The Relationship between External Pressure and Socio-Environmental Disclosure in the Integrated Reports of South African Banks

By

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Dissertation

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Declaration

I, **Nyiko D Mchavi**, declare that this dissertation is my own work and the sources that I have used or quoted from have been indicated and acknowledged by means of complete reference. The report is submitted to university of Limpopo for the degree of Masters of Commerce (MCom) in Accountancy and it has not been submitted before for any degree of examination in any other university or academic institution in the world.

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Signature Date

Dedication

DEDICATION

Dedicated to my parents, Jameson R. and Grace Z. Mchavi

and

My wife Yvonne, my children Fumani, Nsovo, the twins, Andzani & Akani

Acknowledgement

I would like to express my sincere appreciation and gratitude to the following; **who have contributed in assisting me to complete this study**.

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ABSTRACT:

This research evaluated the role of external pressure on the sustainability of South African banks. Although much research on corporate sustainability disclosure has been done, this research is important since little of the previous research in South African has given a closer examination to sustainability external pressure implication of external pressure on banking sector sustainability disclosure. In addition, this research separated banks' sustainability disclosure into social and environmental aspects to know which aspect in the banks are more influenced by external pressure.

Therefore, the main objective of this research was to examine the relationship between external pressures on social disclosure and to examine the role of external pressure on environmental disclosure in select South African banks. Although the entire commercial banks in South African made up the population of study, the sample was reduced by the availability of external pressure variables (government pressure, political pressure, social pressure, regulatory pressure, customer pressure, and two control variables – reputation and profit objectives) in the sustainability reports within the six years of study (2010 – 2015).

Research data were collected from secondary data which were available from the annual integrated reports of banks. Data were analysed by means of the panel data multiple regression analysis.

The analysis of data on research question 1 showed that three independent variables (Government pressure, profit objective and customer pressure) showed a significant positive relationship with social disclosure. Government pressure showed a significant relationship at a value of P=0.006 which is less than the 0.05 alpha level set for this research. This therefore means that within the sample of banks where data were collected, government pressure have a significant positive relationship with social disclosure in these banks.

Also, the analysis showed that profit objective and customer pressure are positively and significantly related to social disclosure at a value of P=0.05 which is equal to the alpha of this research. This also means that within the sample of banks where data were collected, profit objective and customer pressure have a significant positive relationship with social disclosure in these banks. On the contrary, four out of the seven independent variables (regulatory pressure, political pressure, social pressure and reputation) showed no significant relationship.

The second research question in this study was to find whether a relationship exists between external pressure and environmental disclosure. However, all the independent variables showed a non-significant relationship with environmental disclosure.

In conclusion, the research made some recommendations which include that future researchers should expand the number of banks by including other financial institutions, the comparison of sustainability disclosure in banks before and after the King III report, more improved teaching and research on banking sector sustainability disclosure in higher institutions, communication of research result such as on banking industry sustainability to practitioners and to government agencies. Other recommendations include the need to conduct a regional study to include other African countries on banking sector sustainability and to conduct a survey study on external pressure on banking sector environmental activity and disclosure

Key words: social disclosure, environmental disclosure, sustainability disclosure, South African banks, King III, external pressure.

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CHAPTER 1
INTRODUCTION

1.1. Background

Corporate sustainability started gaining importance generally as a result of external pressures on big public firms (Wolf, 2014). Notable events leading to a widespread call for corporate sustainability obedience include "*The proposed sinking of the Brent Spar oil platform"* (Naimi, 2011; Kolk & Levy, 2001:506) in 1995, which resulted in societal concern for greater environmental accountability from companies. Another major external pressure came from the Brundtland Report in 1987 (WCED, 1987; Sen, 2013) and the Kyoto Protocol Climate Conference in 1997 which resulted in a global awareness and call for sustainable development. Since then, research has identified several interested users of information contained in corporate social and environmental disclosure. According to Manetti & Toccafondi (2014), Ogan and Ziebart (1991) and Estes (1976), such external interests include shareholders, governments, employees, community interest groups and the general public. Therefore, corporations are attempting to operate in a manner that can please these external interests. Accordingly, previous research on corporate social responsibility (CSR) reporting indicates that such reports improve corporate transparency and increase the reputation of corporations (Dingwerth & Eichinger, 2014; Bertels & Peloza, 2008; Kolk, 2005; Lewis, 2003). Given that South Africa is globally known for its involvements in sustainable development campaigns, this research intends to evaluate whether South African banks are influenced toward social and environmental responsibility disclosure by external pressure, especially given that social and environmental issues have progressed from standalone reports to be included in the integrated reports of companies (Arnold, Bassen & Frank, 2013). Although previously social and environmental disclosure has been voluntary in nature (Peters & Romi, 2013), the recommendation for inclusion of social and environmental issues in the integrated report by King III and the adoption by the JSE (De Villiers, Rinaldi, & Unerman, 2014) indicate some form of pressure on companies to comply with social and environmental disclosure (Stubbs, Higgins & Milne, 2013). The influence of such pressure on firms toward the preparation of integrated reports is therefore important as a subject of research to the benefit of academic and public awareness.

1.2 Problem Statement

Research shows that voluntary disclosure does not produce expected corporate sustainability behaviour (Tilt, 1994; Buhr, 2007; Fernandez-Feijoo, Romero, & Ruiz., 2014). However, corporations that endeavour to satisfy the pressure of various stake holders to enhance their survival may produce sustainability behaviour, including disclosure (Buhr, 2007). It is likely, therefore, that external pressure may add to corporate initiative to disclose sustainability behaviour (Buhr, 2007; Garcia-Sanchez, Cuadrado-Ballesteros & Sepulveda, 2014).

Previous empirical research have shown results in favour of the argument that external pressure relates with social and environmental disclosure, these arguments include amongst others, to satisfy external motives (Qi, Zeng, Li, & Tam, 2012; Rodrigue, Magnan, & Boulianne, 2013), to seek external validation (Zeng, Xu, Yin & Tam, 2012; Khan, Muttakin & Siddiqui, 2013), to look good before the media (Lyon & Montgomery, 2013), to avoid violation of regulation and to win governmental support (García-Sánchez, Frías-Aceituno & Rodríguez-Domínguez, 2013). On the other hand, other empirical results have shown results against the argument that external pressure may relate with social and environmental disclosure and that existence of external pressure may not necessarily influence social and environmental disclosure. This literature includes Amran and Haniffa (2011) who highlight that beside the existence of pressure in the Malaysian environment, only large government related business corporations showed a form of improvement in sustainability disclosure, indicating that external pressures did not have much relationship with social and environmental disclosure of the corporate entities. Similarly, Stubbs and Higgins (2014) argue that, rather than external pressure, it is the corporate’s internal mechanisms of change that may drive social and environmental reporting. This argument thus remains unsettled in the literature, given the foregoing diverse views. Within the South African context, however, the unique focus on how external pressure relates with social and environmental disclosure is yet untouched as no literature has specifically addressed it, and more so, within the banking industry.

Considering the growing concern of the South African government in greening its economy, there is a need to examine whether external pressure contributes in motivating firms to disclose; and if more pressure would result in improved disclosure in the integrated reports. According to Visser (2008) and Azmat and Ha (2013), corporate social responsibility research in South Africa has been dominated by issues bothering on the ethics of managers. Thus, Visser (2008) recommends that topics bordering on other aspects of corporate social responsibility (apart from ethics) need research attention (Visser, 2008). To the best of this researcher's research knowledge, no research has focussed specifically on the relationship between external pressures and corporate social and environmental disclosure in South African banks. The closest in this area in South Africa is the current research by Reyers, Gouws, and Blignaut (2011:92) on the *"study of motivations driving corporate investment in voluntary climate change mitigation in South Africa"*. Another related South African research is by KPMG (2006) which focussed on the disclosure of climate change response by South African firms. Yet no exact studies in South Africa have been conducted to evaluate the relationship between external pressure and corporate sustainability disclosure in the banking industry. This research is therefore makes a contribution in sustainability disclosure literature by filling this existing research gap within the context of South Africa banks.

From the foregoing background to the problem, no research in South Africa has dwelt specifically on the relationship between external pressure and social and environmental reporting in South African banks, therefore, this research hopes to bridge this gap in literature and thus make a contribution to existing literature on social and environmental reporting in South African banks.

1.3 Research Questions

The main research question for this research is what possible relationship exists between external pressure and corporate social and environmental disclosure in the integrated reports of South African banks? Therefore, the sub-questions are:

- does a relationship exist between external pressure and corporate social disclosure in the integrated reports of South African banks?
- what relationship exists between external pressure and corporate environmental disclosure in the integrated reports of South African banks?

1.4 Aim of the Study

This research examined the relationship between external pressure and corporate social and environmental disclosure in the integrated reports of South African banking firms.

1.5 Objectives of the Study:

The main research objective for this research is to examine a possible relationship between external pressure and corporate social and environmental disclosure in the integrated reports of South African banking firms. Therefore, the sub-questions are:

- to examine the association between external pressure and corporate social disclosure in the integrated reports of South African banks.
- to assess the association between external pressure and corporate environmental disclosure in the integrated reports of South African banks.

1.6 Significance of the research

Sustainability disclosure is gaining importance internationally. With the coming into being of King III corporate governance code and its adoption by the JSE (De Villiers et al., 2014), attention is currently shifting from traditional financial reporting by firms toward a measure of overall corporate economic, social and environmental performance. But many firms are still not reporting the sustainability aspect as expected or not reporting at all, therefore, the significance of this research is to explore what encourages those firms that do report with a view to creating the awareness for policy makers and pressure groups on how to influence sustainability reporting from companies that are not currently reporting as expected. The research hopes to add to existing literature on corporate social responsibility but specifically by filling the existing gap in this area of study.

