UiA University of Agder

Management Control Systems and Sustainability

Exploring how Sparebanken Sør uses Management Control Systems to achieve their sustainability objectives. An empirical case study of Sparebanken Sør.

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Acknowledgement

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1. Introduction

The topic decided upon for our master thesis is integration of sustainability into management control systems. We found the topic of sustainability exciting since it has become increasingly more important for businesses and consumers over the past years (SB Insight, 2020). Numerous reasons are causing a rising interest in sustainability. Dunphy (2011) argues that sustainability awareness has become more apparent due to climate change becoming difficult to ignore when there are striking visible changes in the environment around us. Such changes include ice melting, increased temperatures, and deforestation of rainforests, to mention some. These changes have made the task of reducing climate emissions even more urgent.

Dunphy (2011) argues that these changes have also put more pressure on governments to make legislation regarding sustainability in order to protect the environment. He further states that since legislation is sometimes lacking, it has also become more common for companies to voluntarily make changes to become more sustainable. The question many organisations then ask themselves is: How do we become more sustainable? Gond et al. (2012) argue that integrating sustainability into management control systems (MCS) plays an essential role in an organisation's ability to achieve its sustainability objectives.

Considering this, we have conducted an empirical single case study to investigate how a company integrates sustainability into its management control systems to achieve its sustainability goals. The company which will be participating is Sparebanken Sør, and they will be given a thorough analysis of their sustainability integration. By writing this master thesis, we aim to give a real-life example of how the integration of sustainability into MCS supports an organisation's transformation to become more sustainable.

1.1. Motivations for our research and importance

A recent study from SB Insight (2020) showed that 65% of Norwegians discusses sustainability at home, and 61% stated that sustainability also influences their purchasing decisions. When looking further into this study, it also shows that these numbers have been steadily increasing year after year. It is not just the consumers who are concerned with sustainability nowadays. It has also become a top priority for most managers. Concerning this, a research study from the UN showed that 93% of the CEO's interviewed believed that sustainability would be very important for their business's future success (Hayward et al., 2013).

Due to the increased importance of sustainability amongst consumers during recent years, it is not surprising that it is of high priority for managers to incorporate sustainability into their businesses (Buhr et al., 2014). There are several factors motivating companies to become more sustainable. Being a company with a strong focus on sustainability could lead to a more positive public image and make the company more attractive for investors who want to invest in green companies. Another reason for being sustainable is not to lose out on sustainability-minded consumers. Becoming more sustainable can also lower the cost of capital and, in this way, also becoming more sought after. In addition, many managers view it as morally right to become more sustainable, and there is an ethical rationale for becoming more sustainable (Buhr, 2007, as cited in Buhr et al., 2014).

In terms of our research's importance, Nixon and Bruns (2012) states that there is a need for more studies on how MCS is applied in practice. Norris and O'Dwyer (2004) also argue that there is scarce information on how managers use management control systems to integrate social responsiveness into the organization. In addition, they also highlight that there is a lack of research regarding these processes in organizations and industries, which are less visible in the public eye regarding social responsiveness. With our research, we hope to contribute to extending the research on these topics and fill in the research gaps.

By conducting this case study, we also hope to add valuable information to this research area and insight into how Sparebanken Sør achieves sustainability objectives by using MSC. In addition, our aim is that this thesis is interesting and valuable for the case company itself by giving them a thorough report on their sustainability status and state potentially recommendation for improvement. There is also a motivation for us to gain more knowledge

regarding the topic of integrating sustainability into management control systems since it is not unlikely that we will encounter sustainability-related issues in our future jobs.

1.2 Research question and research objectives

We have decided upon the research question: "Exploring how Sparebanken Sør uses Management Control Systems to achieve their sustainability objectives. An empirical case study of Sparebanken Sør".

Our first research objective is to determine which control mechanisms Sparebanken Sør uses to integrate sustainability in light of the framework of Malmi and Brown (2008). The second objective is to analyse the data retrieved from interviews and secondary sources to categorise their use of sustainability management control into a sustainability control pattern laid out by Crutzen et al. (2017). In addition, there will also be discussed the positive and negative sides of the composition if their sustainability control package.

1.3 Empirical strategy

The empirical strategy of our master thesis is to interview four representatives working for Sparebanken Sør about their viewpoints of the bank's integration of sustainability into the MCS. These four employees all have different job-titles and level of authority in the bank, which provides a broad perspective on their sustainability implementation. We had several preferred requirements for our case company. We looked for a company that had clearly stated their sustainability objectives publicly and, ideally, was local. Many local companies have cooperated with the University of Agder before, making it more likely that they would respond. We started by e-mailing several companies and evaluated the respondents based on these criteria. Of the respondents, Sparebanken Sør was our first choice because by looking at their website, they conducted extensive work regarding sustainability.

One of the interviewees was their sustainability manager. The sustainability manager became a key source of information as he possessed much knowledge on the topic. The research method utilized was a single case study, and the research conducted was qualitative. We chose the single case study method as they are persuasive and often inspiring, as well as effective in illustrating your arguments (Siggelkow, 2007).

1.4 Structure of the thesis

First, there is the introduction part of our thesis. The purpose of this section is to discuss the importance and relevance of sustainability integration, and to explain our research question and the related research objectives. We will also briefly discuss the empirical strategy of our case study and present which research method we used. After the introduction comes to the literature review section. This section presents relevant literature about management control systems and sustainability control systems, which are the building blocks of our research. Other subjects such as ESG, "Eco-lighthouse" certification, the GRI standard and the UN's Global Compact, will also be discussed.

In the following chapter, will the methodology of our thesis be presented. The research design will also be discussed, in addition to theory on case studies and data collection methods. The methodology chapter will also include a presentation of Sparebanken Sør. After the methodology chapter will the data retrieved from the interviews and secondary sources be presented. Following this comes the results chapter in which we will be using the data collected and the framework of Crutzen et al. (2017) to analyse our data. Based on this will they be categorized with a formal control package and a sustainability control pattern. Further, the results of our research will be discussed in light of their sustainability pattern, formal control package and relevant theory. Lastly, we will be giving a conclusion of our research, present limitations, and suggestions for further research.

2. Literature review

The literature review chapter will consist of relevant theory and literature which will be used as the base of our research. Firstly, the process of how relevant literature was found will be explained, then the theory by Malmi and Brown (2008) on "Management control systems as a package" will be presented in order to explain which definition and framework of management control systems that will be used in our research. Thereafter, sustainability will be discussed and ESG will also be presented as this is the definition of sustainability that Sparebanken Sør uses, and that we will be using as well.

Next, will the GRI standard and the term KPI be explained as Sparebanken Sør uses this in their planning and budgeting controls. This is of importance since these terms are used throughout the thesis. In addition, theory on UN's sustainable development goals and the

"Eco-lighthouse certification" process will also be presented since these are policies that Sparebanken Sør has implemented, and they often came up during the interviews. Next, there is presented theory on sustainability management control systems in order to explain how one can integrate sustainability into management control systems. In that same chapter, theory on sustainability control patterns by Crutzen et al. (2017) will be presented in order to get a detailed understanding of their chosen mix of control mechanisms for sustainability, and advantages and disadvantages of having this composition of controls.

2.1 Finding relevant literature

In order to find relevant literature to add to our research, we have been using several sources. Literature on research methods has mainly been borrowed at the library of UIA. In addition, UIA's online service ORIA has been helpful in finding relevant books and articles. Google Scholar and various research publication websites has also been used to find relevant and reliable articles. We have mainly been using ScienceDirect, where all articles are peer reviewed, but also JSTOR, which publishes academic journal articles.

Most of our main theories have been retrieved from SinceDirect, which includes articles from both Malmi and Brown (2008) and Crutzen et al. (2017). Our secondary data was retrieved from Sparebanken Sør's annual publications on sustainability to supplement the data retrieved through interviews. When it comes to literature on smaller topics such as the UN's Global Compact, the GRI index, or the "Eco-lighthouse" certification process, the information comes from their official websites.

2.2 Management control systems

Merchant and Van der Stede (2017) argues that management control systems are essential in make sure that day-to-day operations goes according to plan and employees does what they are supposed to do. When there is a lack of controls, or the controls put in place fail, it can lead to several negative consequences for the company. If it emerges in the media that employees in a company have been committing financial crimes, such as aiding customers in tax evasion or committing money laundering, it can severely hurt their public image and can lead to a loss of costumers. These kinds of MCS failures can often lead to ramifications far beyond the company itself and the customers are usually hit the hardest if the MCS failures

leads to bankruptcy (Merchant & Van der Stede, 2017). Therefore, having a well-functioning and well-designed management control system should be extremely important for every organization.

When conducting our research, it was important to define MCS since there are several definitions being used. As stated earlier, we will be using the definition of Malmi and Brown (2008). The core of their definition is the separation of controls which only purpose is to provide mangers support for making decisions, and controls that are directly or indirectly influencing the ways employees do their job. Malmi and Brown (2008) has therefore defined MCS as: "All the devices and systems managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation's objectives and strategies, but exclude pure decision-support systems" (p. 290-291).

Lueg and Radlach (2016) states that the framework of Malmi and Brown (2008) is a good starting point when wanting to integrate sustainability into management controls. Doing so is necessary in order research sustainability in practice. The strength in using the typology of Malmi and Brown (2008) is the focus on both formal and informal controls, as informal controls is something management accounting literature has tended to overlook. Ditillo and Lisi (2014) also notes that in their SCS literature review, the majority of the research papers focused on formal controls such as cybernetic control. This also supports the notion that informal controls are often ignored.

As we have chosen to use the typology of Malmi and Brown(2008), it's relevant to also take a closer look at what exactly a MCS package is and what it consists of in order to organize and understand our findings. Malmi and Brown (2008) argues that since the different controls in a management control system all have, to some degree, an impact on each other, it would be wrong to view them as separate controls as opposed to as a package. Malmi and Brown (2008) has in their paper also proposed a MCS framework. This framework consists of five types of control. These are: planning, cybernetic control, administrative control, cultural control and reward and compensation. In the following, these controls will be briefly discussed.

The first control presented in the framework of Malmi and Brown (2008), is planning. Planning is managers expressed future visions for their business, and it's used to coordinate employee's efforts, and to increase awareness amongst employees of the organization's

overall targets. There are two types of planning; action-planning, which is for periods less than one year, and long-term planning, which are plans with timeframes longer than one year. The definition of MCS by Malmi and Brown (2008) categorizes planning as a control mechanism since planning states what is expected of employees in order to fulfil planned goals set by the organization, which in turn influence their behaviour.

Next, there is cybernetic control. Cybernetic control is a tool which compares actual performance against predetermined targets, which then gives managers data on the progress and accomplishment of them (Malmi & Brown, 2008). Cybernetic control can be said to be a MCS since it tracks, measures and evaluate the performance of employees, which in turn influence their behaviours. There are four main types of cybernetic systems: budgets, financial measures, non-financial measures, and hybrids, which is a combination of financial and non-financial measures. Most widely used are budgets since they generate essential data about the achievements of the companies' intended targets, and makes it easier to detect early on if the performance is not on the right track. However, in recent years, hybrid budgeting systems have become more popular, such as the balanced scorecard (Malmi & Brown, 2008).

Another control system in the framework of Malmi and Brown (2008) is reward and compensation. These systems are based on the idea that giving rewards and incentives to employees for achieving specific goals leads them to be more motivated and perform better. As employees wants to be rewarded, this control influences their behaviour, and is hence an MCS. There are two main types of rewards: intrinsic and extrinsic. Intrinsic rewards are non-tangible rewards such as receiving positive attention from the manager, whilst extrinsic rewards are tangible. The most common type of extrinsic rewards is bonuses (Malmi & Brown, 2008).

The fourth control system is called administrative control. Administrative controls influence employees' behaviour through the organization's structuration and through giving employees clear work instructions (Malmi & Brown, 2008). The first type of control is related to how the organization's physical environment can influence employee's behaviour. Having an open office landscape may promote more collaboration among employees than what small, enclosed office spaces do. The second form of administrative control deals with the structure of the organization. This control is concerned with the composition of managers, and how authority and responsibilities are divided in the organization. The final administrative control is policies. Policies formalizes what is expected from employees, and what kinds of

behaviours which will note be accepted in the organization. Examples of this are establishing operating procedures and rules employees must follow (Malmi & Brown, 2008).

The last control system in the framework is cultural control. Cultural control is centred around the importance of shared values and beliefs in an organisation amongst employees (Malmi & Brown, 2008). This control system consists of value-based control, symbol-based control, and clan control. Value-based control is when the company's values become a part of their employee's value-set as well. This often happens naturally through socialisation with other members of the organization or trough pressure from managers. A more subtle form of control is symbol control, which is based on the idea that visible signs in the working environment also influence employees' behaviours. At last, there is clan control which is similar to value-based control, but the difference is that the socialisation and value-sharing happens in smaller groups within the organization (Malmi & Brown, 2008). Below is an illustration of the framework.

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

Figure 1. "Management control systems package", 2008, of Malmi & Brown. (https://doi.org/10.1016/j.mar.2008.09.003)

2.3 Sustainability

There has long been debated whether it is a company's responsibility to integrate social and environmental considerations into their operational activities. On the one side, you got economists such as Levitt (1958), who argues that the ultimate responsibility for an organization is to only maximize profits. On the other side of the debate, you have economists such as Frederick (1986) who argues that it is unavoidable for companies to have to deal with

social and ethical issues. He further states that organizations often face conflicts of interest through day-to-day operations, and therefore needs to integrate ethics and social considerations in the core of the business in order to solve these conflicts.

