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1 Introduction

This chapter will present a background on CSR, followed by the problem discussion regarding CSR and the banking industry. Lastly, the purpose of this paper is presented.

1.1 Background

Corporate social responsibility (CSR) has received increased attention due to the impact companies have on the society as a whole, as most of the decisions companies take affect the stakeholders in one way or another (such as economically, socially, or environmentally). Actions taken by companies are capable of creating disaster, by e.g. disrupting the economy, countries, the environment, or the society in general. Therefore, CSR is an important topic for the stakeholders of a company. (Horrigan, 2010)
In the last 50-60 years, there has been a number of issues regarding things such as pollution, resource depletion, waste, rights of workers, safety, and corporate scandals. These issues have come under scrutiny and further highlighted the need for CSR. (Carroll and Shabana, 2010)

Nowadays, it is expected of companies to behave responsible towards the society, while at the same time producing value to its investors. Kiliç, Kuzey, and Uyar (2015) presented evidence of recent scandals which have pointed out that when companies disregard every other aspect of business and over-focus on financial results, it can produce failure. As such, CSR can be seen as a tool that is used to find a balance between financial and non-financial goals of companies, while taking into account the interests that society has (Kiliç et al., 2015). Furthermore, there is a movement across several European nations towards legislative actions regarding CSR. The European Directive 2014/95/EU is acknowledged as one driving force behind this. The directive stipulates that particular companies should "disclose relevant environmental and social information".

The companies in turn have accepted responsibility regarding their activities and their impact on the society, and accepted accountability towards a broader group than their shareholders and creditors. Thus, the extent of the disclosures by companies has nowadays extended to meet the needs of the stakeholders rather than only the mentioned shareholders and creditors. (Hackston and Milne, 1996)

Disclosures made by companies regarding their CSR activities (CSR disclosures), contain information “relating to a corporation's activities, aspirations and public image with regard to environmental, community, employee and consumer issues” (Gray, Javad, and Power, 2001). CSR disclosure behavior of companies can be analyzed with various theories. The two theories that are thought to be the most prominent ones within the field of CSR are legitimacy theory and stakeholder theory (Kiliç et al., 2015). Both legitimacy theory and stakeholder theory concern companies and societal interplay, however, their approach to explain the complexity regarding CSR are contrasting (Chen and Roberts, 2010).

Even though the increased focus on CSR is beneficial for the society, it is important to acknowledge the risks of CSR reporting, in the sense that it could become a marketing tool for companies rather than being done to address substantive concerns for the environment and society (Adams, 2004; Patten, 2012; Boiral, 2013).

1.2 Problem

According to several researchers, the banking sector is often excluded from studies that have been conducted in the field of CSR (Cormier and Gordon, 2001; Monteiro and Aibar-Guzmán, 2010; Siregar and Bachtiar, 2010). Kiliç et al., (2015) propose that this issue originates from the general perception of banks as being a limited source of the problems that call for CSR (e.g. pollution, resource depletion, waste, etc.).
Nonetheless, studies argue that this mentioned perception is not in line with the reality. In their role as providers of capital, banks do often have much to say regarding other entities' operations. Simply put, banks do finance entities that in turn may deal with unethical and socially irresponsible activities (Douglas, Doris, and Johnson, 2004; Branco and Rodrigues, 2008; Scholtens, 2009). The power and influence that banks have on socio-economic development of countries must also be taken into account when assessing their impact on the environment (Achua, 2008). Branco and Rodrigues (2006) go as far as suggesting that the financial sector has as much impact on the environment as the directly responsible entities themselves.

Given that there seems to be a lack of literature surrounding CSR in the banking industry, we aim do a study to further contribute on the subject. We intend to do this by conducting a study on CSR and the Swedish banking industry.

1.3 Purpose

The purpose of this paper is to investigate Swedish banks' CSR disclosures by looking at the extent and trend of CSR reporting levels between 2012 and 2016. Furthermore, the impact of bank size, board size, and board diversity on the CSR reporting levels will be examined further through statistical tests.

This paper will contribute to existing research on CSR and the banking industry, by offering insight into the Swedish banking industry. Moreover, it can be used as a tool for comparison against other industries in the Swedish corporate world.

2 Theoretical Framework

This chapter will present the theoretical framework for this paper. Legitimacy Theory and Stakeholder Theory will be explained and incorporated with CSR disclosure by companies.

2.1 Legitimacy Theory

Suchman (1995) defined legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions". According to Sethi (1975), companies seek to gain legitimacy in the eyes of the society in which they operate by responding to various obligations and expectations by the said society. Branco, Eugénio, & Ribeiro (2008) referred to this process by the companies as legitimation.

Chen and Roberts (2010) described legitimacy theory as "achievement of legitimacy by creating congruence between the value system for the organization and the value system for the society". Thus, when the objectives for the organization are in line with the social expectations of the society, legitimacy is achieved (Chen and Roberts, 2010).
This relationship is often described as a "social contract" between the society and the companies (Newson and Deegan, 2002; Garde-Sánchez, Rodríguez-Bolívar, and López-Hernández, 2016). Companies aim to fulfill these contracts to legitimize themselves and their actions (Cormier and Gordon, 2001).

Legitimacy theory has been widely used to explain CSR disclosure in previous research (Deegan and Rankin, 1996; Newson and Deegan, 2002; Branco and Rodrigues, 2006; Kiliç et al., 2015). Campbell, Craven, and Shrives (2003) stated that "legitimacy theory is probably the most widely used theory to explain environmental and social disclosures". Deegan (2002) concluded that legitimacy theory is not only predominant in older studies, but also in the more recent research regarding CSR disclosure. Gray, Kouhy, and Lavers (1995a) agreed, and suggested that this is because legitimacy theory has an advantage over other theories when it comes to this area.

Carroll and Shabana (2010) declared that firms who engage in CSR activities may strengthen their legitimacy and enhance their reputation. Furthermore, Smith (2003) concluded that satisfying CSR engagement makes a firm more attractive to both consumers, investors, and employees. However, Buhr (1998) pointed out that companies must not only perform in accordance with the "social contract" to gain legitimacy, but they must also communicate it successfully to their stakeholders. If companies fail to do this, their legitimacy may be harmed rather than strengthened.

CSR disclosure is one way for companies to communicate their CSR engagement (Michelon and Parbonetti, 2012; Garde-Sánchez, Rodríguez-Bolívar, and López-Hernández, 2015). Clarkson, Li, Richardson, and Vasvari (2008) described that firms often seek to legitimize environmental performance through such disclosure.

Smith and Alcron (1991) claimed that companies often disclose details regarding their CSR performance as a marketing tool, to illustrate that they can mutually pursue their financial goals while also meeting the demands by the society. Dawkins and Fraas (2011) claimed that even companies with bad environmental performance often try to use CSR disclosure to gain legitimacy.

2.2 Stakeholder Theory

When applying Stakeholder Theory, the different stakeholders of an organization are seen as influencers and assessors of the various actions undertaken by the organization (Freeman, 1984). Here, legitimacy is seen as something that is subjectively assessed by various groups of stakeholders, rather than the result of a social contract (Chen and Roberts, 2010).

Freeman (1984) defined a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives". Carroll (1991) continued to state that the main stakeholder groups are customers, employees, local communities, suppliers and distributors, shareholders of the company, and the overall society.

The primary objective of Stakeholder Theory is according to Freeman, Wicks, and Parmar (2004) to explain the purpose of organizations and to define the responsibilities an organization has to its stakeholders. Freeman argues that not only the shareholders, but the stakeholders, must be taken into account in decision making in order to achieve superior performance (Freeman, 2010).

Stakeholder Theory has been used extensively to explain CSR disclosure (Roberts, 1992; van der Laan, Joyce, Adhikari, and Tondkar, 2005; Kiliç et al., 2015).
Several researchers noticed a lack of a comprehensive social responsibility theory that was capable of explaining companies' engagement in CSR (Ullmann, 1985; Mathews, 1993; Gray, Kouhy, and Lavers, 1995b). Roberts (1992) responded to these concerns by testing the ability of stakeholder theory to explain social responsibility disclosure, and the results supported the usage of this theory. Van der Laan et al. (2005) also acknowledged Stakeholder Theory as a solution to the gap.

Gray et al. (1995a) described social disclosures as a part of the dialog between the company and its stakeholders. Furthermore, Garde-Sánchez et al. (2016) stated that sustainability disclosures can be a strategy to increase the stakeholders' impressions of an organization, as the credibility of the organization is being enhanced.
However, not all stakeholders have homogenous opinions regarding the direction an organization shall take. This is specifically the case regarding CSR disclosures. (Garde-Sánchez et al., 2016)

It has been noted that some groups of stakeholders have more to say regarding the organization's behavior, and hold more power to influence it, than others. Furthermore, organizations themselves put more emphasis on satisfying certain stakeholder groups than other groups. (Garde-Sánchez et al.,2015)
Carroll (1991) stated that the goal for organizations shall be win-win outcomes where all stakeholders are satisfied, although he admitted that this is not always possible. A fundamental issue in Stakeholder Theory is therefore to recognize which of the stakeholders that deserve or require the management's attention the most, and thus shall be prioritized (Mitchell, Agle, and Wood, 1997).

