Organizational façades and hypocrisy within sustainability reports

A qualitative content analysis of Royal Bank of Scotland’s sustainability reports between 2008-2013

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AUTHORS: Karoline Norheim and Edessa Demircioglu

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Authors: Karoline Norheim and Edessa Demircioglu

Tutor: Argyris Argyrou

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Abstract

Background: Sustainability reporting is an important communication channel for corporations to increase legitimacy in the public eye and handle different stakeholder demands (Blanc et al., 2017). In order to manage different stakeholder demands scholars have developed different theories to detect any inconsistencies between a corporation’s communication and actions, namely organizational façades and organizational hypocrisy.

Purpose: The purpose of this master thesis is to understand in which way RBS are misleading, in form of communication, their customers in their sustainability reports. This phenomenon is investigated between 2008-2013. It is under this period the FCA (2016) investigation concluded that the bank had misled their customers.

Method: This thesis adopts the qualitative content analysis when conducting the research. This method aids to categorize the text data which helps to make a large sample of text more attainable and easier to analyse and find connections within the data. In this thesis the textual data is coded into one of the three following codes: (i.) Rational façades - the organization meet fundamental norms of rationality. (ii.) Progressive façades - the organization do not only show rationality but also progress. (iii.) Reputational façades - statements that are disclosed in order to meet demands of the most critical stakeholders (Abrahamson, & Baumard, 2008)

Conclusion: The results show that the most frequently apparent façades in the sustainability reports are progressive façades, followed by reputational façades and lastly rational façades. Moreover, the findings of this thesis uncovered clear sub-categories fitting under each façade. The sub-categories discovered were eight folded. Lastly, the results show that RBS shows signs of organizational hypocrisy, since their sustainability report disclosures and their actions are not in line, during the investigation period.
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1. Introduction
This section introduces the background for this thesis topic. This is followed by a problem statement and the purpose for the thesis including the research question.

1.1 Background
The prosperity of an organization is determined by the different demands, such as environmental, economic, and social interest pursued by different stakeholders (Laplume, Sonpar, & Litz, 2008). Sustainability reporting has become a valuable communication channel to answer these diverse demands (Blanc, Cho, Spot, & Branco, 2017). To an increasing extent sustainability reporting is thereby viewed as a significant factor contributing to corporate sustainability, thus making a significant impact on how organizations run their businesses today (Lozano, & Huisingh, 2011; Herzig, & Schaltegger, 2006). From a theoretical point of view, Suchman (1995) concluded that organizations will run their business according to the norms of society, including cultural beliefs, in order to increase legitimacy in the public eye. Furthermore, if an organization gain legitimacy and hence the support from its stakeholders, it is more likely that the stakeholders will supply resources to the organization.

From legitimacy theory, multiple scholars (Nystrom & Starbuck, 1984; Brunsson, 1989, 1990, 1993, 2002, 2007; Abrahamson, & Baumard, 2008) have developed additional theories, namely organizational façades and organizational hypocrisy. According to Brunsson (1989, 1990, 1993, 2002, 2007) organizations engage in organizational hypocrisy, which is a practice of managing inconsistencies between corporations talk and actions, in order to manage the different conflicting stakeholder demands they face. For example, if an organization claim (talk) that they are supporting their customers but in reality (action) they have failed to meet their claims. These issues have prevailed in society for many years, in fact Nystrom and Starbuck had in 1984 already conducted research on these conflicts referring to them as organizational façades. Abrahamson and Baumard (2008) later expanded this research by defining three different façades, which are described as rational-, progressive-, and reputational façades. In more recent years this concept of organizational façades was developed further by Cho, Laine, Roberts, and Rodrigue (2015) who contributed to the research by combining the definitions of organized hypocrisy and organizational façades to further gain knowledge on voluntary sustainability reporting.

There is an increased pressure for corporations to become more sustainable (Busch, Hamprecht & Waddock, 2018) due to changing markets and increasing stakeholder pressures (Amran &
Keat Ooi, 2014). The stakeholder theory framework is widely used today in different research areas, for example strategic management (Freeman, 1984), business ethics (Phillips & Reichart, 2000) and sustainable development (Sharma & Henriques, 2005) to try and explain and understand how all stakeholders of companies are functioning. Companies that strive to identify their stakeholders and understand how the company's decisions affect the stakeholder's welfare can take advantage of the stakeholder management approach (Harrison, Bosse & Phillips, 2010). Moreover, Hillman and Kiem (2001) as well as Choi and Wang (2009) concluded that engaging in stakeholder management activities could help the company gain competitive advantage in the market.

In 2016, The Financial Conduct Authority (FCA) in the U.K released a statement containing the investigation conducted on Royal Bank of Scotland (RBS), implying for instance that the bank has mislead their customers and that they failed to comply with RBS’s own policies (FCA, 2016). This statement may pose the concern of how RBS failed to comply to own policies when the bank stated in their sustainability reports that they are taking actions towards preventing issues concerning customers. This concern raises awareness as to why RBS deceived the public into thinking that the bank had no issues concerning poor behaviour towards their customers. However, when it came to show the compliance in actions the FCA investigation (2016) concluded that RBS did not follow their own policies concerning treatment of customers.

This thesis contributes to existing research on organizational façades, organizational hypocrisy, the stakeholder group customers and sustainability reports. This is done by combining these four matters and applying them to a banking scandal concerning RBS. In order to reach conclusions on this subject a qualitative content analysis is applied. This thesis which analyses the different façades could be of interest to the customers affected by the decision-making made by the managers in RBS. Others who would find the results interesting are future scholars and researchers studying organizational façades and hypocrisy since this field is relatively unexplored.
### 1.2 Problem

As discussed, this thesis contributes to existing research by encompassing the issue of inequivalent talk and action in RBS’s sustainability reports in order to try and bring understanding to the subject of sustainability disclosures. Especially since there is limited prior research conducted on the connection of organizational façades to sustainability reports, essentially comparing a company's disclosure to their actions in connection to a banking scandal. There has been a lot of corporate scandals throughout the years, particularly in the banking industry. For example, Barings Bank in 1995 (Brown, 2005), Lehman Brothers in 2008 (Ivashina & Scharfstein, 2010) and RBS in 2008 (Henderson, 2015). Banks act as a fundamental institute in society and are therefore heavily regulated (Cohn, Fehr & Maréchal, 2014), which means that what happens internally in the banks has an affect externally. External factors such as scandals do not only affect the banks, but also the society as a whole.

According to Cho et al. (2015), future research is needed to investigate organizational façades within different industries. This thesis answers the call for future research by examining organizational façades within RBS which has according to an investigation by the FCA mislead their customers during a six-year period (2008-2013). In that period RBS has claimed to do the opposite in their sustainability report, more specifically claimed to make decisions that benefits their customers (RBS, 2008). This action may pose the question if RBS is only putting up a front in their sustainability reports to meet the demand from their customers.

The issues prevailing RBS were first brought into light by two researchers namely, Dr Lawrence Tomlinson and Sir Andrew Large, examining how customers of the bank have been treated. Their research concluded that the bank’s customers were treated unfairly, a conclusion that is not addressed by the bank in any communication form. In addition, their research findings raised awareness to the ongoing issue of RBS’s inappropriate treatment of customers, which the FCA later acted on (FCA, 2016). Amongst all, the investigation showed that by various faulty decision-making RBS had an outcome of unsustainable levels of customer expectations. Example of these faulty decision-makings are, failing to comply to their own policies, failing to support their customers or failing to identify customer complaints. For instance, in the bank’s sustainability reports they claim that they take all customer complaints seriously and thereby improve service (RBS, 2008), which is proved to not be equivalent in action (FCA, 2016).
1.3 Purpose

The purpose of this thesis is to understand in which way RBS used their sustainability reports to mislead customers, in form of communication. This issue is examined during a six-year period from 2008 to 2013, when it later was discovered by the FCA (2016) investigation that the bank had inaccurately treated their customers. Hence, the research question therefore is:

**RQ:** *In which way are Royal Bank of Scotland misleading their customers in their sustainability reports between 2008-2013?*
2. Theoretical framework

This section includes the theoretical framework of Stakeholder theory and Legitimacy theory. After reading this section the reader is expected to get a basic understanding of the fundamental theories of this thesis.

2.1 Stakeholder theory

Stakeholder theory, introduced by Freeman (1984) conceptualized the idea of corporations having stakeholders which is not an unusual concept in the business and research context today (Donaldson & Preston, 1995; Freeman, 1984). The stakeholder theory offers an approach for business’ that incorporates the interests of all stakeholders in a corporation, meaning in the sense of business responsibility it engages in an inclusive approach (Law, 2014). The term ‘stakeholder’ was defined first at Stanford Research Institute in 1963 as "those groups without whose support the organization would cease to exist" (SRI, 1963; quoted in Freeman, 1984, p.31; Wang & Dewhirst, 1992).

This thesis is based from the stakeholder point of view that stakeholders are groups or persons who gets affected by an organization or affects an organization (Freeman, 1984). Hence, the primary stakeholders of a company are considered to be customers, employees, investors, communities and suppliers (Freeman, Harrison & Wicks, 2007). Since the beginning of the stakeholder theory, the theory has been widely used in various areas of business which has led to the creation of different definitions for the theory (Brenner & Cochran, 1991; Clarkson, 1991; Dodd, 1932). The many different definitions confining stakeholder theory has brought on some conflicts within the theory itself, which is why it is important to stipulate which point of view is applied in research (Donaldson & Preston, 1995).

2.2 Legitimacy theory

The idea that cultural norms, beliefs and systems affect the organizational environment rather than material or technological commands is emphasized by institutional theories (Powell & Dimaggio, 1991; Scott, 1987). Organizational legitimacy was described by Dowling and Pfeffer (1975) as a status when the entity’s and society’s value systems are consistent and when differences between the value systems exists the entity’s legitimacy is threatened. The concept of organizational legitimacy has evolved in later years into the notion of legitimacy theory (Cuganesan, Ward, & Guthrie, 2007; Dowling & Pfeffer, 1975; Suchman, 1995).
Legitimacy theory is defined by Suchman (1995, p.574) 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.” The theory puts attention on whether the value systems of the organization and society are consistent with each other, meaning that the social expectations are met by the organization’s objectives (Chen & Roberts, 2010). Economic achievement is only one facet of legitimacy and therefore the organization is perceived as legitimate if it works towards a goal that is accepted by society by conducting practice in a socially accepted manner (Deegan, 2002, Lindblom, 1994). Legitimacy theory has therefore become a focus point when explaining voluntary organizational disclosures in corporations who seek legitimacy in the eye of the public (Patten, 2005). Campbell, Craven and Shrives (2003) have even gone so far as to state that when explaining social and environmental disclosures legitimacy theory probably is one of the most extensively used theory within this research area.

Legitimacy theory assumes that organizations seek to operate within the norms and bounds of society (Campbell et al., 2003). Through the lens of legitimacy theory organizations would then report on activities voluntarily if the management thought that the communities or societies in which the corporation exists were expecting those activities (Cormier & Gordon, 2001). This is equivalent to the conviction of a ‘social contract’ that legitimacy theory assumes exists between the corporation and the society it operates in (Patten, 1991). The ‘social contract’ represents society’s different expectations on how the company is run or conducting its activities. If the society in which the corporation exists in considers that the company has deviated from the social contract it is contemplated that the survival of the company could be threatened, in accordance with legitimacy theory. The breach of the contract when society believes that the company’s operations are not legitimate could lead to society revoking the contract and thereby discontinuing the organizations’ operations (Cuganesan et al., 2007). The ‘social contract’ is not permanent but can be implicit or explicit which makes the contract complicated to define. Since the terms of the contract are not explicit managers will retain own perceptions about the terms, meaning there will emerge various perceptions of the terms (O'Donovan, 2002).

The environment in which an organization operates in changes over time which requires the organization to respond and adapt with the changes. The environment alters since society’s expectations are not perpetual, meaning that the terms in which the social contract with allocation of the social approval exists in changes (Deegan, 2000). Organizations need to
perpetuate changing behaviour along with the changing societal expectations through disclosures. The impacts on organizational survival caused by breaches in the social contract can be severe and it is therefore important that arrangements of amendments that corporations might engage in are explored (Campbell et al., 2003).

According to Dowling and Pfeffer (1975) industries rely on legitimacy as a recourse in order to survive and proceed with company activities. When legitimacy is perceived as a vital resource for the survival of the company managers will engage in strategies that reassures them that they will continuously gain legitimacy (Deegan, 2002). Examples of strategies that management might use is collaborating with alternative associations which are considered as legitimate parties or strategies encompassing voluntary disclosures that are targeted (Fiedler & Deegan, 2002).

In order to gain legitimacy an organization could take actions to reach legitimacy when managers believe that the activities conducted by the company are not corresponding to societal expectations, which is consistent with the legitimacy theory (Dowling & Pfeffer, 1975). Cormier and Gordon (2001) argues that the actions made by management must co-occur with disclosures publicised by the company for the actions to have an effect on exterior forces. This is a sanction of legitimacy theory being based on perception and expectations. This accentuates how essential corporate disclosures made in reports and public documents can be (Deegan, 2002; Cormier & Gordon, 2001; Campbell et al., 2003; Patten, 2005).
3. Literature review

This section includes prior research on the concepts of managing of stakeholders, organizational hypocrisy and organizational façades. The purpose of this section is to give the reader a deeper understanding of prior research related to the research purpose. Also, to present the reader with previous conducted case studies similar to this research.

3.1 Managing of stakeholders

This thesis incorporates the research area of ‘managing of stakeholders’. However, the concept of stakeholder theory has previously been combined with various other research areas such as finance (Cornell & Shapiro, 1987), accounting (Dermer, 1990) and marketing (Bhattacharya & Korschun, 2008).

An organization that applies a stakeholder management approach strives to identify its stakeholders and try to understand how the company’s actions affect the welfare of its stakeholders. Also, the organization tries to demonstrate by its actions that it respects and understands how different stakeholder's welfares are affected. One way of doing so is to share information with the stakeholders (Harrison et al., 2010). Additionally, investments in stakeholder management activities could give and sustain a firm’s competitive advantage over its opponents by enabling companies to differentiate from their opponents (Hillman & Keim, 2001; Choi & Wang, 2009). Meanwhile, activities directed towards primary stakeholders (customers, suppliers, employees, financiers and communities) will not only benefit that specific stakeholder group but increase the wealth of shareholders as well (Hillman & Keim, 2001; Ogden & Watson, 1999). Furthermore, it is argued by Choi and Wang (2009) that good stakeholder management helps failing businesses to recover faster.

Stakeholder management activities such as external stakeholder integration and dialogue could be beneficial in other parts of a business process than only to be exercised when recovering from a difficult period. This process of integration of external stakeholder has the potential of increasing external confidence in the organization. In addition, also improve firm legitimacy and reputation in the market (Heugens, van der Bosh & van Riel, 2002; Crane, Palazzo, Spence, & Matten, 2014).

A majority of prior research has found a positive relationship between stakeholder management and financial performance of an organization (Berrone, Surroca & Tribó, 2007; Hillman & Keim, 2001; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Ogden & Watson, 1999; Waddock & Graves, 1997). Opposed to this, other studies found the relationship to be mixed
or neutral (Bird, Hall, Momentè, & Reggiani, 2007; Berman Wicks, Kotha, & Jones, 1999) or even negative (Mezmar, Nigh & Kwok, 1994). These various relationships are confirmed by the study conducted by Friede, Busch and Bassen (2015) where they combined the findings from more than 2000 empirical studies on the relationship between various stakeholder groups and the financial performance of companies. The result concluded that about 90% of the studies found no negative correlation and more than 50% found a positive correlation between stakeholder management and financial performance of a company. Similarly, a prior research study who united 52 previous papers found a positive relationship between firms' engagement in different stakeholder group's and the firm's financial performance (Orlitzky, Schmidt & Rynes, 2003). Hence, by considering stakeholder interests a firm could gain possible financial benefits (Busch et al., 2018).

3.2 Organizational hypocrisy

The research area of organizational hypocrisy has been developed from legitimacy theory (Brunsson, 1989). In this thesis, this research field is onwards referred to as organizational hypocrisy. However, other researchers have studied the topic under different names, such as camouflaging (Michelon, Pilonato, Ricceri, & Roberts, 2016) and corporate hypocrisy (Wagner, Lutz & Weitz, 2009; Kim, Hur & Yeo, 2015). Furthermore, the Oxford dictionary defines hypocrisy (n.d) as “the practice of claiming to have moral standards or beliefs to which one's own behavior does not conform”. Moreover, organizational hypocrisy is defined as “a response to a world in which values, ideas, or people are in conflict — a way in which individuals and organizations handle such conflicts” (Brunsson, 2007, p.111). In addition, Brunsson (2007) describe that hypocrisy is in which way the organization and individuals handle these conflicting needs from different stakeholders. Some of the needs are fulfilled by talk (communication) others by decisions and some by action. However, these talks, decisions and actions do not necessarily have to be in line. It is likely that for instance a manger talks in the vision statement without following up with a matching decision or actions and it is in cases like this hypocrisy occurs (Brunsson, 2002, 2007). Moreover, the likelihood of hypocrisy by an organization increases when other methods to handle conflicting stakeholder demand are effective (Brunsson, 2007).

