

The role of regulatory, financial, and reputational pressures on carbon disclosure quality and greenwashing.

23006162

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

02 June 2025

Abstract

This study investigates how regulatory, financial, and reputational pressures jointly influence the quality of corporate carbon disclosures and the risk of greenwashing among South African corporates. The research addresses the persistent challenge of symbolic compliance in voluntary reporting environments, where external pressures may not always translate into substantive transparency. Employing a qualitative methodology, the study draws on in-depth interviews with corporate managers across diverse sectors to explore organizational responses to evolving sustainability expectations. The findings reveal that while regulatory and financial market pressures drive proactive disclosure, the absence of standardized requirements and robust enforcement often results in inconsistent and sometimes superficial reporting. Internal governance, data quality, and assurance mechanisms emerge as critical enablers of credible disclosures, while institutional gaps and resource constraints remain significant barriers. The study concludes with practical recommendations for business managers, policymakers, and regulators to strengthen disclosure credibility, reduce greenwashing risk, and align with global best practices. These insights contribute to the broader understanding of sustainability reporting in developing economies and offer actionable guidance for enhancing transparency and accountability in South African corporate climate disclosures.

Keywords:

Carbon disclosure, greenwashing, institutional pressures, South Africa, Voluntary reporting

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name & Surname

(23006162)

Signature

Table of Contents

Abstract	2
Table of Contents.....	4
1. Research Problem	7
1.1. Introduction.....	7
1.2. Corporate Carbon Disclosures.....	7
1.3. Research Problem Institutional Pressure and Greenwashing	8
1.2. Research Academic Relevance.....	9
1.3. Research business relevance.....	9
1.4. Purpose statement	10
1.4. Research Scope.....	10
1.5. Document outline.....	11
2. Literature review	11
2.1. Theoretical Perspectives on Souths African Carbon Disclosure.....	12
2.2. Link to Conceptual Framework	13
2.3. Coercive Institutional Pressures: Regulatory and Financial Market.....	14
2.3.1. Regulative Pressure and Carbon Disclosure.....	14
2.3.2. Regulatory Pressure in the Global Context	15
2.3.3. South African Regulatory Overview	16
2.4. Financial Pressures	17
2.5. Normative Institutional Pressure: Reputational	18
2.6. Organisational Strategic Responses: Symbolic vs Substantive.....	19
2.7. Greenwashing Risks and Implications for Carbon Disclosure Quality	21
2.8. Research Gap and Contribution	23
3. Research Questions	24
4. Research Methodology.....	25
4.2. Choice of Research Design	26
4.2.3. Purpose of Research Design: Explorative.....	26
4.2.4. Philosophy: Interpretivism	27
4.2.5. Approach: Inductive	27
4.2.6. Methodological Choice: Mono-Method Qualitative	28
4.2.7. Strategy: Interpretive Phenomenology	28
4.2.8. Time Horizon: Cross-Sectional.....	29
4.3. Proposed Research Methodology.....	29
4.3.3. Population.....	29
4.3.4. Unit of analysis	30
4.3.5. Sampling method and size.....	30