Camilleri (2017) states that in recent years, it seems that the scepticism against companies pursuing non-financial objectives has lessened amongst the critics as the advantages of doing so has been proven by empirical research. The rationale of taking social and environmental consideration includes improved economic performance, having a competitive advantage, and it can lead to increased effectiveness.

In relation to Sparebanken Sør and their pursuit of non-financial objectives, it is sustainability that is prioritized. Before analysing their integration of sustainability into MCS, it is important to clearly defined the term "sustainability". Despite the increased focus on sustainability, it is still for many difficult to state what actually sustainability means, as there are numerous definitions being used (Bebbington, 2001).

Hedstrom (2018) states that there are two main definitions used in practice for sustainability: the triple bottom line and ESG. They both consist of an environmental and a social dimension, but ESG has governance as their third dimension, whereas the triple bottom line has a financial dimension. Sparebanken Sør states in their sustainability report that they use ESG as their definition of sustainability (Sparebanken Sør, 2021). This definition will therefore be used in this thesis as well.

To fully comprehend the concept of ESG, we have taken a closer look at the three dimensions it consists of. First is the governance dimension. This dimension is concerned with how an organization operates in regard to their sustainability work (Hedstrom, 2018). This dimension also includes creating a culture focused on sustainability, stating sustainability goals and implementing sustainability policies and practices. It is also crucial for company to state a clear sustainability vision and convey their sustainability values to their employees in terms of increasing motivation (Hedstrom, 2018).

The next dimension of ESG is the environmental. When taking the environment into account, there are three main areas of concern (Hedstrom, 2018). The first is the negative environmental impact your own business directly causes by operating. The second environmental concern is the negative impact your suppliers have on the environment. This indirect impact is caused by your organization ordering their services. At last, there is the concern for the environmental impact your product causes. A significant aspect to look at is

what consumer do to your product after it is no longer usable in terms of how they dispose it (Hedstrom, 2018).

The last dimension to consider, is the social. One of the aspects to consider in area is the workplace environment, in which the creation of a safe and healthy working environment for employees where they are educated and can build new skills, is essential (Hedstrom, 2018). It's also relevant to look at your supply chain regarding their social impact. This includes your evaluating your suppliers' working-environment and how they treat their employees. At last, it's important to analyse the community involvement of the company. This relates to in which degree the company is involved in the local community and how it contributes in regard to volunteering and donations (Hedstrom, 2018).

2.3.1 The GRI standard and KPI

Sparebanken Sør uses the Global Reporting Initiative (GRI) standard and Key Performance Indicators (KPI) to report on sustainability (Sparebanken Sør, 2021). The GRI standard is a voluntary global system for reporting on sustainability measures (GRI, n.d). The GRI organization was founded in 1997 as they saw a need for guidelines and polices for protecting the environment after an oil company caused a huge environmental disaster by leaking large amounts oil straight into the ocean. Their first reporting standard was published in the year 2000. Today they are a complete system for reporting sustainability, and their guidelines are regularly updated (GRI, n.d). The GRI reporting of a company consist of reporting on the ESG areas in which they are negatively impacting the most, and also taking into consideration which sustainability topics their stakeholders find the most important (Hedstrom, 2018).

Sparebanken Sør also uses KPI's in order to report on the topics covered in the GRI reporting (Sparebanken Sør, 2021). KPI's are an essential tool to implement since they measure progress towards the organization's stated goals (KPI. org, n.d). This is of great help when indicators deviate from targets since this then gets quickly identified and can then be improved. KPI's are optimal when they are objective, captures essential data for the business and showcases progress over time.

2.4 Sustainability Control Systems

By integrating sustainability into MCS, we get a sustainability control system. Our research will investigate Sparebanken Sør's SCS and not their general MCS, as we are not mainly interested in their financial measures and objectives. What we want to look at are the control

mechanisms where sustainability is integrated. Bonacchi and Rinaldi (2007) argues that traditional MCS has many shortcomings, amongst them, a lack of inclusion of stakeholder interests, such as sustainability. They further state that there was a need to integrate these interests into operative activities, and a need for a more comprehensive system for integrating sustainability.

According to Gond et al. (2012) are there many different definitions and forms of sustainability control systems. Usually, a SCS consist of the implementation of sustainability measures into the different dimension of the MCS package. These sustainability measures are often based on previous literature and research on environmental management accounting and eco-control. Crutzen et al. (2017) defines SCS as: "All devices and systems that managers develop and use to formally and informally ensure that the behaviours and decisions of their employees are consistent with the organization's sustainability objectives and strategies" (p. 1293).

During a review of existing literature, researchers Lueg and Radlach (2016) discovered that it was common for companies to focus on just some of the dimensions of sustainability. It was most often the environmental dimension that was implemented, whereas social responsibility was rarer to observe. In relation to this, they also found that it was uncommon for companies to have all the aspects of sustainability covered in their management control systems. Ditillo and Lisi (2014) states that SCS research has given much focus and insight into challenges with designing and implementing SCS in terms of cybernetic controls. However, they argue to take a more holistic approach in future research, which means that the organizational and cultural dimensions of SCS should be given more attention.

Even though companies are increasingly including sustainability in their external reporting and disclosures, lesser is known about how MCS support achievement of sustainability within organizations (Ditillio & Lisi, 2014). Previous research on this topic has differing findings. In a case study on how the integration of sustainability into MCS helps in achieving sustainability objectives, researchers Riccaboni & Leone (2010) found MCS to be very helpful. Whilst in a second case study that was quite similar by researchers Narayanan and Boyce (2019), they did not find that the integration made any significant changes on their achievement of sustainability objectives. When we compared these two studies, it seemed that one reason for these differing outcomes was due to the level of integration of sustainability within the companies, and what their motivation was for becoming more sustainable. A case

study done by Norris and O'Dwyer (2004) also found that the implementation of informal controls was vital for promoting socially responsive decisions. However, they argue that when there is lacking formal controls backing these decisions, it can cause confusion as the financial objectives are rewarded, whilst the sustainability objectives are not.

2.5 Formal control packages

In the results and discussion parts of this thesis, the sustainability control patterns of Crutzen et al. (2017) will be used to define, analyse, and categorize Sparebanken Sør's sustainability controls. When discussing sustainability control patterns, Crutzen et al. (2017) distinguish between informal and formal control systems. Formal controls is defined as control systems that influence the behaviours of employees by providing them with clear goals and tracking their performance in achieving them. Formal control systems include planning, rewards and compensation, cybernetic control, and administrative control. When Crutzen et al. (2017) researched 17 large companies in Europe, they found out which of these formal control systems these companies used and their composition, then they developed four different types of control packages.

The first type of formal control package Crutzen et al. (2017) presents is called "reporting- and measurement-oriented control". Companies with structure and cybernetic controls belong to this group. Structure control is similar to administrative control in the framework of Malmi and Brown (2008). The companies with this control package are characterized by having a reporting system with built-in measurements for sustainability but have no long-term or short-term plans regarding sustainability. In addition, there is often a structure regarding their sustainability work where the work tasks are precise and delegated to specific employees. The companies which fall into this category also lack a reward and compensation systems for sustainability (Crutzen, et al., 2017).

Next, there is the "long-range planning-oriented control". Companies with this control package are reporting on sustainability measures and organizing their sustainability work with clear roles and tasks (Crutzen et al., 2017). In addition, as the name suggests, companies conduct long-range planning. These companies conduct long-term planning concerning sustainability but do not prepare short-term plans. This is often because they rather prioritize to reach short term financial goals (Crutzen et al., 2017).

The third form of formal control package is called "action-oriented control". Companies within this category have an almost complete package of formal controls, which means that

only lack a reward and compensation system (Crutzen et al., 2017). Action planning is planning for shorter periods, usually within 12 months. The purpose of conducting action planning is that it helps to achieve the organization's long-term goals by having several short-term goals that in the end leads to the achievement of the long-term goals. The action planning is also supported by cybernetic measures which track the progress towards the short-term sustainability goals. Companies with this control package also prioritizes short-term planning over long term (Crutzen, et al., 2017).

At last, there is the category called "the full package", which means that the company has implemented all the formal controls (Crutzen et al., 2017). Unlike companies with the other control packages, companies with a "full package" have a reward and incentive system that gives rewards to employees based on achieving sustainability targets. Being labelled with a "full package" of formal controls does not necessarily mean that the company does a better job with implementing sustainability than companies with other packages. This is because the categorization system only considers if the controls exist in the company, not how it is implemented or the complexity of the controls put in place (Crutzen et al., 2017).

2.6.1 Sustainability control patterns

In order to categorize Sparebanken Sør with a sustainability control pattern, we must consider both the formal control package and their informal control. Informal control is the same as cultural control in the framework of Malmi and Brown (2008), which encompasses values, clans, and symbols. It is the combination of the informal and formal controls which decides which sustainability control pattern your business belongs to (Crutzen et al., 2017). Crutzen at al. (2017) lays out four sustainability control patterns called pattern A, pattern B, pattern C and pattern D. In the following chapter is a brief description of the different sustainability patterns.

Companies who categorize with a sustainability control patten A only uses a few formal controls and implements few sustainability measures regarding cultural control (Crutzen et al., 2017). There can be many reasons as to why companies fall into this category. Amongst them are a lack of sustainability engagement from the company's leaders, the company has only implemented sustainability measures recently or because there is a lack of knowledge of the use of MCS to become more sustainable (Crutzen et al., 2017).

Then there is pattern B. Companies within this groups mainly use cultural control to integrate sustainability and are not often concerned with formal controls (Crutzen et al., 2017). One advantage of using cultural control is that by employees adapting sustainability values, they become more motivated to behave sustainable. Therefore, it becomes easier to get them to want to achieve sustainability goals because the goals align with their own beliefs. The rationale for using this approach is that managers think that having solid cultural controls makes it easier to introduce formal controls later on. The downside of not having any formal controls is that it could be less motivating for employees not to have any goals to reach for (Crutzen et al., 2017). This may lead to a limited level of commitment from employees to behave sustainably.

The third sustainability pattern is pattern C. Companies which are categorized with this pattern uses many forms of formal controls in order to implement sustainability (Crutzen et al., 2017). Pattern C companies do not use informal control to a large extent. These companies use cybernetic systems, structure and planning to establish formal systems for incorporating sustainability. One problem with not implementing cultural control is that it can be harder for employees to understand why sustainability is important, and because of this, they may be less willing to follow the formal controls put in place. As mentioned with the formal control packages, it is not necessarily that, for example, pattern B is better than pattern A since there are advantages and disadvantages for every pattern, and one pattern may work for one company while not in another (Crutzen, et al., 2017).

At last, we have pattern D. These companies have fully integrated sustainability into all the formal controls, including planning, cybernetic, rewards and compensation and structure control (Crutzen et al., 2017). In addition, sustainability is firmly integrated with their culture control. Companies with this pattern use cultural controls to educate and motivate employees to value sustainability. In return, this motivation helps them see the importance of behaving according to the formal controls put in place. (Crutzen et al., 2017).

2.7 UN's sustainable development goals

The United Nations sustainable development goals are 17 common targets that the UN member states agreed to comply with (UNDP, n.d). The overall aim of these sustainable development goals is to eradicate poverty, reduce emissions and work towards the ideal of peaceful societies with equal opportunities for all. More specifically, the goals include pure

water access for all*,* equality for women, the right to education and reducing the negative environmental impact on the world's oceans. The timeframe for the targets is 2030, and 170 countries are working on achieving them (UNDP, n.d).

In order to reach these goals by 2030, there is the created the United Nations development agency, which role is to help the member countries to reach these targets (UNDP, n.d). They work on understanding the reasons behind these issues in order to figure out how to fix them and achieve the sustainability goals. The agency is largely dependent on that the member nation's governments are collaborating openly with them and providing them with the needed information so that the goals can be reached (UNDP, n.d).

2.8 Eco-lighthouse

Sparebanken Sør is also "Eco-lighthouse" certified. The organisation was established to help businesses become more sustainable through a certification process they have developed (Miljøfyrtårn, n.d). Being certified is regarded by many as a sign of a quality on the companie's efforts to become more sustainable. The certification is revaluated every third year to ensure their sustainability work is up to their standards (Miljøfyrtårn, n.d).

The certification process includes the companies taking sustainability into account when purchasing inventory, using energy, disposing of garbage, and transporting goods (Miljøfyrtårn, n.d). The Environmental lighthouse organisation provides help in achieving more sustainability in these areas by providing guidelines and tools. In addition, there are several indirect positive effects of being certified. It can become an advantage in competition with other companies who are not certified, and it can also improve their public image (Miljøfyrtårn, n.d).

3. Methodology

Before we decided on our research approach, we first agreed upon a theme. It was decided that we wanted to write about how companies integrate sustainability into MCS after looking at suggestions from the different supervisors. Later, when the research question was specified, it was clear that this research was going to have an inductive approach. This is because our research question had a general and explorative nature, rather than being a theoretical proposition (Neuman, 2014). A deductive research design would not have allowed us to gain

as much detailed information as we had wanted to, and a research hypothesis would not be helpful to understand how businesses integrates sustainability or why they do it.