1.7 Conclusion

This chapter provided a general introduction to the dissertation. It first presented a background to this study, which focussed on a brief description of the emergence of sustainability reporting within the industry or business sector. The background also tried to link the focus of this research with current research discussions, which provided a motivation for this research. The introduction also presented the problem of this research, which focussed on identification of gap in existing knowledge or literature; it was found that little attention has been given to external pressure variables and their implication on sustainability disclosure but specifically within the banking sector. Whilst there has been other sustainability research in South Africa, there is still a gap as regards studies in banking sector sustainability disclosure link with external pressure. This provided a good justification for this research. Based on the problem statement, the research listed the research questions and objectives, which focussed primarily on two areas – firstly, the relationship between external pressure and social disclosure and secondly, the relationship between external pressure and environmental disclosure. Finally, in this chapter, the overall significance of this dissertation was highlighted, which includes the importance to research, academic and practice. Chapter 2 of this dissertation, which follows in next section, presents the theoretical foundation and a review of related literature.

CHAPTER 2
REVIEW OF LITERATURE

2.1 Introduction

In order to address the objectives of this study, the researcher reviews related empirical literature surrounding the two major objectives. Before the empirical literature reviews, firstly, the researcher presents the theoretical support for this research, which is the agency theory, the stakeholder theory and the legitimacy theory. Following this, the concept of integrated reporting is presented in the light of social and environmental disclosure. The main empirical literature focusses on the two major themes of this research: external pressure on corporate social (CSR) responsibility disclosure, and external pressure and environmental disclosure. This enabled the researcher to compare results from the data analysis with existing literature in order to draw conclusions for further research.

2.2 Theoretical Framework

Supporters of external pressure as a factor that encourages corporate social and environmental disclosure have often used the agency and stakeholder theories to support their argument. Researchers against the external pressure influence have used the legitimacy theory as they argue that compliance by companies arising from pressure appears to be a form of obedience which is meant to legitimise corporate operations in the eyes of stockholders, the government, the community, NGOs, consumers, suppliers, the stock exchange and environmental regulatory authorities that monitor compliance. Therefore, this researcher surmises that the theories to support this research are the agency, the stakeholder and the legitimacy theories which are briefly discussed below.

2.2.1 Agency Theory

The Agency theory sees the firm as an interconnection of the agreement between different financial agents who act entrepreneurially inside effective markets. Given this setting, social and environmental reporting may be helpful in understanding the extent of compliance with the contractual obligation commitments, if only the conventional financial obligation of agency contracts expands to include social and environmental obligations. Some research thus argues that in the absence of inclusion of social and environmental disclosure as part of the agency contract, external pressure may do little to influence social and environmental disclosure of firms operating in formal economic contracts such as banks in which social responsibility is not regarded as *"significantly value enhancing"* (Goss and Roberts, 2011:1). Therefore, as demonstrated by Cormier et al. (2005), because the agency theory focuses on the economic interest of the principals and agents who operate in an economically efficient market, there appears to be a reduced relevance and the need for social and environmental disclosure in organisations that could be classified as falling within the principal agent contract such as the banking sector (Barry, 2012). This is more so when most of the perceived pressure groups do not have a strong operational presence in some organisations, for instance, lobby groups may do little to influence banking operations which are under a globally recognised principal agent relationship, operating in a recognised efficient market such as the stock exchange, where the laws of demand and supply of financial instruments determine price and profit. In the context of this research therefore, the view of the agency as an economic or financial contract seems to support the group of researchers who argues against the view that external pressure would not necessarily associate with corporate social and environmental disclosure (Weaver et al., 1999 and Epstein and Buhovac, 2014). However, contrary to the agency theory, Woodward et al. (1996) see the legitimacy and stakeholder theories as more closely related to societal concerns and hence suitable for enabling organisations to embrace social and environmental disclosure. Hence, the following two sections present a brief discussion of the stakeholder and legitimacy theories within the context of this research.

2.2.2 Stakeholder Theory

There are various branches of the stakeholder theory, but the aspect that relates to this study is the managerial branch of stakeholder theory. According to Deegan (2002) and Deegan (2014), the managerial branch of the stakeholder theory says that information is a major tool which can be used by organisations to manage and confuse the stakeholders in order to attract their care and support; such information will also assist to put off any likely opposition from the stakeholders. The stakeholder theory therefore accepts that there is a relationship between the company and its stakeholders and that this relationship requires responsibility and accountability (Hörisch et al., 2014). Therefore "*Stakeholder analysis enables identification of those societal interest groups to whom the business might be considered accountable and therefore to whom an adequate account of its activities would be deemed necessary*" (Woodward and Woodward, 2001:1). Van der Laan (2009) and Monfardini et al., (2013) agree with this sentiment. It is on this basis therefore, that this research attempts to know from the banks' sustainability publication, if the banks' external pressure constituents are demanding sustainability accountability from them by way of disclosing corporate social and environmental behaviour of banks and whether the banks are thus influenced to disclose and to show accountability.

2.2.3 Legitimacy Theory

The main concern of the legitimacy theory is that organisations attempt to operate within the prescribed and required norms of their various societies (Hahn and Kühnen, 2013) to remain legitimate in the eyes of society. Therefore, the legitimacy theory is described 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*" (Suchman, 1995:574). Glozer et al. (2014) agree. Therefore, to ensure desirability of corporate activities, organisations try to ensure that "*the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are part*" (Dowling and Pfeffer, 1975: 122,; and also in Cho et al., 2013).

Therefore, the legitimacy theory is relevant and related to the study because corporate sustainability disclosure has remained mostly voluntary, but currently, disclosure is shifting from a mere voluntary position to some form of compulsory demand through external pressures and this therefore means that firms are encouraged to disclose. This demanded aspect, which may be regarded as external pressure, is the concern of the legitimacy theory. Therefore, the legitimacy theory is also used to support this research, given that banks may likely be under pressure to comply with the social and environmental disclosure demand of external pressure to gain legitimacy. Disclosure of these social and environmental values, therefore, is a tool of legitimacy by organisations and this is relevant to South African banks in this research given the South African society's growing awareness and demand for corporate social and environmental responsibility. This awareness is becoming important given the growing importance of integrated reporting at a global scale. The following section thus presents a brief concept of integrated reporting.

2.3 ***Integrated Reporting***

In response to the global demand for improved corporate environmental and social responsibility (Lund-Thomsen & Lindgreen, 2013; Fernandez-Feijoo et al., 2014), the concept of integrated reporting was developed by the South African King III report on corporate governance (Meintjes & Grobler, 2014). Simply put, corporate integrated reporting is a required new form of corporate reporting which, in addition to normal financial statements, includes detailed information on corporate social and environmental interactions (Abeysekera, 2013). According to King III, corporations in South Africa must include in their annual report how their operations have affected the society and environment (Epstein & Buhovac, 2014). If this social and environmental aspect is lacking in annual reports, it is required that companies are to explain why it is not reported, hence the *'report or explain'* concept (Soltani & Maupetit, 2014). This requirement, in addition to other forms of pressure, is thus contributing to induce the companies to comply with the social and environmental reporting in the annual corporate reports. Following the issue of King III in 2009 and its recommendation for integrated reporting, the Johannesburg Stock Exchange made integrated reporting mandatory for listed companies. In order to encourage companies to initiate and report on social and environmental issues, the JSE lunched a Socially Responsible Investing Index (SRI) which is regarded as the first of its kind in emerging economies (JSE, 2014). Companies that comply with social and environmental performance and reporting are rated under this Index annually and this has encouraged companies to improve their social and environmental responsibility as they compete to be rated and recognised. Since social and environmental reporting has become an addition to the normal financial statement, it thus complies with Section 29 (1c) of the 2008 Companies Act as amended in 2011, which states that financial statements must: "*show the company's assets, liabilities and equity, as well as its income and expenses, and any other prescribed information"* (Companies Amendment Act 3 ,2011, sec 29 [1c]*);* the King III and JSE SRI have therefore made social and environmental information part of the "*other prescribed information"* in current corporate reports, as in the above Act.

Companies' compliance with the inclusion of social and environmental reports in the integrated reporting is therefore seen as being motivated by several forms of external pressure. The following sections therefore present a brief review of external pressure on corporate social disclosure and environmental disclosure respectively.

2.3.1 Sustainability Reporting and External Pressure

Research indicates that there is wide variety of external pressure that influences how companies respond to sustainability disclosure. These pressures include, among others, the government, political pressure, social pressure, regulatory pressure and customer pressure (Tilt, 1994; Delmas and Toffel, 2004; Font, Guix and Bonilla-Priego, 2016; Dissanayake, Tilt, and Xydias-Lobo, 2016).

To urge companies to contribute decidedly to the earth on which they work, intentional self-administrative codes have been authorised and refined in the course of recent years. Two of the most common guidelines of sustainability reporting which companies have tended to follow are the United Nations Global Compact and the Global

Reporting Initiative. From the emerging of global codes of reporting, research demonstrates that companies respond contrastingly to various arrangements of sustainability reporting codes. (Perez-Batres, Doh, Miller and Pisani, 2012; Vigneau, Humphreys and Moon, 2015)
Sustainability disclosure is found to have expanded among companies across the world between 1998 and 2015 to more than half of Fortune Global multinational companies. Various research has also found that sustainability reporting guidelines and government backing motivate companies to report on sustainability issues more than before. (Kalk, 2003; Sierra-García, Zorio-Grima and García-Benau, 2015)

Lack of compliance to regulatory reporting requirements of sustainability in some countries has been found to be because of low monitoring and enforcement of sustainability reporting guidelines including the lack of government and social support and interest in sustainability reporting. In the absence of interest from government and society, companies continue to show low reporting interest in some countries. (Vormedal and Ruud, 2009; Kawahara and Irie, 2015)
This is why current researchers have found that stakeholder accountability would be improved if companies adopt sustainability reporting. Many stakeholders who have become aware of sustainability now insist that companies should demonstrate social and environmental accountability in their annual reports and to also ensure that such reports are audited by qualified professionals to receive assurance of sustainability information (Epstein and Freedman, 1994; Hess, 2007; Gualandris, Klassen, Vachon and Kalchschmidt, 2015)
Whilst in many countries there is still low response or trivial information about corporate sustainability; the opposite has been found in South Africa where companies have been seen to be more committed in providing corporate sustainability commitments in their annual reports. This commitment in South Africa has made researchers to suggest that companies in emerging markets appear to be more concerned about the issues of stakeholders than companies located in developed countries (Dawkins and Ngunjiri, 2008; Atkins and Maroun,2015; Mersham and Skinner, 2016)
Achievement of improved green responsibility of a company depends heavily on the type of stakeholders which a company serves diligently through effective

accountability. This also would mean that stakeholders' conviction about corporate sustainability commitment will enable the stakeholders to commit more resources that will enable the firm to engage in improved sustainability strategy (Kalk & Pinkse, 2007).

