes and the benefits it receives from it. The ideas described above will be seen in an empirical study, for example, whether a company sustains a competitive advantage when it has a strategy with integrated CSR.

2.3.2. Business Strategy and CSR

To reach the effectiveness of the CSR for the stakeholders and company, it should be aligned with the business strategy. “To maximize the creation of shared value, enterprises are encouraged to adopt a long-term, strategic approach to CSR and to explore the opportunities for developing innovative products, services, and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs” (European Commission, 2011 d/681 n.p.).

The European Commission (2011) identifies the external factors which drive companies to care about CSR, but the internal reasons are still unknown. According to the study by Eric C.

Chaffee (2017, p. 348), corporate managers state that CSR is good for business, and CSR is “the right thing to do.” However, there is a lack of further and deeper explanations of motives to support communities and society since CSR is good for business. Still, companies can not measure the full economic impact that it gives to them since they do not receive profit from their CSR activities. Because of the difficulties in quantifying and calculating CSR's outcome, we can talk about reputation improvement and relation with the customers and society (Matten, 2006). But before researching the alignment of CSR and business strategy, we will consider why companies engage in CSR. The previous researchers identified a few reasons why the company is active in CSR. Among the drivers identified were justification (Porter & Kramer, 2006), pressure (Matten & Moon, 2008), and economic profit (Utting, 2000).

According to Porter and Kramer, people who work with CSR “used four arguments to make their case: moral obligation, sustainability, license to operate, and reputation” (2006). The moral aspect states that companies should conduct business based on ethical values and with respect to the environment and society. Sustainability also emphasizes respect for environmental issues and community care. The notion of license explains the need for the company to have permission or an informal contract from the state, society, or other stakeholders to conduct its activities in a particular region. The last one, reputation, is the image and brand status, which affects the company’s attractiveness, attraction to new customers and employees, cooperation, and market value (Porter & Kramer, 2006).

Economic profit is slightly different from other drivers, as it could be seen in the long run. For example, if a company invests in innovative and more clean production, it will reduce production costs, which directly implies higher profit and supports the environment’s improvement (Utting, 2000). Also, such companies could receive subsidies from the government (Visser, Matten, Pohl, & Tolhurst, 2007).

Porter and Kramer (2006, 2011) indicate that through coherency and integration of CSR and business strategy, companies can open new opportunities: they could strengthen their position in a market and become more competitive and attractive to customers and employees.

2.4. Chapter Summary

The literature analysis shows that much attention was paid to general theoretical issues, such as approaches and models of corporate social responsibility. However, the driving factors influencing the implementation of corporate social responsibility and the impact of such activities on community development are still not researched. Many world organizations give their own definition of CSR, but all definitions agree that it reflects the concept of interaction and influencing society by businesses.

The company’s focus on CSR is influenced by stakeholders’ demands, social and ethical issues, and the market and customer expectations. At the same time, companies can not solve all society’s problems. Still, every company could choose their method of creating value for

the stakeholders and even share this value with the community. To reach the maximum benefit from the CSR activities, the researcher recommends including CSR in business strategy.

3. Methodology

In this chapter, the choice of methodology for this study is described. The chapter consists of the research approach, research design, data collection method, and analysis. The aim is to investigate the reasons presented in theory through the case study of Sparbanken Skane.

3.1. Research Approach

Based on the novelty of the study of CSR and the lack of a theoretical framework for how businesses integrate CSR into their strategy, the question of its integration varies from case to case (Hahn et al. 2018). Also, the driving forces of community development support have not been researched yet. This study uses an analytic induction method. This method allows answering the question “why” (Sekaran & Bougie, 2016). This research will help examine the case more in-depth and answer the research questions. According to Saunders, Lewis & Thornhill (2012), the inductive approach involves exploring the occurrence of a particular issue and, as a result, helps to contribute to and build theories.

3.2. Research Design

The study explores the company’s motivation for integrating CSR activities into business strategy. A qualitative research design is applied (Creswell & Creswell, 2018). For this purpose, a case study is conducted. According to Swanborn (2010), a case could be used to study social phenomena, in this case by exploring the driving forces of the company and the impact which the company makes on community development.

Further, Gustafsson (2017) argued that a case study could help to define and explore the settings to understand it. So, the case study method is a good approach to taking information from bank employees and their stakeholders.

Additionally, the researcher will use triangulation of data collection to enhance the validity and credibility of the case study. Triangulation is a method where multiple perspectives, sources of data, and combined methodologies take place (Bryman, 1998).

The data is compared with the theory and previous research (Saunders, Lewis, & Thornhill, 2009). Besides the primary method of collecting data, additionally is collected the information from the internal documents, such as CSR reports and external documents, which consist of information about the interaction with the stakeholders, e.g., news, post, and reports of the support recipients.

3.3. Data Collection Method

Data for this study will be collected through qualitative research. The primary method for this research is semi-structured interviews to understand the company's business model and strategy. Semi-structured interviews allow more flexibility in asking questions that can turn the conversation into more details (Easterby-Smith, 2015). Prepared questions help to create a structure for the discussions around the research. At the same time, the semi-structured method allows the researcher to follow the structure of the responses and develop the conversation and most relevant topics more in-depth (Bell, Bryman & Harley, 2019).

The typological study highlights the causes of investing in community development and the impact which Sparbanken makes on it. Also, how businesses can create value between the bank and the community is described.

The researcher uses a multimethod approach and will use two methods to collect qualitative data: a literature review and semi-structured interviews (Saunders, Lewis & Thornhill, 2012). To receive a holistic picture and understand the direct developmental impact of the bank, we have chosen to conduct the interviews from the stakeholder perspective. The combination of data sources in one research called triangulation (Taylor & Bogdan, 1998). According to Taylor and Bogdan (1998), this method allows us to receive a deeper understanding of different perspectives of the study and come to clearer insights.