In accordance with our choice of methodology, we also conducted our research with qualitative research methods. Qualitative data is best suitable for our research question since we want to obtain detailed data, which will produce data in the form of words (Neuman, 2014). Quantitative research is best suitable for research experiments that has a deductive approach as it will instead produce data in form of numbers. This is thus not suitable for our research and the type of data we want to obtain.

To gather qualitative data, it was decided to conduct interviews via zoom and not in person due to the covid-19 pandemic. According to Sekaran and Bougie (2016) are there several approaches to consider when conducting the interviews, they can either be structured or unstructured in nature. In our research, we used a combination of these two methods called semi-structured interviews. We knew which information we needed to collect because we had already decided on which theories to use on MCS and sustainability, so we needed to gather information that is compatible with this, whilst still being able to sometimes go beyond the predetermined questions. There will also be added information from secondary sources, mostly from their annual sustainability reports that they have published on their own website.

According to Neuman (2014) is our research exploratory since we do not know much of Sparebanken Sør's implementation of sustainability in advance, and there is also little existing research done on their sustainability work from outsiders. We want to explore the use of different management control systems in Sparebanken Sør, and how they integrate sustainability into it. In our master thesis, our aim is to gain more knowledge on this topic, so that further research can be done by others in the future. To accumulate more knowledge, we will be searching for information in a variety of sources and be asking exploratory questions.

Sekaran and Bougie (2016) states that when conducting research, it is important to consider which beliefs the researchers conducting the research has about the world around us. The reason as to why it is important to disclose our views on this topic, is because it has an influence on how the research is conducted, and the research methods chosen. In our thesis, our world view has a constructionism nature. This means that in our view, there is not an objective truth about reality. In our view, reality is subjective, and it is made up in our mind (Sekaran & Bougie, 2016).

We took this viewpoint since it matched our research method the best. It is typical for research with a constructionism view to be especially concerned with the context which the research is conducted in, and qualitative research methods are widely used (Sekaran & Bougie, 2016). In addition, it is not important that the finding of the research is applicable to as many contexts as possible, but rather to get in-depth information about a specific case. Since we have chosen a case study research method, our findings will be very company specific as our main priority is to get as much information as possible about how this specific company implements sustainability into their MCS.

3.1 Research design

Before starting our research, the research design was agreed upon. "A research design is a blueprint or plan for the collection, measurement, and analysis of data, created to answer your research question" (Sekaran & Bougie, 2016, p. 95). Our research is conducted by interviewing employees from Sparebanken Sør. The unit of analysis is then Sparebanken Sør, and the research setting is informal as the interviews are conducted through zoom. All the interviews will be recorded with a recorder. In total, there will be conducted four interviews in the period from end of March to mid-May. The total number of interviewees was dependent on both time available and access of employees willing to be interviewed. The interviews will last for approximately 30-60 minutes each. As mentioned before, we will conduct a case study and in the next, we will go into further detail on case studies as a research method.

3.2 Research strategy - Case study

Before starting to conduct research, a strategy must be designed. "A research strategy will help you meet your research objectives and to answer the research question of your study" (Sekaran & Bougie, 2016, p. 96). In our research we have chosen the case study method as our research strategy. Yin (2014) defines a case study as "an empirical inquiry that investigates a contemporary phenomenon (the "case") in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident" (p. 16).

Yin (2014) present three conditions to consider when choosing a research method within social science. The first is to assess the form of research question you have, and the second is the control the researcher has on the behavioural events and the third is if the research

phenomenon is a contemporary event. A "how" and "why" formulated research question are more exploratory in nature, which is also how we have formulated our research question. We study how Sparebanken Sør integrates sustainability into their management control systems, which is also a current phenomenon. A case study is preferred when looking at contemporary events and relies on direct observation and interviews of the persons involved (Yin, 2014). In our research, we are not interfering with the events unfolding either and we are relying on interviews for information. It was concluded that a case study was the most suitable research method for our type of research.

There are different types of case study strategies and there are several dimensions to consider. The first dimension is to decide if you want to conduct a single or a multiple case study (Saunders et al., 2019). We have chosen to do a single case study. Siggelkow (2007) states that some may think that a single case study is not valid since they do not have a big enough sample or because the sample is not representative. However, there are many reasons why these arguments do not always hold. In many cases can a small sample still be enough to refute a theory, and having a sample that is not representative can still produce new and useful knowledge (Siggelkow, 2007).

Saunders et al. (2019) states that the second dimension relates to if you are using a holistic or embedded view. This dimension refers to the unit of analysis in the research. If you are analysing the organisation as a whole, you have a holistic view, but if you are analysing different subunits in the organization, you have an embedded view (Saunders et al., 2019) In our study we are analysing the organization as a whole. We are evaluating the organization on management control systems and sustainability and do not differentiate between the different divisions in our research. The employees interviewed are not selected based on divisions or their job titles either. Hence, we have a holistic view.

Saunders et al. (2019) argues that when conducting a case study, it is common to use a technique called triangulating. Triangulation is to use multiple sources of data in order to ensure that your data are telling you what you think they are telling you, and thus increasing the validity. In our case study, we are using interviews as our main source when collecting data as well as their sustainability reports in order to cross reference the two sources and increase validity. The interview technique we are using is called semi-structured interviews.

Saunders et al. (2019) presents some potential threats to reliability with the use of semi-structured interviews. There is always the chance of interview bias, caused by comments, tone or non-verbal communication that can create a bias answer. We have tried to follow the advice from Mahama and Khalifa (2017) when developing the interview questions in order to get unbiased answers. To strengthen data quality, we provided a short presentation of our master thesis and presented our interview-guide before the interviews in order for the interviewees to have time to collect information and possibly assemble supporting documents beforehand (Saunders et al., 2019).

Siggelkow (2007) argues that there are several reasons for choosing a case study method. Case studies are of great help in persuading others to find your topic of research interesting and prove to them why it's an important area to research. Using real-life examples of events, can often be more effective in convincing the readers of the importance of your research than if you are only using theoretical examples. Case studies are effective in illustrating your research argument, and this makes the research easier for readers to comprehend since it relates to real events (Siggelkow, 2007).

3.3 Ethical implications

All research usually has some ethical implications since conducting research often involves collection data from or about other people. In our case, it's mostly relevant to look at the ethical issues related to the collection of personal data. We have not extensively collected personal data, but by mentioning the interviewees' workplace and work-titles, he or she is recognizable, hence our thesis includes personal data. In order not to cross any ethical boundaries, we have followed UIA's guidelines for processing personal data in our research.

Firstly, in accordance with the guidelines, we have thought about how necessary it is to include this personal information and concluded that it is vital for the research since it confirms the interview object's knowledge and expertise on the sustainability topic in the business (UIA, n.d). Thereafter, we notified the Norwegian Center for Research Data to get the research approved. As a part of this process, we have had to give a formal document notifying all the interviewees about the extent of the collection of personal data, the storage and publication of it, and what happens to the data retrieved after the research is finished. By signing this document, the participant confirmed that they were aware of how their personal data is handled. To collect data, we recorded the interviews on an audio-recorder that is

provided by UIA and is not connected to the internet for safety reasons, and the sound file is only stored on UIA's servers that is password protected. The data shall not be stored for longer than necessary either. (UIA, n.d). In our case, it will be deleted by the end of our research. We have also offered the participant to make the master thesis confidential, but this was declined.

3.4 Case company – "Sparebanken Sør"

When trying to find a company that wanted to cooperate with us, we searched for companies that conducted comprehensive sustainability work to ensure that we got enough data. We also got in touch with "Eco-lighthouse" which is a Norwegian sustainability certification company. We asked for an overview of every company in Norway that was "Eco-lighthouse" certified. After sending e-mails to many different companies, Sparebanken Sør agreed to cooperate with us. The decision landed on Sparebanken Sør since they have various sustainability certifications and comprehensive sustainability reports which they publish annually.

Sparebanken Sør's history tracks back to 1825 (Sparebanken Sør, n.d-a). This was when "Sparebanken Arendal" was founded as one of the very first banks in Norway. Later in 1973, they and four other banks fused together and became "Aust-Agder Sparebank". In 1984, Aust-Agder Sparebank again fused with 11 other savings banks from both Vest-Agder and Aust-Agder and finally became Sparebanken Sør. In more recent years, they also merged with "Sparebanken Pluss", and today they have 35 offices located across many county municipalities and has 460 employees in total (Sparebanken Sør, n.d-a).

Regarding our research topic, Sparebanken Sør has made sustainability a top priority. Their sustainability strategy is based, among other, on the UN Global Impact, Finance Norway's "Roadmap for green competitiveness in the financial sector" and UN's environmental program called "Principles for responsible banking" (Sparebanken Sør, 2021). They use the ESG definition of sustainability, and some of the aspects of their sustainability planning is related to equality, further education for employees, fighting financial crime and encouraging green innovation (Sparebanken Sør, 2021).

3.5 Data collection

Our data collection consists of retrieving qualitive data. The qualitative data sources consist of both primary data and secondary data. Our primary data collection stems from interviews with the employees at Sparebanken Sør, and the secondary data is collected from reports and information found on Sparebanken Sør's own webpage. In the next three chapters, will it be explained more in detail how we planned the interview in regards of formulating questions and which preparations was done. There will also be explained how the interviews was conducted, and at last there will be given some information on the origin and use of secondary sources.

3.6 Planning the interviews

As previously mentioned, we using semi-structured interviews in our case study. We chose this method since it allows us to be more flexible during the interviewing process by going beyond the predetermined questions and explore other themes as they turn up during the interviews (Mahama & Khalifa, 2017). When conducting the interviews, it is therefore essential to find a balance between asking the predetermined questions and the ones emerging during the interview, in order to get the information needed. It is also important to find the right balance of listening and asking questions. Not interrupting too much is crucial so that the interviewee gets to say what he or she thinks is important, but it is also sometimes necessary to steer the conversation in another direction if we feel the conversation is too focused on, in our point of view, irrelevant topics (Mahama & Khalifa, 2017). This is to not waste their or our time.

In order to achieve a successful semi-structured interview, Mahama and Khalifa (2017) states that having a thorough planning process is of great importance. The planning process includes an extensive review of literature and related theory. These factors help to formulate the interview questions by steering the focus to what is critical and what you need to explain. When developing the interview questions, they must preferably be open and neutral. Open questions encourage the interviewee to respond freely and elaborate in the way he or she thinks is best. Neutral questions means that we don't influence the answer given by the interviewee in any way (Mahama & Khalifa, 2017).

Prior to the interviews, it was conducted research on the case company in order to gain more knowledge about their sustainability work and the organization itself. There was also found much useful information on the company website. Their annual reports on sustainability is

very thorough, and we gained a lot of helpful information by reading them. An information sheet was also provided to the interviewees which explained and summarized the aim and purpose of the research, as well as informed them about the implications of them giving us personal data, in accordance with the standards of NSD. The interviewee was selected based on who our contact person in the company, the sustainability manager, could provide contact information for and thought would be willing to be interviewed.

The first interview was conducted with the sustainability manager, as this was the first person we came into contact with at the company. The sustainability manager has the most knowledge about their current sustainability work as this is his full-time job. Next, we interviewed the director of group staff. This is the boss of their current sustainability manager, but this person has also previously been the sustainability manager at Sparebanken Sør for several years. This meant that we could ask about complex topics related to their sustainability work, and also about what has previously been done. The third interviewee was a staff employee who had worked there a very long time. Therefore, this interviewee was able to give us a good insight to the culture from a "regular" employee's perspective at Sparebanken Sør. At last, we interviewed the bank manager of one of the other offices of Sparebank Sør. The main focus was also in this interview on the cultural dimension, as well as on how the managers in Kristiansand conveys sustainability objectives to their different offices.

3.6.1 Conducting the interview

When developing our interview guide, we used theory from Mahama and Khalifa (2017), and followed their advice by developing open and neutral questions. It was also not encouraged to ask leading questions as this will give misleading answers that are not objective. Another piece of advice also taken into consideration was to only ask one question at a time and not follow up with two questions in one, as this will create confusion for the interviewee and make the coding process later on more difficult.

The interview was conducted in Norwegian because it made the communication and terminology more accessible and more familiar than if we had been speaking English. The paper written by Johanson and Madsen (2013) was also used to translate theoretical terms, since the article has experience explaining English MCS terminology to companies in Norwegian. Sparebanken Sør has a comprehensive sustainability report and strategy. We have

tried to ask questions that are not clearly answered by the sustainability report and also tailor the questions based on who was interviewed. When interviewing the sustainability manager, the questions were detailed and technical since he is very knowledgeable on the topic of sustainability, while other employees was given questions about the company's sustainability culture since that was what they could give the most insight into.

Some of the questions asked was also influenced by the question Crutzen et al. (2017) used in their research, mainly in the cultural dimension. It's a difficult task to capture the culture dimension of a business since the term is abstract. The questions of Crutzen's et al. (2017) in this dimension was therefore a good starting point for evaluating the strength of this control at Sparebank Sør. The interviews were also influenced by their chosen definition of sustainability, which is the ESG definition. When developing the questions, there was the most focus on the environmental and social dimensions. Through reading their sustainability reports, we noticed that the governance dimension is only visible in their planning activities, and most control mechanisms they use for governance falls under administrative control in Malmi and Brown´s (2008) framework. We are therefore mainly focused on the environmental and social dimensions when conducting our research.