2.4 *External Pressure and Corporate Social Disclosure in Integrated Reports*

Literature on social accounting, past and present, have identified many users of corporate social disclosure. These users include shareholders, governments, employees, community interest groups and the general public (Estes, 1976; Ogan and Ziebert, 1991; Wong & Millington, 2014). Other research such as Briscoe et al., (2014) discovered that lobby groups are responsible for putting pressure on companies to address social reporting and accountability issues.

There are diverse literature arguments on the relationship between external pressures on social disclosure, however, there is more empirical work that concludes in favour of the relationship between external pressure and social disclosure. In their research on whether external elements of corporate governance influence corporate social responsibility disclosure, Khan et al. (2013) conclude that that pressure applied by outside stakeholder teams within the corporate g2overnance administration systems, such as external independent directors and external audit committees, affect corporate social disclosure in the integrated reports. Also in their research, Wong and Millington (2014) list findings which include an increased demand for social auditing, including a social disclosure assurance opinion by qualified independent auditors and this has contributed to making firms improve their social disclosure in integrated reports. Apart from mandatory reporting, voluntary reporting of corporate social information has also been found as being utilised by corporations, both as a response to public pressure and as a proactive attempt to shape external perceptions of corporate image (Hooghiemstra, 2000; Ortas et al., 2014). According to a study in US firms by Mallin et al. (2013), stakeholders' orientation about social and environmental issues was discovered to affect the level of disclosure by firms. This means that companies may disclose more social and environmental issues if stakeholders put pressure on them for social disclosure (Mallin et al., 2013; Rodrigue et al., 2013).

On the other hand, other researchers have argued against the more popular view that external pressure does associate with the level of corporate social disclosure. For instance, Laughlin (1991) and Amran and Haniffa (2011) found that, rather than external pressure, the firms' level of social commitment and internal social committee influence the level of corporate social disclosure more. The argument against external pressure has also been supported in other related studies such as Stubbs and Higgins (2014). Still others such as De Villiers (2014), posit that internal performance measurement control measures, including the balanced score card, have a more powerful internal drive on management to include and disclose social performance in their reports. The social values of the firm is said to be formed from internal ethical standards of the firm rather than from the external pressure (Oshika & Saka, 2015).
The abovementioned researches were conducted in overseas countries, but research focussing on the specific issue of external pressure and social disclosure in South African banks has not yet been explored. Hence, this research was an attempt to fill this gap in literature by examining the association between external pressure and social disclosure in South African banks with a view to finding which pressure group exerts more influence on social disclosure in banks. This study is therefore responding to recommendations of prior research calls to investigate how external factors may lead to corporate social disclosure initiatives (Kolk, 2010) in order to develop a new understanding of issues related to social disclosure innovations (Adams & Whelan, 2009).

2.5 *External Pressure and Corporate Environmental Disclosure in Integrated Reports*

Arguments in support of external pressure for corporate environmental disclosure have also been presented by different authors in different tones of argument. According to Meng et al. (2013), firms with poor environmental performance have been found to face more political and social pressure that weaken their legitimacy. Therefore, they could be relied upon to give more broad off-setting or positive environmental disclosures in their annual reports to external stakeholders (Meng et al., 2013). The research also found that reliance on external sources of finance, such as the stock exchange, plays a role in influencing firms to engage in environmental disclosure to attract capital support from the external stock suppliers. It is believed therefore, that firms within the stock exchange disclose more environmental reports to boost their ability to attract external capital to run their business (Ledoux et al., 2014). In their study on environmental performance and environmental reporting, Meng et al. (2014) posit that companies that are perceived by regulatory authorities as violating environmental standards are more likely to provide more environmental disclosure in their integrated reports. Others have argued that external pressure attracts environmental disclosure in firms that primarily use the disclosure to demonstrate environmental leadership and to divert public attention away from real problems of the firm (Peters & Romi, 2013). However, Peters and Romi (2013) did not highlight the negative consequences of pretentious environmental disclosure to companies and to the society at large. Still, in support of external pressure, other research has also disclosed that an industry's environmental impact positively associates with its degree of environmental disclosure (Barbu et al., 2014) for compliancy reasons. In their study Hassan & Ibrahim (2012) found that industry membership may influence the level of environmental disclosure in a company’s integrated report. In another similar study, Hahn & Kühnen (2013) found that listing on the stock exchange affects the level of a company’s environmental disclosure and that a country’s culture may influence the level of environmental disclosure by companies (Legendre & Coderre, 2013).

According to Brennan and Merkl-Davies (2014), external pressure tends to influence corporate environmental disclosure because there is a range of external pressures that demand environmental accountability from corporations. These include environmental organisations, governments and the public. Hence, in their summary of research findings, Tan (2014) highlight that mandatory regulatory requirements have led to a positive shift in management environmental disclosure strategy. Furthermore, Llena et al. (2007) report in their empirical findings of the increase in environmental reporting by Spanish firms that resulted from the introduction of compulsory environmental accounting standards in Spain. Also in a cross-country study of the influence of commercial and environmental laws, Jorgensen and Soderstrom (2006) and Mallin et al. (2013) found that existing country legal institutions, environmental regulations and disclosure regulations positively affect corporate environmental disclosure. In these studies, attention was not given to whether this external pressure leading to disclosures was reliable.

In the Republic of South Africa, the King III code of cooperate governance and the JSE are additional external pressures that encourage companies in SA to disclose environmental information in their annual integrated reports, especially considering the *comply or explain* clause (Soltani & Maupetit, 2014; Singh & Verma, 2014). For this reason, De Villiers et al. (2014) posit that:

> *"Although comply or explain approaches to disclosure in the financial reporting are not new, the novelty of South African integrated reporting requirements was the integration of social, environmental and economic issues in a manner that acknowledges the interdependency of the natural environment, socio-political and global economic sub-systems"* (De Villiers et al., 2014:1047*).*

Similar to the arguments against external pressure and social disclosure are also the arguments against the popular literature view that corporate environmental disclosure is primarily initiated by external pressure. For instance, there are arguments that, rather than external pressure, corporate internal environmental ethical codes of conduct seem to be the determinant of the level of corporate environmental disclosure (Weaver et al., 1999; Epstein and Buhovac, 2014). This argument is supported by research findings that external pressure that biases conduct, produces more artificial and not dependable reports than internally learned ethics (Tilt, 1994; Talbot & Boiral, 2014), and therefore, that externally influenced environmental disclosure is often, in many cases, far from the truth and thus unreliable (Tilt, 1994) regarding the real corporate environmental commitment. The argument against the effectiveness of external pressure on environmental disclosure was demonstrated in Amran and Haniffa (2011) in which they found that despite strong environmental pressure in Malaysia, only a government affiliated company showed improvement in environmental disclosure. This finding is supported by Stubbs and Higgins (2014) who argue that, rather than external pressure, it is corporate internal mechanisms of change that drive a trustworthy environmental disclosure by corporations. Tilt (2001) argues strongly that empirical evidence that pressure groups influence corporate environmental reporting is very scanty. Tilt (2001) finds to the contrary that, rather than pressure groups influencing reporting, they prefer attempting or lobbying to influence corporate environmental activities, but not reporting (Tilt, 2001:7-8). Tilt (2001) further indicates that literature pointing to external pressure influence on environmental reporting is merely based on allusions. Thus, according to Tilt (2001:8) "*Few of these studies, however, cite any evidence and appear to rely on it being 'common knowledge' that such activities take place"*. This present study used evidence from the integrated reports of South African banks to demonstrate if there is any association between external pressure and environmental disclosure. Doing so assisted the researcher to add a new dimension to existing literature by providing practical evidence to literature claims about external pressure and corporate environmental reporting. This is in compliance with Adams' (2004) suggestion, that corporate environmental disclosure can be understood by studying information contained in the corporate sustainability reports.

2.6 Previous Empirical Studies on Banks' Sustainability Disclosure

Authors and title	**Approach and findings**
Nobanee and Ellili (2016) "Corporate sustainability disclosure in annual reports: Evidence from UAE banks: Islamic versus conventional"	This paper was an empirical research in which the objective was to measure the extent of the corporate sustainability disclosure in the UAE banks. The paper used the yearly sustainability disclosure information from the listed banks in the UAE financial markets during the period 2003–2013. Findings from the analysis indicate that the general state of sustainability reporting from banks listed in the UAE financial markets can still be classified as low. In addition, findings from the analysis also reveale that the extent of the sustainability reporting of the conventional banks is greater than the Islamic banks. Furthermore, the experimental results show that the

	sustainability reports have a significant and positive impact on banks' financial performance of the conventional banks with no significant impact on the Islamic banks' performance.
Islam, Jain, and Thomson (2016). "Does the global reporting initiative influence sustainability disclosures in Asia-Pacific banks?"	Islam, Jain, and Thomson (2016) evaluated sustainability reporting by the main banks in the Asia-Pacific locale (the six biggest banks from each of four nations: Australia, Japan, China and India) in the period 2005–2012. The discoveries indicate sustainability reporting by banks that take an interest in the worldwide reporting activity – the GRI, is essentially higher than reporting by those banks that did not partake in the GRI. Among those banks that have taken an interest in the GRI there is a higher rate of disclosure by the banks that receive external assurance on sustainability reports than by non-externally assured banks. Among the GRI taking part banks, there was a noteworthy variety of reporting practices between nations. Sustainability reports by Australian banks seemed, by all accounts, to be altogether higher than reports by banks in other nations under perception. The discoveries are talked about from an ethical authenticity viewpoint. Predictable with this view, the banks under review were receptive to the GRI, which is viewed as a compelling characterisation that shapes and mirrors the desires of stakeholders. The research found that the role of the GRI in minimising national differences in sustainability reporting by banks is not critical.