Even though Stakeholder Theory is seen as a principal theory in the field, there exists criticism against it as well. Jensen (2001) argues that it is not possible to satisfy all stakeholders, and claims that "having multiple objectives is equal to having no objective". Sundaram and Inkpen (2004) agree with these concerns, and add that the main objective for organizations shall be to maximize shareholder value rather than satisfy several stakeholders.

3 Literature Review

This chapter will offer insight into CSR definitions, CSR disclosure, and CSR in the banking industry. Furthermore, legislative movements in the field of CSR, and previous studies on CSR and the banking industry is presented. Lastly, the development of our hypotheses is described.

3.1 Corporate Social Responsibility (CSR)

3.1.1 CSR Definitions

The idea of corporate social responsibility (CSR) has been around for a long time, even before the term was publicly acknowledged. Carroll, Lipartito, Post, Werhane, and Goodpaster (2012) explained that there can be found evidence from hundreds of years ago of companies that conducted activities to improve the society. However, as mentioned, issues regarding e.g. pollution, resource depletion, waste, rights of workers, safety, and corporate scandals in the last 50-60 years have further highlighted the need for CSR (Carrol and Shabana, 2010).

In 1953, Howard R. Bowen published a book called "Social Responsibilities of the Businessman", where the phrase Corporate Social Responsibility was introduced. Bowen further provided an initial definition of CSR where he defined it as "the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society". (Bowen, 1953)

Today, there exists many definitions of CSR. One of the most commonly used definitions is the one by Carroll (1979), who stated that "corporate social responsibility encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". Later, also philanthropic expectations was added to this definition (Carroll, 1991). In a recent study, Carroll examined his now almost 40 years old model of CSR again, and concluded that this definition is still highly relevant (Carroll, 2016).
A somewhat newer definition was formulated by Sharma and Sharma (2011), who broadly defined CSR as "a form of corporate self-regulation integrated into a business model". Rao and Kumari (2013) emphasized the importance of this self-regulation mechanism as a mean for organizations to monitor and ensure their compliance with e.g. the law, ethical standards,

and international norms. Sukcharoensin (2012) argued that the self-regulation mechanism is most useful to big and profitable organizations that find themselves under political pressure and public scrutiny.

Furthermore, the European Commission (2018) defined CSR as "the responsibility of enterprises for their impact on society". They also stated that to become socially responsible, companies shall follow the law, but also integrate concerns of social, environmental, ethical, consumer, and human rights matters into their operations. The European Commission argues that CSR is in interest of as well the society and the economy as the companies themselves. (European Commission, 2018)

This paper will use the definition mentioned above by Sharma and Sharma (2011). Apart from the fact that it is a more recent definition than the one by Carroll (1979), it puts emphasis on self-regulation and ties together well with our hypotheses regarding size and board structure of the banks. Additionally, Kiliç et al. (2015) use the definition, which as previously said has been the study that inspired this paper.

3.1.2 CSR Disclosures

CSR disclosures include information from companies about their activities, aspirations, and public image, regarding issues concerning the environment, the community, employees, and consumers (Gray et al., 2001). From such available disclosures, actors can distinguish what views companies have on CSR matters (Laine, 2010).

There are several reasons to why companies disclose information regarding these subjects. Branco and Rodrigues (2006) argue that one reason for companies is to legitimize their activities. According to both Williams and Pei (1999) and Siregar and Bachtiar (2010), another reason for companies is to enhance their public image and position. Cormier, Ledoux, and Magnan (2011) mentioned that one additional reason for disclosure is to promote relations with stakeholders, while disclosures also can reduce information asymmetry between the companies' managers and their stakeholders. Furthermore, both Williams and Pei (1999) and Cormier et al., (2011) argued that disclosures can promote customer, community and government relations.

Alniacik, Alniacik, and Genc (2011) concluded that successful and positive CSR disclosures can enhance a company's image by their stakeholders. However, they also concluded that negative CSR disclosures can adversely affect this image.

Brammer and Pavelin (2008) pointed out that even though there has been studies made on CSR disclosures, a number of them comes with some well-known limitations. They argued that there are difficulties both concerning the sampling and the measurement of the quality of the disclosures. Most often, the focus is on the largest companies, neglecting a large part of the business industry (i.e. smaller companies).

Both Patten (2012) and Boiral (2013) argued that some actions by certain companies are not aligned with what they say, which in turn results in disclosures that are vague and do not contain concrete plans and actions. Furthermore, in addition to being vague, there are concerns that CSR disclosures simply is executed as a marketing tool since it is expected of companies in order to be perceived as credible and legitimate in the eyes of the society. Kolk (2003) agrees and argues that disclosures expresses plans and intentions "without any real substance".

According to Porter and Kramer (2006), CSR communication in the form of disclosures is regarded as superficial. Meanwhile, Cloud (2007) and Newell (2008) describes CSR disclosures as a tool that is used to counter any criticism and give false impressions that companies are legitimate and have nothing to hide. Jahdi and Acikdilli (2009) describes disclosures as a "corporate spin" that is used to gain legitimacy. In addition to companies using disclosures to legitimize themselves, Banerjee (2008) refer to the expressions of disclosures as nothing more than symbols that is "intended to consolidate the power" of large companies. Furthermore, some companies engage in CSR reporting mainly to protect their own skin and interests (Milne and Gray, 2012).

3.2 CSR in the Banking Industry

The research conducted on CSR is extensive, however, the banking industry is often excluded from the studies (Cormier and Gordon, 2001; Monteiro and Aibar-Guzmán, 2010; Siregar and Bachtiar, 2010). Both Khan, Islam, Fatima, and Ahmed (2011), and Kiliç et al. (2015) argued that the gap is a consequence of the general perception that the banks have limited contribution to various environmental and social issues (e.g. pollution or product safety).

Contrary to this general perception, banks do have an important role to play since they finance other companies with activities that affects the overall environment and the society. Banks both indirectly foster other companies' negative impact on the environment by granting them finance (Simpson and Kohers, 2002), and directly by e.g. utilizing energy and producing waste (Branco and Rodrigues, 2006). According to Achua (2008), banks also have a crucial role in socio-economic development of countries. Wu and Shen (2013) claimed that banks have an essential importance amid a financial crisis.
As a result, nowadays most banks tend to include information regarding mentioned aspects in their CSR disclosures. For instance, information regarding the banks' efforts in energy conservation and waste policies are common features in the banks' CSR reports (Branco and Rodrigues, 2006). According to Khan (2010) banks often disclose actions to e.g. restrain poverty and unemployment, as well as their overall contributions to the society, in an attempt to legitimize their existence.

Barako and Brown (2008) claim that the perception of banks as not contributing to social and environmental issues has now changed. Because of this, most banks are now presenting information regarding their impact and actions regarding CSR. Common platforms for these disclosures are annual reports and sustainability reports. (Scholtens, 2009)

3.3 Laws and Regulation

In 2014, the European Union passed through the new European Directive 2014/95/EU. The directive outlines the rules on how large companies shall disclose their non-financial and diversity information (Directive 2014/95/EU of the European Parliament and of the Council). The Directive is part of a bigger movement from the EU regarding CSR. The ambition is to meet the Europe 2020 objectives (regarding employment, climate change and energy, education, poverty and social exclusion), as well as to help relevant stakeholders in their assessment of companies non-financial performance. The European Commission identified the need for a legislative proposal to raise the level of undertakings in disclosure of social and environmental information. The Directive categorizes large companies as public interest entities with 500 or more employees. (Directive 2014/95/EU of the European Parliament and of the Council)

In Sweden, the government adopted the Directive effectively from 1st of December 2016, thus, making it mandatory for the concerning companies to apply the law from the financial year after the 31st of December 2016 (Prop. 2015/16:193). One notable change that the Swedish Government decided to implement differently than from the EU Directive was that instead of 500 or more employees, the Swedish law will count for all companies with 250 or more employees, which will affect 1600 Swedish companies (Dagens Industri, 2018). Furthermore, in addition to the requirement of 250 employees, companies that fulfill the requirement of either that the Balance Sheet Total has exceeded SEK 175 million for each of the last two fiscal years, or that Net Sales for each of the last two fiscal years have exceeded SEK 350 million has to comply with the law (Prop. 2015/16:193).

There has been criticism against the Swedish Government, specifically with regards to the lowering of employee requirement. The change has been deemed to significantly increase costs and limit the free will of companies (i.e. companies should themselves be able to determine how they will conduct their business), and concerns have been raised of that the positive effect for the society and stakeholders from the mandatory reporting are speculative. (Svenskt Näringsliv, 2015)
Certain Swedish Sustainability experts hope that in the long term, the new law will change how the companies disclose and report regarding their sustainability actions. As of now, there is criticism that many companies disclose vague statements instead of focusing on actions and plans (Dagens Industri, 2018).