It is seen that organizational hypocrisy is an essential strategy for a business in order to manage conflict demands from different stakeholder groups. Hence, in some market environment the
firm’s legitimacy increases (Brunsson, 2007). Also, Christensen, Morsing and Thyssen (2013) describe that organizational hypocrisy do not necessarily have to be a negative thing. They state that corporation talk could lead to positive development in the future. This kind of talk is referred to as ‘aspirational talk’. The authors claim that aspirational talk becomes a motivation for the companies to aim at a different future. The studies by Koep (2017) and Busco, Giovannoni, Granà and Izzo (2018) confirmed this claim. Even though this is the case, an organization could be accused of hypocrisy when their operation is not in accordance with how they claim to operate (Lipson, 2007). Continually, Maroun’s (2018) study found that talk and decision by the firms are used to indicate potential change within its non-financial areas. For this reason, it was also concluded that organizational hypocrisy has the potential of seriously damaging the possible change in sustainability reporting. Businesses also face the risk that their hypocrisy strategies become too obvious to the various stakeholder groups (La Cour & Kromann, 2011) and consequently lead to declining legitimacy in the market (Simons, 2002).

The theoretical framework of organizational hypocrisy described above has been used to illustrate various phenomena within research areas, for example CSR activities (Wagner et al., 2009), tax avoidance (Sikka, 2010) and internal auditing (Nickell & Roberts, 2014). Furthermore, organizational hypocrisy within corporate reporting has been extensively researched by prior studies. As a start Maroun, Usher and Mansoor (2018) study on sustainability reports found that multiple corporations depend on organizational reporting to intensify actions that already have been giving beneficial results. Moreover, it was found that the gaps between actions and organizational reporting, e.g. organizational hypocrisy could give the businesses time to reconstruct their operations and hence align talk with action (Maroun, et al. 2018).

Two other studies (Anzilago, Panhoca, Bezerra, Beuren, & Kassai, 2018; Casonato, Farneti & Dumay, 2019) concluded aligned with organizational hypocrisy that corporation’s motivation to display CSR reports was to improve the public image of the organization. Hence, not to use the CSR reports to illustrate their strategic approach and devotion to sustainable development (Anzilago et al., 2018). Furthermore, a gap in talk and action e.g. organizational hypocrisy results in reduced trust in companies. Additionally, it was found that managers only publish information that was favourable to their own interests and withhold information which they believed to be unfavourable to them (Casonato et al., 2019).
One of the studies that included both organizational façades and hypocrisy is the one conducted by Cho et al. (2015). The authors suggest based on their research that a more constructive dialogue between corporations and stakeholders could be carried out by recognising organizational hypocrisy within the company's sustainability talk, decisions, and actions. Hence, development of businesses’ sustainability reporting could improve and also question companies' justifications for actions that are taken only to meet the primary stakeholder’s demands. Moreover, it is argued by the authors that the theoretical framework of both organizational hypocrisy and façades give a deeper understanding than legitimacy theory and signalling theory, to the phenomena that in some cases individual firms are forced to engage in hypocrisy.

3.3 Organizational façades
To the field of organizational hypocrisy, the theoretical concept of organizational façades is closely linked. At the start it was to be understood that an organization had one façade against the outside (Meyer & Rowan, 1977). This resonates with the broad concept of legitimacy theory, where a business keeps a steady façade, meaning they persuade the society in which the business exist in that the corporation is legitimate (Lindblom, 1994). Later the façade concept was developed to be believed that an organization could have multiple façades at the same time (Abrahamson & Braumard, 2008). Hence, the idea of organizational façade was established. Continually, an organizational façade is defined as “a symbolic front erected by organizational participants designed to reassure their organization’s stakeholders, of the legitimacy of the organization and its management” (Abrahamson & Baumard, 2008, p.438). The authors research revealed that besides the entire organization, departments and smaller units also display signs of façades. Their research also displayed that façades serve many functions besides creating legitimacy for corporations. A corporation adopt façades because they want to appear to meet the demands of a specific stakeholder. Thereby, increase the likelihood that the specific stakeholder supplies the resources the firm need from them. It also helps directors to validate action in the eyes of the public (Nystrom & Starbuck, 1984).

Society can perceive organizational façades as beneficial for them, which for certain people can be up to debate (Cho et al., 2015). Christensen et al. (2013) discuss the fact that new ideas can be originated from aspirational talk, which the company can benefit from. Additionally, Abrahamson and Baumard (2008) implicate a similar opinion but also implies that for
corporations to improve and innovate they may require space to do this uninhibited, which is provided by organizational façades. The authors claim that the higher number of façades that exists, the higher likelihood that some façades become actuality. This is equivalent to the findings of Maroun (2018) who concluded that corporations might take advantage of organizational façades in order to handle different stakeholder demands instead of having the secret motive to mislead their stakeholders. Moreover, Blanc et al. (2017) concluded that sustainability reports are for external stakeholders and therefore reputational and progressive façades are more frequently used. Annual reports on the other hand are directed towards shareholders and thereby rational façades are more commonly used towards this specific stakeholder, since this façade is more specific and direct. They also found out that usually only one façade is perpetuated in annual reports meanwhile in sustainability reports several façades can be detected.

3.3.1 Rational façades
Organizations are believed to use management techniques that are regarded as efficient and valuable by their stakeholders. Organizations therefore must appear to use these management techniques as a way to accommodate society’s expectations, proving that the organization is run rationally (Baumard, 1999). The definition of rationality is indefinite and vague, however the term 'rational norms’ stated by Meyer and Rowan (1977) is constituted from the expectations put on organizations by their stakeholder that the business is operated rationally. Based on this term, Abrahamson and Baumard (2008) establish that organizations operate on techniques that are rational and specific, designed to serve stakeholders’ demands. This concept is denoted as a rational façade, which Cho et al. (2015, p.82) conveys is "a key to market legitimacy". Rationality in this context is when a corporation’s decision and action are based on the basic market norms. At some point in a business lifecycle it becomes rational to introduce a sustainability report to meet the market’s demands. Other examples of rational behaviour that are expected from the marketplace are that decision making by managers are based on market assessments and cost/benefits analyses (Cho et al., 2015).

Abrahamson (2002) state that corporate messes are total deviations made by firms concerning the stakeholders’ understanding and expectations of the corporation to act in a rational order. Abrahamson and Baumard, (2008) suggest that corporations are allowed to operate in a messy manner with the assistance from rational façades. The authors claim that the advantages from this is, firstly that business do not need to spend any means on engagement in institutionalized
practices that is debatably of inadequate usefulness. Change inevitably involves trial and error which a rational façade would help to conceal, which reduces the uncertainty surrounding a business’ actions.

A case study was conducted on the company SL, investigating how it handled the contradictory demands appointed by their stakeholders. What they found was that SL’s loan expectation did not perform good enough to impress large banks, at the same time SL was over performing in the trading room. This means that the structured operations in finance which were disguised by the rational façade started to collapse. The rational façades helped concealing all the mess created by SL, which had an important role in the strategic reorientation and even survival of SL. The managers of SL crossed boundaries and cooperated with different business units owing to the rational façades. Rational façades allows employees and managers to exercise their own logic of action, whether it is disorganized or organized (Abrahamson & Baumard, 2008).

Another research studied two international oil and gas companies both in their talk trough the company’s sustainability report and actions during a three-year period. The authors concluded that rational façades in their study were defined as communication of shareholder value creation, profit and growth maximization. Example of this from their case study is that the company has a sustainable growth plan. The case company also want to make it clear to its stakeholder that they have future drilling rights secured and hence, the firm participate in lobbying activities. By doing so the corporation wants to secure cash flows in the future which could be a motivation for the organization to put up rational façades (Cho et al., 2015).

An additional previous study investigated which façade was most frequently used in annual reports contrary sustainability reports between the stakeholder group employees and suppliers in Siemens over a twelve-year period. The authors found that rational façades in the reports were the communication of employing law firms, cost of advisory for employees and compliance policy as part of their compensation structure mainly regarding bonuses. Additionally, numbers of statistical disclosure were found to be rational façades, such as numbers of responses on the employee survey, employee compliance violation ratio and number of workers who got fired. Similar examples were given regarding suppliers. Namely, how large portion of the suppliers follow the company’s code of conduct and the amount of supplier audits. The supplier side showed other forms of rational façades. For instance, description in which way the company’s code of conduct created and to which extent the organization take suppliers size into consideration (Blanc et al., 2017).
A study combining the concepts of organizational hypocrisy and façades was conducted on three big producers of platinum during a period of labour unrest in 2012. In the area of rational façades, the author finds that the companies in the study describe how they are going to create and importance of shareholder value. Terms such as large and affordable returns as well as decrease of total costs were used. This kind of communication is to be considered as rational. Since, the mining industry is heavily dependent on investment. Hence, the management team must secure future investment for the business by making it clear that they are economically sustainable. The management team also illustrate how they are dealing with the labour unrest in order to go back to normal operation capacity and minimize its effect on the company. All of which are part of the company's rational façades (Maroun, 2018).

3.3.2 Progressive façades
In society only rational façades are not enough for various stakeholder groups and those in the market who are more future orientated. Hence, façades of progression are formed, to fill this void that certain stakeholder groups may experience (Cho et al., 2015). As Abrahamson and Baumard (2008, p.448) explains it “Organizational façades must not only fit norms of rationality, but that they must also mirror norms of progress.” With the term norms of progress is meant that managers intend to use the most improved and newest efficient means to important ends, rather than just using efficient means. This would accordingly lead to important ends being just as improved and new (Abrahamson, 1996).

A management fashion market which is composed of business schools, consulting firms, business professional association, etc. provides the latest management fashions. The latest management fashions are what managers are expected to use when the public request that the newest efficient means are being used to important ends (Abrahamson and Baumard, 2008). Adopting the latest management fashions or techniques are ways for managers to prove to their stakeholders that they are acting in their best interest. For example, corporation’s decision to follow certain reporting standards implies to their stakeholders that the management are making improved rational decisions (Cho et al., 2015).

Certain stakeholder groups can raise questions or problems that the management of the company solve by presenting new approaches in both their talk and decisions, which is what the progressive façade represents. Moreover, the talk and decisions made by the management team are presumably reasonable enough for some stakeholders to agree on the positive ideas
that are presented through them (Brunsson, 1990). The development of concrete, feasible and realistic actions is a costly and troublesome process. However, decisions that falls under the progressive façade are escaping these expensive costs and saves a lot of labour. This is because progressive decisions conceal the fact that the company has not fundamentally changed in ways decisions are taken or ways they determine actions, which is done by only addressing the possible prospects for reform (Cho et al., 2015).

In Cho’s et al. (2015) research, progressive façades were found to be shareholder value, other business goals, growth in the future could be combined with environmental and social evolvement. For example, the authors case companies are claiming in their sustainability reports that they are evaluating future sustainable and theological development as well as their commitment for operating environmentally friendly, safe and efficiently. To give and emphasize the possibility of reforms and presenting management strategies for central business challenges besides the recognition of them are also forms of progressive façades. Additionally, show commitment to social and environmental issues by adopting standards or starting to formulate their own strategy against it could be considered as a progressive façade as well. Meanwhile, all of the social and environmental issues will be handled in the future by for instance, implementing voluntary guidelines (Cho et al., 2015).

The study by Blanc et al. (2017) showed examples of progressive façades to be on the employees’ side, encouragement of actions through bonus plans, the communication of an incident driven controls of the employees and introduction of a compliance program. From the supplier perspective the authors found progressive façades used by Siemens to be an award for suppliers who are sustainable, training online and a verity of inspections.

Correspondingly, to the discovers by Cho et al. (2015) within the oil and gas industry Maroun (2018) found progressive façades within the mining industry to be communication of recognition of shortcomings within the organization’s operation and proposition for future change. For example, by similar statements the organizations are going look through their social impact towards society. Moreover, the companies make announcements stating that they are acting to prevent corresponding strikes occur in the future. In order to succeed, the firms use additional progressive façades towards trade unions and local communities to reassure they are a future force for good. The management team also propose future outcomes in other part of the business and the associate risks. However, the author found that both these future
outcomes and prevention of future strike statements lack details and specific steps of how these goals are going to be fulfilled.

3.3.3 Reputational façades
To satisfy the expectations society has on corporations, managers need to create a good reputation that exhibit character of respectability and the ability to cover costs. This is due to societal expectations that a business must follow suitable financial, professional and legal norms which the business must show signs of following (Abrahamson & Baumard, 2008). An organizations image is represented by the reputational façade. A reputational façade can therefore either hide an organizations behaviour or appearance if it is not frowned upon by certain stakeholders or it can magnify an organization’s realizable goals (Cho et al., 2015). By empowering a corporation’s positive image, a reputational façade helps to create a more legitimate corporation in the view of stakeholders (Dimaggio & Powell, 1983; Meyer & Rowan, 1977). This is since “A reputation façade displays accounting and rhetorical symbols desired by critical stakeholders...” (Abrahamson & Baumard, 2008, p. 447).

Abrahamson and Baumard (2008) identifies reputation as an implication of corporations’ desire to work towards their stakeholder’s demands in order to benefit their stakeholders. Examples of ways that business can benefit their stakeholders are by offering help to stakeholders that are in a disadvantage, follow standards such as accounting standards that are acceptable and suitable, or by offering non-harmful products to their stakeholders. Corporations can lead their audience to think that they are able to perform better than they actually can, with help from stories, attributes and symbols which are considered to be reputational façades (Abrahamson & Baumard, 2008; Meyer & Rowan, 1977).

It is difficult for stakeholders to recognize when corporations disregard societal and corporate values because they are camouflaged by the façades. This makes it more difficult to hold managers responsible for actions that would be considered corrupt, because of the causal doubtfulness generated by the façades. There is a shield between the image of the corporation viewed by society and the actual operations of the organization which creates anonymity. Additionally, it perpetuates the idea that reputational façades are not associated with specific individuals by the organization's stakeholders. This further implies that organizations practicing actions that would be considered corrupt are shielded by the reputational façades build up by the company (Abrahamson and Baumard, 2008).
In previous study by Cho et al. (2015), they discovered that in connection to progressive façades which are mainly about future development and reforms, in their case social and environmental issues. Reputational façades on the other hand emphasise that social and environmental aspects are core values in the companies’ line of business. The companies also highlight how important human beings are to them. By communicating statements such as recognition of culture and local communities. Hence, make it clear for different stakeholder groups that this is of importance for the firms and thereby create a positive impact on its reputation. The main communication channel the companies use is sustainability reports. Nevertheless, the companies in the study did not mention any of the core issues related to the oil and gas industry.

Blanc et al. (2017) state how important it is to them that the employees get the support they need, and that Siemens is to be considered as a benchmark regarding compliance according to the employee survey performed. From the suppliers’ point of view, the company wants to portray them in a positive trustworthy manner. This is done by ensuring suppliers devotion to transparency and no tolerance against bribery.

In Maroun’s (2018) research he emphasises the close link between progressive façades and reputational façades. Since, for stakeholder to believe in the future development proposed through the progressive façades the company need to match this with reputational façades, ensuring the commitment to for example social issues. Also, when the companies claim they are responsible, trustworthy and disclose knowledge of different issues such as safety and living condition and incorporate these issues in their course of business. An example of when this is the case is when a corporation communicate that they are a responsible corporate citizen, which signals that the company is socially aware. The mining companies do not disclose how these values are meet in actions.
4. Methodology and Method

This section represents the methodology of this thesis and includes a detailed description of how this research is conducted, which is summarised in figure 1 below. This section proves to the reader that the method chosen is valid and appropriate. Finally, in this section the sample and data selection, collection and analysis are described.

4.1 Research design
Based on the research question this thesis research is conducted using a qualitative approach. A qualitative approach is viewed to be the most fitting approach to follow for this thesis based on the research purpose, but it should be kept in mind that it could lack in reliability. This is since in contrast to a quantitative approach it does not address the generalizability issue which exist within the qualitative approach (Hartley, 1994). This means that no general conclusions about the banking sector can be drawn in this thesis, only conclusions based on the sample. Furthermore, Easterby-Smith et al. (2015) highlights that for a researcher who wants to gain understanding on a specific question or case it is reasonable to adopt a qualitative research approach.

4.2 Qualitative content analysis – Research strategy
This thesis opts for the qualitative content analysis strategy since it is an appropriate methodology for this thesis because it makes the text data obtained from the RBS’s sustainability reports manageable. Categorizing the text data helps to make a large sample of
text more attainable and easier to analyse and find connections within the data. Additionally, by the adoption of the same methodology as similar studies (Cho et al., 2015; Maroun, 2018) it increases the possibility of comparison between this thesis and other studies. It is argued that content analysis as a research technique further broadens a researcher’s view of a certain situation and continually give the researchers new knowledge of the subject. Adopting the research technique is therefore expected to provide results that are replicable, which is helpful when comparing studies and should increase the reliability as well (Krippendorff, 2013). The qualitative content analysis will also help to search for underlying themes in the disclosures collected (Bryman, 2004). According to Bryman (2004) the most widespread approach to qualitative analysis of textual context is the qualitative content analysis.