Sobhani and Amran (2015) "Managerial Perceptions Concerning Nondisclosure of Sustainability Issues: A Case of Two Selected Banks in Bangladesh".	Sobhani and Amran (2015) investigated the impression of senior bankers concerning nondisclosure of sustainability issues inside the setting of Bangladesh. The principle goal of this paper was to fundamentally look at the purposes behind administrative hesitance to report corporate sustainability issues for two contending banks in Bangladesh on significant issues, for example, vitality, human rights and ecological issues, specifically. The review considered the view of senior directors of two chosen banks as accumulated through a meeting procedure. Altogether, 20 senior financiers of the two banks were met to determine their recognitions concerning nondisclosure of corporate sustainability issues. The review found various purposes for the nondisclosure of sustainability issues, for example, the absence of adequate assets to facilitate sustainability disclosure, nonappearance of the practice by different banks, absence of a lawful structure, absence of external pressure from all the stakeholders, nonattendance of a feasible corporate arrangement, deficiency of labour, absence of framework and calculated support, and the cost included. From an institutional point of view, hierarchical changes are not generally great, some of the time authoritative on-screen characters adjust procedures to oppose any change.
Forte, Dos Santos, Nobre, Nobre, and De Queiroz (2015). "determinants of voluntary	Disclosure hypothesis accept the wide accessibility of data to clients, expanding the level of corporate straightforwardness and diminishing data asymmetry

disclosure: A Study in the Brazilian Banking Sector"	regular to the business environment. Forte, Dos Santos, Nobre, Nobre, and De Queiroz (2015) researched the elements affecting the level of intentional disclosure by organisations in the Brazilian banking segment. Corporate reputation, firm size, execution, and internationalisation were the factors utilised as elements impacting the level of disclosure. The sample was made up of the 100 biggest Brazilian banks in order to aggregate resources in 2012. The research applied the multiple regression statistics method. The confirmation uncovered that the corporate reputation and the span of the organisations had a noteworthy and positive association with the level of deliberate disclosure. In this sense, the bigger the organisation and higher the standard of corporate reputation, the higher the level of corporate disclosure.
Hashim, Mahadi and Amran, (2015). "Corporate Governance and Sustainability Practices in Islamic Financial Institutions: The Role of Country of Origin".	Hashim, Mahadi and Amran (2015) evaluated the impact of country of origin on the relationship between corporate governance and sustainability initiatives in Islamic Financial Institutions (IFIs). The corporate governance measurements in this research incorporated the extent of Shariah Supervisory Board (SSB), number of board members, the quantity of autonomous executives, and the parts of environmental, social and benefit in the IFIs' central goal. An aggregate sample of 82 IFIs in the Gulf Council Cooperation (GCC) and Non-GCC nations were analysed. The review found that the board size, directors' independence and the parts of environmental, social and benefit in the mission as well as vision have a positive relationship for IFIs in GCC

	nations. In any case, the measure of SSB is found to have irrelevant association with the sustainability practices of IFIs. The nation of origin is found to have a controlling effect on the connections between the majority of the corporate governance measurements with sustainability initiatives aside from the extent of SSB and sustainability initiatives relationship. This suggests the extent of SSB control of IFIs in GCC nations does not have a strong impact towards sustainability initiatives when contrasted with the span of SSB in non-GCC nations.
Platonova, Asutay, Dixon and Mohammad (2016). “The Impact of Corporate Social Responsibility Disclosure on Financial Performance: Evidence from the GCC Islamic Banking Sector”	Platonova, Asutay, Dixon and Mohammad (2016) appraised the relationship between corporate social responsibility (CSR) and budgetary execution for Islamic banks in the Gulf Cooperation Council (GCC) district over the period 2000–2014 by producing CSR-related information through an investigation of the yearly reports of the sampled banks. The discoveries of this review show that there is a critical positive relationship between CSR disclosure and the budgetary execution of Islamic banks in the GCC nations. The outcomes likewise demonstrate a positive relationship between CSR reporting and the future money related execution of GCC Islamic banks, possibly showing that present CSR exercises completed by Islamic banks in the GCC could have a long-run effect on their budgetary execution. Moreover, regardless of exhibiting a huge positive relationship between the composite measure of the

	CSR revelation record and budgetary execution, the discoveries demonstrate no measurably critical relationship between the individual dimensions of the CSR reporting index and the current money related performance measures aside from 'mission and vision' and 'items and administrations'. Also, the experimental outcomes distinguish a positive huge affiliation just in the 'mission and vision' dimension and future money related execution of the inspected banks.
Obiamaka and Akintola (2016). “Governance commitment and time differences in aspects of sustainability reporting in Nigerian banks”.	Obiamaka and Akintola (2016) studied the degree of statistical significance between the economic, environmental, administration and social parts of sustainability reporting as an aftereffect of board committee on sustainability reporting for the Nigerian banks. The content analysis on sustainability disclosures were analysed for four years, 2010 to 2013. Findings from their research demonstrate that banks with board committees on sustainability had a larger number of sustainability reporting than those without board committees on sustainability. The significance of this finding is that business associations that have board committees on sustainability are encouraged by such boards to report more to their stakeholders. The banking industry in Nigeria is valuing the need to take part in sustainability reporting as years progress primarily because of the Central Bank of Nigeria (CBN) Sustainability Reporting structure that banks have to adhere.
Jain, Keneley and Thomson (2015). “Voluntary CSR	Jain, Keneley and Thomson (2015) assessed corporate social obligation (CSR) reporting in six big

disclosure works! Evidence from Asia-Pacific banks".	banks from Japan, China, Australia and India over the time period of 2005-2011. CSR and banks' yearly reports and sites were investigated for the extent of sustainability disclosure under the themes of "*ethical standards, extent of CSR reporting, environment, products, community, employees, supply chain management and benchmarking*" (Jain, Keneley and Thomson, 2015: 2). Australian banks were found to have the best scores on social disclosure but the Indian banks showed greatest change. The paper found that despite lack of regulatory requirements on banks' social disclosure, there is a continuous growth on the number of banks reporting on social issues disclosure (Hackston and Milne, 1996; Hummel and Schlick, 2016). The authors indicate that the key drivers for social disclosure in banks were more strategic than economic motives. However, previous papers indicate that regulation is an important tool that makes companies to engage in sustainability
Weber (2016). "Sustainability Performance of Chinese Banks: Institutional Impact"	Weber (2016**)** applied the institutional theory to test whether the green credit arrangement makes Chinese banks greener and positively affects the financial sustainability of the banks. The research evaluated whether institutional pressure affects both the sustainability initiatives and the financial performance of Chinese banks. Utilising the panel data and Granger causality analysis the research outcomes show that there is a relationship between financial related

	performance and sustainability performance in Chinese banks and that both are affected by the green initiatives of banks. The research proved that external pressure can be a viable approach to improve the banking sector's sustainability performance.

A closer look at the prior research indicate that more sustainability disclosure research seems to be dominated by Western research researchers and that this is still emerging in developing countries (Di Bella & Al-Fayoumi, 2016). Others researchers have looked at the effect of Global Reporting Initiative on banks' sustainability disclosure and found that banks that adopt the GRI perspective tend to have more sustainability than others (Islam, Jain & Thomson (2016).

A general synthesis of findings from the previous banks' sustainability disclosure analysis indicate that the general state of sustainability reporting from banks listed in financial markets can still be classified as low. In addition, empirical findings from previous research show that the sustainability reports have a significant and positive impact on banks' financial performance of banks that engage in sustainability disclosure (Nobanee & Ellili, 2016)

Other researchers have made a substance investigation of many observational research, which evaluate the variables driving corporate social disclosure in developing and developed nations. Many of these researches find that firm attributes, for example, organization measure, industry division, benefit, and corporate administration instruments transcendently seem to drive the corporate social reporting strategies. Moreover, political, social, and social variables impact the corporate social disclosure plan of companies. There has also been a pivotal contrast between the determinants of corporate social disclosure in developing and developed nations. In developed nations, the uncertainties of particular partners, for instance, controllers, investors, leasers, financial specialists, the society and the media are viewed as critical in motivating corporate social disclosure. However, in developing nations, the extent of corporate social disclosure is all the more intensely affected by the outside powers/effective partners, for example, global purchasers and/or supply chain, remote financial specialists, universal media and worldwide administrative bodies. (Ali, Frynas and Mahmood, 2017) see also (Jusoh and Ibrahim, 2017; Di Bella, & Al-Fayoumi, (2016)

Profitability is one of the elements that have been regularly utilized in research to clarify the degree of corporate sustainability disclosure (Kuzey & Uyar, 2017). Organization's profit potential gives sign about the adequacy of corporate administration. It is probably more revealing in many researches that profitable organizations provide more point-by-point data keeping in mind the end goal to draw in the clients to their records with a specific end goal to feature administration viability (Kuzey & Uyar, 2017; Alberici & Querci, 2016). Gainful organizations have positive messages to flag to the clients of the records. It is, in this way, justifiable for gainful organizations to uncover more data than non-productive organizations (Alberici & Querci, 2016). In any case, it is conceivable to see a few organizations managing misfortunes and as yet revealing point by point data keeping in mind the end goal to clarify what turned out badly and how they plan to remedy it. Many of the previous research on sustainability disclosure utilized profitability to clarify varieties in the degree of corporate disclosure (Qiu, Shaukat, & Tharyan, 2016). Distinctive factors have been utilized in previous research to intermediary profitability such profit for value, return on resources, net pay to deals, income to deals, working benefit to add up to resource, overall revenue and return on capital utilized. The vast majority of the past empirical research revealed contradictory findings, with some indicating positive and critical relationship between the degree of corporate social duty detailing and corporate benefit and others indicating negative relationship (Platonova, Asutay, Dixon & Mohammad, 2016; Lin, Jeffers, Romero & DeGaetano, 2015; Lai, Melloni & Stacchezzini, 2016; Martínez-Ferrero, Ruiz-Cano & García-Sánchez, 2016).