3.4 Previous Studies

Siregar and Bachtiar (2010) conducted a study to investigate how different factors such as board size, foreign ownership and firm size affects CSR reporting. Their sample was collected from Indonesian companies, and they could conclude that a number of the investigated factors did indeed have effects on CSR reporting.
The above mentioned authors could conclude that board size had a positive relationship with CSR reporting. However, they noted that too large boards rather will have adversely impact, since they were found to make the monitoring process ineffective. A non-linear positive relationship was thus reported. Furthermore, firm size was found to be positively correlated to CSR reporting. A reason to this was, according to the authors, that larger companies have more resources to devote on CSR and social activities. Those companies also experience more

pressure to disclose on CSR than smaller companies. Moreover, the effects of profitability on CSR reporting was investigated. However, no correlation was found in this aspect. (Siregar and Bachtiar, 2010)

Kiliç et al. conducted a similar study as the above mentioned, however, they chose to focus explicitly on banks. They investigated the level of CSR reporting by Turkish banks throughout the years 2008-2012, and they continued to investigate the effects that ownership and board structure had on the level of CSR reporting. They classified and divided CSR disclosure into five different subthemes; Environment (ENVTOTAL), Energy (ENRTOTAL), Human Resources (HRTOTAL), Products and Customers (PCTOTAL), and Community Involvement (CITOTAL). (Kiliç et al., 2015)

In their study, the overall mean of criterions reported on was close to 40%. Regarding the level of CSR reporting over time, Kiliç et al. (2015) could generally see a significant improvement of the disclosures. The CSR reporting level did increase in all mentioned subthemes. PCTOTAL was most extensively reported on, both in 2008 and 2012. It increased from an average of around 65% of the criterions reported on to slightly over 70%. CITOTAL and HRTOTAL were both reported on to an average of around 40% in 2008, and both subthemes had increased to almost 55% in 2012. ENVTOTAL was in 2012 reported on to an average of slightly under 20%, which in 2012 had increased to around 35%. ENRTOTAL was the least thoroughly reported subtheme in 2008, and so was the case in 2012. It can though be noted that this is also the subtheme where biggest improvement was realized, as the average of criterions reported on was in 2012 over 20% (the corresponding number was around 5% in 2008). (Kiliç et al., 2015)
Moving on to the effects of ownership and board structure on the level of CSR reporting, Kiliç et al. (2015) could conclude some significantly relevant relationships between the said variables and CSR. They found that bank size had a significant positive effect on CSR. A weak positive effect of females on the board of directors on CSR was found. Board size was another parameter which they investigated. Here, no linear relationship was found, but a non-linear positive relationship between board size and CSR was found. (Kiliç et al., 2015)

Furthermore, some additional studies have touched on the subject of CSR disclosures and banks. Branco and Rodrigues (2008) found that bigger banks with greater visibility put greater emphasis on CSR disclosures than smaller banks with less visibility. Coupland (2006) analyzed CSR disclosures from five banks and concluded that as the attention and disclosures are increasing, the language in the reports is becoming increasingly important in order to convey the CSR message. Carnevale, Mazzuca, and Venturini, (2012) analyzed the impact and relationship between CSR and the value of European banks. They found that there was no significant correlation between the publication of a CSR report and the stock price. Wu and Shen (2013), on the other hand, found that CSR has a positive effect on various financial performance measurements such as return on assets, return on equity, net interest income, and non-interest income.

3.5 Hypotheses

In order to understand how certain factors might affect CSR disclosure by banks, we will in this paper construct and test three hypotheses. As mentioned, this thesis will aspire to investigate the correlation between the CSR disclosure with bank size, board size and board diversity.

3.5.1 Bank Size

Size is a frequent factor used in other studies to explain CSR disclosure behavior by companies. Company size generally affects CSR disclosure in a positive way (Gray et al., 1995b; Kiliç et al., 2015; Coluccia, Fontana, Solimene, and D'Amico, 2016).

Legitimacy theory contains some arguments with regarding size and its relationship with CSR disclosures. The bigger the company is, it attracts more public pressure, and thus, the company is poised to disclose CSR activities to become legitimate (Hackston and Milne, 1996; Qiu, Shaukat, and Tharyan, 2016). Bigger companies also attract more attention in terms of media coverage, policymakers, and regulators (Watts and Zimmerman, 1986). Therefore, bigger companies are exposed to both governmental and public regulatory bodies (Abbott and Monsen, 1979).

Size is also relevant when explaining CSR disclosure behavior in the sense that larger companies conduct more activities, their actions have a larger impact on the society, and they have a larger and more diverse set of shareholders and stakeholders that are concerned by their CSR activities (Hackston and Milne, 1996). Siregar and Bachtiar (2010) argued that the available resources for environmental and social activities are more extensive in larger companies, while Naser, Al-Hussaini, Al-Kwari, and Nuseibeh (2006) stated that larger companies also have more resources to analyze and present data regarding these activities than the smaller ones.

Size can be defined in several different ways. Kiliç et al., (2015) measured size of the banks based on number of branches. Qiu et al., (2016) measured size based on two measures, number of employees and net sales. In the study made by Coluccia et al., (2016), size was measured by total assets. This paper will measure bank size in line with Coluccia et al. (2016), and determine the size of the banks by the total assets. Because of large values, we will use "total assets (M EUR LN)" to measure bank size in this paper.

We pose the following hypothesis:
H1. The size of the banks has a positive effect on the level of CSR disclosures.

3.5.2 Board Size

The Board of a company and its directors is regarded as one factor that is important in terms of control mechanisms, i.e. making sure that there is proper management of the company (Said, Hj Zainuddin, and Haron, 2009).
The banking sector is complex and the boards of the banks have a major role in the controlling of behavior and strategy, given that competition is somewhat limited, there is intense regulation, and higher informational asymmetries (de Andres and Vallelado, 2008).

There are studies which have found both positive and negative effects of board size and performance (Rao, Tilt, and Lester, 2012). For increased CSR disclosure, most of the literature favor smaller boards rather than larger, simply because the disclosure of the CSR content requires intensive involvement, additional unanimity, productive communication, and coordination by the board members, which is less probable to be accomplished by larger boards (Rao et al., 2012; de Andres and Vallelado, 2008). Siregar and Bachtiar (2010) pointed out that neither very small boards nor very large boards will be ultimately effective, but that a large board will generally have a positive effect on CSR disclosure. Kiliç et al. (2015) confirmed these findings in their study.

We pose the following hypothesis:

H2. There is a positive relationship between the board size and the level of CSR disclosures.

3.5.3 Board Diversity

There has been quite a lot of debate regarding board diversity, which gender is one characteristic of (Rao et al., 2012). Both Rao et al. (2012) and Adams and Ferreira (2009) showed in similar ways how important gender diversity is and that women significantly contributes in the board of directors. Board diversity is said to increase independence of the board, increase quality of the decisions made, and contribute to the boardroom atmosphere (Kiliç et al., 2015).

Carter, Simkins, and Simpson (2003) argued that independence of the board increases with board diversity, simply because a heterogeneous board will ask questions that will not be asked in a homogeneous board. Furthermore, it has been argued that another positive effect of independent board members is that they are further interested in compliance with regulations and responsible behavior of the company (Zahra and Stanton, 1988). As a consequence, increased female representation on the board affect the accountability of the company positively, which results in an increase in the level of disclosure (Rao et al., 2012). Moreover, Torchia, Calabro, and Huse (2011) argued that the quality of decisions increases because the sheer number of alternatives that will be considered by women on a board is higher, since women are more diverse in their approach. Furthermore, an increased number of female board representation creates a better boardroom atmosphere, where the women represent soft values and women’s issues (Huse and Solberg, 2006).

There has been studies made which argues that board diversity potentially can influence financial performance and reporting (Carter et al., 2003; Rose, 2007). However, few studies has been made to investigate whether this carry over to non-financial performance and reporting (Rao and Tilt, 2016). Some of few studies which has been made on board diversity and CSR do indicate that diversity can have a positive effect on certain elements of CSR (Bear, Rahman, and Post, 2010; Post, Rahman, and Rubow, 2011; Williams, 2003).

We pose the following hypothesis:

H3. The female representation on the board of directors has a positive effect on CSR disclosure.

4 Method

This chapter will describe the methodology and method used in the study. It offer a description of the collected data and how it has been analyzed.

4.1 Methodology

This paper is a deductive study, as it is based on previous research and theories (Bryman, 2016). Several previous studies in the field of CSR reporting have been conducted under this approach as well (Campbell, 2000; Gray et al., 2001; Kiliç et al., 2015).

We have assessed our results in the light of stakeholder theory and legitimacy theory (which are described further under in 2). Moreover, we have analyzed and compared our work with similar previous studies in the field.

Furthermore, our research takes the form of a quantitative study. We have collected the data which we are analyzing from annual reports and CSR reports that have been released by the banks in our sample. Bryman and Bell (2011) states that using a quantitative research method is advantageous when comparing data throughout time, and that it helps the researcher to hold an external and objective view of what is being investigated.

An alternative approach that we could have taken is to conduct a qualitative study instead, for example by interviewing managers from the banks regarding their CSR reporting. That might have provided us with more detailed information, but issues would have arisen regarding the trustworthiness of the data. Furthermore, the comparison and implementation of the data would have been more complicated.

