Corporate Social Responsibility in the Banking Industry: A Comparative Study of South African, Nigerian and the United Kingdom Banks

By

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DECLARATION

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I, **Tshiololi Mpho (11606679),** confirm that the work for the following dissertation, titled:

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Tshiololi Mpho (11606679) **Date**

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ABSTRACT

The Corporate Social Responsibility (CSR) concept emerged in the 1960s as an attempt to link businesses with their surrounding society and environment. Over recent years, CSR has been recognized as one of the significant concepts that are prioritized in both academic and professional practices, and this concept has also aided companies to achieve sustainable competitive advantages within their respective industries. This study is aimed at evaluating the nature and level of CSR disclosure in the South African banking institutions in comparison to Nigerian and United Kingdom banking institutions. Secondly, it aims to investigate the determinants of CSR disclosure of the South African, United Kingdom and Nigerian banking institutions. The study used data collected from the integrated reports of South African, Nigerian and the United Kingdom listed banks during the period from 2010 until 2018. In line with the Branco and Rodrigues' (2006 and 2008) disclosure index, the study used 23 items of CSR disclosure to conduct the content analysis of the bank's integrated reports to evaluate the nature and level of CSR disclosure. The study also made use of the regression analysis to identify the determinants of CSR disclosure used by South

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African, United Kingdom and Nigerian banks. The data collected for the regression analysis was split into three panels, namely, South African banks, Nigerian banks and the full sample. To identify these determinants, the study utilized STATA 15 and the fixed effects and random effects estimators to fit the regression models. The results of the content analysis show that South African and the United Kingdom banks mainly focused on the disclosure of CSR information relating to Human Resources while the Nigerian banks mainly focuses on the disclosure of CSR information relating to Product and Customers. The study also found that the overall level of CSR disclosure between the three countries does not differ significantly. With regard to the determinants of CSR disclosure, the banks' leverage and the number of board members appear to be the main factors that have either a positive or negative impact, on the CSR disclosure in the South African banks. For Nigerian banks, the age of the banks is the only factor that appears to have an impact on the disclosure of CSR information. Furthermore, this study also found that the age of the bank is the main factor that has a positive impact on the disclosure of CSR information of the full sample (combined South African and Nigerian banks sample). Other factors including, bank size, return on equity, and ownership concentration were found to have no significant impact on the disclosure of CSR information of either South African or Nigerian banks. The study is subjected to the limitations of using manual content analysis and the use of integrated reports as the only source of data collected for the study. This study contributes to the limited literature on CSR disclosure within financial institutions.

Keywords: *Banking Institutions, Sustainability Reporting, Corporate Social Responsibility, South Africa, Nigeria, United Kingdom, Developing Countries*

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CHAPTER 1: INTRODUCTION

1.1 Introduction and Background to the Study

The early 1990s, saw a notable increase in the disclosure of information about the social and environmental impacts of businesses' operations (Deegan & Unerman, 2011). Buhr (2007) also confirms that the reporting of social and environmental impacts of business activities has been a popular practice among large organisations, in different sectors and countries since the 1990s. Deegan and Unerman (2011) state that the term 'sustainability reporting' (SR) is commonly used to refer to social and environmental reporting.

Sustainability reporting (SR) can be defined as a report that attempts to describe the contribution of a company towards a community's sustainable development (Nobanee & Ellili, 2016). Sustainability reporting provides information on how businesses are handling social and environmental issues that are likely to have an effect on the surrounding communities, environment and the organization's success. According to Dissanayake, Tilt and Xydias-Lobo (2016), various reporting and contemporary business practices, such as corporate sustainability, integrated reporting, corporate social responsibility, corporate citizenship, sustainable entrepreneurship and the Environmental, Social and Governance (ESG) have been used interchangeably to refer to SR.

1.1.1. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is considered to be an umbrella term with various aspects and SR is regarded as one of those aspects. CSR shows the understanding of businesses that the community and environment are integral resource for the success of business. CSR is a voluntary commitment by business organizations to contribute towards the country's sustainable economic development through working with the local communities, employees, their families and the society at large to improve the quality of life while also preserving the environment for future generations (Holmes & Watts, 2000). Alternatively, sustainable development, is defined as the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, Khalid, Agnelli, Al-Athel, Chidzero & Fadika, 1987).

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CSR promotes a vision of business accountability and responsibility to a range of stakeholders, besides those stakeholders with direct financial interests, such as shareholders (Savaira & Serraqueiro, 2007). CSR is concerned with the protection of the environment, the well-being of employees, the community and the society at large. There is a strong link between CSR and sustainable development dimensions (Economic Prosperity, Social Prosperity and Environmental Safeguarding) which are also referred to as the Triple Bottom Line (TBL) of sustainability (Savaira & Serrasqueiro, 2007). Savaira and Serrasqueiro (2007) also stated that CSR promotes the idea of businesses being accountable and responsible to a wide range of stakeholders beside the ones with financial interest in the business, namely, the shareholders. The key area of concern for CSR includes, the protection of the environment, the well-being of employees and the society in general, both in the future and the present.

1.1.2 Sustainability Reporting

The Corporate Responsibility Reporting (CRR), Social Responsibility Reports (SRR) and SR are relatively new concepts and still in the developing stages when compared to financial reporting, however, these concepts are considered to have substantial benefits for the reporting companies. (Burritt & Schaltegger, 2010)

The reporting of non-financial information is no longer a new thing as this practice has become popular to a number of companie,s from different sectors, across the globe (Burritt & Schaltegger, 2010). This is supported by the findings from the latest available survey conducted by KPMG in 2017 titled "The Road Ahead" as presented in Figure 1. The findings of the KPMG survey indicated that among the world's largest 250 companies, there is a percentage increase of 34% between 2011 and 2017 on the companies that are reporting on their corporate responsibility. The findings also indicated a 4% increase (2015: 56% to 2017: 60%) in the reporting of corporate responsibility among the top 4900 companies selected, based on the top 100 companies from 49 countries (KPMG, 2017).

Figure 1: CS Reporting Percentages by Sectors

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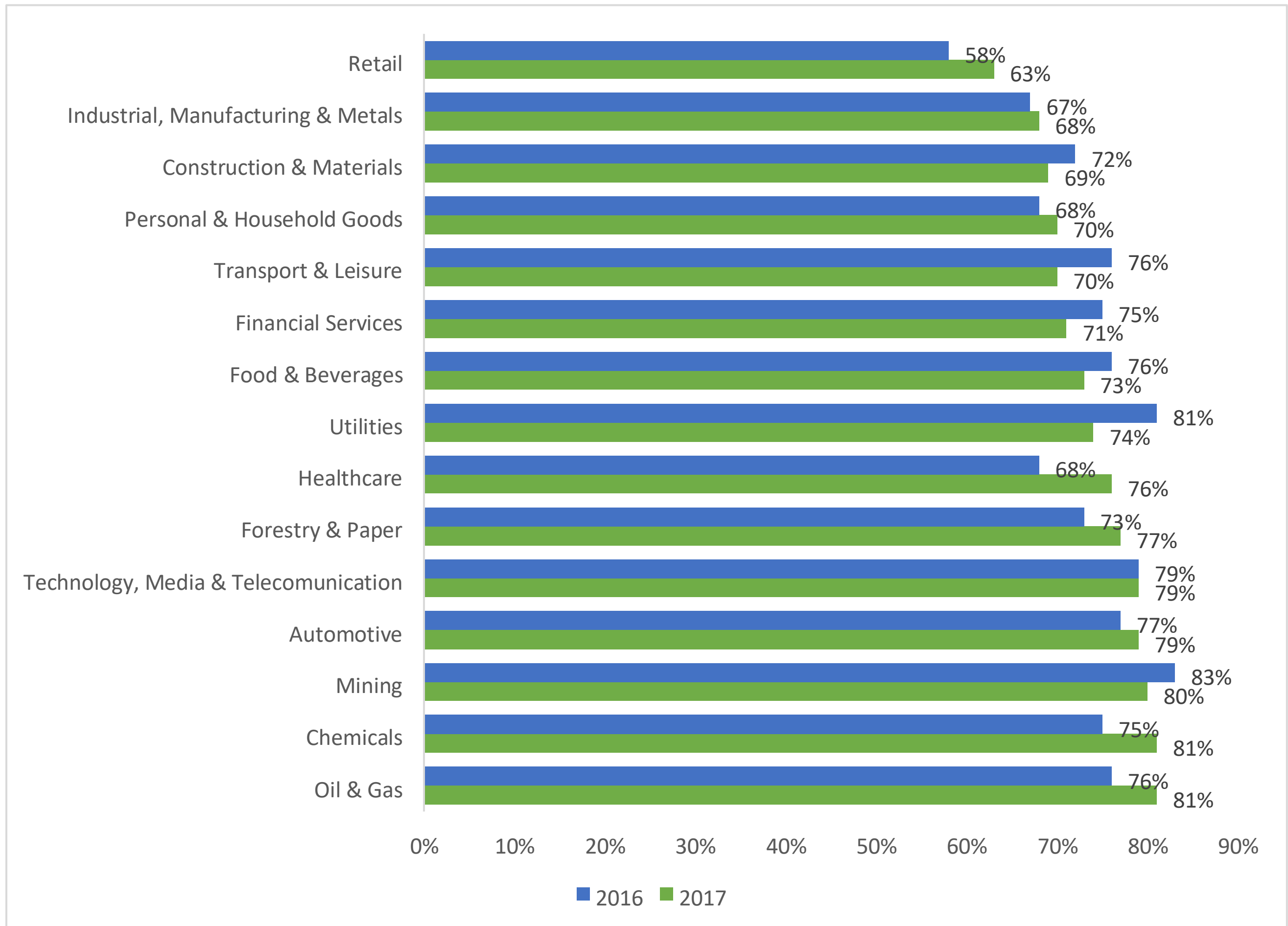

Source: KPMG Survey of Corporate Responsibility Reporting 2017

According to Chakroun, Matoussi and Mbirki (2016: 553), "Several previous studies focused exclusively on companies outside the banking sector due to its specific disclosure requirements and financial characteristics". Irrespective of the fact that the level of awareness of ethical standards are higher for financial institutions, such as banks, few studies have been conducted on the banks' CSR disclosure.

The need for SR has increased, particularly among the following stakeholders (Belal & Owen, 2007):

- ***Customers***: some customers are concerned about the eradication of pollution from the resources that are used to produce goods and the conditions under which the goods are produced;

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- ***Employees***: the employees are looking for employment from organisations that take responsibility for the effect of their operations on the environment and society; and
- ***Shareholders***: investors are looking for evidence of effective risk management and sound business strategy in the organizations they wish to be associated with.

The stakeholders' needs required organizations to provide more non-financial information to the stakeholders and have resulted in many organizations, including banks, publishing environmental and social impacts report (Shrivastava & Paquin, 2011). Social and ethics committees are appointed to address these stakeholders' needs.

1.1.3 The Role of Banks in Economic, Social and Environmental Development

Banks play a vital role in improving citizens' economic activities and social conditions, through their business functions which include financial intermediation, increasing the ability of individuals and households to access basic services and supporting the creation of new jobs and businesses (Buys & van Niekerk, 2014). Montgomery and Ramus (2003) state that banks play an important role in sustainable economic development since they are not just recipients, but they are also suppliers of socially-responsible investments. There is an increased consciousness among banks, across the globe, regarding sustainability and this is the result of pressure from various stakeholders to carry out responsible and ethical business practices (Khan, Islam, Fatima & Ahmed, 2011).

Due to the nature of their business, stakeholders generally considered banks as having little influence on the environment and society when compared to companies that operates in other sectors of the economy (Krasodomska, 2015). Banks, however, can be seen as the facilitators of social and environmental impacts of other businesses, through monitoring business activities of companies they finance and service (Thompson & Cowton 2004). Banks do not necessarily face the same social responsibility challenges, such as pollution, ensuring product and employee's safety, as are encountered by other firms that produce and sell various products, however, they are socially responsible and accountable to the society because they lend to organizations that create these social challenges (Simpson & Kohers, 2002).

Banks have ability to alleviate or aggravate key socio-economic challenges faced by the society, in general, through their business activities (Korenik, 2009). Besides being financially important

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to the economy, banks often have a catalytic role in influencing the environmental and social behavior of other industries through their financing activities (Douglas, Doris & Johnson, 2004). Brown, De Jong and Levy (2009) highlight that the founders of Global Reporting Index (GRI) from the start had a great hope for the financial services sector as a potential influential user of data on sustainability performance.

1.1.4 Social and Ethics Committee

According to King IV report, companies should act in a way that ensures that their stakeholders see them as responsible citizens (Institute of Directors Southern Africa, 2016). King IV report states that organizations are an integral part of the society and they have corporate citizenship status. The King IV report further states that corporate citizenship status "confers rights, obligations and responsibilities on the organization towards society and the natural environment on which the society depends on" (King IV Report, 2016: 29). Corporate social citizenship status is achieved through the governing bodies of these organizations who provide them with strategic directions on how they can be responsible corporate citizens and also ensure that their organizations respond appropriately to the social, economic and environmental outcomes of their organization's activities (Institute of Directors Southern Africa, 2016). The Companies Act (2008) states that the Minister may prescribe that certain companies with public interest to establish a social and ethics committee. This committee will be required to monitor the activities of the company with regard to matters affecting the social and economic development, good corporate citizenship, the environment, public health and safety, consumer relations and labour as well as employment (Deloitte, 2014). In terms of the JSE's listing requirements, all the listed companies are required to appoint a social and ethics committee in accordance with the recommended practices of King IV which are on an "apply and explain" basis (Deloitte, 2014).

Companies with public interest may be required to appoint a social and ethics committee taking into account their annual turnover, workforce size and the nature and extent of the companies' activity. The nature and extent of bank's activities affects a number of stakeholders, while their number of employees and annual turnover are high. The majority of banks are also listed on the stock exchanges. This implies that banking institutions also fall under the category of companies that are required to appoint a social and ethics committees in their boards' committee.

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1.1.5 Mandatory Reporting

Countries like Finland, Korea, France, Japan, US, Denmark, Malaysia, Canada and UK, amongst other countries, have mandatory reporting requirement for a SR to be in place for their listed companies (EY, 2013). In the UK, there is an expanding body of legislation and regulation that is focused on dealing with the reporting of environmental issues by companies and much of this originates from the European Union's directives on the environment (ICAEW, 2009). For example, the UK government has introduced new requirements for disclosing greenhouse gases emissions by listed companies (EY, 2013). In 2006, the UK Companies Act (2004) was also amended to require listed companies to disclose non-financial information regarding their operation's impact on human rights, diversity and greenhouse gas emissions ((EY, 2013). Given their leadership role in encouraging CSR, UK companies are regarded as leaders in stakeholder engagement and social reporting when compared to other countries in Europe, with the exception of Norway (Welford, 2005).

Over the past decades, large corporates have been placed under increasing pressure to manage their businesses in a transparent and responsible manner (Fig, 2007). Sustainability reporting is regarded as one of the successful initiatives that organizations can apply to enable them move towards operating in a responsible and transparent manner. In 2010, the Johannesburg Stock Exchange (JSE) made changes to its listing requirements, to require listed companies to publish integrated reports as opposed to the separate sustainability reports that were being published by companies, prior to this change (Clayton, 2012).

1.2 Research Problem

In South Africa there have been a number of studies in the past decade which focused on the CSR activities and their reporting. These studies include those of Dawkins and Ngunjiri (2008), Wanderley, Lucian and Farache (2008), Skinner and Mersham (2008); Marx and Van Dyk (2011), Shuro and Stainbank (2014) and Buys and van Niekerk, (2014). All these studies focused on the reporting of CSR by the South African companies in general. Khan *et al.* (2011) stated that there has been an increased consciousness regarding the issues of sustainability in the financial

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institutions around the globe, over the last decade. Irrespective of these increase in the level of sustainability consciousness within the financial institutions as stated by Khan *et al.,* (2011), very limited literature, however, exist on the progress that has been made by the South African banking institutions regarding the CSR activities and the SR practices. The number of studies that have been done to determine the nature and level of sustainability reporting within the banking industry in South Africa is still limited.

