

Disclosure of Sustainability Information in Banks: The Case of Slovakia and Turkey¹

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Abstract

The study aimed to determine the extent to which sustainability issues are disclosed by banks operating in Slovakia and Turkey between 2019 and 2021 and whether there is a significant difference in the level of information disclosed within the scope of sustainability between countries and years. To determine the level of disclosure of sustainability information, firstly, content analysis was conducted within the scope of GRI4. Then, a two-way ANOVA test was applied to determine the statistical differences between countries and years in terms of the level of information disclosure. According to the results of the study, the highest level of disclosure for banks in Slovakia and Turkey was for general standards information, while the lowest level of disclosure was for environmental information. In addition, significant differences were determined in terms of reporting across both years and countries. The disclosure score for countries has shown a steady but small increase over the years. In addition, the information disclosure scores of the countries were close to each other, especially for 2019 and 2020, and there were no major differences. This research contributes to the literature by comparatively presenting the level of sustainability reporting of large-scale commercial banks in the banking sector of two countries within the scope of the GRI Financial Services Sector disclosure index.

Keywords: Sustainability Reporting, Disclosure, Global Reporting Initiative, Commercial Banks.

Öz

Çalışmada, 2019-2021 yılları arasında Slovakya ve Türkiye’de faaliyet gösteren bankaların sürdürülebilirlik konularını ne ölçüde açıkladığını ve sürdürülebilirlik kapsamında açıklanan bilgi düzeyinde ülkeler ve yıllar arasında anlamlı bir farklılık olup olmadığını belirlemek amaçlanmıştır. Sürdürülebilirlik bilgilerinin açıklanma düzeyinin tespit edilmesi için öncelikle GRI4 kapsamında içerik analizi yapılmıştır. Sonrasında ülkeler ve yıllar arasında bilgi açıklama düzeyi açısından istatistiksel farklılığının belirlenmesi kapsamında iki yönlü ANOVA testi uygulanmıştır. Çalışmanın sonuçlarına göre, Slovakya’da ve Türkiye’deki bankalar açısından en yüksek açıklama düzeyinin genel standartlara ait bilgiler, en düşük açıklama düzeyinin ise çevresel bilgiler olduğu belirlenmiştir. Ek olarak hem yıllar hem de ülkeler arasında raporlama açısından anlamlı istatistiksel farklılıklar tespit edilmiştir. Ülkeler için bilgi açıklama puanı, yıllar boyunca istikrarlı ancak küçük bir artış göstermiştir. Buna ek olarak özellikle 2019 ve 2020 yılları için ülkelerin bilgi açıklama puanları birbirine oldukça yakın olup çok önemli farklar ortaya çıkmamıştır. Bu araştırma GRI Finansal Hizmet Sektör açıklama endeksi kapsamında iki ülkenin bankacılık sektöründe yer alan büyük ölçekli ticari bankaların sürdürülebilirlik raporlama düzeyini karşılaştırmalı olarak sunarak literatüre katkı sağlamaktadır.

Anahtar Kelimeler: Sürdürülebilirlik Raporlaması, Bilgi Açıklama, Küresel Raporlama Girişimi, Ticari Bankalar.

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Introduction

In the context of solving problems related to global warming and income inequality, the contributions of modern business organizations to sustainable economic growth and social development are discussed by society (Orazalin and Mahmood, 2019). Today, organizations are expected to act responsibly not only towards investors and shareholders but also towards all stakeholders and society with whom they interact. Operating by considering the needs and expectations of all stakeholders and caring about the future impacts and consequences of all business decisions has become a natural requirement for companies.

Since the stable and healthy functioning of the financial system directly affects the whole economy, the existence of healthy financial institutions is crucial for a sustainable financial system. Especially banks, which have the role of directing savings to investments, have a significant impact on sustainable development. As the main assurance of the healthy growth of the real sector, banks' good management, financial strength, and efficiency within the system play a critical role. The fact that the healthy and effective functioning of the financial system has a direct impact on other sectors and the economy has made the continuous evaluation of banks' performance and risks much more important. Similarly, since investments and other financial products made through loans provided by banks have direct and indirect environmental, economic and social impacts, sustainability is at the forefront in the selection of firms and sectors to be financially supported.

Sustainability is the harmonization of economic, social, and environmental factors with business activities within the scope of corporate governance principles to create long-term value in enterprises (Krechovská and Procházková, 2014). The fact that these business activities have social, economic, and environmental consequences brings along the need to report these consequences as a whole. Such reporting is done through sustainability reports.