The first interview, which was with the sustainability manager, started with asking if we could record the interview, which was agreed upon. It continued with some warm-up questions to get the interviewee to feel comfortable with the situation. These warm-up questions related to how long they had been working at Sparebanken Sør, and what their job consists of. Further, there had been developed questions based on the five control systems of Malmi & Brown (2008), so it was therefore asked questions about one control system at the time. We asked questions on every other topic and did not limit ourselves to the questions written in the interview guide but came with follow up questions, especially if he brough up interesting subjects we had not planned to talk about. The interview lasted for approximately 45 minutes.

The second interview also started with similar warm-up questions before the interview was started. Since we already have had an extensive interview with the sustainability manager about the different control systems, the interview was mainly focused on questions we felt we didn't get a clear answer on in the first interview. These questions were more focused on what the leaders of the bank though personally of sustainability, and why it is important the bank. The future of their sustainability work was also discussed in light of new regulations which is

expected to come soon. This interview lasted also for around 45 minutes and the interviewing technique was similar as with the first interview.

In the third interview with the staff employee, the questions centred around the cultural dimension, as it was necessary to get a broader perspective on their sustainability culture, not coming from someone in leadership positions at the company. It was also interesting to get more insight as to if a reward system based on sustainability is wanted by the employees. The interview lasted for around 40 minutes.

At last, we interviewed a bank manager from one of the other offices of Sparebanken Sør. The questions asked was also dominated by the cultural dimension of MCS. This was done in order to gain more validity to our findings and being able to compare the different employees' view on sustainability. It was also asked questions related to how the sustainability work is delegated and conveyed from the management in Kristiansand to the other offices. The zoom interview lasted for approximately 35 minutes.

3.7 Secondary data

Our secondary data collection mainly consists of Sparebanken Sør's annual sustainability reports that is published on their own website since they provide a good overall picture of their sustainability work. The amount of detailed information contained in their already existing reports did in some extend impact the interviews since we did not want to ask questions that was easily answers by the reports. Since these reports is developed by the company itself, we did not have any validity concerns about the information.

4. Data

The purpose of this chapter is to present the data retrieved from the interviews with the employees at Sparebanken Sør. There will also be added information from the company's annual sustainability reports where this is needed. This chapter will be divided into several sub-chapters based on the management control system framework of Malmi and Brown (2008). Showcasing the data retrieved is vital for further analysis and categorization of the controls the bank uses to achieve sustainability. The interviewees will be referred to as their job titles or the order in which the interviews was conducted since we only have four participants. This was also done in order to differentiate between the viewpoints of employees higher up in the company, and the ones with regular job positions that has less involvement in

the sustainability work. By doing so, we can compare their statements. This chapter will have the following order: planning, cybernetic, administrative, culture and lastly, rewards and compensation.

4.1 Planning

There are two main types of planning; action-planning, which is planning for a maximum period of one year, and long-rage planning, which is planning for more than one year ahead (Malmi & Brown, 2008). In the first interview with Sparebanken Sør, it was stated that they have a 5-year rolling plan which is evaluated each year, but there is only made minor changes when revaluated. It was further stated that this 5-year plan is on an executive level and conveys their strategy for achieving sustainability, and it expresses the bank's mission to contribute to sustainable growth in the region. Sparebanken Sør also conducts scenario analyses with long timeframes. An example of a long-term goal related to the climate dimension, is to achieve zero emission of CO2 within the year 2050.

Their planning related to sustainability is stated in their annual sustainability report. These plans are expressed as planned measures within each subject related to ESG (Sparebanken Sør, 2021). Their planning is also influenced by the UN's sustainable development goals. Based on these sustainability targets, Sparebanken Sør has identified topics that are especially relevant for them. These includes equality, economic growth, climate change, responsible production and consumption, and compliance with national and international guidelines. (Sparebanken Sør, 2021). The sustainability manager stated that although their planning is influenced by the targets of from the UN, the areas which they conduct planning for is mainly based on the GRI method and stakeholder interest.

In their sustainability report, their planning is organized in accordance with the ESG definition. The social dimension contains the topics of equality between men and women, competence development of employees, privacy protection, economic crime and providing responsible products and services (Sparebanken Sør, 2021). Within these topics comes specific measures of what needs to be done. These measures include increasing diversity in the workforce, further education for all leaders, improving the KPI's for privacy protection and design a reporting system which fits the new EU taxonomy (Sparebanken Sør, 2021).

In the environmental dimension, the planning is focused on the impact the company's operations has on the environment, and also the impact of customers, partners and suppliers (Sparebanken Sør, 2021). Measures planned in this area is amongst others, reducing traveling

and increasing sustainable lending activities and "green" bonds. At last, there is also planning for the governance dimension. The areas of concern in this dimension consists of being responsible in terms of their business activities, such as with lending, investments, and financing. Planned measurers includes implementing more guidelines from UN's global compact, UNEP PRB, the EU taxonomy and Finance Norway. In addition, they also want to have more "green" bonds in their liquidity portfolio (Sparebanken Sør, 2021).

When asked how they measure the fulfilment of the planned measures, the sustainability manager stated that it is established some central areas from the strategy plan, and strategic projects, which is followed up each year. However, it was further stated that it is not possible to evaluate their climate emissions, the lending portfolio and the investment portfolio. Instead, they have integrated an ESG-module in the lending processes, where each company is evaluated in light of the ESG-dimensions, especially climate risk.

There has now been discussed much of Sparebanken Sør's long-term planning, but in terms of short-term planning, it was revealed by the sustainability manger that they do in some degree conduct this also. They are a few stated in their annual sustainability report, but compared with their long-term planning, it is significantly fewer. The ones mentioned in their report are all related to evaluating suppliers on ESG (Sparebanken Sør, 2021). One example of this, mentioned by the director of group staff, was that they have a goal that 90% of their suppliers are going to provide statements about their ESG to them each year. It was stated by the sustainability manger that the short-term goals will be further developed by implementing the new EU taxonomy, complying with new regulatory demands and the policies of UNEP PRB.

4.2 Cybernetic

Sparebanken Sør uses the GRI index with their own KPI's called "Sør-indicators" (Sparebanken Sør, 2021). In compliance with the GRI index, they do conduct a materiality analysis where they discuss sustainability with their main stakeholders to find out which topics are the most important for them. With this analysis they make a materiality matrix that ranks the topics from important to more important to the most important. On the y-axis is the level of importance for stakeholders, while on the x-axis is the level of importance for Sparebanken Sør's long term value creation. The ranking of the topics is based on what the stakeholders find important, what Sparebanken Sør thinks is important, and which areas they can influence the most (Sparebanken Sør, 2021).

From this materiality matrix, there is designed suitable KPI's on each topic (Sparebanken Sør, 2021). There are indicators for all the ESG dimensions. The social dimension includes indicators on female leaders, wage gap between men and women and recruitment of different ethnicities. In the environmental dimension, it is KPI's on climate emissions, their use of electric cars and energy use. When it comes to the governance dimensions, the KPI's revolve around the share of "green" lending, sustainable bonds, and level of customer satisfaction (Sparebanken Sør, 2021).

One of the key elements of Malmi and Brown's framework "Management control systems as a package" (2008) is, as mentioned previously, that only if employees' behaviour can influence the goal achievement, or they are held accountable for achieving targets, can it be called a management control system. In the appendix of their sustainability report is a comprehensive set of indicators that are put into a balanced scorecard (Sparebanken Sør, 2021). It is here that the measures that makes their use of cybernetic control an MCS, is visible. The achievement of some targets is beyond the control of employees, but some are not. Examples of KPI's that employees can influence are energy use in the office spaces, breaches of policies regarding investments, lending sustainable, fraud cases within the bank and customer satisfaction (Sparebanken Sør, 2021).

It was also stated in the first interview that they conduct climate accounting, note energy use, evaluate health and safety at the workplace, and renovation at a department level through the "Eco-lighthouse" certification process. Examples of sustainability measures taken through the certification process is to assess if your offices have too much unutilised space or to remove water dispensers. The sustainability measures are analysed yearly to in order to make improvements.

In the second interview, the topic of why some of their KPI's in their sustainability scorecard does not have a timeframe, whilst others have, was brought up. The answer given to this was that there are only specified timeframes for the KPI's that are regarded as the most important, and those which are the easiest to put precise timeframes on. Therefore, the targets which are difficult to specify a time of achievement for, and KPI's that are regarded as less important by managers, does not have any timeframes. They do mostly have what they call "stretch measurements", which is goals with long timeframes. Examples of these "stretch measurements" retrieved from Sparebanken Sør'(2021) sustainability report, are the average training each employee in the bank receives and the proportion of "green" bonds as they exist without definite timeframes or a specified goal. In the interview the director of group staff

stated that when the EU taxonomy is applied, the new guidelines will make it easier to create more specific goals.

4.3 Administrative

When implementing administrative controls in an organization, the focus is to create policies and formal structures that supports the organization's objectives (Malmi & Brown, 2008). Sparebanken Sør has different policies and guidelines regarding ESG, for instance on the topics of the environment, equality, responsible investment, and diversity (Sparebanken Sør, 2021). In the first interview, it was stated that the company had joined several national and international guidelines. These includes UN's global compact, UNEP PRB and Finance Norway's roadmap for green competitiveness. The company focuses mostly on the environmental dimension when deciding on policies and guidelines, as the social and governance dimensions are on average quite good in Norway and are well taken care of by government legislation.

The board is the supreme body of the organization, and it states that ESG is a prioritized subject, and they have also a stated goal to integrate and operationalize it every part of the organization (Sparebanken Sør, 2021). The board is involved with ESG cases and always has the final word. The company also has a ESG committee whch prepares ESG topics for the board. This committee consist of the board members and the CEO. It was stated in the first interview, that it is the sustainability manager's responsibility to establish a structure and a system for ESG, and the job also consists of much reporting, operationalization, educating employees on ESG and make sure the organization follows regulations. It is only the sustainability manager who works full time with sustainability at Sparebanken Sør.

The risk division supervises and reports the company's ESG-risk and risk management, and the "group staff" has the responsibility to educate themselves on ESG, and facilitate, coordinate and communicate ESG within the firm (Sparebanken Sør, 2021). Project groups are established to work with different subjects within ESG, their responsibility is to integrate and operationalize ESG in different departments. It's the different divisions own job to operationalize the solutions when they are made. The division staff needs to follow the instructions given by project groups and report as well. The organization also have a green bond committee which job is to make sure that the bank is within the regulations of green and sustainable bonds, and a remuneration committee which controls that the compensation do not breach ethical policies (Sparebanken Sør, 2021).

When discussing administrative control with the sustainability manger and the director of group staff, they both emphasised the importance of operationalizing sustainability. It has been stated several times in both interviews that it's through operationalizing that employees learn the most about sustainability, and it is where they have the biggest influence on the environment. Most prominent is the lending policies were there is an integrated ESG module. When lending to businesses, there are several measures of sustainability that they are being measured against (Sparebanken Sør, 2021). Firstly, there are the exclusion criteria, which means that they do not provide loans to companies or industries that greatly negatively affect the ESG dimensions. Furthermore, the companies that are not excluded, are given scores based on their environmental, social and governance dimensions. Based on performance on these measures, the company is given a score. This score classifies them as low, medium, or high risk. The risk classification also affects price and further actions taken (Sparebanken Sør, 2021).

In both the first and second interview, was the new EU taxonomy also mentioned several times. The rationale behind this new taxonomy is to accurately define what can be labelled as a sustainable activity, and what is not (Sparebanken Sør, 2021). This is a measure put in place to make sure companies accurately categorizes their activities, and therefore, "greenwashing" becomes more difficult to commit. According to these new guidelines, Sparebanken Sør must start to report from 2022, how many of their economic activities are sustainable after this new definition (Sparebanken Sør, 2021). The director of group staff also mentioned that this new legislation will have the most impact on their lending activities regarding "green" loans. There was also stated in the third interview that there are going to be made changes to the certification process of their loan advisers. Loan advisers are required to keep themselves updated om specified topics to keep their license. The next theme for further education is on sustainability.

4.4 Culture

Through conducting the four interviews, it was learned that Sparebanken Sør has implemented several measures for creating a sustainability minded workforce. When talking to the sustainability manager, it was stated that one of these measures is to educate employees on sustainability. This mostly happens through operationalization of their sustainability measures, but also through e-learning courses on different ESG topics. Other training processes also include educating managers about the EU taxonomy. They also do have an

online platform for employees, but it's not widely used for sustainability communication at the moment. It was added by the staff employee that they do not have a separate ESG room on the platform, but that there is a room that all employees have access to, and it's there that the managers share information on ESG, as well as other topics.

In the third interview it was asked about how the employees can give input on sustainability issues, but even though they have a platform where sustainability information can be shared, there are no specific process as to how this is done. In the furth interview, the bank manager of one of their other offices stated that the employees could bring this up in the morning meetings, and these inputs could further be forwarded to the sustainability manager. In regard to this, it was also stated in the third interview that there is a desire to have managers encouraging more involvement from employees. It was also stated that sustainability should be more mandatory in the division meetings in order to create more awareness. Related to the social dimension of cultural control, it was also asked about encouragement of volunteering in the local community, but this was not perceived as being paid much attention to from the perspectives of the employees.