3.3.1. Literature Review

The literature review method helps us identify the available theories and the knowledge gap (Snyder, 2019). The aim of the literature review is also to determine the theories relevant for this study such as Friedman (1970) and Porter and Kramer (2011), who describe different points of view and motivations of the company to work with CSR. Analysis of previous research allows us to test some of the theories by the empirical study and contribute to the theory with new conclusions.

Literature reviews help find the answers to the research questions (Snyder, 2019). Tranfield et al. (2003) described the importance of literature review, especially when the researchers look for the validity of some theory. We will see how CSR theories and Porter and Kramer's (2006) theory of Four Prevailing Justifications work in practice.

3.3.2. Semi-structured Interview

The semi-structured interview is a “qualitative research design for answering the questions ‘how’ and ‘why’ (Azungah, 2018, p.387). According to Berger (2018), within the interview, the researcher could explore the ideas and attitudes of the people by asking the right questions. A predetermined list of questions helps identify key themes and guide the interview

with the topics relevant to the research. Also, such an interview gives more flexibility and allows one to receive a broader perspective (Gray, 2019). The study conducted seven interviews. The researcher interviewed two bank representatives, and among the stakeholders were one person from LU Innovation, two recipients of the Sparbanken Awards, and two representatives of the community.

3.3.3. Interview Design

The interview process was conducted between April and May 2022. The interviewees were provided with information about the research and research goals. The set of questions used to structure an interview process for the company is presented in Appendix A and to the stakeholders in Appendix B. Also, during the interviewing, the researcher asked additional questions to develop the conversation and discuss some questions in more detail.

The questions from Appendix A and B were developed and formulated based on the Four Prevailing Justifications for CSR by Porter and Kramer (2006). They included four sections to understand the moral obligation of the bank, how the company works with sustainability, license to operate from the government and community, and reputation. Questions to the bank's stakeholders are mirrored to compare the answers of the company representative and to understand the direct developmental impact of support from both sides.

The questionnaires were used as a guide to keeping the interview structure, but they also gave some flexibility and did not restrict the discussion of the topics more in-depth. Every interview started with the presentation of the research and the purpose of the meeting. Interview conditions and confidentiality were discussed before each interview orally. Semi-structured interviews were conducted in-person or via Zoom. All interviews were recorded, and the interview duration was between 30 to 60 minutes, depending on the interviewed person and the responses.

3.3.4. Selection and Sampling

3.3.4.1. Company Study

To realize this research, a sample case was chosen. As this study strives to understand the company's driving forces to implement CSR and the outcome it makes on community development, the study decided on some criteria to select the sampling. To fulfill the research purpose, the following criteria were identified:

- the study should be carried out in a country where CSR works well, where the mechanism of its implementation has already worked for at least 3 years;
- the company should cooperate with the local community;
- the participants for the interview should be accessible and work in different institutions to understand the company's stakeholder perspective of value creation.

From those criteria, the author chose Sweden, one of the leading countries in implementing CSR activities (Berry, 2021). In terms of the company, the study selects local banks in the Skåne region. Also, the bank supports the local community and has a specific naming of the region Sparbanken Skåne.

Sparbanken Skåne is a Swedish bank with its headquarters in Lund city. It is the largest savings bank in Skåne. It took its current form in 2014, but its history dates back to 1826. “The philosophy is to be a present bank for the people, business and society where the customers live”. The bank is owned by three foundations: Sparbanksstiftelsen Färs & Frosta, Sparbanksstiftelsen 1826 and Sparbanksstiftelsen Finn (Sparbanken Skåne website).

3.3.4.2. Stakeholder Study

In the stakeholder study, the purpose is to understand the direct developmental impact of the CSR activities of the Sparbanken Skåne. For this study, we choose two different groups according to the bank's ways of cooperation. We choose the stakeholder who receives the grant support and sponsorship from the Bank.

Stakeholder engagement allows access to relevant data, feedback that makes research results broader, and more data to understand the direct developmental impact of the bank's support (Slunge et al., 2019).

The data was gathered by conducting semi-structured interviews. The research population targeted bank representatives and stakeholders. Interviews with the bank representative were focused on identifying the motivation and driving forces to support the local community and understanding the business model and strategy of Sparbanken Skåne. Interviews with the stakeholders included representatives of Lund Innovation Hub, startups who receive financial support from the bank, NGOs and associations. Interviews with the stakeholders focused on understanding the community's interests and the outcome of their support by the bank. Interviews with different stakeholders helped develop a holistic picture of the driving forces and outcome of the bank's support of the community.

3.4. Data Analysis

The Otter.ai program was chosen for interviews description from audio to text format. This program is used for the analysis of text and audio. The program annotated the data and highlighted the interviewee's most frequently used words. The audio data also was used for the analysis process. Audio allows for being more apparent in the conclusions (Nichter, 2008) since the transcript software does not always capture the words from the audio.

Data analysis started with the sorting of the empirical materials and connecting the theory to the collected data. Qualitative research helps to gain new insights to create new meanings rather than presenting the already known facts (Rennstam & Wasterfors, 2018).

Firstly the researcher used the content analysis method to analyze the information from the interview in two ways: conceptual and relational. The conceptual analysis helped make a “systematic overview” of the interview and related the data to the available academic concepts (Sekaran & Bougie, 2016, p. 350). To keep the answers confidential and to categorize the received data from the interview, we used the coding system for every respondent (Sekaran & Bougie, 2016) which is presented in Table 1.

