

AN INVESTIGATION OF THE PERCEPTION OF EMPLOYEES
ON ENVIRONMENTAL PERFORMANCE IN A CORPORATE
COMPANY

S. ENSLIN

Mini-dissertation submitted in partial fulfilment of the requirements
for the degree Master in Business Administration at the North West
University, Potchefstroom Campus

Study leader: Prof. A Smit

December 2010

Potchefstroom

ABSTRACT

The focus of this study was to investigate the perception of employees on environmental performance within a corporate company. In this instance Absa Bank Limited was the organisation under investigation referring directly to the banks impact on the environment.

A literature study was conducted to establish an awareness of all related terms and subjects to environmental performance. Further a specific focus on Absa Bank Limited's environmental impact and the policies and procedures set out by this organisation was researched and discussed.

An empirical study was conducted by means of a self completion questionnaire administered by a random sample of employees working for Absa Bank Limited. Quantitative research that was conducted by means of questionnaires were distributed through the Absa Bank Limited Group to 200 employees in the Gauteng and North West Province and distributed through different departments and management levels. 52 usable questionnaires were gathered out of the abovementioned areas.

Cronbach Alpha coefficient values were used to determine the internal consistency amongst items in the research instrument. The research instrument used in this study to assess perception of employees on the environmental performance within Absa Bank Limited had acceptable reliability, since not one of the constructs had a lower Cronbach Alpha coefficient than 0.7.

The correlation between the demographical variables and the seven constructs were examined by independent t-tests and effect sizes. The demographical factors used were the gender classification of respondents, number of years employed by Absa Bank Limited and the management level of the respondents. In all instances the effect sizes were too small to be of any practical significance since none of the effect sizes had a large effect (d-value = 0.8).

Recommendations and practical ways in which environmental performance could be enhanced and maintained in Absa Bank Limited were discussed. It was also recommended that systems and procedures should be revisited and adapted to ensure adherence to the requirements of environmental performance.

The report concluded by addressing the achievement of all the objectives, and by recommending possible future research that could be undertaken based on this study.

ACKNOWLEDGEMENTS

I wish to thank the following persons and institutions:

- To Jesus Christ granting me the ability, favour and wisdom to successfully complete my MBA
- Prof. Anet Smit of the North West University for her assistance, guidance and valuable advice
- My wife Hesti Enslin for all your patience and assistance
- My daughter Caylha for your patience to wait until after our MBA studies
- My family and friends for standing with me
- My colleagues and management at ABSA Bank Limited for your support and patience
- The respondents of the survey in support of the empirical study
- Lusilda Boshoff and Erika Fourie of the North West University Statistical Consultation Services for your guidance, support and valuable advice
- Sariette van Blerk for assisting and guiding me in the word processing and structuring

TABLE OF CONTENT

ACKNOWLEDGEMENTS

ABSTRACT

TABLE OF CONTENTS

CHAPTER 1: NATURE AND SCOPE OF THE STUDY

1.1	INTRODUCTION.....	1
1.2	PROBLEM STATEMENT.....	2
1.3	OBJECTIVE OF THE STUDY.....	4
1.3.1	Primary objective.....	4
1.3.2	Secondary objectives.....	4
1.4	SCOPE OF THE STUDY.....	5
1.4.1	Field of Study.....	5
1.4.2	Organisation under Investigation.....	5
1.5	RESEARCH METHODOLOGY.....	6
1.5.1	Literature/theoretical study.....	6
1.5.2	Empirical study.....	6
1.5.2.1	Questionnaire design.....	7
1.5.2.2	Study Population.....	7
1.5.2.3	Gathering of data.....	8
1.5.2.4	Statistical analysis.....	8
1.6	LIMITATIONS OF THE STUDY.....	9
1.7	LAYOUT OF THE STUDY.....	9

CHAPTER 2: LITERATURE REVIEW

2.1	INTRODUCTION.....	11
2.2	ASPECTS INFLUENCING CLIMATE CHANGE NEGATIVELY.....	11
2.2.1	Climate change.....	12
2.2.2	Human influence.....	12
2.2.3	The Greenhouse effect.....	13
2.2.4	Carbon Footprint.....	14
2.3	ASPECTS INFLUENCING CLIMATE CHANGE POSITIVELY.....	15
2.3.1	Carbon Neutral.....	15
2.3.2	Green building council of South Africa.....	16
2.3.3	Equator Principles.....	17
2.4	TRANSPARANT SUSTAINABILITY REPORTING.....	18
2.4.1	Social responsibility.....	18
2.4.2	Triple bottom line.....	19
2.4.3	Environmental performance.....	20
2.5	ENVIRONMENTAL PERFORMANCE.....	21
2.5.1	ISO 14001 Environmental management systems explained.....	22
2.6	DIFFICULTIES IN RECOGNISING AND MEASURING.....	23
2.7	BENEFITS OF RECOGNISING ENVIRONMENTAL IMPACTS.....	24
2.8	SUMMARY.....	25

CHAPTER 3: EMPIRICAL RESEARCH

3.1	INTRODUCTION.....	26
3.2	ABSA BANK LIMITED PROFILE.....	27
3.3	VISION VALUES AND MISSION OF ABSA BANK LIMITED.....	27
3.3.1	ABSA's vision.....	27
3.3.2	ABSA's purpose.....	27
3.3.3	ABSA's mission.....	28
3.4	ABSA BANK LIMITED POLICY.....	28
3.4.1	Scope	28
3.4.2	Policy content.....	28
3.4.3	Policy delivery.....	30
3.5	ABSA'S FOCUS ON ENVIRONMENTAL PERFORMANCE.....	30
3.5.1	Sustainability.....	32
3.5.2	Environmental performance.....	32
3.5.3	Responsible citizenship.....	33
3.5.4	Equator principles.....	33
3.5.5	Green building within ABSA Bank Limited business environment...	34
3.5.6	Energy.....	35
3.5.7	Water.....	36
3.5.8	Waste.....	36
3.5.9	Carbon neutral and carbon footprint.....	37
3.5.10	Environmental credit risk.....	38
3.5.11	Resource efficiency.....	38
3.6	SUMMARY.....	39

CHAPTER 4: EMPIRICAL STUDY ON ENVIRONMENTAL PERFORMANCE WITHIN ABSA BANK LIMITED

4.1	INTRODUCTION.....	40
4.2	GATHERING OF DATA.....	41
4.3	STUDY POPULATION.....	41
4.4	QUESTIONNAIRE USED IN THIS STUDY.....	41
4.4.1	Terminology.....	43
4.4.2	ABSA policy.....	43
4.4.3	Development.....	44
4.4.4	Competition.....	44
4.4.5	Reporting.....	44
4.4.6	Equator principles.....	45
4.4.7	Institutes.....	45
4.5	CONFIDENTIALITY.....	46
4.6	STATISTICAL ANALYSIS OF DATA.....	46
4.7	RESPONSES TO THE SURVEY.....	46
4.8	DEMOGRAPHIC INFORMATION OF RESPONDENTS.....	47
4.8.1	Gender of respondents.....	47
4.8.2	Racial group classification of respondents.....	48
4.8.3	Age group classification of respondents.....	48
4.8.4	Highest academic qualification achieved by respondents.....	49
4.8.5	Area where respondents are working.....	50
4.8.6	Distribution of management level.....	51
4.8.7	Amount of years employed by the organisation	52
4.9	RELIABILITY OF THE QUESTIONNAIRE.....	52
4.10	ASSESMENT OF ENVIRONMENTAL PERFORMANCE.....	53
4.10.1	Variables measuring environmental performance.....	53
4.11	STATISTICAL SIGNIFICANCE OF DEMOGRAPHIC VARIABLES AND ENVIRONMENTAL PERFORMANCE CONSTRUCTS	55
4.12	CORRELATION BETWEEN DEMOGRAPHIC VARIABLES AND ENVIRONMENTAL PERFORMANCE CONSTRUCTS.....	56
4.12.1	Correlation between the seven constructs and gender.....	57

4.12.2	Correlation between the seven constructs and number of years employed by ABSA Bank Limited.....	57
4.12.3	Correlation between the constructs and the management level.....	58
4.13	SUMMARY.....	59

CHAPTER 5: CONCLUSION AND RECOMENDATIONS

5.1	INTRODUCTION.....	61
5.2	CONCLUSION.....	62
5.2.1	Demographic information.....	62
5.2.2	Reliability of the environmental performance questionnaire.....	63
5.2.3	Assessment of environmental performance.....	63
5.2.3.1	Terminology.....	64
5.2.3.2	ABSA policy.....	65
5.2.3.3	Development.....	65
5.2.3.4	Competition.....	65
5.2.3.5	Reporting.....	66
5.2.3.6	Equator principles.....	66
5.2.3.7	Institutes.....	66
5.2.4	Correlation between demographic variables and the constructs....	67
5.2.4.1	Correlation between gender and the seven constructs.....	67
5.2.4.2	Correlation between the number of years employed by ABSA Bank Limited and the seven constructs.....	67
5.2.4.3	Correlation between the management level and the seven constructs...	68
5.3	RECOMMENDATIONS.....	68
5.3.1	Institutes.....	69
5.3.2	ABSA Policy.....	70
5.3.3	Reporting.....	70
5.3.4	Equator Principles.....	70
5.3.5	Competition.....	71
5.4	ACHIEVEMENT OF OBJECTIVES.....	71
5.4.1	Primary objective.....	71
5.4.2	Secondary objectives.....	72
5.5	SUGESTIONS FOR FURTHER RESEARCH.....	73
5.6	SUMMARY.....	73

BIBLIOGRAPHY

Bibliography.....	75
--------------------------	-----------

ANNEXURES

ANNEXURE A: Environmental performance questionnaire.....	79
---	-----------

LIST OF TABLES

TABLE 4.1:	Responses to the survey.....	46
TABLE 4.2:	Gender of respondents.....	47
TABLE 4.3:	Race group classification of respondents.....	48
TABLE 4.4:	Respondents by age group.....	49
TABLE 4.5:	Highest academic qualification achieved by respondents....	50
TABLE 4.6:	Area where respondents are working.....	50
TABLE 4.7:	Management Level of respondents.....	51
TABLE 4.8:	Amount of years employed by the organisation.....	52
TABLE 4.9:	Cronbach Alpha coefficient of constructs.....	53
TABLE 4.10:	Environmental performance survey analysis.....	54
TABLE 4.11:	Association between the seven constructs and gender	57
TABLE 4.12:	Association between the seven constructs and number of years employed by ABSA Bank Limited.....	58
TABLE 4.13:	Association between the seven constructs and the management level.....	59

LIST OF FIGURES

FIGURE 1.1:	Layout of the study.....	9
FIGURE 4.1:	Environmental performance analysis.....	55

CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

The world climate is under increasing pressure and if something is not done soon, it will be too late to save the environment. Dramatic changes in climate have occurred over the past few decades and if immediate action is not taken the repercussions might soon become too serious to breach. The earth's atmosphere is deteriorating, resulting in floods, droughts and a dramatic rise of the sea levels (Jordaan, 2010: 5).

Social responsibility requires organisations to demonstrate responsible citizenship through taking into account the social and environmental impact of their decisions and activities. It is becoming more common for organisations to communicate their performance on environmental and social issues within external reports to all stakeholders (Correia, Langfield-Smith, Thorne & Hilton, 2008: 826).

The primary objective of this study was to investigate the environmental performance of ABSA Bank Limited, evaluate the perception of the employees regarding ABSA's environmental policy and to make recommendations on possible strategies to encourage and promote a climate conducive to environmental performance. The emphasis of the study has been on the environmental processes seeing that there is an ever increasing focus on what organisations should do for the stakeholders involved and the areas where they are situated.

1.2 PROBLEM STATEMENT

The planet and environment we live in provide the means for our survival. However, the ever increasing human population is placing an increasing burden on the environment, ecosystems and resources. Currently, we humans only have finite amounts of resources to our disposal to ensure that environmental products, services and resources are sustained (Abacus Feb, 2010: 20). If, however, we do not eliminate our assault on Mother Earth the repercussions might soon be too serious to breach.

So what should we do? Stop wasting and start saving!

Experts predict that the global climate and weather patterns will continuously worsen if mankind doesn't assess and rectify the severity of its impact on these systems (Jordaan, 2010: 5). According to scientists the fuels we rely on today to provide energy for transport and generate electricity have played a vital role in the drastic increase in the temperatures experienced during the twentieth century. The global average temperatures between 1995 and 2006 rank among the highest ever recorded since 1850, while 1998 has been the warmest year of the century (Jordaan, 2010: 6).

A change in precipitation patterns is but only one of the ways in which the impact of man's activities on earth has manifested itself. While prolonged and severe droughts have been experienced in some parts of the world, floods and increases in rainfall have occurred in others (Jordaan, 2010: 6).

Over the past few decades a specific need has arisen for organisations and their stakeholders to investigate the matter of conservation and preservation of the environment and resources. Organisations could thus play a vital role in setting the pace for all communities.

For the purpose of this study ABSA Bank Limited, situated in ABSA Towers West in the Johannesburg City Business District, was consulted. ABSA's environmental strategy is aimed at the efficient utilisation of finite resources; effective waste management; maintaining an acceptable carbon footprint; financing projects that reflect sound environmental practices; providing environmentally sound community support; and producing transparent sustainability reports on its environmental performance to its stakeholders (Brown, 2009: 1).

ABSA Bank Limited is on the brink of getting its very first rating from Green Star South Africa. One of ABSA's missions is to become the pre-eminent bank in Africa. Therefore, in order to gain a competitive advantage over other competitors in the environmental responsibility field, ABSA will have to perform and endure to get a six star rating (Anon, 2009a: 1).

Specific management teams are currently running various projects focussed on implementing and maintaining environmental programmes. This study seeks to investigate the perceptions of the team managers on the current environmental movements and the climate within, and outside, the organisation's boundaries (Anon, 2009a: 1). The following questions can be asked:

- Are the initiatives currently implemented by ABSA Bank Limited fostering the environmental movements with the implementation of the carbon footprint?
- Does the strategy implemented and followed by ABSA Bank Limited contribute to the environment?
- What can ABSA Bank Limited do differently from their competitors to ensure that they have a competitive advantage over their rivals?

1.3 OBJECTIVE OF THE STUDY

1.3.1 Primary objective

The primary objective of this study is to investigate ABSA Bank Limited's environmental performance and evaluate the perception of the employees towards ABSA's environmental policy.

1.3.2 Secondary objectives

In order to address the primary objective, the following secondary objectives were formulated:

- To define all the terminology associated with environmental performance by making use of a literature review.
- To define triple bottom line reports with a broader focus on environmental performance.
- To investigate what is the current situation within the ABSA Bank Limited environment regarding environmental performance.
- To gather relevant and useful data and transforming it into information with the help of quantitative empirical studies with reference to ABSA Bank Limited and the implementing of environmental performance within their business operations.
- To suggest practical recommendations to foster relevant environmental practices in their environment.