According to Dhingra and Mittal (2014: 854), “In the financial sector, several international initiatives, like United Nations Environment Programme Finance Initiative, Global Reporting Initiative, Equator Principles and Collavecchio Declaration on Financial Institutions, are underway to ensure the adoption of CSR practices in normal business operations”. A study by Buys and van Niekerk (2014) considered the concept of CSR in the South African financial services sector and this study was more focused on the reporting framework of the CSR information. The study of Buys and van Niekerk (2014) did not provide any information relating to the disclosure of the CSR activities within the financial services sector. Financial institutions, such as banks, play a leading role in the development and promotion of corporate social responsibility activities, and they often have a catalytic role in influencing the environmental and social behaviors of companies operating in other industries (Douglas, Doris & Johnson, 2004). According to Douglas, Doris and Johnson (2004:387) “If the financial community has no perceived need for corporate social reporting, this will hinder rather than advance the universal corporate social reporting agenda, and their general disinterest has been registered”.

As stated by Douglas, Doris and Johnson (2004), more studies need to be done to examine the disclosure of CSR among the South African banking institutions. Apart from the study done by Buys and Van Niekerk (2014), no other study was found that focused or placed its attention on the disclosure of the CSR reporting within the banking industry and this indicates that there is a gap in the literature relating to CSRR and SR within the banking industry in South Africa. Due to the increasing attention being placed on the CSR and its disclosure within the financial institutions, it is necessary to conduct studies that attempt to close the gap that exist on this topic, in the South African banking institution.

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1.3 Aim of the study

The aims of this study were as follows:

- To determine the nature and level of corporate social responsibility disclosure (sustainability reporting) in the South African banking institutions in comparison with the banking institutions operating in Nigeria and United Kingdom.
- To investigate the determinants of CSR disclosure in South African and Nigerian banking institutions.

1.4 Objectives of the Study

The objectives of this study are to investigate:

- The nature of CSR activities disclosure within the South African banking industry by both locally and foreign-controlled banks.
- The level of CSR activities disclosure by South African banks in comparison with the CSR activities disclosure by the Nigerian and UK banks.
- The key determinates of CSR activities disclosure in South African, United Kingdom and Nigerian banks.

1.5 Research Hypotheses

- ***H1: Banking institutions operating in South Africa disclose more CSR information relating to community involvement when compared to other categories of businesses, in CSR information disclosure.***

Community involvement activities, such as education funding, unemployment and poverty reduction activities are some of the keys issues in relation to CSR that are faced by the ordinary South Africans. In this study, it is expected that the findings will show that the banking companies in South Africa are keen in reporting community involvement through CSR information, as an attempt to indicate their contribution to the society in addressing social issues. These findings are expected to be comparable to the findings reported by researchers like Abu-baker and Naser (2000)

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and Akano, Jamiu, Yaya and Oluwalogbon (2013) which showed that the banks' community involvement with types of CSR activities.

- ***H2: South African and Nigerian Banks report less on their CSR activities than the banks in UK.***

It is expected that the disclosure of CSR information by the banks operating in the UK will be more than that of the banks operating in South Africa and Nigeria . According to Susith and Stewart (2014), the level of a country's economic development has an influence on the level of CSR information disclosure done by companies operating in it. Banking institutions operating in developed countries are likely to have enough resources to undertake activities and disclose more information relating to CSR activities when compared to companies operating in the developing countries. This argument however contradicts the findings reported by *Maali et al.,* (2006) who report that the banks in developed countries report less on CSR activities because these activities are not of major concern to them.

- ***H3: The key determinants of CSR reporting in South African and Nigerian banks are related to the size, age and profitability of these banks.***

In a study of Hossain and Reaz (2007), it was found that firm-specific factors, such as bank size and age have an effect (whether negative or positive) on the level of disclosure of CSR activities by the banks. It is expected that the results of this study will highlight whether age and size of the banks do have an effect on the nature and level of CSR activities disclosure by the banks. The banking institutions that are bigger in size (reputable) or that have been in the industry for a long period of time have the necessary knowledge and resources to implement the disclosure of CSR information adequately in their annual reports.

1.6 Significance of the Study

South Africa is the only African country that is included in the category of the few emerging market economies that are showing significant increase in social sustainability activities' reporting (Struwig & Van Rensburg, 2016). This can be credited to the fact that the JSE rules require that a

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sustainability reporting be integrated with the financial reporting for their listed companies in compliance with King IV corporate governance principles (EY, 2013). According to EY (2013), South Africa is the first country, through the JSE, to require the listed companies to provide integrated reports through the introduction of "report or explain" in King III Report code and which has now been updated to "apply and explain" approach in the King IV report. These integrated reports were based on the King IV Reporting guidelines; as a result of the introduction, of "report and explain", more than 90% of the JSE listed companies have been providing sustainability reports.

This study will be focused on determining the nature and extent of CSR activities and the reporting from the banking institutions that are listed on the JSE and operating in South Africa. As stated in the study of Scholtens (2009), the banking system plays a crucial role in the development of the economy and their functions have a huge impact on the society. According to Jones III and Jonas (2011), CSR consists of practices that companies use to react to stakeholders' expectation and includes such initiatives like, minimizing harm that companies' operations may have on the environment and the society. This makes it necessary to study the concept of CSR within banking institutions as their activities affect the society and environment, both indirectly and directly. There appears to be a number of studies in South Africa that are focused on CSR, Corporate Citizenship (CC), SR and IR, however, there is a limited literature of these studies that are focused, specifically, on the banking sector in South Africa.

As a result of the limited number of studies within the South African banking sector, it is currently unclear about the progress the South African banking institutions have made with regard to the CSR activities and their disclosure. This study, therefore, attempts to gain an understanding of the progress that has been made by the banking institutions operating in south Africa with regard to the reporting of CSR activities. To obtain a comprehensive picture of the CSR reporting within the South African banking institutions, this study will also compare the CSR reporting of the South African banking institutions to those operating in Nigeria and the United Kingdom. Nigeria competes with South African in terms of both being developing countries in Africa while United Kingdom is developed and has some of the biggest banks in the world. This comparison will provide a yardstick for CSR activities of South African banks.

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The results of this study will also shed a light on the efforts that the South African banks are making on addressing the economic, social and environmental problems that the country is facing.

Naturally, banks aim to conduct their business practices in a transparent manner based on their ethical values, respect for environment, people and communities and in compliance with legal requirement. This study will highlight the progress the banks are making in these aspects.

1.7 Scope of the Study

The current study will be a comparative study of South African banks against the banks that are operating in Nigeria and in the United Kingdom. South Africa and Nigeria are both developing African countries and their economies are also regarded as Africa's biggest economies. United Kingdom is a developed country and has some of the best banking institutions in the world. The two countries, SA and the UK, are fairly comparable when it comes to the issue of sustainability reporting as they are regarded as champions in the field of sustainability reporting. The comparison of South Africa against these two countries, Nigeria and United Kingdom, will provide us with a better understanding of the progress the South African banking institutions have made with regard to CSR activities and their disclosure.

The study will be delimited to banking institutions from these three selected countries and the population of the study will be made up of listed banks on the stock exchange of these countries.

1.8 Summary of the Chapter

The aim, research problem and significance of the study were discussed in this section to provide reasons for conducting this study. The section also provided the research objectives and the questions that will be used to address the research problems. The next section provides a review of previous and available studies (literature review) with the aim of emphasizing the significance of the current study.

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CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

There have been a number of studies that have been conducted, around the globe relating to CSR activities and their reporting. These include studies, such as those of McWilliams (2000), Holme and Watts (1999), Lindgreen and Swaen (2010) and Navi (2012). There are also other studies conducted specifically on CSR within the financial services sector which includes banking institutions, and these studies includes those of Khan (2010), Vigano and Nicolia (2009), Buys and van Niekerk (2014), and Krasodomska (2015). Most of these researchers concluded that even though it seems unlikely that banks will have any effect on the environment, the stakeholders expect them to pay attention to the concept of CSR and that through their financial actions they play a major role in solving the challenges faced by societies.

This chapter provides a literature review on CSR activities and disclosure and also provides an insight into the CSR research area. The chapter starts by providing a brief understanding of the concept of CSR and its disclosure. This is then followed by a discussion of the theoretical framework that has been used to explain the CSR practices by organizations and their disclosure thereof. The chapter also provide a brief overview of sustainability reporting and also the integrated reporting The chapter then briefly discusses the CSR activities and disclosures of banking institutions. The chapter concludes by discussing firm-specific factors that determine the firm's CSR activities and disclosure practices.

2.2 Corporate Social Responsibility

CSR relates to businesses' accountability beyond the boundaries of its primary business operations to also pay attention to the well-being of the local communities and society at large (Chiquita 2012). It is about business organizations caring about, not just their profitability, but also the wellbeing of the community where they operate. In other words, caring about the environment and the society that provides the resources they need to operate their businesses.

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Mitchell, Hill and Stobie (2005) stated that CSR became popular in the academic area in the 1970s, yet there is still no universal definition of CSR. According to the World Bank (2005), CSR is businesses' commitment to contribute to sustainable economic development through working with employees, their families, the community and the society at large to improve the quality of their lives in ways that are good for the business environment and economic development.

Buys and van Niekerk (2014) define CSR as the actions that businesses adopt to advance social good, beyond business interests. Bolanle, Adebiyi, Muyideen (2012) explain CSR as a strategy for demonstrating good faith, social legitimacy, and a commitment that goes beyond the financial bottom line. Demiraq (2005) notes CSR as the ethical, environmental and social responsibilities that businesses have to the society. CSR binds businesses to balancing the needs and concerns of the various stakeholders by operating in a socially and environmentally responsible manner wherever they do business (Chiquita, 2012). In summary, from the above definitions it can be noted that the key aspect of CSR involves businesses going an extra mile, beyond the pursuit of profit and addressing other social and environmental challenges that are faced by the society and communities where the businesses operate.

Adamczyk (2009) states that in the past, it was believed that CSR was all about sponsorship and raising money for charities, and it was initially viewed as a marketing tool or activity, however, this is changing as societies expect businesses to take into account, social and environmental concerns beyond those that evidently have an impact on a company's operating practices (Marsden, 2006). CSR is now regarded as an inherent element of any business' long-term strategy rather than it being regarded as a marketing activity or part of the business' public relation endeavours (Krasodomska, 2015). Krasodomska (2015) contends that CSR can only benefit the business and the society at large when it is considered an integral part of the business.

2.3 Theoretical Framework

Several theories, such as stakeholder, legitimacy and institutional theories, have been used to explain CSR practices of organizations (Kilic, 2016). Garriga and Mele (2004) identify stakeholder and legitimacy theories as the main theories that have been used to explain CSR

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practices and disclosure by organizations. Legitimacy theory suggests that a social contract exists between the society and the business organization. It emphasizes that organizations attempt to ensure that they are perceived as operating within the norms of the society they operate in (Deegan, 2009), hence, the stakeholder theory suggests that the organizations are very concerned about their relationship with the stakeholders. According to the stakeholder theory, organizations should meet the expectations of different stakeholders rather than them only focusing on the expectations of the shareholders.

2.3.1 The Stakeholder Theory

Susith and Stewart (2014), point out that the term 'stakeholder theory' was first used in a study by Ansoff (1965), but evidence suggests that the term was used way back in 1947 in a study by Johnson (1947). Due to the works of Freeman (1984, 1995 and 2005) and other scholars, such as Clarkson (1994 and 1995), Donaldson and Preston (1995) and Harrison and Freeman (1999), the stakeholder theory came into prominence after the mid-1980s.

The stakeholder theory is about the relationship between an organization and its stakeholders (Susith & Stewart, 2014). Freeman (1984: 49) defined a stakeholder as "any group or individual who can affect or be affected by the achievement or non-achievement of a firm's objectives". Deegan and Unerman (2011) contend that the stakeholder theory accepts the fact that an organization will have different groups of stakeholders with different expectation about an organization's operations and how these should occur. According to the stakeholder theory, organizations have to meet the multiple expectations of various stakeholders rather than only the expectations of those stakeholders with financial interest in the organization (Susith & Stewart, 2014).

"Stakeholder theory suggests that the management of an organization is expected to perform its accountability role towards its stakeholders by undertaking activities deemed important by its stakeholders, and by reporting information." (Susith & Stewart, 2014: 157). Guthrie, Petty and Ricceri (2006) explained that the stakeholder theory highlights organizational accountability beyond simple economic or financial performance.

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The stakeholder theory has two major perspectives, namely, the ethical and the managerial, and these stand out in the literature.

2.3.1.1 The ethical perspective of the stakeholder theory

The ethical perspective of the stakeholder theory suggests that all the stakeholders of the organisation should be treated fairly by the organization, irrespective of the influence they have on organizations' operations (Deegan, 2009). This, therefore, requires the organisation to consider all the stakeholders rather than placing consideration only on a specific group of stakeholders who are in control or are providing critical resources to the organisation (Susith & Stewart, 2014). Susith and Stewart (2014) highlighted that, within the ethical perspective, an organisation should be accountable to all its stakeholders as opposed to only the powerful and financial stakeholders. Where there are conflicts of interests of different groups of stakeholders, the ethical perspective suggests that the organization should resolve them fairly (Hasnas, 1998). This perspective of the stakeholder theory suggests that "the organization owes an accountability to all its stakeholders rather than only to the more powerful or financial stakeholders" (Gray *et al.,* 2010: 25).

Accountability is a term derived from the broader concept of responsibility (Mulgan, 1997). The disclosure of information (both financial and non-financial) plays a crucial role in the process of the organization performing its accountability to the stakeholders (Susith & Stewart, 2014). Gray, Owen and Maunders (1991) suggest that when applying accountability to organizations, the role of CSR reporting is to provide the society with information about the extent to which the organizations have met the responsibilities placed upon them.

2.3.1.2 The managerial perspective of stakeholder theory

The managerial perspective of the stakeholder theory suggests that managers of an organisation should attempt to meet the expectations of stakeholders who control the critical resources required by an organisation (Susith & Steward, 2014). Unlike the ethical perspective, the managerial

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perspective highlights the fact that an organisation is accountable to the economically powerful stakeholders. The managerial perspective mainly focuses on managing the relationship between the organisation and its critical stakeholders, such as the shareholders, employees, customers, suppliers, society and the government. O'Riordan and Fairbrass (2008) point out that the main challenge with the managerial perspective is the task of deciding which of the stakeholders the organisation is responsible to and the extent of this responsibility.

Roberts (1992), suggests that the different categories of stakeholders' need for information is the reason why there are different levels and types of CSR activities and disclosures by the various organisations. Companies appear to be more responsive towards the concerns of powerful stakeholders, such as the shareholders, employees and government regulators, than to the concerns of less powerful stakeholders that include the communities and non-profit organisations (Neu, Warsame & Pedwell 1998).

The ethical perspective suggests that all the stakeholders of an organisation should be treated fairly by the organization irrespective of the influence they have on the organizations' operations, however, the reporting of their CSR activities may be totally different as the managerial perspective suggests that organizations may appear to be more responsive towards the concerns of powerful stakeholders than those of less powerful stakeholders. These two perspectives of the stakeholder theory, nonetheless, are both concerned with the relationship between an organization and its stakeholders. They differ in the sense that the ethical perspective suggests that organizations report CSR information that addresses the needs of all different stakeholders, while the managerial perspective places more attention on the reporting of CSR information that addresses the needs of those stakeholders who controls the critical resources of the organization.

2.3.2 The legitimacy theory

In terms of the legitimacy theory, it is assumed that there is a social contract between the society and the company (Deegan & Unerman, 2011). This theory suggests that the actions of the companies should be in line with the expectation of the community because if they do not, this may cause problems for the company (Shuro & Stainbank, 2014). Nobanee and Elli li (2015) state

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that "in order to demonstrate the fulfillment of its part in the contract and compliance with the value systems of the society, the company must report its economic, environmental and social issues".

Cormier and Gordon (2001) and Newson and Deegan (2002) have used the legitimacy theory to explain why corporations voluntarily report their CSR activities. Kilic (2016), reports that the legitimacy theory is frequently used to explain the manner in which entities disclose their CSR activities.

Deegan and Unerman (2011) stated that the legitimacy theory suggests that, through the disclosure of CSR information, organizations seek to ensure that they are perceived as operating within the bounds and norms of their respective societies, thus, through their disclosure of non-financial information (CSR information) they attempt to ensure that their activities are perceived to be legitimate by outside parties. The legitimacy theory suggests that corporations try to ensure that the societies they operate in will consider their activities as being 'legitimate' (Khan, Muttakin & Siddiqui, 2013). Suchman (1995), regards legitimacy as a condition in which the activities of an entity conform to the norms, beliefs, values and definitions of the larger social system from which the entity operates and is a part of. O'Donovan (2002) indicates that in terms of the legitimacy theory, "legitimacy" is a resource that an organisation is dependent upon for survival.