Amidst the different sets of empirical methods Titscher et al. (2000) argues that content analysis is the method of text analysis that has been established the longest. Krippendorff (2013, p.24) defines content analysis as “...a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use.” Content analysis has been widely used in accounting research to analyse information and disclosures from financial statements and reports (Mahdavikhou, 2018; Welch, Piekari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). The information collected from RBS's sustainability reports are one example of such reports, that was not produced for the purpose of this thesis and thereby the authors has no influence over its content. Adopting content analysis as a research methodology in this thesis could decrease the possibility that information is not influenced by the researcher's objectives or process. This is because the information was already established (published in the reports), meaning that the possibility of the research process being biased is decreased (Lune & Berg, 2017).

Within the area of textual studies there is a big variety of additional research strategies that could be applied. This thesis contemplated between two different strategies to adopt instead of qualitative content analysis, namely discourse analysis and social constructivist analysis. Discourse analysis was excluded since the purpose of that methodology is to look beyond the meaning of the sentences and since this thesis investigates the actual text the content analysis methodology was found to be more fitting. Social constructivist analysis did not fit into this thesis as well as content analysis either since it does not only analyse the text content but also tries to understand how reality is constituted in the text (Krippendorff, 2013).
A critique against content analysis methodology is that the research is limited to content that is already existing which means that new content cannot be produced by the researchers applying this approach. Additional criticism postulate that content analysis only explains how it is and in which category the content belongs to, but it does not give an explanation to why this is the case. This suggest that the causal relationship can be overlooked (Lune & Berg, 2017; Welch et al., 2011). The criticism suggests that the adoption of this method in this thesis is that the results only tells us in which way but not why certain text is disclosed. More specifically, it means that the results in this thesis only show how RBS has disclosed information in their sustainability reports and not the reasoning behind the disclosures.

4.3 Sample
The thesis examines the sustainability reports published by RBS between the years 2008-2013 because of the publication of the FCA (2016) investigation on RBS. The sample for this thesis is selected owing to the fact that the FCA (2016) investigation notes provides a basis for researching RBS and their reports. The FCA released the investigation documents in 2016 claiming that the bank has mislead their customers which created a gap between what the bank had stated in their disclosures and what their customers have told in the investigation. This gap is defined as a façade in this thesis and investigated in depth in order to categorize it into the different definitions of façades.

A reason to why only one company is researched in this thesis is because otherwise the research would be too time-consuming, which is not possible with the resources available. Examining reports from the years 2008-2013 should provide insight enough to make conclusions about the façades for this research. Researching multiple companies in a study would also give a more overview analysis while researching one company gives a more profound view of the phenomena, which is what this thesis strives for.

The investigation presents an outside source for the research, meaning that the disclosures published in the sustainability reports can be either validated or debunked. Having an outside source in the research provides independency to the statements and classifications, since the problems prevailing are proven and not assumed by the researchers of this thesis. The investigation conducted against RBS was mainly concerning the banks treatment against SME (Small medium enterprises) customers. However, this thesis looks into RBS’s disclosures about their customers in general since SME customers are a large part of their overall client
base and hence the disclosures about customers are applicable to them as well. Nevertheless, disclosures that are specifically targeting other customers than SME customers, for example retail or private customers are disregarded. The notes from the investigation also mainly focuses on the GRG (Global Restructuring Group) which is a part of the RBS group and therefore highly affects all aspects of the RBS group as a whole (FCA, 2016).

4.4 Data selection
After the establishment of the sample the process of data selection starts. In this thesis only the disclosures published in the sustainability reports of RBS are investigated. The thesis investigates the sustainability reports of RBS published from 2008 to 2013. RBS has been accused of inappropriate treatment of their customers, but they have not been communicating these issues to their customers, rather they have been overlooked and not acknowledged until the investigation was released. These occurrences are attempted to be extracted from the sustainability reports in order to discover what façades RBS has put up towards their customers.

The motive to exclusively investigate disclosures involving customers is derived from the notes of the investigation, since the main problems mentioned was concerning the bank’s customers (FCA, 2016). In table 1 below the number of times RBS mentions the word customer or similar words, namely consumer or client every year in their sustainability report is showcased. This is an indicator that the stakeholder group customers are of high importance to them. Hence, the stakeholder group is interesting to study within this research area. To put this into context and to emphasize the importance of customers to RBS the table also includes the number of times employees are mentioned in their sustainability reports, which is also one of RBS’s primary stakeholders. As table 1 shows employees are generally mentioned half the time compared to customers and in most of the years even less than half.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of times customer, consumers or client mentioned</th>
<th>Number of times employee(s) mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>215</td>
<td>102</td>
</tr>
<tr>
<td>2009</td>
<td>253</td>
<td>99</td>
</tr>
<tr>
<td>2010</td>
<td>311</td>
<td>136</td>
</tr>
<tr>
<td>2011</td>
<td>234</td>
<td>142</td>
</tr>
<tr>
<td>2012</td>
<td>437</td>
<td>168</td>
</tr>
<tr>
<td>2013</td>
<td>287</td>
<td>103</td>
</tr>
</tbody>
</table>

4.5 Data collection
The thesis collects the data from RBS’s sustainability reports between the years 2008-2013. This period has been chosen since it is between these years the investigation (FCA, 2016) concluded that the bank has mislead their customers. In addition, multiple years (2008-2013) were also selected because this thesis wants to investigate if the fronts appeared the same across the period. The sustainability reports are retrieved from RBS's website where they are publicly available. More connecting data is collected from the published investigation conducted by the FCA. More specifically, the investigations main notes about how RBS has inappropriately treated their customers are collected. The document for this investigation is also publicly available and can be retrieved from the UK authority's website (www.parliament.uk). Further notes and background story are gained from the two published articles written by, Dr. Lawrence Thomlinson and Sir Andrew Large, that led to the start of the investigation. This means that all the data collected and used in this thesis is secondary data. Retrieving secondary data signifies that the data was originally produced to serve another purpose (Easterby-Smith et al., 2015). In this case the disclosures made in the sustainability reports were made for the stakeholders of the bank and the investigation notes were made to bring clarity to the accusations of RBS misleading their customers.

4.5.1 Coding
In this thesis the textual data is coded into one of the three following codes: (i.) Rational façades - the organization meet fundamental norms of rationality. (ii.) Progressive façades - the organization do not only show rationality but also progress. In other words, statement of possible future change. (iii.) Reputational façades - statements that are disclosed in order to meet demands of the most critical stakeholders (Abrahamson & Baumard, 2008). Coding is thereby one of the significant research steps in this thesis. This is the process within a content analysis when textual data are categorised into different codes which makes them analysable (Krippendorff, 2013). The thesis considers the possibility of data that do not fit in to any of the above-mentioned codes. This data is handled separately and analysed if any new code/façade must be introduced, in order to give an accurate picture of the disclosures.

The text that is deemed as relevant from the previous data analysis steps, e.g. the collected disclosures, are now categorized based on the context of the text or disclosure (See appendices A, B, C and D for reference). The context is analysed and determined based on the definition and previous case examples of the façades. For instance, disclosures about future goals made
in the bank’s sustainability reports are regarded as a progressive façade. Another example is text that is regarded as statistical, which can be disclosures including cost/benefit analyses or statistical numbers, are categorized as rational façades. Additionally, disclosures including statements highlighting the values of the company are regarded as reputational façades. According to Krippendorff (2013) human skills are needed in the process of coding since it is a complex process. Hence, the process of coding must be done manually. (For further explanations and examples see section 3.3 Organizational façades).

4.5.2 Journals/Articles
The starting point for all journals and articles used in this thesis lays in the research question. Different themes in the research question were identified which then set the basis for the search of literature. Example of themes identified are hypocrisy, façades and stakeholders. Proceeding with the identified themes they were used as searching material in different data bases, primarily Scopus and Primo. Existing literature that exactly relates to the research question of this thesis is hard to come by at this point in time since it is a relatively unexplored and new area of research. Therefore, literature surrounding the different aspects of the research question had to be sought out. These were then combined and interlinked in order to fit the purpose of this thesis. There are numerous directions and theories that surrounds the research question, but the theories used in this thesis has been chosen because they connect to the research question. To ensure the quality of the journals included only peer-reviewed journals were used.

4.6 Data analysis
The data analysis begins with the collection of all the secondary data needed, which includes the FCA investigation and RBS’s sustainability reports from the years 2008-2013. The data analysis process follows the qualitative content analysis approach (Krippendorff, 2013), which is explained in section 4.2. The following step of the analysis starts with searching in each sustainability report for the word ‘customer’ or synonyms to the word and the paragraphs mentioning the word ‘customer’ or synonyms to the word are highlighted. Subsequently, each of the highlighted paragraphs are compared to the FCA (2016) investigation, in order to confirm if they match up. Moreover, to see if the disclosures in the sustainability reports actually correspond to the notes in the investigation or if there is an inequivalence in their actions and talk (communication towards customers in this case). From this it is determined which disclosures are not found inaccurate by the investigation and these disclosures are not
taken into consideration. Because it is assumed that the talk and actions are coherent, meaning that it is not proven by the FCA (2016) investigation that RBS’s communication towards customers is not equivalent to their actions in reality, which is not part of the research question. The relevant data that is left is sorted accordingly to the pre-determined codes, namely, rational façade, progressive façade and reputational façade (The coding steps are explained in more detail in section 4.5.1). The final coding gives the foundation required to answer the research question. This gives the basis needed to draw conclusion and connect the findings to existing research.

4.7 Data quality
This segment includes a short notion on the data quality and ethical issues of this thesis. According to Guba (1981) data quality consist of four factors, credibility, transferability, dependability and confirmability. All of these factors are discussed in this section.

4.7.1 Credibility
Shenton (2004) states that credibility is attained by making sure that the findings drawn from the data match up with reality. This thesis uses secondary data that has been published by the UK government more specifically the Financial conduct authority (FCA, 2016). This means that the data should be considered more credible since it is not influenced by the researcher's views. Guba (1981) argues that ensuring credibility means involving data collection from various perspectives and not to rely on only one source of information, a so-called triangulation. The author also states that for a paper to have credibility at least two sources of information must be included. This thesis adheres to these arguments by collecting data from both the point view of RBS and the customers through the investigation. This allows for the different perspectives to be compared in order to pinpoint differences and similarities. An extensive literature review with multiple case examples representing different viewpoints also satisfies the requirement for credibility by not relying on only few sources. One arguably low point of credibility in this thesis is the lack of an additional outside source besides the investigation. An outside source that could represent an outside perspective of the situation besides the company’s and the customers’ perspectives. This could have been done by including interviews with the authors of the sustainability reports or the customers who were misled by the bank. Having the additional outside source would further increase the credibility of the research. However, it can also be argued that an additional outside source would not be
necessary since the purpose of this thesis is to find gaps between the reports disclosed by the company and the notes from the investigation.

4.7.2 Transferability
The issue of transferability concerns the ability to transfer the results of a study to another (Guba, 1981). This thesis includes a description of how the study was conducted and which data was needed to find the answer to the research question. This information makes it possible for future researchers to perform the study in another context.

The section explaining what data is obtained and how the research for this thesis is conducted is described with clarity, which is important in order to increase transferability (Shenton, 2004). Furthermore, Guba (1981) argues that to acquire transferability two contexts drawn from different studies must have a high degree of similarities. This evaluation is for future scholars to make. However, it is important for researchers, including this thesis, to make this transferability possible. Additionally, if scholars find that their study has similar circumstances as this thesis, they could assume that the results will be suited appropriately in their research as well.

4.7.3 Dependability
This thesis has included a thorough description of the steps taken in the data analysis (section 4.6), which should make it easy for other researchers to replicate the study. The data used in this thesis is as mentioned secondary data collected by the UK government, meaning that the authors or other researchers cannot influence the data to their advantage. According to Saunders, Lewis and Thornhill (2016) that is how dependability is achieved, when other researchers are able to reach the same findings when replicating the techniques and procedures described in the data collection and analysis. Saunders et al., (2016) and Shenton (2004) also mentions ‘researcher bias’ as one threat to dependability. This is avoided in the thesis since the authors of this thesis do not have any connections with the bank or the investigation. This implies that the subjective views of the thesis are not interfering with the data results.
4.7.4 Confirmability
Confirmability concerns the issue of objectivity within a study (Guba 1981; Shenton, 2004). In order to enhance the objectivity of the research, the thesis uses multiple sources of information. By using qualitative content analysis in this thesis, the objectivity increases, since the coding scheme is based on previous research not on the investigators own preference. This thesis applies the Oxford dictionary definition of objective (n.d) meaning since this thesis is “...not influenced by personal feelings or opinions in considering and representing facts”. However, in qualitative research objectivity is very hard to obtain (Patton, 2015). In addition, text which is the data in this thesis have no single meaning. It is within multiple ways to interpret any text dependent on the reader (Krippendorff, 2013). This further implies that complete objectivity is difficult to reach in this thesis, but the steps taken mitigates the risk of having no objectivity and by that increase confirmability. One example of such a step is that the thesis uses a third party (FCA, 2016 investigation) to confirm if the disclosure is a façade or not.

4.7.5 Ethical issues
Despite the technique of data collection ethical principles does arise that need to be considered. There are a number of situations in which ethical issues can arise. Situations evolving the objectivity of the researcher, the confidentiality of organizational or personal information, or the accessibility of the data needed (Saunders et al., 2016). The objectivity of the authors for this thesis is maintained by not reporting only selected data or misrepresenting the data collected (Zikmund, 2000). The data collected for this thesis is representative of all the years (2008-2013) being investigated which implies that the results are representative for the extended time period. The data collected cannot be influenced by the researchers of this thesis since it is already accessible published data, which further indicate the researcher's objectivity. All the data collected for this thesis are publicly accessible, which makes it easy to fulfil the requirements of maintaining assurance that confidential information is not used nor spread. Therefore, accessing the data needed does not raise any ethical issues (Frechtling & Boo, 2012). Ensuring that ethical issues are regarded in the choice of research methodology is important as well (Saunders et al., 2016). According to Krippendorff (2013) content analysis is a research technique that ensures ethical issues are covered by producing valid and replicable implications. Content analysis strives to identify and display objective characteristics of texts and disclosures (Stemler, 2001; Frechtling & Boo, 2012).

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5. Findings

In this section all the data collected is presented in a comprehensive manner. Under each section there are practical examples provided of relevant disclosures extracted from RBS’s sustainability reports under the investigation period. The findings in this section lays the base ground for the preceding analysis.

When conducting the research for this thesis the authors found clear sub-categorizes to each of the three façades as seen in table 2. This section follows the structure of these sub-categorizes. In addition, this section includes examples of disclosures found under each category. These disclosures only represent a few examples of the disclosures discovered in this research, but these specific examples are showcased since they are very typical for the different categories. All the disclosures collected from RBS’s sustainability reports during the investigation period 2008-2013 are referenced in the appendices A, B, C and D. The appendices (A, B, C and D) also showcases the year, page reference, investigation note and motivation (e.g. sub-category) for the disclosures.

<table>
<thead>
<tr>
<th>Façade</th>
<th>Sub-categorise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational</td>
<td>Statistics, Rationality of decisions and Industry norms</td>
</tr>
<tr>
<td>Progressive</td>
<td>Signs of progress, Implementing programs, processes or recommendations and</td>
</tr>
<tr>
<td></td>
<td>future change</td>
</tr>
<tr>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
</tbody>
</table>

*Table 2: Façade with connecting sub-categorizes (Developed by the authors).*

5.1 Rational façades

5.1.1 Frequency of use

Rational façades are the least apparent façades in the sustainability reports of the bank across the years (2008-2013) compared to progressive- and reputational façades. This comparison is based on the disclosures about the investigation (the disclosures collected for this thesis) and not all the disclosures made in the sustainability reports. There is no significance relating to a specific year concerning rational façades found in the disclosures of the reports. However, the number (3 disclosures, see appendices A and D) of rational façades was somewhat smaller in 2009 compared to the other years in the sample. The main difference between the years relating to rational façades are visible in the variance of the content in the disclosures. The content of the disclosures is consistent or similar for each year, which means that the same sub-categories could be found consistently over specific years. Over the investigation period 2008-2013 there are three mains categorise of rational façades found, namely, statistics, rationality of decisions, and industry norms.
5.1.2 Statistics
In the disclosures where rational façades are found one of the most prominent category or type of rational façade that is found is disclosures about statistics. These include for example; disclosure the bank has made about how much lending they have made available for their SME customers. Also, statistics in the disclosures about how many customers who have answered their surveys and their response to those statistics. Another big statistical disclosure that the bank mentions is about the number of customer complaints they receive and consistently handle. Moreover, statistical disclosures are also found in disclosures stating how the bank is viewed by their customers and their opinions, which are stipulated in percentages. Statistical information can also be presented as cost/benefit analyses in RBS’s reports, where an implemented process is valued by cost and the benefit from it is later identified by measuring number of customers benefited from the process.

“Supporting our customers through the economic downturn by committing to making £9 billion available for ... new UK SME and corporate lending in 2009 and a range of other measures.” (RBS, 2008, p.5) This is an example of a statistical disclosure found in the sustainability report of the bank in 2008. In this disclosure they present how much money they will make available for lending to SME customers. The FCA (2016) investigation concluded that the bank did not support their SME customers in accordance with good turnaround practice. The FCA (2016) investigation imply that a good turnaround practise is when RBS conduct their business in a way that creates value for them and their customers. Combining the investigation note and the statistical information presented in the report this disclosure can be identified as a rational façade.