1.4 SCOPE OF THE STUDY

1.4.1 Field of study

This study focuses on the environmental performance strategies incorporated into the daily operations of ABSA Bank Limited. The perception of employees is measured and analyzed to determine how successful the organisation's attempts at reducing its environmental impact are and how effective communication regarding this aspect is.

1.4.2 Organisation under investigation

ABSA Bank Limited, the largest banking group on the African continent, was the organisation under investigation. The organisation as a whole was researched, seeing that the implementation of environmental performance will influence the operation of the entire group.

The Green Building Council of South Africa is an organisation responsible for, and concerned with, transforming the Johannesburg Central Business District and aims at taking green building elements in the city centre to an all new level.

However, only one such project is currently registered, by names of ABSA Towers West. The building mentioned will cover three city blocks and will consist of two office buildings. Each of these buildings will comprise of fifteen storeys with eight levels of office space, three levels of combination space and four levels of basement parking. The parkade will provide twelve levels of parking space, with four basements and eight storeys above ground (Rose, 2009: 01).

This project is the only ABSA project registered for Green Star South Africa and will represent all of South Africa's ABSA Bank Limited branches. This initiative will establish the organisation as a leader in the field of environmental performance.

1.5 RESEARCH METHODOLOGY

1.5.1 Literature study

The aim of the literature study was to gain knowledge and insight into triple bottom line reports, especially with regards to environmental performance. To address the primary and secondary objectives, a literature study was conducted to define all terms associated with the environmental performance field and to elaborate on the current movements of the Green Building Council in South Africa.

In the literature study reference was made to various issues organisations should consider before leaving their carbon footprints or registering for Green Star South Africa. In conducting the research, scientific journals, research reports, documents of organisations, dissertations and various recognised internet articles were consulted and will be referred to in this study.

1.5.2 Empirical study

Environmental performance is related to an organisation's carbon footprint and the impact it has on the environment and all its stakeholders.

The aim of the empirical study was to apply knowledge gained by the literature study to investigate the environmental performance strategies implemented by ABSA Bank Limited Group. The general perception of employees regarding the implementation and impact of environmental performance formed the focal point of the study. Consequently ABSA's success of complying with its policies and procedures was also investigated.

Quantitative research, in the form of a questionnaire, formed the basis of the empirical study. Questionnaires were distributed among employees of ABSA Bank Limited in the Gauteng and North West Provinces. Employees from different departments and management levels were targeted.

1.5.2.1 Questionnaire design

A questionnaire was compiled according to the specific areas of research addressed in this study. The questionnaire was focussed on the perception of employees regarding the environmental performance and impact of the organisation.

The questionnaire consisted of two segments: Section A focussed on the perceptions of the employees of ABSA Bank Limited and Section B gathered demographical information on the subjects.

Seven constructs had been included in Section A when compiling the questionnaire. The constructs included **terminology**, **ABSA policy**, **development**, **reporting**, **competition**, **equator principles** and **institutes**. Twenty-seven statements which were related to these constructs were included. Subjects were instructed to indicate the degree to which they agreed or disagreed with a certain statement. A more detailed discussion on this follows in chapter 4 of this study.

Section B was aimed at gathering demographical information. The questions had been designed to ensure that correlations between the demographical information and the results obtained from the seven constructs in the Section A could be investigated.

1.5.2.2 Study population

The study population in this study was into two groups of which the one group represented the Gauteng Province and the other the North West Province. Subjects were randomly selected employees spread over different management levels and departments of ABSA Bank Limited.

1.5.2.3 Gathering of data

Quantitative research was used in the questionnaires completed by the subjects. The questionnaires were e-mailed to employees of different management levels and departments within the Gauteng Province and North West Province. They responded either via e-mail or by sending the questionnaires back, making use of the ABSA Bank Limited internal mail system.

1.5.2.4 Statistical analysis

The completed questionnaires were processed and analysed by the Statistical Consultation Services of the North West University (Potchefstroom Campus). The data collected were statistically analysed, using the programmes *Statistica* (Statsoft, 2008) and SPSS (SPSS, 2008).

Descriptive statistics was employed to measure the perception of subjects regarding the different constructs of environmental performance as implemented by ABSA Bank Limited. The central tendency was measured via the mean, and the scatter of the data around the mean was measured after determining the standard deviation.

Independent *t*-tests were performed to determine the statistical significance of the relationship between the demographic variables and constructs of environmental performance. Effect-size values (*d*-values) were used to measure whether differences between any of the demographic variables and the constructs of the questionnaire were of practical significance as discussed by Ellis and Steyn (2003: 51-53).

The Cronbach Alpha coefficients were used to determine the internal consistency, or average correlation, of the different items in the questionnaire. Ultimately, the reliability of the questionnaire was thus established. For the purpose of this study Cronbach Alpha coefficients of 0.7 or higher were regarded as acceptable levels of reliability.

1.6 LIMITATIONS OF THE STUDY

Because environmental performance is such a comprehensive topic, the study focussed on only one organisation in the South African Banking Industry, namely ABSA Bank Limited. The greatest limitation of the study was the fact that there are various large financial organisations in South Africa and therefore the results might not be representative of all financial organisations.

Another limitation of the study was the fact that the whole concept of environmental performance drive is still quite new in South Africa. However, due to the focus and commitment of the South African government to address climatic and environmental issues and to comply with the King III report, attempts are made to raise awareness and educate communities and organisations.

1.7 LAYOUT OF THE STUDY

The present chapter contains the problem statement of the study. It explains the nature and the scope and sets out all objectives. The layout of the study is set out in this chapter and explained. The research methodology and limitations of this study is also identified and discussed.

Figure 1.1: Layout of the study

Chapter 2 contains an in-depth literature review that focus on identifying all terms related to the study on the environmental performance of organisations and, specifically, the triple bottom line report. Terms defined in this chapter include social responsibility, triple bottom line reports and environmental management accounting. The Green Building Council of South Africa is also discussed with all the associated fields that they represent in the economy of South Africa.

Chapter 3 consists of all relevant details and information regarding ABSA Bank Limited - the 'red' bank on its way to becoming 'green'. This chapter contains historical background information on ABSA Bank Limited. It furthermore gives insight into planning strategies and changes that have already been incorporated to increase environmental performance. The changes referred to are aimed at establishing a carbon footprint that will be in accordance with the green rating system of the Green Building Council of South Africa, as well as the King III Report.

Chapter 4 contains the results of the empirical study, as well as a discussion thereof. All the questionnaires and factors that were taken into consideration to conduct this study are discussed and analysed in this chapter. The data that was collected during the study, the measurement tools used the identification of the study population, the method of data collection, as well as the analysis of the data are reviewed.

Chapter 5 contains the conclusions and recommendations. The degree to which objectives had been met is evaluated and suggestions for further research are discussed.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The primary objective of this study was to investigate the environmental performance of ABSA Bank Limited and evaluate the perception of the employees regarding how successfully the organisation's environmental policy is implemented and communicated. Another aspect of the primary objective was to make recommendations that will encourage and promote a climate conducive to environmental performance in ABSA Bank Limited.

In order to address the above objectives there should be a clear understanding of all terms in the study that relate to environmental performance. This chapter contains background on environmental performance as well as a literature study on all related business terms. Aspects that influence environmental changes negatively or positively are defined and discussed respectively.

The latest expectations of governmental organisations regarding transparent sustainability reporting are also identified, defined and discussed in this chapter, with reference to the relevant environmental management system.

The difficulties in recognising and measuring environmental performance are discussed and the benefits of recognising the environmental impact are also mentioned later in the chapter.

2.2 ASPECTS INFLUENCING ENVIRONMENTAL CHANGE NEGATIVELY

Terms associated with social responsibility of an organization in the South African economic environment are defined in the section below. All of these concepts are related to actions that organizations globally could take to ensure that they do whatever they can to have a more positive impact on environmental change.

2.2.1 Climate change

According to the free dictionary by Farlex, climate change refers to the variation in the earth's global climate or in regional climates over time. It thus describes changes in the variability or average state of the atmosphere over time scales ranging from decades to millions of years. These changes can be caused by processes internal to the earth or by external forces, of which the main contributor is human activity. In a more recent context, especially in the context of environmental policy, the term "climate change" often refers only to changes in modern climate, including the rise in average surface temperature, also known as global warming (Peretz, 2010: 1).

Climate change occurs when the climate of a specific area or planet is altered over a period of time. This usually occurs when something changes the total amount of the sun's energy that is absorbed by the earth's atmosphere and surface. It also happens when something changes the amount of heat energy from the earth's surface and atmosphere that escapes into space over an extended period of time (Anon, 2008b: 1).

As has been known for many decades, the sun is the ultimate source of essentially all heat in the climatic system. The output of energy by the sun, which is converted to heat on the earth's surface, is an integral part of shaping the earth's climate. On the longest time scales, the sun itself is getting brighter with higher energy output; as it continues its main sequence, this slow change or evolution affects the earth's atmosphere (Peretz, 2010: 4).

Climate change is more than a warming trend, which is why the term global warming is an inaccurate description of the phenomenon. According to scientists increasing temperatures will lead to changes in many aspects of weather. Wind patterns might be affected. Even the global sea level could rise due to several factors including melting ice and glaciers, which in turn, could damage coastal regions through flooding and erosion.

The climate of various regions could change too quickly for many plant and animal species to adjust. Harsh weather conditions, such as heat waves and droughts, could also occur more frequently and could be more severe. (Anon, 2008b: 4).

Other factors that play a role in climate change include: glaciations, ocean variability, solar variation, orbital variations, volcanism, and fossil fuels. All of these are definite forces that have a direct impact on the world's climate and should also be closely monitored to ensure a better future for mankind.

2.2.2 Human influence

Anthropogenic factors can be defined as acts by humans that change the environment and influence climate. Various theories of human-induced climate change have been debated for many years. The biggest factor of present concern is the increase in carbon dioxide levels due to emissions from fossil fuel combustion, followed by aerosols which exert a cooling effect. Other factors, including land use, ozone depletion, animal agriculture and deforestation also have an impact on climate (Peretz, 2010: 6).

According to the Climate Change Fact Sheet humans cause climates to change by releasing greenhouse gases and aerosols into the atmosphere, by changing land surfaces, and by depleting the stratospheric ozone layer. Both natural and human factors that can cause climate change are called climate forcing, since they push, or 'force' the climate to shift to new values (Anon, 2008b: 1).

Experts predict that weather patterns will continue changing for the worse should humankind continue acting the way it does. Prolonged and severe droughts are experienced in some parts of the world, whereas floods and a significant increase in rainfall on average have been linked to man's day-to-day activities. Scientists even predict that the earth's temperature will increase by between 2°C and 6°C by the end of the twenty-first century (Jordaan, 2010: 6). Should man choose not to change his ways it might soon be too late to rectify the situation. Sadly, changes in climate will happen too fast for life on earth to adapt and survive.

2.2.3 The Greenhouse effect

A natural system, known as the greenhouse effect, regulates temperature on earth: just as glass in a greenhouse keeps heat in, our atmosphere traps the sun's heat near the earth's surface, primarily through heat-trapping properties of certain greenhouse gases, which consist of water vapour, carbon dioxide, methane, nitrous oxide and halocarbons. Without these greenhouse gases, the earth's average temperature would be -19°C instead of +14°C (Anon, 2008b: 2).

The earth is heated by sunlight. Most of the sun's energy passes through the atmosphere, to warm the earth's surface, oceans and atmosphere. As this energy radiates upward, most of it is absorbed by clouds and molecules of greenhouse gases in the lower atmosphere (Anon, 2008b: 2). Due to the fact that the energy is constantly recycled downward, surface temperatures become increasingly warmer than it would have if the greenhouse gases had been absent from the atmosphere

Industrialization, the increase in population, changes in land use and human settlement patterns are some of the main causes of climatic change. Over the past ten-thousand years, the amount of greenhouse gases in our atmosphere has been relatively stable but a few centuries ago, their concentrations began to increase due to the increasing demand for energy (Anon, 2008b: 2).

2.2.4 Carbon footprint

A carbon footprint is defined as the total amount of greenhouse gases produced to directly and indirectly support human activities, usually expressed in equivalent tons of carbon dioxide. The term 'carbon footprint' refers to the sum of all emissions of carbon dioxide, which were induced by certain human activities in a given time frame, usually over the course of a year (Anon, 2010d: 1).

Consider the following practical examples of leaving carbon footprints: when driving a car, the engine burns fuel which, in turn, creates a certain amount of carbon dioxide, depending on the fuel consumption and the driving distance. Carbon dioxide is also generated when houses are heated with oil, gas or coal; and should a house be heated using electricity, the generation of the electrical power may also have emitted a certain amount of carbon dioxide. Even processes involved in the production of food or goods emit some quantities of carbon dioxide (Anon, 2010d: 1).

2.3 ASPECTS INFLUENCING ENVIRONMENTAL CHANGE POSITIVELY

2.3.1 Carbon neutral

The term 'carbon neutral' refers to the extent to which an organisation is able to balance its carbon dioxide (CO₂) emissions with the amount it is able to sequester. Should a balance be evident, an organisation is regarded as neutral or net zero.

One needs to consider the ultimate pay-off for being carbon neutral. Supposedly, environmental concerns are by nature emotive and can provide organisations the leverage needed to attract clients, shareholders and positive sentiment (Monteiro, 2009: 1). Most organisations have already bought into the vision of operating in a more carbon neutral manner. This is reflected in their annual reports as well as the triple bottom line reports discussed in Section 2.4.2.

The social performance of an organisation refers to the impact of an organisation's actions on society, which includes the broader community, employees, customers and suppliers (Correia *et al.*, 2008: 826). The social aspect of triple bottom line reporting focuses on fair treatment of an organisation's human capital. Besides providing a safe workplace and fair wages for employees, being socially responsible also entails performing beneficial and responsible business practices in the surrounding community (Thornton, 2009: 2).

2.3.2 Green building council of South Africa

The dilemma of global warming and the intense focus on Going Green Campaigns that are driven by many diverse groups and structures have resulted in the creation of an instrument to combat such environmental problems. This instrument is based on systems in countries such as the United States of America, the United Kingdom and Australia, and has thus far proven very effective and successful. (Anon, 2009a: p1).

Green building now features prominently on the agenda of commercial building developers globally as the threats posed by global warming become more and more of a reality.

Since the Green Building Council of South Africa announced the Green Star South Africa rating in November 2008, many developers have been scrambling to notch up the first green rating for an office building. This is good news, because buildings account for at least 20% of the world's carbon emissions (Kloppers, 2009: 1).