4.3.6.	Measurement Instrument	32
4.3.7.	Data Gathering Process.....	35
4.3.8.	Analysis Approach	36
4.3.9.	Quality Controls	37
4.3.10.	Limitations.....	37
5.	Chapter 5: Findings.....	38
5.2.	Overview of the themes presented in the findings chapter.....	39
5.3.	RQ 1: How Institutional Pressures Influence Carbon Disclosure Quality.....	39
5.3.1.	Theme 1: How External Pressures Drive Disclosure Practices	40
1.2.2.1.	Anticipation of mandatory regulations	40
1.2.2.2.	Mandatory Driven Disclosure	41
1.2.2.3.	Financial Market Pressure Driven Disclosures	42
1.2.2.4.	Reputational pressure in driving disclosures	44
1.2.2.5.	Theme 1: Conclusion	45
5.4.	Theme 2: Institutional Pressure Mechanisms in Promoting Quality Disclosures... 45	
5.4.1.	Regulatory Strength in Driving Quality Disclosures	46
5.4.2.	Reputational Strength and Enforcement	47
5.4.3.	Financial Market Pressure and its Influence on Disclosure Quality	48
5.4.4.	Theme 2: Conclusion	49
5.5.	Theme 3: Factors Affecting Disclosure Quality	49
5.5.1.	Institutional Gaps	50
5.5.2.	Data Quality and Systems.....	51
5.5.3.	Internal Governance and Capacity.....	52
5.5.4.	Theme 3: Conclusion	53
5.6.	RQ 2: Managing the risk of greenwashing	54
5.7.	Theme 4: Organizational Responses.....	54
5.7.1.	Symbolic Compliance / Greenwashing.....	55
5.7.2.	Perceived Greenwashing Risk	56
5.7.3.	Substantive Compliance	56
5.7.4.	Theme 4: Conclusion	57
5.8.	Key Findings on the Joint Influence of Institutional Pressures and Strategies for Managing Greenwashing.....	58
5.9.	Research Question 1:.....	58
5.10.	Research Question 2:.....	59
6.	Chapter 6: Discussions	60
6.1.	Research Question 1: Discussions.	60
6.2.	Theme 1: Mechanisms of Influence	61
6.2.1.	Regulatory Pressure: Anticipation of Mandatory Disclosures	61

6.2.2.	Regulatory Pressure: Mandatory Driven Compliance	62
6.2.3.	Financial Market Pressure	62
6.3.	Theme 1: Conclusion	63
6.4.	Theme 2: Factors Promoting Quality Disclosures	64
6.4.1.	Regulatory Strength in Driving Quality Disclosures	64
6.4.2.	Reputational Strength in Driving Quality Disclosures	65
6.4.3.	Financial Market Influence on Disclosure Quality	65
6.5.	Theme 2: Conclusion	66
6.6.	Theme 3: Factors Affecting Disclosure Quality	66
6.6.1.	Institutional Gaps	67
6.6.2.	Data Quality and Systems	67
6.6.3.	Internal Governance and Capacity	68
6.7.	Theme 3: Conclusion	68
6.8.	Research Question 2: Discussions	69
6.9.	Theme 4: Organisational Response	69
6.9.1.	Symbolic Compliance/ Greenwashing	69
6.9.2.	Perceived Risk of Greenwashing	70
6.10.	Theme 4: Conclusion	70
7.	Chapter 7: Conclusions and Recommendations	71
7.1.	Study Conclusion	71
7.2.	What was previously unknown	71
7.3.	Study Conclusion	72
7.4.	Recommendations for Business Managers and Practitioners	73
7.5.	Recommendations for Recommendations for Policymakers and Regulators	73
8.	References	75
8.1.	Annexures	84
8.1.1.	Annexure 1: Interview Guide	84
8.1.2.	Annexure 1: Consent Form	85

1. Research Problem

1.1. Introduction

Corporate carbon disclosures are recognised as a critical tool for promoting transparency and accountability in the fight against climate change (Pittrakkos & Maroun, 2020; Mateo-Márquez et al., 2020). However, it remains unclear how external pressures, regulatory, financial, and reputational jointly influence the quality of these disclosures, particularly in voluntary reporting environments. Addressing this gap is critical for enhancing the credibility of carbon disclosures and mitigating greenwashing risk.

The aim of this research is to examine how regulatory, financial, and reputational pressures jointly influence the quality of carbon disclosures and the risk of greenwashing among South African corporates. In addition, the study explores how corporates translate these external pressures into organizational responses that affect the credibility and reliability of their carbon disclosures. By clarifying these dynamics, the research sought to contribute to theory by unpacking how the joint effect of these external pressures yields substantive versus symbolic corporate carbon disclosures. From a business perspective, the research provides South African corporates with evidence-based guidance on strategies to enhance the credibility and quality of disclosures, thereby reducing reputational and financial risks associated with greenwashing.