Another important aspect of culture control is that the top management expresses shared values regarding sustainability in order to strengthen their sustainability culture (Crutzen et al., 2017). The director of group staff emphasised that it is of great importance that the top management are showcasing strong awareness around the topic of sustainability, and that they are going forward as a good example for the other employees. Sparebanken Sør's CEO and members of the board has done several statements on the company´s own news website on sustainability. Amongst these statements, are one statement from the CEO regarding Sparebanken Sør's commitment to UN's principals for responsible banking (Sparebanken Sør, n.d-b). The communication from the managers about sustainability is also visible through their annual sustainability reports, which the director of group staff stated is one of their many tools of making the employees more aware of sustainability. However, the staff-employee stated that the sustainability report is not collectively presented. It was stated by several employees that much of bank's efforts in raising awareness regarding sustainability happened through operationalization.

When trying to capture the level of employee awareness and shared values regarding sustainability, it was also asked about what sustainability meant to them. The staff employee mentioned that it was important to keep in mind future generations, that it is therefore

important for the bank to have sustainable growth. The director of group staff also highlighted that both the social and governance dimension is important, but the most important is to focus on fulfilling the Paris Agreement's goals of combating climate change and the suitability targets through internal measures and demands. He further stated that it was important for them to influence customers, partners, suppliers and society to become more sustainable. It was also added that this topic is important for customers, and therefore also important to them since they want to meet customer demands. When interviewed, the bank manager also highlighted the importance of keeping the future generations in mind, and that it is therefore important to take care of the environment.

In terms of symbols or reminders of sustainability in the organization, it was mentioned by the sustainability manager that they have environmental stations in the office. All their 35 offices are "Eco-lighthouse" certified which involves that several sustainability requirements are met in their working environment. In order to meet these sustainability requirements, employees have to participate in accomplishing them. When interviewing the director of group staff, it was mentioned that the CEO also uses a sustainability pin and when presenting quarterly account for the investors, there is always some slides about sustainability included. In the third and fourth interview, it was also mentioned that there are visible posters on the walls that showed that they are "Eco-lighthouse" certified.

4.5 Rewards and compensation

It was revealed in the first interview that Sparebanken Sør does not have a reward and compensation system for sustainable actions. When we asked why, it was given several reasons for this. One of them was that it's difficult to make a system that is applicable to all employees since the work tasks in a bank is very versatile. For example, it would be difficult having a reward system based on the lending of "green" products since not all employees works with lending. This exact argument was also stated by the staff employee in a separate interview. It was also stated that there is a possibility that this will change when the EU taxonomy is implemented in the near future.

Since they do not have a reward system, the sustainability manger was asked how they manage to motivate employees to act sustainable. The answer given, is that it's supposed to be an inner motivation for employees to be sustainable. This inner motivation stems from being able to meet customer demands for better and more sustainable products. Another

motivation mentioned was that employees wants to reduce climate impact in order to contribute to achieving the goal of Norway becoming a low-emission society.

Furthermore, the sustainability manager stated that the inner motivation is a result of the implementation of several policies regarding sustainability. For example, they have implemented an ESG module in the credit processes in the corporate market. This means that employees are expected to follow these procedures in terms of evaluating ESG requirements when accepting loan applications. By implementing several policies and educating employees about sustainability through online courses, it provides an inner motivation for caring about the environment and for meeting customer demand for "green" solutions.

When conducting the second interview with the director of group staff regarding the possibility of implementing a reward system in the future, he also came with some inputs. He revealed that one possible way to implement a reward system based on sustainability could be by including "green" lending products in the department competitions in the bank. This would then be an incentive for the employees to change their behaviour to become more sustainable. The department which has the highest "green" lending ratio will then be rewarded. In the third interview with the staff employee, it was also proposed a reward system for employees that does not work with lending activities, where suggestions for sustainability improvements was rewarded if implemented. The bank manager thought it was too early to implement such a system, and also too difficult at the moment.

5. Results

In relation to the theory of Crutzen et al. (2017), it will first be discussed which package of formal control Sparebanken Sør has, then later link this to which sustainability control pattern they categorize as. When deciding which formal control package they have, we need to analyse which formal controls they do use, and which they don't. It's also relevant to discuss to which extend the sustainability measures are integrated into the management control systems in order to get a more comprehensive understanding. Firstly, there will be discussed their use of formal controls in order to categorize them with a formal control package.

In terms of cybernetic controls, they use a balanced scorecard and has their own KPI's called "Sør-indicators" (Sparebanken Sør, 2021). Their sustainability reporting is based on the GRI standard and their use of KPI's are comprehensive and includes measures in all the ESG dimensions Through the data collected, it's clear that Sparebanken Sør puts much time and

resources into designing and operate a cybernetic control system for sustainability, but since they also do conduct long-term planning, their profile does not fit in the "reporting- and measurement-oriented" control package.

Next, there are the two formal control packages related to planning control. These are called "action-oriented control" and "long-range planning-oriented control". Sparebanken Sør does conduct extensively sustainability planning. It is expressed in their annual sustainability reports as planned measures within the different topics related to the ESG-dimensions. The "long-range planning-oriented control" package is characterized by companies that largely focuses on supporting long-term goals (Crutzen et al., 2017). In the interview it was stated that they were using a 5-year rolling sustainability plan, and that they also conduct other long-term planning activities as scenario analysis. Before categorizing them with "long-range planning-oriented control", their action planning must also be considered, as companies with this control package pays little or no attention to action-planning.

The package of formal controls called "action-oriented control" is characterized by companies who conducts strong action planning in addition to also conducting all the other forms of formal control, except from rewards and compensation (Crutzen et al., 2017). In terms of focus, Sparebanken Sør is arguably more concerned with long term planning, than short term. It was stated by the sustainability manager that they do conduct short-term planning, but by looking at their annual sustainability reports, there are very few short-term plans compared with long-term planning. Their short-term planning can thus be described as weak.

Despite of conducting short-term planning, the "action-oriented control" category contains companies which are being more reliant on short-term planning than long term (Crutzen et al., 2017). This does not fit the profile of Sparebanken Sør since they clearly prioritize long-term planning when it comes to sustainability integration. It has already been mentioned that they lack a reward and compensation system, and have weak action-planning control, therefore they cannot be categorized as "full package" either. To summarize, Sparebanken Sør suites the formal control package "long range planning-oriented control" the best since it's their focal point of their sustainability work. In the figure below is an illustration of the different packages by Crutzen et al. (2017).

Packages of formal controls	Controls included					
	Structure	Cybernetic controls		Planning		Reward and compensation
		Budget	Perf. Meas. (hybrid)	Long range planning	Action planning	
Reporting and measurement and orientated	●	●	●			
Long Range Planning-oriented control	●	●	●	●		
Action-oriented	●	●	●	●	●	
"Full package"	●	●	●	●	●	●

Figure 2: "Four packages of formal management controls for sustainability", 2017, of Crutzen, et al. (https://doi.org/10.1016/j.jclepro.2016.11.135)

After having analysed their formal control package, it also needs to be addressed their use of informal controls in order to categorize them with a sustainability pattern. Informal controls are the same as cultural controls in the framework of Malmi and Brown (2008). There is, as previously mentioned, four sustainability patterns: A, B, C and D. In the following, it will be thoroughly discussed which pattern applies to Sparebanken Sør by analysing each sustainability control pattern. Crutzen et al. (2017) emphasizes the fact that the pattern matrix does mainly focus on the availability of the controls, and not to the extent to which they are applied. Therefore, a more complete control package does not necessarily show a higher motivation, more engagement, or effectiveness towards achieving sustainability.

Firstly, there is pattern A. This pattern is characterized by companies that have both informal and formal controls, but they are described as being weak (Crutzen et al., 2017). This means that there are few formal controls, as well as few measures for cultural control put in place to achieve a sustainable culture in the organization. Sparebanken Sør has a full package of formal controls except from rewards and compensation, so it would be wrong to say that their formal control system is weak. In regards of cultural control, they have also implemented several measures. In order to evaluate the strength of their cultural control, we asked the same six questions as Crutzen et al.(2017). By doing so we found that they had implemented four out of six culture measures. Through the interviews it was stated that they consider the environment when hosting company gatherings in terms of minimize their events abroad or have meetings in other cities, they express the importance of sustainability in annual reports

and has visual symbols regarding sustainability as managers uses sustainability pins and, there are "Eco-lighthouse" wallposters in their office.

Another important aspect when evaluating culture, is that managers express the same values in terms of sustainability (Crutzen., et al., 2017). Mangers often stated many of the same views on sustainability, especially the importance of sustainable growth and concern about future generations was frequently mentioned. They did however not have a platform which main purpose was to discuss sustainability nor did the employee's feel encouraged to volunteer or contribute otherwise to the local community. Other measures mentioned by the sustainability manager was online learning on sustainability, but it's not offered to all employees. According to Crutzen et al. (2017), when a company has upwards to four criteria out of the six, they are considered to have weak cultural control. In addition, companies that falls into the category of pattern A, often do not see how MCS is supporting the achievement of their sustainability objectives (Crutzen et al., 2017). This does not match well with the sustainability work of Sparebanken Sør since they do have integrated sustainability into almost every management control, and this a stated objective of theirs.

Then there is pattern B. This pattern is mostly focused with the cultural dimension of MCS (Crutzen et al., 2017). Companies which categorize with this pattern has a high level of awareness amongst employees about sustainability and does to a high degree motivate employees to act more sustainable. It is also common that companies within this pattern prioritize cultural control over other forms of control. Sparebanken Sør has implemented several measures in regards of making employees more sustainability-minded, however, it is not their main control mechanism for implementing sustainability in the organization. When talking with the sustainability manager about their work culture, it was mentioned several times that their main focus is to motivate and educated employees through operationalization, such as lending and investment activities. They do take sustainability consideration in terms of energy use, waste disposal, traveling and try to not waste paper, but it was stated in the first interview that this has minimal impact on their overall environmental impact. Their focus is on their day-to-day banking activities since its where they can make the biggest difference. Therefore, since their main method of implementing sustainability, is not with cultural control, Sparebanken Sør was not placed in this pattern.

The third pattern laid out by Crutzen et al. (2017), is pattern C. Companies which categorizes with this pattern usually have a strong formal control package. This means that the

organization has clearly structured their sustainability work and delegated resources to it (Crutzen et al., 2017). Sparebanken Sør does have a strong organizational structure, and a clear delegation of sustainability tasks, where the sustainability manager has the most responsibility in working with sustainability since it's their full-time job. The board has the last word regarding sustainability issues, and other employees are involved through working groups. Since their sustainability work can be regarded as comprehensive and since they also have hired a position only for the purpose of working with sustainability, both considerably time and money has been spent on sustainability. In addition, they also have strong long-term planning and cybernetic control since they have integrated all the ESG dimensions into their long-term planning as well as having implemented KPI's based on these plans.

Firms who categorize with pattern C, can also be said to have either neglected informal controls or lack them (Crutzen et al., 2017). Sparebanken Sør does have cultural control, but it isn't comprehensive, and it was stated several times that it's their operationalization of sustainability which has the most focus. If we compare the informal and formal controls, it's clear that they do have most focus on implementing formal controls such as cybernetic control, administrative control and long-term planning in regard to sustainability. In this sense it is suitable to say that informal control is neglected in favour of formal controls. The only aspects of pattern C that do not fit with Sparebanken Sør is the fact they do not have a full formal control system since they lack rewards and compensation. The main arguments against categorizing them with pattern A, is that their cybernetic controls include using balanced scorecards, and as by definition of Crutzen at al. (2017), this means that their cybernetic control is advanced and not basic, which is a criterion for pattern A.

In addition, Crutzen et al. (2017) has themselves not been completely rigid in their categorization, as at least one company with a full formal control package was not categorized with either pattern C or D. To conclude, even though they don't have a full page of formal controls, it would be misguiding to label their formal controls as weak, since there are put in place a number of sustainability measures into their formal controls. That's why it was decided to categorize them with pattern C and not A. Pattern D is also eliminated since they do not have a complete package of informal and formal controls. Below is an image from Crutzen et al. (2017) that illustrates the different control packages.
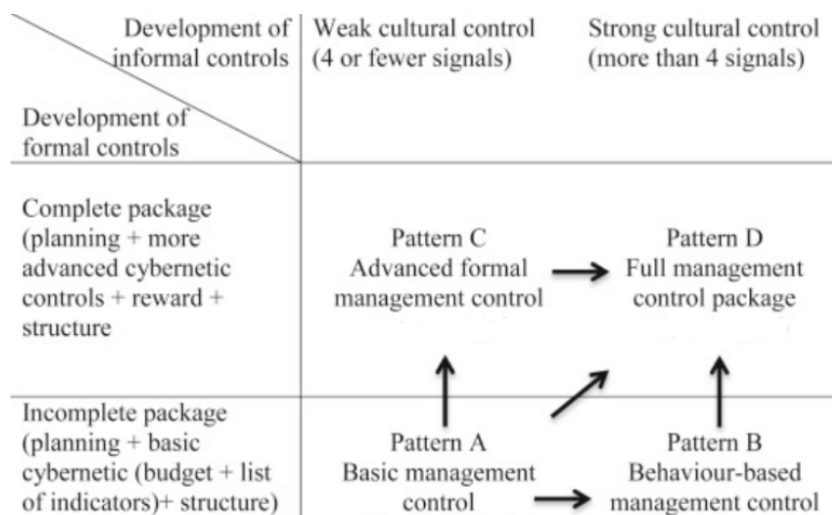
Development of informal controls / Development of formal controls	Weak cultural control (4 or fewer signals)	Strong cultural control (more than 4 signals)
Complete package (planning + more advanced cybernetic controls + reward + structure)	Pattern C Advanced formal management control ⟶	Pattern D Full management control package
Incomplete package (planning + basic cybernetic (budget + list of indicators)+ structure)	Pattern A Basic management control ⟶	Pattern B Behaviour-based management control

Figure 3: "Sustainability management control patterns in the 17 examined companies", 2017, of Crutzen et al., (https://doi.org/10.1016/j.jclepro.2016.11.135)(Modified)

6. Discussion

By using the theory of Crutzen et al. (2017), we have been able to establish how Sparebanken Sør's package of formal controls is designed and thereby been able to categorize them with using "long range planning-oriented control". By putting this formal control analysis together with their use of informal controls, it was also possible to categorize them with the sustainability control pattern C. In this discussion part of the thesis, there will be discussed what these classifications tells us about how Sparebanken Sør uses MCS to reach their research objectives. Mainly, the primary findings of the case research will be discussed in light of theory and previous research on this topic.