The office-building rating system has eight categories with different weightings according to which building owners can earn points. These categories include management, interior environmental quality, energy, transport, water, materials, land use and ecology, emissions and - an additional category - innovation (Kloppers, 2009: 2).

According to Kloppers (2009: p1) the commercial property industry will experience pressure from the government to start developing more environmentally-friendly properties, but this comes at a cost. Research in countries abroad have shown that, depending on the type of building and its location, it can cost up to 5% more to build an environmentally-friendly building. The initial higher costs are recouped over time through higher rentals and lower operating costs, but the big question is whether tenants in South Africa are prepared to pay a premium to occupy a green building (Kloppers, 2009: 2).

In June 2009 the Green Building Council Chief Executive, Nicola Douglas, stated that six development projects had been registered for grading in terms of the Green Star South Africa office-rating instrument (Kloppers, 2009: 2). At the time these projects included the second phase of Nedbank's office development in Sandton, ABSA's ABSA Towers West in the Johannesburg Central Business District, Lincoln on the Lake in KwaZulu-Natal, and the Pegasus, Bartholomew and Falcon buildings in the Menlyn Maine development in Pretoria (Kloppers, 2009: 3).

2.3.3 Equator principles

The equator principles refer to a voluntary set of guidelines developed to manage the social and environmental issues associated with the development of projects. The endorsing banks agree to apply the principles to all loans for projects with a capital cost of \$50 million or more.

On 1 July 2004, representatives from sixteen financial organisations that had already adopted the equator principles met with representatives of thirteen non-governmental organisations to review the progress made in the implementation of these principles. Other issues that were discussed included training, disclosure, as well as the role non-governmental organisations could play (Kuszevski 2004: 1).

One issue raised by the non-governmental organisations was their perception of uneven implementation of the equator principles by different banks. The non-governmental organisations also noted that they had insufficient information about what most equator principles banks were, or were not, doing. ABN AMRO, Barclays, Calyon, Citigroup, and WestLB each described the actions they had taken to date in implementing the equator principles. These actions included staff training, changes to credit policies and processes, developing tools for banks to use in implementation of the equator principles, revising internal auditing procedures to ensure compliance with policies, and reflecting on how the project finance world had changed since the adoption of the equator principles. The banks also discussed the joint conferences and meetings that had been held among more than twenty banks on implementation issues and information sharing (Kuszevski 2004: 1).

2.4 TRANSPARENT SUSTAINABILITY REPORTING

2.4.1 Social responsibility

According to the publication *'Making Good Business Sense'* by Lord Holme and Richard Watts, social responsibility is defined as '... continuing commitment by a business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large" (Baker, 2010: 1).

Social responsibility thus refers to an organisation's obligation and ability to consider the social and environmental impact of its decisions and activities. It is becoming more common for organisations to communicate their performance on environmental and social issues within external reports to all stakeholders, annual reports, and sometimes even in stand-alone reports (Correia *et al.*, 2008: 826).

According to the King III Report (2010: 18) good citizenship results in the business enterprise being able to protect, enhance and invest in the well-being of society and the natural ecology. A holistic approach to economic, social and environmental issues allows for the effective management of business opportunities and risks. International society encourages voluntary action by the business enterprise, which exceeds the scope of legal compliance, while simultaneously enforcing minimum standards, by legislation.

Sustainable development is a key concept shaping the economic development of many developed and developing countries. South African law-makers have given substance to the concept in the Constitution. The laws call for government to protect the environment for current and future generations. South Africa is one of the few developing countries to have sustainable development as the standard in enacting environmental regulation. This concept forms the backbone of the National Environmental Management Act, as well as other parts of legislation relating to biodiversity, air quality, waste and water resources (Sustainability Review, 2010: 103).

Triple Bottom Line reporting strategies are used by some organisations which cover Economic, Environmental and Social Responsibility. This theme is prevalent in mining, forestry and oil companies, where the environment has been an important focus of advocates, governments and communities. These organisations may also refer to CSR as Sustainable Development, because their focus on the environment is so strong (Anon, 2010c: 1). This term is defined in more detail below.

2.4.2 Triple bottom line

John Elkington coined the term triple bottom line in 1994, stating that a business does not have only one single goal - namely adding economic value - but rather, that it has an extended goal, which necessitates adding environmental and social value too (Henningfeld, et al, 2006:27).

In addition to operational performance, an organisation is able to protect and improve its reputation. The triple bottom line enables an organisation to be relevant to society and the natural environment, in which it operates. It is essential for the business enterprise to be economically, socially and environmentally sustainable (King III, 2010: 18).

According to the King III Report the board of an organisation should ensure that the organisation demonstrates responsible citizenship. The board of an organisation is, in addition to being responsible for performance, also responsible for the triple bottom line (King III, 2010: 18).

Triple bottom line reporting requires an organisation to be responsible toward shareholders and all stakeholders of that organisation. It is a comprehensive reporting process aimed at a broader range of stakeholders, including various environmental and social interest groups (Correia *et al.*, 2008: 826). Stakeholders are made up of all the shareholders, employees, customers, suppliers and anyone else who is affected by the actions of the business (Thornton, 2009: 1).

Organisations should exert an effort to help the environment, or at least reduce the harm they inflict on the environment as much as possible. An organisation that uses triple bottom line reporting manages the consumption of energy, reduces waste, recycles, and avoids producing harmful items such as chemicals or weapons.

According to Thornton (2009: 1) triple bottom line reporting is a popular form of accounting used by many organisations and industries such as mining organisations, energy producers, and nowadays even service organisations, non-profit organisations and governmental organisations use it to show commitment to social responsibilities. For these organisations, social and ecological performance is just as important as financial performance.

Organisations that do not use triple bottom line reporting may lose market share to their rivals who do because the latter appears to be socially more responsible. Triple bottom line reporting requires an organisation to engage in sustainable environmental activities. When it appears that an organisation is socially and environmentally responsible profits are likely to increase (Thornton, 2009: 1).

2.4.3 Environmental performance

Environmental performance can be defined as the impact that an organisation has on the environment, and includes natural systems such as land, air, water, people and all other living organisms (Correia *et al.*, 2008: 826). The consumption of energy, reduction of waste, recycling, and avoiding the production of producing harmful items (such as chemicals or weapons) are some of the aspects all organisations should take into account when reporting on environmental performance. (Thornton, 2009: 1).

Social performance, as well as environmental performance is concerned with people. Environmental performance specifically refers to the impact that an organisation's actions has on humans. Occupational health and safety problems are usually included in a social performance report. However, these problems might often result from poor environmental practices within the organisation and should thus also be included in the environmental performance report (Correia *et al.*, 2008: 826).

Service organisations can improve their environmental performance by reducing the energy they consume, as well as by recycling consumables such as paper and toner cartridges. In addition, service industries can encourage their suppliers to act more ethically and in a more environmentally and socially responsible way (Correia *et al.*, 2008: 827).

Sustainability is important with regards to future economic progress. Financial performance should reflect progress in an organisation's environmental, health and social equity records. South African organisations are increasingly turning their attention to triple bottom line reporting, rather than focusing on financial performance only (Correia *et al.*, 2008: 827).

2.5 ENVIRONMENTAL MANAGEMENT SYSTEMS

Environmental management systems refer to the systems that organisations put in place to manage their environmental performance. An environmental management system may, for example, include systems for recycling and systems to monitor and control levels of liquid, material and atmospheric discharge and waste.

The International Organisation for Standardisation (ISO), located in Geneva, Switzerland and founded in 1946, is a non-governmental organisation and has representatives of national standards bodies from over 100 countries (Edwards *et al.*, 1999: 10). ISO mainly promotes the development and implementation of voluntary international standards, for both particular products and environmental management issues (US EPA, 2006:1).

South African organisations operating in the rest of Africa should learn to adopt international best practice in their own operations. In order to ensure the maximum impact businesses should work together in their ongoing enrichment of society. According the King III Report (King III, 2010: 18) there is already a definite tendency among organisations to implement strategies demonstrating their responsibility toward society and the environment, and these form a central part of their business strategies (King III, 2010: 18).

2.5.1 ISO 14001 Environmental management systems explained

ISO 14001 was released in 1996, but still serves as an international standard for environmental management systems and the auditing thereof.

ISO 14001 is a component of the ISO 14000 series that contains the guidelines for designing an environmental management system (Edwards *et al.*, 1999:6). Its main purpose is to provide an internationally accepted blueprint for sustainable development, prevention of pollution, and compliance assurance, thereby expediting international trade by harmonizing otherwise diffuse environmental management systems (Delmas, 2000: 5). By 2001 over 10 000 organisations around the world had already been certified as ISO 14001 compliant (Correia *et al.*, 2008: 829).

The ISO 14000 family addresses various aspects of environmental management. An environmental management system meeting the requirements of ISO 14001:2004 is a management tool enabling an organisation of any size or type to:

- identify and control the environmental impact of its activities, products or services;
- continuously improve its environmental performance;
- implement and ensure the achievement of a systematic approach for setting environmental objectives and targets; and
- demonstrate how environmental objectives and targets have been achieved (ISO, 2010: 1).

ISO 14001:2004 is a tool that can be used to meet internal objectives. It enables management to monitor the extent of control over the organisational processes and activities that might have an impact on the environment. Furthermore, it can give employees peace of mind to know that the organisation they are associated with is set on taking more responsibility with regards to the environment (ISO, 2010: 1).

ISO 14001:2004 can also be used to meet external objectives. External stakeholders (such as customers, the community and regulatory agencies) are provided with the necessary assurance regarding environmental issues. It can also ensure that a certain organisation complies with environmental regulations supporting its claims and communication about its own environmental policies, plans and actions. These, in turn, provide a framework for demonstrating conformity via the suppliers' declarations of conformity, and guidelines for the assessment of conformity by external stakeholders such as business clients. Lastly, it provides the framework for certification of conformity by an independent certification body.

ISO 14001:2004, however, does not specify levels of environmental performance. If levels of environmental performance were specified, these guidelines would have to relate to specific business activities and would thus require a specific EMS standard for each business - which is not the intention (ISO, 2010: 1).

The growth of environmental management systems and the adoption of ISO 14001 by many organisations are of interest to management accountants. It requires that environmental performance be measured against policies, objectives and targets. Many conventional and contemporary management accounting techniques can be adapted to meet these needs.

Additional environmental standards have been released, including ISO 14010 Environmental Audits and ISO 14031 Environmental Performance Indicators, which are discussed later in this chapter (Correia *et al.*, 2008: 829).

2.6 DIFFICULTIES IN RECOGNISING AND MEASURING

Recognising and measuring the environmental and social impact of an organisation's activities can be problematic, for instance: future ecological and social issues are not yet known, many costs and benefits occur outside of the organisation, and many costs and benefits are difficult to measure in financial terms (Correia *et al.*, 2008: 855).

Even though the long-term effects of an organisation's activities can only be determined over a period of decades or centuries, an organisation should never ignore its social and environmental impact. Clients' perception of an organisation's morals and ethics can be negatively affected when attention is not paid to the impact of their service providers.

2.7 BENEFITS OF RECOGNISING ENVIRONMENTAL IMPACTS

Many management accountants believe that their role is to create value for major stakeholders, and not for the broader community. They are often too busy analysing the financial impact of decisions to take on the additional difficult task of measuring environmental and social performance, or preparing decision-making information that can address environmental and social issues. Nowadays more organisations and their accountants are acknowledging the impact and consequences of their behaviour and activities (Correia *et al.*, 2008: 829).

Recognising and acknowledging its environmental and social impact could be beneficial for organisations as it would lead to the attraction and retention of highly-skilled employees and enhance the organisation's reputation as a responsible organisation. Another benefit is that an organisation might be able to identify ways to save costs, thus having a positive financial impact on the organisation. Additionally, there might be a reduction in the risk of current and future activities (Correia *et al.*, 2008: 855).

2.8 SUMMARY

Climatic and environmental changes are clearly linked to the impact of man's daily activities. The Industrial Revolution has been one of the major triggers of the environmental dilemma society is faced with today. In this modern day and age the problem is intensified due to an increase in the release of greenhouse gases and aerosols into the atmosphere, changes to land surfaces and the depletion of the stratospheric ozone layer.

Organisations worldwide could play a vital role in setting the pace for all communities. Measures of reporting, that had been implemented fairly recently, can help to ensure that organisations buy into the idea climate change.

In the next chapter the focus will shift to ABSA Bank Limited and provide background on strategies that have been implemented to contribute to a carbon neutral world.

CHAPTER 3

LITERATURE REVIEW

3.1 INTRODUCTION

As mentioned in Chapter 1, the organisation on which this study was based is ABSA Bank Limited.

Due to the realization that global climate is under increasing pressure ABSA has developed an environmental strategy supporting its sustainability approach. The environmental strategy is aimed at the following:

- utilizing finite resources efficiently;
- effective waste management;
- maintaining an acceptable carbon footprint;
- financing projects that reflect sound environmental practices;
- providing environmentally sound community support; and
- producing transparent sustainability reports on its environmental performance.

Various environmental projects have been launched by ABSA Bank Limited, both locally and abroad. The study will shed light on the organisation's aims and goals and determine to what extent strategies that have already been implemented are indeed effective. This study was fundamentally focussed on determining and evaluating the perception of the employees of ABSA Bank Limited regarding the organisation's environmental policy and environmental performance within the working-environment.

3.2 ABSA BANK LIMITED PROFILE

ABSA Bank Limited was founded in 1991 and is headquartered in Johannesburg, South Africa from where it operates as a subsidiary of ABSA Group Limited. ABSA Bank Limited is known for providing personal, commercial and customer banking services, financial products and other related services. The bank offers personal banking services comprising of savings and current accounts, credit cards; investment products, home loans, vehicle and asset finance, personal lending solutions; insurance; electronic banking services (including internet, telephone and cell phone banking services, and ATM banking services (Bloomberg, 2010: 1).

Business and retail banking services, commercial property finance, business asset finance, term loans, structured and debtor finance, vehicle management solutions, structured trade and commodity finance; employee benefit solutions; merchant and advisory services; trade products and services, as well as financing solutions for agricultural, consumables and tourism, and public sectors are also offered by ABSA Bank Limited (Bloomberg, 2010: 1).

3.3 VISION, VALUES AND MISSION OF ABSA BANK LIMITED

3.3.1 ABSA's vision

The vision of ABSA Bank Limited is to become the pre-eminent bank in South Africa and the rest of Africa.

3.3.2 ABSA's purpose

The purpose of ABSA Bank Limited is to enable customers to achieve their ambitions and by doing so, deliver superior benefits to all stakeholders.

3.3.3 ABSA's mission

ABSA Bank Limited takes pride in putting the customer first and aims at distinguishing the organisation through superior service and competitive products, continuous innovation; brilliant execution; providing professional service which will ensure customer satisfaction, and leading by example.