4.2 Method

This paper examines CSR disclosures by banks that are operating in Sweden, and seeks to relate the reporting level with certain variables regarding time, bank size, board size, and board diversity. The following sections describe the methods which we have used to collect and analyze relevant data to answer our hypotheses.

4.2.1 Sample Selection

We derived our sample of banks from a list of operating banks in Sweden that was obtained from thebanks.eu, which is an independent project that specializes in collecting and sharing information about the banking sector in European countries. This was thus our population (Anderson, Sweeney, Williams, Freeman, and Shoesmith, 2014).
The sample for this paper consists of 10 banks which have operated in Sweden during the years 2012-2016. The time period of five years has been chosen to capture the eventual progress on CSR reporting by the banks over time. At the time of the data collection for this paper, a number of banks had not published their relevant corporate reports for the year of 2017. Therefore, 2017 was excluded in this paper, and thus the time span of 2012-2016 was chosen.

To achieve homogeneous data, we have excluded investment banks from our sample. A number of banks were also excluded due to a lack of corporate reports. With these restrictions in mind, we ended up with a sample of 17 banks. From this we used judgmental sampling, which is a non-random sampling technique that is based on the researcher's knowledge (Malhotra and Birks, 2007). We picked a satisfactory sample of ten banks that fulfilled our mentioned criteria in the best way. The smallest observation in our sample was Forex Bank with total assets of 758 M EUR (2014), and the largest observation was Nordea (2012) with total assets of 677 420 M EUR (see Appendix 3). A list of the ten banks can be found under Appendix 5.

4.2.2 Data Collection

This section regarding the collected data is for simplicity divided in two parts. A consolidation of all the data can be seen in Appendix 3.

All of the corporate reports used to gather the data have been derived from each of the banks' own website. We used the software Adobe Acrobat Pro DC to scan and analyze the various documents, which includes advanced search functions that were helpful for scanning the reports for certain keywords.

4.2.2.1 CSR Reporting Levels

Content analysis is defined as "an approach to the analysis of documents and texts that seeks to quantify contents in terms of predetermined categories in a systematic and replicable manner" (Bryman, 2012). Content analysis has been used to investigate and quantify the CSR data in this paper. Berelson (1952) proposed that this is a good strategy to spot trends that occur over several years, and to simplify big amounts of data. Weber (1988) states that content analysis can be used to translate text and written content into quantitative data, and thus make it easier to analyze. Content analysis has been used in several earlier studies of non-financial disclosure behavior, including CSR reporting (Deegan and Gordon, 1996; Campbell, 2000; Gray et al., 2001).

The CSR data is gathered from the banks' annual and/or sustainability reports. As mentioned, a similar study to this paper was conducted by Kiliç et al. in 2015. To be able to quantify the level of CSR reporting conducted by the banks, we will utilize the CSR Disclosure Scoreboard that was put forward in their study. The usage of disclosure scoreboards have also been applied by other researchers within the field of CSR (Gamerschlag, Möller, and Verbeeten, 2011; Bravo, Matute, and Pina, 2012).
The scoreboard for this study is divided into five subthemes, which are: Environment, Energy, Human Resources, Products and Customers, and Community Involvement. We have in total identified 52 items/criterions for all of the subthemes, which have been used to assess the banks' CSR reporting levels (a list of the items/criterions are presented in Appendix 1).

The corporate reports were first read through and studied in general, but with careful consideration regarding the mentioned five subthemes in the scoreboard. The reports were then analyzed to see if the items in our Scoreboard existed or were absent in the various reports. As in the study by Kiliç et al. (2015), we have used binary variables to quantify the information from the reports that we analyze. For each of the items, we either assigned a value of "1" or "0". The value of 1 was assigned if the item existed in the report, and the value of 0 was assigned if the item was absent. Both authors of this paper analyzed and marked the corporate reports separately according to the disclosure scoreboard. Next, we discussed the results and agreed on the few doubtful situations which we encountered (e.g. disagreement over whether an item did exist or not in a certain report). This was done to ensure that reliability of the results was met, given that there might have been some bias towards certain banks and their reports. The same strategy have been used in prior research where disclosure scoreboards have been utilized (Nielsen, Rimmel, and Yosano, 2015).

First, we tried to analyze the corporate reports through keywords to save time and effort. However, this seemed like a flawed method which caused certain existing items to be neglected. Therefore, we changed our strategy. We first generally scanned and reflected on each corporate report beforehand to get a rough idea of its construction. It was clear that the majority of the reports had sections concerning most of our subthemes. These sections were then carefully read through. Lastly, we read and analyzed the remaining content to see if it contained additional items, or if these items were absent. This strategy substantially increased the time spent on each bank, but it ensured a credible collection of data.

4.2.2.2 Bank Size, Board Size, and Board Diversity

The annual reports from the banks have been the foundation for the collection of information regarding bank size, board size, and board diversity. As mentioned under section 3.5, bank size was measured by total assets (EUR M LN), board size was measured by the number of directors on the board, and board diversity was measured by number of female directors on the board.

When collecting data on total assets, one major issue was the inconsistency in currencies used by the various banks. The numbers were also expressed in different ways (such as "M SEK", "T EUR", and "M NOK"). The expressions even varied throughout the years for the same banks. We overcame this problem by translating this parameter for all banks and years into M EUR. The exchange rates which we used were taken from the European Central Bank (2018) (see Appendix 2).

For board size, all ordinary board members which were included in the annual reports were also included in our study. One issue that we overcame was regarding if we should include work representatives or not. We decided to not do so, as not all banks included this in their annual reports.

Number of female board members was the least problematic part to collect. We used the same criteria as for board size, but here we only included the female directors.

4.2.3 Data Analysis and Interpretation

After collecting the relevant data, we moved on to compilation and analysis of this data. We constructed CSR reporting indexes, performed a pearson correlation analysis, and finally, we conducted a linear regression analysis.

4.2.3.1 CSR Reporting Indexes

After analyzing the banks' various corporate reports in accordance with the mentioned scoreboard, we calculated the number of 1's and 0's for each bank, subtheme, and year. We calculated the percentage of 1's for each bank and year, both in total and individually for the mentioned subthemes. This was compiled and organized in the computer program Microsoft Excel.

The percentage of criterions reported on by all banks together, both in total and individually for each subtheme (see Appendix 4), was compiled into two graphs (Figure 1 and Figure 2, see section 5.2). With these two graphs, we will analyze the development of CSR reporting levels throughout time, both in total and for the individual subthemes.

4.2.3.2 Pearson Correlation Analysis

We used the ratio "average percentage of criterions reported on for each bank and year" to assess the CSR reporting level for each observation, where higher values indicates higher reporting levels. Kilic et al. (2015), whose data was collected using the same framework as ours, used the same strategy.

We continued to add the other variables that were investigated to our excel-sheet, which as mentioned are: total assets (EUR M LN), number of directors on the board, and number of females on the board (see Table 1).

Table 1: Example of data – Pearson Correlation Analysis

Bank	CSR %	TOTAL_ASSETS	SIZE_BOARD	FEMALE_BOARD
Avanza Bank	25,000%	8,5693	7	2
Avanza Bank	25,000%	8,7629	6	2
Avanza Bank	25,000%	8,8769	8	3
Avanza Bank	25,000%	9,1741	8	3
Avanza Bank	28,846%	9,2623	7	3
Danske Bank	48,077%	13,0543	8	1
Danske Bank	53,846%	12,9776	8	1
Danske Bank	59,615%	13,0472	8	1
...	...	...	...	...

We used this data to perform a pearson correlation analysis. In such an analysis, linear relationships between the different indicators are investigated (Anderson et al., 2014). We used the program IBM SPSS Statistics 25 to conduct this statistical test.

4.2.3.3 Linear Regression Analysis

The next statistical test which we performed was linear regression analysis. In this analysis, the impact that certain independent variables have on one dependent variable is measured. The strength and direction (positive or negative) of these impacts is also measured in this test. (Anderson et al., 2014)

In our case, the dependent variable is CSR and the independent variables are TOTAL_ASSETS, SIZE_BOARD, and FEMALE_BOARD.
Our model is stated as follows: $CSR = \beta_0 + \beta_1\, TOTA\_LASSETS + \beta_2\, SIZE\_BOARD + \beta_3\, FEMALE\_BOARD + \varepsilon.$

We included a time dummy to our data, in order to exclude the impact of time on the CSR Reporting Level (see Table 2).

Table 2: Example of data – Linear Regression Analysis

Bank	2012	2013	2014	2015	CSR %	TOTAL_ASSETS	SIZE_BOARD	FEMALE_BOARD
Avanza Bank	1	0	0	0	25,000%	8,5693	7	2
Avanza Bank	0	1	0	0	25,000%	8,7629	6	2
Avanza Bank	0	0	1	0	25,000%	8,8769	8	3
Avanza Bank	0	0	0	1	25,000%	9,1741	8	3
Avanza Bank	0	0	0	0	28,846%	9,2623	7	3
Danske Bank	1	0	0	0	48,077%	13,0543	8	1
Danske Bank	0	1	0	0	53,846%	12,9776	8	1
Danske Bank	0	0	1	0	59,615%	13,0472	8	1
...	...	...	...	...	...	...	...	...