Sustainability reports provide a wide range of information to stakeholders by evaluating the

economic, environmental, and social activities of an organization. In other words, sustainability reports are one of the main channels for delivering information on sustainability activities to all stakeholders (Kuzey and Uyar, 2017). In addition, sustainability reports support businesses in meeting social, environmental, and ethical responsibilities towards society and the environment, managing risks, and ensuring corporate financial stability (Belal and Owen, 2007). Generally, global investors evaluate strategies and risks, customers are interested in the quality of products and services, and employees want to work for companies that emphasize sustainability activities. All these needs and expectations have led to the widespread use of sustainability reporting.

Numerous reporting guidelines have emerged over the years to promote sustainability reporting practices. Among these guidelines, the Global Reporting Initiatives (GRI) reporting framework is generally accepted and widely applied in developed and developing economies to measure corporate performance by considering social, environmental, and economic aspects (Gilbert et al., 2011).

Disclosure of sustainability information based on the GRI reporting framework has increased significantly in recent years. GRI is the most widely used guide for sustainability reporting by business organizations. It has been adopted by almost 93% of the world's 250 largest companies in 100 countries (KPMG, 2017). Moreover, in the global context, the reporting rate in developed economies such as the USA, UK, Japan, Germany, Italy, and many other European countries has been quite high (Biswas et al., 2020). In addition to the increasing importance of sustainability, it is crucial to evaluate the banking system, which is an important actor in the financial sector, in terms of the GRI reporting framework in line with the widespread use of sustainability reporting. GRI also publishes sector guidelines. The Sustainability Reporting Guidelines and Financial Services Sector Supplement (Global Reporting Initiative [GRI], 2013) includes indicators designed specifically for the financial sector. It includes social risks and

opportunities for the environment in financial products and services, as well as sustainability aspects and interaction with customers.

The main purpose of this study is to examine which sustainability information's are disclosed by banks operating in Slovakia and Turkey and whether there is a significant difference in the level of information disclosed within the scope of sustainability between countries and years. The existing literature is limited in terms of cross-country comparative studies on sustainability reporting. This study will contribute to the literature on sustainability reporting by determining the current situation in Slovakia and Turkey and by comparing both countries. There is no study in the literature investigating the extent to which sustainability information is presented for banks in Slovakia. Within this framework, this research is designed to look for answers to the following questions:

- What kind of information can be disclosed in Slovakia and Turkey within the scope of sustainability reporting?
- Is there a significant difference in sustainability reporting between Slovakia and Turkey?
- Is there a significant difference in sustainability reporting between years?
- Which reporting tools do Slovakia and Turkey use for sustainability reporting?
- Is the GRI reporting guideline compatible with the finance industry?

Theoretical Framework

In 1983, a new era associated with socially and environmentally sustainable economic growth began with the establishment of the UN World Commission on Environment and Development (WCED) and the subsequent adoption of the "Our Common Future" report by the UN General Assembly on December 11, 1987. This was also important in terms of defining the term "sustainability" at first (Brundtland, 1987).

According to the UN recommendation, by the end of 2002 member states were expected to define and adapt their national strategies for sustainable development. In 2001, the Slovak Republic adopted the "National Strategy for Sustainable

Development in the Slovak Republic" by Government Decision No. 978/2001. With this implementation, two main goals were declared: reducing the use of non-renewable natural resources and so decreasing the environmental burden while rationally using renewable resources (Paksiová, 2017).

The European Union (EU) is aware of the importance of a sustainable development strategy and the opportunities and risks of the economic globalization process. Therefore, it adopts this social responsibility in its strategies and reflects this attitude in its legal regulations regarding the business environment in the EU (Kliestikova, 2017).

Today, corporate sustainability is a priority issue for the EU. Corporate sustainability refers to the responsibility of companies for their impact on society and includes attitudes towards formalizing the reporting of non-financial information (Krechovská and Procházková, 2014). The European Commission believes that corporate sustainability is important for the sustainability, competitiveness, and innovation of EU businesses and the EU economy (Melecký and Staníčková, 2018).

The practical strengthening of non-financial information reporting for Slovakia has already been seen in the amended Law 431/2002 (Ministry of Finance of the Slovak Republic, 2017) and the implementing provisions of Directive 2013/34/EU of the European Parliament (European Union [EU], 2013).

In Slovakia, some companies prepare their annual reports to the GRI guidelines to continuously improve and publish their corporate responsibility program regarding their economic, social and environmental performance. Slovnaft was the first company to prepare a sustainability report in line with the GRI guidelines. This report was published in 2001 under the name Sustainable Development Report. This report includes health, safety, and environmental policy, company goals, and also some financial information (Kubaščíková, 2008).