“Our Corporate Banking Division also uses NPS to measure satisfaction, as well as customer satisfaction surveys. Almost 65,000 customer surveys were carried out with our UK business customers in 2013....” (RBS, 2013, p.18) This is another statistical disclosure found in RBS’s sustainability report from 2013. This disclosure is about customer surveys that measure RBS’s customer’s satisfaction of the bank. This disclosure is categorized as a statistical rational façade since they try to convey a message to the customer that RBS is working in the customers’ favour by bringing up the amount of surveys they have carried out. This disclosure was highlighted since it did not manage to identify the key risks of their customers according to the FCA (2016) investigation. The FCA (2016) investigation note stating that RBS failed to identify key risks regards different areas of RBS’s business operations where they had failed to minimize and manage the key risks their customers face, when they are experiencing
financial difficulties. This entails that disclosures connected to this investigation note can concern a variety of different scenarios where RBS has failed to identify which risks their customers could experience.

In 2008 all the disclosures regarding rational façades collected are found to be statistical disclosures and the other common rational disclosures were not found until later years. In 2009 contrasting results are found since limited statistical disclosures are identified regarding customers and relating to the investigation. This can be related to the fact that not many rational façades in general are found in the sustainability reports of the bank in 2009 relating to the investigation. In the following years some statistical disclosures can be found but they are not overwhelmingly existent in the reports such as in the 2008 report. The disclosures regarding rational façades in the sustainability reports between the years 2010-2013 are therefore more mixed between the identified categories.

5.1.3 Rationality of decisions
This category includes disclosures where RBS explain the rationality behind their decisions or actions. The rationality behind decision such as pricing and lending is frequently found in their disclosures. In the disclosures the bank state that their pricing or lending decisions are based on rational behaviour which will benefit their stakeholders. Rationality in their decisions also involve the banks handling of problems or issues where RBS state that their way of handling complaints is well established in their business practice. Statements about transparency in decision making is also often seen in the reports which is another way for the bank to show the rationale behind some of their decisions.

“We will be transparent when making lending decisions by always explaining our rationale and by offering customers the right to challenge our decision.” (RBS, 2009, p. 20; RBS, 2010, p. 22). This statement appears two times in two separate sustainability reports. In this statement the bank implies that their lending decisions will be transparent by explaining their rationale. In connection to this statement no further explanation is provided about how the rationale will be achieved which is why this disclosure can be categorized as a rational façade. Connecting to the investigation, the FCA (2016) concluded that RBS has been lacking in transparency in key parts of the organization was recognized such as complaints. This is contradicting to this particular disclosure found in their sustainability reports.
“All of our UK RMs have ‘Credit Stewardship Responsibilities’ which means that they have a duty to identify and help customers when they are facing significant challenges in their business. In these circumstances, we have strategies in place specifically aimed at either understanding where any issues may be temporary in nature with sound longer term prospects, or alternatively beginning the process of arranging customers to be looked after by our Specialised Relationship Management team, Product Managers or Global Restructuring Group Team.” (RBS, 2012, p. 24).

In this disclosure RBS discuss the responsibilities their relationship managers (RM) have which in this case is referred to as their ‘credit stewardship responsibilities’, which should help them identify challenges their customers may face. This statement provides a rationale behind the decision to implement specific strategies. This disclosure represents the FCA (2016) investigation note stating that RBS failed to help SME customers. Also, that the relationship between the relationship managers and SME customers was inadequate, since the managers failed to support the SME customers in ways they were supposed to. This disclosure also signifies the investigation note that stated that the relationship managers of RBS did not adequately and routinely follow the strategies that were implemented.

In 2008 and 2013 no disclosures concerning the rationale behind decisions connecting to the investigation or customers were found. A pattern was visible over the time period 2009-2012 were these types of disclosures were steadily existing over time. During 2012 this category of rational façade was used multiple times compared to the other years where it was mentioned occasionally.

5.1.4 Industry norms
The term industry norms refer to the disclosures where RBS explain how they meet the fundamental expectations of the banking industry. Examples of industry expectations that is found in the collected disclosures and that RBS considered in their work is statements regarding overdraft on accounts and the understanding of issues. In these examples RBS explain that by not increasing the pricing of SME overdrafts they have taken this issue into consideration but continue by implying that this decision follows the industry’s expectations. Other topics found regarding industry expectation in the disclosures are about customers in financial difficulties and customer support. In the text where RBS discuss customers in financial difficulties they can either discuss that this is not an acceptable scenario to end up in or they discuss what
measures should be taken if they end up in a scenario where they have to handle customers in financial difficulties. The disclosures made about supporting customers in difficulties is frequently apparent across the investigation period and is found to be the most discussed topic of all the discussed topics above.

“We’re also helping our customers to avoid getting into financial difficulties in the first place, by watching out for early signs of problems. We now have a dedicated financial support team who monitor and actively approach customers who may be struggling with their money.” (RBS, 2010, p. 14).

In this disclosure RBS acknowledges the difficulties their customers can experience and state that they will support these customers and that they have dedicated measures to prevent their customers from getting into financial difficulties. Their statement implies that the bank follows the industry norms by in this case supporting customers in difficulties, because this is what society expects a bank to do (Deegan, 2002; Lindblom, 1994). This quotation regards the FCA (2016) investigation note about RBS’s management team not being able to identify the key risks their customers face.

Disclosures categorized as rational façades and are about meeting the expectations of industry norms are most evident in the sustainability report of 2010, where the majority of disclosures of this kind are presented. In the preceding years of the investigation this type of disclosures can be found but to a narrow range. The same applies to the three years following 2010 were these disclosures are severely limited in scope.

5.2 Progressive façades
5.2.1 Frequency of use
Progressive façades are the most frequently found façade in the disclosures collected from RBS’s sustainability reports out of the three defined façades. The appearance of progressive façades is not significantly more or less over the time period of the investigation. Although in 2010 and 2013 a small difference is visible in the frequency of progressive façades found from the collected disclosures, since they are less apparent during these two years. During the years of the investigation RBS has shown a lot of signs of progress, implementing numerous programs, processes or recommendations and various promises of future change. In these disclosures RBS usually recognizes their shortcomings and try to implement change accordingly.
5.2.2 Signs of progress

Signs of progressive façades can appear in RBS’s sustainability reports in statements that show signs of progress or imply progression is made on behalf of the bank. Examples of progression signs that is found in the disclosures collected are training of staff or implementation of different programmes. This regards general statements about implementation of future programmes with no specifications of what or how the implementation will be conducted. Disclosures about staff training includes comments about training customer advisers and relationship managers in different programmes. Other signs of progress are shown in disclosures explaining that additional specialized relationship managers will be added or development in different routines will be implemented based on surveys and customer feedbacks. Moreover, progression signs are also found in disclosures RBS has made about reducing charges and fees, the redesign of their customer sales and service experience or public reports. In disclosures about public reports RBS has stated that they will make changes according to these reports which are based on research about advice to customers. This customer-based research acts as a basis for understanding the issues customers face and as a basis to be able to speculate and later implement future changes.

“We are taking action to fix the issues that cause customers to complain whilst also making the process easier. We've rewritten and reissued the complaints leaflets in our branches and also made it much more straightforward to submit a complaint via rbs.co.uk and natwest.com. We want to make sure that if a customer does complain, we deal with their issue fairly and promptly. In 2011, we trained in excess of 5,500 staff in our revised complaint handling processes that are designed to deliver a fair outcome to customers.” (RBS, 2011, p. 11)

This quote highlights multiple topics and scenarios that are defined as signs of progress. Here RBS discuss process simplifications, modifications in handling customer complaints and training of customer advisers to better handle complaints. This statement shows that RBS has taken measures to discuss the processes and attempt to improve different processes in their business practice and the handling of these different improvements. Since many different ways of progress is shown and presented in this statement the disclosure fits in with multiple notes of the FCA (2016) investigation. The common ground for these investigation notes is that the bank has failed to handle complaints, train staff adequately and implement the right policies.

“We will enhance our regular customer satisfaction surveys to allow us to continually focus on improving the service we provide to our SME customers” (RBS, 2011, p.18) This is another example of a disclosure found in RBS’s sustainability report which highlights a statement that
shows signs of progress. By stating that RBS continuously will enhance a process that they offer to their customers they indicate to the public that they are progressing. Furthermore, by formulating that they will focus on service improvement the bank also shows signs of future development. This disclosure lacks trustworthiness since it fails to identify key risks that RBS’s customers face according to the FCA (2016) investigation notes.

There is no year that stand out amongst the others when it comes to the amount of disclosures found about progression signs. Disclosure that show signs of progress is therefore consistent over the investigation years. Differences that are found to be prominent are about the context of the disclosures. These types of disclosures are mostly used in the context of training staff, connection with different programmes and surveys/customer feedbacks.

5.2.3 Implementing programs, processes or recommendations
Over the sample period RBS has implemented many different programmes, processes and recommendations into their business practices. This is manifested in the amount of disclosures made about these implementations in the bank’s sustainability reports across the investigation period. The bank often state that they will introduce a new programme, follow the recommendations of a third party or put into practice a new process. These disclosures contain more specifications of the implementations of programs, processes or recommendations. Therefore, when conducting this research, it became apparent that RBS made vast amount of statements about future developments of this kind. Some of the stated programmes, processes and recommendations are collected and composed in the table (3) below. Table 3 showcases the names of processes that RBS has mentioned in their sustainability reports between the years 2008-2013 and that regard the FCA (2016) investigation. Moreover, this implies that in total RBS has implemented more programmes and processes than the ones mentioned below. However, since they are not a part of the FCA (2016) investigation notes they are not brought up in this study. In connection to the disclosures collected according to the investigation there is a decline in the different programmes, processes or recommendations implemented over the sample period. It is clear in table 3 that in 2008 RBS made the most disclosures of this type while in 2013 RBS only made three disclosures of this type.


<table>
<thead>
<tr>
<th>Year</th>
<th>Examples of programmes, processes or recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>MoneySense programme, (dedicated helpline)- Business Lifeline, Customer Satisfaction Index (CSI), ‘Talking Business’ courses (training course), Consumer Credit Counselling Service (CCCS), new information service- Business Status Alerts,</td>
</tr>
<tr>
<td>2009</td>
<td>‘Helpful banking’, Treating Customers Fairly (TCA), CASHflow, Money Advice Trust (MAT), FSA, ‘Here for you’ campaign, Consumer credit counselling service, Group sustainability committee (GSC)</td>
</tr>
<tr>
<td>2010</td>
<td>CASHflow scheme, Service Improvement Board, mystery shopping programmes, Customer Charter commitments, the recommendations from the BBA Business Finance Taskforce</td>
</tr>
<tr>
<td>2013</td>
<td>Working With You visits, free money advice sector, AML</td>
</tr>
</tbody>
</table>

Table 3: Examples of programmes, processes or recommendations in RBS sustainability reports between 2008-2013.

“"We will continue to meet our Treating Customers Fairly obligations. In addition, we will fully implement the recommendations from the BBA Business Finance Taskforce including those which increase transparency on lending decisions.” (RBS, 2010, p.25). This disclosure represents signs of progress by implementing recommendation from the BBA Business Finance Taskforce. RBS also state that they still follow the Treating Customers Fairly (TCF) process which was implemented a previous year. According to the FCA (2016) investigation this statement lacked in the implementation of the TCF process. This was beneficial for the management team and not the customers.

5.2.4 Future change
Future change is a part of progressive façades which relates to the disclosures stating that the bank acknowledges faults in their business practices and will implement changes accordingly. Disclosures of this kind can either come to reality or just be a part of the business strategy to convey the customer into believing that the company is improving, while in reality the company has no intention of actually implementing the new changes. This can be portrayed in disclosure where the company state that new changes will be implemented in the future but there are no concrete directions or explanations of how this will be achieved. RBS often mentions in their disclosures that they will implement customer-based surveys and research in order to improve
service. This is considered as a type of progressive façade since RBS talk about future changes, they want to make but do not include any specifics of how these future changes will happen in the disclosures. Other RBS disclosures that are about future change often include statements about improving understanding of customer experience and providing future training for managers. This type of disclosure does not seem to be more frequently used in specific years, rather it is relatively equally distributed across the investigation period.

_We will continue to develop innovative ways to support customers in financial hardship and make real enhancements to help customers avoid unmanageable debt._ (RBS, 2011, p. 10; RBS, 2012, p. 21). This citation was found in both the sustainability report from 2011 and 2012 under the headline priorities for each of the years. The disclosure shows that the bank does not specify how they are going to develop the ways help customers in financial difficulty, only that they are planning to do so. Meanwhile, the FCA (2016) investigation concluded that the bank unsuccessfully supported customers in accordance with good turnaround practice. More specifically, the GRG which are a part of the RBS group prioritized its commercial goals rather than their turnaround practices. GRG did not put much emphasise on the staff’s objectives to be about a good turnaround practice, instead their objectives were focused on pricing. In this way RBS created a business practice where it was more important for their staff to put effort into pricing practices and not a good turnaround practice, where the work practice would generate money back to the company. Furthermore, in direct contradiction to the cited disclosure above the FCA (2016) investigation concluded that the GRG did not monitor a plan for the customer’s turnaround. Neither did the GRG oversee its progress or development.

_“Addressing areas where we have not met the necessary standards, such as AML and customer complaints, continues to be a significant focus for RBS. In 2013, we set up a new dedicated Remediation team to improve our management of remediation and ensure continuous improvement of our systems.”_ (RBS, 2013, p.27).

This disclosure shows signs of future change in form of a dedicated remediation team to improve RBS’s systems. After recognizing their shortcomings in the disclosure RBS sought out to improve their systems and imply that future changes will be made accordingly. Attitudes of managers and employees against complaints was found to be dismissive according to the FCA (2016) investigation which is why this disclosure can be categorized as a progressive façade.
5.3 Reputational façades

5.3.1 Frequency of use

Reputational façades are the second most common façades found in the disclosures collected from the sustainability reports of RBS. Reputational façades are relatively commonly used across the investigated time period. However, in 2008 and 2013 there are four disclosures identified each year as reputational façades while in 2009-2012 there are more reputational façades found in the collected disclosures. More closely there are around seven to ten disclosures identified as reputational façades each year in the sustainability reports from 2009-2012. Many of the reputational façades presented in the sustainability reports of RBS are referring to their core objectives and values. Moreover, they also refer to the benefits and values RBS brings to their stakeholders. The reputational façades found presents RBS in a manner that makes them seem more credible and responsible in their business practices.

5.3.2 Core objectives

RBS’s core values are discussed in some of the disclosures collected from their sustainability reports. In these types of disclosures RBS deliberate about their business goals and what they believe is important from a business point of view. RBS also mentions the corner stones of the business and what these represent for their stakeholders. Many of the disclosures discussing RBS’s core objectives put a lot of pressure on defining the business core values and representing what RBS regard as important in the greater good. Stating their core values helps RBS to persuade the customer that RBS should be viewed as a legitimate business and that the customers or stakeholders are at the centre of their decision-making. This can be seen in the disclosures where RBS for example state that their customers’ experience is considered in their objectives or that different principles are a longstanding part of their business.

“Giving support to enterprise in the economies in which we operate is a cornerstone of our customer offering.” (RBS, 2011, p. 1). This disclosure is one example when RBS wants to communicate which part of their business is of highest importance to them. Additional examples of this is the following statements “To put customers at the centre of everything we do” (RBS, 2009, p. 4) and “For RBS, that is what being a responsible business is about – serving our customers and communities well, and putting them at the heart of everything we do” (RBS, 2012, p. 2). This notification shows as well as the previous one that the bank frequently communicated commitments towards customers throughout the sustainability
reports. Despite this statement the FCA (2016) investigation found in the sustainability reports that RBS in action failed to support their customers in areas such as financial difficulties.

Disclosures about RBS’s core values or business goals are relatively frequently used in the collected disclosures from their 2008-2011 sustainability reports. However, in the collected disclosures from RBS’s sustainability reports in 2012 and 2013 there are limited disclosures found about their core objectives. In these last two years of the investigation there are rather other types of reputational façades found which represent the timely issues RBS faced.

5.3.3 Responsibility and trustworthiness
Responsibility and trustworthiness are other discussion areas that represents disclosures categorized as reputational façades. Disclosures talking about the responsibility of running a business or being a responsible corporate citizen are examples of reputational façades that represents the responsibility of the company. Other examples of disclosures of this type found in RBS’s sustainability reports discuss the realization of the meaningful impact RBS as a corporation can have on society and communities. Additionally, RBS’s disclosures of this kind often state how the bank supports society and the impact this has on society. Besides the disclosures about support there are also many disclosures made talking about the responsibilities RBS has for their communities and how the bank rises to these responsibilities. In the disclosures collected about their responsibility RBS also often discuss the importance of having a good relationship within the community in which they operate. More explicitly RBS state that they show commitment to society also referred to as communities. Commonly found words in disclosures about RBS’s responsibility and trustworthiness are transparent and fair. This type of wording and also similar content occurs often in RBS’s disclosures. Moreover, in some cases the bank combined the two categorizes of reputational façades, statements about core objectives and claiming responsibility for in this case community in the same paragraph. The following disclosure is one example of the situation.

