DIVULGING HARD ASPECTS OF SOFT LAW

A CASE STUDY OF HOW A DEBT COLLECTION COMPANY ENGAGES IN CSR DURING TIMES OF RECESSION

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Bachelor Thesis
Stockholm School of Economics, 2022

Divulging Hard Aspects of Soft Law

Abstract:

During recession companies are presumed to act defensively, and research on the financial crisis 2008 suggests that the extent of CSR initiatives substantially decreases during macroeconomic turndown. Simultaneously, a growing amount of people become financially fragile, placing increased pressure on the CSR work of debt collection companies. Society is likely entering a new recession in 2023, but it is not evident that companies will act congruently to what previous research on CSR suggest. Due to the (i) increased centrality of CSR and (ii) non-cyclical nature of debt collection companies, the research on strategic CSR choices made by debt-collection companies during an anticipated recession is inadequate. The following research paper thus investigates this phenomenon by 11 interviews combining historical and current data with future anticipations. The case study was conducted on a leading debt-collection company, complemented by a benchmark and external stakeholder perspectives as further means to validate the results.

Stakeholder theory was used to understand industry dynamics. These findings were subsequently applied as foundation for the restructuring of Köse and Yelkikalan's model of crisis impact on CSR (2012). The results suggest that integrated social dimensions of CSR investments will be kept to a larger extent than what previous research indicate. Arguing that CSR may no longer be considered a fully optional undertaking, this thesis questions traditional models and propose a contemporary approach towards them. Lastly, it provides new industry specific perspectives on how to navigate CSR initiatives under the intensified resource constraints implied by a recession.

Keywords:

Debt collection, non-cyclical industry, sustainability, CSR, recession

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Bachelor Thesis
Bachelor Program in Management
Stockholm School of Economics

Acknowledgements

We would like to convey sincere gratitude to the people who made this bachelor thesis possible. Firstly, we would like to thank our supervisor Max Jerneck for his support in the research process. Secondly, the supervisory group proved invaluable with their feedback and contributions. Lastly, we would like to express our gratitude to the people who participated in the interviews.

Anna and Grete

Table I. Definitions

Concept	Definition
Debt collection industry	The industry which manages credit defaults by recovering overdue debts.
Customers	The debtors.
Suppliers	The banks that sell the credit portfolios.
Collection level	The fraction of a total debt that is repaid.
Under collection	The difference between a realized low collection level and the forecasted level.
Collection fee	The fee that is added on an initial debt when sending out an invoice or payment reminder.
Secured portfolio	Portfolios consisting of credits secured by collateral.
Non-secured portfolio	Portfolios consisting of credits without collateral.
Affordability analysis	A legally regulated procedure estimating how large repayment proportion of a debt that is reasonable to demand. The collector is not allowed to demand a larger re-payment proportion than the outcome of the affordability analysis.

Table II. Abbreviations

Abbreviation	Definition
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
NGO	Non-Governmental Organization
SDG	Sustainable Development Goal
CEO	Chief Executive Officer
SME	Small and Medium-sized Enterprises
GDP	Gross Domestic Product
IRR	Internal Rate of Return

EBT	Earnings Before Tax
ROE	Return On Equity

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1. Introduction

1.1 Background

The concept of corporate social responsibility (CSR) has been strongly debated and gained significance in the corporate discussion, as demanded by many stakeholders (De Geer et al., 2021). Although many benefits of CSR have been recognized, it often includes large costs, and some research suggest that CSR negatively impact financial performance in the short run (López et al., 2007). During times of macroeconomic turndown, it is presumed that companies act more defensively and conservatively (Cheney & McMillan, 2009). Consequently, they struggle with contradictory expectations of various stakeholders and may decide to abolish CSR activities. Research has found that the level of CSR commitments decreases during times of recession (Karaibrahimoglu, 2010).

The most recent prognosis from Konjunkturinstitutet suggests that Sweden will enter a recession in 2023 (Konjunktursinstitutet, 2022). Similarly, the Swedish minister of finance, Elisabeth Svantesson, confirmed that the government is expecting a recession in 2023 (TT, 2022). Society is already experiencing an increase in inflation and interest rates (Konjunkturinstitutet, 2022). Hence, previous research suggests that the general level of CSR activities will decrease (Karaibrahimoglu, 2010).

Today, more than one third of European households are considered financially fragile and unable to handle unplanned expenses. Moreover, the European population is becoming increasingly indebted (Intrum, 2021). As inflation and interest rates increase, households' real income will decrease (SEB, 2022). The debt collection industry manages non-performing loans, and the number of credit defaults generally increase during macroeconomic turndown (Hofbauer, 2020). It is therefore not evident that the industry adheres to the same cyclical pattern as the rest of the economy. Additionally, it is highly criticized for making money on financially fragile people, hence often portrayed negatively in the media (Neurath & Hedelius, 2015). In 2018, stricter industry legislation led to growing awareness of CSR practices, having made it an important legitimacy requirement. Ethical responsibility is not a new phenomenon, but have more recently become an important branding component. This is explained by the significance ethics have in the eyes of the large banks, due to increased pace of information flows and media coverage of the industry.

1.2 Prior research and research gap

The research on the relationship between economic turndown and CSR initiatives is non-comprehensive (Köse & Yelkikalan, 2012). Some quantitative studies have been conducted on CSR in times of recession. However, industry-specific research is lacking. It is not obvious that the debt collection industry follows the same patterns as the findings in previous research, due to the following reasons:

i. Debt collection companies earn money on people being unable to pay their loans and expenses (Neurath & Hedelius, 2015). Economic turndown generally decreases peoples' payment ability, consequently leading to an increased number of errands (Hofbauer, 2020).

ii. The debt collection industry is highly criticized, argued to take advantage of financially vulnerable people (Ternby & Andersson, 2020). Hence, ethical concerns and reputation management have become core matters.

iii. The suppliers are usually large, international banks. They have high power in relation to the debt collection companies. The banks themselves are highly focused on reputation management throughout their supply chain, and are therefore cautious about to whom they sell debt portfolios.

iv. The previous research examines how CSR was affected by the financial crisis 2008. However, there are significant differences between the situation in 2008 and the anticipated 2023 crisis. During the financial crisis of 2008, inflation did not increase significantly, and the central bank lowered the policy interest rate (Ohlin, 2018). On the contrary, society is currently facing a situation of increasing inflation and interest rates. Increased inflation and high interest rates negatively affect peoples' repayment ability, directly impacting debt collectors' revenues. Therefore, it cannot confidently be assumed that companies will act congruently with their actions during the crisis of 2008.

v. The importance of CSR has grown stronger in the corporate discussion during the last decade, thus decreasing the transferability of prior research on future events.

It can hence be concluded that there is a research gap concerning debt collection companies CSR activities in times of an anticipated recession in 2023.

1.3 Aim

The aim of the research paper is to gain deeper understanding of how a debt collection company's approach to strategic CSR practices is affected by an anticipated recession. As existing literature is insufficient, the aim is to mitigate the prevailing uncertainty regarding the sensemaking that ultimately paves way for strategic CSR choices, when facing the resource constrains that a recession may bring.

1.4 Research question

What are the effects of recession on a debt collection company's approach to CSR practices?

1.5 Delimitations

The thesis will exclusively focus on social and economic sustainability. Environmental sustainability is excluded due to the nature of operations within debt collection companies, providing a service rather than product, thus making it less relevant for the subject matter. Moreover, the findings are limited to Swedish companies, however with operations across the European continent.

2. Literature review

2.1 CSR

2.1.1 The emergence of CSR

Debates on CSR have been characterized by discussion on companies' responsibility to society and the environment. Traditional scholars argue that companies best contribute to the development of society by turning a profit and securing financial growth. By doing so, companies secure employment, production of useful products and services, and pay taxes (Friedman, 1970). However, after the second world war, it became apparent that the short-term and one-sided focus could no longer be the norm. Researchers such as Edward Freeman argued that companies must create value for more stakeholders than just shareholders, emphasizing the mutual dependency between stakeholders, companies, and society. Therefore, debates on shareholder versus stakeholder value became topical (De Geer et al., 2021). The stakeholder approach is a prerequisite of the concept of CSR, defined by the European Commission (2001) as *"...business-led voluntary integration of social and environmental concerns in their operations and cooperation with stakeholders."* CSR is encompassed by three components, required to be integrated throughout operations to achieve sustainable development. These are environmental, economic, and social aspects (De Geer et al., 2021).