The linear regression analysis was also conducted in the computer program IBM SPSS Statistics 25.

4.2.3.3.1 Limitations and Assumptions

Linear regression analysis is one of the most predominant statistical models used to check sets of data for relationships. Nonetheless, there exists certain limitations associated with this model. We are aware of these limitations, and have taken account of them when implementing and analyzing our results. Landau and Everitt (2004) list the most commonly argued assumptions and flaws, as follows:

First, linear regression analysis might not explain all of the variability of the dependent variable. A way of measuring the proportion of variability accounted for by the independent variables is to study the square root of the multiple correlation coefficient (indicated in Table 5 as “R square”). This indicator gives the proportion of the variability on the dependent variable which is explained by the model. It can also be said that this variable measures the “goodness of fit” for the model. In our case, R square = 0,646, which gives that 64,6 percent of the variation on the dependent variable (CSR) is explained by our model (see section 5.4). Furthermore, an assumption when using linear regression analysis is that the data is normally distributed. For this paper, we have not checked the data for normality.
Homoscedasticity is another assumption with linear regression analysis. This means that the variance of all independent variables shall be the same. If this assumption is violated to a significant extent, the goodness of fit (R square) might be overestimated. We have not checked our data for homoscedasticity.
Lastly, linear regression analysis does only measure the straight-line relationship between the independent variables and the dependent variable. Eventual non-linear relations are thus not discovered. (Landau and Everitt, 2004)

4.3 Reliability

The gathered information is secondary data found in the investigated banks’ annual and/or sustainability reports. The reports are considered as a reliable source of information, primarily since the information is disclosed for and scrutinized by various stakeholders that have expectations regarding CSR activities of the companies (Adebayo, 2000).

To increase the reliability of the gathered information, both authors analyzed the CSR disclosure items framework and together discussed the criteria of each item before collecting the data. The reports were then analyzed and marked separately by both authors. The collected data was then compared and any deviations were discussed and agreed on to achieve a valid set of data.

5 Empirical Findings

This chapter will present the findings from the compilation of the data and the conducted statistical tests.

5.1 Descriptive Statistics

Table 3: Descriptive Statistics

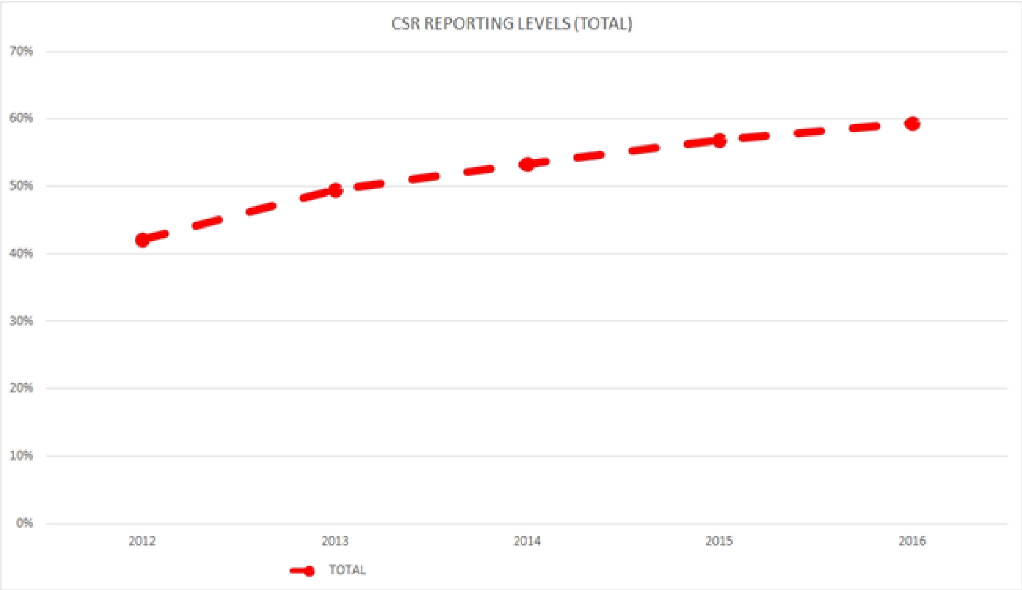
Descriptive Statistics					
	Minimum	Maximum	Mean	Std. Deviation	N
CSR	5,769%	76,923%	52,231%	0,1760	50
TOTAL_ASSETS (M EUR)	758,4318	677420	193071,3668	217025,7426	50
SIZE_BOARD	5	13	8,1600	1,6946	50
FEMALE_BOARD	0	6	2,4800	1,3738	50

As can be seen from Table 3, the banks have throughout the years reported information on all from 5,769% (minimum) to 76,923% (maximum) of the criterions. The mean of criterions reported on is 52,231%.

Furthermore, the total worth of assets (i.e. bank size) varies between roughly 758 M EUR (minimum) and 677 420 M EUR (maximum), which gives a broad spectrum of bank sizes. Moreover, boards with sizes ranging from 5 to 13 members have been identified. The mean number of board members is 8. The amount of female members on the boards varies from 0 to 6. The mean number of females on the board is close to 2.5.

5.2 CSR Disclosure Indexes

Figure 1: CSR Reporting Levels (total)



As seen in figure 1, it can be noted that the CSR reporting level has generally increased throughout the years. A positive trend can thus be spotted.

The overall development goes from an average of roughly 40% of criterions reported on in 2012 to almost 60% in 2016, which is an increase in almost 20 percentage points. Most massive improvement was realized between 2012 and 2013, as the average reporting level increased with almost 10 percentage points between these two years.

Figure 2: CSR Reporting Levels (subthemes)

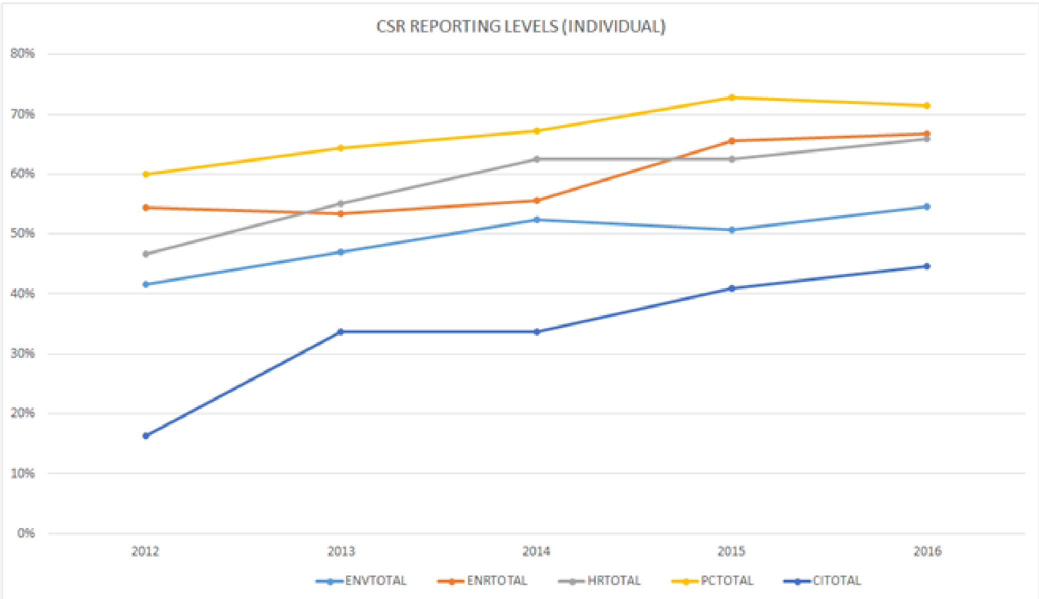


Figure 2 displays the development on the reporting of the individual subthemes. It can be observed how the reporting level differs greatly amongst the various subthemes.

PCTOTAL (Products and Customers) was the most thoroughly reported category in both 2012 and 2016. From an average of around 60% of criterions reported on in 2012, this average increased to become over 70% in 2016.
In the other end of the diagram, we could in 2012 find CITOTAL (Community Involvement). This category was far least reported on, with an average of under 20% of the criterions reported on by the banks. In 2016, this was still the least thoroughly reported category, however, this is also the individual subtheme where most progress has been made. In 2016, an average of almost 45% of the criterions concerning CITOTAL were reported on by the banks. This is an increase of almost 25 percentage points.
Moreover, massive development has occurred concerning the category HRTOTAL (Human Resources), which has caught up significantly with ENRTOTAL (Energy). In 2012, HRTOTAL had an average of around 45% of criterions reported on, while ENRTOTAL had an average of around 55%. In 2016, both these two subthemes were reported on to almost the same extent as PCTOTAL, and thus reached an average of close to 70% of criterions reported on.
Also the reporting of ENVTOTAL (Environment) has improved. In 2012, slightly 40% of the criterions concerning this category were reported on by the banks. This ratio had risen to about 55% in 2016.

Thus, all subthemes which we have investigated were reported on to a greater extent in 2016 than in 2012, and the development has hence been positive in all these areas.