The type of industry and industry size have been documented as one the determinants of corporate social and environmental disclosure (Murata, 2016; Lee, 2017; Ehnert, Parsa, Roper, Wagner & Muller-Camen, 2016). This is mostly because organizations working in various ventures set out on various motives, which are thus seen to drive their sustainability concerns and disclosure. Subsequently, many researchers find that manufacturing organizations seem to engage in more diverse and heavy sustainability involving activities than administrations or service organizations (Ermenc, Klemenčič, & Buhovac, 2017). Manufacturing companies buy different sorts of materials that should be dealt with and put away before being utilized as a part of generation or productivity. They likewise have work in advance and completed products to deal with and to store for some time before being dispatched to the last clients. Assembling organizations are additionally seen be more in need of capital and thus requires extensive capital venture that constrain them to search for outer sources of financial subsidy. Production organizations are by and large vast in estimate and leave on different operations. As indicated by the legitimacy hypothesis in the theoretical section of this research, it becomes evident that manufacturing organizations are required to unveil more social data concerning ecological and wellbeing and security issues than other types of organizations (Ermenc, Klemenčič, & Buhovac, 2017). This will enable them to maintain a strategic distance from open weight and extra directions and/or regulations from environmental agencies. Thus, industry sort is have been found to impact the degree of corporate sustainability reporting. Exact confirmation bolsters the connection between the degree of corporate detailing and industry sort. Positive relationship has been discovered in previous research between manufacturing organizations and the degree of corporate sustainability reporting more than other types of industry (Hummel & Schlick, 2016; Murata, 2016)

The overview of the foregoing review of empirical research, which focussed specifically on banks' sustainability disclosure indicate that while there is a gradual growth of empirical research on banks' sustainability disclosure from international perspectives, there is very little attention paid by South African researchers specifically devoted to sustainability disclosure in the banks. It therefore seems that researchers have not paid much attention to sustainability disclosure research within the South African banking sector and this highlights the contribution implicit in this study. This therefore indicates an opening that awaits future researchers about sustainability disclosure in the banking sector in South Africa.

2.7 Conclusion

Chapter 2 of this research reviewed related literature which looks at sustainability disclosure. In the first section of the literature review, the researcher discusses some theories, which this paper relies on. These include the stakeholder theory, the agency theory and legitimacy theory. These theories have all been used by previous researchers to emphasise that the firm owes a duty to provide social, financial and environmental accountability to the stakeholders. In providing proper accountability, the firm tries to retain its legitimate operation within the demands of the government and entire business society. The managers of the companies are motivated to provide detailed accounts of social and environmental initiatives since they represent the agents of the owners of business. These theories therefore provide a good theoretical ground for this research. After the theories, the concept of integrated reporting was discussed and was related to the King III code of corporate governance. The main sections of the literature reviewed from the previous research about the role of external pressure on sustainability disclosure were then divided into the social and environmental sections. Individual empirical research was considered at the last section of the literature review. In all, it is found that research in this area is ongoing and inconclusive, as different findings exist in the literature. The most important fact is that there is little research that has examined the main topic of this research within South Africa; it therefore means that this research is important in contributing to the literature on sustainability disclosure from the South African context (the banking sustainability disclosure response to external pressure).

CHAPTER 3
METHODOLOGY

3.1 Introduction

The chapter three of this research is dedicated to presentation of the chosen research methodology. The first section of this chapter presents the research design and method, this is followed by the population and sample, the data collection technique, data analysis and the validity and reliability. The final sections present the ethical considerations and the chapter ends with a chapter conclusion.

3.2 Design and Method

This research applied a multiple case study of the South African banking industry in the JSE. The researcher used a mixed method of quantitative and qualitative approaches. Creswell (2014) explains that a mixed method is applied when the researcher combines quantitative data or analysis with qualitative information, stories or experience, which according to Creswell (2014) provides a more reliable understanding of the research problem than when either of the methods are used individually. Accordingly, the method of collecting data in this research was through content analyses of the integrated reports of banks, which is a qualitative process. Content analysis has also been used in previous sustainability disclosure studies such as in Ihlen and Roper (2014) and Hahn and Lülfs (2014). However, the researcher applied a quantitative approach to analyse the data after collecting the important social, environmental and external pressure contents from the integrated reports of banks and data analyses was conducted by using the Chi-square statistics. In their study, Ching et al. (2014) also used the Chi-square analysis to analyse the sustainability reports of listed Brazilian companies. Likewise, Araya et al. (2014) also applied the Chi-square statistics to analyse the contents of the sustainability reports of European banks. Therefore, this research method and analysis follows the patterns adopted in previous research projects in the area of sustainability reporting.

3.3 Population

The target population for this study is the South African banking industry listed in the Johannesburg Stock Exchange. The reason for this population choice is that previous studies on sustainability disclosure in South Africa have paid no attention to sustainability disclosure in the banking industry, especially regarding the influence of external pressure. The population comprised the JSE listed banks.

3.3.1 Sample size selection

The researcher intends to study the entire banking industry under the SRI Index of the JSE. Covering the whole SRI index was an attempt to allow some generalisations to be made about the banking industry's social and environmental disclosure in the integrated reports and the role that external pressure is playing on the social and environmental disclosures of banks.

3.4 Data Collection

The sources of data for this study were from secondary data. The data for the literature review were sourced from the library, Internet, and the JSE database. Furthermore, the data used in the analysis were collected from the integrated reports of banks.

The secondary data used in the analysis were collected through a content analysis method to extract contents from the published integrated reports of banks. Thereafter, the NVIVO software was used to extract the contents. Secondary data from the literature review were made up of prior literature which were collected from the library, Internet, books, newspapers and magazines. Data were collected from the integrated reports of banks between 2010 and 2014. The reason for choosing this period was that the King III code of corporate governance, which recommends the inclusion of integrated reports in corporate annual reports, was issued in 2009 and became effective in 2010, when the JSE also included integrated reporting as one of the reporting requirements for listed companies.

Type of Data and Measurement of Data

Type of Data	***Measurement***
Dependent variables:	
Social disclosure	Content counting of the number of words related to social disclosure in integrated reports
Environmental disclosure	
Independent variables:	
Regulatory pressure (RegPress)	Content counting of the number of words related to each of the independent variables in the integrated reports
Government pressure (GovPress)	
Social pressure (SocPress)	
Political pressure (PolitPress)	
Reputational objective (ReputObj)	
Profit objective (ProfObj)	
Customer pressure (CustPress)	

3.5 Data Analysis

Previous Empirical Analysis Approaches

Author, Year & Research Title	Data Analysis Used
Tilt (1994). *“The influence of external pressure groups on corporate social disclosure: some empirical evidence”*	Analysis applied the Cochran's Q test to analyse the differences in CSD among companies
Jenkins and Yakovleva (2006). “*Corporate social responsibility in the mining industry: Exploring trends in social and environmental disclosure*”	Applied a qualitative review of trends in social disclosure

Burritt and Schaltegger (2010). "*Sustainability accounting and reporting: fad or trend?"*	Applied a qualitative review of current literature in sustainability disclosure
Sobhani, Zainuddin, Amran and Baten (2011). *"Corporate sustainability disclosure practices of selected banks: A trend analysis approach"*	Used the linear equation model to estimate the trend of sustainability disclosure in banks
Forte, Dos Santos, Nobre, Nobre and De Queiroz (2015). *"Determinants Of Voluntary Disclosure: A Study In The Brazilian Banking Sector*"	The study applied the multiple regression statistics
Weber (2016). "The Sustainability Performance of Chinese Banks: Institutional Impact"	The research used a panel regression statistics and granger causality test.

3.5.1 Data Analysis Approach for this Study

With the application of content analysis, multivariate variables that are regarded as external pressure in this research was picked from the integrated reports of banks. After this, a relationship between the external pressure variables and social and environmental disclosure was then examined using the panel data multiple regression statistics. Previous researches on sustainability disclosure have applied the panel data and multiple regression analysis to study corporate social and environmental disclosure, these include studies on the determinants of sustainability statements (Kolk and Perego, 2010), Sustainability disclosure in UAE banks (Nobanee and Ellili, 2016) and corporate social disclosure as an indication of social performance (Yilmaz, 2016).

Research data analysis is a research technique, which involves a logical extraction of data and the technical evaluation to answer the research question (Treiman, 2014). This is why researchers such as Little and Rubin (2014) highlight data analysis as a statistical procedure for evaluation of data to make meaning from data in a manner that solves problems.

There are several approaches of quantitative data analysis, but this research applied the panel data multiple regression analysis using the Statistical Package for the Social Sciences (SPSS). Regression analysis is defined as a statistical technique of assessing relationships between variables (Hayes, 2013).

From the review of empirical literature, sources of external pressure for corporate social and environmental disclosure can be summarised as regulatory, government, society, political and customers. Since there are internal management objectives for social and environmental disclosure, the researcher added internal objectives (to serve as control variables in this analysis). According previous literature, the most cited internal objectives for social and environmental disclosure are, profit objective and firm reputation (James, 2015; Hogarth, Hutchinson & Scaife, 2016). Therefore, five external independent variables plus two internal independent variables were used in the regression model as follows:

$$Y = \beta o + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + \beta_5\chi_5 + \beta_6\chi_6 + \beta_7\chi_7 + \varepsilon$$

Where:

Y = dependent variable (social disclosure and environmental disclosure)

βo = the Y intercept,

$\beta_{1\text{-}7}$ = the regression coefficient,

ε = represents the error.

$\chi_{1\text{-}7}$ = independent variable (external pressure variables) as follows:

Independent variables:	$\boldsymbol{\chi_{1\text{-}7}}$
Regulatory pressure (RegPress)	χ_1
Government pressure (GovPress)	χ_2
Social pressure (SocPress)	χ_3
Political pressure (PolitPress)	χ_4

Reputational objective (ReputObj)	χ_5
Profit objective (ProfObj)	χ_6
Customer pressure (CustPress)	χ_7

Significance Value: in this research, the relationships between external pressure and social or environmental disclosure are tested at an alpha of 0.05 significance level. Therefore, a significant relationship was assumed to exist if the regression P value for any of the independent variables (social pressure variables) is $P \leq 0.05$.