The first finding to address is Sparebanken Sør's lack of a reward and compensation system. This is not surprising when very few of the firms in the research of Crutzen et al. (2017) had one either. Only 4 out of the 17 large European companies in their research had developed a reward and compensation system for sustainability (Crutzen et al., 2017). The rationale for having a reward system, as mentioned previously, is to motivate employees to achieve goals and also to increase performance (Malmi & Brown, 2008).

By not having a reward system, it might result in less motivation from employees to align their behaviours to the companies' objectives in regards of sustainability. As there are several advantages of having a reward system, the question then becomes why they do not have one. In the first interview it was stated that it is supposed to be an inner motivation for employees to behave sustainable. Research conducted by Crutzen et al. (2017) also found that this

explanation was common from managers. In addition, there it was also stated by both the staff employee and sustainability manager, that it was difficult to make a reward system which suits all employees and their work-tasks. As our finding also complies with previous research's findings on the topic of sustainability reward systems, it may indicate that when organizations implement sustainability into their management control system, having a reward system is not prioritized equally with the other forms of controls.

It was mentioned in the second interview that it is possible to include the "green" products in the bank's division competitions. This is then one possible method of introducing a reward system at Sparebanken Sør. The competition is already existing, the employees are familiar with the concept, and it does not raise expenditures. This does however not address the concerns regarding applicability for all employees. One possible solution to this issue was mentioned by the staff employee in terms of rewarding employees who proposes sustainability improvements which are actually implemented. Despite of this, there was a general skepticism amongst the interviewees to implement a reward system for sustainability. One reason mentioned often, that could explain this, was that the motivation for behaving sustainable was supposed to come from within, therefore, rewards are not needed. In light of the conducted interviews, another possible reason could be that the implementation of various sustainability policies and guidelines from, amongst others, the UN and the Norwegian government, makes a reward system superfluous since employees already are obliged behave sustainable in accordance with them.

Another interesting finding was also their weak implementation of short-term planning addressing sustainability. They do conduct short-term planning, but there are few stated goals regarding this. In addition, they only concerned suppliers, and was not implemented in any other areas. Whereas almost all companies in the research of Crutzen et al., (2017) conducted long-term planning regarding sustainability, only around half of them also conducted short-term planning. The answer given as to why they didn't have extensive short-term planning, was that they are working on developing them further, and that they prioritize having KPI's which are yearly updated to assess progress towards long term targets. There are however no specified targets each year for these long-term goals. This may be because it's difficult to set targets for some of their activities. For example, they would prefer, from a sustainability point of view, to give car loans to electric cars, however, they cannot deny requests for loans to petrol cars since this would have major financial implications for them. Another reason as to why they do not conduct extensive short-term planning could also be that the areas where this

is possible is not important enough. It was emphasized several times during the interviews that activities such as lending and investing was the most important areas to implement sustainability measures since it's there that they can make the biggest difference. It was however stated that it was not possible to follow up on these measures each year. Areas that could be suitable for having short-term targets are for example related to reducing their power use, traveling, or the use of paper as these are easy to measure. Despite of this, it was mentioned that such measures was not as important since it is not within these areas that there are the biggest room for improvements. Therefore, it may be that short-term planning is not prioritized since it is not possible to include their core activities.

Amongst the reasons for categorizing Sparebanken Sør with the sustainability pattern C, was because they mainly focus on long-term planning. In addition, they also have a strong formal control system that also includes cybernetic and administrative control. Pattern C was the second least used pattern, only pattern D was less used, which none of the companies categorized as in the research of Crutzen et al. (2017). In their research, pattern B was the most common. Pattern B and pattern C is two quite opposite packages of controls, whereas pattern B is mostly focused on informal controls, whilst pattern C is the most concerned with formal controls (Crutzen et al., 2017).

As companies categorizing with pattern C often pays less attention to implementing cultural controls, it's also relevant to discuss Sparebank Sør's sustainability culture. It was stated in the interviews that Sparebanken do take sustainability consideration in regards of day to day-operations, but it was not their main priority. When asking the employees about how they perceived sustainability, the answers was often short and linked to the bank's activities. The importance of sustainable growth for the sake of the bank's future survival was commonly mentioned. Some employees did not mention an inner motivation for behaving sustainable at all when asked. The sustainability manager and the director of group staff had more comprehensive answers than the two employees that had not worked directly with implementing sustainability measures. These short answers given by the employees that does not directly work with sustainability, may indicate that they do not have strong personal values regarding sustainability. This in turn further supports the decision to categorization them with a weak informal control system, that was based on the questions by Crutzen et al. (2017) regarding culture, in the results chapter.

It was also stated by Crutzen et al. (2017) that pattern B often contains companies which are at an early stage of their sustainability integration and will later on introduce formal controls.

It was stated in the first interview that the motivation for behaving sustainable, that usually is created from cultural control, would instead come from awareness raised through opalization in regards of implementing sustainability considerations into lending and investing activities. Pattern B and C then have two opposite views on how to create sustainability awareness amongst employees. As pattern B was three times more common than pattern C in the research of Crutzen et al. (2017), this may indicate that Sparebanken Sør's approach of creating sustainability awareness is not common.

There is however a clear link between formal and informal controls (Crutzen., et al., 2017). Having a strong awareness amongst employees about sustainability may also lead to easier implementation of formal controls. It can also be the other way around as well, where weak informal controls can lead to less adherence to the formal controls since the employees don't have strong sustainability values (Crutzen., et al., 2017). This argument is also backed up by the research of Norris and O'Dwyer (2004), which found that when the informal and formal systems don't not back each other, it can cause conflicts of interests. For Sparebanken Sør, their prioritizing of formal controls such as planning, cybernetic and administrative, and creating awareness through operationalization rather than through traditional cultural controls, may also lead to a conflict of interest. When their employees are not evaluated or rewarded on sustainable measures, it can cause a conflict between financial and sustainable motivated behaviours.

Although there is a lack of informal controls supporting the formal ones, they do have formal controls backing up other formal controls. This is an illustration for the argument of Malmi and Brown (2008) for viewing management control systems as a package. They argue that since all controls influence each other, they should be viewed together and not separate. In Sparebanken Sør, this argument is apparent when looking at long-term planning and cybernetic controls, where they use KPI's to track progress towards long-term goals. In the same way does also their administrative controls affect cybernetic and planning control, as these policies and guidelines are influencing the design of goals and measurements.

Another interesting finding from our research is Sparebanken Sør's lack of stated goals and timeframes for some of their sustainability KPI's. When discussing this with the director of group staff, it was stated that it was only the KPI's that they felt was the most important, that got a timeframe. The rationale for using a cybernetic system is to measure progress towards intended goals and holding employees accountable for achieving them. Therefore, by not having any goals to measure progress towards nor a set timeframe, makes them essential not a

cybernetic measure in accordance with the definition of Malmi and Brown (2008). This also clearly states to employees which areas of sustainability which are less important. As they have a large number of KPI's this may be necessary in order to direct focus to which targets that are the most important.

Something that has not yet been addressed, is the weight given to the different dimensions of ESG by Sparebanken Sør. Researchers Lueg and Radlach (2016) found that most companies only focused on some of the sustainability areas, most often the environmental one. This conclusion also is in accordance with the findings of our research. When interviewing the sustainability manager, there was specifically asked which dimensions they prioritized, and the answer given was that environmental issues was the most important. The explanation behind this was that both the social and governance dimensions are on average quite good in Norway, and that's why they mainly focus on the environment since it is within this dimension there is the most room for improvement. When it comes to planning, all dimensions of ESG are present, the same goes for cybernetic control. Regarding cultural control, there is only considerations regarding the environment, and when looking at administrative control, all the three ESG dimensions are also present (Sparebanken Sør, 2021) Despite mostly prioritizing the environment, there are some measures of all sustainability dimensions in almost all control mechanisms, except from short-term planning.

As our research question revolves around the topic of how the integration of sustainability into MCS helps companies to reach their sustainability objectives, it's also relevant to look at what similar studies has found. There was done two separate case studies on this topic by Narayanan and Boyce, (2019), and Riccaboni and Leone (2010). Both companies in these case studies implemented comprehensive informal and formal measures for sustainability, but only in the case company of Riccaboni and Leone (2010), was the integration of sustainability into MCS successful in helping the company to become more sustainable. In the research of Narayanan and Boyce (2019) the company failed to make improvements because due to economic profit and public image was prioritized. Whilst in the research of Riccaboni and Leone (2010), the case company managed to improve sustainability because of, amongst other, a seemingly more genuine effort in implementing suitability measures, and because they made sustainability a core activity for the business.

As for Sparebanken Sør, our findings are more in line with of the ones of Riccaboni and Leone (2010). Sustainability is for them a core activity in their business since it's integrated in almost every part in their MCS. As a result of this, their sustainability KPI's are also

improving each year, as seen in their sustainability reports. Financial objectives are of course also important, especially since they operate in the banking industry, but they have managed to also integrate sustainability into their financial objectives by implementing several measures. These measures include offering sustainable products to customers, integrating an ESG module in leading processes and having goals related to increasing "green" bonds in their liquidity portfolio (Sparebanken Sør, 2021).

The above discussion is based on a snapshot of their current sustainability work, but already in the near future will there be made several changes due to a new EU taxonomy. It was revealed during the interviews that more regulations from EU will be implemented later this year and next year. Amongst other, it will come several new standards and KPI's regarding sustainability reporting from EU within 1.1.2022. When also considering the new implementation of sustainability in the education of lending advisors, it looks like the future for sustainability integration will to a bigger degree be reliant on mandatory regulations from government and the EU, instead of companies themselves making voluntary considerations.

6.1 Conclusion

In order to answer our research question as to how Sparebanken Sør uses management control systems to achieve their sustainability objectives, we have conducted a case study which analyses their control mechanisms. Their use of controls has been categorized and evaluated in light of theory from Malmi and Brown (2008), and Crutzen et al. (2017). By using these theories and the data gathered from interviews, we have categorized them with having a formal package of control called "long-rage planning oriented control". This means that their main method of implementing sustainability measures, is through planning goals with long timeframes. This was the most suitable as Sparebanken Sør does conduct expensively long-term planning by having a 5-year rolling sustainability plan, with planned measures in every ESG dimension.

Categorizing them with this formal control package was also crucial when identifying them with the sustainability control pattern C. Companies in this category of sustainability control pattern has a main focus on formal control systems, and has a cultural control defined as weak. In the case of Sparebanken Sør, they have, as mentioned, a strong long-term planning, but their administrative control and cybernetic control are also comprehensive. By implementing several international and national policies and guidelines regarding sustainability, such as the "Eco-lighthouse" certification and UN's sustainable development

goals, and having a clear work structure regarding sustainability, makes administrative control a strong tool for getting their employees to behave more sustainable.

In addition, their implementation of a balanced scorecard with KPI's for every ESG dimension also guides employee's behaviour as they state which measurements and areas managers wants them to pay attention to. This has also led to continued improvement of the sustainability KPI's. In accordance with the theory of Crutzen et al. (2017), their cultural control is considered weak as few measures are implemented. The reason for this is that their main method of educating employees on sustainability is through operationalization. To summarise, it is by implementing a strong formal control system that Sparebanken Sør achieve their sustainability objectives.

Our findings did in many areas comply with previous research on how companies usually integrate sustainability into their management control systems. This includes not having a reward system for sustainability, not prioritizing action-planning, and mainly focusing on the environmental dimension. Although some results have similarities with previous research, it was gained new insight as to why these decisions are made. To mention a few, there is most focus on the environmental dimensions as there is where they have most room for improvement, making a reward system may be difficult due to varied work-tasks in a bank and, action-planning is not prioritised since it's difficult to make short-term gals including their main areas of sustainability integration. A more surprising finding that was related to categorising them with sustainability control pattern C, was that Sparebanken Sør do rely more on formal controls to motivate employees and educating them about sustainability, whilst most other companies instead use strong cultural control to raise awareness. Another important aspect of our research was to evaluate their MCS as a package in accordance with Malmi and Brown's (2008) framework. By doing so, it was easier to evaluate how the different controls supported each other in achieving sustainability at Sparebanken Sør. This was most visible in regards of formal controls supporting other formal controls.