Sustainability reporting is argued to be still not at the desired level in the EU countries and thus in the Slovak Republic. The fact that in 2013 non-financial information was not legally defined in

terms of reporting form reflects the attitude of businesses towards sustainability reporting. The research focusing on "Sustainability Reporting in Central and Eastern Europe" revealed that some information on sustainability is published only on the website or not published at all, considering the largest group of companies selected in terms of turnover in Slovakia (Paksiová, 2017).

With the publication of Directive 2014/95/EU, all European countries are required to adopt this directive consistently in their legislation. As of January 1, 2017, publicly-traded companies and financial institutions with more than 500 employees are required to disclose non-financial information in their annual reports under the following topics: environmental protection, social responsibility and treatment of employees, respect for people, human rights, anti-corruption and anti-bribery, and diversity on company boards (EU, 2014). 2017 is the year in which businesses are explicitly required to prepare annual reports containing non-financial information following the amendment of the law in Slovakia in line with European Union requirements.

With the national decisions taken in Turkey, an understanding of sustainability is being developed similar to EU countries. It is seen that companies that adopt sustainability elements increase their opportunities to compete in the global market. In particular, developing consumer understanding plays an important role in the protection of natural resources, increasing product efficiency, product responsibility, and environmental and social practices.

Institutional problems and the 2001 economic crisis led Turkish legislators to establish corporate governance principles for a more accurate, accountable, and transparent economic system, and in this direction, both corporate governance and sustainability mechanisms developed only after 2000 (Bük, 2020). A comparison of Turkish companies with European companies shows that Turkish companies adopted sustainability practices and reported later. Although large-scale and reputable companies are pioneers, the spread of sustainability reporting among Turkish companies has been quite slow.

It is known that the first sustainability report in Turkey was published in 2005 and that this report belonged to only one company. Sustainability reports have become widespread for Turkish companies since early 2010 and as of 2022, 119 companies have published 395 sustainability reports. Although a limited number of companies have started to publish integrated reports in the current period, it is observed that there has been a significant increase in sustainability reporting by Turkish companies. The most widely used guide in the preparation of sustainability reports is the guide prepared by GRI (Kuzey and Uyar, 2017).

In Turkey, sustainability reporting is generally conducted in two ways. Reporting is done either within annual reports or as a separate sustainability report. The preference for reporting through sustainability reports has increased significantly. In addition, many companies register their reports in GRI's database and register their reports at various levels. However, it is recognized that it is too early to evaluate whether this is performed regularly and widespread. However, it is also seen that sustainability reporting, which is becoming increasingly important in Turkey, is becoming important and various studies have been carried out in this direction.

In a study of KPMG, it is conducted in 52 countries across 5.200 companies (N100 and G250 companies included) in the year 2020, both Slovakia (76%) and Turkey (56%) were among the countries that are below the global average in terms of sustainability reporting as well. Although Slovakia showed great success in terms of reporting ever since 2017 (55%-76%), they still could not catch the global reporting average (80%). In turn, in 3 years Turkey could not even show a substantial improvement in terms of reporting (50%-56%) (KPMG, 2020). This situation raises doubts about whether sufficient attention is paid to sustainability reporting subjects or not, especially in terms of companies in Turkey.

Literature Review

The studies conducted in Slovakia are primarily based on the concept of sustainable development.

Kubaščíková (2008) explains the significance and history of sustainable development reporting and environmental reporting as a part of it. In the study, the author mentions that sustainability reporting is a basic method to measure the contribution of the business to sustainable development. Pakšiová et al. (2018), on the other hand, is interested in analyzing reporting on sustainable development in the Slovak Republic by the transposition of EU Directives into national legislation. In the study, it is mentioned that the annual report is a complementary source of information for the assessment of sustainable development and stakeholders can more easily evaluate comprehensive information with the help of the annual report.

When the comparative studies between countries in the literature were examined, only the study was found considering the Czech Republic. Petera et al. (2019) presented a comparative situational analysis of sustainability reporting using 2014 financial reports of large-scale Czech and Slovak companies. In the study, hypotheses regarding the variables affecting the relative and absolute amount of sustainability disclosure in annual financial reports are tested using regression analysis. The study found that company size positively affects the relative percentage of both environmental and social disclosure in total disclosure and that the total amount of disclosure also positively affects the absolute amount of economic, environmental, and social disclosure. Another study aimed to provide a comparative overview of the current regulatory framework for financial reporting requirements for financial institutions in the Czech Republic and the Slovak Republic. The study found that non-financial information is reported similarly in both countries (Houska and Pakšiová, 2022).