A legitimacy gap may be created or increased by differences between organisations and society values, norms and beliefs (Kilic, 2016). This gap widens or exists when an organisation loses its legitimacy from the society. The gap does not only exist as a result of the organisation's deterioration in social performance but also occurs as the beliefs and values of the society change over time (Khan *et al,* 2013 and Laidroo and Oobik, 2014). Organisations that undertake CSR activies and report on their activities are perceived as being transparent by their respective stakeholders which in turn have a positive impact on bridging the legitimacy gap.

Kilic (2016) also reports that the legitimacy theory is more concerned about the disclosures that are focused on repairing the lost or threatened legitimacy and maintaining and extending current legitimacy. Cowan and Gadenne (2005) suggest that organisations only disclose information that will narrow the 'legitimacy gap'. It is not the actual product that is important for an organisation that seeks to be perceived as legitimate but what the community knows about the organisations is

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important and shapes the legitimacy (Deegan & Unerman, 2011). The disclosure of CSR activities and information, therefore, is vital for the establishment of corporate legitimacy (Deegan & Unerman, 2011). As a form of communication, the nature and extent of the CSR information being disclosed by the organization can be used to overcome and repair the organizations' legitimacy in the eyes of both the public and other specific stakeholders (Kilic, 2016). Susith and Stewart (2014: 156) stated that "the organisations may refrain from disclosing negative or bad news related to them, provide explanations about unhealthy mass media news related to them, increase positive CSR news, or/and even reduce CSR news if they think that would help to increase or maintain the level of their organisations' legitimacy.

2.3.3 Stakeholder Theory versus Legitimacy Theory

Deegan (2002) stated that there has not been any accepted theory for social and environmental accounting. He stated that both the stakeholder and legitimacy theories suggest that the organization is part of a broader social system, wherein the organization is impacted by and also has impact upon the other groups within the society. According to Gray, Kouhy and Lavers (1995) CSR practice is too complex a phenomenon to be explained through a single theory, hence, to get a better insight of the CSR practices and fully understand the practice, it is better to use more than one theory (Deegan, Rankin & Voght, 2000). In 2011, Deegan and Unerman reiterated that stakeholder and legitimacy theories are the main theories applied more frequently to explain why organizations may choose to make certain social responsibility disclosures within their annual reports, or within other corporate reports. Susith and Stewart (2014) also stated that these two theories can be considered as complementing each other, rather than competing.

2.4 The Need for CSR in the Banking Industry

In the banking industry, the term 'CSR' is also known as 'Community Service Banking' which is a concept that was introduced by the banks in 1973 (Narwal, 2007). Narwal (2007) went on to state that Community Service Banking, previously known as 'Innovative Banking', was introduced with the aim of assisting identified groups, which belong to disadvantaged and fragile sections of the

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society. Narwal (2007) described Community Service Banking as one of the instruments through which the banks play a role of a responsible corporate citizen. Community Services
Banking represent the bank's commitment to the society and the environment. Similar to Community Service Banking, socially-responsible banking places emphases on the social and environmental practices in the running of the bank's operations.

Scholtens (2009) suggests that the idea of a socially-responsible banking has become a wellestablished notion within the financial-services industry. He further states that socially-responsible banking refers to a banking environment were stakeholders also consider the non-financial performance information and the bank's policies when analyzing the bank's performance. Lentner, Szegedi and Tatay, (2015), state that the banking institutions responded relatively late to the concept and challenges caused by the lack of CSR. The 2008-2009 global financial crisis that was caused by the US banking crisis highlighted the need for CSR in this sector (Birindelli, Ferretti, Intonti & Iannuzzi, 2015). According to Visser (2008: 1), "the banks got greedy and compromised good banking practices of credit risk assessment", this implies that irresponsible banking played a critical role in the 2008-2009 global financial crisis.

Visser (2008), statement during the 2008-2009 global financial crisis, indicated the lack of socially responsible banking practices. This was further emphasized by Visser (2008), who argued that the financial crisis resulted from the irresponsible banking practices, hence, the inevitable consequence of irresponsible practices. Lenter, Szegedi and Tatay (2015) support this view as they state that the financial crisis drew attention to the importance of CSR in the banking sector.

South African banking sector boasts of dozens of domestic and foreign institutions which enable it to provide a full range of services which include commercial, retail and merchant banking. The sector has also proved to be a pillar of economic growth, over the years (Media Club SA, 2016). The bank's key actions, such as screening, financing, monitoring and enforcement of economic activities (Scholtens, 2009) are the ones that make it possible for other economic industries and corporations to exist and keep functioning. The CSR of this sector is also different from that of other economic sectors because banks are also considered to be responsible for the actions of the corporations that they lend money and provide their services to (Thompson & Cowton, 2004). The activities of financial institutions do not only affect their employees, customers, shareholders and

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investors, but they affects a large number of people as those using their services are linked to these organizations for a number of years or decades (Lenter *et al.,* 2005). Banking activities therefore affect a variety of stakeholders (Lenter *et al.*, 2015) that include, amongst others, the shareholders, managers, employees, depositors, borrowers, regulators, customers/clients and the surrounding communities.

According to Vigano and Nicolia (2009), the banking sector places a lot of emphasis on the CSR activities in the areas of investment, asset management and bank lending which are the crucial parts of the banks' activities. Birindelli *et al.,* (2015) also stated that CSR activities within the banking sector also concern their other business activities, such as credit granting and risk management, all of which have an influence on the society and the environment since they can also be held accountable for the activities undertaken by the companies they do business with.

2.4.1 Banks and the environment

The view that banking institutions are not harmful to the environment like other industries, such as chemical, manufacturing, extractive and pharmaceutical has been used as an excuse to exclude banks from studies which analyze some components of CSR (Krasodomska; 2015 & Archel, 2003). This view is, however, changing drastically because of the banks' vital role in sustainability and economic development (Krasodomska, 2015). Scholtens (2009) asserts that banks play an essential role in economic development and as such, they may also affect sustainable development. Driga and Dura (2014) stated that achieving economic development requires a sound and efficient banking system.

In a study done by Vigano and Nicolai (2006) it was highlighted that environmental aspects have been addressed prior to focusing on social issues on the CSR of the banking industry. A study by Thompson and Cowton (2004) argues that banks do not only have to focus on the direct impacts of their activities on the environments, but they also have to consider the indirect impacts resulting from these activities. This view was also supported by Idowu-Filho (2009), who state that even though banks' activities have a limited impact on the environment, granting credit and banking services to companies which produce unsafe products, pollute the environment or violate human rights increases banks' indirect environmental and social impacts. Thompson and Cowton (2004)

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concluded that banks can be held responsible for the environmental and social damages caused by industrial activities of the companies they do business with.

Scholtens (2006), in his discussions stated that, banks can use CSR to increase and legitimize their economic performance. CSR information disclosure can be used to indicate that their high profits are achieved without compromising the society and the environment. Birindelli *et al.,* (2015) point out that acting in a socially-responsible manner by banks, highlights their contribution to environmental quality and social well-being and can create the basis that guarantee financial institutions' long-term presence in the market.

Krasodomska (2015) concurs that within the banking industry, the concept of CSR can be implemented within the relationship with customers, employees and ecology. The CSR within the banking industry companies, however, can be considered to be more grounded on the legitimacy theory than the stakeholder theory. In terms of legitimacy theory, companies and industries with high visibility are more concerned about improving their corporate image and are more likely to make their social-responsibility disclosures (Branco & Rodrigues, 2006).

Companies whose brands and activities are generally popular among the general public/final consumers are expected to use community involvement and human resource disclosures as part of their strategy to legitimize their business as compared to the companies that are less known among the general public/final consumers (Clarke & Gibson-sweet, 1999; Branco & Rodrigues, 2006). The latter authors also state that banks will probably disclose more community involvement and human resource information and less information about environmental issues, unlike companies in the extractive industry.

2.5 Corporate Sustainability and Sustainability Reporting

Roca and Searcy (2012) point out that there is no universally accepted definition of 'corporate sustainability' (CS). Signitzer and Prexl, (2008), define CS as a strategic business management process of balancing the economic, social and environmental concerns with the stakeholders' needs and legislations' requirements, on an ongoing basis. According to Fischer (2010), CS is a new and

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evolving management philosophy that does not only focus on the organizational growth and profitability, but also focuses on environmental protection and social justice and equality.

The terms 'corporate sustainability' and 'CSR' have been used as synonyms over the years (van Marrewijk, 2003). There is, however, a slight distinction between the two terms; whereas CSR places its focus on the relationship between the organisation and stakeholders through communication and reporting, CS focuses on the organisation's commitments to and the management of value-creation on behalf of the stakeholders (van Marrewijk, 2003).

Steurer, Langer, Konrad and Martinuzzi (2005) report that addressing corporate performance in economic, social and environmental dimension is the focus of both CSR and CS. Steurer *et al.,* (2005) also state that sustainable development is applied as corporate concept under CS, even though it is a societal concept.

There are various other terms that have been regarded as being closely related to sustainability reporting and this includes, among others, 'CS', 'Corporate Social Responsibility (CSR)', 'Corporate Accountability (CA)', 'Triple-Bottom Line (TBL)' and 'Sustainable Development (SD)' (Roca & Searcy, 2012). Skouloudis and Evangelinos (2014) also referred to other terms, such as 'social and environmental responsibility (SER)', 'sustainability', and 'CSR', over the years. Van Marrewijk (2003), also stated that corporate sustainability reporting and CSR reporting are synonyms. Daub (2007) explains that a sustainability report is one that contains both qualitative and quantitative information on how the company has managed to improve its economic, social and environmental effectiveness and efficiency.

2.5.1 Reporting of Social and Environmental Impacts

The reporting of social and environmental impact by businesses first received considerable interest from academics and managers in the 1970s (Kolk, 2005). This phenomenon lasted less than a decade as it faded away in the early 1980s (Kolk, 2005). The accountability of businesses on social and environmental issues became less important as a result of attention being shifted to economy and market-oriented policies due to global recession and unemployment (Kolk, 2005). The disclosure of social and environmental information, however, became widespread among companies from the early 1990s after the reporting on non-financial information re-emerged in the late 1980s (Deegan & Unerman, 2011; Kolk, 2005). Deegan and Unerman (2011) also stated that

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the development of social and environmental reporting from the early 1990s might, more accurately, be considered a renaissance of non-financial practices rather than a completely new phenomenon.

The movement of corporate responsibility into business practices was in response to the organization's negative environmental effects, it was also aimed at evaluating the social and economic effects of the organization, on a global scale. (Clayton, Rogerson & Rampedi, 2015).

Over the years, stakeholders have become more interested in how the organization's corporate responsibilities and sustainability initiatives affect the social, environmental and economic developments of communities (O'Riordan, 2004).

Kolk (2005) indicates that social and environmental reporting have grown substantially and taken a form of separate reports. Deegan and Unerman (2011) confirm that the social and environmental disclosures by organisations became extensive as other organisations started separating the detailed social and environmental reports from the annual financial reports. In addition, Krasodomska (2015) writes that the practice of publishing separate social and environmental reports may lead to the belief that company's economic activities are distinct from social and environmental activities, whereas they are inextricable.

Similarly, Golob and Bartlett (2007) and Branco and Rodrigues (2008), highlighted that sustainability reports are considered the main communication tool used by companies to report their CSR activities to the members of the society and to maintain a dialogue with these members.

Companies disclose different items through different medium of communication, and this is as a result of the fact that sustainability reporting is a voluntary rather than a mandatory practice (Siregar & Bachtiar, 2010). According to Buys and van Niekerk (2014), although it is becoming more common for companies to disclose their CSR information, it remains a voluntary effort.

2.6 Integrated Reporting

As a result of the incorporation of the King Code of Governance Principle for South Africa in 2010, King III (now updated to King IV), into the Johannesburg Stock Exchange (JSE) listing

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requirements, South Africa is regarded as a leader in the global movement of integrated reporting. The updated listing rules require all the JSE listed companies to issue integrated report for the financial years starting on or after 1 March 2010 or explain why they are not doing so (Integrated Reporting Committee (IRC) of South Africa, 2011).

In King III (updated to King IV), it is recommended that organizations adopt the integrated reporting as this kind of reporting enables the stakeholders of the organizations to make informed decisions regarding the economic value of the organizations. Integrated reporting also helps in improving the internal awareness of environmental, social and economic issues and how they impact the organization's performance. In general, the integrated reports can be used by the governing structures of the organization to demonstrate how they are ensuring that the organisation is a responsible corporate citizen.

Sustainability reports were considered as disconnected from the financial reports and fail to link the sustainability issues with the core strategy of the organization (Clayton, Rogerson & Rampedi, 2015). In order to find a more effective reporting solution and address the shortcomings that were identified within the sustainability reporting model, the integrated reporting model was introduced (IRCSA, 2011).

The IRC (2011), states that "The integrated report should … have sufficient information to record how the company has both positively and negatively impacted on the economic life of the community in which it operated during the year under review, often categorized as environmental, social and governance issues (ESG). Furthermore, the report should indicate how the board believes that in the coming year it can improve the positive aspects and eradicate or ameliorate the negative aspects".

According to King III (2009), integrated reporting (IR) can be defined as integrated and holistic company's representation of its performance in terms of both sustainability and finance. An Integrated report is a company's report to the stakeholders on the company's activities, performance and strategies that allows the stakeholders to assess the organization ability to create and sustain value, over the short to the long-term. An IR is therefore an integration between the organization's financial, social, environmental and economic information (Integrated Reporting

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Committee (IRC) of South Africa, 2011). This report (IR) places emphasis on incorporating the CSR together with the SR in the annual reports of the organization, to indicate that the organization has done and is planning to do to contribute towards the society's development (KPMG, 2017).

2.7 Sustainability Reporting in the Banking Industry

According to Ofori and Hinson (2007) the concept of CSR remains similar across different industries, irrespective of the varying areas and levels of emphasis being placed on the concept, however, the companies' response to the CSR concept can be unique and influenced by the type of industry, stakeholders' demands, business culture and the size of the business (Ofori and Hinson, 2007). Nyarku and Hinson (2018, p. 23), assert that "most banks are integrating CSR initiatives with their corporate strategies to earn credibility, yet their reporting and disclosures appear to be problematic".

2.7.1 The Nature of CSR activities

Kilic (2016), explains that the banking and finance institutions have previously been excluded from the CSR disclosure studies. This exclusion could be the result of the perception that banks do not play any major role in socially and environmentally disastrous events (Kiliç, Kuzey and Uyar, 2015). Branco and Rodrigues (2006) in disagreement, point out that banking institutions' activities can have the same disastrous impacts that are equally and as environmentally influential as those of companies considered, for example, as polluting the environment. Scholtens (2009) argue that due to the role that banking industry plays in the sustainable development policies and practices of a country, socially-responsible banking is becoming an established notion.

Abu-Baker and Naser (2000), provided empirical evidence on CSRs' reporting practices within Jordanian companies. The study was conducted on 83% (143 companies) which were listed on Amman Financial Market. They examined the category, methods and location of CSR disclosures within the annual reports of the companies in the sample. The findings of the study demonstrated that CSR disclosure of companies in Jordan is mostly directed towards human resource and community involvement and that the disclosure of CSR information in these Jordan companies is very low. They also noted that even though there is a limited number of companies' operating in the Jordan banking sector, these companies were effective in their CSR disclosure responsibilities.

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Khan, Halabi and Samy (2009) conducted a study that was focused on the annual reports of 20 selected banking companies listed on the Dhaka Stock Exchange for the year 2004 and 2005. The study showed that the various banks that were selected for the study disclosed voluntarily their CSR activities with more attention paid to human resources.

Another study was done by Menassa (2010), aimed at identifying the types and quality of CSR information which is disclosed by Lebanese banks. It was found that the Lebanese commercial banks place much importance on the reporting of information relating to human resource and customers and that their reporting of environmental information was weak.

Akano *et al.,* (2013) conducted a study on selected banking companies in Nigeria with a focus on the types of sustainability information disclosed in their annual reports. They found out that these companies focused more on the disclosure of human resources and community involvement with less attention placed on environmental issues, service quality and customer relations.