3.4 ABSA BANK LIMITED POLICY

The ABSA Group has a considerable direct and indirect impact on the environment. The ABSA Bank Limited policy outlines the organisation's approach to managing its impact in order to align with the Barclays policy (ABSA Group Environmental Policy 2009: 2).

3.4.1 Scope

The environmental policy of ABSA Bank Limited addresses both the direct and indirect environmental impact, as stated above. The direct environmental impact is a result of the consumption of energy and utilisation of resources, whereas the indirect environmental impact is a result of the organisation's provision of financial services, and its purchase of goods and services (ABSA Group Environmental Policy 2009: 1).

3.4.2 Policy content

The ABSA Bank Policy and Procedures stipulates that the organisation is compliant with all legislation pertaining to environmental aspects. ABSA evaluates and manages its direct and indirect environmental impact when developing policies, products, or major change initiatives. Furthermore, the appraisal of business customers' borrowing propositions depends on the assessment of the potential environmental risk, which is taken into account before approving advances. This implies that specific measures to manage environmental aspects may be required as a condition of lending (ABSA Group Environmental Policy 2009: 3).

Annually ABSA reviews and updates objectives, targets, and environmental projects to determine that these are in line with the organisation's commitment to sustainable development, continual environmental improvement and the prevention of pollution. ABSA gathers and analyses selected environmental data related to key environmental aspects of the organisation to ensure that all stakeholders are aware of its environmental impact (ABSA Group Environmental Policy 2009: 4).

ABSA Bank Limited collaborates with key suppliers to secure an improvement regarding environmental performance. Assessment of suppliers assigns appropriate weighting to ABSA's environmental performance issues within the sourcing process (ABSA Group Environmental Policy 2009: 1).

ABSA Bank Limited conforms to the standards outlined in the International Chamber of Commerce Business Charter for Sustainable Development, the equator principles and the United Nations Environment Program (ABSA Group Environmental Policy 2009: 1).

Through community affair programmes ABSA Bank Limited promotes environmental initiatives by their employees, as well as other relevant external groups and organisations. The legitimate interest of all stakeholders (including customers, shareholder and employees) in the organisation's environmental performance is thus acknowledged (ABSA Group Environmental Policy 2009: 1).

ABSA Bank Limited communicates proactively and openly about its environmental policies, practices, and commitments and regularly reports on performance, as measured against commitments. ABSA will continue to raise the environmental awareness of employees and encourage them take more responsibility in this regard. Appropriate training will enable employees to play a significant role in the implementation of the environmental policy (ABSA Group Environmental Policy 2009: 1). A group-wide environmental management system, of which the core components will comply with ISO 14001, will be maintained to support the execution of this policy (ABSA Group Environmental Policy 2009: 1).

3.4.3 Policy delivery

This study was fundamentally focussed on determining and evaluating the perception of the employees of ABSA Bank Limited regarding the organisation's environmental policy and environmental performance within the working-environment.

3.5 ABSA'S STRATEGIC FOCUS ON ENVIRONMENTAL PERFORMANCE

ABSA takes its environmental obligations seriously and stays up to date with the Constitution, the National Environmental Management Act and other relevant legislation. The Group (which includes the ABSA Group and Barclays Group) has started raising awareness about concerns regarding sustainable development, climate change and global warming. These issues are priorities for countries that belong to the Organisation for Economic Co-operation and Development. ABSA focuses on increasing awareness of environmental issues by which the organisation and its customers are faced. This has triggered the launch of the ABSA sustainability newsletter. The newsletter aims to keep employees in touch with global and South African matters and how ABSA features in the matter of sustainability (Sustainability Review, 2010: 103).

The Copenhagen Communiqué on Climate Change was the definitive progressive statement from the international business community ahead of the UN Climate Conference in Copenhagen in December 2009. During that time world business leaders, representing over 500 organisations from around the world, warned that business would suffer if a credible deal was not reached at the UN Climate Change Conference in Copenhagen (Anon, 2009a: 1).

Maria Ramos, Group Chief Executive of the ABSA Group Limited, declared during a press conference in New York City in December 2009 that as a member of the global Barclays Group, ABSA Bank Limited recognized the imperative for a transition to a low carbon environment and the coordinated action required of all stakeholders (including governments and businesses) in order to achieve the desired outcomes (Anon, 2009a: 1).

According to Ramos, ABSA's association with Barclays provided the organisation with a global platform and brand to differentiate its offerings in the South African and African markets. It served as a platform that they had yet to exploit and an area on which they intended to focus in future (ABSA Annual Report, 2009: 8).

According to Ramos ABSA undertook to reduce its carbon footprint by employing innovative and efficient energy solutions in its physical infrastructure and through proactive collaboration with its supply chain partners (Anonymous, 2009a: 1). Ramos said, "As one of the largest financial organisations on the African continent, ABSA is mindful of the fact that sustainability is core to the endowment we bequeath to future generations." (Anon, 2009a: 1).

ABSA's climate action programme involves carbon management, thus, reducing carbon dioxide emissions by improving energy efficiency. The ABSA Group has invested in new ways to improve the energy efficiency of its buildings and technology. Through improved efficiency in buildings, the ABSA Group reduced carbon emissions by 8 237 tons in 2009 (Sustainability Review, 2010: 103).

ABSA Bank Limited is also working with suppliers to help reduce their carbon emissions. Environmental considerations are a priority in ABSA's supplier selection process. When buying a product, ABSA collects information about the prospective supplier's environmental performance. ABSA is working with its suppliers to understand and reduce its supply chain carbon footprint and identify opportunities to reduce emissions. ABSA also focuses on developing products and services that help customers reduce their impact on climate change (Sustainability Review, 2010: 103).

3.5.1 Sustainability

For ABSA Bank Limited sustainability means identifying and managing economic, social and environmental issues across all its operations. Since ABSA Bank Limited is dedicated to reducing its environmental impact it has a broad approach to sustainability. The organisation has realized that environmental initiatives must involve stakeholders and must aim to improve the lives of everyone living in South Africa. ABSA is committed to reducing the direct and indirect environmental impact of its own operations, and those of all its stakeholders. The direct environmental footprint of ABSA stems mostly from its property and development portfolios (which includes the daily activities of employees and is related to energy, water consumption and travel (Sustainability Review, 2010: 103).

3.5.2 Environmental performance

By adopting the equator principles ABSA Bank Limited ensures that the projects it finances are developed in a socially responsible way and reflect sound environmental management practices.

As signatories of the Copenhagen Communiqué on Climate Change, ABSA Bank Limited actively seeks opportunities to reduce its carbon footprint. Simply by using resources more efficiently (especially with regards to electricity and water) and reducing the amount of waste sent to landfills the environmental impact has already started diminishing.

ABSA Bank Limited has also taken initiative in releasing an environmental booklet (which is published on the intranet) to educate stakeholders and to raise awareness of the environmental issues. This is only one more example of the organisation's commitment and journey towards environmental sustainability and good citizenship (Abacus, February 2010, 20).

Continuous communication via the intranet and e-mails ensures that all stakeholders remain informed. The e-mails are interactive, thus, the parties involved can ask questions regarding environmental performance and comment on the issues of concern.

3.5.3 Responsible citizenship

According to ABSA Bank Limited good citizenship makes an organisation more sustainable. Social investment does not only entail donations, but also the spirit of giving. ABSA Bank Limited does not only regularly communicate with key stakeholders but also promotes responsible citizenship by continuing its dialogue with the government and market regulators, as well as international bodies (Sustainability Review, 2010: 103).

3.5.4 Equator principles financial institution

Financial organisations which comply with the equator principles have to consider certain conditions before agreeing to approve loans for projects valued at more than US\$50 million. These principles provide a voluntary framework of environmental and social benchmarks. ABSA follows this dual approval principle before approving loan facilities in order to ensure the mitigation and adequate management of environmental risks (Sustainability Review, 2010: 104).

At the United Nations Environment Program Finance Initiative Round Table in October 2009, ABSA Bank Limited formally adopted the equator principles, even though the organisation had been working within the Barclays scope of the principles for two years prior to that. Upon adoption of the principles the organisation qualified as an Equator Principles Financial Organisation,

ABSA will continue to consider Project Finance transactions in line with the equator principles. These and other efforts will drive ABSA's ongoing commitment to a sustainable environment for the ABSA Group and its stakeholders (Sustainability Review, 2010: 108).

3.5.5 Green Building within the ABSA Bank Limited business environment

The new flagship, ABSA Towers West is not only transforming the Johannesburg Central Business District, it's stated that it is taking green building elements in the city centre to an all new level. The building involved will cover three city blocks and will consist of two office buildings. Each of these buildings will comprise of fifteen storeys with eight levels of office space, three levels of combination space and four levels of basement parking. The parkade will provide twelve levels of parking space, with four basements and eight storeys above ground (Rose, 2009: 01).

This project is the only ABSA project registered for Green Star South Africa and will represent all of South Africa's ABSA Bank Limited branches. This initiative will establish the organisation as a leader in the field of environmental performance. (Anon, 2009a: 1).

ABSA Bank Limited is on the brink of getting its very first rating from Green Star South Africa. One of ABSA's missions is to become the pre-eminent bank in Africa. Therefore, in order to gain a competitive advantage over other competitors in the environmental responsibility field, ABSA will have to perform and endure to get a six star rating. (Anon, 2009a: 1).

Specific management teams are currently running various projects focussed on implementing and maintaining environmental programmes. This study seeks to investigate the perceptions of the employees on the current environmental movements and the climate within, and outside, the organisation's boundaries. (Anon, 2009a: 1).

ABSA's goal is to develop low-carbon property design standards for new or refurbished ABSA premises like the new facilities in Sandton Court, Johannesburg. Bioclimatic surveys were performed before building to determine the design. The structure includes passive solar shading; free cooling, high efficiency lighting and rainwater harvesting. Effort was made to use only locally sourced and recycled materials. As a result, the office is over 30% more efficient than standard new office buildings in South Africa (Sustainability Review, 2010: 106).

3.5.6 Energy

ABSA Bank Limited is focussed on reducing carbon dioxide emissions by improving energy efficiency, and since the beginning of 2008 ABSA has initiated several projects to reduce its effect on the environmental map. One such project involves the replacement of all conventional light bulbs in its head office buildings with energy-saving bulbs, saving between 14% and 33% of electricity per annum (Sustainability Review, 2010: 105). Additionally, all light fittings in the ABSA Bank Limited buildings across South Africa are fitted with motion sensors and dimmers, keeping energy consumption to a minimum (Jordaan, 2010: 25).

Reducing carbon dioxide emissions by using office space efficiently is another one of the projects recently launched. Compared to Europe, South African organisations in general give a larger office space per full-time employee. By reducing the office space assigned to employees ABSA's carbon footprint is already diminishing (Sustainability Review, 2010: 105).

In September 2010, ABSA's new energy centre in the Johannesburg Central Business District will become fully operational. The concept is based on self-generated energy through gas turbines which will save energy, energy-costs, and secure some carbon credits for the ABSA group. The highly efficient gas turbines will emit no smoke or exhaust gas odours and will be relatively quiet. The gas turbines will recover waste heat from the turbines and exhaust, which can be used to heat and cool the building, resulting in greater energy efficiency (Jordaan, 2010: 18).

ABSA will run its Energy Centre during peak electricity demand time when electricity costs are higher. This way, ABSA will save more than one third of its current electricity running costs in a single year. Also, gas turbines emit half the amount of greenhouse gas of coal power stations (Sustainability Review, 2010: 106).

In the ABSA Towers West building water from the gym's showers and hand basins will be heated through heat recovery at the air-conditioning chiller plant (Jordaan, 2010: 23). The heating and cooling systems will make use of the air outside to provide cooling when weather conditions are favourable, which will reduce the energy consumed to mechanically cool and heat the air (Jordaan, 2010: 24).

3.5.7 Water

ABSA Towers West will have the largest grey water system in South Africa with a capacity to recycle 43 000 litres of water per day (Jordaan, 2010: 34). The heating of the water is discussed above in the section on energy. A water consumption reduction feasibility study in 2009 showed the possibility of a 30% reduction in water consumption. Actual consumption figures will only be available as from 2010 (Sustainability Review, 2010: 105).

3.5.8 Waste

ABSA aims to prevent pollution and ultimately to reduce the amount of waste as far as possible. Therefore, various projects to address these issues have been implemented by the organisation and are discussed below.

Firstly, there has already been a 24, 8% reduction in paper usage since the beginning of 2009, resulting in a saving of R7 million. The amount of paper used by this organisation is expected to decrease by more or less 10% per annum. In 2009 only, 69 tons above the target was recycled.

Secondly, efforts to reduce landfill are ongoing, even though it was challenging and problematic to obtain accurate landfill numbers in 2009 (Sustainability Review, 2010: 105).

Thirdly, ABSA Towers West is complying with the Green Building specifications promoting using sustainable timber, local products, low volatile organic paints and minimal usage of materials such as polyvinyl chloride (Jordaan, 2010: 40).

Lastly, ABSA Bank Limited invests significantly in the development of food gardens in schools and communities all across South Africa (Jordaan, 2010: 44).

3.5.9 Carbon neutral and carbon footprint

ABSA aims to be at the forefront of dealing with environmental issues. The organisation succeeded in reducing its carbon footprint in 2009 and with the opening of its energy centre where in 2010 ABSA will erase up to half its carbon footprint for the CBD campus buildings.

The Group is committed to contributing to a green environment. ABSA offers discounts to home loan customers when approving new applications on sustainable products such as solar water-heating devices, power generators and lighting solutions (Sustainability Review, 2010: 108).

One of the goals for 2009 was to reduce the ABSA Group's carbon footprint for 2009 by 5 000 tons of carbon dioxide emissions. The main initiatives, which had been implemented in 2008, were to reduce carbon dioxide emissions by reducing business distance claimed by 6 million kilometres. In fact, the total reduction was 10 million kilometres during 2009, saving R19 million for ABSA. This meant a 2,283 ton reduction of carbon dioxide emissions.

Another focus area for ABSA was to reduce air travel and the organisation succeeded in reducing it by 17 million kilometres (and thus 1 642 tons of carbon dioxide).

3.5.10 Environmental credit risk

In 2009, employees of ABSA's Environmental Risk Management Department improved their expertise by attending various environmental workshops and conferences. They also received in-house training from the Barclays Environmental Risk Management Unit. ABSA regularly reviews and updates its credit policies and procedures, taking into account environmental risks.