There are also studies to determine the current situation of companies in terms of sustainability reporting in the context of Slovakia. Pakšiová (2017) presented some empirical results on corporate sustainability and corporate social responsibility reporting of some companies in the Slovak Republic. The results of the study indicated that the reporting of non-financial information was not legally defined in 2013. Pakšiová and Lovciová (2019) analyzed the annual reports using content

analysis with the help of G4 (GRI) guidelines in the context of social and environmental perspectives in food enterprises in the Slovak Republic. 142 annual reports for 2017 were analyzed, and it was determined that companies focused on certain elements in the environmental and social category and reported only these parts.

A literature review in Turkey showed that there are important studies on the analysis of sustainability reports of banks. In the study evaluating the sustainability performance of banks that publish sustainability reports with the help of the gray relational analysis method, the relevant banks were ranked according to their sustainability performance (Özçelik and Öztürk, 2014). In another study, traditional banks and participation banks were compared in terms of sustainability. In 2016, sustainability scores in social and environmental parts were determined in the annual reports of the relevant banks and with the help of multiple regression analysis, the relationship between sustainability scores and the identified variables was examined. In the study, no significant relationship was detected between ownership structure and country of origin, and sustainability scores (Şendurur and Temelli, 2018).

The aim of the study by Arıcı and Altun (2018) is to determine the level of reporting of non-financial information related to sustainability activities in the financial services sector in Turkey between 2011 and 2015. The sustainability reports of selected banks were systematically analyzed by considering certain categories and the result of the study showed that there was a significant increase in the level of disclosure of "women" and "occupational health and safety" categories.

Kevser and Doğan (2020) analyzed the data of 10 public, private and foreign banks operating in the Turkish banking sector and published sustainability reports between 2013-2018 with the help of the G4 Sustainability Reporting Guidelines. According to the results of the study, there was no statistically significant relationship between the number of board members, the number of female board members, the number of foreign board members, and economic, environmental, and social sustainability report compliance.

In another study where content analysis and CAMELS method were used together, the

sustainability reports of 10 companies in the Borsa Istanbul Sustainability Index published in 2014 and 2015 were taken as a basis. As a result of the study, an effective scoring model that enables the qualitative evaluation of sustainability reports and can be used in the content analysis of reports was proposed (Gümrah, 2018).

In the study of Düzer and Önce (2018), the researchers investigate the impact of the level of information disclosed on economic, environmental, and social performance on financial performance in the sustainability reports of 30 companies in Borsa Istanbul in the period 2008-2014. In addition, the study also investigates whether the level of information disclosed on sustainability performance differs according to the variables of the sector, company size, company age, and ownership structure. The result of the study showed that the level of information disclosed on economic, environmental, and social performance does not have a significant effect on market value to book value (MV/BV) and price/earnings (P/E) ratio in general.

Method

Under the heading of the method, sampling, research model, hypotheses, and limitations of the study were presented.

Sampling

The companies to be included in our study are categorized into two main groups. These groups are banks operating in Slovakia and banks operating in Turkey. In the selection of the sample, the following items were considered to be able to make comparisons:

- Banks must operate as commercial banks and have a certain size in terms of net income and total assets,
- It must be traded on the country's national stock exchange and be in operation since 2019, the start of the analysis,
- It must be publishing reports within the scope of International Financial Reporting Standards,

- It must have an annual report/sustainability report in English.

As of 2022, 57 banks are actively operating in Turkey (BDDK, 2022). Of these banks, 32 are commercial banks, and 13 banks, which also meet the other conditions mentioned above, were included in the sampling. In Slovakia, 26 banks are active as of 2022, and 12 commercial banks meeting the above conditions were included in the sample (Slovak Banking Association, 2022).

The years 2019, 2020, and 2021 were included in the study. The preference for a three-year process is due to some reasons related to the study. The first of these reasons is that the content analysis to be made is a very detailed process and requires a long time, and the second is that the sustainability or annual reports of most of the banks in Slovakia cannot be reached before 2019. Considering these reasons and to reach the most up-to-date results, the years mentioned above were included in the analysis.