Data analysis was carried out on each research question. There are two main research questions for this research, therefore:

Analysis of Research Question 1:

Does a relationship exist between external pressure and corporate social disclosure in the integrated reports of South African banks?

$$Y = \beta o + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + \beta_5\chi_5 + \beta_6\chi_6 + \beta_7\chi_7 + \varepsilon$$

For the analysis of research question 1, Y = social disclosure

Analysis of Research Question 2:

What relationship exists between external pressure and corporate environmental disclosure in the integrated reports of South African banks?

For the analysis of research question 2, Y = environmental disclosure

According to Canham et al. (2003), the problem with relational research is that in the natural world, the independent variable is not always the sole influential factor on the dependent variable, because the natural system is not always closed, hence Canham et al. (2003) suggest that *"when we test a theory by its consequences, other potentially influential factors have to be held constant"* (Canham et al., 2003:16) to enable a preliminary and non-general conclusion about the relationship being examined. In this research therefore, apart from external pressure, the researcher tried to include control variables which are profit objectives and firm reputation (not very exhaustively though).

Apart from these control variables, other factors that influence environmental and social disclosure were temporarily held constant to enable the researcher to make a tentative conclusion which is limited to this research. This limited assumption therefore offers a research opening for other researchers to examine this topic in future by inclusion of as many independent variables as possible.

3.6 Research Validity and Reliability

The detail on how the external pressure variables have been coded and counted from the integrated reports were recorded. This thus makes it possible for other researchers to repeat or validate these findings. Moreover, concerning the analysis method, researchers have found that the Chi-square is valid concerning the provision of objective and reliable test information in sustainability research (Norton et al., 2014). Specifically, it doesn't require the researcher to provide the fairness of, or normality of differences of the study variables; it also does not require homoscedasticity of variables. So unlike other non-parametric and some parametric methods, the computations expected to figure out the Chi-square give wide-ranging information about how each of the variables being observed performed in the study. Therefore, this wealth of explanation in the analysis permits the researcher and others who may want to verify the study to understand the results and therefore to get more insight from this type of analysis and to replicate the study (McHugh, 2013).

3.7 Ethical Consideration

Since data collection was through a secondary data source from the publicly available integrated report of companies, this research did not involve ethical issues concerning data collection. This is because all the data collected from the companies' publicly available information were duly accredited to the companies. In addition to due recognition and citation of the sources of data, the secondary sources of data collected were interpreted and recorded as in the original document. Furthermore, constitutes a publicly available document for the entire public.

3.8 Conclusion

Chapter three of this research above provided the details of the research methodology and analysis. The general approach is quantitative and data gathering is through the secondary data method. Although the population is the entire body of commercial banks but the actual sample is limited by the availability of external pressure variables in the companies' integrated reports. The data analysis technique is the panel data and multiple regression statistics. This is justified by providing a short review of pervious analyses techniques used in previous related research.

CHAPTER 4
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the research data analysis. It also presents the details of interpretation from the research data analyses, the results and the discussion of the findings from the regression statistics. The final section of this chapter draws conclusion based on the content of the chapter. Hence, this chapter pays attention to the research findings in relation to the research questions of this study meant to achieve the objectives of this research.

4.2 Data Analysis

The analysis applied the panel data multiple regression for the data analysis. Regression statistics permits the researcher to examine the relationship between the independent variable and the dependent variables (Jim, 2005). The data (Appendix 1) were collected through content analysis of sampled South African banks. The final number of banks used in this analysis was reduced to three because only the three banks contained the complete data needed for the analysis over the six years 2010 to 2015. These years were chosen because the integrated report of King III realised in 2009 came into operation in 2010. Hence the research chose the data collection for the period 2010 to 2015. Therefore, because the small number of banks used due to data limitation, the researcher chose the panel data analysis method which enabled the overall data to constitute 18 observations (3 banks x 6 time series = eighteen observations); similar data arrangement was done in (Maina & Ishmail, 2014). The eighteen observations were then used in the panel data multiple regression analysis in the following sections.

The regression model is as follows

The review of literature indicates that sources of external pressure for corporate sustainability disclosure include regulation, government, society, political and customers. The researcher added internal objectives (control variable) for sustainability disclosure which according to the literature are profit objectives and firm reputation. Therefore, five external independent variables plus two internal independent variables were used in the regression model as follows:

$$Y = \beta o + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + \beta_5\chi_5 + \beta_6\chi_6 + \beta_7\chi_7 + \varepsilon$$

Where:

Y = dependent variable (social and environmental disclosure)

βo = the intercept,

$\beta_{1\text{-}7}$ = the regression coefficient,

$\chi_{1\text{-}7}$ = independent variable (external pressure variables)

ε = represents the error.

Significance Value: the relationships are tested at an alpha of 0.05 significance level. Therefore, a significant relationship is assumed to exist if the regression P value for any of the independent variables (social pressure variables) is $P \leq 0.05$.

Table 4.1 ***Analysis of Research Question 1:***

Does a relationship exist between external pressure and corporate social disclosure in the integrated reports of South African banks?

Model 1: Fixed-effects, using 18 observations
Included 3 cross-sectional units
Time-series length = 6
Dependent variable: SocDiscl

	Coefficient	*Std. Error*	*t-ratio*	*p-value*
Const	2504.16	1890.25	1.3248	0.22183
RegPress	-58.2886	31.3934	-1.8567	0.10044

GovPress	113.547	31.3622	-3.6205	0.00678	***
SocPress	10.2313	31.0735	0.3293	0.75041	
PolitPress	-203.951	166.091	-1.2279	0.25437	
ReputObj	-84.7014	77.2029	-1.0971	0.30451	
ProfObj	39.6205	17.7591	2.2310	0.05621	*
CustPress	95.6224	43.5283	2.1968	0.05929	*

Mean dependent var	2149.611	S.D. dependent var	2906.663
Sum squared resid	35458139	S.E. of regression	2105.295
R-squared	0.753125	Adjusted R-squared	0.475390
F(9, 8)	2.711669	P-value(F)	0.087439
Log-likelihood	-155.9823	Akaike criterion	331.9646
Schwarz criterion	340.8684	Hannan-Quinn	333.1923
Rho	-0.326231	Durbin-Watson	2.418169

Table 4.1.1 Test for normality of residual & heteroskedasticity

Test for normality of residual -

Null hypothesis: error is normally distributed

Test statistic: Chi-square(2) = 1.07927

with p-value = 0.582961

Frequency distribution for uhat1, obs 1-18

number of bins = 7, mean = -1.16213e-012, sd = 1883.03

interval	midpt	frequency	rel.	cum.	
< -2486.0	-2924.5	2	11.11%	11.11%	***
-2486.0 - -1609.0	-2047.5	1	5.56%	16.67%	*
-1609.0 - -731.90	-1170.4	2	11.11%	27.78%	***
-731.90 - 145.15	-293.38	3	16.67%	44.44%	******

145.15 -	1022.2	583.68	5	27.78%	72.22%	**********
1022.2 -	1899.3	1460.7	4	22.22%	94.44%	*******
>=	1899.3	2337.8	1	5.56%	100.00%	*

Test for null hypothesis of normal distribution:
Chi-square(2) = 1.079 with p-value 0.58296

Distribution free Wald test for heteroskedasticity -

Null hypothesis: the units have a common error variance
Asymptotic test statistic: Chi-square (3) = 0.649047
with p-value = 0.885118

Interpretation of Result from the Test of Research Question 1

From Table 4.1, the regression result that tested the relationship between external pressure and social disclosure, it can be seen that out of the seven independent variables, only three independent variables (Government pressure, profit objective and customer pressure) had a significant P value as shown below. Government pressure showed a significant value of P=0.006 which is less than the 0.05 alpha level for this research of P≤0.05. In addition, profit objective and customer pressure were significant at P=0.05 which is equal to the alpha of this research or P=0.05. Furthermore, the variables satisfy the normality and heteroskedasticity for regression analysis as indicated in the normality and heteroskedasticity tests above. Therefore, the result from the analysis of research question one reveal that within the sample banks, government pressure, customer pressure and profit objective motivate social disclosures. These findings are therefore discussed under the next section sub-heading 4.2.1 – discussion of findings. It is also important to note that the high level of R-squared, 75% also indicate further good relationship between the independent variables and the dependent variable.

Table 4.1.2 Summary of Test 1 Coefficients

Test 1 significance levels	***p-value***	
Independent variables	0.22183	
RegPress	0.10044	
GovPress	0.00678	***
SocPress	0.75041	
PolitPress	0.25437	
ReputObj	0.30451	
ProfObj	0.05621	*
CustPress	0.05929	*

Table 4.2 Analysis of Research Question 2:

What relationship exists between external pressure and corporate environmental disclosure in the integrated reports of South African banks?

Model 2: Fixed-effects, using 18 observations
Included 3 cross-sectional units
Time-series length = 6
Dependent variable: EnvirDiscl

	Coefficient	*Std. Error*	*t-ratio*	*p-value*
const	3276.15	2525.63	1.2972	0.23073
RegPress	-48.3381	41.946	-1.1524	0.28243
GovPress	-77.2031	41.9042	-1.8424	0.10267
SocPress	7.82218	41.5185	0.1884	0.85525
PolitPress	-101.517	221.921	-0.4574	0.65952
ReputObj	-80.5323	103.154	-0.7807	0.45745
ProfObj	22.8786	23.7286	0.9642	0.36319
CustPress	75.4987	58.1598	1.2981	0.23042

Mean dependent var	2492.833	S.D. dependent var	2665.296
Sum squared resid	63302170	S.E. of regression	2812.965
R-squared	0.475822	Adjusted R-squared	-0.113878

F(9, 8)	0.806888	P-value(F)	0.624464
Log-likelihood	-161.1984	Akaike criterion	342.3968
Schwarz criterion	351.3006	Hannan-Quinn	343.6245
Rho	-0.421353	Durbin-Watson	2.740070

Table 4.2.1 Test for normality of residual & heteroskedasticity

Test for normality of residual -

Null hypothesis: error is normally distributed

Test statistic: Chi-square (2) = 2.9722

with p-value = 0.226253

Distribution free Wald test for heteroskedasticity -

Null hypothesis: the units have a common error variance

Asymptotic test statistic: Chi-square (3) = 0.58173

with p-value = 0.900602

Interpretation of Result from the Test of Research Question 2

From Table 4.2 above, the regression result tested the relationship between external pressure and environmental disclosure. Out of the seven independent variables, it is striking to note that none of the independent variables had a significant P value as shown below. Government pressure showed a significant value of P=0.23 which is greater than the 0.05 alpha level for this research; regulatory pressure had a value of p=0.28 which is higher than 0.05; social pressure had a p value of p=0.28 which is higher than 0.05, political pressure had a value of p=0.65 which is higher than 0.05; customer pressure had a value of p=0.23, which is higher than 0.05, reputation objective had a value of p=0.45 which is higher than 0.05 and profit objective had a value of p=0.36 which is higher than 0.05. These findings are discussed under the 4.2.1 (discussion of findings) section that follows. It is also important to note that the low level of R-squared and the adjusted R-squared (47% and 11%) also indicate further weak relationship between the independent variables and the dependent variable.