Table 1. List of interviewers

Role	Industry/Sector	Interview lengths	Code for respondent
Bank representative	Marketing and Sales	50 min	A
Bank representative	Sustainability activities	Written response	B
Partner of the bank	Education	45 min	C
Grant recipient	Education	30 min	D
Grant recipient	Education	30 min	E
Support recipient	Sport	40 min	F
Support recipient	Culture	45 min	G

A qualitative data method developed by Miles and Huberman (1994) was used. It includes three steps: data reduction, data display, and the drawing of conclusions. The first stage includes examining all the relevant data sources. The second stage is important to sort the collected data into a chart or matrix to make it more transparent and readable. The Four Prevailing Justifications for CSR (Porter & Kramer, 2006) were used for research analysis. Information from the interview was divided into 4 sections: moral obligation, sustainability,

license to operate, and reputation. In the third stage, the concluding phase, the inter-connection was made in the data and theory explained before the research (Miles & Huberman, 1994). Analysis of the RQ1 was made according to the Four Prevailing Justifications for CSR (Porter & Kramer, 2006). The RQ2 was analyzed according to the Theories of CSR presented in section 2.1.2.

As for the empirical material, this study looked at CSR reports from Sparbanken Skåne and conducted semi-structured interviews. The key factors that make banks engage in CSR are identified by analyzing reports of the bank. According to Travers (2001), from the organizations' documents, it is possible to study key messages, culture, and ethos. The interview process gave a deeper understanding of the motivation and impact of the bank on supporting the community.

3.5. Validity and Reliability

Criteria such as reliability and validity are used to ensure quality business research. Researchers determine reliability and validity in different ways. Still, the basic idea is that reliability refers to research results and their repeatability, and validity refers to measurements in a study and if the results represent what was intended for the study (Bell, Bryman & Harley 2019).

For the empirical study, the theories were described in the theoretical framework chapter. Formulating questions in accordance with these themes and theories described in the literature review, we are convinced that our empirical research is also considered through the theoretical frame.

According to Bryman, Bell, and Harley (2019), connotations to measure in terms of reliability and validity may limit their application in qualitative research. This research aims not to measure the results but to document them. The empirical study cannot be used as the only correct model for integrating CSR into the company's activities, strategy and business model, but can be a good example.

3.6. Limitations

The company has partnered with stakeholders in many industries, and this study will cover only a few stakeholders. In this case, in order to get a complete picture of the company's CSR activities, it is necessary to study the point of view of representatives from each sector. However, the small number of surveyed stakeholders cannot deny the fact that CSR is integrated into the company's strategy and activities in this area are taking place.

Due to limited time, this study may be subject to criticism. Also, the example of one company case may not indicate that this theory can be applied to all companies. For each company, the

integration of CSR is an individual process, this work can serve as an example of how to integrate sustainable development goals into the strategy and business model of the company.

3.7. Chapter Summary

This chapter described the methodological approach of the research, interview design, techniques of data analysis and coding process. The semi-structured interviews and literature review are used for this research. Also, the information from the Annual reports of the bank is considered during the data analysis. In this chapter, there is a presentation of the selection process of the company and stakeholders, the data analysis frameworks, and validity and reliability of the study.

4. Presentation of Data and Findings

In this chapter, the researchers present the results of an empirical study. Data from the interviews are presented.

First, this chapter will present the findings from the CSR reports and the interviews with the bank representatives and the stakeholders of Sparbanken Skåne. Interview questions sought information about the values and culture of the company and the identification of external factors (if any) to work with CSR. Also, the internal motivation and way of cooperation with the Lund community. Second, interviews with the bank representatives and stakeholders provided a better understanding of the relationship with different stakeholders. They described the direct developmental impact of Sparbanken's financial support on the Lund community. The interview guiding questions are presented in Appendix A & B.

4.1. Primary Data

The primary data from the semi-structured interviews in the RQ1 were categorized according to the Four Prevailing Justifications for CSR: moral obligation, sustainability, license to operate, and reputation (Porter & Kramer, 2006). The RQ1 consists of the data received from the bank representatives.

The data description obtained for the RQ2 was divided according to the CSR theories: instrumental, political, integrative, and ethical (Garriga & Mele, 2004). Data includes responses from the stakeholders of the bank.

4.1.1. Data for the RQ1

What are the driving forces behind the Sparbanken Skåne support in community development?

According to the information received from the bank's annual reports, its activities focus on four primary sustainable development goals (SDG): quality education; affordable and clean energy; sustainable cities and communities; responsible consumption, and production.

“The bank management concluded that the bank can contribute to the four goals. We are involved and support all goals but still want to find what we could focus on. We have done much work that includes Agenda 2030, and therefore, these priority goals can be changed. We are a bank, and we use it when saving or consuming. We must ensure that the money goes to good causes. That consumption is sustainable, that investments contribute to the transition, etc.” (Respondent B).

In addition to the four declared sustainable development goals, the bank has constantly supported various activities in the Skåne region, particularly in the Lund community, for

decades. As the bank grows, its capabilities to support additional initiatives in the city continue to increase.

According to respondent B, the bank's idea to support the community has been for over 200 years. Bank always supports local initiatives and organizations that create a positive impact on community development.

Sparbanken Skåne's vision is to be an active bank for a simple and sustainable everyday life. Its mission is to be a bank that creates value for customers and contributes to the local community development in Skåne (Annual and sustainability report, 2020). Bank representatives mention that CSR is part of the DNA of the bank.

Moral obligations

Since the people from the Skåne region established the bank, it has some obligations to the community. The bank's mission is to create value, support community development, and participate in cultural and other projects related to community development.

“Entire business idea of the bank is based on the community involvement” (Respondent B).

“The savings bank model is about giving back. Every year 30% of our profit goes back to society. The foundation spends it on different CSR activities of the community” (Respondent A).