Research Model and Hypotheses

The sustainability information disclosures of banks were analyzed through content analysis. Content analysis is a research tool used to identify the presence of specific words, themes, or concepts within a given set of qualitative data. Content analysis is one of the key tools for analyzing printed reports, especially annual reports. In the social reporting literature, various units of analysis are used, such as words, sentences, or the presence/absence or extent of the disclosure (Guthrie, 2004).

An information disclosure index consisting of two main indices was created within the scope of the GRI Financial Services Sector disclosure index and under the name of Sustainability Disclosures Content. The Financial Services Sector supplement was published in 2008 and developed based on the G3 Guidelines (2006). According to the G4 Guidelines issued in May 2013, all sector supplement content was presented in the Financial Services Sector guidance. This guidance was organized into two main indices: Disclosures on General Standard and Disclosures on the Specific

Standard. In addition, the main index on Disclosures on Specific Standard was divided into Economic, Environmental, and Social sub-indices. There were 56 information disclosure indicators in total under two main indices and three sub-indices (GRI, 2013).

In the study, a scoring that deals with each disclosure indicator as a binary variable was made. A value of 1 was assigned if the disclosure index was included in the report and 0 if it was not. Banks can report sustainability information through different reporting tools. These tools can be listed as an integrated report, sustainability report, annual report, and company website. Within the scope of the research, firstly the sustainability report/integrated report, then the annual report, and finally the investor relations section of the websites were analyzed. Regardless of the source of the information, the disclosure item was recorded only once for each year and for each bank. The maximum possible annual sustainability score for any bank is 56 points.

In the study, some statistical tests were also applied with the help of the SPSS 26 package program. First of all, it was evaluated whether the necessary assumptions were met to perform this test. Afterward, a Two-way between-groups ANOVA test was applied.

The two-way ANOVA test compares the mean differences between groups divided into two independent variables (Pallant, 2020). This test examines whether the differences that may arise in the information disclosure score were due to years and/or countries.

The following hypotheses were developed, following research of the results reported in the related literature.

H₀: There is no difference in the average sustainability information score for any year.

H_a: There is a difference in the average sustainability information score for any year.

H₀: There is no difference in the average sustainability information score for countries.

H_a: There is a difference in the average sustainability information score for countries.

Limitations

This study has certain limitations. The sample includes commercial banks of a certain size in Slovakia and Turkey over three years. First, the results of the study should only be interpreted in terms of large commercial banks and should not be generalized to other types of banks or the financial sector as a whole. Second, the impact of the results based on banks in Slovakia and Turkey is limited. Third, since the study covers only three years, the findings of the study only reflect the current period and may change over time. Finally, the presence of sustainability information in the relevant reports has been analyzed and only the quantity has been focused on and no qualitative analysis has been conducted.

Results

The analysis section of the study was divided into two parts. First, the content analysis reveals the extent to which sustainability information was disclosed by countries and banks. The second section under the analysis heading includes statistical tests.

Content Analysis Results

Table 1 shows the status of sustainability information in terms of countries.

Table 1. Sustainability Information Disclosure Status for Countries

	Slovakia					
	2019		2020		2021	
	Total	%	Total	%	Total	%
General	64	76%	66	79%	73	87%
Specific	308	52%	325	55%	350	60%
Economic	25	52%	29	60%	33	69%
Environmental	62	43%	67	47%	75	52%
Social	221	56%	229	58%	242	61%
	Turkey					
	2019		2020		2021	
	Total	%	Total	%	Total	%
General	72	79%	76	84%	86	95%
Specific	359	56%	370	58%	417	65%
Economic	32	62%	33	63%	39	75%
Environmental	85	54%	89	57%	103	66%
Social	242	56%	248	58%	275	64%

In Slovakia, items related to general standards were reported at 76% in 2019, 79% in 2020, and 87%

in 2021, while items related to specific standards were reported at 52% in 2019, and 55% in 2020, and 60% in 2021. This shows that the rate of disclosure of information on both general and specific standards has increased over the years. The sub-index items related to specific standards have also increased over the years, with environmental items being reported lower than others in 2020 and 2021, and economic items in these years being reported higher than others.

In Turkey, items related to general standards were reported at 79% in 2019, 84% in 2020, and 95% in 2021, while items related to specific standards were reported at 56% in 2019, 58% in 2020, and 65% in 2021. The rate of information disclosure in Turkey has increased over the years under both main indices. Within specific standards, it is noteworthy that environmental items were reported as low, and economic items were reported as high.