1.2. Corporate Carbon Disclosures

Climate change driven by greenhouse gas (GHG) emissions, is one of the most urgent and complex challenges facing humanity (Li & Xu, 2024; Shah et al., 2024). Among these gases, carbon dioxide is the main contributor. To enable consistent reporting, emissions of all greenhouse gases are typically expressed in carbon dioxide equivalents (CO₂e) (UNFCCC, 2025). As a result, carbon disclosure and GHG reporting are used interchangeably.

Reducing carbon emissions has become a critical global priority (Li & Xu, 2024). These emissions are largely caused by fossil fuel combustion linked to industrial activities among others (Shah et al., 2024). The consequences of these emissions have been observed by the rising global temperatures, frequent droughts, irregular rainfall patterns and biodiversity loss threatening human survival and development (Li & Xu, 2024; Shah et al., 2024). In response the Paris Agreement was adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC).

While the countries are the formal signatories (Okonkwo, 2021), corporates quickly emerged as critical actors translating the treaty commitments into implementable strategies (Comyns, 2018). Reliable carbon disclosures are therefore essential for tracking progress, informing policy, and enabling stakeholders to assess corporate climate performance (Treepongkaruna et al., 2024). This makes, carbon disclosures key for corporates to communicate climate related risks and performance to stakeholders (Borghei, 2021).

1.3. Research Problem Institutional Pressure and Greenwashing

Institutional theory asserts that organizations respond to external pressures to maintain legitimacy (Herold et al., 2018). In South Africa's voluntary reporting environment, these pressures may encourage either substantive improvements in disclosure quality or merely symbolic compliance (Villena & Dhanorkar, 2020; Mateo-Márquez et al., 2022). The risk of greenwashing is of greater concern in contexts where regulatory enforcement is weak and voluntary frameworks dominate (Treepongkaruna et al., 2024; Borghei, 2021).

The prevalence of greenwashing in South Africa is evident in both high and low emitters among JSE listed organisations (Pitrakkos & Maroun, 2020). This concern is amplified by the broader African context, where climate litigation is on the rise and legal scrutiny of corporate climate claims is increasing (The Sabin Center for Climate Change Law, 2025).

Villena and Dhanorkar (2020) highlight that organizations adopt initiatives primarily as a symbolic gesture to uphold legitimacy, without implementing meaningful operational changes. Similarly, Lemma et al. (2020) further argue that voluntary carbon disclosures are often used as a tactic to deflect scrutiny rather than reduce emissions. This disconnect is supported by findings that show a weak correlation between high Environmental Social Governance (ESG) scores and actual emissions reductions (Treepongkaruna et al., 2024). What is particularly concerning is a 35% global rise in greenwashing incidents, especially in high-emission sectors such as oil and gas and financial services (Forliano et al., 2025).

Recent regulatory developments, such as the Climate Change Act 2024 and JSE Sustainability Disclosure Guidance, aim to strengthen transparency and accountability (JSE, 2022; Government Gazette, 2024). However, there is no empirical evidence as to how these regulatory shifts are influencing actual disclosure practices and the prevalence of greenwashing in South Africa (Lavrik & LLD, 2025).

Despite growing institutional pressures, evidence remains limited on how institutional forces interact to shape organisations strategic responses and in turn, impact disclosure quality

(Herold et al., 2018). A corporate-level explanation is needed to strengthen transparency, comparability, and credibility in this context. The core problem this study addresses is the lack of credible carbon disclosures in voluntary reporting environments, where institutional pressures may lead to symbolic rather than substantive reporting.

1.2. Research Academic Relevance

Prior studies have mostly examined external pressures in isolation, failing to capture the context dependent ways these forces interact, especially in environments where regulatory enforcement is weak (Herold et al., 2018; Mateo-Márquez et al., 2022; Villena & Dhanorkar, 2020). Furthermore, there is little empirical evidence on how internal organizational responses translate these pressures to produce credible or merely symbolic disclosures (Lavrik & LLD, 2025). By empirically unpacking these dynamics in the South African context, this study advances institutional theory and addresses a key gap in the literature on sustainability reporting and greenwashing.