The bank works to create a better society and the local communities where they operate. The managers believe that by creating a positive cycle of support in the community, they influence citizens' well-being, and people will come back to the bank and invest more money. Again, the bank will financially support the community, and this algorithm is cyclic.

“We believe in the positive cycle; if customers are satisfied, then we will be satisfied, and in the next stage, the profit goes back to society. This is what our whole business concept is based on” (Respondent B).

Sustainability

From the interviews, we identified some bank's commitments, including environmental and social initiatives. The first is that banks buy green energy and encourage their customers to invest in solar power.

Bank representatives (Respondent B) see sustainability from a long perspective. They are doing business today but also thinking about tomorrow and the outcomes of their activities. Bank operates in this region for hundreds of years and knows the market well and understands the problems which face up people in this region. The bank's involvement in the community's daily life is valuable not only for community development but also for the bank. Bank doing the work around the idea of sustaining the community.

"Bank also take a role of the partner for citizens and municipality. Our customers are mainly small and medium enterprises and have their seats in our business area; therefore, we can talk sustainability with them and act as a good sounding board, as a caring partner" (Respondent B).

The positive cycle also creates the sustainable business model. Furthermore, the bank cares about environmental issues, uses renewable energy, and encourages its customers to invest in such initiatives.

"If we talk about the bank's sustainability, we have a sustainable business model. We are not pointing to some concrete goals. We are working only with four, five, or six sustainable development goals. Our business model is all about sustainability... We are buying electricity from the solar parks. For the customers, we have green products, and they receive better prices from us if they invest in solar power" (Respondent A).

The social commitment relates to the open call that Sparbanken Skåne announces twice a year. The bank provides associations and NGOs with funding for different projects to support children and youth, eco-initiatives, sports initiatives, and more. Additionally, the bank constantly supports educational, sports initiatives in the region, and helps young professionals to develop their business ideas.

License to operate

The interview also consists of some questions about the bank's motives for supporting community development. The question "why" the bank decided to create value for the community by using CSR as an instrument was answered by two bank representatives.

"You can not buy loyalty and likability of the customers, you should be engaged. Company is a part of society, and it must contribute to the community" (Respondent A).

"We are convinced that value creation and profitability go hand in hand. If we enjoy our work, then we do a good job, then our customers are satisfied, we do business with our customers, we become a strong, stable bank, and the profit goes back to society." (Respondent B).

The bank is a full-fledged member of society, and its representatives say that working with CSR, they are not trying to buy the loyalty of the community and their customers. They want to take care of the community because they do business with and for the community. They are interested in creating value for the community because its members are their customers, who later put money in the savings bank. This is a positive cycle of building a strong community and local businesses that constantly interact with each other and create a shared value.

Reputation

Sparbanken Skåne combines CSR activities with brand promotion. For example, there is an arena in Lund with the bank's name, the Sparbanken Skåne Arena. In addition, banks support sports initiatives. Some of the teams have the bank's name on their uniform. Grant recipients become ambassadors of the Sparbanken Skåne brand.

“Sparbanken Skåne Arena is a commercial sponsorship. We do it for our brand promotion and to receive more likability from the customers” (Respondent A).

The Bank supports various community initiatives. And sometimes, people who apply for a grant are their clients.

“We are happy to see that those who apply for sponsorship or grants from our owner foundations are our customers. It is important that we share values and that people whom we support are associated with our brand image” (Respondent B).

CSR is integrated into the bank's business model and strategy, marketing does not intentionally highlight this. The idea of corporate responsibility permeates the entire business, it's part of the DNA.

“CSR is included in brand marketing. We do not communicate about it with the purpose of receiving more customers. We are corporately responsible, and we are proud to talk about that” (Respondent A).

The bank is trying to consolidate its customers and initiatives supported by the bank. Sometimes the bank suggests free tickets to some sports or cultural activities. Thus, it is an opportunity to say “thank you” to customers for cooperating with the bank. Still, at the same time, it is an opportunity to show that the bank supports cultural and sports initiatives in the region in addition to doing business. It also positively influences the image and brand of the bank (Respondent A).

4.1.2.Data for the RQ2

What is the direct developmental impact of Sparbanken's financial support on the Lund community?

To answer this question, responses from five stakeholders of the bank were considered.

Instrumental theory

The instrumental theory sees CSR as an instrument to increase the company's profit. However, Sparbanken Skåne does not have such an aim. The bank contributes to making a better society. They believe that if they support people from the community, they will return to them as customers. Managers of the bank acknowledge that if customers are satisfied, the bank will also be satisfied.

Another concept in this group of theories separated the economic and social values. The case of the Sparbanken Skåne presents the opposite point of view since CSR is integrated into the business strategy. The whole idea of the bank is to help and support society. Instead of creating separate value for shareholders and stakeholders, the bank is implementing the concept of shared value.

The resource-based initiative also takes place in this group of theories. As we mentioned in the RQ1, Sparbanken Skåne offers their customers lower prices for solar power. It is sharing resources with the customers, but at the same time, giving them reasonable prices to help the environment.

Political theory

Sparbanken Skåne's activities influence the social perspectives of the city. They support vulnerable categories and provide activities to help people who find themselves in difficult life circumstances. For example, bank supports Ukrainian refugees who were forced to leave the country because of the war. Also, it supports children in sports initiatives (Sparbanken Skåne's website).

“As Sparbanken Skåne has been no.1 partner for as long as we can remember. If they do not support us, we will not have the possibility to engage 1000 children and youth in our sports activities in Lund...Not every child comes from a socially stable environment, and this kind of clubs and team sports can provide them with some stability and influence children's wellbeing” (Respondent F).