“As well as these core business goals of sound governance and delivering for our customers, which are the bedrock of any claim to be a responsible corporate citizen, we will support society with the challenges where we can have a meaningful impact through the business we do and through our community programmes...” (RBS, 2008, p. 5).
This disclosure is connected to the investigation note concluding that RBS fails to identify key risks that their customers face. Furthermore, the FCA (2016) investigation also found the ‘governance framework’ not to be appropriate and sufficient enough.

An additional example from the sustainability reports are the disclosure of “Being open and transparent about how we do business and the issues we face is not only helpful to our customers but also the least they should expect from their bank.” (RBS, 2012, p. 23). In this statement the bank emphasize that the customers could expect openness and transparency from RBS. Contradicting, in the FCA (2016) investigation found that the bank actions such as the handling of complaints had limited transparency. Hence, RBS’s communication in their sustainability report is not equivalent to the bank’s actions.

Disclosures collected that show signs of reputational façades in the form of responsibilities RBS faces are recurring throughout the years of the investigation period. There is no significant deviation in the type of disclosure RBS makes that are about the bank’s responsibilities and trustworthiness over these years either. The content is therefore relatively consistent across the years including similar structure and wordings, with some increase in the last two years of the investigation period.

5.4 Investigation

When the comparison of the disclosures from the various sustainability reports and the FCA (2016) investigation was conducted in this thesis new discoveries about the investigation notes emerged. It was found that some of the findings from the investigation were not the topic for any of the disclosures connected to customers in RBS sustainability reports. Examples of these topics that are not found in the sustainability reports are disclosures about valuation and disclosures about how to exit the GRG.

The FCA (2016) investigation presented notes about how RBS had failed to monitor and guarantee that their staff conducted valuations that were solid and appropriate. RBS also failed to make sure that these valuations, especially the ones affecting their customers, were carried out correctly. This led to an increasing risk of making decisions based on incorrect valuations that were disadvantages to customers. Even though this was a big part of the investigation, there are no disclosures found about valuations and customers in RBS’s sustainability reports over the years of the investigation period. None of the disclosure collected in this thesis mentions anything about RBS’s staff and their valuation process effect on customers.
Another investigation note that was not found in the sustainability reports of RBS is about customers exiting GRG. The FCA (2016) investigation stated that it perhaps was not inappropriate that customers for a prolonged time stayed in GRG or that the customers found it hard to exit the GRG. However, the FCA (2016) did conclude that the process of how to exit GRG could lead to a lot of confusion for their customers around what was actually required of them to be able to exit GRG. Similar to the above-mentioned topic valuations this topic about exiting GRG was not found in the disclosures collected from RBS’s sustainability reports.

Moreover, the topics about third parties are one of the areas that are very limitedly mentioned in RBS’s sustainability reports in disclosures connection to customers. Those statements in connection to third parties are found as either a progressive or reputational façade. However, in the investigation performed by the FCA (2016) it was discovered that RBS including GRG do not control or take actions to avoid possible conflicts of interest which occurred from the use of third-party organizations. Neither was the conflict of interest that appeared properly handled by the bank.

The other area found in the FCA (2016) investigation which was infrequently communicated was pricing. Those notifications found in the sustainability reports were either rational or progressive façade. The investigation concluded that the bank used pricing as a tool to reassure that RBS’s goals were obtained. The bank had a systematic and extensive attention on rising prices and therefore did not consider the long-run capability of their customers. Furthermore, GRG’s management team did not take sufficient actions to mediate this issue concerning pricing.
6. Analysis

In this section the findings are interpreted in the light of previous research. This section provides the reader with a deeper and more nuanced understanding of the meaning of the empirical findings.

Our findings suggest that RBS adopted various façades in order to meet the demands from their customers. These findings are in line with earlier findings of Nystrom and Starbuck (1984), who suggested that corporations adopt façades to meet specific stakeholder demands. The authors also suggested that by adopting façades it increases the likelihood that the specific stakeholder, in this instance customers, will supply the resources needed. In compliance with Freeman et al. (2007) RBS states that customers are one of their primary stakeholders. RBS are heavily dependent on the resources supplied by their customers. This is also in line with the data collected for this thesis since the amount of times the word customer has been mentioned in RBS’s sustainability reports over the years of the investigation period is notably large (see table 1). The findings of this thesis clearly indicate that progressive and reputational façades are the most frequently apparent façades in RBS’s sustainability reports concerning their external stakeholder customers. This finding confirms Blanc’s et al. (2017) discovery that progressive façades and reputational façades are more frequently used in sustainability reports since the reports are directed to external stakeholder.

Compared to previous research the discoveries of this thesis show signs of clear subcategories to each of the façades. The subcategories found in thesis for i.) Rational façades are statistical, rationale behind decision making and industry norms ii.) progressive façades are future change, implementing different processes, programs and recommendations and signs of progress iii.) reputational façades are core objectives and responsibility and trustworthiness. While other researchers might have found subcategories none of them mentions or indicates any clarifications to these subcategories since they are more diffused. These subcategories can be so clearly defined based on the findings from the sustainability reports because they are so explicitly visible. This clear categorization beyond the three façades has not been found in any previous research.
6.1 Rational façades
The findings of this thesis clearly show that rational façades have been adopted by RBS in their sustainability reports as a way to serve their customers demands. Although the results show that RBS has utilized rational façades, they are the least frequently apparent amongst the three façades. The adoption of rational façades can be seen as a way that the management team of RBS has created market legitimacy and served their customer demands which is consistent with the results of Abrahamson and Baumard’s (2008) research. For example, RBS pointed out multiple times across the investigation period in their sustainability reports the amount of customer surveys or customer-based research in order to create a legitimate appearance in the eye of their customers. Which is implying that they take customers opinions into consideration, hence the number of statistical disclosures found. This is also in line with the discoveries of Blanc et al. (2017).

In this thesis the results show that RBS wants to communicate the rationale behind their decisions concerning issues raised by their customers. An example of this presented in the findings section of this thesis is a disclosure found in RBS’s sustainability report “We will be transparent when making lending decisions by always explaining our rationale and by offering customers the right to challenge our decision.” (RBS, 2009, p.20 and RBS, 2010, p.22). This disclosure shows that the management team of RBS wants to ensure that they make it clear to their customers what their intentions or rational behind the decisions concerning lending. This is what the industry norms expect the bank to do and since RBS did mention this in their reports it does imply that they want to convey to these industry norms, and hence gain legitimacy in the eye of their customers. Essentially, RBS complies with industry norms in order to gain legitimacy. This is coherent with other disclosures discussed in the findings of this thesis concerning industry norms. Where the bank confirms that they are following industry norms by stating that they will help customers in difficulties. These types of disclosures are as well a way for the bank to create or gain legitimacy in a way were no actual effort beyond statements has to be accomplished. This analysis is consistent with what Maroun (2018) found in his research concerning façades in relation to labour unrest. Whereas, the managers in his case made statements to illustrate that they try to minimize the effects of labour unrest on the company and this could be considered as norms of the industry since this is what could be expected in such situations.

In this thesis the disclosures, categorized as rational façades, from the data did not include terms such as or similar to increasing/decreasing shareholder value, growth maximization and
decreasing of total cost. Terms which were found by both Maroun (2018) and Cho et al. (2015) in their research. This inconsistency could be derived from the fact that the disclosures in this thesis only concerned RBS’s stakeholder group customers. Their research did not limit itself to only investigate disclosure that are about a specific stakeholder, on the contrary they examined disclosures directed towards multiple stakeholders. More specifically, the authors found many disclosures concerning shareholder value and large and affordable returns. These types of disclosures were not found in this thesis since they are typically directed towards shareholders and not customers. The research of this thesis found some disclosures regarding industry norms (that RBS states they want to meet) which is consistent with previous research but not as many disclosures as prior research has found. Rather, many of the disclosures found, that fall under the rational façade, are concerning the rationale behind decisions made by RBS. As the findings shows in these disclosures about industry norms is limited in scope over the years, besides of 2010 when this type of disclosure appeared multiple times. As a comparison, Cho et al. (2015) and Maroun (2018) defined rational façades as ‘the creation and importance of shareholder value’ since these were the most commonly found disclosures in their research. Both industry norms and rationale behind decisions can be considered as a rational façade even though they concern relatively different topics. From this it can be deducted that definitions of rational façades can depend on the research and to whom the disclosures are directed towards.

6.2 Progressive façades
Progressive façades are found to be the most frequently found façade in RBS’s sustainability reports across the investigation period. This is consistent with the findings of Blanc et al. (2017) who also found progressive façades to be one of the most prominently apparent façades in sustainability reports. The author also found that awards were a big information disclosure that the company wanted to present. This however is not consistent with the disclosures collected in this thesis, since none of them concerns any awards on behalf of RBS. Nevertheless, the author did discover many disclosures regarding introduction of programmes which does correspond to Cho’s et al. (2015) results who also found many disclosures concerning introduction of guidelines. Compared to these previous findings this thesis’ results can presumably attest to the ones from previous research. This is since RBS throughout the sample period implemented various programmes, processes and recommendations.

Brunsson (1990) discussed that the management of a company can solve problems or questions raised by specific stakeholder groups by implementing new approaches in their talk
(disclosures) and decisions, which represents a progressive façade. This is found to be the case for RBS as well considering the findings of this thesis. One way this can be regarded in the findings of this thesis is in the disclosures where RBS discuss the issue of customer complaints and RBS wants to show that they are taking actions to prevent the issues raised. The issues raised by customers seems to be handled by the RBS managers by implementing new processes like the customer charter, customer satisfaction index, or the Moneysense programme (table 3). Other ways the management deals with criticism of this type is by following recommendations from BBA Business Finance Taskforce or by following standards such as ‘Treating customers Fairly’. These findings consistently implies that RBS implements programmes or recommendations and indicate that these will be followed through in expectation of gaining the customers trust. Both Abrahamson and Baumard (2008) and Cho et al. (2015) found progressive façades to be that organizations adapt new management techniques in order to show specific stakeholder groups that company have their best interest in mind. These findings are in line with the findings of this thesis where RBS multiple times implemented policies or programmes with the purpose of meeting the demands of their customers.

There are many disclosures found in the sustainability reports where RBS state that they will implement or are already practicing many different programmes and processes. Although, many of the disclosures RBS has made about implementations of new programmes do not contain any realistic, concrete or feasible details about the actual implementation or devotion to follow through. This suggest that RBS in the long term does not actually need to spend any real means to change their entire business practice or systems in which the bank works in. This also puts forwards that no actual or at least a small amount of labour will have to be used in the process. These findings correspond to the findings of the FCA (2016) investigation where they concluded that RBS numerous times failed at implementing new processes or failed at following their own implemented processes. The FCA (2016) investigation can in this case be seen as reinforcement to the evidence indicating that RBS utilizes progressive façades. These results are supported by the fact that some of the programmes or recommendations applied by RBS only appeared in one or two of the sustainability reports not across the sample period (see table 3). Hence, the bank did not fully commit to these policies, which indicate that RBS tended to make a lot of disclosures of new implementation but did not actually put in the effort or resources needed to follow them through.
An example of a situation like this arising from the disclosures is where RBS state that “We will continue to develop innovative ways to support customers in financial hardship and make real enhancements to help customers avoid unmanageable debt.” (RBS, 2011, p. 10; RBS, 2012, p. 21). This disclosure is later proven to not be truthful by the FCA (2016) investigation which is discussed in the findings. However, it is noticed that the disclosure lacks details and a realistic course of action. This can suggest that RBS are using statements similar to this only to portray a legitimate picture of the company and not to actually bring their statements into actual plans. In a similar manner Maroun (2018) concludes that the corporations in his research communicated similar actions when discussing future changes with little details or no precise steps on how to prevent future strikes. It is noteworthy that the similarities between this thesis and Maroun’s (2018) study is that both samples operated during some sort of crisis. This could suggest that these kinds of vague statements are produced more frequently, under such circumstances. In turn this could mean that corporations produce these vague disclosures as an appeal to increase legitimacy in the market.

As discussed earlier in this thesis, previous research reasons that corporations need to be perceived as rational by the public and a way for them to be perceived in this way is to show signs of progress. This is an explanation to why progressive façades build upon the definitions and outlines of rational façades. RBS has to some extent used this rationale by disclosing information that shows signs of progress, such as emphasising training of staff. One could reason that showing signs of progress suggests that a company is conducting real changes to meet different stakeholder demands but in reality these alleged implementations have no real substance to them and no actual plans of progression. In RBS’s case this is more or less proven to be the case when it comes to some matters concerning their statements of progression. This is due to the FCA (2016) investigations notes concluding that RBS has failed to make the right implementations or failed in the process of conducting new implementations in connection to the customers. In the findings as well, it became clear that RBS had a habit of making disclosures about different implementations showing signs of progress but not actually sticking to these disclosures. Since usually the disclosures were found for a certain amount of time in the sustainability reports but were then replaced by new similar disclosures instead stating new implementations of progress. However, in the meantime no actual evidence of signs of progression from the last implementations is anywhere to be seen in their business practice as suggested by the FCA (2016) investigations.
6.3 Reputational façades
Reputational façades are the second most frequently used façades found in the sustainability reports of RBS between the investigation period. The managers of RBS tried to create a good reputation of the company in a way where they are showing their customers that they are following all the norms which is expected of them as a business to follow. As shown in the findings section, RBS disclosures are often about their business goals and what they consider is important for a company to stand for or represent. This is often presented in a way were RBS states what they perceive is important to do or believe for the greater good. More commonly RBS often stated that they ‘always keep their customers at the centre of everything they do’. This is considered to be one of the ways RBS creates or develops legitimacy and develop trust with their customers. Another way RBS shows devotion and create legitimacy is by disclosing that they cater to their customers’ needs in their corporate objectives or that different principles are a longstanding part of their business. Both Abrahamson and Baumard (2008) and Cho et al. (2015) have made similar observation in their research. The case companies researched incorporated stakeholders into the company’s core values or objectives in order to gain better reputation and hence increase legitimacy.

Abrahamson and Baumard (2008) also state that it could be hard for stakeholders to recognise when corporations deviate from their business values since they are hidden by façades. Continually, this fact makes it difficult for the stakeholders to hold the management team responsible for this deviation. It gives the impression of a front between the appearance of the organization and the actions in reality. An equivalent situation could be seen at RBS (2011) where the bank communicate that customers are a cornerstone in their business in the sustainability report. Meanwhile, five years later the FCA (2016) investigation found that the bank failed to support their customers, thereby not having them as a cornerstone in their business. It is at this point in time the customers could hold RBS responsible for this gap between talk (disclosure) and action.

Many of RBS’s disclosures that are categorized as reputational façades are as demonstrated by previous examples concerning the creation of a trustworthy and good reputation of the company, ultimately a positive picture. For instance, by enhancing their commitment to community. In turn, this trustworthiness would empower RBS’s positive image and thereby in the view of their customers create a more legitimate business. This reinforces the findings discovered by Maroun (2018), Dimaggio and Powell (1983) and Meyer and Rowan (1977), where their research came to the similar supposition.
Abrahamson and Baumard (2008) discuss that corporations need to work along with their stakeholder’s demands in order to benefit them which they distinguish as ‘reputation’. They also give an example of how the corporation can benefit their stakeholders which is to offer help to those in a disadvantage. What can be seen from the findings of this thesis is that RBS does disclose information of this kind. For example, RBS state that they will offer help to their customers who are in a disadvantage. In agreement with the authors’ identification of reputation this thesis therefore found that RBS offers help to customers in need by planning to implement different programs or processes of aid. This shows an implication on the behalf of RBS that their desire is to work in a manner that serves their customers' demands and thereby benefit them. Additionally, this would give the effect of good reputation being created around RBS.

A common theme discovered in the findings of this thesis is that RBS has in multiple sustainability reports and multiple times in those reports disclosed in one way or another that they ‘keep their customers at heart of everything they do’. Both Meyer and Rowan (1977) and Abrahamson and Baumard (2008) agree with that corporations use symbols, attributes or stories to lead their stakeholders into believing that they are capable of better than what they actually are able to in reality. Thus, by restating over and over again that RBS keep their customers at heart in all decisions, RBS wants to produce a better reputation of their company. As the FCA (2016) investigation concluded RBS has received a lot of critique concerning their treatment of their customers. Therefore, by disclosing statement of such kind could make their customers believe or get the impression that RBS are taking actions to prevent issues affecting customers while in reality this is only something they state and not actually put any effort into preventing. To summarise, statements like this can reinforce a good image of RBS but it does not include a concrete action plan that states the details of how RBS are putting their customers at heart when making decisions. The implication of this is that RBS’s statements of this sort is something they use in order to better their reputation and in turn create a more legitimate business practice perceived by their customers.