A study of Jahdi and Gaye (2009) examined ten annual reports, of which six were from Irish banks and the other four from international financial institutions, for the period 1998 to 2001. The study found that none of the social responsibility reports from the Irish banks contained any disclosures about their environmental policies. These results suggested that the Irish banks gave more attention to disclosures about the corporate governance and human resources with community engagement and environmental policies not being reported on frequently. According to Jahdi and Gaye (2009), the limited disclosure on social and environmental information can be attributed to reporting being voluntary.

Hamid (2004) studied the disclosure of CSR information in the Malaysian banks and finance companies' annual reports. In this study, Hamid (2004) found that the disclosure of information relating to product/service seems to be more frequent when compared to the disclosure of environmental and energy, human resources or community-related information.

Douglas *et al.,* (2004) conducted a study that analyses the disclosure of CSR information in the annual reports of six Irish banks and four international financial institutions from 1998 to 2001 and also on the website of six Irish banks in 2002. This study found that the most reported CSR information in the Irish banks annual reports related to governance and human resources, while

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community involvement information was the least reported. The study also found that none of the Irish banks made any disclosure of information relating to the environmental policy.

In a study done by Zéghal and Ahmed (1990) on the disclosure of CSR information by banks and petroleum companies, the study found that human resources information was the most important disclosure category for the annual reports of banks.

A study by Scholten (2009) to provide a framework of assessing CSR within the international banks, UK banks were reported to be amongst the top banks that report more on environmental indicators as compared to other CSR indicators; human resources disclosures were also reported as the most popular CSR disclosure item in the UK companies' annual report (Gray *et al.,* 1995 and 2001).

2.8 CSR disclosure determinants

A number of empirical studies, such as Mohamed Zain (1999), Mohamed Zain and Janggu (2006) and Mohd Ghazali and Weetman (2006) have been conducted with the aim of investigating companies' characteristics that determine their disclosure of CSR activities. These studies found that the key determinants of CSR disclosure are firm's age, size, leverage and financial performance (profitability).

2.8.1 Bank Size

Watts and Zimmerman (1978), maintain that large companies tend to disclose more information about their CSR activities than small companies. They stated that large companies disclose more information due to their public visibility which results in these companies being e,xposed to more pressure and political accountability. Large companies adopt a number of ways such as social responsibility campaigns in the media and government lobbying to reduce or minimize the profits that are reported. The minimization of their reported profits reduces their expected political costs as high-reported profits are associated with monopoly behaviours and are thus likely to lead to adverse political actions (Watts & Zimmerman, 1978).

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This implies that large profitable companies face higher political pressures than smaller and less profitable companies (Mostafa & Elfeky, 2017). Mostafa & Elfeky (2017) stated that large and profitable firms make use of voluntary disclosures, such as CSR disclosures in order to minimize the political pressures and costs which is normally high for these companies. This finding was also supported by Abdel-Fattah (2008) who also argued that larger size companies are more likely to report more on voluntary disclosure information, such as CSR disclosure due to the fact that large companies are exposed to more political attention, therefore, they have more incentives to disclose more voluntary information to reduce the political costs. According to Damak and Ayadi (2004), when compared to smaller companies, large companies are considered to have more stakeholders who are concerned with their CSR activities. These large companies have more resources to successfully implement CSR activities and cover the costs that are associated with the disclosure of these activities (Chavent, Ding, Fu, Stolowy, & Wang (2006). Larger companies are also resourced with skilled employees who help them prepare more developed and detailed CSR reports.

H1: The level of CSR disclosure is expected to increase with the size of the bank.

2.8.2 Bank profitability

A study by Ismail and Chandler (2005) reported that there is a positive relationship between the profitability of a company and its level of CSR disclosure, however, other studies such as that done by Brammer and Pavelin (2008) have reported a negative relationship between a company's profitability and the level of CSR disclosure. According to Belkaoui and Karpik (1989), the positive relationship between the level of CSR disclosure and profitability can be explained by management's understanding of the CSR practices. Amanagement that has the knowledge to make the company profitable are more likely to also have the knowledge and understanding of the company's social responsibility and this results in more disclosure of social and environmental information.

Abdel-Fattah (2008) argued that managers of profitable companies tend to disclose more information as a means to justify their high profits and to mitigate the adverse effects of political costs. In another study, Pirsch *et al.,* (2007) reported that the positive relationship between profitability and CSR disclosure can also be due to the fact that profitable companies have the

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necessary means and resources to successfully report more CSR information when compared to less profitable companies which lack the necessary means. Companies that are less profitable and with less economic resources are likely to focus on activities that have direct effect on the company's profitability rather than placing its focus and limited resources on the reporting of CSR activities (Roberts, 1992). Similar to the argument made by Prisch *et al.,* (2007), profitable companies tend to undertake more CSR activities as they have enough resources to do so and they are, therefore, more likely to disclose more CSR information.

H2: The level of CSR disclosure is expected to increase with the profitability of the bank.

2.8.3 Bank age

Owusu-Ansah (1998), explains that the extent of the company's CSR disclosure can also be influenced by its age; explaining that there are three factors that contribute to this phenomenon. Firstly, young companies lack a good track record that can be relied upon for CSR disclosure. Secondly, the cost of gathering, processing and disseminating CSR information is prohibitively high for young companies, and lastly, young companies suffer competitions and therefore pay less attention to the disclosure of CSR information. Menassa (2010) argued that older banks disclose their CSR activities as a means of strengthening their reputation. This is consistent with the legitimacy theory hypothesis which states that companies undertake and report CSR activities in order to legitimize their operations within the communities where they operate. As pointed out by Baccouche, Erraies and Mzoughi, (2010), older firms disclose more CSR information because of their operational and reporting experiences. This experience helps these firms to identify the activities necessary for survival and to safeguard their reputations.

Cabagnols and Le Bas (2006) however, stated that the younger firms are the ones that need to be engaged in more social and environmental activities than older firms as CSR is considered a contemporary phenomenon as the CSR concept also appear to be in its young stage. According to Mathews (1997), CSR's origin can only be traced back to the early 1970s when the users of accounting information began demanding more relating to the impacts of the firms' activities on

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the society rather than only information relating to economic activities (Khan *et al.,* 2009). In this regard, this study expects a positive association between age and CSR reporting.

H3: The level of CSR disclosure is expected to increase with the age of the bank.

2.8.4 Bank leverage

In previous studies, such as that of Oxibar (2005) and Branco & Rodrigues (2008) a company's leverage was considered as one of the characteristics that have an impact on the level of CSR disclosure. A number of studies, including Cormier and Magnan (1999) and Oxibar (2005) have reported that highly-leveraged companies have limited CSR activities, thus, report less information on these activities. Highly leveraged companies prefer accounting policies that will likely increase their earning and they, thus, limit spending on CSR activities as this may lead to a decline in their reported earnings (Oxibar, 2005). This can be considered as one of the reasons highly-leveraged companies tend to undertake less CSR activities and, relatively, report less on such activities. Similar findings were reported by Branco and Rodrigues (2008) who reported that there is a statistically significantly positive relationship between the company's leverage and CSR disclosures, which means that the companies with higher level of leverage tend to report less information on the CSR information.

On the other hand, Roberts (1992), Ahmed and Nicholls (1994) and Jennifer Ho and Taylor (2007) reported that companies that are highly-leveraged tend to undertake more CSR activities in order to meet the expectations of their creditors regarding their social impacts on the surrounding communities and the environment. Jensen and Meckling (1976), contend that companies that are highly leveraged face monitoring problems that originate from their shareholders and creditors. As a result of these monitoring problems, these companies tend to undertake more CSR activities and disclosure as a means of reducing these problems. This study expects that banks' CSR information disclosure will not be affected by the level of the bank's leverage due to the considerable attention being placed on CSR disclosure, over the years.

H4: The level of CSR disclosure is expected not to be affected by the level of the bank's leverage.

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2.8.5 The size of the banks' board

The agency theory considers the size of the board as a potential corporate governance variable that monitors the performance of the company's management (Greco, 2013). The agency theory suggests that undertaking disclosure of CSR information helps to reduce the agency cost, especially, in times of crisis and regulatory changes, by undertaking more socially responsible activities (Sadou, Alom & Laluddin, 2017). According to Healy and Palepa (2001), the nomination of board of directors who act on behalf of investors is an efficient technique that controls the agency problem and affects what managers voluntary disclosure. Various studies, such as those of Esa and Mohd Ghazali (2012), Siregar and Bachtiar (2010) and Jensen (1993) have investigated the impact of board size on the level of CSR disclosure and their findings are that, the level of CSR activities and disclosure increase with board size. This implies that companies with big boards, undertake more CSR activities and disclosure because of their increased information-processing capabilities which, thus, promote a more effective decision-making in the company. Companies with larger board sizes tend to engage in more social activities as a result of the members' different backgrounds and ideas (Haji, 2013). Esa and Ghazali (2012) argued that large boards are equipped with a variety of experience and ideas which result in a better incorporation of social activities in their reporting.

Halme and Huse (1997) note that a high level of environmental attention can be expected from a companies with a large board size as a result of a broader range of directors and stakeholders represented. In their study, Halme and Huse (1997) reported a positive and significant relationship between the voluntary corporate disclosure and the size of the board within South African firms. The finding on the positive association between the size of the board and the voluntary corporate disclosure was also supported by Ntim, Opong, Danbolt, and Thomas (2012) and Hussainey and Al-Najjar (2011) who reported that the size of the board can be considered as a significant determinant of voluntary corporate disclosure.

On the other hand, Al-Moataz and Lakhal (2012) reported that there is no significant relationship between the corporate governance practices and board size. A larger board size is likely to be associated with a broad range of directors, variety of experience and ideas relating to CSR; this is likely to result in more disclosure of CSR information.

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H5: The level of CSR disclosure is expected to increase with the size of the bank's board.

2.8.6 Bank Ownership Concentration

Ownership concentration can be referred to as a situation where the corporate ownership of the company is in the hands of a few individuals (Mohd *et al*., (2006). In a company where the issued share capital is widely held, there is a high probability that some shares of the company will be held by the public at large, hence, the issue of public accountability is very important to such a company (Mohd, 2007).

Previous studies such as those of Haniffa and Cooke (2002) and Mohd Ghazali and Weetman (2006) have reported that the company's ownership structure has a positive influence on its CSR disclosure. Other studies, such as those of Amran and Devi (2008) and Abdullah *et al.,* (2011), however, have found no relationship between the ownership structure and the level of CSR disclosure.

The agency theory suggests that companies that are widely held may face greater conflicts arising from the agency-principal relationship (Fama & Jensen, 1983). Mohd Ghazali (2007: 255) argued that "when a company is widely held the issue of public accountability may become more important because there is a greater chance that these companies are being held by the public at large". To mitigate these conflicts, these companies tend to provide additional voluntary disclosures in their annual reports avert attention they may receive from their numerous shareholders, thus, they may seem accountable. On the other hand, companies that are closely held find it easier to provide less disclosure of voluntary information in their annual reports as they are likely to be less accountable to the general public. In line with the findings of the study done by Mohd Ghazali (2007) who reported that there is a positive significant association between the extent of CSR disclosure and the ownership concentration, it is anticipated that there is a positive association between CSR disclosure and ownership concentration. This is because banks that are widely held tend to face more public accountability issue when compared to those banks that are held by few people.

H6: The ownership concentration of the bank's shareholding is expected to have a positive effect on the level of CSR disclosure

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2.9 CSR disclosure Medium

Usually, companies make use of annual reports or separate social reports such as CSR sustainability reports to inform their stakeholders about their CSR activities. In their discussion, Branco and Rodrigues (2006), suggested that the medium of information disclosure relating to CSR is dependent on the audience that is being targeted by the company. Their study looked at social responsibility information relating to four categories - employees, environment, products and community involvement. The findings of their study suggested that the medium of information disclosure, by Portuguese banks was highly dependent on the targeted audience, secondly, that the banks that enjoy higher consumer visibility are more concerned with improving their corporate image through social responsibility disclosure.

Vilar and Simao (2015), state that banking companies that operate in developed economies, disclose more details of social responsibility information on their websites when compared to banking companies in less-developed economies. Their study, hence, revealed that CSR information communication through banks' website by top banking institutions was poor, in a developing country like Ghana.

Kiliç (2016) writes that numerous channels of communication, such as annual reports, separate CSR reports, billboards, brochures and the internet, can be used to facilitate the communication of CSR information. Companies, however, are taking the internet as a key communication tool for CSR reporting because it allows them to present CSR information on time and cheaply, as compared to other media of communication (Ozdora-Aksak & Atakan-Duman, 2015 and Wanderley, Lucian, Farache, and Filho, 2008). Both South African and Nigerian companies appear to report more of their CSR information through their integrated annual reports which is in line with the JSE listing requirement and the King IV code of corporate governance.

2.10 Summary of the Chapter

This chapter provided the available literature on the concept of CSR in general and within the context of the banking industry. The chapter provided a definition of CSR based on the available literatures and further highlighted the need of CSR within the banking industry. The chapter also

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provided a review of specific theoretical framework supporting the research questions posed in this study. The discussions focused on two main theoretical frameworks, namely, stakeholder and legitimacy theories, that were used to explain the disclosure of CSR information by companies. Various banks' characteristics, from studies conducted within the subject of CSR disclosure, were presented. These included characteristics, such as the age, size, profitability levels, leverage, board size and ownership concentration.

Chapter 3 will outline the methodology which was adopted for this study. This will be in terms of data sources, data collection methods and the analysis of such data.

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CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology followed in conducting the current study. Research methodology refers to the specific procedures and techniques that are used to identify, select, process, and analyze information relating to the research a topic (Wilkinson, 2000). The chapter presents the study design together with the data analysis method, the target population, sampling technique and the data collection method used in the study.

3.2 Research Design

In order to successfully achieve the outcome of a study, a detailed research plan should be put forward to provide a structure that will keep the study in focus (Leedy & Ormrod, 1980). This will require a research design to be in place to achieve the aims and objective of the study. A research design provides an overall plan for collecting data, analyzing data and reporting the results (Clark & Creswell, 2010:9).

The current study is an empirical study that will analyze the existing textual and numerical data which will be discussed later in this chapter. An empirical study involves the collection and analysis of data which may be in a quantitative and qualitative form and collected from either a primary or secondary source (Veal, 2011: 39). Primarily, the current study will be a quantitative study, hence, the objectives were achieved through an analysis of quantitative data.

This study is descriptive in nature. According to Mouton (2001), descriptive studies provide evidences of significant and interesting patterns in new and existing data, or new trends in existing or new data. Veal (2011) stated that descriptive research aims at finding out what is taking place. The primary purpose of descriptive studies is to analyze the developing trends and the current situations. The current study will determine the current situation of South African banks' CSR disclosure in comparison with Nigerian and the United Kingdom's banking institutions. The study will also provide information on banks' characteristics that can be used to determine the levels of CSR disclosure of South African, United Kingdom and Nigerian banks.

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To achieve the aim of this study, a content analysis research design and the descriptive quantitative research design were utilised.

3.2.1. Content Analysis

The main research design for collecting empirical evidence for this study is the content analysis. Content analysis research design requires a thoughtful handling of what is being communicated (Babbie, 2008). Hsieh and Shannon (2005: 1278) described content analysis as “a research method for the subjective interpretation of the content of text and narrative data through the systematic classification process of coding and identifying themes or patterns”. According to Beattie (2005), content analysis is one of the methods that have become widely used when evaluating the extent of disclosure in corporate reporting, in listed companies’ annual reports. Guthrie and Abeysekera (2006) described content analysis as a technique used for gathering data that is contained in texts, such as annual reports, which also involves codifying quantitative and qualitative information in pre-determined categories to derive patterns in the reporting of information.

Bowman (1984) indicated that analyzing the content of companies’ annual reports can be an adequate source of data on industries and on individual companies. Content analysis technique can be applied to non-statistical material data and allows for analysis of such data into a statistical material. According to Finn, Elliot-White & Walton (2000), content analysis approach is a quantitative data analysis method that allows for the analysis of secondary quantitative and qualitative data. Content analysis approach, therefore, allows for quantitative and qualitative analysis of secondary data with a descriptive approach, and it is for this reason this approach was chosen for this study.