The bank works with NGOs whose mission is to work with youth and children, history, and culture. Also, they support universities, researchers, and students. For example, Sparbanken Skåne, every year, supports the awards for students and researchers who can receive grants for developing their business ideas.

“Sparbanken Skåne from 2017 supported 32 student’s and researcher’s projects. “The total amount has increased from SEK 250 000 in 2017 to this year’s total of SEK 500 000... It’s been a really good collaboration. If Sparbanken Skåne does not support us, I am not sure that we will be able to do it at all” (Respondent C).

The bank does not substitute universities, social institutions, or municipalities. The bank helps create additional opportunities for those who live in a Lund. Sparbanken Skåne makes an impact by solving some issues and problems through the financial support provided to the organizations specializing in working with children, older people, and some educational and cultural projects. Thus, the bank financially supports an organization that, for example, does cultural-historical projects for children, instilling children’s interest in archeology and attracting them to science (Respondent G). Therefore, creating a chain of positive impact.

Integrative theory

This section presents the stakeholders’ responses who receive support from the bank and who also, by the funding of the Sparbanken Skåne, can create value for the bank and society.

Students who received a grant from the bank for developing their business idea have already launched their product which is used in the hospitals (Respondent D). The company, which started as a student initiative, already sells its products in Scandinavian countries and the Middle East.

According to respondent E, their project from a small school project grew into a company. The financial support of Sparbanken Skåne helped develop the product, which gives the possibility to find a solution for low-income countries to decrease the usage of fossil fuels and start to work with solar solutions.

As was already mentioned, the bank creates the idea of a positive cycle. The sports association, which receives funding from the Sparbanken Skåne, suggests free tickets to the bank customers. Thus, the bank creates an added value for its customers. The teams who play have more spectators in the match, and it encourages them to perform well. Moreover, sometimes people who got free tickets become customers of the different sports initiatives.

“Bank support us regularly. Our cooperation builds on a partnership, sometimes we give them free tickets or offer a discount. They have a much broader customer base than we do. They suggest free tickets for their customers for our matches, and when the team plays with many spectators it motivates and encourages them...Some people can be hooked on it, and later they bring their children to our club. They are returning customers, so it is a win-win” (Respondent F).

Another example of creating a positive cycle is the bank’s support of big events like Lundakarnevalen or sports competition Lundaspelen. Such events bring many people to the city who spend their time and money at local hotels, restaurants, and shops. This also brings

more money to the municipality's budget and contributes to the improvement of the well-being of locals.

“Tournaments like Lundaspelen happen in the worst tourist season of the year - during Christmas (in the context of no customers in this season). This tournament brings 10,000 children from different countries. When you go into two-three weeks over Christmas, people spend time at home. What means Lundaspelen, as a commercial part, comes in and plays a huge role for the hotels, restaurants, shops, it brings commercial value to Lund as a city” (Respondent F).

Ethical theory

The respondents present the ethical principles and some moral obligations of the bank that create an additional impact on them.

Sparbanken Skåne cares about decreasing its climate footprint and encourages its stakeholders to do the same (Sparbanken Skåne website). As was mentioned in RQ 1, the bank focuses on 4 SDGs, uses renewable energy, and promotes this idea among customers and the community.

“Bank has let us decide what a good project for us is. They are taking the course on the Agenda 2030, and every project should reach a specific target according to the Agenda. It gives us a good pressure to deliver a sustainable quality of the project, but also free space for applying what we feel is the most relevant with our field of expertise” (Respondent G).

Sparbanken Skåne, with its business model, strategy, and the idea of CSR, attracts and inspires people to develop themselves here in Skåne, build businesses, and contribute to community development, as well.

“The whole Sparbanken Skåne idea is to invest in the local community, and if they decide to invest there, it means that it is a good place to live, raise children, work, and start the business. It is a very small part of it, but if they support the university, clubs, children, youth, it means that they are investing in the part of becoming a better Skåne” (Respondent F).

The bank believes in the positive cycle, and their idea of CSR finds support in the Lund community. In practice, their case shows that by supporting the local community, they are sustaining their own business.

5. Discussion

This chapter discusses the key findings of this research - also the analysis and discussion of the empirical study combined with previously presented models and theories. The analysis and discussion are aligned with the research questions. The theoretical framework of Porter and Kramer (2006) is used and discussed with the theories from Chapter 2.

The chapter consists of two parts. The first part, subchapter 5.1, consists of the answers to the research question. The second part, 5.2, consists of the concluding findings of the study.

5.1. Answering The Research Questions

The empirical study identified that Sparbanken Skåne works on CSR in the most effective way (Griffin & Prakash, 2010) by creating a foundation to support the community. As we discussed in the theoretical framework section, companies cannot solve all problems, and every company has some issue areas they choose to cover and work to solve (Griffin & Prakash, 2010). The Sparbanken Skåne focuses on the following four primary Sustainable Development Goals by making them a focus of their CSR activities: quality of education, affordable and clean energy, sustainable cities and communities, responsible consumption and production.

5.1.1. First Research Question (RQ1): Answer

What are the driving forces behind the Sparbanken Skåne support in community development?

The findings help to answer the first research question, which is understanding what is vital in the bank's motivation to support the Lund community.

The primary driving force to create value through the support of the local community is to create a “positive cycle” (Respondent B). Despite the contradictions between economic and societal questions discussed in Section 2.2.1. For example, Friedman’s (1970) idea that the economic value for the shareholders is only one responsibility of business, the study of Sparbanken Skåne combines the idea of creating shared value in the Lund community.