6.4 Organizational hypocrisy
The findings of this thesis indicate besides organizational façades also the phenomena of organizational hypocrisy. This could be seen since the disclosures in the sustainability reports throughout the sample period (2008-2013) and the FCA (2016) investigations conclusions about RBS’s action are not in line. It should be noticed that this thesis only included disclosures
that where proven by the FCA (2016) investigation to be inaccurate. Hence, in other areas of the sustainability reports it could not be stated that RBS show signs of organizational hypocrisy. However, it does not take away the fact that RBS to some extent are exercising organizational hypocrisy. This would indicate a breach in their ‘social contract’ (their customers’ expectations of RBS) between RBS and their customers who operate within the society of the company (Patten, 1991; Cuganesan et al. 2017). RBS’s disclosures prominently indicate future changes brought on by the expectation of society and in this case customers. Regarding for instance the bank’s handling of complaints, which strengthens the research findings of Campbell et al. (2003). It can be assumed that RBS has exercised organizational hypocrisy as a way to handle different conflicting stakeholder demands as Brunsson (2007) and Cho et al. (2015) discuss in their research as well. This assumption is based on the fact that RBS in multiple ways has tried to make themselves more prominent in their sustainability reports through different talks and decisions, which later was proven not to be the case by the FCA (2016) investigation. There are several statements found in the collected disclosures from the sustainability reports where RBS’s talk (statements) do not line up with their actions or decisions, meaning that the talk and walk does not line up. It is in these situations’ hypocrisy occurs. Many of the situations where RBS’s talk and walk do not line up is about misleading of their customers. These are the situations where RBS has stated that they are improving customers service or keeping their customers in focus but the FCA (2016) investigation has found these statements to be lacking in actions and decisions. Maroun et al. (2018) found the gap between corporations reporting and their actions could give time for an organization to rebuild their procedure and then align disclosures and actions. It could be discussed that this is the motive for RBS as well. That this inaccuracy between talk and action could possibly lead to fundamental change in the future and the rebuilding of the bank’s reputation.

As previously discussed in the façades section, RBS utilized façades as a way to increase legitimacy from their customer’s perspectives. Therefore, hypocrisy could be another way in which RBS tries to gain legitimacy. Christensen et al. (2013), Koep (2017) and Busco et al. (2018) also discussed that organizational hypocrisy could lead to positive development in the future. This is because the claims the company is making becomes a motivation for the company to actually operate in the way they claim to do. There is not an enough clear link to be able to state that RBS has made statements which are not in line with their operations but later became reality, in which RBS operated in the way they claimed to do. This is line with the findings of Maroun (2018) as well, since he found that the hypocrisy in the case of his
companies was an indicator for possible transformation in their non-financial sections. Even though many of the disclosures do not match with reality, to have a goal or implement policies could have a positive effect on RBS. This is since it to some degree becomes something to strive for even if the disclosures and actions are inequivalent at the point of introduction of the goal.

Anzilago et al. (2018) concluded that corporations publish CSR reports, such as sustainability reports to improve the image of an organization. It can be argued that a reason to why RBS has chosen to publish their sustainability reports is to improve the image of the company since their disclosures are claiming that RBS operates better than they actually do which the investigation proved. RBS’s sustainability report disclosures were mainly about improving the banks’ reputation in some way or appear in a better light from a customer's perspective. This indicates that the disclosures almost exclusively include information of which the management team would perceive as favourable to them and as contrary withhold unfavourable information. For example, RBS usually just states that they have experienced some issues in their sustainability reports but not specified what kind of issues, since this would put the management team in an unfavourable situation. This is consistent with the findings of Casonato et al. (2019).

### 6.5 Managing stakeholders

In line with Harrison et al. (2010) research on managing stakeholders RBS takes advantage of their disclosure to communicate to their customers that they understand how their business affects them. However, it should be taken into consideration that many of the disclosures are vague in the information given. This could potentially steer up the argue that RBS tries to deceive or steer their customers into believing that RBS are performing better than they are in practise. Additionally, it could give the implication that a reason to why façades exists in RBS’s sustainability reports is to manage their customers' demands. Nevertheless, it cannot be claimed that RBS uses façades in order to manage conflicting stakeholder demands since this thesis only looked at disclosures directed towards customers. In order to draw conclusions regarding this, disclosures directed towards multiple different kinds of stakeholders would need to be studied.

RBS has in various ways tried to integrate their customers in their business and hence create a dialogue with them. For instance, by conducting and disclosing customer-based market research and various sorts of surveys. This is done in order to increase legitimacy in the market
by creating the appearance that the bank listens to one of their primary stakeholder customers. Another way to increase market reputation is to produce sustainability reports, which has the potential to lead to increased legitimacy for RBS. Similar situation has been discovered by both Heugens, van der Bosh & van Riel (2002) and Crane et al. (2014).

With regards to previous research (Berrone et al., 2007; Hillman & Keim, 2001; Ruf et al., 2001; Ogden & Watson, 1999; Waddock & Graves, 1997) that has found a positive relation between financial performance and stakeholder management it can be implicitly understood that RBS engages in this type of management in order to improve their financial relation. Although some research (Bird et al. 2007; Berman et al., 1999) has found this relation to be mixed or neutral and even fewer studies which have found a negative relation. Despite the contradictory results it is potentially a bigger probability that RBS experience a positive relation between the finance and management, since the majority of previous studies found this to be the case for their company cases. This would present the motive for RBS to engage in stakeholder management because the probability of it to lead to financial gains is larger than the possibility of losses due to stakeholder management activities.
7. Conclusion
In the following section the analysis is summarized in to three main conclusions.

The research question of this thesis is: *In which way are Royal Bank of Scotland misleading their customers in their sustainability reports between 2008-2013?*

To answer this research question a qualitative content analysis is conducted on the disclosures regarding customers in the sustainability reports between the years 2008-2013 (the investigation period) of RBS, with regards to the FCA (2016) investigation. From the findings a three folded conclusion is discovered. Firstly, the findings clearly show that the most frequently apparent façades in the sustainability reports in the years of the investigation period are progressive façades. Additionally, this is followed by reputational façades and lastly rational façades which are the least disclosed. The most reasonable interpretation to why progressive façades are the most commonly found in RBS’s sustainability reports is due to that sustainability reports are published for the banks’ external stakeholders, such as customers. Moreover, another possible explanation is that RBS repeatedly disclose information about their new or planned implementations of programmes.

Secondly, the findings of this thesis uncovered clear sub-categories suitable under each façade. The sub-categories discovered were eight folded, more specifically; i.) Rational façades are statistical, rationale behind decision making and industry norms ii.) progressive façades are future change, implementing different processes, programs and recommendations and signs of progress iii.) reputational façades are core objectives and responsibility and trustworthiness. These clear sub-categories are not found in previous literature and are therefore explicitly found with regards to the circumstances of this thesis. Hence, these sub-categories could rationally contribute to the research area of organizational façades.

The third main finding of this thesis concludes that the disclosures in RBS’s sustainability reports during the investigation period are not equivalent to the actions of the bank’s business practices during the same period. Consequently, the bank show signs of organizational hypocrisy. The thesis indicate that it appears more likely that findings concerning organizational hypocrisy is in situations where RBS has misled their customers.

A common thread found throughout the analysis in this thesis is that RBS tries to gain legitimacy from a customer point of view by increasing their market reputation. Hence, it can be a possible explanation to why façades, sub-categories and hypocrisy could easily be detected in this thesis research.
8. Discussion

In this section the three main limitations of this thesis are presented. Also, suggestions for future research are made.

This thesis compared to previous research on organizational façades and hypocrisy differentiates in the sample selection and the sort of investigated reports. This thesis can be viewed as more narrow than some previous literature. This is since it focuses on one company and specifically on an investigation conducted by the UK government on the company. Meanwhile, previous studies more often than not have researched the company samples annual reports and sustainability reports, and perhaps even other information sources published by the companies, such as websites. Several of the papers discussed or used as a reference in this thesis also studied multiple companies and during a longer time period as well.

8.1 Limitations

Three main limitations are detected connected to this thesis. Firstly, as of this point in time there is only limited prior research to be found on the narrow research subjects of this thesis. This can possibly be due to the fact that this research area around organizational façades is a relatively novel research field. The research that this thesis has found that has tested this phenomenon are published in recent times and hence the papers contribution to research is somewhat unknown. However, this thesis and previous research are of similar scope and often apply the same methodology which increases the comparability between the papers. Due to this relatively unknown research area more publications and research would contribute to the research field.

Secondly, the scope of this thesis is limited to what the FCA (2016) investigation found when conducting their investigation regarding RBS’s treatment of their customers. If the investigation had drawn other or additional conclusions, more or another sorts of disclosure would have been included in the sample of this thesis. Hence, the conclusions are heavily based on the investigation notes and could in other circumstances have been different. Even though this might be the case the investigation notes are helpful since they provide an outside source to the analysis and hence increase the validity of the thesis.

The third main limitation of this thesis is regarding the generalisability of this research. There is only one company sample studied which means that the findings of this thesis are exclusively related to the sample in hand, RBS. Moreover, this insinuates that the results cannot be
generalised to other companies or the whole banking industry. Despite the lack of generalisability, a qualitative research conducted on only one company sample could give a deeper and more enhanced picture of the phenomena organizational façades. In order to get generalisability, the thesis should have been conducted on a bigger scale across industries or even across countries. However, since the purpose of this study is to investigate the phenomena of organizational façades in greater detail the research is conducted on one company sample.

### 8.2 Future research

This thesis’s intentions are to inspire future scholars to continue and develop the research area of organizational façades. Since many of the previous studies have been of a qualitative nature future research could enrichen the area by preforming a quantitative study in order to reach generalisability. This could be done by comparing either across industries or countries. For instance by using the sub-categorise found in in this thesis as a guide when coding the disclosures. Moreover, this would increase comparability across industries. Another suggestion for future researchers is to investigate if there are variations in the amount or sort of façades disclosed towards various stakeholder groups. By performing this type of study, it would increase the understating of how companies are communicating towards their stakeholders. Furthermore, the results could indicate if the communication representing different façades varies depending on the stakeholder.
References


Appendices
The disclosures are collected and quoted from the sustainability reports of RBS\(^1\) between the years 2008-2013, each year and page number are referenced in appendix A to D. The investigation notes (i.e. the numbers stated in the appendices below) represent a specific investigation\(^2\) note from the FCA (2016) and can be found on the UK Financial Conduct Authorities website.

Appendix A
The appendix presents all the disclosures that were categorized as rational façade.

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Year and page in RBS report</th>
<th>Investigation by FCA (2016)</th>
<th>Façade</th>
<th>Motivation</th>
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<tbody>
<tr>
<td>“Supporting our customers through the economic downturn by committing to making £9 billion available for new UK mortgage lending and £16 billion available for new UK SME and corporate lending in 2009 and a range of other measures.”</td>
<td>2008, p.5</td>
<td>1.5</td>
<td>Rational</td>
<td>Statistics and Industry norms</td>
</tr>
<tr>
<td>“All marketing procedures for developing campaigns and customer communications were reviewed against Treating Customers Fairly principles during 2008 … Customer research is carried out to assess marketing and communications against TCF principles and our desire to always be clear, fair and not misleading”</td>
<td>2008, p.12</td>
<td>4.6.55</td>
<td>Rational</td>
<td>Statistics, Rationality of decisions and industry norms</td>
</tr>
<tr>
<td>“There will be no increased pricing on our small business customers’ overdrafts until at least the end of 2009… the Group has also pledged to continue to provide committed overdrafts to small business customers with turnover of less than £1 million. What this means is that our overdrafts are not repayable on demand and so our customers’ facilities stay firmly in place for 12 months from the date they are agreed.”</td>
<td>2008, p.20</td>
<td>4.4.78 and 4.4.81</td>
<td>Rational</td>
<td>Statistics and Industry norms</td>
</tr>
<tr>
<td>“We will be transparent when making lending decisions by always explaining our rationale and by offering customers the right to challenge our decision.”</td>
<td>2009, p.20</td>
<td>1.124</td>
<td>Rational</td>
<td>Rationality of decisions</td>
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\(^1\) https://www.rbs.com/rbs/sustainability/downloads.html
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<tr>
<th>Disclosure</th>
<th>Year and page in RBS report</th>
<th>Investigation by FCA (2016)</th>
<th>façade</th>
<th>Motivation</th>
</tr>
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<tbody>
<tr>
<td>“We will be fair and transparent on pricing through our ‘price promise’ which commits us to not increase the interest rate margin on an SME overdraft at renewal...We are also committing to charging a maximum arrangement fee on loans of 1.5%.”</td>
<td>2009, p.21</td>
<td>4.4.78 and 4.4.81</td>
<td>Rational</td>
<td>Statistics, Rationality of decisions and industry norms</td>
</tr>
<tr>
<td>“Our response to some issues such as promoting financial education and responding to customer complaints are well established and embedded into our business practices.”</td>
<td>2010, p.5</td>
<td>1.5</td>
<td>Rational</td>
<td>Rationality of decisions and Industry norms</td>
</tr>
<tr>
<td>“We’re also helping our customers to avoid getting into financial difficulties in the first place, by watching out for early signs of problems. We now have a dedicated financial support team who monitor and actively approach customers who may be struggling with their money.”</td>
<td>2010, p.14</td>
<td>3.2.70</td>
<td>Rational</td>
<td>Industry norms</td>
</tr>
<tr>
<td>“Supporting customers in difficulty: Our pre-emptive teams have been working harder than ever to help customers in financial difficulty...Throughout 2010, over 150,000 customers completed income and expenditure statements giving them more control of their finances.”</td>
<td>2010, p.16</td>
<td>1.123 and 4.6.52</td>
<td>Rational</td>
<td>Industry norms</td>
</tr>
<tr>
<td>“We will be transparent when making lending decisions by always explaining our rationale and offering customers the right to challenge our decision”</td>
<td>2010, p.22</td>
<td>1.5</td>
<td>Rational</td>
<td>Rationality of decisions</td>
</tr>
<tr>
<td>“…it was recognised that more can and should be done to support SMEs. The agreed measures complement and strengthen the work RBS is already doing – providing support and advice, being open and transparent and continuing investment in businesses.”</td>
<td>2010, p.22</td>
<td>1.124</td>
<td>Rational</td>
<td>Industry norms</td>
</tr>
<tr>
<td>“To increase understanding of our customers, we will ensure that all of our Relationship Managers spend time working in a small business helping them to understand the everyday issues that SMEs face.”</td>
<td>2010, p.25</td>
<td>4.6.55</td>
<td>Rational</td>
<td>Industry norms</td>
</tr>
<tr>
<td>“Literature – we have rewritten all of our branch literature, over 1,100 letter templates and our main product web pages, providing clear and transparent guidance so that our customers can make informed financial decisions.”</td>
<td>2011, p.11</td>
<td>1.124</td>
<td>Rational</td>
<td>Industry norms</td>
</tr>
<tr>
<td>“Supporting customers in difficulty: Now, more than ever, it is important we support our customers in financial difficulty...As”</td>
<td>2011, p.12</td>
<td>1.5</td>
<td>Rational</td>
<td>Statistics and Industry norms</td>
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<tr>
<th>Disclosure</th>
<th>Year and page in RBS report</th>
<th>Investigation by FCA (2016)</th>
<th>Façade</th>
<th>Motivation</th>
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<tbody>
<tr>
<td>such, we have a dedicated team of 84 RBS and Natwest specialist staff who are there to identify and do all they can to help customers who may be facing financial difficulty. Established over two years ago, this team contacted over 190,000 customers during 2011…”</td>
<td></td>
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<tr>
<td>“Our response to some issues such as promoting financial education and responding to customer complaints are well <strong>established and embedded into our business practices</strong>”</td>
<td>2011, p.39</td>
<td>1.5 and 4.7.72 and 4.7.74</td>
<td>Rational</td>
<td>Rationality of decisions</td>
</tr>
<tr>
<td>“SME loan applications were down 19% from 2011. Nonetheless, we continue to provide significant support to customers. RBS advanced more than £74 billion to UK businesses and homeowners in 2012. We're approving a higher proportion of loan applications than ever – 93% in the last quarter of 2012.”</td>
<td>2012, p.4</td>
<td>1.5</td>
<td>Rational</td>
<td>Statistics</td>
</tr>
<tr>
<td>“The Bank created a separate customer experience department to track complaints, review service trends and help implement solutions. Extensive training was rolled out to ensure that team members are enabled to respond to the approximately 850 complaints across 450 issues....”</td>
<td>2012, p.18</td>
<td>4.7.71</td>
<td>Rational</td>
<td>Rationality of decisions</td>
</tr>
<tr>
<td>“We want to be able to help our customers when they get into difficulty but more importantly, help prevent them from getting into this situation in the first place… we have strategies in place specifically aimed at either understanding where any issues may be temporary in nature with sound longer term prospects, or alternatively beginning the process of arranging customers to be looked after by our Specialised Relationship Management team, Product Managers or Global Restructuring Group Team.”</td>
<td>2012, p.24</td>
<td>3.2.70 and 4.6.55 and 3.4.9</td>
<td>Rational</td>
<td>Rationality of decisions</td>
</tr>
<tr>
<td>“Our Corporate Banking Division also uses NPS to measure satisfaction, as well as customer satisfaction surveys. Almost 65,000 customer surveys were carried out with our UK business customers in 2013. Our aim is to become the number one bank for SME customer service in the UK, as measured in a new industry wide survey of SMEs’ satisfaction with their banks…”</td>
<td>2013, p.18</td>
<td>3.2.70</td>
<td>Rational</td>
<td>Statistics</td>
</tr>
</tbody>
</table>
### Disclosure | Year and page in RBS report | Investigation by FCA (2016) | Façade | Motivation
--- | --- | --- | --- | ---
“RBS actively encourages customers in financial difficulty to seek support from free independent money advice organisations. Where they choose to do so, we can provide a 30-day ‘breathing space’…56,942 customers benefited from this service in 2013.” | 2013, p.19 | 1.5 | Rational | Statistics
“….our corporate banking customers facing longer term financial difficulty are managed by our Specialised Relationship Managers (SRM) or through the Global Restructuring Group (GRG). In the UK, 8,708 customers are managed by SRMs. This represents less than 1% of our business banking customers…In 2013, 4,260 businesses were moved from a SRM relationship back into a mainstream banking relationship.” | 2013, p.19 | 3.4.9 and 4.6.55 and 1.127 | Rational | Statistics and Industry norms

### Appendix B
The appendix presents all the disclosures that were categorized as progressive façade.

| Disclosure | Year and page in RBS report | Investigation by FCA (2016) | Façade | Motivation |
--- | --- | --- | --- | ---
“Away from the headlines on the banking crisis, we have been making **good progress** in important areas such as customer service, where we have a leading position in our sector, and financial education, where our **MoneySense programme** has been setting the standard.” | 2008, p.4 | 1.123 and 4.6.52 | Progressive | Signs of progress and Implementing programs, processes or recommendations
“Part of this review involved a scan of the **key issues** …The review identified the following high profile issues, categorised according to: Business Practices: Customer Service, Financial Crime and Data Protection, Financial Inclusion, Selling and Lending Practices, Supporting Customers through the Economic Cycle.” | 2008, p.7 | 4.6.55 | Progressive | Signs of progress and future change
“The advisers’ training has been accredited by the **Consumer Credit Counselling Service.** We offer customers and non-customers alike guidance on budgeting and financial management issues.” | 2008, p.14 | 1.127 | Progressive | Implementing programs, processes or recommendations
“… our people…are given specialist training so that they can understand the needs of our business customers better. New intranet training also gives branch colleagues information … In addition, 205 people attended NatWest ‘Talking Business’ courses designed to equip them with the skills needed to help our business customers.”