A disclosure index will be used to assess and compare the differences in the level and depth of the CSR disclosure in the annual integrated reports. Coy (1995) described the disclosure index as a research instrument that comprise of a series of pre-selected items which, when scored, provide a reasonable measure that indicates the level of disclosure in the specific context to which the index was applied. This study applied a disclosure index adopted from Branco and Rodrigues (2006).

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3.2.2. Regression analysis

Quantitative research design allows a researcher to determine the relationship between dependent and independent variables (Hopkins, 2008). According to Kothari (2004), quantitative research is concerned with the measurement of quantity or amounts. This research design is utilized in studies where the nature of the data used is numerical. The current study utilized quantitative variables to investigate the relationship between banks' characteristics and their CSR disclosure. In the process of establishing the relationship between the dependent and independent variables, this design has the advantage of using a set of variables as control variable. A quantitative research design, thus, was deemed to be the most appropriate to satisfy the research objectives relating to CSR disclosure determinants.

3.3 The Study Population

The population of a study can be defined as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study (Burns & Grove, 1993). These elements comprise of the entire group that is of particular interest to a researcher and to whom the results of the research can be generalized. The eligibility criteria specify certain characteristic that companies in the population are required to possess for them to be included in the study (Polit and Hungler, 1999). According to Zigmund (2003), the population of the study is the total group of companies that possess the same set of characteristics.

In the case of content analysis part of the study, the population will consists of all banks that are listed on the stock exchange of the following countries: South African (6 banks), Nigeria (15 banks) and the United Kingdom (36 banks) and this means that the total population of this study are 57 banks that are listed across the three stock exchanges.

In the investigation of key determinants of CSR disclosures by the banking institutions in South Africa and Nigeria, the population was all the companies that have a registered banking license, classified as banking institutions, and that are operating in South Africa (12) and Nigeria (15), this means that the total population of this study for regression analysis was the 27 banks that are listed on the Johannesburg and Nigerian stock exchange.

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3.4 Research Sample

According to Trochim (2006:1), sampling is defined as "a process of selecting representative units from a population of interest so that by studying the sample a fair generalization of the results can be made about the population from which they were chosen". Sampling is a statistical process for selecting a sample from a population of interest, for the purpose of making observations and statistical inferences about the respective population. Taherdoost (2016), adds that sampling techniques are grouped in two broad categories: probability/random sampling and nonprobability/non-random sampling methods.

In terms of probability sampling, every unit within the population has a chance of being selected to be part of the sample (Zikmund, 2002). This sampling technique includes methods, such as: simple random sampling, systematic sampling, stratified sampling, cluster sampling, matchedpairs sampling, multi-stage sampling. On the other hand, non-probability sampling is a technique in which some units in the population have a zero chance of selection or the probability of selection cannot be determine accurately (Yin, 2003). This sampling techniques includes methods, such as convenience sampling, quota sampling, expert sampling and snowball sampling (Tahedoost, 2016).

3.4.1. Content analysis

The sample of the study will be obtained using a quota sampling method. Quota sampling is a sampling method which gathers representative data from a group (Saunders, Lewis, & Thornhill, 2012). This sampling method is a non-probability sampling technique which ensures that the sample group possesses the characteristics of the population chosen by the researcher (Bryman, Bell, Hirschsohn, dos Santos, du Toit & Masenge, 2014). With this sampling method, the population of the study will be divided into exclusive subgroups according to specific character, traits or focused phenomenon.

The quota sampling is appropriate for this study as the selection will be non-random because the selection is based on two characteristics - listing on the stock exchange and market capitalization. The sample of the study will be the top 5 banking companies ranked according to market capitalization and are listed on the Johannesburg Stock Exchange Limited (JSE), Nigerian Stock

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Exchange (NSE) and the London Stock Exchange (LSE) as at December 2017. Guthrie, Petty and Ricceri (2006) suggest that top companies are more likely to be progressive and innovative as they have enough financial resources to enable them to undertake reporting on sustainability.

The sample of the study will be 15 (Table 1 below) listed banking institutions from two developing countries (South Africa and Nigeria) and one developed country (United Kingdom). Kolk (2003) maintains that publicly-listed companies are more likely to disclose their sustainability information as they are under public scrutiny and due to their position in the market.

Table 1: Content analysis Sample

This table presents the sample of 15 banks selected for the content analysis of the data for the study.

Banks	Country
FirstRand Limited	South Africa
Standard Bank Limited	South Africa
Barclays Africa Group Limited	South Africa
Capitec Bank Holdings Limited	South Africa
Investec Bank Limited	South Africa
Guaranty Trust Bank PLC	Nigeria
FBN Holdings PLC	Nigeria
Zenith International Bank PLC	Nigeria
Access Bank PLC	Nigeria
United Bank for Africa PLC	Nigeria
HSBC Holdings PLC	United Kingdom
Lloyds Banking Group PLC	United Kingdom
Barclays PLC	United Kingdom
Royal Bank of Scotland Group PLC	United Kingdom
Standard Chartered PLC	United Kingdom

3.4.2. Regression analysis

Convenience sampling technique was used to select a sample that was used for the regression analysis. Struwig and Stead (2001) described this technique as a sampling technique that chooses the sample based on availability. This technique is a non-probability sampling technique where the

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population subjects are selected based researcher's access and proximity to the subject. A convenience sample was drawn from the list of banking institutions that are operating and listed in the stock exchanges in South Africa and Nigeria. This sample was based on the availability of the integrated reports that are published by these banking institutions since these reports of listed companies are available on the companies' websites.

This study examined the annual reports from the banking institutions that have been sampled from the period between 2010 and 2018. Annual reports from this period were selected as a sample due to several reasons:

- Firstly, the 2010 was selected due to the fact that the King III report that recommended that the integrated reporting should be issued in place of annual financial reports and a separate one on sustainability, was issued in 2009.
- Secondly, the annual reports year-end 2018 were the latest annual reports available at the time of data collection.
- Thirdly, annual reports from these eight years were selected in order to compare whether the same independent variables had the similar effects over the eight years (Abd Ghaffar *et al.,* 2004).

Table 2 : Empirical Analysis Sample

This table presents the 19 banks that have been selected for the empirical analysis for the study.

List of Banks	
South African	**Nigerian**
1. Barclays Group Limited	**1.** Access Bank
2. Bidvest Bank Limited	**2.** Diamond Bank
3. Capitec Bank Limited	**3.** Ecobank
4. FirstRand Bank Limited	**4.** First City Monument Bank
5. Grindrod Bank Limited	**5.** First Bank of Nigeria

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6. Investec Bank Limited	**6.** Guaranty Trust Bank
7. Nedbank Limited	**7.** Stanbic IBTC Bank
8. Sasfin Bank Limited	**8.** Union Bank
9. The Standard Bank of South Africa Limited	**9.** United Bank
	10. Wema Bank

3.3 Data Collection

The study used secondary data that was collected from the companies' integrated reports. Belal (2000) points out that companies consider the integrated annual reports as a major means of communication that can be used to pass information to their stakeholders. In the past, companies used to report their CSR information in separate social and sustainability report, however, starting from 2010, this has changed as companies are currently making use of the integrated reports which includes both the social and sustainability information together with the financial information in one report. The study will not consider CSR information that is published on the banks' corporate websites and in separate sustainability and social responsibility reports. This is due to the fact that information that is reported on company's websites and with separate social and sustainability reports do not hold the same degree of reliability as the information reported on the annual reports (Dawkins & Ngunjiri, 2008).

The integrated reports that are published by listed companies are generally reliable as they are complied with certain frameworks and regulations, such as GRI, IFRS and GAAP that are considered in their preparations. These reports are also audited which enhances the quality of the information they provide, therefore, enhancing the quality of data used in this study. The use of annual reports as a means of data collection is also consistent with other previous studies, such as Guthrie and Parker (1990), Khan *et al.* (2011), Johnson-Rokosu and Olanrewaju (2016) and Charoun, Matoussi and Mbirki (2017) amongst others.

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The integrated reports of the companies were downloaded from their websites. Relevant sections of the downloaded reports were printed and filed while the soft copies of the entire report were saved and kept safe in an external hard drive.

Various disclosure indices have been used to measure the CSR disclosure in previous studies. This study adopted the CSR disclosure index used by Branco and Rodrigues (2008). This disclosure index was adopted from Branco and Rodrigues (2006) and consisted of 23 items that are grouped in four categories, namely, community involvement, human resources, product and customers' relations and the environment. This disclosure index was applied on the integrated reports of the sample banking institutions in order to analyze the nature and level of CSR disclosure on these banking institutions. The study focused on the information that is disclosed in the integrated reports which relates to CSR items that are included in the disclosure index. The disclosure of the CSR item in the integrated report of the company will be scored as '1' and the non-disclosure of CSR item will be scored as a '0'. This disclosure index has also been used in various CSR disclosure studies including that of Charoun, Matoussi and Mbirki (2017), Lipunga, 2013, Akano *et al.*, 2013 and Menassa, 2013. The disclosure index (Table 3 below) was also chosen to ease the comparison of CSR practices between South African banks' CSR reporting and those of Nigerian and United Kingdom banks.

Table 3: Disclosure Index

This table presents the 23 items of the disclosure index used for content analysis in this study

Community Involvement Disclosures	**Human Resources Disclosures**
1. Charitable donations and activities 2. Support of education 3. Support for arts and culture 4. Support for public health 5. Sponsoring sporting or recreational projects	1. Employee health and safety 2. Employment of minorities and women 3. Employee training 4. Employee assistance/benefits 5. Employee remuneration 6. Employee profiles 7. Employee share purchase schemes 8. Employee morale 9. Industrial relations
Product and Consumer Relations Disclosures	**Environmental Disclosure**
1. Product quality 2. Customer complaints/satisfaction 3. Provision for disabled, aged, and difficult-toreach customers	1. Environmental policies or company concern for the environment 2. Environmental management, systems and audit

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	3. Lending and investment policies 4. Conservation of natural resources and recycling activities 5. Sustainability 6. Conservation of energy in the conduct of business operations

Source: (Branco & Rodrigues, 2006)

3.4. Description of Research Variables

This section presents a discussion and measurement of both the dependent and independent variables utilized in this study.

3.4.1. Measurement of the dependent variables

Zikmund (2003) described a dependent variable as those that are being predicted or explained. The dependent variable of this study is - the level of voluntary CSR disclosure in the South African, Nigerian and United Kingdom banks' integrated reports. This variable was measured through the content analysis of these banks' annual reports.

Several measurement units have been used in previous studies on CSR disclosure. These measurement units includes words, pages and sentences. Similar to the study done by Baccouche (2010), this study chose the sentence as a unit of measure. This unit of measure is also considered to be the most appropriate instrument of measure regarding the level of CSR disclosure (Unerman, 2000; Menassa, 2010; and Menassa and Brodhäcker, 2015).

To ensure that the coding process is reliable, the aspects of the four categories of the CSR disclosure index will be identified and defined in the following manner (Giannarakis, 2014):

- Disclosure will be classified as community category if it contains, primarily, information relating to socially-oriented activities that are beneficial to the general public.
- Disclosure will be classified as human resource category if the sentence contains, primarily, information relating to socially-oriented activities that are beneficial to employees.

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- Disclosure will be classified as products and customers aspects if the sentence contains, primarily, information relating to socially-oriented activities that are beneficial to their customers.
- Disclosure will be classified as an environmental aspect if the sentence contains, primarily, information relating to socially-oriented activities that are directed toward preventing or alleviating environmental deterioration.

The disclosure of CSR items in the annual report of the company will be scored as '1' and the nondisclosure of CSR item will be scored as a '0'. The scores will be added at the end of the analysis and each bank can earn up to 23 points if all the CSR items are disclosed in that particular year.

3.4.2. Measurement of the independent variables.

Independent variables can be described as those predicted to have an influence on the dependent variable (Powell, 2013). The table below (Table 4) presents the summary of the independent variables and their measurement instruments. The data for this variable were collected from the bank's integrated reports.

Table 4: Independent variables measurement

Abbreviated name	Variable full name	Variable description	Source
BNKSIZE	Bank Size	Natural logarithm of book value of total assets	Rahman, Zain and Al-Haj (2011)
BNKAGE	Bank's Age	Number of the operating years since the setting up of the business	Hossain and Reaz (2007)
ROE	Profitability	Return on Equity – Net Income/Equity	Menassa and Brodhäcker (2015)
LEV	Leverage	The ratio of total liabilities to total assets	Khemir and Baccouche (2010)
BRDSZ	Board Size	The total number of directors on the board	Alotaibi and Hussainey (2016)
OWNCON	Ownership Concentration	Total shareholding held by shareholders holding more than 5% of shares issued	Sadou, Alom & Laluddin, 2017

3.5. Data Analysis

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The data for the investigation of the CSR determinants was collected from the company's integrated reports. The data were then arranged into three panel data sets which were South African banks, Nigerian banks and full sample. The full sample panel was made up of a combination of the other two panels. According to Koop (2009), 'panel data' refers to the set of data that have both the cross-sectional and time series components. In panel data, the observations are pooled on a cross-chapter of subjects over a period of time (Baltagi, 2009). This implies that the subjects are observed over a repeated period of time. Panel data can either be balanced or unbalanced. A panel data without any missing observations is described as a 'balanced data set' while a panel data that contains missing observations are described as an 'unbalanced data set'. The current study had three sets of panel data: the combined South Africa and Nigeria, South African banks and Nigerian banks (the African banks represented by South Africa and Nigeria). The South African panel data set in this study met the definition of a balanced panel data set as all the South African banks published their integrated reports in each year over the period of the study, however, the Nigerian panel data set was unbalanced due to the fact that one bank was acquired by another bank and as a results the data for this banks was not available; no bank had missing observations over the period of the study. The total observations were 72, 80 and 152 across the South African, Nigerian and full sample, respectively, that were included in the data set.

3.6 Model specification

The regression model for the current study is specified as follows:

$$CSRDIS_AR = \alpha + \beta_1 BNKSIZE_{it} + \beta_2 BANKAGE_{it} + \beta_3 ROE_{it} + \beta_4 LEV_{it} + \beta_5 BSIZE_{it} + \beta_6 OWNCON_{it} + u_{it}$$

Where $\beta_1 BNKSIZE$ represent bank size, $\beta_2 BANKAGE$ represent bank age, $\beta_3 ROE$ represent return on equity, $\beta_4 LEV$ represent the bank's leverage, $\beta_5 BSIZE$ represent board size, $\beta_6 OWNCON$ represents ownership concentration, α denotes constant term, t denotes time period (years) and u denotes composite error term.

The two possible estimators that can be used to fit this model are the 'fixed effects' and 'random effects' models.

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3.5.1. Fixed Effects Model (FEM)

The fixed-effects model was estimated as means to overcome the heterogeneity denied among the cross-sections. The fixed-effect model allows for the cross sections to have their own intercept, where the unique attributes of the cross-sections are revealed (Gujarati, 2011). This implies that this model allows for individuality and heterogeneity among the cross-sections of the data. The specifications of this model provide for the ability to differentiate between the different banks included in the analysis, this is in contrast to the pooled OLS model. The fixed-effect model analyses the association between the dependent and independent variable within the cross-section, whereby each independent is considered to have its own individual characteristics which may or may not influence the dependent variable (Brooks, 2014).

The linear equation for the fixed-effects model can be stated as follows:

$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 Xi3t \ldots \beta_6 X_{6it} + u_{it}$ where Y_{it} denotes the dependent variable, β_1 to β_6 denotes the coefficients of the independent variable, X_1 to X_6 denotes the independent variable and i denotes the intercepts values for each cross section

3.5.2. Random Effects Model (REM)

The random-effect model assumes that each variable, within the model have different intercepts (Brooks, 2014). This model also assumes the same relationship between the dependent and independent variables, which is both cross-sectional and temporary (Gujarati, 2004). In contrast with the fixed-effect model, the random-effect model assumes that the cross-sections have the same intercept. In the random-effect model, each cross-sectional unit intercept is deemed to exist from a mutual intercept, in addition to the random variable that varies by cross-sections but yet remains constant.