The ABSA Group uses the Environmental and Social Impact Assessment policy to manage relationships with customers working on environmentally and socially sensitive projects (Sustainability Review, 2010: 103). The Environmental and Social Impact Assessment Policy assesses the potential environmental and social impact of a proposed project and informs ABSA's businesses about significant impact or reputation risks. When the environmental risk is high, the Environmental Risk Management Department is responsible for assessing the risks and reporting on how acceptable the transaction is. Environmentally sensitive lending transactions must comply with environmental criteria stipulated in the lending conditions, dictated by the mandate holder's assessment of environmental risk (Sustainability Review, 2010: 103).

3.5.11 Resource efficiency

ABSA ensures that its operations use resources as efficiently as possible. ABSA keeps abreast of new and changing environmental legislation through its formal compliance processes and, when necessary, updates policies and processes to take these requirements into account (Sustainability Review, 2010: 105).

3.6 SUMMARY

In Chapter 3 the focus was on the current status of the environmental performance of ABSA Bank Limited. The history and profile of the organisation was discussed. Reference was also made to its vision, mission and values.

The ABSA's policy and procedures were discussed in detail with reference to all legislative and governmental organisations regulating its operations. ABSA Group's strategic focus on environmental performance was outlined and reference was made to input from Maria Ramos, the Group Chief Executive of the ABSA Group Limited. Mention was made of the larger Barclays venture that supplies ABSA with a global platform and brand to differentiate the organisation in the African market.

Aspects related to environmental performance were discussed, with specific detail regarding ABSA's current projects and future plans to decrease its environmental impact.

A discussion of the empirical study that was conducted in this study will follow in Chapter 4.

CHAPTER 4

RESULTS AND DISCUSION ON EMPLOYEES PERCEPTION OF ENVIRONMENTAL PERFORMANCE WITHIN ABSA BANK LIMITED

4.1 INTRODUCTION

This chapter combines the background of ABSA Bank Limited with the literature study discussed in Chapters 2 and 3.

The primary objective of this study was to investigate the environmental performance of ABSA Bank Limited, evaluate the perception of the employees regarding ABSA's environmental policy and to make recommendations on possible strategies to encourage and promote a climate conducive to environmental performance.

The empirical study was conducted by means of a questionnaire administered to various employees of different management levels within the ABSA Bank Limited working environment and distributed via e-mail. The questionnaire was constructed and validated with the assistance of the North West University Statistical Consultation Services.

Refer to *Annexure A* for an example of the questionnaire.

This chapter provides insight into the method used in gathering the information for the empirical research of this study, the sampling method and size of the sample, as well as demographic information regarding the subjects. The chapter concludes with the presentation and discussion of the research results.

4.2 GATHERING OF DATA

Participating subjects had to follow the instructions, complete the survey by highlighting or marking the appropriate box they selected with an “X”, and return the questionnaire to the sender via e-mail, facsimile or in hard copy format.

Further details regarding the gathering of data is discussed later in this chapter.

4.3 STUDY POPULATION

Two-hundred employees from different management levels and departments were randomly selected to complete the questionnaire. Fifty-two subjects from different management levels and departments completed the actual survey. One group of the study population represented the Gauteng Province and the other group represented the North West Province.

4.4 QUESTIONNAIRE USED IN THIS STUDY

A covering letter outlining the purpose of the study accompanied each questionnaire. The anonymity of the subjects was guaranteed, and emphasis was put on the confidentiality of individual responses.

In order to confirm and substantiate the results of the study and to investigate the perception of employees on environmental performance within ABSA Bank Limited a structured questionnaire was used. The questionnaire itself was constructed and validated with the assistance of the North West University Statistical Consultation Services.

The criteria suggested by Best and Kahn (2003: 307-308), were taken into consideration when constructing the questionnaire. Below is a summary of criteria to be met in a questionnaire.

- The significance of the questionnaire should be clearly and carefully stated on the questionnaire itself, or in the letter that accompanies it.
- It should only seek information that cannot be obtained from other sources.
- It must be as short as possible and only long enough to obtain the essential data. The writing required of the subject must be kept to a minimum and the response system must be clear and easy.
- The presentation of the questionnaire must be attractive, neatly arranged, and clearly duplicated or printed.
- Directions need to be clear and complete. Important terms must be defined. Each question must deal with a single idea and must be worded as simply and clearly as possible. Two questions should not be contracted into single questions.
- The questions must be objective, with no leading suggestions as to the responses desired.
- Questions have to be presented in good psychological order, proceeding from general to more specific responses. If possible, annoying or embarrassing questions should be avoided. When questions of a delicate nature are necessary, the questionnaire should be anonymous.
- Code numbers should be allocated to all possible responses to permit easy transference to the format of a computer programme

The questionnaire consisted of two sections as discussed below.

Section A: Assessment of the perception of employees regarding environmental performance within ABSA Bank Limited

The purpose of this part of the study was to investigate the current knowledge of employees with regards to the environmental performance of the organisation.

Seven constructs were included in the questionnaire and comprised of the following: **Terminology, ABSA Policy, Development, Competition, Reporting, Equator Principles** and **Institutes**. Twenty-seven questions (related to these constructs) were included in this section of the questionnaire. Using the Likert scale, subjects had to indicate the extent to which they agreed or disagreed with each of the respective statements. The responses mirrored their knowledge and comprehension of the seven sections of environmental performance of the organisation.

4.4.1 Terminology

Terminology which is related to environmental performance was included in the seven above-mentioned constructs. The responses were aimed at reflecting how familiar employees of ABSA Bank Limited are with the terms relevant to the industry, and also echo their knowledge and comprehension thereof.

Six statements regarding climate change, corporate social responsibility, triple bottom line reporting, environmental performance, equator principles and the organisation's carbon footprint were included. Subjects were expected to indicate the extent to which they agreed or disagreed with each of the statements.

4.4.2 ABSA Policy

The knowledge and awareness of the employees regarding ABSA Bank Limited's policy on environmental performance formed the focus of the second construct.

In the first question, subjects were asked to rate their knowledge of the organisation's environmental policy and procedures. Subjects also had to evaluate and rate their knowledge and understanding of budgets and deadlines that should be met by the organisation with regards to environmental performance. Lastly, subjects had to indicate the extent to which all stakeholders (including employees, shareholders and customers) are involved in the implementation of these policies and procedures.

4.4.3 Development

The third construct tested the opinion of employees regarding ABSA Bank Limited's consideration of its environmental impact when implementing policies or major change initiatives. Subjects also indicated the extent to which ABSA considers its environmental impact when developing its products and services. In the final question subjects indicated whether or not they felt that the organisation is reducing its environmental impact by recycling, reducing energy consumption and preventing pollution.

4.4.4 Competition

The fourth construct contained two statements that reflected on the opinion of employees regarding the implementation of the environmental performance policies and procedures. The first question determined whether the subjects believed that these policies and procedures gave ABSA Bank Limited a competitive advantage. The second question determined whether the organisation had actually gained market share since the implementation thereof.

4.4.5 Reporting

As mentioned in Chapter 2, it is becoming increasingly important for corporate organisations to report on their attempts at reducing their carbon footprints. Therefore, the reporting and communication of ABSA Bank Limited regarding sustainability and environmental performance was under investigation in the fifth construct.

Five statements were made regarding the regularity, openness, clarity and accuracy of the reports and communication between the organisation and employees. Employees could indicate their opinion on each of the above-mentioned aspects. They could indicate on the questionnaire on whether they felt that ABSA Bank Limited continuously collects data regarding ways to limit its environmental impact.

4.4.6 Equator Principles

Construct six focussed on the subjects' awareness and knowledge of the equator principles and aimed at determining whether ABSA Bank Limited is conforming to these standards.

ABSA Group aspires to assess the potential environmental impact of each proposal submitted for financing. Therefore, the four statements included in this section were aimed at assessing the validity and effectiveness of the criteria for granting financial aid.

ABSA Bank Limited has collaborated with its key suppliers to establish better environmental performance. Subjects were thus asked to indicate whether they are aware that key suppliers should be able to guarantee improvement in their own environmental performance in order to secure future business with the organisation.

4.4.7 Institutes

Corporate organisations have to comply with standards and guidelines set by various institutes when it comes to climate change and environmental performance.

Construct seven contained four statements. In this section it was determined whether subjects are aware of the different institutes regulating environmental performance and whether they know that ABSA is currently an ISO14001 registered organisation. It was verified whether the subjects are aware that ABSA Bank Limited is registered at the Green Building Council of South Africa. Also, it was established whether the subjects are aware that the ABSA building is the first registered green building.

A statistical analysis of the seven above-mentioned constructs will be discussed later in this chapter. To gain more information and insight reference can also be made to *Annexure A* (an example of the questionnaire)

Section B: Demographical information

In this section demographic data was compared to the results obtained from the environmental performance survey.

4.5 CONFIDENTIALITY

Both the confidentiality and anonymity of participating subjects was guaranteed on completion of the survey. No individual results were, or will be, made available. The identities of those subjects who chose to participate, or not participate, will also not be disclosed.

4.6 STATISTICAL ANALYSIS OF DATA

Data collected during the survey was analysed by the Statistical Consultation Services of the North West University (Potchefstroom-Campus) using Statistica (Statsoft, 2008) and SPSS (SPSS, 2008). In this study frequency distributions were tabulated or portrayed graphically in the form of histograms and bar charts. The mean was employed as measure of central tendency and the standard deviation to indicate dispersion of data.

4.7 RESPONSES TO THE SURVEY

In Table 4.1 a tabular presentation is given of the responses to the survey.

Table 4.1: Responses to the survey

Response type	Frequency	Percentage
Number of questionnaires distributed	200	100%
Number of questionnaires returned	59	29.5%
Number of questionnaires discarded	7	3.50%
Number of questionnaires analysed	52	26%

A total of 200 questionnaires were sent to randomly selected employees in the North West and Gauteng Provinces respectively. By 15 October 2010, which was the cut off date, 35 questionnaires from the North West Province and 24 from the Gauteng Province had been completed and returned. The response rate was thus 29.5%. Seven questionnaires had to be discarded and could not be used for analysis since the subjects completed only certain. Ultimately 52 questionnaires were analysed. Top managers in the Sustainability Department of ABSA Bank Limited supported the survey.

4.8 DEMOGRAPHIC INFORMATION OF RESPONDENTS

This part of the survey questionnaire consisted of demographical information. Subjects were asked to provide information regarding their age group, gender, race, highest academic qualification and indicate the functional department in which they work.

4.8.1 Gender of respondents

The male-female ratio of subjects who participated in the survey is summarized in Table 4.2.

Table 4.2: Gender of respondents

Gender	Frequency	Percentage
Male	16	30.8%
Female	36	69.2%
Missing information	0	0%
Total	52	100%

Of the 52 subjects, 16 (30.8%) were male subjects and 36 (69.2%) were female subjects.

4.8.2 Racial group classification of respondents

Subjects were requested to indicate their racial group according to the South African racial classification system. Table 4.3 indicates the frequency distribution per racial group.

Table 4.3: Race group classification of respondents

Racial group	Frequency	Percentage
Asian	1	1.9%
Black	11	21.2%
Coloured	2	3.8%
White	36	69.2%
Missing information	2	3.8%
Total	52	100%

The majority of the subjects were White with a total of 36 (69.2%), while 11 (21.2%) subjects were Black. Only 1 (1.9%) of the subjects were Asian and 2 (3.8%) Coloured employees participated in this study. Two subjects did not indicate the racial groups they belong to.

4.8.3 Age group classification of respondents

The purpose of this question was to gain insight into the age distribution of subjects as, for example, a group closer to retirement (60+) could have different views from a group aged 29 and younger. Subjects were requested to indicate their age group in one of the predetermined categories. The results of the age group classification of the participating subjects are presented in Table 4.4.

Table 4.4: Respondents by age group

Age group	Frequency	Percentage
≤ 29	12	23.1%
30-39	21	40.4%
40-49	13	25%
50-59	5	9.6%
60+	1	1.9%
Total	52	100%

All subjects completed this question. The majority of subjects who participated in the study were between the ages of 30 to 39 (40.4%) and 40 to 49 (25%) respectively. Together, subjects from these two age groups amounted to 34 (64.4%) of the possible 52 participants. Although 12 subjects were younger than 29 they represented only 23.1% of the sample, while 5 (9.6%) were between the ages of 50 to 59. Only one (1.9%) subject was above the age of 60.

4.8.4 Highest academic qualification achieved by respondents

The purpose of this question was to determine the subjects' highest academic qualifications in order to establish the relationship between level of qualification and knowledge of the environmental performance within ABSA Bank Limited.

Table 4.5 presents the highest academic qualification achieved by the participating subjects.

Table 4.5: Highest academic qualification achieved by respondents

Qualification group	Frequency	Percentage
Lower than grade 12	5	9.6%
Grade 12	9	17.3%
National Certificate	9	17.3%
National Diploma	8	15.4%
Degree	7	13.5%
Post graduate degree	8	15.4%
Missing information	6	11.5%
Total	52	100%

There was an equal number of subjects whose highest academic qualification was either a National Certificate (or equivalent qualification) or Grade 12. These two groups accounted for a sample of 34.6%. Both groups had a 17.3% response rate. 15.4% of subjects had Postgraduate degrees, and 15.4% had National Diplomas, thus constituting 30.8% of the sample. Only 7 (13.5%) of the subjects had obtained degrees, while 5 (9.6%) were not in possession of an academic qualification equivalent to (or higher than) Grade 12. Six subjects did not indicate their qualifications.

4.8.5 Area where respondents are working

Information on the geographical location of subjects, as summarized in Table 4.6, was used to gain insight into whether or not location was of significance in the subjects' awareness of environmental performance.

Table 4.6: Area where respondents are working

Functional department	Frequency	Percentage
Gauteng	19	34.54%
North West	33	63.46%
Total	52	100%

Subjects from the North West Province were represented by ABSA employees from Klerksdorp and Potchefstroom, and formed the largest category (63.46%). ABSA employees from Johannesburg Central and Pretoria represented the Gauteng Province and accounted for 34.54% of the study population. The subjects represented different levels of management and different departments.

4.8.6 Distribution of management level

For the purpose of this study, participating employees were classified as being top (E and T band Patterson grading), middle (M and P band Patterson grading) or junior level (A, B and C band Patterson grading) managers. Table 4.7 presents the management level of the participating subjects.

Table 4.7: Management level of respondents

Management level	Frequency	Percentage
Top Management (E and T Band)	2	3.8%
Middle management (M and P Band)	21	40.4%
Junior Management (A, B and C Band)	27	51.9%
Missing information	2	3.8%
Total	52	100%

The majority of the participating subjects fell into the management category of junior management (51.9%) and middle management (40.4%) respectively. Subjects from these two management level categories amounted to 92.3% of the total responses. Only 2 (3.8%) subjects represented top management, while another two subjects (3.8%) did not complete the question.