5.3 Pearson Correlation Analysis

Table 4: Pearson Correlation Analysis

Correlations

		CSR	TOTAL_ASSETS	SIZE_BOARD	FEMALE_BOARD
CSR	Pearson Correlation	1	,636***	0,210	-0,112
	Sig. (2-tailed)		0,000	0,143	0,440
	N	50	50	50	50

***. Correlation is significant at the 0.01 level (2-tailed).
**. Correlation is significant at the 0.05 level (2-tailed).
*. Correlation is significant at the 0.1 level (2-tailed).

The first statistical test which we conducted was pearson correlation analysis. Here, linear relationships between the different variables and the strength of these relationship are investigated. The pearson correlation coefficient can take values between +1 and -1, where the first indicates full positive correlation and the latter indicates full negative correlation between the variables. A value of “0” indicates no correlation. (Anderson et al., 2014).
The significant relevance is assessed by a p-value, and can be measured on different levels. We have included p-values of 0.01, 0.05, and 0.1 in our model.

For our data, a positive linear relationship between CSR and TOTAL_ASSETS is found (63.6 percent; $p < 0.01$). For the other indicators (SIZE_BOARD and FEMALE_BOARD), we did not find any significant correlation at this point for any of the p-values which we included. (see Table 4)

5.4 Linear Regression Analysis

Table 5: Linear Regression Analysis – Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,804[a]	0,646	0,588	0,1130331
a. Predictors: (Constant), @2015, TOTAL_ASSETS, FEMALE_BOARD, @2013, @2014, @2012, SIZE_BOARD				

Table 6: Linear Regression Analysis - Coefficients

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	0,108	0,096		1,130	0,265
	TOTAL_ASSETS	0,046	0,009	0,624	5,464	0,000
	SIZE_BOARD	0,020	0,016	0,195	1,253	0,217
	FEMALE_BOARD	-0,062	0,017	-0,484	-3,545	0,001
	TIME CHECK yes					
a. Dependent Variable: CSR						

In a linear regression analysis, the impact that certain independent variables have on one dependent variable is measured. The strength and direction (positive or negative) of these impacts is also measured. (Andersonet al., 2014).

As already stated, the dependent variable is in our study CSR and the independent variables are TOTAL_ASSETS, SIZE_BOARD, and FEMALE_BOARD.

As can be spotted from Table 6, we found a positive effect on CSR by TOTAL_ASSETS. For each percent increase of total assets, CSR increased by 4.6 percent (p=0.01).
Moreover, for FEMALE_BOARD, we found a negative effect on CSR. For each additional female board member, the CSR reporting level decreased by 6.2 percent (p=0.01).
For SIZE_BOARD, no significant relationship was found for the p-values which we included. We can thus not spot any significant impact on CSR reporting levels by the board size of the banks.

By studying the R-square parameter in Table 5, it can be noted that 64.6 percent of the variation on the dependent variable (CSR) is explained by our model.

6 Analysis

This chapter will analyze and interpret the empirical findings to answer the hypotheses. Furthermore, the findings are connected and analyzed in light of the literature review and the theoretical framework.

6.1 Hypotheses Validation & Discussion

6.1.1 Bank Size

6.1.1.1 Validation

H1. The size of the banks has a positive effect on the level of CSR disclosures.

We proposed that the CSR reporting would be positively related to the size of the banks in our sample. Several previous studies argued equally (Gray et al., 1995b; Kiliç et al., 2015; D. Coluccia et al., 2016).
As mentioned, we found a positive linear relationship between CSR and TOTAL_ASSETS for our data in the pearson correlation analysis which were conducted. The linear regression analysis also proposed a positive effect on CSR by TOTAL_ASSETS.

From the information which were gained by these statistical tests, a positive relationship between the variables Bank Size and CSR can clearly be noted. Thus, H1 is supported.

6.1.1.2 Discussion

In comparison with the literature, our results are not surprising. Both Siregar and Bachtiar (2010) and Kiliç et al. (2015) could conclude the same in their studies, and there almost seems to be a consensus regarding this when it comes to the literature on CSR. We have not found any research suggesting the opposite, while several researchers agree with these conclusions. (Gray et al., 1995; D. Coluccia et al., 2016)

Our results can be explained in the light of legitimacy theory. Qiu et al. (2016) explained how bigger companies attract public pressure and are poised to conduct and disclose on various CSR activities, in order to become legitimate. Other researchers also pointed on the increased attention from media, policy makers, and regulators (Watts and Zimmerman, 1986) and governmental and public regulatory bodies (Abbott and Monsen, 1979). Moreover, Hackston and Milne (1996) described that larger companies do also have a larger and more diverse set of stakeholders that are concerned by their CSR activities. In accordance with Stakeholder theory, it could be argued that these companies therefore disclose more on CSR, to satisfy the needs of these stakeholders.

It is important to emphasize that larger companies have more resources available to devote on CSR activities, as explained by Siregar and Bachtiar (2010). An important aspect was presented by Naser et al. (2006), who stated that larger companies also have more resources to analyze and present that data regarding their CSR activities than smaller ones. We could clearly see this when we were analyzing the various corporate reports, as the reports from the larger banks often were both longer and included more graphical elements than the reports by the smaller banks.

If these banks actually hold better CSR performance is, however, not certain. It is important to bear in mind that the used framework in our thesis does not investigate actual CSR performance, but the level of CSR reporting. One possible limitation in this area could be that various banks (perhaps often the smaller ones) might conduct a series of CSR activities which is not disclosed in their reports.

6.1.2 Board Size

6.1.2.1 Validation

H2. There is a positive relationship between the board size and the level of CSR disclosures.

We proposed a positive relationship between CSR and the size of the board of directors. Previous studies in the field of CSR have argued both for and against this claim, which is elaborated on in section 3.5.2.

Unfortunately, the empirical findings do not provide us with any clarity in this issue. Neither the pearson correlation analysis nor the regression analysis indicates any significantly relevant relationship between board size and CSR.

Hence, under the given circumstances, H2 cannot be answered under the scope of this paper. Thus, H2 is not supported.

6.1.2.2 Discussion

As mentioned, the impact of board size on CSR disclosures have been heavily debated without any consensus in the literature. Siregar and Bachtiar (2010) argued that larger boards will influence CSR disclosures favorably, but adds that neither too small nor too large boards are desirable in this regard. Kiliç et al. (2015) came to the same conclusion in their study.
On the other hand, several other researchers claim that smaller boards are preferable, since extensive CSR disclosures requires intensive involvement, productive communication, and good coordination (etc.) in the board of directors, which is easier to attain in smaller boards (de Andres and Vallelado, 2008; Rao et al., 2012).
With this in mind, we do not find it surprising that we could not come to any clear conclusion in this matter. To some extent, however, our results confirm and explain the disagreement in the literature regarding this issue.

When analyzing the board sizes of the various banks throughout the years, we could see that most of the board sizes essentially stayed the same. The banks' boards neither increased nor decreased a lot in size from year to year. In some cases, we found that a bank's board composition almost seemed identical in 2016 and 2012. However, as described in section 5.1, there was a fairly big variety of board sizes in our sample.
The case may be that there really is no relationship between the size of the board of directors and the level of CSR reporting. However, there might also be a case where some relationship exists, but is not captured by the scope of this paper. For example, it may exist some non-linear relationship, as we have only tested our data for linear relationships. This was what Kiliç et al. (2015) concluded in their study. To investigate any possible non-linear relationships in the Swedish banking sector could be a suggestion for future research.

6.1.3 Board Diversity

6.1.3.1 Validation

H3. The female representation on the board of directors has a positive effect on CSR disclosure

We expected a positive effect of female representation on the board of directors. This claim was supported by other researchers in the field (Williams, 2003; Bear et al., 2010; Post et al., 2011). However, the empirical findings indicate the opposite. We did not find any significant correlation between FEMALE_BOARD and CSR in the pearson correlation analysis, but the regression analysis exhibited a significantly relevant negative effect of females on the board on CSR.

Thus, as we can note a negative effect on CSR by females on the board of directors, H3 is not supported.

6.1.3.2 Discussion

Compared to previous studies, our results are indeed remarkable. As elaborated on in section 3.5.3, women in the board of directors usually significantly contributes to the board (Adams and Ferreira, 2009). Carter et al. (2003) argues that board diversity fosters independence of the board, which itself in turn has been argued to increase the compliance with regulations and interest in responsible behavior by the company (Zahra and Stanton, 1988). Rao et al. (2012) argues that increased female representation on the board of directors improve both accountability of the company and disclosure levels.

That our findings straightly oppose all these arguments is indeed surprising, but it is not per se wrong. There might be a situation where actually diversity on the board of directors does negatively influence CSR disclosures in the Swedish banking industry. As mentioned, this is an area where little previous research has been conducted. However, there are other possible reasons as well. The banks with many females on the board of directors in our sample may be the banks with the lowest CSR disclosure level because of other reasons than just the female presence on the board.

When we gathered our data, we noted a general trend of an increased number of females on several of the banks' boards. This trend were observed in both absolute numbers and as a ratio relative to men in the boards. In our tests, we used the absolute number of females in the board of directors. We did additionally experiment and change this, by conducting the tests with the percentage of women on the board of directors instead. Also in this case, a negative relationship between females on the board of directors and CSR was shown.