The linear model for the random effect model can be stated as follows:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 Xi3t \ldots \beta_6 X_{6it} + W_{it}$$

where Y_{it} denotes the dependent variable, β_1 to β_6 denotes the coefficients of the independent variable, X_1 to X_6 denotes the independent variable, W_{it} denotes the

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composite error term (showing random variation between the individual intercept value and the average intercept value)

3.5.3. Test for the Appropriate Model

The Hausman test was performed to evaluate the appropriateness of the fixed-effects model and the random-effect model. Based on the results of the Hausman test, the most appropriate model was then selected. The Hausman test was performed with the aim of determining which model demonstrate bias of the fixed effects and the random-effects model. Under this model, a statistically significant p-value (less than 5%) indicate that the null hypothesis will be rejected. These results would indicate that to analyze the data at hand, the random effects model is the most appropriate model, however, the statistically insignificant p-value (more than 5%) indicates that the null hypothesis would not be rejected and that the fixed-effects model is the most appropriate model to analyses the data at hand, in order to achieve the objectives of the study.

The Hausman test was performed according to the following hypothesis:

H_0: Random effects are correlated
H_1: Random effects are not correlated

3.5.4. Empirical Process

The regression analysis part of the study was done using the STATA 15 statistical analysis software. The following steps were followed:

1. The model to be estimated was the fixed-effect model and the estimation output of this model were viewed and stored.
2. The random-effect model was estimated, and the output of this model was also viewed and stored.
3. The Hausman test was performed to evaluate the appropriateness of the random effects model and fixed effects model using STATA 15 statistical software.
4. The chosen estimator was then used to estimate the study's regression model.

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3.5. Summary of the Chapter

This section provided details on the population of the study which is made up of the banking institutions that are listed on three different stock exchanges, namely, the JSE, LSE and NSE, and the sample of this study which were the top five banking institution from each of on those stock exchanges. The section also highlighted that the study will make use of secondary data which will be collected from the annual reports of the selected companies, over a five years period. This data were collected and analyzed through content analysis.

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CHAPTER 4: DATA ANALYSIS AND PRESENTATION

4.1. Introduction

This chapter presents the findings from the analysis of the data collected and the interpretation thereof. The chapter first presents the results and a discussion of the content analysis. This is followed by the presentation and discussion of the regression results. The results from both the content and regression analysis were also linked to the hypotheses that were established in chapter 2.

4.2. Content Analysis

Content analysis method was used to measure the CSR disclosure information of banks. Table 5 below presents the results of the content analysis of the current study.

Table 5: Content Analysis Results

This table presents the summary statistics from the content analysis of the integrated reports of the selected 5 South African banks, 5 Nigerian banks and 5 United Kingdom banks that are listed on the Johannesburg, Nigerian and London Stock Exchanges, respectively, for the years 2014 to 2018. The sample was made up of banks that were listed on the stock exchange and ranked in terms of the market capitalization as of 31 December 2017. The content analysis data was collected and categorized in four categories, namely, Community Involvement, Human Resources, Products and Customers and Environmental. **Points earned** represent the number of points obtained by the banks out of the maximum points of 25. **Percentage represent** the percentage of points earned out of the maximum points of 25. **Combined average** represents the average percentage of points earned over a period of five years.

Year		2014	2015	2016	2017	2018	Combined Average[3]
CSR Category I : Community Involvement							
South Africa	***Points Earned[1]***	15	15	11	17	17	**60%**
	Percentage[2]	**60%**	**60%**	**44%**	**68%**	**68%**	
Nigerian	***Points Earned***	19	22	22	22	22	**86%**
	Percentage	**76%**	**88%**	**88%**	**88%**	**88%**	
United Kingdom	***Points Earned***	13	12	13	16	16	**56%**
	Percentage	**52%**	**48%**	**52%**	**64%**	**64%**	
CSR Category II : Human Resources							
South Africa	***Points Earned***	43	40	36	42	41	**90%**

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	Percentage	**96%**	**89%**	**80%**	**93%**	**91%**	
Nigerian	***Points Earned***	24	27	28	31	35	**64%**
	Percentage	**53%**	**60%**	**62%**	**69%**	**78%**	
United Kingdom	***Points Earned***	40	43	41	43	43	**93%**
	Percentage	**89%**	**96%**	**91%**	**96%**	**96%**	
CSR Category III : Product and Customers							
South Africa	***Points Earned***	14	14	11	11	11	**81%**
	Percentage	**93%**	**93%**	**73%**	**73%**	**73%**	
Nigerian	***Points Earned***	13	13	13	14	14	**89%**
	Percentage	**87%**	**87%**	**87%**	**93%**	**93%**	
United Kingdom	***Points Earned***	12	12	12	14	13	**84%**
	Percentage	**80%**	**80%**	**80%**	**93%**	**87%**	
CSR Category IV : Environmental							
South Africa	***Points Earned***	26	21	25	25	29	**84%**
	Percentage	**87%**	**70%**	**83%**	**83%**	**97%**	
Nigerian	***Points Earned***	20	27	27	27	26	**85%**
	Percentage	**67%**	**90%**	**90%**	**90%**	**87%**	
United Kingdom	***Points Earned***	26	23	24	26	27	**84%**
	Percentage	**87%**	**77%**	**80%**	**87%**	**90%**	

South African banks sampled in this study disclosed information in all the categories of CSR disclosure with the main part of information reported relating to human resource disclosure. A combined average of 90% was achieved in the human resource over the five years period while the other categories obtained the following averages: environmental disclosures (84%), product and customers disclosures (81%), and then community involvement disclosures (60%).

Nigerian banks also disclosed information relating to all the categories that were being considered in this study. More attention appear to have been placed on product and customers, community involvement and environmental information disclosure as this category obtained average reporting of 89%, 86% and 85%, respectively, over the period of the study. The other category (human

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resource) performed poorly when compared to other categories and obtained the reporting average of 64%.

Similar to South African and Nigerian banks, United Kingdom banks also reported information relating to all the categories of sustainability activities that were being considered for this study. These banks appear to place more attention on the disclosure of sustainability information relating to human resource, product and customers and the environment. These three categories obtained the following reporting average of 93%, 84% and 84%, respectively, over the period of the study. The category that received less attention over the period of the study, in terms of information disclosure was community involvement with an average of 56% of information disclosure.

4.2.1. Community Involvement

This area of sustainability reporting appeared to be the least popular area of disclosure for South African banks. With an average of 86% over the five years period, the Nigerian banks are the ones that report more on the community involvement information than the other countries - South African banks (60%) and United Kingdom banks (56%). The findings of this study are in contradiction with the findings of a study done by Dawkins and Ngunjiri (2008) that reported that South African companies listed on the JSE report more on community involvement than any other areas of CSRR. In this study South African companies indicated 91% of community involvement disclosure in their CSRR in comparison with 76% obtained by fortune global 100 companies. These results imply that the reporting of CSR information by the banking institutions is different from the reporting done by the companies in other industries since the study done by Dawkins and Ngunjiri (2008) focused on the 100 largest companies (operating in both financial and nonfinancial institutions) listed on the JSE with the majority of the sampled companies being nonfinancial institution. The findings of this study are in support of the findings from a study done by Amaeshi, Adi, Ogbechie and Amao (2006) where it was reported that Nigerian companies place more emphasis on information relating to community involvement than any other areas of CSR.

Irrespective of the huge difference in the averages obtained in these countries, all the banks in the three countries appear to place more support on education and charitable donations, as these areas obtained the majority of percentage reporting within this category, over the period of the study.

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4.2.2. Human Resources

Unlike the community involvement, South African banks appear to favor this category of sustainability reporting more than the other categories, and although United Kingdom banks reported more than the other countries in this category with an average of 93%, South African banks came close with a 90% average, while Nigerian banks obtained a lower average of 64%. These results imply that the reporting on human resources CSR information in South Africa, is similar to the reporting in the United Kingdom. These results are in support of the findings from a study done by Dawkins and Ngunjiri (2008), where it was reported that South African companies listed on JSE obtained 90% and 91% on the disclosure of employee relations and diversity, respectively. This also means that banking institutions report their human resources information at the same level as the non-banking institutions, however, the results of this study contradict the findings of Brammer and Pavelin (2004) on UK banks who obtained a lower percentage of 11.1% in the disclosure on employees' health and safety information, in their reports. Another study done by Amaeshi, *et al.,* (2006), indicated that Nigerian companies pay less attention to the disclosure of information relating to social responsibility to employees.

In all the three countries, the disclosure of information relating to employee's morale, remunerations, health and safety, profiles and employment of minorities and women appears to be the most preferred sustainability information disclosure by banks in this category.

4.2.3. Product and Customers

The reporting of information relating to product and customers appears to be fairly well presented in all the three countries. All the three countries obtained an average score which is above 80% but below 90%, with Nigerian banks performing better than the other countries by obtaining an average of 89%, followed by United Kingdom banks with 84% and then South African banks with 81%. These results imply that the three countries pay the same amount of attention to the disclosure of CSR information relating to product and customers. These findings are in contradiction to that of the study done by Amaeshi, *et al.,* (2006), where it was reported that Nigerian banks pay much less attention to the disclosure of information relating to socially-responsible products and processes.

The reporting of information to relating product quality and customers' complaints/satisfaction received more attention in both South African and United Kingdom banks, while Nigerian banks

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paid more attention to the disclosure of information relating to provision for the disabled, aged and difficult-to-reach customers.

4.2.4. Environmental

Similar to product and customers' information disclosure, Nigerian banks reported more sustainability information relating to the environment when compared to the other countries. Over the period of the study, Nigerian banks obtained an average of 85% while South African and United Kingdom banks both obtained a reporting average of 84%. When compared to other studies done, such as Lipunga (2013) and Chakroun et *al.,* (2017), in the sampled African banks, these findings imply that the disclosure of CSR information in South Africa is different from that of other African countries such as Malawi and Tunisia. South African banks disclosed more information relating to environmental issue when compared to information on community involvement and product and customers' information.

Average disclosure of information in this category may differ in these countries, although, there appears to be similarities in the type of information being reported by the banks in this category as environmental policies or companies' concern for the environment, conservation of energy in the conduct of business operations and responsible lending appeared to be the most preferred information disclosed.

Irrespective of the difference in the level of CSR disclosure in the four groups of the disclosure index, the overall content analysis results indicate that the level of CSR disclosure between the South African and Nigerian banks appears to be on the same level. These results also indicate that the overall level of CSR disclosure of United Kingdom banks also appears to be no different to that of both South African and Nigerian banks. The next sections will cover the results from the regression analysis based on the various banks' characteristics that are considered as possible determining factors of CSR disclosure.

4.3. Determinants of CSR Disclosure amongst African Banks

This study also examined the relationship between the disclosure of CSR information and a number of bank characteristics (size, age, return on equity, leverage, board size and ownership

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concentration). In order to achieve this objective and explain the variations between the banks' CSR reporting, the sample selected (Table 3) from the South African and Nigerian banks listed on the JSE and LSE, respectively, in the period spanning from 2010 to 2018. Content analysis, was conducted to estimate the CSR disclosure as well as descriptive analyses.

4.4. Descriptive Analysis

In order to get a full understanding of the regression analysis sample data, descriptive statistical analyses were performed on the sample data collected. The data collected was arranged in the following three panels: South African banks, Nigerian banks and the full sample. The regression analysis panel data sample in this study included 9 and 10 banks (Table 2) that are listed and operating in South Africa and Nigeria, respectively. These banks were also combined to form a full sample panel that represent African banks. The annual reports analyzed from these banks were over a period of 9 years, from 2010 to 2018. The observations of this study were 72, 89 and 170 for South African, Nigerian and full sample, respectively. The observations for other variables such as the size of the board and ownership concentration, however, were less that the other variables as a result of banks not reporting this information over various years. The missing information resulted, mainly, from the changes in the annual integrated reports format used by these banks over these years. The descriptive statistics from the three panels are presented in Tables 6, 7 and 8 below.

Table 6: Summary Statistics for the South African Banks

This table presents the summary statistics for the selected 9 South African, 10 Nigerian banks listed on the Johannesburg Stock Exchange and Nigerian Stock Exchange for the years 2010 to 2018. The sample was made up of banks that were continuously listed and which published their integrated reports during this period. The panel dataset was constructed from the data that was drawn from the integrated reports of the sampled banks. All the integrated reports were obtained from the bank's official websites. The variables CSRDIS_AR, Bank Age, Bank Size, Return on Equity, Leverage, Board Size and Ownership Concentration are defined in Table 4. All the variables were winsorised to the 99th percentile using STATA 15 statistical software, in order to eliminate outlier observations and the most extremely mis-recorded data.

Variables	Countries	CSRDIS_AR	Bank Age	Bank Size	Return on Equity	Leverage	Board Size	Ownership Concentration
Obs	South Africa	72	72	72	72	72	68	57

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	Nigeria	89	89	89	89	89	89	89
	Full sample	170	170	170	170	170	169	148
Mean	**South Africa**	18.6388	55.9028	10.7620	17.72%	83.70%	15.6177	48.14%
	Nigeria	16.7528	50.7753	8.9715	10.68%	86.62%	13.7753	39.83%
	Full sample	17.6765	50.1353	9.8368	13.91%	83.82%	14.5723	44.26%
Std. dev	**South Africa**	2.0370	50.2246	1.0869	4.06%	11.67%	3.4426	13.39%
	Nigeria	3.0462	32.8377	0.6257	9.34%	3.25%	2.5706	25.22%
	Full sample	2.3246	37.9451	1.0694	7.47%	9.92%	2.8968	18.11%
Minimum	**South Africa**	14	13	9.0663	13.30%	59.23%	10	27.64%
	Nigeria	10	22	7.3846	-4.03%	80.46%	10	0%
	Full sample	13	16	8.6274	2.10%	59.57%	10	16.11%
Maximum	**South Africa**	14	13	9.0663	13.30%	59.23%	10	27.64%
	Nigeria	20	116	9.6130	26.19%	91.10%	18	82.28%
	Full sample	20	123	11.9379	25.89%	91.54%	19	74.49%

The level of corporate social responsibility disclosure is relatively high for South African banks. This is evident from the fact that these banks recorded an average (mean) of 18.64 of the 23 items on the disclosure index used in this study during the period from 2010 to 2018. This is, relatively,

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high when compared to the level of disclosure obtained from the annual reports from the Nigerian banks with the average of 16.75 items out of the 23 items on the disclosure index. The minimum number of items disclosed by the South African banks were recorded at 14 and 10 for Nigerian banks while the maximum items were at 21 and 20 for South African and Nigerian banks, respectively. The full sample reporting was recorded at a minimum of 13 disclosure items and the maximum of 20 disclosure items were recorded. This is evident from both the average, minimum and maximum items that were reported by these banks during the period of this study. This descriptive data implies that South African banks reporting of CSR information is, relatively, high when compared to that of Nigerian banks.

The mean of the banks' size, measured by the natural logarithm of total assets reported in the annual report, was recorded as 10.76 for South African banks, while the mean bank size for Nigerian banks was recorded a bit lower than the South African banks at 8.97. This implies that South African banks are bigger in size when compared to the Nigerian banks. The mean for the full sample was recorded at 9.84 which is closer to the Nigerian mean bank size. The differences between the minimum and the maximum size of the banks recorded over the period from which the data were collected appears to be small for Nigerian banks and a bit high for South African banks. The minimum size of the bank was recorded as 9.07 and 7.38 for South African and Nigerian banks, respectively, while the maximum size of the South African banks was recorded at 12.18 and 9.61 for Nigerian banks. The minimum and maximum size of the full sample banks was recorded at 8.62 and 11.94 respectively. These summary statistics indicate that South African banks are bigger than the Nigerian banks, in size.

The sample of the South African banks in this study is comprised of the banks that are both very young and very old. The mean age of the South African banks was recorded at 55.90 years, with the minimum number of years being recorded at 13 years and the maximum number of years being recorded at 149 years. On the other hand, the Nigerian banks appears to be much younger than South African banks with the mean of 50.78 years, while the minimum and maximum for these banks were recorded at 22 and 116 years, respectively. These results indicate that the banks in this study, for both South African and Nigerian banks, are, relatively, matured and have been in operation for many years.

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The profitability of the banks, measured by the Return on Equity (ROE), was recorded at an average of 17.72% for South African banks and 10.68% for Nigerian banks. Over the period of this study, the ROE of the South African banks varied between a minimum of 13.30% and a maximum of 25.00% while for the Nigerian banks it varied between the minimum of -4.04% and a maximum of 26.20%. These descriptive results imply that the South African banks are more profitable and performed fairly well over the period of the study when compared to the Nigerian banks.