Table 4.2.2 Summary of Test 2 Coefficients

Test 2 significance levels	*p-value*	
Independent variables	0.23073	
RegPress	0.28243	
GovPress	0.10267	
SocPress	0.85525	
PolitPress	0.65952	
ReputObj	0.45745	
ProfObj	0.36319	
CustPress	0.23042	

4.2.1 Discussion of Findings

This research set out to analyse whether external pressure does relate with social disclosure and environmental disclosure in South African banks. Therefore, the preceding analysis section were to provide an answer to the two research questions of this research on whether external pressure is related to banks social disclosure and environmental disclosure.

Research data on the dependent variables – social and environmental disclosure as well as the data on seven independent variables (government pressure, social pressure, customer pressure, regulatory pressure, political pressure, and two control variables – profit objective and reputational objective) were collected through secondary sources – from the annual integrated reports of sample banks. The data were collected through content counting of the number of words appearing in the relevant social and environmental disclosure of each bank's integrated reports.
The number of the sample of banks used for this analysis was finally reduced to three banks because these three banks reported all the variables consistently over the six

years of data gathering period. This lack of data on all the purposed banks for this study is a first sign that disclosure of social and environmental issues in the integrated reports of most banks is still a little weak, which therefore requires improved external pressure to ignite the banks' social and environmental commitments.

Research data gathering was for the years between 2010 and 2015, the justification as stated in chapter 3 of this research is that the King III code of corporate governance, which requires the preparation of integrated reports (containing social and environmental disclosures) was released in 2009 but became effective in 2010.

Therefore, data were arranged a panel data analysis was applied, which thus gave 18 observations, and these were analysed using the multiple regression statistics run on the Statistical Package of Social Sciences (SPSS). The significance or alpha level for this analysis was set at an alpha (α) of 0.05 (5%). Which thus meant that each of the independent variables were assumed to have a significant relationship with social and environmental disclosure only if the resulting *P*-value from the regression statistics was less than or equal to 0.05 ($P \leq 0.05$).

The analysis of data on research question one gave the following findings. From Table 4.1, the regression result tested the relationship between external pressure and social disclosure; three independent variables (Government pressure, profit objective and customer pressure) had a significant positive relationship with social disclosure. Government pressure showed a significant relationship at a value of $P=0.006$ which is less than the 0.05 alpha level set for this research. This therefore means that within the sample of banks where data were collected, government pressure does have a significant positive relationship with social disclosure in these banks.

Furthermore, profit objective and customer pressure were found to be positively and significantly related to social disclosure at a value of $P=0.05$ which is equal to the alpha of this research. This also means that within the sample of banks where data were collected, profit objective and customer pressure have a significant positive relationship with social disclosure in these banks. On the contrary, four out of the seven independent variables (regulatory pressure, political pressure, social pressure and reputation). This finding provides information about what spurs social disclosure within the three banks where data were collected for this study. It shows that government pressure is important to spur social disclosure in banks; it also indicates that customer pressure is equally important in spurring social disclosure in the sample of banks. The findings also mean that, apart from outside pressure, profit objective is one of the internal objectives that might spur banks' commitment to social disclosure.

While previous research such as Conrad and Thompson (2016) find that reputation can spur sustainability disclosure behaviour of companies; these research findings show the contrary within the sample banks. The small number of banks in South Africa might mean that reputation may not be a strong incentive to social disclosure since the banks have many customers who direly need their services irrespective of their social behaviour.

However, these research findings on the positive and significant relationship between government pressure, customer pressure, profit objective and social disclosure confirm other previous research findings (Eugénio, Lourenço, Morais & Branco 2015; Cahaya, Porter, Tower & Brown 2015).

The analysis and findings on research question two which checked the relationship between external pressure and bank environmental disclosure showed a lack of significance between external pressure and environmental disclosure in the sample banks.

The negative findings from the analysis of data on research question two shows an unusual result wherein none of the external pressure variables showed a significant relationship with environmental disclosure as all the independent variables had a p-value greater than the alpha level of 0.05. This shows that the banks whose data were used are more affected by external pressure toward social disclosure than external pressure affects them toward environmental disclosure. This non-significant relationship with environmental disclosure might coincide with perception in the literature that banks' operations attract little external pressure about their impact on the environment (Orsato, De Campos, Barakat, Nicolletti & Monzoni, 2015). However, the non-significant relationship between external pressure and environmental disclosure in this research is contrary to previous research findings from other research, which were conducted on banks in other countries, which highlight that external pressure does affect environmental performance and disclosure of banks (Nobanee and Ellili, 2016; Weber, 2016). This finding about the non-significant relationship between external pressure and banks' environmental disclosure should motivate future researchers to research further toward finding other factors (apart from external pressure) that spur South African banks' environmental disclosure. From the practical perspective, institutional investors' voices might improve banks' response to external pressure about environmental disclosure; therefore, there is need for improved institutional pressure on banks' sustainability disclosure.

4.3 Conclusion

The chapter four of this research presented the analysis of data and the discussions of the findings. The research data were analysis with the aid of SPSS using the panel data multiple-regression statistics. The data on the two main research questions of this research were analysed. Seven independent variables (government pressure, regulatory pressure, social pressure, political pressure, customer pressure, reputation and profit objective) were regressed against the dependent variables (social and environmental disclosure) in two separate analyses, which conform to the two research questions.

The analysis of question 1 revealed that government pressure, the banks' profitability objective and pressure from customers are related with social disclosure. It is important to note from the findings that, although government pressure, the banks' profitability objective and customer pressure showed relationships, but comparatively, government pressure appeared to have a more significant relationship with the banks' social disclosure initiatives. This is indicated with the three asterisk beside the P-values of the variables in Table 4.1.

Although the other two variables (customer pressure and profit objective) were of lower significance, but given their P-values, they too constitute a significant relationship that spurs social disclosure impetus in banks under study.

In the second research question, the researcher wanted to know if external pressure could be related to environmental disclosure of banks in South Africa. This was analysed using the external pressure variables in the analysis of research question 2, however, none of the external pressure variables showed a significant relationship with the banks' environmental disclosure.

The non-significant findings from the analysis of data on research question two highlight striking results; this shows that the banks whose data were used are more affected by internal pressure toward social disclosure than external pressure does affect them toward environmental disclosure. Therefore, although the two disclosures constitute sustainability disclosure, to enable a clearer view of companies' influential factors to disclose, it is important to examine social disclosure separately from environmental disclosure in order to visualise which disclosure is more responsive to external pressure. This research assumes that the non-significant relationship of external pressure with environmental disclosure might coincide with some perceptions in the literature that banks' operations attract little external pressure about their impact on the environment (Orsato, De Campos, Barakat, Nicolletti & Monzoni, 2015).

CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter five presents a summarised version of the findings from the research data analyses to indicate whether the stated research objectives were achieved. Therefore, the summary of findings is presented against each research objective to express how each objective have been achieved. Following this the researcher makes some recommendations for improving future research and sustainability research, and practice. The final section of this chapter makes conclusions to this research.

5.2 Summary of Findings on the Research Objectives

Research Objective 1

To evaluate whether a relationship exists between external pressure and corporate social disclosure in the integrated reports of South African banks

Research question one sought to know whether external pressure exerts any influence on the social disclosure of banks. In answering this question, seven independent variables representing external pressure were applied to know which of these have significant relationships with social disclosure. These independent variables were regulatory pressure, social pressure, political pressure, customer pressure, reputation objective and profit objective. Out of these seven independent variables, only three (Government pressure, profit objective and customer pressure) showed a relationship with social disclosure. The findings indicated that government pressure variable proved to be highly significant and positively related with social disclosure more than profit and customer objective.

Furthermore, profit objective and customer pressure were found to be positively and significantly related to social disclosure at a value of P=0.05 which is equal to the alpha of this research. This also means that within the sample of banks where data were collected, profit objective and customer pressure have a significant positive relationship with social disclosure in these banks. The contrary was found in four out of the seven independent variables (regulatory pressure, political pressure, social pressure and reputation). This finding provides information about what spurs social disclosure within the three banks where data were collected for this study. It shows that government pressure is important to spur social disclosure in banks; it also indicates that customer pressure is equally important in spurring social disclosure in the sample of banks. The findings also mean that, apart from outside pressure, profit objective is one of the internal objectives that might spur banks' commitment to social disclosure.

Whereas previous research found that reputational objective could be a factor that motivate social disclosure. These research findings show the opposite within the number of banks studied. The researcher presumes (subject to further research) that the demand for banking services in South Africa is bigger than the supply, and that this might make the banks not to be particular about social disclosure.

However, this research's findings on the positive and significant relationship between government pressure, customer pressure, profit objective and social disclosure confirm previous research findings such as those of Eugénio, Lourenço, Morais and Branco (2015), and Cahaya, Porter, Tower and Brown (2015).