Expectations on companies' social responsibilities are not new. It was first recognized in literature during the 1930's. However, CSR has gained increased attention during recent years. Expectations on companies adapt in accordance with societal development and norms. Consequently, the conceptual understanding of CSR is under constant construction (Latapi Agudelo et al., 2019).

2.1.2 CSR and the recession 2008

A study conducted by Karaibrahimoglu (2010) examined the impact of the 2008 financial crisis on CSR initiatives. 100 companies listed on Fortune 500 were examined. The findings showed a major decrease in both the number and extent of CSR initiatives. Among the examined companies, the average level of CSR initiatives decreased by 35,7% in 2008 (Karaibrahimoglu, 2010). A second study looking at how CSR changed in publicly listed European companies due to the economic crisis in 2008, also found a substantial decrease in expenditure for CSR purposes. It was concluded that the social aspect of CSR was mostly affected. Furthermore, philanthropic activities were affected to a higher extent than key activities integrated in the operations (Klára, 2011).

After the financial crisis, many companies shifted from a reactive to a proactive approach towards CSR. A broader understanding of CSR emerged, in which companies focused on integrating the practices in business operations. This was done to enhance competitiveness during financial instability. Furthermore, it was concluded that CSR does not only imply costs or burdens, but can support companies in times of crisis, for instance through enhanced reputation (Klára, 2011).

CSR is described by many companies as a key strategic objective. However, CSR is often considered a peripheral and discretionary undertaking. Therefore, CSR expenses are commonly reduced during recession, as it can mitigate the decline in profitability. During the financial crisis, many described CSR as an "unaffordable luxury", and companies were recommended to limit financial spending to core activities crucial for survival (Good et al., 2019).

2.1.3 License to operate

Companies cannot solely do what is required by law. Instead, organizations are expected to take a wider number of stakeholders into account. These interact and together provide expectations on what the company should do to gain legitimacy. This legitimacy grants a license to operate. Companies lacking a license to operate are not viewed as trustworthy actors and will thereby not be able to operate in the market (De Geer et al., 2021).

2.1.4 Sustainability and profitability

Research on the connection between sustainability and profitability show contradictory results. On the one hand, there are increasing requirements on companies to act sustainably- from customers, business partners, investors, and creditors. This increases chances of sustainability efforts being rewarded, consequently driving profitability. A survey by Ehrgott et al. (2011) showed that companies who were good at social responsibility often represented more well-managed firms. On the other hand, sustainability initiatives may require high upfront costs, resulting in negative effects on profit in the short run (De Geer et al., 2021).

Porter and Kramer (2011) argue that a company's financial objectives can be unified with value creation for society. To achieve both objectives simultaneously, the capitalistic system must find ways to create shared value for society and companies. The most efficient way to do this is by integrating sustainability efforts into current operations, as well as new innovations of social responsibility in business operations. They suggest a model where companies focus on their current expertise in creating products and services that meet human needs, in this way ensuring jobs and welfare. However, in the longer term, companies should aim at creating shared value for the company and society (Porter & Kramer, 2011).

2.2 The debt collection industry

The debt collection industry manages non-performing loans and are the actors in between the credit provider and the enforcement authority. Debt collectors can operate in two ways. Some debt agencies are consulted by companies in order to recover payments owed on delinquent accounts, in exchange for a proportion of the collection amount or a fee. Other debt collectors purchase portfolios of non-performing loans from banks at an amount below its face value, and attempt to collect a larger proportion of the credit than the purchasing price (Kagan, 2021).

According to Kronofogden, the debt collection industry can be seen as problematic (Ternby & Andersson, 2020), and has earned a negative reputation by making profits on indebted people. When an errand is handed over to the bailiff, an additional fee of approximately 800 sek is imposed on the already indebted person. Hence, some argue it becomes nearly impossible for debtors to repay their initial debt. Members of the Swedish parliament criticized the industry in 2008, and suggested easing of the debtor's liability, instead placing more responsibility on the credit providers (Neurath & Hedelius, 2015).

2.3 Household economy in recession

Recession often brings staggering inflation, increased interest rates and unemployment, having a disastrous impact on many households. Financially fragile people are often excluded from affordable financial services, and therefore must choose more expensive ways of accessing debt. This has a destructive impact on households' economy, as financial exclusion can lead to difficulties in building a credit record, opening a savings account, and potentially experiencing difficulties in finding employment and rental leases (Intrum, 2021).

3. Theoretical framework

3.1 Theory usage

Company resources are assumed to be limited, further reinforced in times of macroeconomic turndown. In these situations, pressure on efficient allocation of resources increases, and companies are likely required to prioritize among different stakeholders and their interests. To reveal the macroeconomic effect on sustainability efforts within debt-collection companies, it is thus necessary to identify the most important stakeholder groups, their interests and power. Secondly, these specific insights need to be combined with theory on how companies generally prioritize CSR initiatives, and the impact that recession has on these efforts.

3.2 Stakeholder theory

A stakeholder is defined as anyone who can affect or is affected by an organization's decisions. Stakeholder theory suggests that an organization has responsibilities attributed to all its stakeholders (Phillips & Freeman, 2003). Therefore, it pertains to the dimensions of power and vulnerability, implying that the actions of an entity will differ depending on whom they choose to prioritize. A power conflict between various stakeholders may exist, and usually stakeholders with high level of power warrant more attention from the strategic apex (De Geer et al., 2021).

Like any other company, debt collection companies have numerous stakeholders with differing interests to consider. Recession brings intensified resource constraints and growing discrepancies among stakeholders' interests. For example, investors demand financial returns, whereas debtors require ethical and eased repayment plans. Intensified resource scarcity may ultimately result in difficulty maintaining financial profitability combined with regular CSR investment. Simultaneously, deviations from competition neutral sustainability practices places the company's trustworthiness and license to operate at risk (De Geer et al., 2021).

3.3 Köse and Yelkikalan's model of crisis impact on CSR

Köse and Yelkikalan's model of crisis impact on CSR (2012) has been used to understand the different components of CSR and the impact that recession has on them. The model is an extension of Carroll's CSR pyramid (1991).

3.3.1 Carroll's CSR pyramid

According to Carroll (1991), society has economic, legal, ethical, and philanthropic expectations on companies. Together, these constitute the foundation of responsibilities that businesses have towards society, which is encompassed by CSR. Firstly, economic responsibility is a prerequisite for a business to exist since profitability is required for long-term survival. Secondly, society regulates businesses through legislation, which they are required to adhere to. Furthermore, most businesses today are expected to invest in activities beyond those regulated by law, known as ethical responsibilities. Lastly, many businesses also engage in activities which are voluntary or discretionary, thus taking philanthropic responsibility. The model is shaped as a pyramid to illustrate the relative importance attributed to each of these elements. However, it should be interpreted as a unified whole (Carroll, 1991).