On average, the leverages of the South African and Nigerian banks were recorded at 83.70% and 86.62%, respectively, over the period of the study. The leverage of the South African banks varied between a minimum of 59.23% and a maximum of 92.15%. On the other hand, the leverage for the Nigerian banks were recorded at a minimum of 80.46% and a maximum of 91.10%. None of the banks in the study recorded a leverage which was less than 50% , with the majority of the banks ranging between 90% and 80% during the period of the study. This implies that the banks in this study carried too much debt on their capital structure, during the period of the study.

On the governance variable, the mean value for board size was recorded at 16 for the South African banks with a minimum of 10 and a maximum of 21. The Nigerian banks board size were recorded at a mean of 14, while the minimum and maximum were recorded at 10 and 18 respectively. This result suggests that South African banks have relatively more members in their board when compared to their Nigerian counterparts.

In terms of the ownership structure, the mean value of the ownership concentration was recorded at 48.13% and 39.83% for the South African and Nigerian banks, respectively. The ownership concentration of the South African banks ranged between a minimum of 27.64% and a maximum of 67.92%. On the other hand, the Nigerian banks' ownership concentration was recorded at a minimum of 0% and a maximum of 82.28%. These results imply that over the period of the study, the ownership of the banks were largely in the hands of a few or controlled by few shareholders against the ownership being widely spread and in the hands of the public.

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4.5. Regression Analysis

Before fitting the regression model, a multicollinearity test was performed to ensure that none of the regressors are a linear function of the other as this might result in the mis-specification of the model.

4.5.1. Multicollinearity Test

The regression model was tested for multicollinearity using the Variance Inflation Factor (VIF) test. The purpose of the test was to identify if any of the independent variables had standard errors caused by the other independent variables. Multicollinearity on variables exist when the results of the VIF exceeds 10 '(VIF>10) which indicates that the independent variables are multicollinear (Mugumisi & Mawanza, 2014). Multicollinearity can also be measure through the reciprocal of VIF (1/VIF) which indicates that multicollinearity exist in the variable when the results of 1/VIF is less than 0.10. In the case where multicollinearity exist, the identified variable should be dropped from the model as it is not considered to be the independent variable under review. Its inclusion may result in the misspecification of the model. The multicollinearity test results are presented in Table 9 below. As all VIF factors are >10 and 1/VIF factors are <1, it means that multi-collinearity is not a problem for the study's regression model.

Table 7: Multicollinearity Test

This table presents the multicollinearity test results for the regression model of South African, Nigerian and Full sample panel datasets. The number of observations is, respectively, 72, 80 and 152. The variables, Bank Age, Bank Size, Return on Equity, Leverage, Board Size and Ownership Concentration are defined in Table 4.

	South Africa Banks		Nigerian Banks		Full Sample	
	Collinearity Statistics		Collinearity Statistics		Collinearity Statistics	
	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Bank Age	3,58	0,2789	2,06	0,4849	1,79	0,5590
Bank Size	3,31	0,3017	1,65	0,6058	1,49	0,6769
Return on Equity	2,45	0,4074	1,34	0,7483	1,38	0,7255
Leverage	1,68	0,5947	1,27	0,7861	1,30	0,7696

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Board Size	1,61	0,6228	1,22	0,8204	1,14	0,8781
Ownership Concentration	1,35	0,7381	1,08	0,9286	1,03	0,9688
Mean VIF	2.33		1,44		1,35	

After the possible mis-specification, the next stage of regression data analysis was to find a suitable estimator to fit the regression model. A Hausman test is widely used to test for the appropriateness of the fixed effects and random-effects estimators in fitting a regression model, like the one used in the current study.

4.4.2. The Hausman Test

The Hausman test was used to select the suitable estimator for the regression model between the random effects and the fixed-effects models. The hypotheses for the Hausman test are as follows:

H_0: Random effects are correlated.

H_1: Random effects are not correlated.

Table 8: Hausman Test results

This table presents the Hausman test results for the South African banks, Nigerian banks and Combined banks panel dataset. The test was performed using STATA 15. The coefficients were estimated at 95% confidence level.

Test Summary	South Africa		Nigerian		African Banks	
	Chi-Sq. Statistics	*P*-Value	Chi-Sq. Statistic	*P*-Value	Chi-Sq. Statistic	*P*-Value
Cross-Section Random	9,01	0,1731	64,35	0,0000	21,02	0,0018

The Hausman test results indicate *p*-values that are below 5% in respect of Nigerian (0.0000) and African banks (0.0018). This indicated that the null hypothesis should be rejected, and the fixed effect model, therefore, is the most preferred model as compared to random effects model. On the South African banks the test, however, showed a *p*-value that is above 5% (0.1731) indicating that the null hypothesis would not be rejected and the random-effect model is the most appropriate model to be used for the South African data.

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The results from the regression analysis on the relationship between the level of CSR disclosure and the various determinants have been summarized and presented in the tables below. Table 11 presents the regression analysis of the association between the level of CSR disclosure of the South African banks and the various determinants; Table 12 reports the regression analysis from the Nigerian banks, while Table 13 reports the regression analysis from the full sample.

4.4.3. Regression Model Results

The results of the regression models (Fixed and Random effects) discussed in chapter 3 are presented in Table 11 below.

Table 9: Regression Model Results

This table presents the regression results for the South African banks, Nigerian banks and Full sample dataset. The regression model was fitted using the Random Effects estimator for South African banks dataset and the Fixed Effects estimator for both Nigerian and Full sample. The coefficients were estimated at 95% confidence level. The variables under this study were as follows: Bank Age, Bank Size, Return on Equity, Leverage, Board Size and Ownership Concentration. These variables are defined in Table 4.

Independent Variables	Observations			Coefficient		
	South African	Nigerian	Full Sample	South African	Nigerian	Full Sample
Bank Age	72	89	170	-0.0024 (0.768)	0,5968 (0,001*)	0,3302 (0,000*)
Bank Size	72	89	170	0,4579 (0,255)	4,6091 (0,141)	0,0167 (0,986)
Return on Equity	72	89	170	-4,7046 (0,549)	-1,6763 (0,577)	-1,5829 (0,605)
Leverage	72	88	169	10,4044* (0,000)	-5,3627 (0,690)	7,1449 (0,371)

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Board Size	68	89	166	-0,2965* (0,000)	-0,0405 (0,751)	-0,0852 (0,374)
Ownership Concentration	57	82	148	-0,0739 (0,969)	-1,0444 (0,517)	2,4281 (0,145)
	South African			0,4972		
Adjusted Rsquared	Nigerian			0,0595		
	Full Sample			0,0005		
Prob (F-statistic)	South African			0,0000		
	Nigerian			0,0000		
	Full Sample			0,0000		

4.4.3.1 Regression Model Results for the South African Banks

The regression results for each variable of South African banks are discussed below.

The relationship between the age of the bank and the level of CSR disclosure

In this study, it was hypothesized that there is a positive association between the age of the bank and the level of CSR disclosure, however, the model's coefficient on the impact of bank age on the level of CSR disclosure is -0.0024 and this is not statistically significant. This result suggests that for South African banks, the level of CSR disclosure is not significantly affected by the bank's age, thus, the null hypothesis that there is a significant association between the age of the bank and the level of CSR disclosure is rejected. This finding indicates that the level of CSR disclosure cannot be determined by the age of the bank which implies that South African banks are likely to disclose CSR information at the same level irrespective of the bank's age. The findings of this study contradict the findings in the study done by Abdul Hamid (2004) who reported that there is a positive significant association between the age of the company and CSR disclosure. Other researchers, such as Menassa, (2010) and Baccouche *et al*., (2010) found that older banks disclose more CSR information when compared to younger banks, while a study done by Cabagnols and Le Bas (2006) indicated that younger banks are the ones that report more CSR information as compared to older banks.

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The relationship between the size of the bank and the level of CSR disclosure

The coefficient for the level of CSR disclosure and the size of the bank is reported to be 0.4579 and this is also statistically insignificant. This result indicates that, for South African banks, the level of CSR disclosure is not affected by the size of the bank. This finding implies that irrespective of the size, South African banks are more likely to disclose CSR information at the same level. In this study, it was hypothesized that there is a positive significant association between the size of the bank and the level of CSR disclosure and therefore there is a rejection of this hypothesis. This finding is inconsistent with that of the studies done by Ismail (2002) and Mohamed Zain & Janggu (2006) who reported that there is a significant association between the size of the company and CSR disclosure.

The relationship between return of equity and the level of CSR disclosure

The coefficient of the variable return on equity is -4 7046 and this is statistically insignificant. The result indicates that the profitability variable (return on equity) is insignificant in explaining the level of CSR disclosure by the South African banks. This result means that the profitability of South African banks has an insignificant negative impact on their level of CSR disclosure. The return on equity was, however, hypothesized to have a significant positive association with the level of CSR disclosure as profitable companies are expected to undertake more voluntary disclosure when compared to less-profitable companies. The results of this study reject this hypothesis and this finding is consistent with the findings reported by Abdul Hamid (2004) who reported that there is no association between profitability and the level of disclosure by companies. This finding on South African banks also contradicts the findings of the study done by Mohamed Zain and Janggu (2006) who reported that the association between the profitability of the bank and the level of CSR disclosure is statistically significant.

The relationship between leverage and the level of CSR disclosure

The coefficient of the variable leverage is 10,4044 and this is statistically significant at 5% level of significance. This indicates that the level of CSR disclosure is positively and significantly associated with the leverage of the banks. The results of this study suggest that the level of CSR disclosure increases with an increase in the leverage of the bank. This implies that, in South Africa, the banks that have high levels of debt are likely to disclose more CSR information when compared

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with the banks with low leverage. The banks' leverage was hypothesized to have a positive relationship with the level of CSR disclosure by the bank. The findings of this study therefore support this hypothesis and this hypothesis is, thus, accepted. This finding contradicts the findings of the study that was done by Mohamed Zain (2006) and Katmun and Ab Rashid (2007) which found that there is no statistical association between the leverage and CSR disclosure.

The relationship between board size and the level of CSR disclosure

In line with the findings of the studies done by Laksamana (2008) and Hussainey and Al-Najjar (2011) that reported a significant association between the size of the board and CSR disclosure, the current study's coefficient of the variable, board size, is -0,2965 and this is statistically significant. The results of this study indicate that the level of CSR disclosure is strongly negatively associated with the size of the board and this implies that the level of CSR disclosure can be determined by the size of banks' board of directors. This result suggest that South African banks with many members in their board of directors are less likely to disclose more CSR information when compared to banks with a few members in the board of directors. This study rejects the hypothesis that there is a positive association between the level of disclosure and the size of the board. These findings, however, are inconsistent with prior studies, for example, Lakhal, (2005) and Cheng & Courtenay, (2006) who reported that there is no significant association between CSR disclosure and the size of the board of directors.

The relationship between ownership concentration and the level of CSR disclosure

The coefficient of the variable ownership concentration is -0,0739 and this is not statistically significant. This result indicates that the concentration of ownership does not have a significant effect on the level of CSR disclosure. The results of this study suggest that the level of CSR disclosure cannot be determined by the concentration of ownership implying that irrespective of the bank's ownership concentration, South African banks are more likely to disclose CSR information, at the same level. This finding contradicts the findings of a study done by Sadou, Alom and Laluddin (2017) which found that there is a positive significant association, statistically, between the ownership concentration and the disclosure of CSR information.

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The regression test results suggest that only the bank's leverage and the size of the board can be considered as factors that determine the disclosure of CSR information by the South African banks. Other banks' characteristics, such as bank age, bank size, return on equity and ownership concentration were found to have no significant impact on the disclosure of CSR information by South African Banks.

4.4.3.3 Regression Model Results for the Nigerian Banks

The relationship between the age of the bank and the level of CSR disclosure

For Nigerian banks, the coefficient of the age variable is 0.5968 and this is statistically significant. A positive significant association, hence, was found between the age of the bank and the level of CSR disclosure in the Nigerian banks. The age-related hypothesis on this is, thus, accepted. The results of this study indicate that the age of the banks in Nigeria influences the level of CSR disclosure. This result implies that when compared to the younger banks, older Nigerian banks disclose more CSR information in their annual reports. The findings of this study support the findings in the study done by Abdul Hamid (2004) and Menassa (2010) who reported a significant association between the age of the bank and the level of CSR disclosure of the banks.

The relationship between the size of the bank and the level of CSR disclosure

In this study, it was hypothesized that the size of the company has a positive significant association with the level of CSR disclosure. In the case of Nigeria banks, this hypothesis was not supported by the results of the study. The coefficient of the size variable is 4.6091 and this was not statistically significant. This result indicates that an increase in the size of the bank is unlikely to result in an increase in the level of CSR disclosure of the Nigerian banks. This implies that large Nigerian banks do not disclose more information on their CSR activities than the small banks. The findings of this study contradict those of the study done by Mohamed Zain (1999) and Ismail (2002) who reported a positive and significant association between CSR disclosure and the size of the bank.

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The relationship between return of equity and the level of CSR disclosure

The coefficient of the return on equity variable is -1,6763 and this is statistically insignificant. The result indicates that the level of CSR disclosure in Nigeria is not significantly associated with the return on equity. This study, therefore, rejects the hypothesis that there is a significant association between the return on equity and the level of CSR disclosure. This result implies that in Nigeria, the bank's profitability cannot be regarded as a variable that determines the level of CSR disclosure made by the bank. This suggests that Nigerian banks are more likely to disclose CSR information at the same level, irrespective of their profitability. In other words, the Nigerian banks' profitability (return on equity) has no effect on the level of CSR disclosure. This result is in contradiction with the findings reported in previous studies of Stanwick and Stanwick, (1998) and Menassa (2010) which found that the return on equity, as a measure of profitability, was positively correlated to the company's level of CSR disclosure.

The relationship between leverage and the level of CSR disclosure

The results of the study indicate that leverage has a negative and insignificant impact on the level of CSR disclosure in the case of Nigerian banks. In this study, the coefficient of the leverage variable is -5,3627 and this is not statistically significant. This result suggests that the bank's leverage cannot be considered as a determining factor of CSR information disclosure within the Nigerian banks. This result, hence, failed to support the hypothesis that there is a positive significant association between the leverage and the level of CSR disclosure by the banks. This implies that the Nigerian banks are likely to disclose CSR information at the same level, irrespective of the amount of debt they have in their capital structure. This finding, however, contradicts the findings of the studies done by Khemir and Baccouche (2010) and Driss and Jarboui (2014), who reported a positive significant association between the CSR disclosure and leverage.

The relationship between board size and the level of CSR disclosure

The size of the bank's board was hypothesized to have a significant positive relationship with the level of CSR disclosure, however, this hypothesis was not supported by the results of the study. The coefficient of the board size variable is -0.0405 and this is not statistically significant. This result implies that Nigerian banks, with a bigger board of directors are likely to disclose CSR information at the same level as the banks that have a smaller board of directors. In other words

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for Nigerian banks, the level of CSR disclosure cannot be determined by the size of the board. This finding contradicts the findings of Brammer & Pavelin (2008) and Hussainey & Al-Najjar (2011) who reported a positive and significant association between the level of CSR disclosure and the size of the board. This finding, however, supports the findings of the study done by Lakhal (2005) who reported that there is no significant association between the size of the board and the CSR disclosure.

The relationship between ownership concentration and the level of CSR disclosure

In this study, the coefficient of the ownership concentration variable is -1.0444 and it is not statistically significant. This result indicates that the level of CSR disclosure is negatively associated with the ownership concentration, thus, this correlation is insignificant. This finding suggests that the ownership concentration does not have a significant impact on the level of CSR disclosure of the Nigerian banks. This implies that irrespective of the ownership concentration level, Nigerian banks are likely to disclose their CSR information, at the same level. The hypothesis relating to the ownership concentration is therefore not to be accepted. The findings of this study contradict those of the study done by Sadou, Alom and Laluddin (2017) which found that there is a positive significant association between the concentration of ownership and the level of CSR disclosure.

The bank’s characteristics considered in this study were found to have no significant impact on the disclosure of CSR information by the Nigerian banks, except for the banks’ age. The age of the bank was found to be the only factor that can be used to determine the disclosure of CSR information by the Nigerian Banks.