We are aware of the fact that it is possible to conduct more advanced test than the ones which we conducted. A suggestion for further research could be to look closer into this issue, by for example looking on banks in other countries or to modify the set of statistical tests which we chose for this paper.

6.2 CSR Over Time

6.2.1 In General

The CSR reporting level has in this paper generally improved throughout the time period, from an average of roughly 40% of criterions reported on in 2012 to an average of roughly 60% in 2016. Hence, it is in line with the overall perception that companies are increasingly working with CSR, as well as in line with the objective of the European Commission of increased level of disclosures of social and environmental information. Furthermore, the results from this paper are in line with the reported results from the study made by Kiliç et al. (2015), where the overall CSR disclosure reporting level was growing as well. Thus, the Swedish banks are seemingly working and improving their CSR reporting. As the CSR reporting is increasing, the public image and position of the Swedish banks could increase as well (Williams and Pei, 1999; Siregar and Bachtiar, 2010). However, there is a lot of negative coverage in media regarding banks and the amount of money the banks and their directors make. This might influence the overall perception and image of the Swedish banks in a negative way, thus, spoiling the positive effect of increased CSR reporting. One additional reason as to why the CSR reporting is increasing could be that the Swedish banks wants to promote customer, community, and government relations (Williams and Pei, 1999; Cormier et al., 2011).

Even though the CSR reporting level for the Swedish banks has increased and is improving, there could be some issues regarding the quality of what the banks are reporting. Patten (2012) and Boiral (2013) argue for vagueness of the disclosures, which is important to keep in mind. It could be that the disclosures are without any real substance (Kolk, 2003) and have increased because the banks wants to legitimize themselves and that the larger banks wants to consolidate their power (Banerjee, 2008).

CSR disclosures can be used as a marketing tool. This is another factor that has to be taken into account. The increase of CSR reporting might be due to marketing reasons (Patten, 2012;

Boiral, 2013) as an intention to counter criticism and give false impressions to achieve legitimacy (Cloud, 2007; Newell, 2008).
We emphasize that this paper has not tried to investigate the quality of disclosures, and it is possible that the disclosures from the Swedish banks lack concrete plans and actions. This concern is further expressed by Swedish Sustainability experts, who expect that the new EU directive law that has been implemented by Sweden will increase the quality of the disclosures in the sense that they should contain more actions and plans (Dagens Industri, 2018). The effects of the new EU directive could be worth investigating in a future study. The new EU directive will affect the banks from 2017 and onwards, therefore, this paper is not taking that into account. We open up for this to be investigated in future studies.

The reporting level of CSR disclosures could be analyzed in the light of legitimacy theory. Both Smith (2003) and Carroll and Shabana (2010) mentioned that companies can engage in and report on CSR engagements in order to strengthen their legitimacy. It is possible that the Swedish banks use CSR disclosure reporting as a tool to increase their legitimacy and overall attractiveness. The pressure from the stakeholders and the society could mean that they indeed produce disclosures with an increased rate in order to meet these expectations. Likewise, the disclosures could lack quality in previously mentioned ways. However, this needs to be further studied and analyzed to make any conclusions with certainty.

In accordance with the views of Branco et al. (2008) and stakeholder theory, if the banks fail to successfully communicate information to their stakeholders, it could harm the legitimacy of the banks. The reporting has as mentioned increased, although the success of the communication lies beyond the scope of this paper.
The increase of disclosures could be seen as an increase in the dialog between the company and its stakeholders as mentioned by Gray et al. (1995a). To increase the success as a bank, it may be that the banks increase their disclosures to become more successful and credible in the eyes of the stakeholders and in accordance with the stakeholder theory (Garde-Sánchez et al. 2016).

As mentioned, Brammer and Pavelin (2008) raises criticism and concerns about sampling, where the focus is on large companies rather than including smaller companies is important to mention. This paper captures Swedish banks in different sizes, thus capturing the CSR reporting from both large and small banks.

6.2.2 Subthemes

PCTOTAL (Products and Customers) was the most thoroughly reported subtheme throughout the studied time period. This is in line with the study made by Kiliç et al. (2015), who also found PCTOTAL to be the most reported subtheme throughout in their study. We believe that quite often in business, what matters is the output (i.e. products), and the people interested in the output (i.e. customers). This could perhaps explain why the most reported subtheme is PCTOTAL. The banking industry, like any other industry, probably puts a lot of focus on products and customers, at least according to our results and the results by Kiliç et al. (2015).

ENVTOTAL improved from an average of around 40% of criterions reported on in 2012 to an average of 55% in 2016. This, on the other hand, is significantly higher than the results in the study made by Kiliç et al. (2015), who reported an average on ENVTOTAL of around 30%. ENRTOTAL increased from an average of around 55% of criterions reported on to an average of almost 70%, which is also considerably higher than the reported result by Kiliç et al. (2015), who reported ENRTOTAL at an average of around 30% of criterions reported on. One imaginable reason for the large difference could be that Sweden perhaps is more progressive in terms of environmental matters such as energy conservation and waste than Turkey. If that is true, it could be possible that the progressiveness would translate to the Swedish banking industry as well. Furthermore, according to Branco and Rodrigues (2006), environmental policies are common features disclosed by banks in their reports, which we can see is in line with this paper.

CITOTAL was of all subthemes the least reported both in 2012 and 2016. However, it increased most out of all subthemes with almost 25 percentage points from an average of around 20% of criterions reported on in 2012 to an average of around 45% in 2016. Kiliç et al. (2015) reported the result of CITOTAL to an average of around 50% of criterions reported on in 2012, which is a few percentage points higher than the result of this paper. The difference between the community involvement of Swedish and Turkish banks is notable in 2012, though it seems that Swedish banks are improving the community efforts in a good way. According to Khan (2010), banks often disclose community actions and contributions to the society in an attempt to legitimize their existence. To become legitimate in the eyes of society could be the reason for the increase in CITOTAL by the Swedish banks.

HRTOTAL increased from an average of around 45% of criterions reported on in 2012 to an average of almost 70% in 2016. That is substantially higher than in the study made by Kiliç et al. (2015), who reported HRTOTAL to an average of just above 50% in 2012. This seems in line with the perceived notion of respect and rights of the workers in Sweden (Windell et al., 2009). We generally have good employee-rights, which perhaps many other countries are lacking.

7 Conclusions

This chapter will summarize and conclude the effect that bank size, board size, and board diversity have on CSR reporting levels. Furthermore, the development of CSR reporting levels over time is summarized and concluded. Lastly, some general considerations and suggestions for future studies are presented, as well as a few words on ethics and society.

The purpose of this paper was to investigate Swedish banks' CSR disclosures by looking at the extent and trend of CSR reporting for the periods between 2012 and 2016. Furthermore, the impact of bank size, board size, and board diversity on CSR reporting by the banks was examined.

Regarding the impact on CSR by bank size, board size, and board diversity, we did find significant relationships in two of the three cases. We can conclude a positive effect on CSR by bank size, and a negative effect by females on the board of directors. Regarding board size, no significant relationship could be found.

Both the overall CSR reporting level (in total), and the reporting on all individual subthemes are increasing. This indicates that Swedish banks are putting serious efforts into CSR reporting. Moreover, further improvements and increases in the reporting levels can as well be expected due to the legislative actions from EU. Sweden has as of right now implemented a new law on CSR reporting, slightly tweaking the EU Directive to encompass a bigger range of companies. This could mean that even more banks are inclined to increase their CSR disclosures.

We have with this paper contributed to the existing foundation of research on CSR and the banking industry. Unlike previous studies in the area, we have focused explicitly on the Swedish banking industry. Furthermore, the various corporate reports which we have analyzed are up to date, and we can thus draw conclusions that are relevant.

7.1 Suggestions for Future Studies

Our thesis sheds light on a number of additional issues and areas to be investigated. Below, we have listed some suggestions for future studies to be conducted.

We only investigated linear relationships between the variables. This could possibly be one reason to why we did not find any relationship between CSR and board size. In a future study, other statistical tests that also account for non-linear relationships could be conducted to investigate this.

We have only investigated the Swedish banking industry. This makes it impossible for us to make any general conclusions outside the frame of our studied area. Thus, another suggestion for future research could be to conduct a similar study in other industries or countries. It would be interesting to see how the results from the Swedish banking industry compares to other industries.

We have only looked at the level of CSR reporting. The quality of the disclosures is not investigated or commented on in this paper. A question that arises is whether increased reporting level really increases the quality on the CSR activities by the banks.

Moreover, we use legitimacy and the desire to become legitimate in the eyes of the society as a driving force of the CSR reporting. It would be interesting to read a study that investigates how the society actually views the banking industry. This is another suggestion for future research in the field.

7.2 Ethics and Society

This paper has sought out to investigate the level of CSR reporting in the Swedish banking industry. An industry that more often than not is excluded due to the perception that banks have limited effect on CSR-matters. Thus, this paper is highly relevant and contributes to existing literature on CSR, as well as CSR in the banking industry. Furthermore, ethics is one area that is highly debated concerning the banking industry. Although not studied directly, this paper indirectly touches upon reporting on ethics, given that the information is contained within the data from the studied corporate reports. Another factor that has been investigated and that is highly relevant is board diversity. Board diversity and its effect on CSR reporting should be studied further, but this paper contributes to existing literature by examining a highly developed country with a progressive culture on gender-equality.