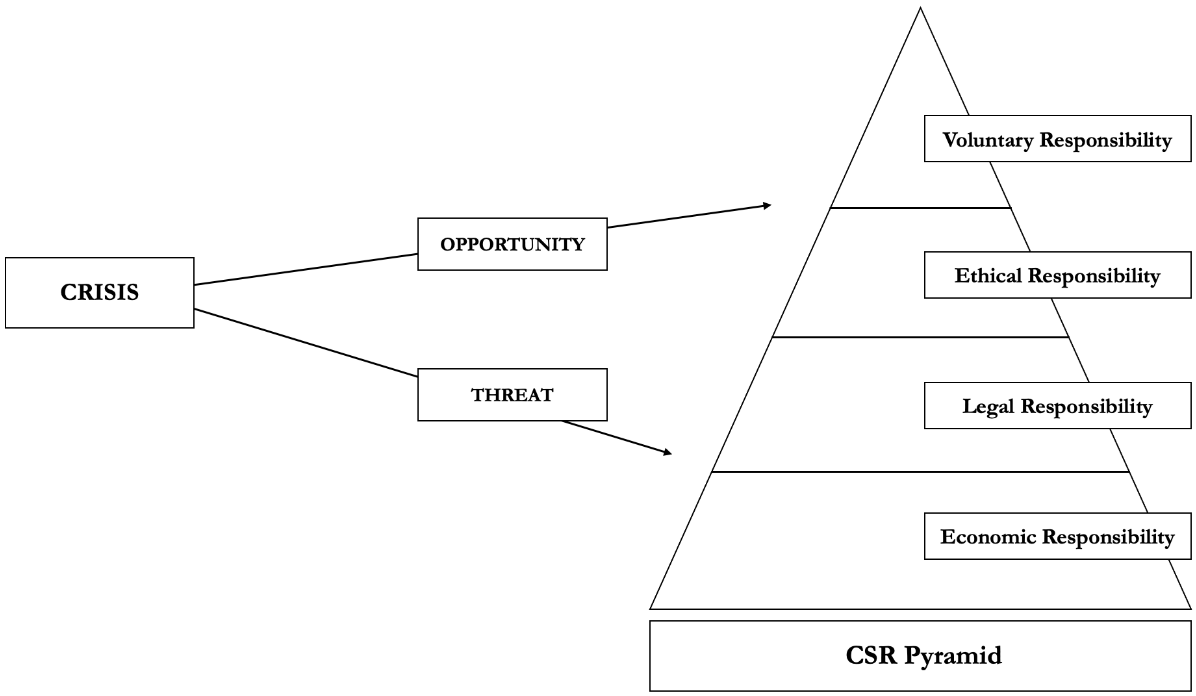
3.3.2 Köse and Yelkikalan's model of crisis impact on CSR

Köse and Yelkikalan's model of crisis impact on CSR (2012) was developed after the financial crisis 2008 and suggests that recession poses a threat to all dimensions in Carroll's CSR pyramid (1991). It is argued that "if economic crisis creates an environment that threatens the survival of businesses then businesses will prioritize those actions aimed at survival." However, they recognize opportunities to be captured in the two top levels if companies continue to invest in these. During times of crisis, the necessity of social responsibility is intensified, increasing the likelihood of such behavior to be rewarded. Therefore, while acknowledging the threat to all levels, Köse and Yelkikalan (2012) suggest companies to continue investment in the two top levels throughout the time of crisis, as it can create new business opportunities.

Köse and Yelkikalan's model suggests two propositions:

i. Proposition 1: The crisis poses a threat to the responsibility dimensions located at the base of the CSR pyramid.
ii. Proposition 2: The crisis poses an opportunity for the responsibility dimensions located at the top of the CSR pyramid.

Figure I: Köse and Yelkikalans model of crisis impact on CSR



3.4 Theory discussion

One of the most prominent critiques against stakeholder theory is presented by advocates of shareholder value. They argue that businesses should primarily attend to shareholder interests by increasing the value of investment, compensating for their financial risk (Friedman, 1970). This approach would thus imply that the dimensions of power and vulnerability attended to in the stakeholder theory are irrelevant, since businesses should ultimately prioritize their shareholders. However, the shareholder approach is often labeled as excessively conservative and thus outdated (De Geer et al., 2021). Today, it is evident that a business's profits are dependent upon its reputation, implying that a broader number of stakeholder interests are considered necessary in creating shareholder value. Due to the poor reputation of the debt collection industry, reputation management and ethical concerns have gained importance. Therefore, stakeholder theory is valuable in revealing the actual prioritizations made by debt-collection companies with regards to CSR.

Arguably, Carroll's CSR pyramid (1991) gives an excessively simplistic view of the order of responsibilities that businesses will have to attend to. One may claim that a ranking of responsibilities violates the nature of the company, since choosing between for instance economic or legal commitments is practically not possible. Despite this, Carroll's pyramid (1991) proves valuable in identifying the effect that different stakeholders and their respective power ultimately has on the responsibilities taken by businesses. Therefore, Carroll's CSR pyramid (1991) should not be applied literally, but rather utilized as a tool to understand dynamics. Lastly, the top level of Köse and Yelkikalan's (2012) pyramid is labelled voluntary responsibilities, congruent to Carroll's philanthropic responsibilities. Köse and Yelkikalan's (2012) labelling may create confusion regarding the voluntary nature of other elements in the pyramid. Therefore, the thesis will further on refer to this level as philanthropic responsibilities.

4. Method

4.1 Method of choice

4.1.1 An abductive and qualitative case study

The research has been conducted employing an abductive approach, which implies that data has been collected "to explore a phenomenon, identify themes and explain patterns" (Saunders et al., 2019). The abductive approach includes elements of deduction and induction. The research process was initiated in a deductive manner, in which stakeholder theory was selected as basis for the subsequent empirical data collection. Once the data had been collected, Köse and Yelkikalan's (2012) model of crisis impact on CSR was chosen as a complementary framework to support the analysis, hence employing elements of induction. Lastly, the empirical research indicated high stakeholder power of banks. Therefore, further interviews with two banks were conducted to broaden the perspectives and validate the findings.

Furthermore, the research has been conducted as a qualitative case study. Case studies are defined as "(..) empirical investigation of a phenomenon within its real-life context" (Saunders et al., 2019). This method has allowed observations and analysis of an unexplored phenomenon (Saunders et al., 2019). However, an element of benchmark has been added to further strengthen the findings. Semi-structured interviews are conducted to allow for a nuanced understanding of the behavioral patterns. This method is suitable due to the predefined themes that are being studied, still requiring consideration of unpredictable elements. Therefore, it allows for deeper understanding of a multitude of perspectives in the defined research topic.

4.1.2 A study based on social constructionism and interpretivism

The thesis rests upon the ontological assumption of social constructionism. From this perspective "reality is constructed through social interaction in which social actors create partially shared meanings and realities, in other words reality is constructed intersubjectively" (Saunders et al., 2019). It holds that companies are social constructions, and the research question is concerned with human behavior and action. Excluding the context in which companies exist would provide a non-comprehensive understanding of the corporation (Köse & Yelkikalan, 2012). Social constructionism is hence suitable for gaining a deeper understanding of the constructed reality in which a debt collection company shapes its CSR strategy. The social constructionist positioning has implications on the epistemological standpoint. Interviews are a valid and legitimate source of knowledge, in which sense-making allows for meanings to emerge. The strength of the epistemological assumption is that it offers "a rich and complex view of organizational realities, account for the differences in individual contexts and experiences" (Saunders et al., 2019). However, a drawback with this method is that it limits the generalizability of the research findings, in contrast to a positivist set of assumptions (Saunders et al., 2019).

Moreover, the research is based on an interpretative research paradigm. The purpose of this approach "is to create new, richer understandings and interpretations of social worlds and contexts" (Saunders et al., 2019). Since the studied subject is unexplored, both from a practical and academic point of view, this research paradigm is suitable. Whilst traditional theoretical frameworks will guide the empirical collection and subsequent analysis, the chosen paradigm also allows new perspectives to be accounted for.

4.2 Selection of subjects as interviewees

4.2.1 Debt-collection company

As the report primarily intends to draw conclusions based on empirical data from a single company, access to one of the leading debt-collection companies on the Swedish market was crucial. It allowed for varied data to be collected whilst still adhering to research boundaries of time and access. Since the aim of the report is to investigate matters at a strategic level, the individual subjects of interviews operate exclusively at an executive level. An overview of selected participants, their respective positions and number of interviews conducted have been summarized below.

i. CEO (Chief Executive officer)- 2 interviews
ii. Chief General Counsel- 2 interviews
iii. Head of Sustainability- 1 interview
iv. Head of Communications- 1 interview

4.2.2 External perspectives

4.2.2.1 Benchmark

To increase the transferability of the findings from the primary debt collection company, a benchmark with a competitor has been conducted, labeled Company B. The subject was chosen due to its leading position as one of the largest European players. An interview was conducted with the sustainability director.