A comparison of the two countries showed that banks in Turkey disclose more sustainability information than banks in Slovakia in terms of both general and specific main indexes, but the difference was quite low. The disclosure rate of general standards was seen to be high in both countries. In the last two years, among the sub-headings related to specific standards, economic factors have been prominent in reporting. This may be attributed to the increased importance given to the reporting of economic factors after the financial problems that emerged with the Covid pandemic.

Table 2 shows the sustainability information disclosure status for banks.

Table 2. Sustainability Information Disclosure Status for Banks

Slovakia	2019	2020	2021	Mean	Source
365 Bank	29	30	33	0,55	Annual
BKS Bank	34	35	37	0,63	Sustainability
Citibank	32	32	35	0,59	Annual
ČSOB	33	35	38	0,63	Sustainability
ING Bank	34	36	37	0,64	Annual
J&T Bank	31	32	35	0,58	Annual
Prima Banka	30	31	33	0,56	Annual
PrivatBank	32	34	36	0,61	Annual
Slovenská Sporiteľňa	30	33	37	0,60	Annual
Tatra Banka	30	32	35	0,58	Annual
UniCredit Bank	29	30	33	0,55	Sustainability
VÚB Banka	28	31	34	0,55	Sustainability
Turkey	2019	2020	2021	Mean	Source
Akbank	32	34	39	0,63	Sustainability

Denizbank	27	27	33	0,52	Annual
HSBC	23	25	30	0,46	Annual
ING Bank	30	31	35	0,57	Annual
QNB FinansBank	31	33	37	0,60	Sustainability
Şekerbank	30	30	34	0,56	Sustainability
Ziraat Bankası	38	39	43	0,71	Sustainability
Türk Ekonomi Bankası	29	30	34	0,55	Annual
Garanti Bankası	37	39	44	0,71	Sustainability
Halk Bank	39	40	43	0,73	Sustainability
İşbankası	42	43	48	0,79	Sustainability
Vakıflar Bankası	36	38	42	0,69	Sustainability
Yapı ve Kredi Bankası	37	37	41	0,68	Sustainability

The maximum score that each bank can obtain per year is 56. Among the banks in Slovakia, ING Bank has the highest average sustainability score disclosure, followed closely by BKS Bank and ČSOB. When the scores were analyzed every year, no major differences were seen between banks in Slovakia. This indicates that the sustainability information disclosure scores in the reports were similar to each other.

Among the banks in Turkey, İşbank had the highest average and differentiated itself from other banks in terms of disclosure of sustainability information. İşbank also had the highest average among all banks. Halkbank followed İşbank with an average of 73%. Significant differences were found between banks in Turkey in terms of the total score obtained in the following years, which was different from Slovakia. When all banks were analyzed, the lowest score belongs to HSBC with 23 points in 2019 and the highest score belongs to İşbank with 48 points in 2021. In general, banks in Slovakia and Turkey didn't have very high averages in disclosing sustainability information. In addition, banks in Slovakia generally preferred the annual report as a reporting tool, while banks in Turkey preferred the sustainability report.

Common items reported by country and year are presented in Table 3. Here, items that were fully reported by all banks in both Slovakia and Turkey and items that were not reported at all are considered. The most striking point in this table was that the fully reported items cover all main and sub-headings (General, Specific [Economic-Environmental-Social]), while the items that were not reported at all are generally centered on social issues under the specific main heading.

Table 3. The Most and Least Reported Items (Slovakia-Turkey)

The Most Reported Items (1)	The Least Reported Items (0)
General	Specific
Strategy and Analysis	<i>i. Economic</i>
Organizational Profile	Procurement Practices
Report Profile	<i>ii. Environmental</i>
Specific	Water
<i>i. Economic</i>	Transport
Economic Performance	<i>iii. Social</i>
<i>ii. Environmental</i>	Labor Practices and Decent Work
Products and Services	Supplier Assessment for Labor Practices
<i>iii. Social</i>	Human Rights
Labor Practices and Decent Work	Child Labor
Employment	Forced or Compulsory Labor
Training and Education	
Human Rights	
Investment	
Society	
Public Policy	
Product Responsibility	
Customer Privacy	
Audit	

Statistical Test Results

To determine the statistical test, we are going to use, we first need to test the normality assumption about the data. It is possible to utilize various normality tests to determine whether the data conform to the normal distribution. The most well-known of these tests are Chi-Square, Kolmogorov-Smirnov, Lilliefors, and Shapiro-Wilk normality tests. Depending on whether the data has a normal distribution or not, we need to prefer parametric or non-parametric tests.