6.2 Limitations and further research

Limitations regarding our research is related to the data retrieved and the choice of using a single case study method. We only conducted four interviews with different representatives working for the bank. It would have been ideal to have conducted more interviewees with employees that does not work in the higher levels of the organization. It would have given us a broader insight and added more credibility to the culture dimension. We asked both of our

contacts at Sparebanken Sør if they could put us in contact with more varied employees, but in the end, it was not possible. Despite of this, through interviewing both the current and previous sustainability manager, we did get a very detailed insight of their formal controls.

Another limitation is related to the chosen research method. As with any research method, there are also limitations with conducting a single case study. The most usual arguments against single-case studies are that they are biased, the results are not applicable to other settings or that the results are not valid since there are only one case researched (Siggelkow, 2007). One valid concern relating to this case study is especially the biased argument. This is because three of the four interviewed was higher up on the management ladder in the bank and since regular employees did not participate in a high degree, this can be of concern. It's in the cultural dimension this is the most probable since with the formal control systems, the interviewees gave coherent answers that was also backed up with their annual reports. In contrast, it might be difficult for them to give answers as to how the rest of the organization perceives sustainability when they work in separated departments and might not socialise as much with the other departments.

When it comes to the other two limitations, generalization of results, and sample size, they are also relevant to discuss. These two issues are related to each other in the way that having a small sample makes it harder to generalize our findings to other companies. In regards of our thesis, it may be hard to say something definite about the Norwegian banking industry by only having researched one bank, but this initial research can hopefully be a starting point for other researchers to test out if these findings also are valid in other Norwegian banks.

There can also be an issue with the timeframe of our research. The interviews were conducted in a short timeframe, and therefore, it was not possible to show progress in their sustainability work. As mentioned previously, there are several changes that is supposed to be implemented later this year, and within next year coming from a new EU taxonomy. Therefore, their integration of sustainability into MCS can look very different in only a few months. If the research had lasted longer, it would have been interesting to research which impact the new EU taxonomy would have had on the company's sustainability work.

Then there can also be discussed the relevance of the industry chosen for our research question, as they are not amongst the biggest contributors of climate emissions. The spotlight and scrutiny are much more often on industries such as the energy industry, especially the oil

and gas companies. Therefore, it would have been interesting to also conduct more case studies on sustainability and MCS in these industries as well. However, as mentioned before, sustainability has become something that consumers value, and pressure for more transparency makes it relevant for all industries. Studying different industries can also give a broader understanding of the topic as well.

Suggestions for further research relates to the limitations of this research. There could be interesting to see if our findings relating to sustainability patterns, formal controls and ESG-focus is common for other Norwegian banks. When conducting this research, it would be relevant to have more focus on the cultural dimensions amongst regular employees, as this was lacking in our research. Therefore, expanding the research sample and interview selection, would be important to expand knowledge on this topic. It would also be interesting to conduct a similar study in another industry, such as the energy industry, to see how the results differ amongst industries. In relation to the previous mentioned EU taxonomy, it would be very interesting to conduct a longitudinal case study in which the implications of the new regalement are researched.

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Appendix

Interview guide - A

Warm-up questions

- Is it fine that we record this interview?
- As a "Sustainability manager", what does your work consist of?
- How long have you been working for Sparebanken Sør?

Sustainability

- What is the company's motivation for being sustainable?
- How does your company compare to the rest in Norway's' banking industry in regard to sustainability?

Planning:

- Do you also conduct planning for sustainability that does not stretch beyond 12 months?
- Do you have a written action plan on how to operationalize your sustainability objectives? (action plan is specific steps you need to take to achieve a goal)
- How do you measure the fulfilment of your strategy in the different dimensions?
- We know that the board approves the sustainability strategy, but how is the strategy planned?

Cybernetic control

- Are the climate accounting or social accounting used to evaluate employees or a division?
- How do you choose your "Sør-indicators"?
- How do you obtain data for your budgets?

Incentive and reward system

- Do you have any reward measurements for sustainability?
- (if so) Are the measurements based on short-term or long-term performance?

- How do you motivate your employees to operate sustainable?
- Who is eligible for these rewards? (senior or middle managers)
- Why do you not have an incentive system? (if that's the case)

Culture control

- How do you educate your employees on sustainability?
- Do you have a platform where employees can discuss and share information on sustainability?
- Do you take sustainability into account when arranging company gatherings?
- Which values do you communicate about sustainability to employees?
- Do you have any symbols or reminders of sustainability in the organization?
- Are there any other measures you take in regards to creating sustainability-minded employees?

Administrative control

- How is the work with sustainability organized in the organization?
- Those who work with sustainability in the organization, do they work with other work tasks not related to sustainability as well?
- How do you make sure your employees follow policies?

Interview guide - B

Introduction

- Is it okay that we record this conversation?
- What does your job consist of as being the director of group staff?

Cultural control

- What does sustainability mean to you?
- How do you work with ESG in the group staff?
- Why is sustainability important for Sparebanken Sør?
- How does the managers try to create a sustainable culture?
- Do you have any symbols or reminders of sustainability in your organization?

Planning

- In your scorecard (apendix 2 in annual susatinability report 2020) are the some of the KPI's which do not have any set timeframe, is there a reason for this?
- Do you have short term planning regarding sustainability?

Rewards and compensation

- Do you evaluate your employees based on sustainability in any way?
- Do you think there will be a reward system based on sustainability in the future?
- How do you motivate employees to behave sustainable?
- Why do you not have a rewards system for sustainability?

Administrative control

- How do you think the implementation of the EU taxonomy will influence your future work with sustainability?

Interview guide C

Warm-up questions

- Is it fine that we record this interview?
- What does your work consist of at Sparebanken Sør?
- How long have you been working for Sparebanken Sør?

Culture control

- What does sustainability mean to you?
- Do you often think about sustainability in your day-to-day work?
- How is the sustainability aspect present in your department?
- Do you have a platform where you can discuss and share information on sustainability?
- Do the company take sustainability into account when arranging company gatherings?
- Which values are communicated about sustainability to the employees from managers?
- Are there any symbols or reminders of sustainability in the organization?
- Do the company encourage employees to do volunteering?
- Are there any other measures you can think of that Sparebanken Sør does to creating sustainability-minded employees?
- Do you have any suggestions for making the culture more strongly focused on sustainability?

Reward and compensation

- Would you like to have a reward system based on sustainability?

Interview guide D

Warm-up questions

- Is it fine that we record this interview?
- What does your work consist of at Sparebanken Sør?
- How long have you been working for Sparebanken Sør?

Culture control

- What does sustainability mean to you?
- Do you often think about sustainability in your day-to-day work?
- How is the sustainability aspect present in your department?
- Do you have a platform where you can discuss and share information on sustainability?
- Do the company take sustainability into account when arranging company gatherings?
- Which values are communicated about sustainability to the employees from managers?
- Are there any symbols or reminders of sustainability in the organization?
- Do the company encourage employees to do volunteering?
- How do you educate your employees on the topic of sustainability?
- Are there any other measures you can think of that Sparebanken Sør does to creating sustainability-minded employees?
- Do you have any suggestions for creating a stronger sustainability culture in Sparebanken Sør?

Reward and compensation

- Would you like it to be a reward system related to sustainability?

Administrative

- Who in your bank works with sustainability? Or is the work centered in Kristiansand?
- How do they communicate their sustainability objectives to their other banks?

- What do you think about the future of sustainability work in regards to the new EU
  taxonomy?

Andreas Breistein.

Discussion paper - Responsible

In this discussion paper, we are to draw knowledge from everything we have learned in our master's program at UiA School of Business and Law. This is done in order to discuss how our master thesis can be related to the broad concept of "responsible". First, I will present our master thesis and our main findings. Further, I will discuss ethical challenges related to our topic; sustainability and management control systems. Issues related to parts of the research process and the environment our case study operates in, will be presented. Finally a summary will wrap up the discussion paper.

Brief presentation of the master thesis

In our master's program, we found management control systems to be an interesting matter. We wanted to investigate the subjects management control systems and sustainability. We find sustainability to be a vital subject in our everyday life. I think it also is a subject that is of importance to do research on. The research can help people understand the phenomenon and can guide companies in the integration process, and clarify vital steps in order to become more sustainable. Most countries and companies are trying to be more sustainable.

In our master thesis, we wanted to investigate how a Norwegian company integrates sustainability into their management control systems. We used the management control system framework of Malmi and Brown (2008) and analysed our data with Crutzen et al. (2017) sustainability pattern analysis. Our research design is a single case study on Sparebanken Sør. We were happy to work with "Sparebanken Sør". They were very helpful and pleasant to work with. It was a very good experience for us as students to connect with the real business world. Our data collection in our research was based on primary and secondary source of data. Our primary data source was retrieved from semi-structured interviews. By interviewing relevant people from different departments within the company, we gained a broader insight.

Through the analysis pattern of Crutzen et al. (2017), we analysed our case company and concluded that they had a formal package of "long range planning control", by following the pattern analysis, they had week cultural control due to the number of measures they had in this aspect. As a result, our company was categorised as pattern C. Our findings revealed that

the company did not have a reward and compensation control system for sustainability. This is in alignment with what the literature says, as most companies do not have applied a reward system to support increased sustainability (Crutzen et al., (2017). As we looked at the aspect of environmental, social and governance, we found that our case company was focusing on all aspect. However, with a main focus on the environmental part as this was the aspect they could influence the most. This has also been identified in the literature that most companies focus on the environmental aspect (Lueg & Radlach, 2015)

Sustainability

In this discussion paper, we are to discuss how our thesis relates to the term responsibility. It is a broad term, but I think our thesis relates to the term in many ways. Along with management control systems, our topic is sustainability. Sustainability and the environment are becoming more important and accepted to be an issue (Dunphy, 2011). Governments and companies are asked to show an increase in social and environmental responsibility (Dunphy, 2011). I think in order to give future generations as good conditions as our current generation, it is important that nations, companies and people are cooperating and doing their expected responsibilities. Dunphy (2011) states that the argument if companies should consider their impact on the environment and social responsibilities is not a debate anymore. The focus is now more on "how" can companies contribute to sustainable development.

An ethical issue that has arisen due to the importance of sustainability is greenwashing. Corporate greenwashing is a known phenomenon (De Jong et al., 2019). Greenwashing is when a company misleads their consumers on their environmental performance or the environmental effect their product has (Delmas & Burbano, 2011). Delmas and Burbano (2011) defines «greenwashing as the intersection of two firm behaviors: poor environmental performance and positive communication about environmental performance. (p 65) De Jong et al. (2019) states that in these times when there are growing concern about pollution and global warming, it makes sense for companies to become more sustainable.

It is important that companies do not take advantages of the situation and present them as more "green", than it is. This can mislead and affect consumers choices. A real-life example is the scandal of Volkswagen, where they used a software program to cheat the emission test in order to make people think that their cars had lower emission levels then they actually

had (Guilbert, Ewing, Russell, Watkins, 2016). Companies are reporting on sustainability issues, and consumers are demanding more transparency on the topic. We can see it in the car industry where the companies are producing more electric cars. In Norway, the government are giving incentives to drive an electric car, making it easier and more affordable to make a sustainable choice.

Sustainability is important for businesses to take into account, and has been become a term Corporate Social Responsibility is widely used when talking of sustainability. As Tai and Chuang (2014) states, companies respond to the stakeholders expectations. To incorporate corporate social responsibility should therefore be in the interest of companies.

In order for company to survive they need to make profit in the long run. When talking about good ethics and value maximising, these are not the same (Merchant & Van der Stede, 2017). Further ethical choices do not always give profit, especially not always in the short term. An ethical dilemma would be when companies are considering sustainable choices. Thet may come in situationw where they must choose between a profitable, but not necessarily a sustainable choice. Then management control systems can be a measure and guideline to minimise unethical behaviour.

Management Control Systems

 Management Control Systems are defined by Malmi and Brown (2008) as "management controls include all the devices and systems managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation's objectives and strategies, but exclude pure decision-support systems" (p. 290-291). Behaving unethically is not in the interest of the company's goals and strategy. Dunphy (2011) states that unethical behaviour has been a contributor to destroying companies public trust and has also been ruining lives. This can be connected to the broad concept of being responsible.

When companies use Management Control Systems, they are dividing and showcasing the responsibility divisions, managers, and employees have. They are also make employees responsible in the sense that they are accountable for their actions and results, trying to minimise the opportunity of unethical behaviour. "Ethics is the field of study that is used to prescribe morally acceptable behavior" (Merchant & Van der Stede., 2017, p. 677). Written documents such as codes of conduct, codes of ethics and vision, communicate to the

stakeholders and to the employees how the organisation would like to operate (Merchant &
Van der Stede, 2017). These documents are there to guide employees and give them an
understanding of what is expected of them. In situations where there is confusion around what
is correct behaviour, a good management control system companies can minimise the risk of
confusion and unethical behaviour. Merchant and Van der Stede (2017) states that in order to
have good ethics within an organisation, the standards need to be operational. An example of
the corporation Enron's strategy, regarding ethics. Their method in ensuring good ethics was
by demanding a signed document by employees that they had read and understood the
principles (Merchant and Van der Stede, 2017). The company is now known for one of the
largest accounting fraud cases. This showed that having a standardised code of ethics with the
employees signature is not enough. Merchant and Van der Stede (2017) states some examples
of cultural controls that may be an efficient form of control. The first example is that the top
management must be an example and set the tone. It is also important to maintain a good
internal management control system making sure that the employees know the risk of getting
caught is high. Mutual monitoring by employees, superiors and internal auditors and making
sure that employees that break the rules are sanctioned is also adviced. When these measures
are followed and the tone at the top creates an effective cultural control (Merchant and Van
der Stede, 2017).