4.2.2.2 Banks

To accurately understand the sustainability requirements posed by banks on debt-collection companies, interviews have been conducted with knowledgeable employees at two different banks.

i. The chief sustainable officer at one of the leading Swedish banks, referred to as bank 1.
ii. The CEO at a Scandinavian bank listed on Nasdaq Stockholm, referred to as bank 2.
iii. The credit manager at a Scandinavian bank listed on Nasdaq Stockholm, referred to as bank 2.

4.2.2.3 The big four

An interview has been conducted with the global sustainability director at one of the big four professional services firms. This served as a control interview and was conducted after the initial analysis had been conducted. The purpose was to discuss findings with a professional exposed to a large variety of companies and industries, possessing a high level of knowledge within CSR. In all, the interview allowed for investigation of the finding's transferability to other contexts. It also served as further validation of results, necessary due to the speculative requirements of the research question.

4.3 Interview process

The predefined questions that were asked had been formulated to suit the specific roles of respondents and their knowledge, thereby targeting different themes depending on the interviewee's position. However, all interviews conducted with employees at the debt-collection company contained questions concerned with stakeholder theory, specifically focusing on the interviewee's perception of the most powerful stakeholders and their influence on sustainability efforts. In doing so, a picture of probable prioritizations executed by debt-collection companies could be made, which formed the basis of the analysis.

The interviews were recorded by audio and transcribed after verbal consent from respondents. This material was subsequently complemented by written information from the company, provided by email and on the company's website. To allow for an overall picture to be formed, the content of all gathered material was coded to be categorized with regards to two dimensions. First, all information was divided into three different perspectives: the past, the present and the future. Secondly, material containing information on stakeholder power was compiled.

4.4 Ethical considerations and implications

Ethical considerations have permeated the design of the study, adhering to the ethical principles of harm, consent, privacy and deception (Bell et al., 2019). The interviews were performed in accordance with Stockholm School of Economics regulations and in compliance with GDPR. Prior to the interviews, all interviewees were informed about the purpose of the study and gave their compliance to participate. Moreover, all interviewees were made aware of their right to terminate the interview if desired. The collection of empirics exclusively contained non-sensitive data. In order to ensure proper management of private data, all interviewees and companies have been anonymized. Arguably, this also increases the likelihood of truthful answers.

4.5 Research quality

4.5.1 Credibility

Research credibility has been ensured in several ways. Firstly, data triangulation has been employed, in which a variety of corporate roles have been interviewed. Moreover, both primary and secondary data has been gathered, thus obtaining method triangulation. From a critical point of view, all interviews were done in Swedish, thus requiring translation. Hence, the empirical results are subject to idiomatic differences, which may pose a risk of misinterpretations. To mitigate this risk, investigator triangulation has been used. In this process, both authors separately analyzed the empirical material, later to be shared and compared.

As the purpose of the study is to investigate an upcoming event, the empirical part covering this perspective includes hypothetical questions about how the companies will act in the future. Due to the speculative nature, congruent actions cannot be guaranteed.

4.5.2 Transferability

An attempt has been made to include thick descriptions concerning the context and industry in order to facilitate a transferability judgement for the reader. However, one of the shortcomings related to case studies is the limitations posed on the transferability of the research, due to restrictions of the sample.

4.5.3 Dependability

To ensure the dependability of the research process the interviews were recorded, transcribed and saved until completion of the research. Moreover, the research process has continuously been consulted by a supervisor group to improve dependability.

4.5.4 Confirmability

To maintain neutrality, data has been analyzed individually before collective research consultation. This has been done to free interpretations from potential personal bias.

4.5.5 Authenticity

The empirical material consists of interviews with people of varying roles and knowledge. In order to give a fair representation of perspectives, interviews have been conducted with employees on the financial and sustainability side of business. Furthermore, the stakeholder analysis proved that banks have significant influence over the sustainability choices made by debt-collection companies. The authenticity of this reasoning was therefore validated by separate interviews with external banks.

5. Empirics

Disclaimer: Quotes from the interviewees in the following chapter have been translated from Swedish to English.

The empirical data related to company A has been divided into three time periods: the financial crisis of 2008, a current perspective, and an anticipated upcoming recession. By examining actions in a relatively similar previous situation, together with current practices and strategic considerations for the future, as good an understanding could be formed, given the uncertain future. Lastly, section 5.4 contains empirical data collected from consultation with external parties, consisting of two banks (bank A and bank B) and a second debt collection company (company B).

5.1 Company A: The financial crisis of 2008

The CEO explained that during the financial crisis of 2008, increased unemployment led to deteriorated outcomes of the affordability analysis. The company was hence legally bound to demand less repayment proportion. However, the number of debt claims increased, which compensated for the decreased portfolio returns to a large extent. The CEO and the head of sustainability explained that the debt collection industry is resilient to macro-economic fluctuations, with tendencies of counter-cyclical patterns. The CEO concluded that "despite somewhat more difficult times, no aggressive cost cutting was necessary."

The head of sustainability further stated that CSR had not yet gained significant importance within the industry in 2008. Therefore, few voluntary ESG undertakings existed. However, it should be noted that even though they did not label practices as CSR, they had established procedures that are currently portrayed as sustainability. For example, exclusion of SMS-loans existed prior to 2008, and was not compromised during the financial crisis. However philanthropic undertakings were close to non-existent. The head of sustainability explained that "there were few CSR initiatives that could be excluded as not very many existed." Even if company A would have wanted to perform a more aggressive collection, their possibilities were limited due to the constraints of the affordability analysis.

5.2 Company A: Current CSR practices

5.2.1 CSR, brand management and corporate relations

The head of sustainability stated that “debt collection companies are often portrayed negatively in media.” In various ESG-ratings, they automatically receive a lower score because of the nature of their operations. The CEO stated that debt-collection companies “[…] are portrayed as a villain who worsens financially troubled peoples’ situation, by adding on additional fees on people not keeping their repayment plan. This is a very simplistic view. Credit allows people to purchase their home, makes the founding of new companies possible and is crucial for economic development. However, it must be issued in a responsible way. That is where we come in. Without institutions collecting non-performing loans, a credit market could not exist.”

The head of sustainability explains that the industry’s work in changing its reputation has been slow and ineffective. Sustainability communication to the public is relatively new and gained significance as CSR has gotten stronger foothold in the corporate debate. The negative way in which the industry is depicted has strongly affected how certain powerful stakeholders act in relation to the company. Ethics is significantly important for banks, who hold major bargaining power and are highly sensitive to the treatment of vulnerable customers.

The interview with the head of communications revealed low interest in sustainability from an investor perspective. She stated that “those who invest in us do not do so from a sustainability point of view, but rather care about economic gains.”

5.2.2 Ethical commitments

5.2.2.1 Legitimacy requirements

Customers do not decide what debt collector will handle their debt settlement. Instead, this depends on what company that the initial credit provider has chosen as collaboration partner. The CEO explains that portfolios are usually sold on auctions by large, national banks. All debt collection companies are not allowed to participate in these auctions. Rather, they carefully select a few possible portfolio buyers. The reason for this is that the large banks are central players in a nation's financial functioning, and they cannot risk the brand damage that follows if they sell their clients’ debt errands to companies conducting unethical collection practices. For example, the CEO explained that in 2022 they were allowed to purchase a portfolio to a value of 30 million sek less than the highest bidder, argued by the bank to depend on proper treatment of their clients. The CEO thus concluded that “it is important to adhere to ethical and sustainable practices to be able to purchase credit portfolios.”