1.3. Research business relevance

Given the increasing attention towards climate change and progress towards achieving net zero targets (Cohen et al., 2023). Managers are increasingly required to navigate complex and evolving expectations from regulators, investors, and stakeholders (Awa et al., 2024). Inaccurate or symbolic reporting exposes companies to reputational harm, loss of investor confidence, and heightened legal risk, particularly as climate litigation and regulatory scrutiny escalate (Houque & Khan, 2022). Managers therefore face the dual challenge of safeguarding corporate reputation and aligning strategy with environmental expectations while continuing to deliver shareholder value (Gaganis et al., 2021).

For investors, the lack of credible, decision useful carbon data complicates risk assessment leading to misallocation of capital thus exposing portfolios to risks (Dorfleitner & Utz, 2023). For regulators, persistent greenwashing and symbolic compliance undermine the effectiveness of new climate policies and erode public trust (Yahaya, 2025). For corporates, the failure to provide high-quality disclosures increases the risk of reputational damage, legal action, and exclusion from capital markets (Wang & Wu, 2024; Yahaya, 2025). Therefore for managers, the challenge lies not only in achieving compliance but in developing and ensuring internal systems, strategies, that ensure disclosures are both reliable and decision useful (Tan et al., 2020).

This study responds to the managerial imperative for actionable, evidence-based strategies that enable organizations to align with and to mitigate the risks associated with unreliable reporting and maintain competitiveness in a market. By clarifying how regulatory, financial, and reputational pressures interact with internal organizational responses, the research provides managers with practical guidance to strengthen disclosure credibility, reduce exposure to greenwashing.

1.4. Purpose statement

The purpose of this study is to examine the role of institutional pressures, specifically regulatory, reputational, and financial, in shaping corporate carbon disclosure practices. It focuses on South African corporates, where disclosure remains largely voluntary, particularly in the absence of strong regulatory enforcement (Borghei, 2021; Mateo-Márquez et al., 2022).

First, the study aims to explore the different types of pressures, regulatory, financial, and reputational, and how they jointly operate to influence corporates to disclose in a voluntary environment. Second, it sought to understand the mechanisms through which these institutional pressures influence carbon disclosure practices. Finally, the study examines the strategies that corporates employ in response to external pressures to mitigate the risk of greenwashing.

By unpacking these dynamics and exploring how businesses strategically respond to institutional expectations, the study offers practical insights to help corporates align with emerging climate regulations, improve transparency, and mitigate greenwashing, ultimately enhancing their competitiveness. The findings will inform the development of targeted and effective reporting strategies. Furthermore, by exploring corporates interpretations, the study advances theoretical understanding of corporate responses to climate regulation and other external pressures and offers context-specific insights relevant to developing economies.

1.4. Research Scope

This study focuses on examining how regulatory, financial, and reputational pressures influence the quality of carbon disclosures and the risk of greenwashing among corporates. The scope of the study is limited to South Africa and cuts across the various industries.

By limiting the scope to South African corporates where disclosure reporting is largely voluntary, the study provides context-specific insights that are relevant for both developing economies with similar market dynamics, while acknowledging that findings may not be

directly generalizable to jurisdictions with stronger regulatory enforcement or different market dynamics.

1.5. Document outline

The remainder of this document is structured to guide the process followed when conducting the study, starting with literature review. This section examines existing literature on carbon disclosure practices, institutional pressures, and greenwashing identifying key theoretical gaps and limitation in current studies, particularly in the context voluntary reporting environments and developing economies.

Following literature review, the study presents research questions addressing the gaps identified in the literature. The next section outlines the methodology, detailing the qualitative approach, data collection methods, and techniques used to analyse the data.