Responsible banking

We analyse a bank, and in their operating environment, I believe that customers want there to
be a relationship with the bank based on trust, and that the bank is operating responsibly.
Sparebanken Sør is following the guidelines of UNEP Principle for Responsible Banking to
showcase that this is a subject that is important to them (Sparebanken Sør, 2021). In their
report (Sparebanken Sør, 2021), they state that they focus on to give back to the community.
The bank has made choices that are not profitable in the short term, at least, in order to make
the most sustainable choice.

As a bank, you are financing projects and companies. Banks has the responsibility to finance
in an ethical manner. In relation to sustainability, the bank has its biggest influence on
sustainability in their lending and financing. Financing projects that are sustainable will be
important. Dunphy (2011) states that "organisations are the most powerful shaping force in
modern society" (p. 9).

Ethical challenges

When talking of ethics in relation to business research it refers to expected societal norms of behaviour when conducting research (Sekaran & Bougie, 2016). Throughout the research process, ethics are important, in the data collection, analysis, and reporting as well as how participants and confidential information are treated (Sekeran & Bougie, 2016). Ethical challenges to take into account during the research process, was, for instance making sure personal data is treated correctly. When presenting data, we concluded that using the participant's name would not enhance the quality of the thesis. Therefore we choose to anonymise and only use the participants job title. When doing research, one need to follow the schools guidelines. In order to make sure that you are conducting research in a responsible way, it is important to get approval from the Norwegian Centre for Research Data. This ensures that you are collecting data in an appropriate manner and that privacy protection guidelines are ensured.

When finding relevant literature we there are the issue on finding reliable research. Sekaran and Bougie (2017) states that articles that are published in professional journals are a valuable source of relevant developments in the field. The data source of our literature review consist of journals from for instance Science Direct, Emerald, JSTOR. When conducting semi structured interviews it is important that the participants are informed on different aspects of the research. We provided with the form from NSD, which informed the participants on for instance the purpose of the study, their rights, and how their data is protected. The participation is voluntary and we asked both written and orally if the interview could be recorded with a recorder with no internet signal. When asking questions it is important to try and avoid bias and not try to steer the interview into getting the answers (Sauders et al., 2019). We tried to avoid bias by, for instance asking open questions.

To summarise, the term "responsible" is broad and can be seen in many aspects of a master thesis. I have tried to show where the term has been visible in our thesis. It can be related to our topic of management control systems and sustainability. One of the ethical issues related to sustainability are the phenomenon of greenwashing. When it comes to the dilemma where companies are trying to maximise profits and also consider sustainability, there may be an ethical issue when the more sustainable choice is not profitable. The environment our case company is operating in is also relevant, when it comes to being responsible. Since the

banking industry, finance projects and companies, this becomes an ethical issue when financing projects that are not sustainable. Further, there were ethical challenges to consider in our data collection and research process. By following the guidelines of the University of Agder and The Norwegian Centre for Research Data it helped us cope with these issues.

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Kristine Ø. Albretsen

Discussion paper- responsible

Our master thesis is about the use of management control systems in order to implement sustainability in a company. This topic was agreed upon after reading the suggested research topics from the different supervisors. We conducted our research as a single case study and was able to collaborate with Sparebanken Sør. We interviewed their sustainability manager, in addition to three other employees. After obtaining data from the interviews and from their annual sustainability reports, we analysed their use of management control and to which extent sustainability was integrated into it. We based our analysis mainly on the theory of Malmi and Brown's (2008): "Management control systems as a package", and the theory of Crutzen et al. (2017): "Sustainability and management control. Exploring and theorizing control patterns in large European firms". The aim of our thesis was to investigate how Sparebanken Sør uses management control systems in light of these theories and to find out which formal control package and sustainability control pattern they categorized as according to Crutzen et al. (2017).

My discussion paper is about responsibility since my last name starts with the letter A. Our thesis relates to responsibility in many aspects. Firstly, we can discuss this topic in terms of data collection, storage of data, and showcasing the information gathered. When conducting research, it's mine and my co-writer's responsibility that the research happens in accordance with ethical standards and that we are responsible when handling the data retrieved. Ethical standards relate to the right to be informed that the thesis can be made confidential, and also that's it is voluntary to contribute, and that he or she can withdraw from the collaboration whenever this is wanted (UIA, n.d).

Another important aspect of responsibility relating to our thesis, was also the collection of data. This must happen according to the requirements and guidelines of NSD (UIA, n.d). Since we were handling personal data, we had to notify NSD. It's a part of procedures to reflect upon if the collection of personal data is necessary before starting the research. In our case it was, since it added more validity to the data retrieved by stating the interviewee's job-titles. One requirement of the NSD process was to design an information letter. This letter notified all the participants about what was going to happen to the personal data collected, how it is stored and what happens to it after the research is done. In addition, it also informs them about the right to withdraw from the research, the right to insight on the data, and the right to delete personal information. It is also our responsibility to store the data in accordance

with UIA's guidelines. This means that we store the data in a responsible way, at UIA's own data storage solution which is password protected and not to store the recorder, which contains the original audio files, recklessly. We can also not share this audio through e-mail or other risky transportation methods (UIA, n.d).

Another way our research relates to responsibility, is in the way that we display the data retrieved. It's our responsibility to represent the data obtained truthfully, and not to distort it in any way. Sparebanken Sør is a relatively big local bank, and we are responsible to not draw conclusions about their sustainability work that is not true as this could hurt their public image and also lead to other negative consequences. This is an important ethical issue that relates to the topic and findings of our thesis. When only analysing one firm, and with no other companies to compare Sparebanken Sør to, it can be misleading for readers when it is not known for them what is done regarding sustainability in other banks or companies.

This is of course a limitation of using the single case study method. To overcome this issue, we try to be neutral and also explain in our thesis that one sustainability pattern is not necessarily better than another, and also that there are positive and negative sides to every form of control package. We do come with some points of improvements, but try not to be too critical, and focus more on describing their sustainability work as truthfully as possible.

In addition, it is also explained that in the categorization process regarding sustainability patterns and formal packages of control, that the theory is only concerned if the specific control mechanises exist or not, not to what extend or the complexity of it. Therefore, we emphasise this in our thesis so that we don't give a false impression of their sustainability work. Another ethical issue was that when analysing the results, we did not always find a category in the theory of Crutzen et al. (2017) which Sparebanken Sør matched perfectly. Because of this, it was our responsibility to thoroughly explain why we chose the specific categorization and be open about what does not match, so that we give a truthful result to the readers.

It's also important to be responsible in regards of being transparent about the limitations of your research. This means that there needs to be explained possible issues with our thesis. One potential issue in our research is that we had few regular employees that did not have a high level of authority in the organization, therefore, there are concerns about getting biased answers. This is especially relevant in terms of their culture dimension. In order to overcome this issue, this has been disclosed in our thesis, and we also gave made sure to ask the few

"regular" employee's extensively about the sustainability culture in order to gain as much information as we could.

It's not only important to not put the company in an unfairly bad light, but also the persons willing to be interviewed. The collection of personal data that was previously mentioned, is related to the fact that the person interviewed is identifiable since we mentioned his or her job title in the company. Since they sometimes only have one with this exact job position, it's easy to find out who it is. Therefore, it was very important for us to thoroughly go through the audio interview several times in order to accurately describe what was said. If we felt something was unclear, we did not jump to conclusions, but asked them about the topic once more. This was done to not have any misunderstandings and increase validity.

Another responsibility we had when writing our research, was not to plagiarize others work and always site sources properly. To avoid this, we used apa 7th and also contacted UIA's "Skrivestue" when we were in doubt to get guidance. We also contacted our supervisor about this as well, and also looked up an official apa-guide online in order to get the formalities right. Regrading sources, it was also our responsibility to find reliable literature and previous research. This was done by using UIA's online rescores ORIA, Google Scholar, and ScinesDirect where the articles are peer-reviewed. In this way, we don't base our research on unreliable sources and come to weong conclusions.

Then there is of course the relationship between sustainability and responsibility. The topic of being responsible is discussed in our thesis in regards of motivations for companies to become more sustainable. We mention that for many managers, there is an inner motivation for being sustainable in addition to pressure from various stakeholders (Buhr, 2007, as cited in Buhr et al., 2014). This inner motivation is related to the fact that many are nowadays aware of climate change and knows there must be done changes to stop it. Due to more and more visible signs of climate change, such as ice melting in Antarctica and diminishing rainforests, it creates a heightens awareness amongst people (Dunphy, 2011). In our motivation chapter, we also refer to a study which also shows that more and more consumers are concerned with sustainability when making purchasing decisions, which also illustrates increased interest around the topic. (SB Insight, 2020).

In order for managers to be more responsible in regards of future generations, they have to assess their business' impact on the environment and the other ESG dimensions. Crutzen et al. (2017) proposes to implement sustainability measures into management control systems in

order to minimize these impacts. By implementing sustainability consideration into the different management control systems, such as cybernetic control, planning, culture control, reward and compensation and administrative control, it becomes easier for the company to become sustainable in every area of operation (Crutzen et al., 2017). By conducting our research we also want to inspire more companies to take more consideration to the ESG dimensions in their operations. We also take upon us the responsibility to produce more research on a topic that has not received too much attention before in research. This is related to how sustainability is implemented into management control systems in practise (Nixon & Burns, 2012). There is also a need for more information on just how the integration of sustainability into MCS helps an organisation reach their sustainability objectives. In addition, there is also a lack of research on this topic in organizations and industries that are not the most visible in the public regarding sustainability. (Norris & O'Dwyer, 2004) It is reasonably to say the banking industry is not the first industry to come in mind when thinking of sustainability.

With more and more companies taking steps to become sustainable, it also makes it easier for consumers to be more sustainable and take responsible decisions regarding their own environmental impact. As mentioned in our thesis as well, when one company makes a transformation to become more sustainable, it also, has ramifications for suppliers as well as consumer and the companies itself. Many companies when considering their own environmental impact, also sets standards for their supplier as well to be more responsible regarding the environment. This was visible when researching Sparebanken Sør and which demands they have for suppliers and partners. Therefore, their impact reaches far beyond the company itself, and also influence others to take on more responsibility for the future of our earth in terms of becoming more sustainable.

In our research we also found that it is already many measures taken to make companies and the financial more responsible in regards of the ESG dimensions. There are several international and national guidelines and policies which our case company has committed to. These includes the UN's global compact, the UN's principles for responsible banking and Finance Norway's roadmap for responsible banking. All these guidelines do also relate to responsibility. Especially, the UN's principals for responsible banking goes directly on responsible operations for banks, while the two others relate to responsibility in regards of improving their ESG dimensions, which illustrates that the bank has taken a responsibility to improve and lessen negative impact on the enviroment. (Sparebanken Sør, 2021)

There has also been a disagreement between economist if is the responsibility of companies to become more sustainable or if their only responsibility is to increase shareholder wealth. (Levitt, 1958: Frederick, 1986) This illustrates that there can sometimes be a conflict of interest between achieving financial goals and sustainability goals in organizations. Conducting sustainability work can both be expensive and time consuming. This can one of many reasons not all companies choose to work extensively with sustainability. But it's also important to not ignore the economic benefits of becoming more sustainable as well. Amongst them is that it can give your company a more positive public image and it can give a competitive advantage if your company is amongst the best in your industry at being sustainable (Buhr, 2007, as cites in Buhr et al., 2014). Therefore, even though sustainability work and implementation costs, it also can provide positive effects for the company.

Lastly, I will mention responsibility in terms of the findings of our thesis as well. For many of our interviewees it was mentioned that they thought of sustainability as taking responsibility, contribute to sustainable growth, and not ruin future generations' opportunities. For many employees, they had a personal motive for being sustainable, and the organization had also numerous reasons for being sustainable. The sustainability manger mentioned that it is important for the company to make the world a better place and be aware of issues related to climate change. In this sense, they are taking responsibility by implementing all these sustainability measures into their management control systems in order to lessen their negative impact on the environment.

To summarize this discussion, our research has related to the topic of sustainability in several ways. The first related to the design and how the research was conducted. In order to do this in the most responsible way as possible, we read through the guidelines of both UIA and NSD, contacted "Skirvestua" in order to cite our research properly, and used Google Scholar, Sciencedirect and Oria to find reliable sources. When presenting the data retrieved, we tried to be neutral, describe what the different categorizations actually said about their sustainability work in order to present the data retrieved as truthfully as possible. We also choose to have a topic which also is closely related to responsibly in the way that we, as a society, take more responsibility of stopping climate change by being more sustainable. In relation to our findings, these values were also shared by the company itself and employees.

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