The interviews further revealed that the single most crucial determinant for a debt collection company’s revenue is that a customer follows her installment plan until fully repaid. To achieve this, the monthly amortization cannot be too high, such that it is realistic that the debtor can fulfil it each month until repaid. Moreover, the debtor must also receive a contact person who can follow-up the errand in a professional and helpful manner. Indebted people are often in a stressful emotional state. It has been noticed that a too aggressive approach is ineffective, since it can result in customers quitting their payments as a reaction to stress and frustration, thus directly impacting revenues negatively. To ensure proper customer treatment, the head of sustainability further explains that they employ a specific software in the call centers, where the interaction between the company and its customers occurs. Certain words and high decibel levels have been labelled forbidden. If the administrator contradicts these rules, the software registers it, and the local manager subsequently receives a notification. This is a way of ensuring customer legitimacy through ethical treatment. However, monitoring calls can create a problem of integrity and ethics from an employee perspective.

5.2.2.2 Ethical considerations before purchasing a portfolio

The CEO explains that the company has ethical standards that they consider before purchasing a portfolio. The portfolios cannot contain SMS loans or credits that have been granted online during night-time. These types of credits are considered unethical, as they attract highly indebted and troubled people, stating “credit is a serious thing, and it should not be too accessible to fragile people, for example to finance a gambling addiction.” These credits are excluded despite their financial attractiveness. In many countries, the collection fee is a fixed cost, regardless of the size of the credit. In Sweden, this amount is 180 sek. SMS-loans are usually small, so the collection fee is relatively large in proportion to the size of the credit compared to other consumer loans, making them highly profitable. Despite attractiveness from a financial perspective, they are excluded due to their ethical deficiency.

5.2.2.3 Ethical considerations after purchasing a portfolio

According to the head of sustainability, the company engages in several partnerships with the objective of integrating ethical considerations into their operations. One example of this is their partnership with the German social enterprise TEAM U, supporting customers through financial difficulties. Today, customers requiring support are advised to contact TEAM U, allowing them help to arrange sustainable payment solutions. Another partnership is with the platform AppJobs, currently implemented in France, the UK, Italy, and Spain. They provide customers with work opportunities in cases where such is required for them to be able to pay off their debts.

Moreover, the company offers complete discharge of payment liability for debtors aged 75 years or older. The ethical objective behind this standard is the financial weakness experienced by many elderly people. However, considering the profitability figures, it becomes evident that this segment has significantly lower repayment proportion than the average customer. Within the non-secured asset class, mostly consisting of consumer loans without collateral, the customer segment >75 years has a repayment average of 9% which can be compared to 45% in the customer segment <75 years. The CEO concluded that the policy of discharging elderly people from payment liability hence leads to a small financial loss. However, they instead gain brand equity. He concludes that "there are both ethical and financial objectives behind this practice."

5.2.3 Legal commitments

CSR is of voluntary nature, and practices that are legally regulated are hence not considered CSR. However, the chief general counsel explained that the debt collection industry is highly regulated, and some practices labeled as ethical considerations and CSR are in fact of legal compulsion. This section aims at providing a clearer distinction between voluntary and regulated practices.

Debt collectors must adhere to the debt collection act, including an affordability analysis before demanding payments by debtors. An affordability analysis evaluates a person's financial situation to determine their payment ability. This is primarily based on salary, among several other parameters. The purpose of the affordability analysis is to construct sustainable payment plans, such that debtors can fulfil their payment requirements. Debt collection companies are not allowed to demand a higher collection amount than the outcome of the affordability analysis. Moreover, there are varying regulations for different national markets. For example, there are legal regulations of how often the debt collector can reach out to the debtor and rules that impede their possibility to contact a debtor at her workplace.

Lastly, the chief legal counsel explained that many of the investments that they deselect violate ethical commitments. For example, there is no legal regulation hindering them from purchasing credits from quick and overly expensive credit issuers. However, if they did so, the big banks would no longer be willing to sell portfolios to them, stating "if we want access to the portfolios sold by the banks, we must adhere to the unwritten rules." The banks have recently begun to perform audits on the debt collectors.

5.2.4 Philanthropic commitments

The company has an interaction strategy aimed at media, NGO's and society. They have chosen to focus on six core SDGs. Among these, SDG 10 (reduced inequalities) and SDG 17 (partnerships for the goals) are partly visual through philanthropic sustainability efforts, including work with local communities and social enterprises.

5.2.4.1 Financial donations

The philanthropic sustainability efforts mainly concern charitable contributions. The company has engaged in charitable contributions through donations to UNHCR during the Russian invasion of Ukraine. For example, the Polish unit set up a central donation pot to support refugees. The head of communication argues that the donation was competition neutral, thus required for the company not to be considered inferior in relation to competitors. Secondly, objectives were also concerned with employee retention, particularly with regards to staff in Poland and Ukraine, upon which the war had direct impact.

Moreover, the company collaborates with athletic associations. The head of sustainability explains that "this branch of social sustainability is solely charitable and contains no financial objectives apart from the potential brand equity it may bring."

5.2.4.2 Financial education

The company engages in activities concerned with financial education. For example, they are members in the credit servicing company association EEDADP, in turn partnering with the Hellenic

Financial Literacy Institute. They spread financial knowledge in selected groups of society, for example teaching children about credits and inflation rates.

5.2.4.3 Integration

The company partner with organizations that help immigrants to enter the corporate world, ultimately facilitating integration. One example is their collaboration with "Yrkesdörren" in Sweden. The strategic objective of this partnership is concerned with increased employee retention. Since the Russian invasion of Ukraine, the relevance of these types of partnerships has been reinforced.

5.3 Company A: CSR during an anticipated recession 2023

5.3.1 Scenario analysis

With regards to an upcoming recession, the company has conducted an analysis aiming to find correlation between macroeconomic parameters (inflation, unemployment, and GDP growth) and collection levels. The result showed a positive correlation between disposable income and collection results, due to outcomes of the affordability analysis.

Inflation rates are currently increasing, but salary levels have not grown proportionally to this amount. Along with the higher cost of necessities (food, electricity, house rental, fuels), this has resulted in decreased purchasing power. Lower income households have been affected the most, since they spend a larger fraction of their disposable income on satisfying the above-mentioned needs. Simultaneously, the lower income households make up the largest fraction of debt-collectors' clients. Therefore, the CEO "assume a decrease in collection results in an anticipated recession."

The company has performed a scenario analysis examining how EBT is likely to be affected by three parameters; cost of funding, change in internal costs, and investment level. Increased interest rates have a significant impact on the cost of funding, primarily due to a high debt-to-equity ratio (85%). Deutsche Bank has calculated the refinancing cost of capital levels for the industry, and the estimate is 2-3 times higher. Moreover, changes in internal costs can already be noticed and are expected to further increase. The cost of labor is most evident, especially in countries facing very high inflation. Investment levels have not yet been affected.

The high inflation reduces expected returns of both existing portfolios and future investment opportunities. However, new business opportunities are also anticipated. In addition to the worsened financial situation for many households, governmental policies supporting SMEs (for example deferred tax liability, special loan conditions and financial compensation) are expected to be lifted. The high degree of friction in the environment may make it difficult for these companies to recover, resulting in a new non-performing loan wave.

Based on the information provided above, two future scenarios have been constructed.

Table III: Mild scenario- Based on the correlation between GDP and under-collection observed during the covid crisis.

Year	2022	2023	2024
Lower collection compared to initial forecast	-10.70%	-12.90%	-11.00%

Table IV: Severe scenario- Based on the correlation between GDP and under-collection observed during the financial crisis 2008.

Year	2022	2023	2024
Lower collection compared to initial forecast	-25.60%	-31.00%	-26.40%

5.3.2 Cost cutting prioritization

It can relatively confidently be concluded that the financial performance of the company will decrease, however it remains unknown to what extent. In the potential occurrence of the severe scenario, major cost cutting would become necessary.

5.3.2.1 Philanthropy

Should the company have to cut costs due to a recession, the head of sustainability suggests that philanthropic investments would be eliminated. The reason behind this is that they do not contribute to the overall functioning of the company, thus limiting the benefits to be gained. Moreover, influential stakeholders, for instance banks and investors, do not value these activities high.

5.3.2.2 Labor

Labor costs are one of the largest expenses for the company. As inflation rates rise, the company must increase salaries. For example, labor expenses in Poland will increase by 15% in January 2023 as a reaction to the inflation. Hence, the CEO explained that labor redundancies would be one of the primary measures to limit costs.