The idea of the “positive cycle” of Sparbanken Skåne represents the improvement of their economic and social position by building the synergy between the company and society (Gao & Bansal 2013). For example, the bank supports a big tournament in Lund during the Christmas season, which is the worst tourist season in the region. Thereby bank supports local businesses because people spend time and money in the local hotels, buy food in the local supermarkets, shops, and restaurants, and purchase souvenirs and clothes. This example shows that the bank allows people to make a profit in one of the most challenging months for

business, and at the same time, it works on sustaining the community. The more community sustains, the more people can work, earn, and improve their welfare and put their money into the savings bank. This cycle directly relates to the income of the bank: the more investment in the bank, the more profit it generates. Every year, 30% of the bank's profit goes to the support of local initiatives.

Although senior managers from different companies identify many driving forces of their company (Fombrun, Gardberg & Barnett, 2000), Sparbanken Skåne names only one. The potential driving forces could be working on reputation and economic profit to sustain the bank's position and support the community to receive the allowance from the community and local government to operate in the Lund city and Skåne region. However, the results show that the only driving force of the financial support of the Lund community is to create a "positive cycle" in society.

The empirical study identifies that from the Four Prevailing Justifications for CSR (Porter & Kramer, 2006), the driver of the moral obligations is the main one. The rest are derivatives of the first one: sustainability, license to operate, and reputation.

This study justifies the moral obligation to create a "positive cycle", which influences the sustainability of the community and the bank. It can be supported with the example of the Christmas tournament, which the bank supports every year. It influences the factor of the license to operate, when the bank creates value for the community and receives informal acceptance from the community to operate in Lund. According to the study, the CSR activities of the bank enhance customer loyalty and attract more customers and projects through which Sparbanken Skåne creates value for the community. Bhattacharya and Sen (2004) described the correlation between CSR behavior and customer loyalty to the company. According to the responses, the representatives of the different groups who receive support from the bank become customers of the bank since they came up with the unique idea of the Sparbanken to support community development. The uniqueness of the bank attracts people and makes them more loyal to the bank. The last factor is reputation, since the bank supports different educational, cultural, and sports initiatives which have the bank's name, it influences the bank's reputation and brand image. Fombrun et al. (2000) stated that CSR enhances the company's reputation by delivering value for the stakeholders. The bank calls the organizations, associations, and people who receive financial support from the bank the ambassadors of the Sparbanken Skåne brand.

The empirical study shows that the Four Prevailing Justifications of CSR (Porter & Kramer, 2006) are interconnected. They depend on each other and work in a certain sequence, but they are closely related. Such a conclusion of the study is described in Figure 1.

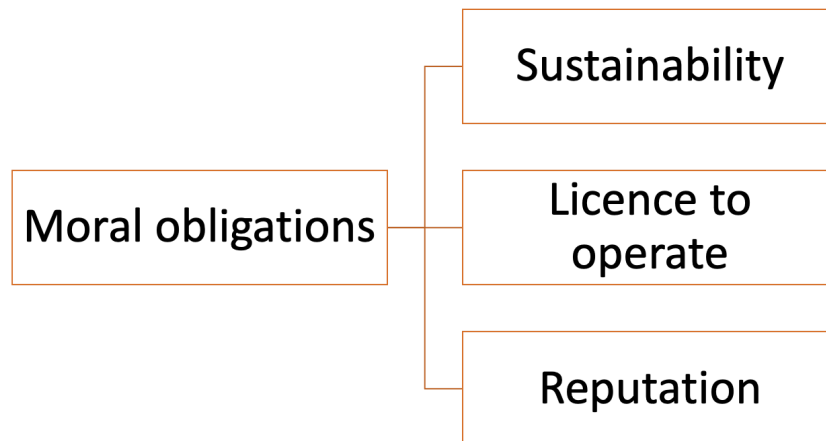


Figure 1. Order of Four Prevailing Justifications of CSR
(Adapted from Porter & Kramer, 2006)

The driving force of creating a “positive cycle” of the bank, as mentioned by the bank representative, (Respondent B) creates the win-win strategy, this idea is visualized by Porter & Kramer (2011). The bank does not perceive CSR as a profit increase but as an opportunity to create benefits for businesses and society. This case is a great example of the theoretical framework of Porter and Kramer (2011). As Sparbanken Skåne does not look for financial benefit, it solves specific social and environmental problems. The “positive cycle” creates a common value by supporting the community and strengthening the company position on a market.

5.1.2. Second Research Question (RQ2): Answer

What is the direct developmental impact of Sparbanken’s financial support on the Lund community?

Instrumental theory

Sparbanken Skåne aims to support community development. As we have already discussed, the primary focus of the bank is not financial profit. Some researchers stated that there is a positive correlation between the CSR activities of the company and the profit (Waddock & Graves, 1997; Griffin & Mahon, 1997 in Garriga & Mele, 2004). Bank activities create such a correlation. Sparbanken Skåne does not engage in CSR activities on purpose, but when it makes a “positive cycle,” it increases the community’s well-being and the bank’s profit. As Griffin observed (2000) it is hard to measure if profit increases because of CSR, but company representatives believe that some customers work with them because of the active CSR position of the bank.

The bank works on the resource-based approach of CSR (Barney, 1991 in Garriga & Mele). Sparbanken Skåne uses renewable energy and suggests lower prices for it to their customers. The customers receive a reasonable price, and at the same time, they support the environment.

The bank did not invest in CSR in order to gain a competitive advantage (Porter & Kramer, 2002), but since they have a good reputation and big base of the customers, it can be called a leader in the Skåne region. Through a unique business model that aims to support the community, people are attracted to this bank and become customers.