Research Objective 2

To determine whether a relationship exists between external pressure and corporate environmental disclosure in the integrated reports of South African banks

The second research objective sought to determine whether external pressure spur the South African banks' environmental disclosure. Drawing from the statistical analysis in chapter four, none of the external pressure variables showed a significant relationship with the banks' environmental disclosure. It thus seems that the banks studied are more motivated by internal pressure variables than external pressure toward environmental disclosure. However, this research did not analyse the likely internal pressure variables. This research finding appears similar to previous research findings, which indicated that banks receive little external pressure about the effect of their operations on the environment (Orsato, De Campos, Barakat, Nicolletti & Monzoni, 2015)**.** Nonetheless, contrary to this finding, some other previous research found that external pressure may motivate banks environmental disclosure (see e.g. Boiral and Heras-Saizarbitoria, 2015; Nobanee & Ellili, 2016). The lack of relationship between external pressure and environmental disclosure in this study should serve as an agenda to motivate further research on finding the internal pressure variables that spur South African banks' environmental disclosure. It is also important that institutional investors should lend their advocacy towards encouraging banks to engage in environmental initiatives and the attendant disclosure.

Theoretical and Practical Implication from Findings

Little academic research within the South African context has examined the role of external pressure variables jointly with internal variable in motivating corporate social and environmental disclosure within the banking industry. The researcher used a robust multiple regression model that combines external pressure variables and internal variables to present a wider comprehension of what drives the motivation for social and environmental disclosure in the South African banking industry. With the aid of these combined variables, the research findings have shed a new light on research, practice and the academia about sustainability disclosure. It is deduced from the findings that based on the sample, the banks are more responsive to internal pressure toward social disclosure and less responsive to pressure from outside toward environmental disclosure. A first understanding that requires further research from here might be that since South African banks are not many, the banks are faced with many customers, which may have refocused stakeholders' interest more toward banking services than the environmental. This might also mean that the banks could be pursuing their environmental initiatives not necessarily based on the stakeholder pressure – a likely reason why this research found no significant relationship between external pressure and environmental disclosure in banks – but subject to further research. From the social disclosure relationship analysis, the preceding findings showed that banks' social disclosure seem to be related more to government pressure and customer pressure (apart from normal profit objective). This also might mean that expected social performance of banks may be more motivated by government and customers, which thus calls for higher government social and/or environmental regulation for the banking and finance industry. The implication is also relevant to academic discussions about which aspect of external pressure matters most for the banking and finance industry commitment to social and environmental disclosure.

This research's findings therefore open a new thought for research and teaching on the stakeholder theory regarding corporate sustainability disclosure especially from the banking perspective – not all stakeholders might influence banks' sustainability disclosure.

5.3 Recommendations and Contribution to Knowledge

Recommendations

The role of external pressure and corporate sustainability reporting has been studied in many countries and in many different industry sectors; however, the findings are still different from one country to another and from one industry group to the other. These diverse findings are due to different methods used and the type of industries studied. For example, this present study examined the role of external pressure on sustainability disclosure of South African banks. Prior to this research, there has been little research on these particular variables within the banking sector, so it is not being surprising that against the findings of previous researchers in other industries, there was no significant relationship found between external pressure and environmental disclosure in South African banks. In addition, although a significant relationship was found to exist between external pressure and social disclosure in South African banks, the relationship proved significant only for government pressure and customer pressure.

There are limitations that the future researchers must be aware of and to consider in other to move this present research forward. One of the outstanding limitations of this research was the small sample size, although the sample was justified based on the availability of the external pressure variables present in the banks' sustainability reports, but this limitation has meant that the results of this research is limited only to the small sample of banks used. Another limitation is that the period of coverage was for six years; this was also justified for this research as the six years covered the time of coming into operation of the King III report on corporate governance; future researchers should consider before and after the King III period.

Based on the foregoing discussions, the following recommendations are therefore suggested for research and practice.

- Future research should expand the number of banks by including other financial institutions. By then, it is hoped that more banks would have included their external pressure variables in the sustainability reports. Studying more banks allowe for a wider generalisation of research findings to improve on these present research findings.
- This research also recommends that future research studies may consider checking the sustainability disclosure of banks before and after the King III report; doing so will expand the number of years beyond the six years used in this study.
- It is also suggested that more research should be conducted to ascertain why external pressure is not very effective in motivating banks' environmental disclosure as found in this study. Such a study might use a different method such as questionnaires to ask bank sustainability officers what their feelings are about stakeholders' environmental pressure on banks. This is important as none of the external pressure variables showed a significant relationship with the banks' environmental disclosure within the sample of banks where secondary data were collected.
- In terms of practice, which includes education, it looks like little attention is given to banks' sustainability issues in the academic studies. This is because little South African academic research was found that has examined external pressure and sustainability disclosure in the banks. This research therefore recommends that the teaching of sustainability disclosure should not leave out the banking sector as the banks are important tools of economic transaction. They therefore should play a role in environmental issues; the awareness should be made in the teaching, learning and research at higher educational institutions.
- Also as regard to practice, research papers in future and present such as this one should be made to reach practitioners such as investors and board members so that they may be aware of the pressure on environmental issues

on banks. Such awareness might improve the state of external pressure on the banking sector's environmental initiatives.

- In addition, a regional study that considers other banks in Africa would improve upon the results of this present research.

Contribution to Knowledge

This research has made a modest contribution to research on corporate social and environmental disclosure – uniquely within the banking sector. To the best of researcher's knowledge, no research in corporate social disclosure in South Africa has concentrated on external pressure variables using seven independent variables (regulatory pressure, government pressure, social pressure, political pressure, reputation objective, profit objective and customer pressure). The findings of this research are unique, which is that, amongst these seven variables, only three namely government pressure, profit objective and customer pressure showed a statistical relationship with banks' social disclosure. Accordingly, this research suggests a model for researching banks social disclosure as follows:

Other things being equal, based on this research, the relationship between banks' social disclosure and external pressure in South Africa might be represented in the following model for future researchers:

$$\gamma_1 = \beta 0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \varepsilon$$

Where: γ_1 = Banks' social disclosure

$\beta 0$ = regression intercept

β_1 = regression coefficient (the gradient)

χ_1 = government pressure

χ_2 = customer pressure

χ_3 = profit objective

ε = error

This suggested model can be used by future researchers to expand this topic by looking at non-bank financial institutions such as the insurance companies.

5.4 Conclusions

The analysis of data on research question 1 showed that three independent variables (Government pressure, profit objective and customer pressure) showed a significant positive relationship with social disclosure. Government pressure showed a significant relationship at a value of P=0.006 which is less than the 0.05 alpha level set for this research. This therefore means that within the sample of banks where data were collected, government pressure have a significant positive relationship with social disclosure in these banks.

Furthermore, the analysis showed that profit objective and customer pressure are positively and significantly related to social disclosure at a value of P=0.05 which is equal to the alpha of this research. This also means that within the sample of banks where data were collected, profit objective and customer pressure have a significant positive relationship with social disclosure in these banks. On the contrary, four out of the seven independent variables (regulatory pressure, political pressure, social pressure and reputation). These findings thus provide an answer to the first research question of this study.

The second research question of this study was to find whether a relationship exists between external pressure and environmental disclosure. However, all the independent variables showed a non-significant relationship with environmental disclosure.

The non-significant findings from the analysis of data on research question two highlights a striking result; this shows that the banks whose data were used are more affected by internal pressure toward social disclosure than external pressure affects them toward environmental disclosure. Therefore, although the two disclosures constitute sustainability disclosure, but to enable a clearer view of companies' influential factors to disclose, it is important to examine social disclosure separately from environmental disclosure in order to visualise which disclosure is responsive to external pressure. This research assumes that the non-significant relationship of external pressure with environmental disclosure might coincide with some perception in the literature that banks' operations attract little external pressure about their impact on the environment (Orsato, De Campos, Barakat, Nicolletti & Monzoni, 2015).

In the analysis of both social and environmental disclosures the effects of external pressure, and regulation did not show a significant relationship and this was also found not to be significantly related to the banking sector's social disclosure in a previous research in Asia (Jain, Keneley & Thomson, 2015).

Based on the findings and discussions in the previous sections, this research therefore made some recommendations for research and practice which includes that future researcher should expand the number of banks by including other financial institutions, the comparison of sustainability disclosure in banks before and after the King III report, more improved teaching and research on banking sector sustainability disclosure in higher institutions, communication of research results such as on the banking industry's sustainability to practitioners and to government agencies. Other recommendations include the need to conduct a regional study to include other African countries on banking sector sustainability and to conduct a survey study on external pressure on the banking sector's environmental activity and disclosure. This is important because currently South African banks engage in environmental disclosure, but further research should check if other factors apart from external pressure make the banks to engage in environmental disclosure, for example, Weber's (2016) research indicated that banks may be motivated purely by strategic reasons rather than pressure. While previous research has combined social and environmental disclosure into one word 'sustainability', this research adds something new in the examination of sustainability disclosure by separating the sustainability contents into social and environmental. This is because sample banks in this research appear to be more socially engaged than environmental (see e.g. Lock & Seele, 2015). However, other researchers should also check this aspect in their research on a bigger study of South African and other African banks.

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Appendix 1: Social and environmental disclosure data collected from the sustainability reports of banks.

Banks	Year	SOCIAL	ENVIRON	**Regulatory**	**Government**	**Social**	**Political**	**Reputation**	**Profit**	**Customers**
ABSA	2010	1577	1303	96	35	1	6	0	322	0
	2011	652	1898	78	86	97	5	0	74	2
	2012	86	189	128	48	53	20	29	317	92
	2013	432	913	93	48	6	2	7	170	108
	2014	497	150	59	150	179	16	13	307	4
	2015	189	796	51	39	68	13	0	69	92
NEDBANK	2010	1040	3596	139	76	8	1	42	177	169
	2011	10790	9796	44	18	86	4	7	50	1
	2012	3465	8023	66	28	66	16	5	77	114
	2013	5716	4418	277	91	25	9	93	202	364
	2014	6856	2384	80	24	97	4	5	58	4
	2015	3301	3858	92	16	51	12	12	91	136
STANDBK	2010	939	1841	82	79	18	18	117	165	253
	2011	353	1876	110	19	68	11	10	53	3
	2012	187	1286	120	21	59	15	19	98	143
	2013	875	1916	204	71	18	18	64	180	243
	2014	796	405	107	64	20	7	6	103	3
	2015	942	223	62	27	39	16	9	63	99