5.3.2.3 Ethical commitments

Ethical commitments are required for the company to conduct business, due to two primary reasons. Firstly, it is crucial to be considered a legitimate player by banks, ultimately required to purchase portfolios. Secondly, it is necessary to avoid upset customers who terminate payments. Therefore, business-integrated policies like no SMS-credits or exclusion of elderly customers would not be compromised, as it would be unprofitable.

5.4 External consultation

5.4.1 Benchmark

The head of sustainability at company B confirmed that CSR became topical in the industry in 2018. Therefore, it is difficult to find adequate data from the financial crisis of 2008 that may help to anticipate future action plans.

The interview suggested that it would not have been financially profitable to abandon many of the integrated activities, as they are unified with financial performance to a large extent. Similar to company A, shareholders and banks were considered the most powerful stakeholders. Emphasis was specifically placed on the influence of large banks, explaining that some have even started to perform audits on debt-collection companies to verify maintenance of ethical promises. It was stated that "CSR is no longer a nice to have, but rather a must have. I do not think that we would have a license to operate if we did not conduct sustainable work in the way that we do."

Lastly, the head of sustainability explained that the debt-collection industry is relatively insensitive to macroeconomic fluctuations, since people in general make debt payments a prioritization. However, Company B would begin by placing future investments on hold if there was pressure to cut costs due to a recession.

5.4.2 Banks

The credit manager at bank 2 confirms that the sensitivity of credit matters has led to strict requirements for ethical standards. When selecting who to sell to, bid price and ethical customer treatment are the most important parameters. Many banks refrain from selling credit portfolios to debt-collectors who also collaborate with quick credit issuers. Due to reputational risks, the chief sustainable officer at bank 1 confirms the importance of being selective with regards to whom one collaborates with. This is for example seen through complete exclusion of business with gambling companies.

6. Analysis

6.1 Stakeholder analysis

Based on the empirical gatherings, the four most important stakeholders are identified as employees, customers, banks and investors. Each of the respective stakeholder groups are analyzed below.

6.1.1 Employees

A recession would lead to complete elimination of philanthropic commitments. These undertakings are partly done for the sake of employee retention. Moreover, employee terminations would be one of the first measures taken to limit expenditure. During economic downturn, unemployment generally rises, resulting in intensified dependence on current employment. Therefore, the power of employees during time of recession is limited.

6.1.2 Customers

The debt collection industry is special in the sense that customers do not choose which company to use, indicating customer power to be limited. However, sustained payment plans until fully amortized are key for revenue streams. As the empirical result shows, sustained payments are achieved through ethical interaction with the debtor. A differentiating factor from many other companies is that customer relations are not of transactional nature. Instead, they must take on a more long-term approach to achieve fully amortized credits, which may take several years. Additionally, debt collectors must operate within the limits of the affordability analysis. If customers' income decreases in times of recession, the debt collector will in turn be forced to decrease the repayment proportion. In conclusion, customer power is evaluated as relatively high.

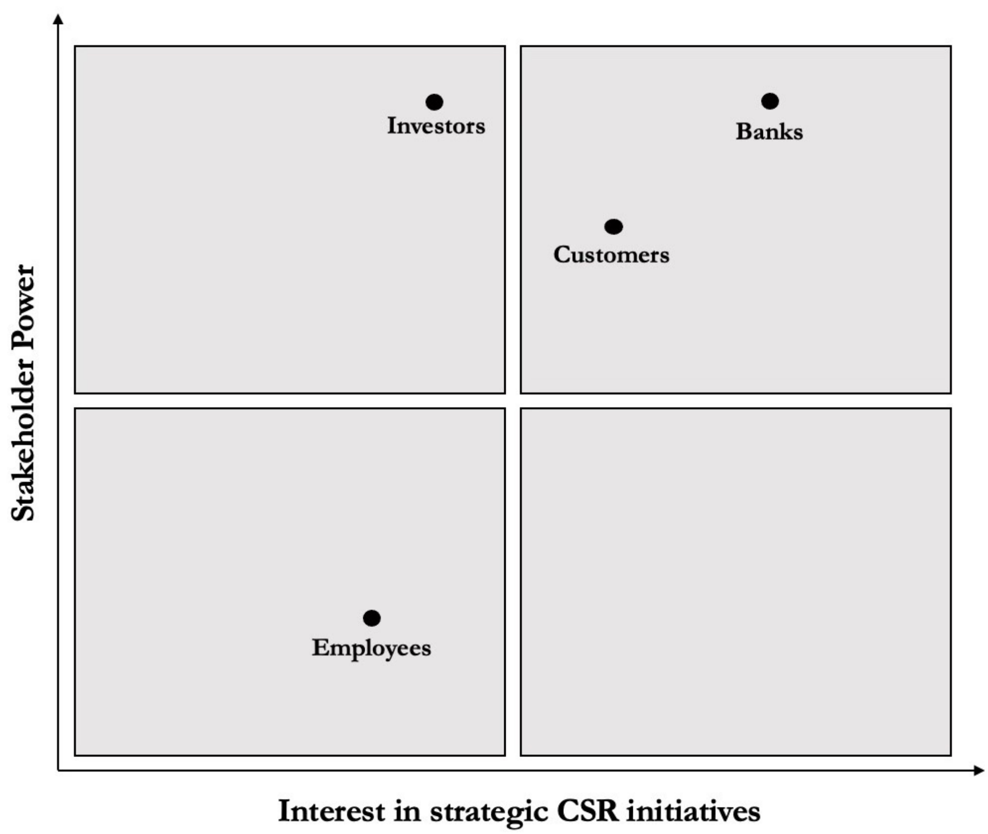
6.1.3 Banks

The size of banks in relation to debt-collection companies creates an uneven power distribution between the two, where the banks have significant ascendancy. For the banks to keep their own customers, ethical debt-collection is a high prioritization since they otherwise risk brand equity damage themselves. As the interviews revealed, financial objectives are of primary interest, however recognized to be dependent on ethics. Banks have the power to exclude debt collectors from the market, by quitting portfolio sales. Based on this reasoning, banks are considered a highly powerful stakeholder.

6.1.4 Investors

Investors are crucial to secure the survival of the business. The empirical material suggests that investors mostly value financial performance. As explained by the head of sustainability, they do not care about sustainability per se. However, they reckon the relationship between ethical standards and financial performance. Therefore, sustainability is of indirect importance to investors. As investors are crucial for the existence of the firm, their power is evaluated as high.

Figure II: Stakeholder mapping

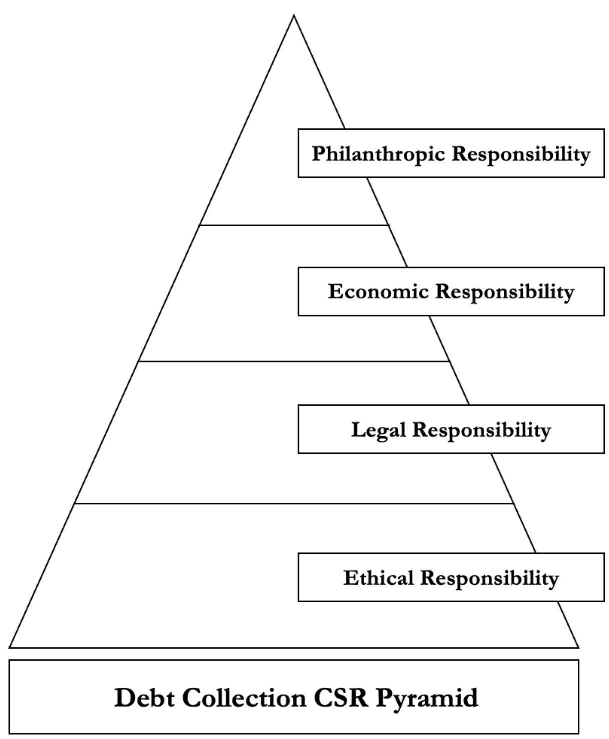


6.2 Blichfeldt and Wollung's debt collection CSR pyramid

Based on the stakeholder analysis, it is evident that Carroll's CSR pyramid (1991) follows another pattern for the examined company, then what the traditional model proposes. Legitimacy in the eyes of banks is granted by ethical customer treatment. This was illustrated in section 5.2.2.1, when the company was allowed to purchase a large portfolio despite not being the highest bidder. Another aspect making ethical adherence a necessity for operating is that customers hold a unique power position. Long-term customer commitment to the repayment plans is crucial and may have durations of several years. Sustained payments are achieved by ethical customer treatment. Banks and customers have similar sustainability interests, even though they have different objectives behind it. This further reinforce their joint power. Consequently, ethical responsibility represents the lowest level in the pyramid for the debt collection company; without ethical responsibility, the company cannot take economic responsibility, as there would be no market or business opportunity.