Political theory

Since the bank operates in an area where there are well functioning governmental institutions, its role in the political theory perspective is not as important as in other groups of theories. Nevertheless, the bank supports educational initiatives and gives the possibility to study and do research to people who can not cover their studies by themselves. Also, the support of sports initiatives helps children from families in difficult life circumstances to develop in a more stable and positive environment. Sparbanken Skåne's activities influence the social perspectives of the refugees, older people, children, and youth. Furthermore, it is important to consider that without the bank's support, many children would not have the possibility to play sport or study.

Davis stated (1960) the power of a company to solve some social problems. As already mentioned, companies cannot solve all global issues, and they must focus on a few areas where they have the competence or ability to create a more significant impact (Griffin & Prakash, 2010). In order to solve the social problems, the bank cooperates with universities, associations, NGOs whose goal is to work with youth and children, history, and culture.

Sparbanken Skåne created their cooperation with local organizations on the partnership relations. They play the role of "corporate citizenship" as Garriga & Mele (2004) explains in thier studies. The bank builds trusting and long-lasting relationships with the associations and NGOs and supports some initiatives every year. Banks do not solve the problems instead of the organizations. They build cooperation on trust. The decision-making process of what to do and how to spend the funding from the bank rests with the organizations that are professionals in working with children, youth, culture, etc. The social power of the bank (Davis, 1967) is equally distributed among the organizations with whom the bank cooperates.

Integrative theory

The idea of this group of theories is the interrelation and interdependence of business and society (Garriga & Mele, 2004). Since CSR is a part of the DNA of Sparbanken Skåne, and the bank's business model and strategy are about supporting community development, the interrelation can be observed in various initiatives supported by the bank.

By supporting one initiative during the worst tourist season in the region, Sparbanken Skåne creates the possibility of creating a positive financial impact for the SMEs in Lund city. Since the initiative - the tournament brings many participants with their families and friends who spend money in Lund. This creates value for the local businesses, which are also the bank's stakeholders. Bank representatives believe that by sustaining local business and community,

they support their own position. The company contributes to the development of its community and region (Dillon et al., 2014).

As we already mentioned in the previous group of theories, the bank distributed the decision-making process to the organizations it cooperates with. CSR activities consider the interests of different stakeholders and create value for society by taking into account the demand for help in the concrete sector or industry as was visualized by Jones (1980). In our example about the sports tournament, the bank sees the need to help the stakeholders to continue to work and operate even when the tourist destination in this region is not attractive during the winter season.

Another example of the interdependence of the Sparbanken Skåne and the community is the example of the support of local sports associations in Lund. This association gives to the bank some free tickets to the matches. Bank gives them to their customers. At the same time, the bank creates value for the association by supporting them and caring about their own customers by bringing them extra benefits. Moreover, some of the customers who received free tickets can become customers of the sports club by coming to future matches at their own costs or becoming a member of the club by enrolling their children in the club.

Ethical theory

The business ethics of the bank are about making a positive impact on the local community (Garrett & Klonoski, 1985): educational and social projects, initiatives that work with children, youth, and older people, cultural projects, and more. As a guide of the bank's values and moral principles, the bank develops its own course to the Agenda 2030. It is a base for the bank's CSR work. The bank identified for themselves four SDGs as particular priorities. They are always looking for new opportunities to contribute to sustainable societal development (Sparbanken Skåne website).

According to the respondents from the community, the bank works according to the Agenda 2030. Also, it encourages grant recipients to add the social and environmental parts to their activities. Therefore, the bank shares the ethical idea among its stakeholders, as well.

As the bank has operated in the Skåne region for more than 200 years, it has received an understanding of the main pain points of the region, and it is trying to create value according to the understanding of the local issues. Sparbanken Skåne, with the bank's financial support, helps the community receive even more value and support. Since the bank supports many initiatives permanently, its example encourages other local companies to support different initiatives and contribute financially to community development.

5.2. Chapter Summary

In this chapter, the result of the research is analyzed and discussed. The RQ1 about the driving forces of the bank is answered. The main driver of the moral obligation part was identified. The driving force of Sparbanken Skåne is creating a “positive cycle” in the community. The RQ2 is based on the four theories, and for every theory, the direct impact of the financial support is presented. Also, the study investigated that the theories overlap, and it is hard to measure and separate the impact of the bank since some of their activities include a few theories simultaneously.

6. Conclusion

The theoretical contribution of this study of driving forces and motivation of a company to create value through CSR fills the gap where literature does not cover internal motivation to integrate CSR into the business strategy. This study integrated the Four Prevailing Justifications for CSR (Porter & Kramer, 2006) and showed that some parts of it play the primary role, and some of them are derivatives.

Also, existing literature can not empirically investigate a company's impact on community development. Accordingly, the empirical contribution of describing the impact was made with an example of the case study of the local bank in Sweden - Sparbanken Skåne.

6.1. Summary of Main Findings and Research Contribution

The study identified the answer on the RQ1 that Sparbanken Skåne's business idea to support community development is rooted in its DNA. Sparbanken developed a win-win strategy for itself and the community. It is strengthening the community by constantly supporting it. The bank's driving force of creating a "positive cycle" in the community influences the well-being of people from the local community. Since locals, especially local businesses and organizations, are developing, the bank influences their wellbeing. At the same time, the bank can receive more investments, which in turn allows the bank to grow. The positive cycle of support affects the community's life. People invest more money in the bank, and it allocates more funds for community development, as the community receives 30% of the bank's profit. Every year, the value of this 30% is growing.

The concluding findings show that the bank creates a direct developmental impact on the community by financially supporting different initiatives. But the community also creates value for the bank by sustaining locally. As we mentioned in the previous subchapter, the company's success also depends on the environment where it operates. So, the shared value occurs between the Sparbanken Skåne and Lund communities.

Porter and Kramer (2011) stated that a company's success depends on its surroundings. They emphasize the interdependence of the company and society, infrastructure, and environment in which the company operates. To increase the company's productivity, it is necessary to invest in developing such an environment (Porter & Kramer, 2011).