4.8.7 Number of years employed by the organisation

For the purpose of this study, participating employees were classified according to the number of years they had been working for the ABSA Bank Limited. The results are presented in Table 4.8.

Table 4.8: Number of years employed by the organisation

Management level	Frequency	Percentage
0 – 1 Year	2	3.8%
2 – 5 Years	15	28.8%
6 – 10 Years	11	21.2%
More	24	46.2%
Total	52	100%

The majority of the participating subjects had been in ABSA's service for more than ten years (46.2%). 28.8% had been employed by the organisation for a period of two to five years (28.8%). Added together, subjects from these two categories amounted to 75% of the study population.

This section was completed by all participating subjects and it is evident that most of the subjects have been employed by ABSA Bank for many years.

4.9 RELIABILITY OF THE QUESTIONNAIRE

In order to assess the internal consistency between the items in each construct in the research instrument, Cronbach Alpha coefficients were calculated. The Cronbach Alpha coefficient is based on the average correlation of variables within a test (Struwig & Stead, 2004:132). The greater the value of the Cronbach Alpha coefficient, the higher the internal consistency and the more reliable the construct used in the study (Struwig & Stead, 2004:133). The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the construct. Nunnally and Bernstein (1994:265) suggest that for acceptable reliability the Cronbach Alpha coefficient should be equal to or greater than 0.7.

Table 4.9 indicates the Cronbach Alpha coefficients of the constructs measuring the environmental performance and perceived success of the organisation.

Table 4.9: Cronbach Alpha coefficients of constructs (ranked in order of value size)

No	CONSTRUCT	Cronbach Alpha coefficient
CONSTRUCTS MEASURING ENVIRONMENTAL PERFORMANCE		
1	Terminology	0.712
2	ABSA Policy	0.825
3	Development	0.909
4	Competition	0.801
5	Reporting	0.928
6	Equator Principles	0.909
7	Institutes	0.828

The results, as indicated in Table 4.9, suggest that the reliability of the research instrument used to assess the environmental performance of ABSA Bank Limited is acceptable since the Cronbach Alpha coefficient had not been lower than 0.7 for any of the constructs tested.

4.10 ASSESSMENT OF THE ENVIRONMENTAL PERFORMANCE

4.10.1 Variables measuring environmental performance

Now that the reliability of the statements related to the seven constructs of environmental performance has been established, the seven constructs will be used for further analysis.

As previously discussed, a Likert scale was used to evaluate the twenty-seven statements related to these constructs. There were four possible response options: the number 1 indicated that a subject strongly disagreed, while the number 4 indicated that the subject strongly agreed with the respective statements. Subjects were instructed to mark their preferred position on the agreement dimension/ scale with a cross.

In a normal distribution, the majority of values lie within an interval of plus-minus one standard deviation above or below the mean. The more dispersed the data, the larger the standard deviation (Levine *et al.*, 2006:118). The results of the means analysis for the seven constructs are presented in Table 4.10.

Table 4.10: Environmental performance survey results

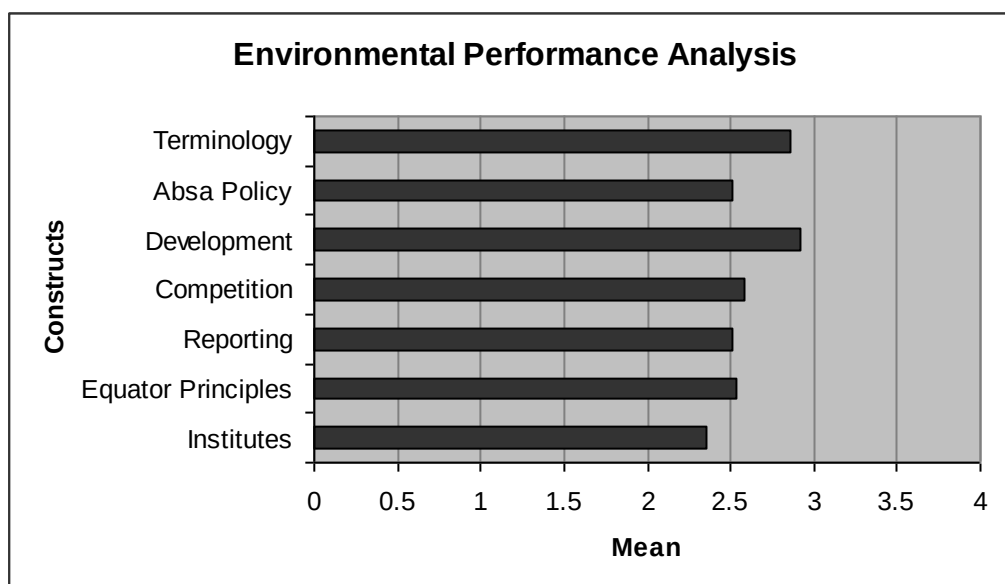
	CONSTRUCT	n	mean	s
1	Terminology	52	2.86	0.52
2	ABSA Policy	52	2.51	0.80
3	Development	52	2.91	0.78
4	Competition	52	2.59	0.75
5	Reporting	52	2.51	0.79
6	Equator Principles	52	2.54	0.85
7	Institutes	52	2.35	0.75
Total		52	2.61	0.78

The average mean of all constructs evaluated by subjects was ($\bar{x} = 2.6087$).

With a score of two-and-a-half out of four on the Likert-scale, this indicates the prevalence of environmental performance constructs within the daily operations of ABSA Bank Limited. Even though there is a strong presence of these constructs there is still room for improvement.

The results of the survey, illustrating the mean values of the seven constructs of environmental performance, are presented graphically in a clustered bar chart (Figure 4.1).

Figure 4.1: Environmental Performance analysis



Two of the seven constructs evaluated, namely **Terminology** ($\bar{x} = 2.86$) and **Development** ($\bar{x} = 2.91$) each had a mean above the average mean ($\bar{x} = 2.61$), even though all of the constructs still had a mean below two out of four.

The other five constructs that were evaluated had a mean ranked lower than the average mean ($\bar{x} = 2.61$). These constructs included the **ABSA Policy** ($\bar{x} = 2.51$), **Competition** ($\bar{x} = 2.59$), **Reporting** ($\bar{x} = 2.51$), **Equator Principles** ($\bar{x} = 2.54$) and **Institutes** ($\bar{x} = 2.35$).

4.11 STATISTICAL SIGNIFICANCE OF THE DEMOGRAPHIC VARIABLES AND ENVIRONMENTAL PERFORMANCE CONSTRUCTS

In order to test for statistical significance, the independent (two-sample) *t*-test was used. The results of this test are presented in the form of *p*-values and *d*-values. For the purpose of this study, the simple conservative approach was applied and the *t*-test that does not assume equal variances was used (Elliott & Woodward, 2007:59).

A small *p*-value, for example smaller than 0.05, indicates significance (Ellis & Steyn, 2003:51). However, Ellis and Steyn (2003:51) caution against the drawback of using the *p*-value, especially when random sampling was not used.

For the purpose of this study, the effect-size (d -values) will be interpreted in accordance with Cohen's guidelines: Small effect (d -value = 0.2), medium effect (d -value = 0.5) and large effect (d -value = 0.8). Results with a large effect can be regarded as visible effects and with $d \geq 0.8$ as practically significant, since it is the result of having a large effect (Field, 2005:32; Ellis & Steyn, 2003:51-53).

If a visible difference in terms of the d -value is determined, it would mean that should you split the subjects into two groups (e.g. male and female, or black and white) and an outsider were to spend enough time with each group, he/she would be able to tell that a specific group has a more positive view regarding a specific construct or variable than the other group (De Villiers, 2008:164).

4.12 CORRELATION BETWEEN DEMOGRAPHIC VARIABLES AND ENVIRONMENTAL PERFORMANCE CONSTRUCTS

The purpose of this analysis was to determine the correlation between demographic variables and environmental performance constructs. Based on this analysis it was clear whether there is a significant difference between the mean scores of subjects with regard to the seven constructs.

The relationship between the demographic variables and the seven constructs were examined by independent t -tests and effect-sizes. The following demographic were included: the gender classification of subjects, number of years employed by ABSA Bank Limited and the management level of the subjects.

4.12.1 Correlation between the seven constructs and gender:

Table 4.11 indicates the relationship between the seven constructs measuring environmental performance and gender as a demographic variable. The following data is included: the mean ($\bar{x}$), standard deviation (s), *t*-test (*p*) and effect-size (*d*).

Table 4.11: Correlation between the seven constructs and gender

		GENDER							
		Male			Female			Comparison	
Construct		n	$\bar{x}$	s	n	$\bar{x}$	s	<i>p</i>	<i>d</i>
1	Terminology	16	3.00	0.41	36	2.80	0.56	0.15	0.37
2	ABSA Policy	16	2.44	0.61	36	2.54	0.88	0.64	0.11
3	Development	16	2.83	0.87	36	2.95	0.74	0.65	0.13
4	Competition	16	2.41	0.52	36	2.67	0.83	0.18	0.32
5	Reporting	16	2.39	0.66	36	2.56	0.85	0.43	0.21
6	Equator Principles	16	2.30	0.77	36	2.65	0.88	0.16	0.40
7	Institutes	16	2.36	0.73	36	2.34	0.73	0.95	0.02

The *p*-values are all bigger than 0.05, which indicate that men did not statistically prove more positive than women regarding any of the constructs of environmental performance.

When taking the *d*-values into account, it is evident that most of the effect-size of each was small (*d*-value =0.2). The effect-size of three of the constructs were medium (*d*-value =0.5), namely **Terminology**, **Competition** and **Equator Principles**.

4.12.2 Correlation between the seven constructs and number of years employed by ABSA Bank Limited

Table 4.12 indicates the correlation between the seven constructs measuring environmental performance and the number of years a subject had been employed by ABSA Bank Limited. The following data is included: the mean ($\bar{x}$), standard deviation (s), *t*-test (*p*) and effect-size (*d*).

Table 4.12: Correlation between the seven constructs and number of years employed by ABSA Bank Limited

		YEARS EMPLOYED BY ABSA							
		2 – 5 Years			> 10 Years			Comparison	
Construct		n	$\bar{x}$	s	n	$\bar{x}$	s	p	d
1	Terminology	15	2.80	0.61	24	2.92	0.52	0.52	0.20
2	ABSA Policy	15	2.58	0.65	24	2.65	0.76	0.75	0.10
3	Development	15	2.94	0.69	24	2.93	0.83	0.96	0.02
4	Competition	15	2.70	0.59	24	2.65	0.73	0.80	0.07
5	Reporting	15	2.72	0.56	24	2.56	0.83	0.47	0.19
6	Equator Principles	15	2.70	0.47	24	2.55	1.00	0.54	0.15
7	Institutes	15	2.63	0.42	24	2.38	0.89	0.25	0.28

The p -values are all bigger than 0.05, which indicate that subjects who had been working for ABSA Bank Limited for a period of between 2 – 5 years did not prove statistically more positive than employees who had been employed by the organisation for more than 10 years regarding any of the constructs of environmental performance.

In each instance the effect-size is too small to be of any practical significance. Since none of the effect sizes had a large effect (d -value = 0.8) or even a medium effect (d -value = 0.5).

4.12.3 Correlation between the seven constructs and the management level

Table 4.13 indicates the relationship between the seven constructs measuring environmental performance and management level. The following data is included: the mean ($\bar{x}$), standard deviation (s), t -test (p) and effect-size (d).

Table 4.13: Correlation between the seven constructs and the management level

		MANAGEMENT LEVEL							
		Middle Management			Junior Management			Comparison	
Construct		N	$\bar{x}$	s	n	$\bar{x}$	s	p	d
1	Terminology	21	2.86	0.48	27	2.86	0.57	0.96	0.01
2	ABSA Policy	21	2.30	0.79	27	2.65	0.74	0.12	0.45
3	Development	21	2.97	0.91	27	2.97	0.51	1.00	0.00
4	Competition	21	2.41	0.85	27	2.76	0.56	0.11	0.42
5	Reporting	21	2.41	0.87	27	2.61	0.65	0.39	0.23
6	Equator Principles	21	2.36	1.05	27	2.69	0.61	0.20	0.32
7	Institutes	21	2.18	0.82	27	2.49	0.66	0.17	0.38

The p -values are all bigger than 0.05, which indicate that middle management is not statistically more positive than junior management regarding any of the constructs of environmental performance.

When taking the d -values into account, it is evident that the effect-size of the majority is small (d -value = 0.2). The effect-size of the following four constructs' is medium (d -value = 0.5), namely **Terminology**, **Competition**, **Equator Principles** and **Institutes**.

4.13 SUMMARY

A survey questionnaire was used to conduct the empirical study and was discussed in this chapter. The questionnaire entailed the seven constructs of environmental performance as applied by ABSA Bank Limited. 59 of the questionnaires were returned, and in the end 52 of the questionnaires were analysed due to the quality of the feedback.

The demographic information of the subjects were analysed in terms of age group ($\leq 29 = 12$, 30-39 = 21, 40-49 = 13, 50-59 = 5, 60+ = 1), gender (16 males and 36 females), race (11 Black, 36 White, 2 Coloured and 1 Indian), number of years employed by ABSA Bank Limited (2 work 0 – 1 year, 15 work 2 – 5 years, 11 work

6 – 10 years and 24 work more than 10 years for ABSA Bank Limited). Furthermore the group with the highest qualification consisted of 22 subjects that obtained a qualification above a national certificate level, management levels (2 Senior Management, 21 Middle Management and 27 Junior Management) and then the area location of subjects (19 from Gauteng and 33 from the North West Province)

Cronbach's alpha coefficient values were used to determine the internal consistency of items within each construct of the research instrument. None of the constructs' alpha values were lower than 0.70, indicating a high level of internal reliability of the constructs of the research instrument.

An assessment of the perceptions of employees regarding environmental performance in ABSA Bank Limited was conducted. The means of five constructs were lower than the average mean ($\bar{x} = 2.61$), while two constructs were ranked higher. The two constructs with the highest means were **Terminology** ($\bar{x} = 2.86$) and **Development** ($\bar{x} = 2.91$).

An analysis was done to determine the correlation between demographic variables and responses regarding the seven environmental performance constructs. The effect of gender and race, years employed by ABSA Bank Limited and the management level on the responses to the constructs was analysed and the practical significance of each was determined. In all instances the effect-size was too small to be of any practical significance. Since none of the effect sizes had a large effect (d -value = 0.8).

In the next chapter conclusions are drawn from the findings discussed in this chapter. Recommendations are made on how to better environmental performance within ABSA Bank Limited.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter aims to make recommendations regarding practical ways in which environmental performance can be implemented or enhanced in ABSA Bank Limited.