Moreover, a debt collection company's revenues are directly impacted by the legally regulated affordability analysis. As they are not allowed to demand higher repayment proportion than what the affordability analysis suggests, revenues are dependent on a legal procedure. Therefore, legal responsibility is evaluated as the second level and economic responsibility the third. Lastly, congruently to Carroll's traditional CSR pyramid, philanthropic responsibility is at the top since it is disconnected from core operations.

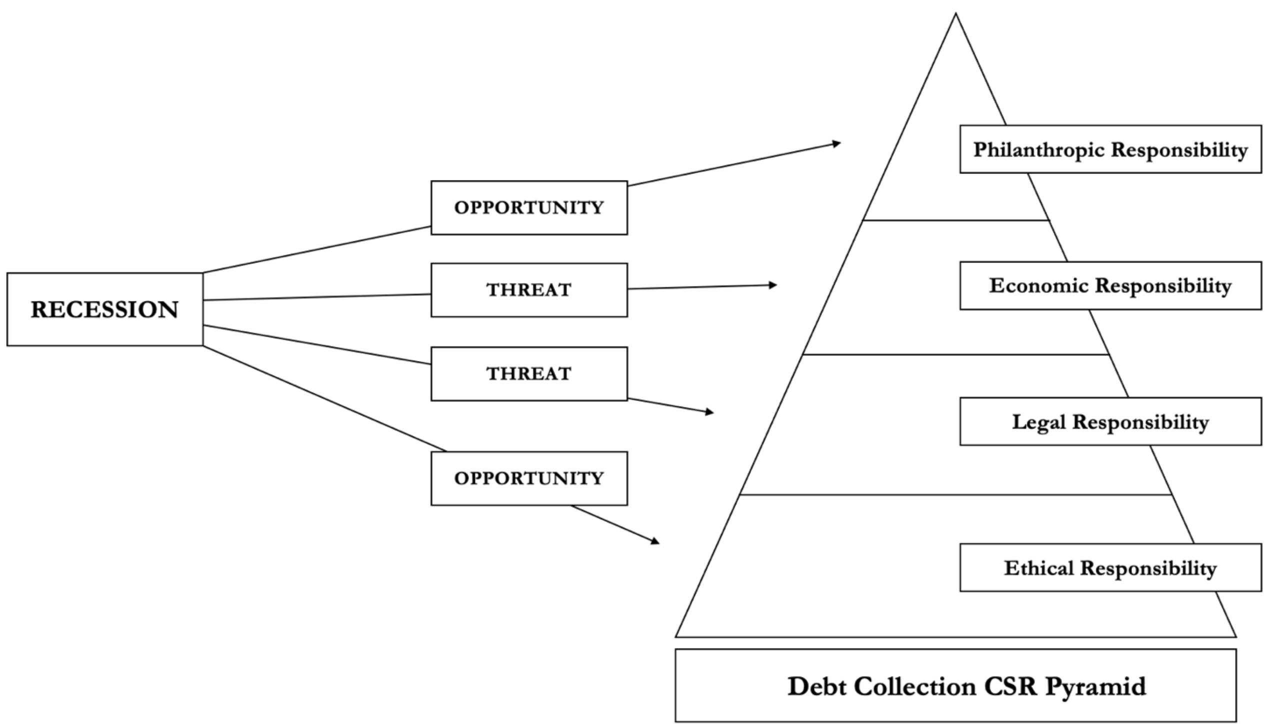
Figure III: Blichfeldt and Wollung's debt collection CSR pyramid



6.3 Blichfeldt and Wollung's model of recession's impact on debt collection CSR

Köse and Yelkikalan (2012) argue that a crisis will pose threats towards the economic and legal responsibilities of companies, whilst allowing for opportunities with regards to ethical and philanthropic responsibilities. Simultaneously, Carroll suggests that a threat to lower levels of the CSR pyramid would create a situation in which companies abandon the top levels, indicating that opportunities further up in the pyramid will not be utilized by ordinary companies. However, as proposed in section 6.2, the CSR pyramid for the debt-collection industry has a different order of responsibilities than the original pyramid proposed by Carroll. Subsequently, the order of Köse and Yelkikalan's (2012) threats and opportunities will also change (figure IV).

Figure IV: Blichfeldt and Wollung's model of recession's impact on debt collection CSR



6.3.1 Recessions impact on ethical responsibilities

Applying Carroll's reasoning to the CSR pyramid of the debt-collection industry, companies will need to fulfill aspects of ethical responsibility to enable operations and hence consideration of economic, legal, and philanthropic responsibilities. This was illustrated in the empirical evidence, suggesting that parts of their ethical considerations are essential for a license to operate and therefore required to fulfil economic responsibility, thus remaining unaffected regardless of the macroeconomic conditions. Simultaneously, Köse and Yelkikalan's (2012) reasoning suggests that a recession will grant debt-collection companies an opportunity at the bottom part of the CSR pyramid, through their ethical base. Since they will continue to work with ethical commitments throughout the recession, this opportunity is likely to be captured.

6.3.2 Recessions impact on legal responsibilities

A recession would naturally not impact the legal framework that companies must adhere to. However, as recession generally deteriorates peoples' and companies' financial situation, the outcomes of the affordability analysis are expected to decrease, as seen by the forecasted under-collection in the scenario analysis (section 5.3.1). Hence, the legal boundaries will pose a threat to the revenue streams, and it can therefore be argued to impact the legal dimension.

6.3.3 Recessions impact on economic responsibilities

Since the debt-collection industry is resilient to macroeconomic change, the effect on economic conditions will likely be less severe than for cyclical industries. This is one of the reasons why economic responsibility is located higher up in the debt-collection CSR pyramid. Despite this, the legal boundaries of revenue streams, as explained in section 6.3.2, will likely negatively impact the financial situation. Moreover, the industry is capital intensive, and both examined debt collection companies have very high debt-to-equity ratios. Their costs are hence forecasted to increase substantially due to growing interest rates, naturally posing a threat to the financial health of the corporations.

6.3.4 Recessions impact on philanthropic responsibilities

Since the philanthropic responsibilities are not valued highly by powerful stakeholders, these types of investments will remain at the top of the debt-collection CSR pyramid (figure III). As such, they will not be prioritized before the three bottom layers have been fulfilled. Therefore, a recession would negatively impact the voluntary responsibilities normally taken by the debt-collection company. This reasoning was proved in section 5.3.2.1, suggesting that philanthropic activities would be eliminated quickly if there was pressure to cut costs. To conclude, the opportunities proposed by Köse and Yelkikalan (2012) will likely not be captured.

7. Conclusion and discussion

7.1 Answer to the research question

The research of this study has evolved around the strategic CSR decisions made by debt-collection companies, specifically in the perspective of recession. Selected theories have provided frameworks concerned with how companies generally manage resource constraints, opposing objectives and sustainability efforts, thus providing a basis for the analysis and conclusions drawn from the empirical material. Ultimately, the purpose was to answer the initial research question, formulated as follows:

What are the effects of recession on a debt collection company's approach to CSR practices?

Two key findings can be distinguished:

I. The company will abandon philanthropic CSR activities in times of recession.
II. The company will keep ethical CSR activities constant.