In Table 2, the answer to the RQ2 is presented. With the development of CSR theories, it is hard to strictly divide the direct impact of the bank's financial support. Nowadays, CSR theories are interconnected and overlap with each other.

Table 2. The direct developmental impact of the bank support (Adapted from CSR theories by Garriga & Mele, 2004)

Theory	Impact
Instrumental	<ul style="list-style-type: none"> ● Customers (community representatives) receive the reasonable prices for solar power. ● The environmental support of the bank by using solar power and expanding the idea of alternative energy consumption to its customers.
Political	<ul style="list-style-type: none"> ● Creating favorable conditions of more stable environment for children who come from the families with difficult life circumstances (sports club). ● Support vulnerable categories of the society. ● Support students and researchers who can not study or develop the business idea at their own cost.
Integrative	<ul style="list-style-type: none"> ● Support associations and NGOs by helping to conduct big sports tournaments, cultural schools, and camps. ● Create opportunities to generate profit for local businesses in the most challenging tourist season. ● Suggest extra benefits for the customers of the bank in a cooperation with associations and NGOs. ● Brings new potential customers to the sport and cultural initiatives.
Ethical	<ul style="list-style-type: none"> ● Run the program within the guide Agenda 2030. ● Spread the idea of SDG and encourage grant recipients to be more socially responsible and orient on the SDG in their project activities.

6.2. Future Research

For future research, to receive a broader perspective on CSR, it is recommended to make a bigger selection of the stakeholders who represent each sector of CSR activities of the bank. Also, it is possible to take the case study of another region or country and compare the results with this study to see how the value creation through CSR works in other countries within the banking industry or compare the results from the companies in different sectors. In the long term, it is recommended to study the influence of CSR on the ecosystem of the region.

The study result showed that value creation through CSR can be made through the internal driving forces. However, it would be interesting to create more profound research into integrating it into business strategy and model.

Furthermore, these studies described different theories and mentioned that they overlap. It would be interesting to review this study from a 10-20 years perspective and study the difference. Lastly, due to the lack of literature on the company motivation and impact research, any contribution in these fields would be meaningful.

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Appendix A

Questions to the company

I. Moral obligations:

- Was the CSR part of a business model from the beginning? When did it emerge?
- What is the primary motivation for implementing CSR? How much do law regulations influence your thinking to make CSR?
- How does CSR work on a company level? Is it a top-down initiative?
- What is the shareholder's position on CSR activities? Why are you not only making money for shareholders?

II. Sustainability:

External:

- Why did you decide to focus on 4 Sustainable goals: quality education, affordable and clean energy, sustainable cities and communities, responsible consumption and production. Can you describe more about each of them?
- Who are your stakeholders in this initiative?
- Are you keeping on top of tracking, measuring, and reporting your impact? How do you do that?

Internal:

- What is the benefit for the bank to work with CSR? Does it help your company? How?
- Do you expect to take something back from the support?
- Are you listening to feedback from the community? What did they say?

III. Licence to operate:

- Do you have any requirements for the support of community development? For example, do they need to become customers in your bank?
- Do people become customers because of your Social Responsibility? Do you have such cases?
- Does the community expect from you to support them?

IV. Reputation:

- What is your competitive advantage? What makes you different from the other banks?
- Does the CSR help to differentiate your company from others?
- Are you promoting your CSR? PR programs, how do you communicate?
- Does the program enhance your company's reputation? Do you have an example?

Appendix B

Question to the stakeholders of the bank:

- I. Moral obligations (to the bank):
 - What are your expectations of the support by Sparbanken Skåne?

- II. Sustainability
 - What is the impact/outcome of the bank support? Give an example of the impact?

- III. Licence to operate:
 - Do you expect to “give back” something?
 - Do you send reports to the bank about the activities which were conducted with their support?

- V. Reputation:
 - Does the bank ask you to become customers or to promote them?

Appendix C



Figure 2. The Pyramid of Corporate Social Responsibility (Source: Carroll, 2016 p.5)

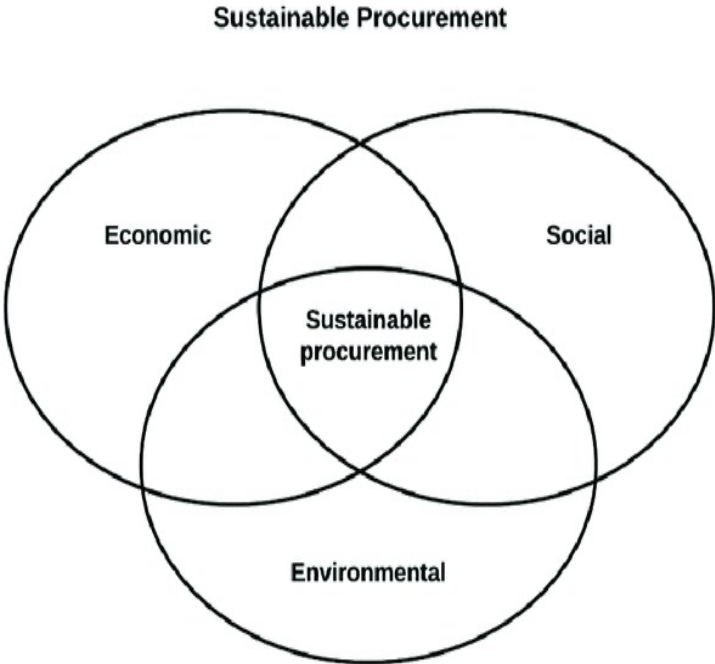


Figure 3. Triple bottom line of sustainability (Source: Elkington, 1999)