4.4.3.3 Regression Model Results for the Full Sample

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The relationship between bank age and the level of CSR disclosure

The coefficient of the age variables was 0.3302 and this was statistically significant. This result indicates that the age of the full sample banks has a positive and significant association with the level of CSR disclosure in the banks' annual reports. The result implies that the older banks disclose more CSR information when compared to the younger banks. Based on this result, the study, therefore, accepts the hypothesis that there is a significant association between the bank age and the level of CSR disclosure. This finding is consistent with the findings of Abdul Hamid (2004) and Baccouche *et al.,* (2010) who reported that there is an association between the banks age and the level of CSR disclosure.

The relationship between bank size and the level of CSR disclosure

This study found the coefficient of the bank's size variable to be 0.0167 and this was not statistically significant. This result of the study indicates that the level of CSR disclosure is insignificantly associated with the size of the bank. This implies that the bigger banks (banks with high total assets) disclose CSR information on the same level as the smaller banks (banks with low total assets). The size of the bank was hypothesized to have a significant positive association with the level of CSR disclosure, but this hypothesis was rejected as the results of the model indicate that there is a positive and insignificant association between bank size and the level of CSR disclosure. The findings of this study are inconsistent with those of other studies, such as those of Jaffar *et al.,* (2002) and Abd Ghaffar *et al.,* (2004).

The relationship between the return on equity and the level of CSR disclosure

The bank's return on equity (as a measure of profitability) was hypothesized to have a positive association with the level of CSR disclosure, however, the results of the model indicate that there is a negative and insignificant association between return on equity and the level of CSR disclosure. The coefficient of the return on equity variable is -1.5829 and this is not statistically significant. This result indicates that profitability is not a significant determinant of CSR information disclosure which means that there is no difference between the level of CSR disclosure of the banks that are performing strongly and those that are performing poorly, as measured by the return on

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equity. This result is also inconsistent with those of previous studies such as those of Stanwick and Stanwick (1998) and Menassa (2010) who reported that there is a positive and significant association between the return on equity and the level of CSR disclosure.

The relationship between leverage and the level of CSR disclosure

In this study, the coefficient of the leverage variable is 7.1449 and this was not statistically significant. This result indicates that the level of CSR disclosure is not significantly associated with the banks' leverage. This implies that the bank's leverage cannot be considered as a determining factor for the level of CSR information disclosure. The bank's leverage was hypothesized to have a positive and significant association with the level of CSR disclosure. The results of the study, however, do not support this hypothesis and thus it is rejected. This finding is consistent with those in the studies done by Mohamed Zain & Janggu (2006) and Katmun & Ab Rashid (2007), who found no association between the leverage and the level of CSR disclosure.

The relationship between board size and the level of CSR disclosure

The coefficient of the board size variable is -0.0852 and this was not statistically significant. This result suggests that the level of CSR disclosure is not significantly associated with the size of the board, implying that banks with low numbers of board members disclose CSR information as much as those banks with a big number of board members. The size of the board was hypothesized to have a positive association with the level of CSR disclosure. This hypothesis is thus rejected in this study. These results support the results of the study done by Cerbioni & Parbonetti, 2007, which found that there is no association between the size of the board and the level of CSR disclosure. The finding is, however, inconsistent with the results of the study done by Schiehll *et al*., 2013 that reported that there is a positive association between the CSR disclosure and the size of the board.

The relationship between the ownership concentration and the level of CSR disclosure

In this study, the ownership concentration was hypothesized to have a positive relationship with the level of CSR disclosure. The results of this study however indicate a positive and insignificant association between the two variables. The coefficient of the ownership concentration is 2.4281 and this is statistically significant. This result indicates that the level of CSR disclosure cannot be

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determined by the level of ownership concentration of the bank and this implies that ownership concentration does not have an impact on the level of CSR disclosure. These findings are inconsistent with the study done by Haji (2013) who reported that there is a positive association between the CSR disclosure and the ownership concentration, therefore, this hypothesis is rejected.

The regression test results on the full sample suggests that only the bank's age can be considered as a bank characteristic that can be used to determine the disclosure of CSR information of the banks in the full sample. On the other hand, the banks' other characteristics, such as bank size, return on equity, leverage, board size and ownership concentration were found to have no significant impact on the disclosure of CSR information by the banks in the full sample.

Based on the regression results of the three panels discussed, it was found that the disclosure of CSR information by Nigerian banks and the banks in the full sample can be determined by the age of the banks. A positive significant association was reported between the age of the bank and the disclosure of CSR information in these two panels, Nigerian banks and full sample. No other similarities were reported between these three panels. The bank leverage and board size were found to have positive and negative significant association, respectively, with the disclosure of CSR information by South African banks, however, this association were not present in the results of the Nigerian banks and full sample results.

4.4. Summary of the Chapter

This chapter presented the results and their interpretation from the data analysis that was performed on the data collected. The analysis of the data collected was performed in three parts, namely, content analysis, descriptive analysis and regression analysis, and the results from these analyses was compared to the findings from previous studies in order to draw a meaningful interpretation of these results. The next chapter provides the conclusion that can be drawn from the analysis and interpretation of these results.

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CHAPTER 5: CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter highlights important aspects found from the study's investigation. The purpose of this chapter is to highlight the contribution that this study has provide to the body of CSR literature in South Africa. The objectives of this study were to investigate the nature of CSR activities disclosure within the South African banking institutions, the level of CSR activities disclosure by South African banks in comparison with the Nigerian and UK banks and also the key determinants of CSR activities disclosure in South African and Nigerian banks. The contents and regression analysis presented and discussed in chapter 4 were used to address these objectives. This chapter firstly discusses the findings of the study in relation to the objectives of the study. Secondly, it discusses the limitations of the study and lastly, the chapter provides recommendations for future studies in the field of CSR reporting.

5.2. The nature of CSR disclosure

The CSR practices within the banking institutions are normally aimed at addressing social issues such as providing financial services to the untapped and unbanked areas of the society, financial inclusion and socio-economic development through focusing on CSR activities such as health and medical care, rural area development, poverty eradication, infrastructure development and financial literacy trainings (Dhingra & Mittal, 2014). Abou-El-Fotouh (2019), also stated that banks which participate in CSR practices, normally introduce CSR activities such as community support programs, health support programs, support for environmental issues such as recycling and waste management and permanent learning programs for disadvantaged sectors of society. This study used the results of the content analysis to indicate the nature of CSR disclosures by the South African banks, in their annual reports. As the study made use of the Branco and Rodrigues disclosure (2008) index, the nature of the CSR disclosure by the banks was tested in four categories, - community involvement, human resource, customer and product and environmental disclosure.

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The results of the content analysis clearly indicate that, amongst the four categories included in the Branco and Rodrigues disclosure (2008) index, the human resources category is the most preferred category of CSR disclosure by the South African banks. The human resources disclosure category is also the only category of CSR disclosure that is explained in detail in the South African banks' annual reports. The results of the content analysis also indicated that the community involvement in the CSR categories, is the least-disclosed CSR category amongst the South African banks. The findings of this study on South African banks' CSR disclosure contradict those of a study done by Dawkins and Ngunjiri (2008) which reported that South African companies listed on the JSE report more on community involvement than any other areas of CSR.

In this study, it was found that Nigerian banks put more attention on the disclosure of CSR information related to products and customers when compared to the other categories of CSR considered in this study. This contradicts the findings of the study done by Akano *et al.,* (2013). According to Akano *et al.,* (2013), Nigerian banks disclosed more information relating to human resources and community involvement, while less information relating to environment and product quality was disclosed.

According to Akano *et al.,* (2013), Nigerian banks disclosed more information relating to human resources and community involvement, while less information relating to environment and product quality was disclosed. Akano *et al.,* (2013) findings contradict the findings of this current study as the results indicated that Nigerian banks report more product and customer information.

Amongst the four categories included in the disclosure index used in this study, the human resources category is the most preferred category for CSR disclosure by the United Kingdom banks. The human resources disclosure category was found to be the one category of CSR disclosure that was reported upon the most by the United Kingdom banks' in their annual reports. In addition, the results indicated that community involvement was the least-disclosed CSR category amongst the United Kingdom banks. This fact contradicts the findings of the study done by Brammer and Pavelin (2004). In their study, the authors reported that sectors with a close relationship with consumers, including the banking sector, report more on information related to environmental issues.

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In this study, it can be concluded that irrespective of the minimal or the indirect impact the banking institutions are considered to have on the environment, the disclosure of environmental information appears to be important to the banking institutions operating in the three countries considered in this study. While the human resource CSR information disclosure also appears to be important for South Africa and United Kingdom, banking institutions operating in Nigerian pay less attention to this category. This study also found that Nigerian banks pay more attention to community involvement disclosure when compared to South Africa and United Kingdom. The attention placed on the disclosure of products' and customers' information by the three countries was found not to differ significantly.

5.3. The level of CSR disclosure

The results of the content analysis were used to evaluate the level of CSR disclosure by the South African banks, in comparison to those in Nigeria and United Kingdom. The results indicated that on average, South African banks obtained higher disclosure percentages when compared to the United Kingdom banks in all the categories of CSR disclosure considered in this study. These results imply that South African banks disclose more CSR information than the United Kingdom banks. There is a clear difference in the level of CSR disclosure in these two countries, there are, however, some similarities in the information being reported by the banks of these two countries with the most notable one being that, they both report more information on human resources activities and far less information on community involvement activities. These results are in support of the findings reported by Golob and Bartlett (2007) who stated that both similarities and differences can be found in the disclosure of CSR information by companies in developed and developing countries.

Based on these findings it can also be concluded that South African banks also report more on their CSR activities than the banks that are operating in Nigeria. This conclusion is because South African banks reported more in most of the CSR categories, except for community involvement, where the banks that are operating in Nigeria are doing better. Unlike South African banks, Nigerian banks pay more attention to disclosure of community involvement activities while paying far less attention to human resources activities' disclosure. Based on the results of the four CSR disclosure categories considered in this study, it can be concluded that the overall level of CSR

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disclosure by the African banks, from the two developing countries is considerably different. The results of this study contradict the finding from the study done by Chapple and Moon (2005) who report that the level of disclosure amongst developing countries does not vary considerably. These findings imply that the disclosure of CSR information by South African banks is different from those that are operating in Nigeria, irrespective of the fact that these banks are operating in African developing countries.

5.4. The key determinates of CSR disclosure

Based on the results of the regression models, it can be concluded that the level of CSR disclosure in the South African banks' annual reports can only be explained by the banks' leverage and board size. This study also concludes that other firm-specific factors, such as bank age, bank size, return on equity and ownership concentration are insignificant in explaining the level of CSR disclosure by the South African banks. The study also concludes that South African banks that are highly leveraged have a higher level of CSR disclosure while the banks with a larger board size have a lower level of CSR disclosure in their annual reports when compared to their Nigerian and UK counterparts. These findings on the impact of leverage on CSR disclosure, are in line with the findings of previous studies, such as that of Eng and Mak (2003) who report that the companies' leverage can be used to determine the level of CSR disclosure. On the other hand, these results are inconsistent with the findings of the study done by Chakroun *et al.,* (2017) that reported that the age, size and return on equity are the key determinants of a firm's level of CSR disclosure.

In this study, it can be concluded that the level of CSR disclosure in the annual reports of the Nigerian banks' reporting is significantly determined by the age of these banks. These results suggest that, older Nigerian banks disclose more CSR information when compared to the younger Nigerian banks. These findings of this study on Nigerian banks, are in line with the findings of previous studies, such as that done by Chakroun *et al.*, (2017) that also reported that the age of the bank can be considered as a key determinant of CSR disclosure, however, other factors such as bank size, leverage, return on equity, board size and ownership concentration have an insignificant impact on the level of CSR disclosure of Nigerian banks. These findings suggest that, in the case of Nigerian banks, the level of CSR disclosure does not differ between profitable and lessprofitable

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banks, banks with large or small board size and the banks with a wide or narrow shareholding concentration.

The regression results of the full sample assisted in concluding that the level of CSR disclosure in the African listed banks (represented by South Africa and Nigeria) can be determined by the age of these banks. This study also found that the variables, size of the bank, return on equity, leverage, the size of the board and the ownership concentration do not have any impact on the level of CSR disclosure of the full sample of South African and Nigerian banks. This study concludes that for South African and Nigerian banks, the age of the banks is a determining factor on the level of CSR information disclosure. This implies that older South African and Nigerian banks disclose more CSR information when compared to younger banks. These findings are in line with another study done by Chakroun (2017) on Tunisian banks that concluded that the age of the banks can be used to explain the level of CSR information disclosure.

5.5. Limitations of the study

Despite the contribution made by this study towards the CSR disclosure by South African, Nigerian and United Kingdom banks, the study was also subjected to various limitations. These limitations relate to the medium used in CSR information reporting, data collection and the analysing methods.

5.5.1. Reporting medium

This study only examined the CSR disclosures made in the annual reports of the sampled banks. With various mediums of information disclosure available to companies, this study only focused on disclosures made in annual reports. This means that the CSR disclosure data published by the banks on other reporting mediums, such as websites and separate sustainability reports were not considered. The reason for this exclusion is because, unlike the annual integrated reports, most of the information disclosed in these mediums are not audited and the reliability of this information cannot be verified or validated.

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5.5.2. Data analysis method

The study used the manual content analysis method which is highly subjective. The CSR scores were calculated based on the four disclosure categories using a manual content analysis. Content analysis is by its nature time consuming and can be subject to increased errors, particularly when relational analysis is used to attain a higher level of interpretation. This method of data collection and analysis also disregards the context of the sentences or statements that produced the texts and the state of things after the text is produced. The manual content analysis was used due to lack of funds to acquire content analysis software.

5.6. Recommendations for future studies

Over the years, there have been three types of empirical studies that have characterized research in the field of CSR. The first type relates to descriptive studies that focuses on the nature and extent of CSR disclosure with comparisons between different countries and different periods. The second type relates to studies that focused on the potential determinants of CSR disclosure, while the third type relates to studies that focused on the impact that CSR disclosure have on various stakeholders. The current study falls within the first and the second types of empirical studies in the field of CSR. With this in mind, the following recommendations are made for future studies:

- Firstly, future studies can attempt to focus purely on the descriptive studies of CSR disclosure in the South African banking institutions. Such studies may focus on the nature and extent of CSR activities that are being reported by all the banking institution that are operating in South Africa, listed and unlisted. This will help provide a deeper understanding of the extent and nature of those CSR activities as the current study only sampled five JSE-listed South African banks.
- Secondly, future studies can also attempt to focus on the impact that the CSR disclosure has on the various banks' stakeholders since various stakeholders react differently to the information disclosed by the companies. Future studies can focus on determining how the various stakeholder react to the information disclosed by the banks paying special attention to the disclosure of environmental information, as banking institutions' activities normally have a minimal direct impact on the environment.

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- Thirdly, while the current study only placed attention on the CSR information disclosed on the annual integrated reports, future studies can also attempt to look at the CSR disclosure made by the South African banking institutions on their websites and separate sustainability reports. Various companies make use of a detailed disclosure of their CSR activities in their website or separate sustainability reports and only highlight this information in their annual integrated reports without going into detail.

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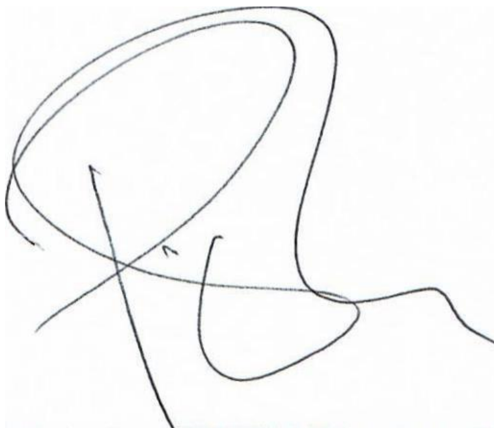
ANNEXURE A : LANGUAGE EDITOR LETTER

17th February, 2020

This is to indicate that I, **Dr P Kaburise,** of the English Department, University of Venda, have proofread the research report entitled - **CORPORATE SOCIAL RESPONSIBILITY IN THE BANKING INDUSTRY: A COMPARATIVE STUDY OF SOUTH AFRICAN, NIGERIAN AND THE UNITED KINGDOM BANKS -** by Tshiololi Mpho (student number: 11606679). I have indicated some amendments which the student has undertaken to effect, before the final report is submitted.



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