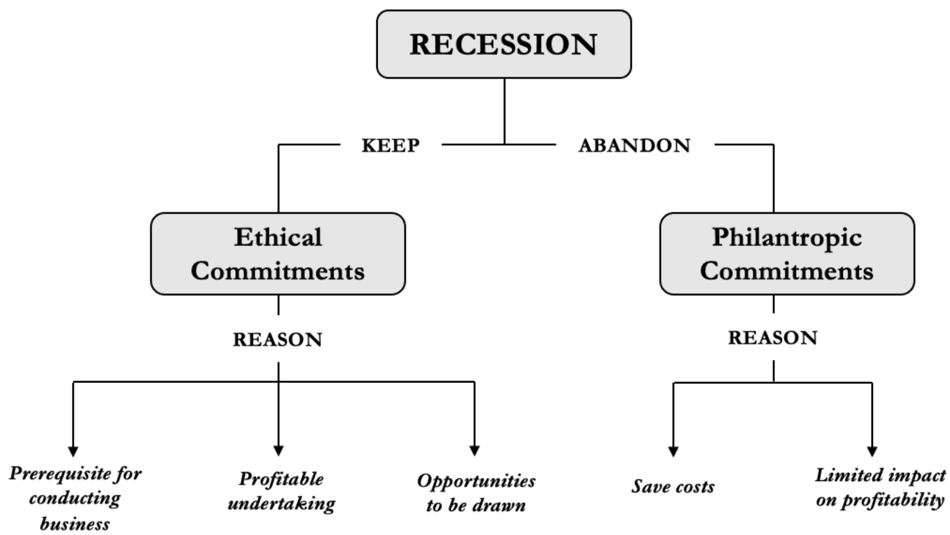
I. The company will abandon philanthropic CSR activities in times of recession.

The findings indicate that the debt-collection company will abandon philanthropic activities in times of recession, which resonates with previous research conducted by Karaibrahimoglu (2010) who found that CSR levels will decrease during economic turndown. Furthermore, it also aligns with Klára's (2011) findings, showing that philanthropic activities were abandoned to a larger extent than the integrated ones. The reason for this is that philanthropy is not a priority for any of the stakeholders who possess high degree of power, as it is disconnected from core operations. This conclusion indicates that opportunities with regards to philanthropic CSR activities, as suggested by Köse and Yelkikalan's (2012) second proposition, will not be captured. Resource constrains and limited stakeholder interest are the primary objectives behind this logic.

II. The company will keep ethical CSR activities constant.

The research further suggests that ethical CSR initiatives will remain constant in times of recession. This contradicts Klára's (2011) findings, which suggested that the social aspects of CSR would be most affected. Moreover, it contradicts Karaibrahimoglu's (2010) study, instead arguing that CSR initiatives would decrease by 35,7% on average in case of a recession. As philanthropic undertakings constitute a minor fraction of the CSR commitments of the company, it can be concluded that they would not decrease CSR levels to this extent. To conclude, the opportunities of ethical responsibility as suggested by Köse and Yelkikalan's (2012) second proposition will be captured. High stakeholder interest and profitability incentives are the primary objectives behind this logic.

Figure V: Answer to the research question



7.2 Academic contribution

The answer to the research question contributes to academia in two ways. Firstly, the second finding of the study objects to previous research. Carroll's pyramid is among the most influential CSR frameworks, however it was formulated in 1991. Expectations concerning what companies are required to do are under constant construction, strongly affected by the rapidly changing environment. Whilst the fundamental reasoning of traditional models may be utilized to understand the basis of corporate responsibility, they need to be critically assessed and potentially reorganized based on context. There exist industries where the ethical dimension must be prioritized to be able to operate, proved through the requirements posed by suppliers (banks). This reasoning was illustrated through the restructuring of predefined responsibilities within Carroll's CSR pyramid. Even though a defining element of CSR is its voluntary nature, the growing centrality of the concept needs to be accounted for. Sustainable considerations have become such a strong norm that it may no longer be accurate to describe them as fully optional, as shown by the research. This may serve as an explanation to why the study contradicts Karaibrahimoglu's (2010) finding of decreased extent of CSR initiatives in recession. Contradictory to what Good (2019) presented, all dimensions of CSR can no longer be seen as an "unaffordable luxury", but rather a prerequisite for conducting business. In the end, this research aligns with previous findings arguing that companies operate with the motive of creating profits. However, we now find ourselves in a new era, in which the journey towards profitability may have been altered.

Secondly, this research paper aligns with Klára (2011) and Köse and Yelkikalan (2012) who argue for opportunities to be captured by engaging in CSR during economic crisis. They argue that the benefits from these investments are reinforced during financial turbulence. The reason for this is twofold. Firstly, there are relative competitive advantages to be gained, since many companies still view CSR as a cost, therefore limiting this expenditure during recession. Secondly, people become more financially vulnerable in macroeconomic turndown, which may imply enhanced demand for social sustainability. This reasoning specifically holds true for the debt collection industry, closely interacting with financially vulnerable people. Lastly, this research suggests that a company of non-cyclical nature may find it easier to capture these CSR opportunities, as the economic level is generally not affected to the same degree as within cyclical companies.

7.3 Implications of the study

Several of the UN's sustainable development goals will likely not be fulfilled by 2030. Corporations have a fundamental responsibility in achieving the outlined goals and attain a sustainable world, both for current and future generations (Garrido-Ruso et al., 2022). Pfeffer and Salancik's (2003) theory of the external control of organizations suggests that organizations are dependent on their environment for survival. Organizational decisions are best understood by considering the external pressures for those choices rather than examining internal dynamics, and highlight the importance of social context (Pfeffer & Salancik, 2003). The research illustrates how one powerful stakeholder (in this case large banks) has the possibility to transform entire industries and propagate sustainability undertakings. As understood by this research, investors do not care extensively about CSR, and the primary objective of the company is to generate profits. Still, sustainability has become a core matter. This research illustrates how one stakeholder possessing high degree of power have the ability to affect the corporate environment, establishing norms that industry players must adhere to in order to survive. This is an impactful way of incorporating sustainability in the corporate world, ultimately contributing to the fulfillment of the UN sustainable goals.

7.4 Limitations

The report is based upon an interpretative paradigm, adhering to social constructionism. This method has required choices concerning assortment and presentation of materials, based on the authors' perceptions of their relevance and interest. As such, the construction of reality may be subject to underlying biases, potentially posing limitations concerning the trustworthiness of results. Similarly, the limitations of space have required a careful selection of empirical material, which is why the case study has mainly been limited to one company. However, this sample selection may further pose limitations to the transferability of results, since biases adhering to aspects such as culture may have affected the outcomes.

Furthermore, it should be noted that the concept of CSR is continuously expanding and has become a strong branding component. Therefore, many of the practices labeled as CSR may have existed before the framework, however not recognized as sustainability. This has presumably implied limitations on the ability to study past events as tools to forecast the future.

7.5 Recommendations for future research

This study presents evidence on how one leading debt collection company will navigate its CSR initiatives during a recession, and the benchmark further validates the results. Industry dynamics primarily serve as the underlying reason why the company manages its CSR initiatives as outlined. Therefore, other debt collection companies will likely act in similar ways. However, the research topic is rather unexplored and requires further examination to validate this hypothesis and to draw general conclusions. Therefore, it is recommended to conduct more qualitative research aiming to understand the sensemaking and reasoning of the situation, as well as quantitative studies to facilitate a higher degree of generalizability. For example, this research paper is based on strategic planning prior to a future recession. Therefore, it is of interest to also conduct retrospective research on the examined companies, investigating whether they act congruent with the presented findings.

Moreover, sustainability is a broad concept and can be viewed in the light of many different stakeholders. This research has been delimited to the strategic planning focused on external stakeholder perspectives. However, to gain a holistic understanding, examination of internal dimensions, for example an employee perspective, would prove fruitful.

Lastly, as became evident during the research process, much of the CSR practices are conducted due to pressure from the powerful banks. Hence, it would be interesting to further investigate the topic through the lense of Pfeffer and Salancik's theory of the external control of organizations.

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