Table 4 presents the normality test results. There are two test types in the table. While the Shapiro-Wilk test is a more appropriate method for small sample sizes ($n < 50$ samples), the Kolmogorov-Smirnov test should be preferred for larger samples ($n \geq 50$) (Pallant, 2020). Since the sample size was 75, the Kolmogorov-Smirnov test was preferred. To assume that the data have a normal distribution, $p > 0.05$ (sig.) is required. Since the sig. value was .195 and met the $p > 0.05$ condition, the data were assumed to be normally distributed. Accordingly, the tests we choose have been parametric.

Table 4. Normality Tests Results

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Disclosure Score	,091	75	,195	,978	75	,225

a. Lilliefors Significance Correction

ANOVA (Analysis of Variance) is a parametric statistical test used to analyze the difference between the means of more than two groups. Two-way ANOVA is used to estimate how the mean of a quantitative variable varies according to the level of two categorical variables (Pallant, 2020). We use a Two-way between-groups ANOVA test. Two-way means that there are two independent variables (countries-years) and between-groups means that there are different elements in each group. The results of this test are presented in Table 5, Table 6, Table 7, and Table 8.

Descriptive statistics are presented in Table 5. The sample includes 12 banks from Slovakia and 13 banks from Turkey. The sustainability disclosure score of banks in Slovakia increased from 31 in 2019 to 35.25 in 2021 and the average of all years was calculated as 32.94. The sustainability disclosure score of banks in Turkey increased from 33.15 in 2019 to 38.69 in 2021 and the average for all years was calculated as 35.38. The disclosure score for countries has shown a steady but small increase over the years. In addition, the information disclosure scores of the countries were close to each other, especially for 2019 and 2020, and there were no major differences.

Table 5. Descriptive Statistics

Dependent Variable: Disclosure Score				
Year		Mean	Std. Deviation	N
2019	Slovakia	31,00	2,000	12
	Turkey	33,15	5,460	13
	Total	32,12	4,236	25
2020	Slovakia	32,58	2,021	12
	Turkey	34,31	5,498	13
	Total	33,48	4,214	25
2021	Slovakia	35,25	1,765	12
	Turkey	38,69	5,298	13
	Total	37,04	4,306	25
Total	Slovakia	32,94	2,585	36
	Turkey	35,38	5,802	39
	Total	34,21	4,685	75

Table 6 presents the results of Levene's test. Levene's test is an inferential statistic used to assess the equality of variances in a variable calculated for two or more groups. The most important value that should be checked in the table is the Sig. value. This value is expected to be higher than .05 and not significant. A significant result (Sig. value less than .05) indicates that the variance of the dependent variable is not equal between the groups. The Sig. value in the table was .081 and since it was higher

than .05, it is understood that the assumption of homogeneity of variances was not violated.

Table 6: Levene's Test of Equality of Error Variances^a

Dependent Variable: Disclosure Score			
F	df1	df2	Sig.
8,600	5	69	,081

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Year + Country + Year * Country

The main results of the two-way analysis of variance between groups were presented in Table 7 and Table 8. A two-way between-groups analysis of variance was conducted to explore the impact of country and year on sustainability information disclosure score, as measured by the GRI Financial Services Sector Disclosure Guidelines. The subjects were divided into three groups according to the year (Group 1: The year 2019; Group 2: The year 2020; Group 3: The year 2021). There was a statistically significant main effect for the year [$F(2, 69)=9.30, p=.00$]; and the effect size was large (partial eta squared=.21).

Table 7. Tests of Between-Subjects Effects

Dependent Variable: Disclosure Score						
Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	444,189 ^a	5	88,838	5,193	,000	,273
Intercept	87401,067	1	87401,067	5109,020	,000	,987
Year	318,296	2	159,148	9,303	,000	,212
Country	111,467	1	111,467	6,516	,013	,086
Year * Country	9,976	2	4,988	,292	,748	,008
Error	1180,397	69	17,107			
Total	89416,000	75				
Corrected Total	1624,587	74				

a. R Squared = ,273 (Adjusted R Squared = ,221)

Post-hoc comparisons using the Tukey HSD test indicated that the mean score for the year 2019 ($M=32.12, SD=4.24$) was significantly different from the year 2021 ($M=37.04, SD=4.31$). Post-hoc comparisons using the Tukey HSD test indicated also that the mean score for the year 2020 ($M=33.48, SD=4.21$) was significantly different from the year 2021 ($M=37.04, SD=4.31$). There was a statistically significant main effect for countries [$F(1, 69)=6.52, p=.01$]; and the effect size was moderate (partial eta squared=.09). The interaction effect [$F(2, 69)=.29, p=.75$] did not reach statistical significance.