This is the final chapter on the assessment of the current environmental performance of ABSA Bank Limited and consists of two sections. In the first section of this chapter, conclusions are drawn from information gathered in the literature study and the findings of the empirical study. With reference to and consideration of the primary and secondary objectives (as formulated in chapter 1) the discussion focuses on findings of the investigation of the current environmental performance and the perception of the employees of ABSA Bank Limited.

Conclusions are drawn based on the results of the empirical study and statistical analysis (as discussed in chapter 4). Also, the correlation between demographic variables (such as age group, gender, race, number of years employed by ABSA Bank Limited and management level, and area of location) and the seven constructs measuring the environmental performance is discussed.

Now that the current state of affairs regarding environmental performance within ABSA Bank Limited has been investigated and established, the question is how to get from the present state to an even more desirable future state. Moving from the current state to the future one will of course imply a process of planned change and a mind shift from all stakeholders within the organisation.

The second section of the chapter contains proposals and guidelines on the fostering environmental performance of ABSA Bank Limited.

5.2 CONCLUSIONS

Conclusions are discussed in the same order as the questions in the questionnaire and firstly address the basic demographic information, followed by an evaluation of the Cronbach Alpha coefficient (to establish the reliability of the measurement used for the assessment of the seven constructs of environmental performance).

5.2.1 Demographic information

Demographic information of subjects was obtained regarding age group, gender, race, number of years employed by ABSA Bank Limited, management levels and the area situated. Correlation between gender and racial group distribution and the environment performance constructs are discussed in section 5.2.5.

The following conclusions were drawn based on the results of the survey questionnaire:

- The gender representation of the employees within ABSA Bank Limited was uneven, with two thirds (69.2%) being female, and one third (30.8%) male. Thus, of the 52 subjects who completed the questionnaire, 36 were female and 16 were male.
- Of the 52 subjects, 36 (69.2%) subjects were White while 11 (21.2%) subjects were Black. Only 1 Asian and 2 Coloured employees participated in this study. Two subjects did not indicate their racial groups.
- The majority of the participating subjects fall into the 30 to 39 (40.4%) year age group and 40 to 49 (25%) year age group respectively. Responses from these two age group categories amounted to 64.4% of the total responses.

- The response rate for subjects who had attained either a National Diploma (or equivalent qualification) or Grade 12 was 17.3% respectively, amounting to 34.67% of the responses. 15.4% of the subjects had attained a National Diploma, and another 15.4% post-graduate degrees, thus constituting 30.8% of the sample. Six subjects did not indicate their highest qualifications.
- Employees from different management levels of ABSA Bank Limited in Klerksdorp and Potchefstroom represented the North West Province and subjects situated in Johannesburg Central and Pretoria represented the Gauteng Province.
- The majority of the participating subjects were from the Junior Management (51.9%) and Middle Management (40.4%) categories respectively. These two management level categories amounted to 92.3% of the total responses. Two subjects did complete this question.
- 46.2% of the participating subjects had been in the service of ABSA Bank Limited for more than 10 years, while 28.8% had been in the company's service between 2-5 years. These two management level categories amounted to 75% of the total responses. All subjects completed this section and it is evident that the subjects had been employed by ABSA Bank for many years.

5.2.2 Reliability of the environmental performance questionnaire

The reliability of the environmental performance questionnaire had been proven acceptable as none of the seven constructs tested had a Cronbach Alpha coefficient lower than 0.7.

5.2.3 Assessment of the environmental performance

The results, as discussed in Chapter 4, indicated that the current orientation regarding environmental performance is average. Two of the constructs evaluated had a mean ranked higher than the average mean of ($\bar{x} = 2.61$). For the purpose of this study, the results confirm a relatively strong awareness of the constructs related to environmental performance since all the constructs had a mean closer to three than to two, thus indicating a slight agreement with the relevant items.

Two of the seven constructs that had been evaluated, **Terminology** ($\bar{x} = 2.86$) and **Development** ($\bar{x} = 2.91$), had a mean above the average mean ($\bar{x} = 2.61$), while all of the remaining constructs still had a mean lower than three out of four.

The other five constructs that had been evaluated included the **ABSA Policy** ($\bar{x} = 2.51$), **Competition** ($\bar{x} = 2.59$), **Reporting** ($\bar{x} = 2.51$), **Equator Principles** ($\bar{x} = 2.54$) and **Institutes** ($\bar{x} = 2.35$), and each had a mean ranked lower than the average mean ($\bar{x} = 2.61$).

The conclusions that can be drawn with regards to each of the individual construct are discussed below:

5.2.3.1 Terminology

This particular construct tested to what extent employees of ABSA Bank Limited are aware of terminology related to environmental performance. The second highest score ($\bar{x} = 2.86$) from all the constructs tested was achieved, indicating that most employees more or less 'strongly agreed' with the statements.

Climate change ($\bar{x} = 3.48$) and social responsibility ($\bar{x} = 3.38$) were indicated as the two best-known concepts. The terms triple bottom line ($\bar{x} = 2.33$), environmental performance ($\bar{x} = 2.79$), equator principles ($\bar{x} = 2.27$) and carbon footprint ($\bar{x} = 2.90$) were not that familiar, but not totally unknown to subjects. All of these terms were rated above 2, so the subjects "slightly agreed" that they had knowledge of the concepts, even though the terms equator principles and triple bottom line were the least familiar concepts.

5.2.3.2 ABSA Policy

The knowledge and awareness of the ABSA policy on environmental performance was tested in the second construct. Most employees indicated that they have some knowledge of the policy.

This construct had the sixth largest mean of ($\bar{x} = 2.51$). Subjects indicated that they more or less 'strongly agree' with the statements. Although this construct did not measure high against the other constructs, it still proved that employees are relatively well-informed about the organisation's policy and procedures regarding environmental performance. It also proved that all stakeholders are taken into consideration with the setting up and implementation of this policy.

5.2.3.3 Development

The development of environmental performance within the ABSA business environment was seen as the most relevant and important construct of all. Subjects felt that ABSA Bank Limited is taking the environment into consideration when setting up policies and budgets. They also indicated that they agree that ABSA is reducing its environmental impact.

Since this construct had the highest mean of ($\bar{x} = 2.91$), it was evident that employees feel that ABSA Bank Limited is doing enough at this stage to develop environmental performance within the working environment.

5.2.3.4 Competition

According to the subjects, ABSA Bank Limited is very competitive and has gained market share since implementing environmental performance in the working environment. This construct had a mean of $\bar{x} = 2.59$ which indicated that subjects 'slightly agreed' and even tended to 'strongly agree' with the statements seeing that it was closer to 3 than to 2 on the Likert Scale.

5.2.3.5 Reporting

The reporting on and communication of ABSA Bank Limited's movements and achievements regarding environmental performance had the third lowest mean of ($\bar{x} = 2.51$). Based on these results it can be concluded that subjects 'slightly agreed' with the statement that ABSA Bank Limited keeps employees informed about its latest movements. It was evident that subjects were of the opinion that reports are relevant and trustworthy, even though they had not been received regularly.

5.2.3.6 Equator Principles

Subjects indicated that they felt informed regarding the extent to which ABSA Bank Limited conforms to standards related to the equator principles before financing projects of which the potential environmental impact is not a properly evaluated. ABSA is thus complying with the necessary legislation, as implied by the mean of ($\bar{x} = 2.54$).

5.2.3.7 Institutes

Subjects were of the opinion that they are well-informed about the organisational development and latest legislation of ISO 14001 registration, as well as the Green Building Council of South Africa. This, however, was the construct in which the lowest score was achieved. The mean of ($\bar{x} = 2.35$) revealed that the subjects are aware of the legislation but don't have a definite knowledge of all the relevant institutes and role-players.

The mean ($\bar{x} = 2.35$) of the responses to the statement regarding the ABSA Towers West in Johannesburg, the first green ABSA building, that they are aware of the project which indicated that more than half the subjects stated that they "slightly agree" with the statement.

5.2.4 Correlation between demographic variables and the seven constructs

In the section which follows conclusions are drawn based on the analysis of the correlation between certain demographic variables and environmental performance within the organisation. The relationship between the organisation's environmental performance and the following variables will be evaluated: gender, number of years an employee has been in the service of ABSA Bank Limited and the management level of subjects.

5.2.4.1 Correlation between gender and the seven constructs

The correlation between gender and the seven environmental performance constructs was analysed and revealed that gender does not visibly influence the subjects' perceptions of environmental performance of ABSA Bank Limited. The results do not indicate a statistically significant difference (p -value < 0.05) in the mean values of the perceptions of male and females with regards to any of the environmental performance constructs.

Effect-size determines how significant the relationship between variables is. When taking the d -values into account, it is evident that the effect-size of each of the following three variables, namely **Terminology**, **Competition** and **Equator Principles**, is medium due to its 0.5 d -value. The effect-size of each of the remaining constructs is small, with a 0.2 d -value.

5.2.4.2 Correlation between the number of years employed by ABSA Bank Limited and the seven constructs

Based on the results of the analysis it has been concluded that subjects' perceptions of the environmental performance of the organisation were not influenced by the number of years they had been employed by ABSA Bank Limited.

The fact that the *p*-values of all the constructs related to environmental performance are bigger than 0.05 confirms that subjects who had been in the service of ABSA Bank Limited for a period of 2-5 years were not statistically more positive than that of employees who had been in ABSA's service for 10 or more years.

In the case of each construct the effect-size is too small to be of any practical significance as not one of these constructs has a *d*-value exceeding 0.5. Since none of the effect sizes had a large effect (*d*-value = 0.8) or even a medium effect (*d*-value = 0.5).

5.2.4.3 Correlation between the management level and the seven constructs

Management level did not visibly influence the subjects' perceptions of the environmental performance of ABSA Bank limited, as is proven by the results.

The *p*-values are all bigger than 0.05, which indicates that Middle Management is not statistically more positive than Junior Management regarding any of the constructs of environmental performance.

When taking the *d*-values into account, it is evident that the effect-size of each of the following constructs is small (*d*-value = 0.2): **ABSA Policy, Development and Reporting**. When analysing the *d*-values the following constructs proved to have a medium effect-size (*d*-value = 0.5): **Terminology, Competition, Equator Principles and Institutes**.

5.3 RECOMMENDATIONS

Based on the analysis of the seven constructs measuring environmental performance, it was evident that the overall awareness in ABSA Bank Limited has been conducive to environmental performance in the organisation.

Furthermore, from the literature study it was evident that the support and commitment of top management is vital in creating and fostering environmental performance in any organisation. Communication should be effective and happen frequently. Any information shared with employees and stakeholders should be of a high quality.

Of the seven environmental performance constructs that were evaluated, five areas need special attention to ensure that the current environmental performance of ABSA Bank Limited is fostered and enhanced. The mean rating for each of these areas was lower than ($\bar{x} = 2.61$).

The areas that need to be developed will now be discussed, starting with the one in which the lowest mean rating was achieved, to the area with the mean rating closest to ($\bar{x} = 2.61$).

5.3.1 Institutes

The mean of the above-mentioned construct was the lowest ($\bar{x} = 2.35$), and was thus below the average mean of ($\bar{x} = 2.61$). This indicates that communication in this field needs to be more effective within the ABSA Bank Limited working environment.

ABSA is an ISO 14001 registered organisation and is registered at the Green Building Council of South Africa. Subjects reflected that they weren't absolutely confident in stating that they have sufficient knowledge of these institutes.

ABSA Bank Limited has registered its first Green Building Project, named Towers West, in Johannesburg. Most of the subjects were familiar with this information.

The perception, however, is that ABSA Bank Limited could share more information regarding its registration to the different institutes. This information could be shared more frequently and on a more informal level via e-mail or the social networking websites which most people use nowadays.

5.3.2 ABSA Policy

By sharing information on policies and procedure and involving all stakeholders in the setting up and implementation thereof, ABSA Bank Limited can inspire employees to gain more knowledge of the topics and get a more practical feel from ground level. Employees should be acknowledged and rewarded for bringing ideas to the table and they should feel motivated to give their input.

All stakeholders should have access to the ABSA policy regarding environmental performance and there should be spot checks on all employees to test their knowledge of such matters.

5.3.3 Reporting

ABSA Bank Limited should ensure that all employees are kept informed about the most recent reports on environmental performance. The King III report stipulates that annual reports on environmental and other relevant issues should be readily accessible by all stakeholders. Such reports need to be user-friendly and be of relevance to the recipients.

5.3.4 Equator Principles

ABSA Bank Limited should communicate details regarding matters related to the equator principles, as this area is highly monitored and organisations are expected to conform to these principles. In the financial industry irresponsible financing can have extensive consequences. On the other hand, organisations known for their awareness of, and involvement in, environmental issues can help establish a competitive advantage. Employees, as well as all stakeholders, should be kept well-informed at all times.

ABSA Bank Limited should ensure that it does not finance any organisations or projects that might have a negative impact on the environment or might be harmful to society. Instead, funding and financing should be granted based on whether the organisations or projects involved will have a positive impact on the environment and climatic change.

5.3.5 Competition

ABSA Bank Limited should ensure that it stays ahead of its rivals. Since consumers in general are more likely to support organisations that are concerned about environmental issues ABSA Bank Limited can establish a competitive advantage as a financial organisation by investing time and effort in this regard. Frequent reports should be compiled and distributed. Also, marketing campaigns should demonstrate the extent to which the organisation contributes to the future of the environment and society.

5.4 ACHIEVEMENT OF OBJECTIVES

Evaluation of the success of this study is based on the achievement of the research objectives as indicated in the Chapter 1.

5.4.1 Primary objective

The primary objective of this study was to investigate the environmental performance of ABSA Bank Limited and to evaluate the perception of the employees on the organisation's environmental policy.

The primary objective was achieved through realising the secondary objectives of the study.

5.4.2 Secondary objectives

In order to address the primary objective, the following secondary objectives were formulated:

- To define all the terminology associated with environmental performance by reviewing relevant literature;
- To define triple bottom line reports, with the broader focus on environmental performance;
- To review the current environmental performance status of ABSA Bank Limited ;
- To gather relevant data on ABSA Bank's current environmental performance, thus transforming the information on the implementation of environmental performance, as gathered through qualitative and quantitative empirical studies, into significantly useful data.
- To suggest practical recommendations to foster and enhance relevant environmental practices in the corporate environment.

The first objective was to define all the terminology associated with environmental performance by reviewing relevant literature, as was covered in Chapter 2.

The second objective was also achieved (refer to Chapter 2) seeing that the concept of triple bottom line reports was defined and that the broader focus fell on environmental performance.

The third objective was achieved in Chapter 3 as the background, history and current environmental performance policies of ABSA Bank Limited were discussed.

The fourth secondary objective was to measure and evaluate the current environmental performance of ABSA Bank Limited by means of a questionnaire, as discussed in Chapter 4. To achieve this objective, the reliability of the measuring instrument was firstly confirmed by using the Cronbach Alpha coefficient.