2008, p.15 1.127 Progressive Signs of progress and Implementing programs, processes or recommendations

“Priorities in 2009: Enhance the capacity of the MoneySense programme by training more advisers to provide free, impartial money guidance to both customers and non-customers. Deliver training so Customer Adviser teams better understand the new customer commitments”

2008, p.15 1.127 Progressive

“In December 2008, an additional 1,100 MoneySense Advisers, who had been trained by the Consumer Credit Counselling Service (CCCS)…this makes RBS the first bank to offer free impartial guidance…”

2008, p.17 1.127 Progressive

“In the current difficult economic conditions… created 500 specialist Relationship Managers to work with our customers… In addition, we launched a telephone based ‘Business Lifeline’ staffed by experienced lending managers to provide further advice and support to customers.”

2008, p.20 4.6.55 Progressive

“Providing extra support: … In 2008, the Group produced and distributed 730,000 ‘Trading through the Economic Downturn’ guides to customers… In late 2008, RBS launched a new information service, Business Status Alerts.”

2008, p.20 1.5 Progressive

“Invest further in staff training around specific needs of business customers”

2008, p.21 1.127 Progressive

“Delivered significant training to Relationship Managers to help better support our customers through the economic downturn”

2008, p.21 4.6.55 Progressive

“Increase advice to customers through delivery of 50 SME seminars across the UK and publication of advisory reports based on independent research”

2008, p.21 1.5 Progressive

“RBS is being restructured and run to serve customers well, to be safe and stable and to restore sustainable shareholder value for all.”

2009, p.5 1.5 Progressive Future change
<table>
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<tr>
<th>Disclosure</th>
<th>Year and page in RBS report</th>
<th>Investigation by FCA (2016)</th>
<th>Façade</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>“Our response to some … are well established and embedded into our business practices. Our response to some new and emerging issues may be less detailed and developed. However, we remain committed to responding to these issues and improving our understanding of them and the impact they have on our stakeholders.”</strong></td>
<td>2009, p.7</td>
<td>4.7.71</td>
<td>Progressive</td>
<td>Future change</td>
</tr>
<tr>
<td><strong>“Customer satisfaction surveys, focus groups and online feedback. All of our businesses around the world …track their performance and improve their products and services…we are now receiving more direct, ‘real-time’ feedback via online channels.”</strong></td>
<td>2009, p.10</td>
<td>4.1.54</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td><strong>“Customers: We continually monitor customer opinion to identify current and future issues that could impact upon their levels of satisfaction with our service.”</strong></td>
<td>2009, p.11</td>
<td>3.2.70</td>
<td>Progressive</td>
<td>Future change</td>
</tr>
<tr>
<td><strong>“Current accounts: We know that fees for unarranged borrowing are a cause of ongoing concern for our customers. …RBS made a series of reductions to charges and fees…”</strong></td>
<td>2009, p.14</td>
<td>4.4.78</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td><strong>“Supporting customers in difficulty: RBS has always been …pro-actively support customers showing signs of financial stress. The early review of the customer’s circumstance allows for a detailed analysis of their own particular situation and ensures that a variety of approaches can be used to help them back to financial strength. We have dedicated teams to educate, help and inform customers … provided staff in these teams with specialised ‘Toolkits’…RBS is committed to supporting customers…which supports our objectives underpinning ‘Helpful Banking’ and our commitment to Treating Customers Fairly.”</strong></td>
<td>2009, p.14</td>
<td>3.2.72 and 4.6.49</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td><strong>“RBS …continue to be very supportive of the important work that the free money advice sector undertakes. RBS is involved in a number of cross industry initiatives and forums such as the development of CASHflow in conjunction with the Money Advice Trust (MAT)…”</strong></td>
<td>2009, p.15</td>
<td>4.8.35</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
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<td>Disclosure</td>
<td>Year and page in RBS report</td>
<td>Investigation by FCA (2016)</td>
<td>Façade</td>
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<tr>
<td>“Re-engaging our customers: …launched a ‘Helpful Banking’ campaign and RBS has launched the ‘Here for You’ campaign…As part of this, we are redesigning the customer sales and service experience… we are seeking feedback from our customers to make sure that any changes that we implement meet their expectations and are enhancing the service that they receive.”</td>
<td>2009, p.16</td>
<td>1.123 and 4.6.52 and 1.127</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“These advisers received training accredited by The Consumer Credit Counselling Service and provide people with assistance on budgeting and financial management.”</td>
<td>2009, p.19</td>
<td>1.127</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“… we launched the SME Customer Charter outlining our ongoing commitment to this important market. The Charter is a statement of principles that are at the heart of the relationship with our SME customer, focusing on 4 key areas…”</td>
<td>2009, p.20</td>
<td>1.4 and 1.5</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“…Our team of Specialised Relationship Managers (SRMs)…provide more intense support working with our SME customers …businesses facing the biggest challenges are transferred to the Business Restructuring Group (BRG), …Our SRM and BRG teams focus on improving business practices as well as financial restructuring…”</td>
<td>2009, p.21</td>
<td>4.6.55</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“RBS has made the following key improvements in managing and reporting its sustainability performance during 2009: The newly established Group Sustainability Committee (GSC)…and Reporting on customer service has improved…”</td>
<td>2009, p.30</td>
<td>4.7.72 and 4.7.74</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“In 2010, Citizens enhanced its customer feedback processes in a number of ways. Daily Retail Customer Satisfaction Surveys are now conducted where customers can give specific feedback… a new Service Improvement Board was …The Board has already launched 20 cross-divisional projects in 2010 to improve service and these are measured by mystery shopping programmes.”</td>
<td>2010, p.18</td>
<td>1.5 and 4.7.72</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“Responding to customer complaints: We recognise the importance of complaint handling for our customers and are addressing the root causes of complaints…we can improve what we do.</td>
<td>2010, p.18</td>
<td>1.5 and 4.7.72</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
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<td>Investigation by FCA (2016)</td>
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<tr>
<td>… <em>Customer Charter commitments</em>. In the spirit of transparency we have also published the five most common complaints: … <em>working hard to address the causes of these complaints</em>… We have also <em>re-trained</em> over 10,000 of our staff …and will train a further 24,000 over the next year.”</td>
<td>2010, p.22</td>
<td>1.5</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“Supporting small and medium sized enterprises (SMEs): In 2009 we launched the SME <em>Customer Charter</em> …We have continued to meet these <em>Customer Charter commitments</em> and have stayed true to our promise of supporting SMEs in the UK.”</td>
<td>2010, p.25</td>
<td>1.5</td>
<td>Progressive</td>
<td>Signs of progress and future change</td>
</tr>
<tr>
<td>“We will enhance our regular Customer Satisfaction Surveys to allow us to continually focus on improving the service we provide to our SME customers.”</td>
<td>2010, p.25</td>
<td>4.6.49 and 4.6.51 and 1.5</td>
<td>Progressive</td>
<td>Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“We will continue to meet our <em>Treating Customers Fairly</em> obligations. In addition, we will fully implement the recommendations from the BBA Business Finance Taskforce including those which increase transparency on lending decisions.”</td>
<td>2010, p.25</td>
<td>4.7.74 and 4.7.72</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“We’ve been working hard to change by <em>listening to our customers</em>; engaging with the communities in which we operate; <em>investing in our people</em>; simplifying the services we offer; and pricing them in an appropriate and sustainable manner. - <em>Brian Hartzer , CEO, UK Retail</em>”</td>
<td>2011, p.6</td>
<td>1.5</td>
<td>Progressive</td>
<td>Signs of progress and future change</td>
</tr>
<tr>
<td>“We will continue to <em>develop innovative ways to support customers</em> in financial hardship and make <em>real enhancements</em> to help customers avoid problem debt</td>
<td>2011, p.10</td>
<td>1.5</td>
<td>Progressive</td>
<td>Future change</td>
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<tr>
<td>We will continue to <em>develop innovative ways to support customers</em> in financial hardship and make <em>real enhancements</em> to help customers avoid unmanageable debt”</td>
<td>2011, p.10</td>
<td>1.5</td>
<td>Progressive</td>
<td>Future change</td>
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<tr>
<td>“We are taking action to fix the issues that cause customers to complain whilst also making the process easier. …made it much more straightforward to submit a complaint …we deal with their issue fairly and promptly. In 2011, we trained in excess of 5,500 staff in our revised complaint handling processes …”</td>
<td>2011, p.11</td>
<td>1.5 and 1.127 and 4.7.72 and 4.7.74 and 4.7.75</td>
<td>Progressive</td>
<td>Signs of progress and future change</td>
</tr>
<tr>
<td>“Our focus in this area is to ensure customers receive a fair outcome and so we have invested in additional staff, plus a facility to update customers who wish to track the progress of their complaint by text message.”</td>
<td>2011, p.12</td>
<td>1.5 and 1.127 and 1.123</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“In addition to addressing each individual complaint we have invested further in our concerted programme of tangible and focused action … active programme to reduce those complaints and we are seeing positive results. Figures show …customer complaints for the early part of 2012 are at their lowest level for over 2 years.”</td>
<td>2011, p.12</td>
<td>4.7.74 and 4.7.72</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“Introduced a new system that helps staff give customers … this means we can identify and address any specific issues locally and quickly and so reduce complaints about staff knowledge”</td>
<td>2011, p.12</td>
<td>1.127</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“We will enhance our regular customer satisfaction surveys to allow us to continually focus on improving the service we provide to our SME customers”</td>
<td>2011, p.18</td>
<td>3.2.70</td>
<td>Progressive</td>
<td>Signs of progress and future change</td>
</tr>
<tr>
<td>“We will accredit all our Relationship Managers and increase the time they spend in customer businesses”</td>
<td>2011, p.18</td>
<td>4.6.55</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“We also put in place a wide range of emergency measures to support our …”</td>
<td>2011, p.20</td>
<td>3.2.70</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
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<tr>
<td>“Account fees and overdraft charge levels are often raised as an issue …We have worked to simplify our fee structure and make it more transparent. We’re also doing more … “</td>
<td>2012, p.11</td>
<td>4.4.78</td>
<td>Progressive</td>
<td>Signs of progress and future change</td>
</tr>
<tr>
<td>“This is why we have our Customer Charter and …it will be simplified to re-affirm our commitment to our customers.”</td>
<td>2012, p.16</td>
<td>3.2.70</td>
<td>progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
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<tr>
<td>“One of our top priorities as a company is to minimise any issues faced by our customers and avoid making mistakes…we have made changes to both simplify the process for our staff and improve the experience for customers.”</td>
<td>2012, p.17</td>
<td>4.7.72 and 4.7.74 and 4.7.76</td>
<td>progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“In addition to the improvement in the handling of each individual complaint, we have … fix the issues that cause customers to complain in the first place.”</td>
<td>2012, p.17</td>
<td>1.5 and 4.7.72</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“Preventative actions taken to address the other top 5 issues include: - simplifying processes and product ranges... - producing Helpful Guides and bespoke training for collections …”</td>
<td>2012, p.18</td>
<td>4.7.72 and 4.7.74</td>
<td>Progressive</td>
<td>Signs of progress and Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“… we implemented a simplified process in 2012 and continue to provide training for our staff to improve their complaints handling. Our objective is to provide fair, consistent and prompt outcomes for our customers …”</td>
<td>2012, p.18</td>
<td>4.7.72 and 4.7.74</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“Supporting customers in difficulty: We will continue to develop innovative ways to support customers in financial hardship and make real enhancements to help customers avoid unmanageable debt.”</td>
<td>2012, p.21</td>
<td>1.5</td>
<td>Progressive</td>
<td>Signs of progress and Future change</td>
</tr>
<tr>
<td>“Our SME Customer Charter, …we introduced our ‘Ahead for Business’ customer promise which intrinsically links our support for SMEs to customer feedback. Specific feedback from customers identified 3 key areas where we could offer value…..”</td>
<td>2012, p.23</td>
<td>3.2.70</td>
<td>Progressive</td>
<td>Implementing programs, processes or recommendations and Future change</td>
</tr>
<tr>
<td>“… we have significantly strengthened our accreditation programme for RMs and their teams which provides training to promote the right skills, behaviours and knowledge to deliver the service required. This accreditation programme has been developed in association with the Chartered Institute of Bankers and we are currently the only bank in the UK to have independently accredited RMs.”</td>
<td>2012, p.25</td>
<td>4.6.55 and 3.4.9</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“Following accreditation, RM competence is tested annually. We also have specifically tailored accreditation schemes for the Specialised Relationship Management team..”</td>
<td>2012, p.25</td>
<td>4.6.55 and 3.4.9</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“Relationship Managers also took part in corporate finance strategies learning …This is on top of the regular business training run for all new members of staff.”</td>
<td>2012, p.26</td>
<td>1.127 and 4.6.55 and 3.4.9</td>
<td>Progressive</td>
<td>Future change</td>
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<tr>
<td>“We will deliver high standards of professional service to our business customers through accreditation and training of our Relationship Managers and increase the time they spend in customer businesses.”</td>
<td>2012, p.29</td>
<td>1.123 and 4.6.52 and 1.127</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“Our support for small and medium-sized enterprises (SMEs) centres on providing accessible finance through responsible lending… We have committed to ensuring that all our customer-facing staff in the UK are accredited against professional standards. As part of this we have significantly strengthened our accreditation and professional development programmes for Relationship Managers, developed in association with the Chartered Banker Institute. …our UK Relationship Managers took part in 8,387 Working With You visits…”</td>
<td>2013, p.18</td>
<td>4.6.55 and 1.123 and 4.6.52 and 3.4.9</td>
<td>Progressive</td>
<td>Implementing programs, processes or recommendations</td>
</tr>
<tr>
<td>“…We have already identified some immediate actions that will ensure we can increase gross lending to SMEs, enhance our services for our SME customers, and support the economic recovery… We will be addressing the findings of the Independent Lending Review in our comprehensive bank strategy.”</td>
<td>2013, p.20</td>
<td>1.5</td>
<td>Progressive</td>
<td>Signs of progress</td>
</tr>
<tr>
<td>“…AML and customer complaints, continues to be a significant focus for RBS. In 2013, we set up a new dedicated Remediation team to improve our management of remediation and ensure continuous improvement of our systems.”</td>
<td>2013, p.27</td>
<td>4.7.72 and 4.7.74 and 4.7.76</td>
<td>Progressive</td>
<td>Future change</td>
</tr>
<tr>
<td>“Responding to material issues and being transparent about our performance… Our response to some issues such as promoting financial education and responding to customer complaints are well established and embedded into our business practices. Our response to some new and emerging issues may be less detailed and developed. However, we remain committed to responding to these issues and improving our understanding of them …”</td>
<td>2013, p.40</td>
<td>1.124 and 4.7.72 and 4.7.74 and 4.7.76</td>
<td>Progressive</td>
<td>Signs of progress and future change</td>
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Appendix C
The appendix presents all the disclosures that were categorized as reputational façade.