Table 8. Multiple Comparisons

Dependent Variable: Disclosure Score						
Tukey HSD						
(I) Year		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
2019	2020	-1,36	1,170	,479	-4,16	1,44
	2021	-4,92 [*]	1,170	,000	-7,72	-2,12
2020	2019	1,36	1,170	,479	-1,44	4,16
	2021	-3,56 [*]	1,170	,009	-6,36	-,76
2021	2019	4,92 [*]	1,170	,000	2,12	7,72
	2020	3,56 [*]	1,170	,009	,76	6,36

Based on observed means.

The error term is Mean Square (Error) = 17,107.

*. The mean difference is significant at the,05 level.

Discussion and Conclusion

As financial intermediaries, banks fulfill essential financial functions in every economy. Their role is critical not only today but also tomorrow, as they will be intermediaries in the allocation of financial resources for human and economic activities. Like all other sectors, the banking sector faces pressure to be transparent and disclose more information about its activities. The only way for banks to succeed is to ensure sustainability through environmentally and socially responsible practices. Sustainability is the only way for banks to survive in the future.

Sustainability is a very important concept that has been at the center of discussions in recent years. The number of companies that have to measure, analyze and guide their sustainability efforts to improve their corporate governance processes has increased significantly in recent years. The attention of companies to sustainability has increased, especially with pressure from stakeholders. Stakeholders expect companies to disclose their business activities and their impact on society and the environment.

Sustainability reporting has become an important element in the interaction of businesses with their stakeholders. Through sustainability reports, businesses gave their stakeholders an account of the management structure, the strategy of the business, and the future vision of the business. The number of businesses publishing sustainability reports on a global scale is increasing day by day and sustainability is the subject of more research in academic circles. Sustainability

reporting is an important tool for investors' future investment plans, not only in terms of demonstrating financial performance but also in terms of reflecting the impact on society and the environment.

Banks are showing great interest in preparing GRI-guided sustainability reporting and reports based on economic and legal considerations to capture a larger market share. Banks also have the opportunity to present their business to a wide range of customers through sustainability reports that demonstrate their approach to social, environmental, and green economy issues.

This study examined the sustainability disclosure levels of commercial banks operating in Slovakia and Turkey within the scope of the GRI Financial Services Disclosure Index. With the help of content analysis, 12 commercial banks in Slovakia and 13 commercial banks in Turkey were analyzed based on the years 2019-2020-2021. Information on sustainability was obtained mainly from annual reports and websites in Slovakia, and mainly from sustainability reports in Turkey.

The results of the study indicated that sustainability information disclosed in both countries has increased over the years. In addition, banks in Turkey were found to disclose more sustainability information than banks in Slovakia in terms of both the general and the specific main index, but the difference between the disclosed information was quite low.

In terms of sustainability disclosure score, there were no significant differences between banks in Slovakia, whereas there were significant differences between banks in Turkey. Banks operating in Slovakia and Turkey reported high levels of general standards items.

Some statistical tests were also conducted within the scope of the study. As a result of the two-way between-groups ANOVA test, a significant difference was detected between years in terms of sustainability disclosure score at a high level of effect size, and this difference was realized between 2019-2021 and 2020-2021. There was also a significant main effect between countries with a medium effect size.

In this study, the importance of sustainability reporting was emphasized and commercial banks operating in Turkey and Slovakia were compared

in terms of the level of sustainability information disclosure. The main results of the study showed that banks in Slovakia and Turkey should focus more on sustainability activities. Encouraging or making sustainability reporting mandatory by regulatory and supervisory authorities will contribute to an increase in these activities. The fact that the information contained in the reports is not audited poses a significant problem as to whether this information accurately reflects the truth. This problem can be overcome by regulations to ensure that sustainability reports are subject to external audits.

The voluntary nature of sustainability reporting in the banking sector, the small number of existing reports, the different reporting principles and standards are taken as reference, and the different publishing cycles have narrowed the scope of the study. In the future, the study can be repeated with a longer study period in the banking sector and with the addition of different countries. Studies using similar or different categories for different sectors will contribute to the literature and practitioners in terms of a current situation analysis and future projections by revealing the trends in sustainability reporting in both Turkey and Slovakia. However, for the comparisons based on sustainability reports to be meaningful, it is of great importance to ensure standardization in sustainability reports. The use of reporting frameworks published by GRI, which has made ensuring standardization in sustainability reports in the world its mission, will make significant contributions to the standardization of sustainability reports.

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