The last objective, which was to make recommendations that will ensure and promote the environmental performance of ABSA Bank Limited, was attained in Chapter 5.

5.5 SUGGESTIONS FOR FURTHER RESEARCH

In this day and age it is becoming increasingly important for organisations to develop awareness of environmental performance.

Based on the findings of this study several suggestions regarding future research can be made and are discussed below.

- The scope of the study was limited to employees of ABSA Bank Limited in Gauteng and the North West Province only. By including more test subjects in a similar survey the results might be more reliable and representative of the perceptions of employees in general.
- Since ABSA Bank Limited views its clients and all stakeholders as invaluable, they should also be included in future surveys.
- Other banks, financial, or corporate organisations could be included in the survey, which would result in information relevant to a broader spectrum.

5.6 SUMMARY

Conclusions drawn from the empirical research results (as discussed in Chapter 5) were discussed. Basic demographic details (including age group, gender, race, number of years employed by ABSA Bank Limited, management levels and location) were firstly discussed.

The reliability of test items evaluating the seven constructs related to environmental performance was established by the Cronbach Alpha coefficient. The results for each of the constructs involved was analysed and interpreted. Also, the correlation between the demographic variables and three of the seven constructs was discussed.

Section 5.3 dealt with recommendations and practical ways in which environmental performance could be enhanced and maintained in ABSA Bank Limited. Systems and processes should be revisited and adapted to ensure adherence to the requirements of environmental performance. Procedures must be simplified to facilitate the rapid implementation of new processes.

The extent to which objectives had been met concluded this chapter, and recommendations regarding possible future research were made.

BIBLIOGRAPHY

ABACUS. 2010. Abacus February 2010: *Start the change today – we owe it to our children*, p20

ABSA BANK LIMITED ANUAL REPORT. 2009 ABSA Group Limited: *Annual report for the year ended 31 December 2009*. (Web:)
www.absa.co.za/absacoza/.../Absa%20Group%20Limited%20annual%20report%2009.pdf Date of access: 28 August 2010.

ABSA BANK LIMITED GROUP ENVIRONMENTAL POLICY. 2009 Group Environmental Policy p1 - 4

ABSA BANK LIMITED ENVIRONMENTAL MANUAL (AEM) POLICY. 2009 Environmental Manual (AEM) Policy p1 - 36

ABSA BANK LIMITED SUSTAINABILITY REVIEW. 2009 ABSA Group Limited: *Annual report for the year ended 31 December 2009* p103 – 108.

ANON. 2009a ABSA on a road to reducing carbon emissions. (Web:)
http://www.absa.co.za/absacoza/content.jsp?/Home/News-&-Market-Information/AbsaPublications/MediaReleases/Consumer&VGN_CX_ID=1bb2fc14286e3210VgnVCM1000003511060aRCRD Date of access: 25 June 2010.

ANON. 2008b Climate change fact sheet. (Web:)
www.thegreatwarming.com/pdf/ClimateChangeFactSheet.pdf Date of access: 28 August 2010.

ANON. 2010c Institute of Internal Auditors: *Social Responsibility*. (Web:)
<http://www.theiia.org/guidance/additional-resources/-social-responsibility/> Date of access: 25 June 2010.

ANON. 2010d Time for change. (Web:) <http://timeforchange.org/what-is-a-carbon-footprint-definition?page=1> Date of access: 25 June 2010.

ANON. 2010e International Organisation Standardization: *International standards for Business, Government and Society*. (Web:) http://www.iso.org/iso/iso_14000_essentials. Date of access: 25 June 2010.

BAKER, M. 2010 Social Responsibility: *What does it mean?* (Web:) <http://www.mallenbaker.net/csr/definition.php> Date of access: 25 June 2010.

BLOOMBERG, LP. 2010 Business Week: *ABSA Bank Limited*. (Web:) <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=9805488> Date of access: 25 June 2010.

BROWN, L. 2009 Group Environmental Policy. (Web:) <http://sharepoint.absa.co.za/sites/pnp/pnpdocs/policies/Policies%20Published/Group%20Environmental%20Policy.pdf> Date of access: 23 June 2010.

CORREIA, C., LANGFIELD-SMITH, K., THORNE, H., & HILTON, RW. 2008 Management Accounting: *Information for Managing and Creating Value*, 17:826-827

DELMAS, M.A. 2000. Barriers and Incentives to the Adoption of ISO 14001 by Firms in the United States. (Web:) <http://www.law.duke.edu/shell/cite.pl?11+Duke+Envtl.+L.+&+Porv+f.+1> Date of access: 13 June 2010.

DE VILLIERS, I. 2008. An assessment of corporate entrepreneurship in the South African Broadcasting Corporation limited (SABC). (Unpublished MBA-dissertation.) North-West University, Potchefstroom.

EDWARDS, B. GRAVENDER, J. KILLMER, A. SCHENKE, G. WILLIS, M. 1999. The Effectiveness of ISO 14001 in the United States. (Web:) [http://www.bren.ucsb.edu/research/1999Group Projects/iso14k/iso14k final.pdf](http://www.bren.ucsb.edu/research/1999Group%20Projects/iso14k/iso14k%20final.pdf) Date of access: 8 August 2010.

ELLIOTT, A.C. & WOODWARD, WA. 2007. Statistical analysis quick reference guidebook with SPSS examples. London : SAGE.

ELLIS, S.M. & STEYN, H.S. 2003. Practical significance (effect sizes) versus or in combination with statistical significance (p-values). *Management Dynamics*, 12(4):51-53.

HAYWARD, E. 2010 Volcano's ash cloud causes flight chaos across Europe: *Al Jazeera's Emma Hayward with video news report*. (Web:) <http://dailyqi.com/?p=16874> Date of access: 25 June 2010.

HENNINGFELD, J., POHL, M., TOLHURST, N., 2006 The ICCA Handbook on Social Responsibility, 1: 26-27

JORDAAN, S. 2010 Its in our nature. (Web:) [http://intranet.intra.absa.co.za/risk/creditandenvironmentrisk/Environmental%20Risk/0663%20EnviroBook\(A5\)-Scr_Spreads.pdf](http://intranet.intra.absa.co.za/risk/creditandenvironmentrisk/Environmental%20Risk/0663%20EnviroBook(A5)-Scr_Spreads.pdf) Date of access: 23 June 2010.

KING III. 2009 South African Institute of Chartered Accountants: *Summary of report on governance for South Africa – 2009 (King III) King committee on governance 2009* p 18

KLOPPERS, E. 2009. Going Green <http://intranet.intra.absa.co.za/News/Pages/Goinggreen.aspx>. Date of access: 26 October 2009.

KUSZEWSKI, J. 2004. Banks and NGOs Discuss the Equator Principles: *Business & the Environment with ISO 14000 Updates* Vol. 15 Issue 8, p16-16, 3/8p

LEVINE, D.M., STEPHAN, D., KREHBIEL, T.C. & BERENSON, Mi. 2005. Statistics for managers. 4th ed. Upper Saddle River, NJ: Pearson Prentice-Hall.

MONTEIRO, J. 2009 Fin 24: *Bank's committed to going green*. (Web:)

<http://www.fin24.com/Business/Banks-committed-to-going-green-20090924> Date of access: 13 June 2010.

NUNNALLY, J. & BERNSTEIN, I. 1994. Psychometric theory. 3 ed. New York, NY: McGraw Hill.

PERETZ, LN. 2008 Climate Change Research Progress. (Web:) https://www.novapublishers.com/catalog/product_info.php?products_id=6121 Date of access: 26 October 2009.

ROSE, T. 2009. ABSA Towers West: Going Green (Web:) http://www.absagroup sourcing.co.za/wecare_towerswest.php. Date of access: 26 October 2009.

SPSS INC. 2005. SPSS® 14. Of or Windows, Release 14.0.0, Copyright© by SPSS Inc., Chicago, Ill : SPSS.

STATSOFT, INC. 2008. Statistica (Data Analysis Software System). Release 8. (Web:) www.statsoft.com. Date of access: 12 September 2010

STRUWIG, F.W. & STEAD, G.B. 2004. Planning, designing and reporting research, Cape Town: Pearson Education.

THORTON, S. 2009. What Is Triple Bottom Line Reporting? (Web:) http://www.ehow.com/about_5064070_triple-bottom-line-reporting.html Date of access: 23 June 2010.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (US EPA) 2006. Environmental Management Systems/ISO 14001 : *Frequently Asked Questions*. (Web:) <http://www.epa.gov/OW-OWM.html/iso14001/isofaq.htm> Date of access: 13 April 2010.

Code number:

ENVIRONMENTAL PERFORMANCE QUESTIONNAIRE

CONFIDENTIAL

Note: All responses are confidential and neither the individual nor the organisation would be identified in any report or release.

Copyright © reserved

ENVIRONMENTAL PERFORMANCE QUESTIONNAIRE

Dear Respondent

Environmental Performance (EP) is becoming increasingly important for the competitiveness of Absa Bank Limited as there is a global move to increase the knowledge and awareness of climate change and all the aspects that corporate companies could do to ensure that they do their part to better the situation.

Absa Bank Limited is the largest retail bank in South Africa and on the Africa continent and their role therefore becomes crucial as the responsibility lies with them to improve and influence their EP.

Very little to no research has been conducted on EP in any banking sector in South Africa. EP in Absa Bank Limited should therefore emphasise the establishment of business models, processes and structures in the corporate and retail sector so as to increase the level of EP in the various departments within Absa Bank Limited.

The focus of this research study is on employees within Absa Bank Limited.

This questionnaire attempts to assess Absa Bank Limited's EP and evaluate the perception of the employees towards Absa's environmental policy.

Your contribution is highly valued and appreciated.

Please complete every question / statement to ensure the validity and reliability of the study.

GENERAL INSTRUCTIONS

Virtually all questions may be answered by ticking (X) or **highlighting** the relevant block.

Use the following key to indicate your preference:

SCALE	TERM USED
4	Strongly agree
3	Slightly agree
2	Slightly disagree
1	Strongly disagree

Please select the number which best describes your opinion about a specific question or statement. In the example beneath, the respondent slightly agreed to the statement listed.

		Strongly Disagree	Slightly Disagree	Slightly agree	Strongly Agree
A03	I have read an article in the Abacus regarding environmental performance.	1	2	3 X	4

SECTION A: ENVIRONMENTAL PERFORMANCE

This section consists of 27 statements. Please indicate to what extent you agree or disagree with each statement. Please mark the applicable block with a cross (X).

		Strongly Disagree	Slightly Disagree	Slightly Agree	Strongly Agree
	Terminology				
A01	I understand the concept Climate change.	1	2	3	4
A02	I understand the concept Corporate social responsibility.	1	2	3	4
A03	I understand the concept Triple bottom line reporting.	1	2	3	4
A04	I understand the concept Environmental performance.	1	2	3	4
A05	I understand the concept Equator principles.	1	2	3	4
A06	I understand the concept Carbon footprint.	1	2	3	4
	Absa Policy				
A07	I have knowledge regarding the Absa Policy of EP.	1	2	3	4
A08	I have knowledge of budgets and deadlines Absa has to reach regarding EP.	1	2	3	4
A09	In my opinion all stakeholders (e.g. employees, stakeholders and customers) are involved in the implementation of the Absa EP policy.	1	2	3	4
	Development				
A10	In my opinion Absa considers environmental impacts when developing policies or major change initiatives.	1	2	3	4
A11	In my opinion Absa considers environmental impacts when developing product and services with EP in mind.	1	2	3	4
A12	In my opinion Absa is reducing its environmental impact (e.g. by recycling, reducing energy consumption, and preventing pollution).	1	2	3	4
	Competition				
A13	In my opinion Absa's implementation of EP is competitive compared to other financial institutions.	1	2	3	4
A14	In my opinion Absa has experienced growth in market share since they have implemented EP.	1	2	3	4
	Reporting				
A15	I receive regular reports on Absa EP.	1	2	3	4
A16	In my opinion Absa supplies clear and accurate environmental information in their EP reports.	1	2	3	4
A17	In my opinion Absa communicates openly about their EP.	1	2	3	4
A18	In my opinion Absa continuously collects EP data on their environmental impact.	1	2	3	4
A19	In my opinion Absa will ensure that they are compliant with all legislation pertaining environmental aspects.	1	2	3	4

		Strongly Disagree	Slightly Disagree	Slightly Agree	Strongly Agree
	Equator principles				
A20	I am aware that Absa seeks to conform to the standards set out in the Equator Principles and	1	2	3	4
A21	In my opinion Absa ensures that when financing business customers, they include an assessment of the potential environmental impact of the project.	1	2	3	4
A22	I am aware that Absa collaborates with key suppliers to secure an improvement in their EP.	1	2	3	4
A23	I am aware that annually Absa reviews and updates objectives, targets, and environmental projects in line with their commitment to EP	1	2	3	4
	Institutes				
A24	I am well informed about Absa being an ISO14001 registered company.	1	2	3	4
A25	I have knowledge on the Green Building Council of South Africa.	1	2	3	4
A26	In my opinion Absa works towards conformation with the legislation of the Green Building Council of South Africa	1	2	3	4
A27	I am well informed on Absa projects registered with the Green Building Council of South Africa such as Towers West in Johannesburg.	1	2	3	4

SECTION B: BACKGROUND INFORMATION

The following information is needed to help with the statistical analysis of data for comparisons among different interest groups. All your responses will be treated confidentially. Your assistance in providing this important information is appreciated. Please mark the applicable block with a cross (X).

B01	Indicate your age group	≤ 29 1	30 – 39 2	40 – 49 3	50 – 59 4	60+ 5
------------	--------------------------------	-----------	--------------	--------------	--------------	----------

B02	Indicate your gender	Male 1	Female 2
------------	-----------------------------	-----------	-------------

B03	Indicate your race	Black 1	White 2	Coloured 3	Indian 4
------------	---------------------------	------------	------------	---------------	-------------

B04	How long have you been working for Absa	0 – 1 Year 1	2 – 5 Years 2	6 – 10 Years 3	More 4
------------	--	-----------------	------------------	-------------------	-----------

B05	Indicate your highest academic qualification	
1	Lower than Grade 12	
2	Grade 12	
3	National certificate	
4	National diploma	
5	3-year degree	
6	Post graduate qualification	

B06	Indicate your management level	(E,T) 1	(M,P) 2	(A,B,C) 3
------------	---------------------------------------	------------	------------	--------------

B07	Indicate your area situated	Johannesburg 1	Pretoria 2	Klerksdorp 3	Potchefstroom 4	Rustenburg 5
------------	------------------------------------	-------------------	---------------	-----------------	--------------------	-----------------

THANK YOU VERY MUCH FOR YOUR VALUED INPUT.