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Appendixes

Appendix 1: CSR Disclosure Items

CSR Disclosure Items	Explanation
Environment	
ENV1	Environmental policy statement
ENV2	Environmental goals and targets
ENV3	General environmental considerations (noise, air, water, visual quality)
ENV4	Environmental audit (reference to environmental review, scoping, audit, assessment including independent attestation)
ENV5	Environmental investment policies
ENV6	Environmental considerations in lending policies
ENV7	Environmental sensitivity in processes (waste, packaging, recycling, products and product development)
ENV8	Sustainability (any mention of sustainability or sustainable development)
ENV9	Environmental aesthetics (designing facilities harmonious with the environment, landscaping, contributions in terms of cash or art/sculptures, tree plantation etc.)
ENV10	Environmental training
ENV11	Environmental certification (ISO 14001 vs)
ENV12	Joint projects with other firms providing environmental management services
ENV13	Environmental awards
Energy	
ENR1	Disclosing the company's energy policies
ENR2	Voicing the company's concern about the energy shortage
ENR3	Energy conservation
ENR4	Energy of efficiency
ENR5	Utilization of waste materials
ENR6	Recycling and associated energy savings
ENR7	Efforts to energy consumption
ENR8	Increasing service efficiency
ENR9	Receiving an award for an energy conservation program
Human resources	
HR1	Employee health and safety
HR2	Employment of minorities
HR3	Employment of disabled people
HR4	Employee training
HR5	Employee assistance and benefits
HR6	Employee remuneration
HR7	Employee profiles
HR8	Employee morale
HR9	Relations with professional unions
HR10	Improvements to the general working conditions
HR11	Information on employee turnover
HR12	Information about support for day-care, maternity and paternity leave
Products and customers	
PR1	Explanations of major kinds of product/services
PR2	Service development and research
PR3	Service quality
PR4	Customer complaints/feedback/satisfaction
PR5	Consumer awards
PR6	Provision for disabled and aged customers
PR7	Provision for difficult-to-reach customers
Community involvement	
CI1	Donations to community activities and charitable bodies
CI2	Student employment
CI3	Support for education
CI4	Funding scholarship programs or activities
CI5	Sponsoring conferences, seminars or exhibits
CI6	Sponsoring sporting or recreational projects
CI7	Support for the arts and science
CI8	Supporting community self-help activities
CI9	Sponsoring public health projects
CI10	Supporting national pride/government sponsored campaigns
CI11	Supporting the development or local industries or community programs and activities

Appendix 2: Euro Exchange rates (2012-2016)

	EUR	DKK	NOK	SEK
2012-12-31	1	7,461	7,3483	8,5820
2013-12-31	1	7,4593	8,363	8,8591
2014-12-31	1	7,4453	9,042	9,3930
2015-12-31	1	7,4626	9,603	9,1895
2016-12-31	1	7,4344	9,0863	9,5525

* European Central Bank (2018)

Appendix 3: data (consolidated)

Bank	2012	2013	2014	2015	CSR	CSR %	TOTAL_ASSETS (EUR M)	TOTAL_ASSETS (EUR LN)	SIZE_BOARD	FEMALE_BOARD
Avanza Bank	1	0	0	0	13	0,25000	5267,5367	8,5693	7	2
Avanza Bank	0	1	0	0	13	0,25000	6392,8616	8,7629	6	2
Avanza Bank	0	0	1	0	13	0,25000	7164,4842	8,8769	8	3
Avanza Bank	0	0	0	1	13	0,25000	9643,7238	9,1741	8	3
Avanza Bank	0	0	0	0	15	0,28846	10532,9495	9,2623	7	3
Danske Bank	1	0	0	0	25	0,48077	467119,8231	13,0543	8	1
Danske Bank	0	1	0	0	28	0,53846	432621,9618	12,9776	8	1
Danske Bank	0	0	1	0	31	0,59615	463784,5352	13,0472	8	1
Danske Bank	0	0	0	1	32	0,61538	441250,7705	12,9974	8	1
Danske Bank	0	0	0	0	31	0,59615	468587,9156	13,0575	8	2
Forex Bank	1	0	0	0	3	0,05769	843,5790	6,7377	7	3
Forex Bank	0	1	0	0	5	0,09615	880,1219	6,7801	10	3
Forex Bank	0	0	1	0	12	0,23077	758,4318	6,6313	8	4
Forex Bank	0	0	0	1	18	0,34615	937,9654	6,8437	8	4
Forex Bank	0	0	0	0	26	0,50000	978,4826	6,8860	8	3
Handelsbanken	1	0	0	0	33	0,63462	278240,2703	12,5362	10	2
Handelsbanken	0	1	0	0	36	0,69231	281045,0271	12,5463	9	2
Handelsbanken	0	0	1	0	40	0,76923	299869,6902	12,6111	8	1
Handelsbanken	0	0	0	1	40	0,76923	274458,1316	12,5226	7	2
Handelsbanken	0	0	0	0	39	0,75000	275067,2599	12,5248	8	2
ICA banken	1	0	0	0	16	0,30769	1352,0291	7,2094	7	2
ICA banken	0	1	0	0	22	0,42308	1372,2458	7,2242	5	1
ICA banken	0	0	1	0	24	0,46154	1360,5669	7,2157	6	2
ICA banken	0	0	0	1	24	0,46154	1556,8952	7,3504	6	2
ICA banken	0	0	0	0	27	0,51923	1594,6611	7,3744	5	1
Länsförsäkringar bank	1	0	0	0	28	0,53846	22973,5726	10,0421	5	0
Länsförsäkringar bank	0	1	0	0	32	0,61538	24094,8629	10,0898	8	2
Länsförsäkringar bank	0	0	1	0	33	0,63462	24718,4286	10,1153	7	3
Länsförsäkringar bank	0	0	0	1	36	0,69231	27322,4332	10,2155	7	2
Länsförsäkringar bank	0	0	0	0	37	0,71154	28887,8409	10,2712	9	3
Nordea	1	0	0	0	23	0,44231	677420,0000	13,4260	9	3
Nordea	0	1	0	0	33	0,63462	630434,0000	13,3542	9	3
Nordea	0	0	1	0	34	0,65385	669342,0000	13,4141	8	4
Nordea	0	0	0	1	36	0,69231	646868,0000	13,3799	9	4
Nordea	0	0	0	0	36	0,69231	615659,0000	13,3304	9	4
Santander	1	0	0	0	30	0,57692	8025,3486	8,9904	7	0
Santander	0	1	0	0	31	0,59615	9011,8644	9,1063	7	0
Santander	0	0	1	0	31	0,59615	9471,3437	9,1560	7	1
Santander	0	0	0	1	32	0,61538	13072,4297	9,4783	7	0
Santander	0	0	0	0	34	0,65385	14144,0410	9,5570	8	1
SEB	1	0	0	0	30	0,57692	285883,9431	12,5633	11	3
SEB	0	1	0	0	34	0,65385	280483,7963	12,5443	12	4
SEB	0	0	1	0	36	0,69231	281193,0161	12,5468	11	4
SEB	0	0	0	1	32	0,61538	271610,4249	12,5121	11	4
SEB	0	0	0	0	33	0,63462	274341,3766	12,5221	13	6
Swedbank	1	0	0	0	18	0,34615	215211,0231	12,2794	10	4
Swedbank	0	1	0	0	23	0,44231	205529,5685	12,2333	10	4
Swedbank	0	0	1	0	23	0,44231	225838,0709	12,3276	9	4
Swedbank	0	0	0	1	33	0,63462	233838,0761	12,3624	9	4
Swedbank	0	0	0	0	31	0,59615	225511,9602	12,3261	8	4

* CSR = number of assigned 1's in accordance with section 4.3.2.1.

Appendix 4. Average percentage of items reported on (2012-2016)

	2012	2013	2014	2015	2016
ENVTOTAL	42%	47%	52%	51%	55%
ENRTOTAL	54%	53%	56%	66%	67%
HRTOTAL	47%	55%	63%	63%	66%
PCTOTAL	60%	64%	67%	73%	71%
CITOTAL	16%	34%	34%	41%	45%
TOTAL	42%	49%	53%	57%	59%

Appendix 5: Sample of banks operating in Sweden (2012-2016)

Bank name
Avanza Bank
Danske Bank
Forex bank
Handelsbanken
ICA banken
Länsförsäkringar bank
Nordea
Santander
SEB
Swedbank

Appendix 6: Abbreviations and Explanations

Abbreviations	Explanation
BANK_SIZE	Total assets (M EUR LN)
BOARD_SIZE	Number of directors on the board
FEMALE_BOARD	Number of female directors on the board
ENVTOTAL	Criterions on "Environment"
ENRTOTAL	Criterions on "Energy"
HRTOTAL	Criterions on "Human Resources"
PCTOTAL	Criterions on "Products and Customers"
CITOTAL	Criterions on "Community Involvement"