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<thead>
<tr>
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<tbody>
<tr>
<td>“As well as these <strong>core business goals</strong> … which are the bedrock of any claim to be a <strong>responsible corporate citizen</strong>, we will support …through our community programmes; …We will continue to support and promote important responsible business initiatives”</td>
<td>2008, p.5</td>
<td>3.2.71</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“Customer service: Providing a <strong>high standard</strong> of customer service is integral to the way we do business….”</td>
<td>2008, p.14</td>
<td>1.123 and 4.6.52</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“Treating customers fairly: The Financial Services Authority (FSA) set a deadline …<strong>The principles of TCF have been a longstanding part of our business objectives</strong>, and we apply them in our day-to-day roles. They reflect the way we want to do business with our customers: putting them at the forefront of everything that we do and delivering on our promises…”</td>
<td>2008, p.15</td>
<td>3.2.72 and 4.6.51</td>
<td>Reputational</td>
<td>Core objectives</td>
</tr>
<tr>
<td>“Overriding objectives: To put customers at the centre of everything we do”</td>
<td>2009, p.4</td>
<td>1.5</td>
<td>Reputational</td>
<td>Core objectives</td>
</tr>
<tr>
<td>“… ensuring that your customers are satisfied, your employees are motivated and that you have a good relationship with the <strong>communities</strong> in which you operate would still be the right place to focus your attention. Asking for direct feedback from customers and employees, and responding …ongoing **stakeholder engagement needs to become a fundamental part of the way you do business.”</td>
<td>2009, p.10</td>
<td>4.1.54</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“In the UK, we will launch a Customer Charter in …how we will <strong>support the communities</strong> we serve. The Charter will reflect areas that we know are important to customers with n emphasis on <strong>putting customers first</strong>, …to ensure we’re focusing on the right issues, we will review our…”</td>
<td>2009, p.16</td>
<td>1.123 and 4.6.52</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“<strong>One of the most important roles</strong> of the financial services …is therefore a <strong>key responsibility</strong> for RBS. …we also aim to provide useful advice and guidance to business customers through our experienced <strong>relationship managers</strong>… through programmes such as the **Prince’s Trust ‘Business Programme’ in the UK and our Microfinance initiative in India. …”</td>
<td>2009, p.20</td>
<td>4.6.55</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
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<tr>
<td>“<strong>Fair banking</strong> means getting it right for our customers. This theme covers all parts of the <strong>important relationship</strong> that we have with our customers, including responsible lending, customer service and complaints handling, access to financial services and financial education.”</td>
<td>2010, p.1</td>
<td>4.7.72 and 1.5</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“Our people make the difference for our customers and it is <strong>important</strong> that we treat them **fairly.””</td>
<td>2010, p.1</td>
<td>1.5</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“Our investment in customer services has reinforced the **importance of this relationship and continues to put the customer at the centre of how we operate.”</td>
<td>2010, p.2</td>
<td>4.7.72</td>
<td>Reputational</td>
<td>Core objectives</td>
</tr>
<tr>
<td>“We do this by putting our customers first and investing in services that <strong>benefit them</strong>, by ensuring we have the appropriate financial reserves and risk management in place, and by investing in our people, who are at the **heart of our business.””</td>
<td>2010, p.3</td>
<td>3.2.70 and 4.7.72</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“We have a <strong>responsibility to our customer to behave in a helpful, transparent and fair</strong> way when they do seek advice from us …”</td>
<td>2010, p.20</td>
<td>1.123 and 4.6.53 and 1.127</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“Giving support to enterprise in the economies in which we operate is a <strong>cornerstone</strong> of our customer offering.”</td>
<td>2011, p.1</td>
<td>1.5</td>
<td>Reputational</td>
<td>Core objectives</td>
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<tr>
<td>“A strong bank sits at the <strong>heart of a healthy community</strong>. We listen to our customers and work to get back to what banking is supposed to be all about: serving customers, serving …”</td>
<td>2011, p.10</td>
<td>1.5</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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<tr>
<td>“The revised processes emphasise our <strong>priority focus to deliver a fair outcome</strong> for the customer.”</td>
<td>2011, p.11</td>
<td>4.7.74 and 1.5</td>
<td>Reputational</td>
<td>Core objectives</td>
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<tr>
<td>“We work in partnership with third sector organisations to <strong>deliver the best solutions</strong> for all our customers, regardless of their needs.”</td>
<td>2011, p.14</td>
<td>4.8.35</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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<tr>
<td>“RBS goes <strong>further than any other bank</strong> when it comes to supporting SMEs in the UK… We also **want to help customers achieve their ambitions, and believe in providing the best possible breadth and depth of support to them…”</td>
<td>2011, p.18</td>
<td>1.5</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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<tr>
<td>“serving our customers well. For RBS, that is what being a responsible business is about – serving our customers and communities well, and putting them at the heart of everything we do.”</td>
<td>2012, p.2</td>
<td>3.2.70</td>
<td>Reputational</td>
<td>Core objectives and Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“…the key thing for me is that the bank is increasingly aware of how our activities impact on our customers and wider stakeholders. … long term success will be determined by how well we understand our customers and communities, and how well we can service their needs in a responsible way.”</td>
<td>2012, p.4</td>
<td>3.2.70 and 1.5</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>This means simplifying our product range, reducing the number of processes we have and developing our people so they can serve customers better.”</td>
<td>2012, p.4</td>
<td>3.2.70 and 1.5</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“We ask our staff to welcome a customer complaint, own and resolve it. To support this, all aspects of our complaint handling process (from our complaint handling staff, to our policy, process and management information teams) now report to a single Director.”</td>
<td>2012, p.14</td>
<td>1.127</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“Being open and transparent about how we do business and the issues we face is not only helpful to our customers but also the least they should expect from their bank.”</td>
<td>2012, p.23</td>
<td>1.124</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“We aim to be as transparent as possible in communicating our lending decisions to our customers.”</td>
<td>2012, p.24</td>
<td>1.5</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
</tr>
<tr>
<td>“…we offer an appeals process where SMEs can appeal to an independent panel. This appeals process is further governed by an independent reviewer appointed by the BBA.”</td>
<td>2012, p.24</td>
<td>4.7.72 and 4.7.74</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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<tr>
<td>“The aim of our Global Restructuring Group (GRG) is to work with distressed customers to develop and implement innovative rescue and recovery strategies…..”</td>
<td>2012, p.24</td>
<td>4.6.49</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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<td>“RBS Choice is an integral part of the Group's journey to becoming a really good bank and supports the culture and behaviours that allow us to be totally focused on serving customers well.”</td>
<td>2012, p.44</td>
<td>3.2.70</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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<td>“Measuring customer satisfaction: RBS has continued to invest in measuring customer experience in 2013, ensuring the customer is at the heart of our strategy as well as our day-to-day priorities.”</td>
<td>2013, p.18</td>
<td>3.2.70</td>
<td>Reputational</td>
<td>Responsibility and trustworthiness</td>
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Disclosure | Year and page in RBS report | Investigation by FCA (2016) | Façade | Motivation
---|---|---|---|---
“Complaint handling: Handling customer complaints well is fundamental to good customer service. .... Where the issue is more complex, one of our complaint handling experts will own the issue until it is resolved.” | 2013, p.18 | 4.7.72 | Reputational | Responsibility and trustworthiness
“Lending to business customers: RBS is a leading business bank, supporting businesses of all sizes, creating liquidity and supporting economic growth…” | 2013, p.20 | 4.3.54 and 1.5 | Reputational | Responsibility and trustworthiness

**Appendix D**

Some disclosures collected include different kinds of façades in the same paragraph in the different sustainability reports, but they are not to be considered as mixed. This is since the disclosures per se are not a mixture of different façades but rather different sentences in the disclosures are classified as different façades.

| Disclosure | Year and page in RBS report | Investigation by FCA (2016) | Façades | Motivation
---|---|---|---|---
“Support for SMEs…up to 1 million small businesses will benefit from a commitment not to increase overdraft pricing for 12 months … £1 million. We have worked closely with the Government on the launch of the Enterprise Finance Guarantee (EFG) … launched a dedicated helpline, Business Lifeline…A practical advice guide for business customers, Trading through the Economic Downturn, has been produced, and a series of specialist seminars launched. Financial services compensation scheme: RBS paid £150 million in 2008 to the FSA’s scheme....” | 2008, p.10 | 1.5 | Rational/Progressive | Rational: Statistics. Progressive: Signs of progress and implementing programs, processes or recommendations
“Listening to our customers: We sent out over five million surveys to our UK retail branch customers and received around 700,000 responses with detailed views. This has allowed us to draw up a tailored Service Improvement Plan for each branch from the feedback of their own customers. We have a Customer Satisfaction Index (CSI)...The CSI score for December 2008 was 88.6 out of 100 for RBS... These scores are slightly higher than the same period in 2007...” | 2008, p.14 | 4.1.54 | Rational/Progressive | Rational: Statistics. Progressive: Signs of progress and implementing programs, processes or recommendations

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<th>Disclosure</th>
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<td>“Responding to customer complaints:”…can we improve service to all our customers. We recorded over 1.6 million complaints last year, from our UK personal customers, of which 93% were resolved without any need to escalate further. We know that customers want a swift response to their complaints so 80% were resolved within two days. Where we needed to undertake further investigation, then 96% of complaints were still settled within two weeks. … 2,279 UK personal customers had their complaints referred to the Financial Ombudsman Service last year – 0.14% of total complaints. …have improved over 50 processes in the last year.”</td>
<td>2008, p.14</td>
<td>4.7.71</td>
<td>Rational/Reputational</td>
<td>Rational: Statistics. Reputational: Responsibility and trustworthiness</td>
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<td>“RBS has always strived to treat our customers fairly, deliver outstanding customer service and develop innovative products which meet our customers’ needs. …We have listened and are making changes to help us to re-engage with our customers… RBS aims to: Provide great customer service; Provide straightforward products; Communicate clearly; Lend responsibly; Support customers in financial difficulty; …”</td>
<td>2009, p.14</td>
<td>4.6.55</td>
<td>Reputational/Progressive</td>
<td>Progressive: Signs of progress and future change. Reputational: Core objectives</td>
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<td>“Ensuring that our customers are treated fairly is a very important consideration for us. … We are taking these concerns into consideration as we strive to offer valued and sustainable products for our customers. We also take care to ensure that our employees are trained to sell PPI in an appropriate manner and in compliance with FSA rules. Branch and call centre staff are given training …We carry out regular reviews of PPI sales and undertake customer contact exercises to check on the robustness of our sales processes and the adequacy of our controls.”</td>
<td>2009, p.16</td>
<td>1.127 and 1.5</td>
<td>Reputational/Progressive</td>
<td>Reputational: Core objectives. Progressive: Signs of progress</td>
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<td>“Responding to customer complaints: We are dedicated to developing lasting relationships with our customers and we make every effort to fulfil their needs and expectations at all times. …Complaints data is regularly monitored and … so that we can improve the quality of our products, processes and services… Both matters were resolved, resulting in a complaint reduction of 75%. … led to Citizens developing and</td>
<td>2009, p.16</td>
<td>4.7.71 and 4.7.72</td>
<td>Rational/Progressive/Reputational</td>
<td>Rational: Statistics. Progressive: Signs of progress and future change. Reputational: Responsibility and trustworthiness.</td>
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<td>launching several new savings products. Citizens also implemented a new complaints system … We know that it is important to customers that their problems are dealt with promptly and 96% of all our personal banking complaints are resolved within 2 weeks… every firm in the Group improved their ‘change in outcome’ ranking…”</td>
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<td>“…Helping customers in financial difficulty is one of our key priorities as a Group. Along with speaking to our customers directly, we also seek to engage with groups such as Citizens Advice Bureau (CAB) on the issue of customers in financial difficulty. … This led to a project working group being set up which comprised of advice providers, trade bodies, and major lenders, including RBS. This resulted in the creation of the ‘CASHflow scheme’ in partnership with a number of groups including the Money Advice Trust and the Department for Business... Ensuring customer repayment plans are sustainable for the long-term is paramount to our relationship and benefits both the customer and the Group…”</td>
<td>2010, p.9</td>
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<td>Rational/Progressive</td>
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<td>“Our customers are a priority stakeholder … included customer-based … Our research allows us to identify the issues that matter most to customers and informs our future strategy. In addition, we continually monitor current and upcoming issues that could impact upon our customers …”</td>
<td>2010, p.10</td>
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<td>1.5</td>
<td>Progressive/Reputational</td>
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<td>“RBS has a third of the UK SME lending market, and with that comes a responsibility to treat our customers fairly and help them where we can. In 2010, we lent £30.3 billion to SMEs and we currently approve over 5,000 loans a week, accepting over 85% of all credit applications. It is clearly in our interest to lend to viable businesses.”</td>
<td>2010, p.22</td>
<td></td>
<td>1.5 and 4.6.55</td>
<td>Rational/Reputational</td>
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<td>“…The 'Working with You' initiative was launched in 2011 and sees each Relationship Manager spending a day working with two of their customers a year. 4,620 visits took place in 2011 giving Relationship Managers a deeper understanding of the issues SMEs face.”</td>
<td>2011, p.18</td>
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<td>4.6.55</td>
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<td>“We will continue to meet our Treating Customers Fairly obligations. In addition, we will fully implement the recommendations from the BBA Business Finance Taskforce including those which increase transparency on lending decisions. As part of our commitment to treating customers fairly we have implemented a number of the BBA Business Finance Taskforce recommendations. These include the establishment of a transparent appeals process for when loans have been declined and letting customers know, a year in advance, if their term loan is coming to an end allowing them time to assess their finances.”</td>
<td>2011, p.18</td>
<td>3.2.72</td>
<td>Rational/Progressive/Reputational</td>
<td>Rational: Rationality of decisions. Progressive: Implementing programs, processes or recommendations. Reputational: Responsibility and trustworthiness</td>
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<td>“We have listened to our customers and there’s one thing they all have in common – they want to feel confident that they can realise their business ambitions. Our ‘Ahead for Business’ UK customer promise, … their goals and the challenges they face and ensuring our service is relevant to their needs. - Delivering business expertise – being proactive and sharing our business knowledge, and by delivering relevant and practical solutions that truly benefit customers - Making it simple – we want our customers to find their banking experience straightforward; allowing them to get on with running their … training for our Relationship Managers. In the UK our ‘Working with You’ initiative sees Relationship Managers spending at least two days per year working in a customers’ business. 4,620 visits took …”</td>
<td>2011, p.19</td>
<td>1.5 and 4.6.55</td>
<td>Rational/Progressive/Reputational</td>
<td>Rational: Statistics. Progressive: Implementing programs, processes or recommendations. Reputational: Responsibility and trustworthiness</td>
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<td>“This was launched in 2012 and is designed to drive the right behaviours to ensure that customer service is the top priority for all of our staff. This approach goes across our whole business, including our response to the FSA’s Retail Distribution Review, where we’re building a simpler, nimbler, more customer focused advice business.”</td>
<td>2012, p.15</td>
<td>1.127 and 4.7.72</td>
<td>Progressive/Reputational</td>
<td>Progressive: Signs of progress and Future change. Reputational: Responsibility and trustworthiness</td>
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<td>“We want to put our customers’ needs first by providing them with the skills, knowledge and expertise that they require. In 2012, a new accreditation programme was launched to provide staff with additional</td>
<td>2012, p.15</td>
<td>1.127</td>
<td>Rational/Progressive</td>
<td>Rational: Statistics. Progressive: Signs of progress</td>
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<td>training to equip them with expertise to help them better meet customer needs. This is accredited by the Chartered Banker Institute and in 2012, more than 1,500 members of staff received this training. This will continue throughout 2013 until all of our customer service officers have been accredited.”</td>
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<td>“We continue to provide training for our staff to improve complaint handling. In the UK, we have implemented a new simplified process, centred on delivery of consistent and quality outcomes. In the second half of 2012, this led to a 3% improvement with 73% of customers being satisfied with how their complaint was handled.”</td>
<td>2012, p.17</td>
<td>1.127</td>
<td>Rational/Progressive</td>
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<td>“To ensure our Relationship Managers (RMs) understand their customers better we have implemented an …This initiative is not just restricted to our RMs but has seen employees of all levels participate. During 2012, over 5,000 such ‘Working with You’ visits were completed, with RMs spending at least two days ‘rolling their sleeves up’ working with customers at their premises. This brings the total number of visits to over 10,000 since the initiative launched in June 2011. In 2013, we are working towards increasing the time that our RMs spend with their customers to at least 60% of their working week.”</td>
<td>2012, p.23</td>
<td>4.6.55</td>
<td>Rational/Reputational</td>
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<td>“Our response to some issues such as promoting financial education and responding to customer complaints are well established and embedded into our business practices. Our response to some new and emerging issues may be less detailed and developed. However, we remain committed to responding to these issues and improving our understanding of them and the impact they have on our stakeholders.”</td>
<td>2012, p.53</td>
<td>4.7.72 and 4.7.74 and 4.7.76</td>
<td>Rational/Progressive</td>
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<td>“Our support for customers in financial hardship covers both personal and business customers. In the UK, our 1,700 staff in specialised areas assisted more than 1 million customers experiencing financial difficulty in 2013. …helps us to improve our strategies, policies and processes for customers experiencing financial hardship.”</td>
<td>2013, p.19</td>
<td>4.8.35</td>
<td>Rational/Progressive</td>
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<td>“This year we made good progress on these priorities. We significantly increased the number of customer-facing employees accredited with professional standards, …This will make it easier for employees to serve our customers well and reconnect the bank with its responsibility to society.”</td>
<td>2013, p.33</td>
<td>1.127</td>
<td>Reputational/Progressive</td>
<td>Progressive: Signs of progress. Reputational: Responsibility and trustworthiness.</td>
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