The report then presents the findings from the data collected and lastly the document concludes with discussions and conclusions section.

2. Literature review

Despite the growing body of literature on corporate carbon disclosure, significant gaps remain regarding how regulatory, financial, and reputational pressures jointly influence disclosure practices and quality and greenwashing risk, particularly in developing economies (Herold et al., 2018). The purpose of this study is to address these gaps by examining the interplay of these institutional pressures and the strategies corporates employ in response.

This literature review explores how the institutional pressures influence corporate carbon disclosures and in turn, affect the quality of disclosures. Anchored in institutional theory which suggests that organisational practices are influenced by external pressures (Jing et al., 2024), the review explores how organisations respond strategically either symbolically or substantively to manage environmental expectations and maintain legitimacy.

First, the study aimed to explore the different types of pressures, regulatory, financial, and reputational, and how they jointly operate to influence corporates to disclose in a voluntary environment. Second, it sought to understand the mechanisms through which these institutional pressures influence carbon disclosure quality. Finally, the study examines the strategies that corporates employ in response to external pressures to mitigate the risk of greenwashing.

2.1. Theoretical Perspectives on Souths African Carbon Disclosure

Institutional theory provides a theoretical lens for understanding how organizations respond to external pressures, emphasizing that firms seek legitimacy by aligning their structures and practices with institutional expectations (DiMaggio & Powell, 1983; Zhang et al., 2025). Through mechanisms of coercive (regulatory), normative (societal/professional), and mimetic (peer imitation) isomorphism, organizations tend to adopt similar practices to maintain legitimacy (DiMaggio & Powell, 1983; Mateo-Márquez et al., 2022).

However, Zhang et al. (2025) argue that coercive pressures, such as mandatory laws and enforced oversight, can improve disclosure quality. In contrast, Mateo-Márquez et al. (2020) find that while regulatory pressure increases participation in voluntary carbon reporting, it does not guarantee high-quality or comparable disclosures, suggesting that institutional pressures may prompt reporting without ensuring substantive change. Similarly, Braasch & Velte (2022) and Villena & Dhanorkar (2020) caution that institutional conformity often results in symbolic compliance, where disclosures satisfy external expectations but fail to reflect actual performance, creating opportunities for greenwashing.

Extending this argument, Hummel & Schlick (2016) and Maaloul & Wegener (2021) note that voluntary disclosure frameworks, intended to signal environmental leadership, may be exploited by poor performers for impression management. Forliano et al. (2025) add that firms frequently use information overload and disconnected climate data to deflect scrutiny, undermining readability and decision-usefulness. These findings collectively underscore the risk that institutional pressures, particularly in voluntary reporting environments, may reinforce symbolic rather than substantive compliance.

Despite these insights, most studies examine single pressures in isolation, without considering their interactive effects on disclosure quality and greenwashing risk (Herold et al., 2018). There is also limited empirical evidence from developing economies like South Africa, where voluntary frameworks dominate and enforcement is weak (Lavrik & LLD, 2025). Mateo-Márquez et al. (2022) and Herold et al. (2018) call for research that explores how multiple institutional pressures converge and how internal strategies mediate these dynamics. This study addresses this gap by investigating the joint influence of regulatory, financial, and reputational pressures on carbon disclosure quality and greenwashing among South African corporates, providing context specific insights on how these forces jointly operate to promote substantive transparency or reinforce symbolic compliance.

2.2. Link to Conceptual Framework

Building on the theoretical foundations outlined above, this study adopts a conceptual framework (Figure 1) to explain how external pressures shape the quality of corporate carbon disclosures. The framework positions institutional pressures, categorized as coercive (regulatory and financial) and normative (reputational), as key drivers influencing organizational strategic responses. These response from substantive to symbolic, ultimately determine whether disclosures are credible and reliable or risk being perceived as greenwashing

The framework serves two purposes. First, it provides a roadmap for the literature, guiding the review of the key constructs and their interrelationships

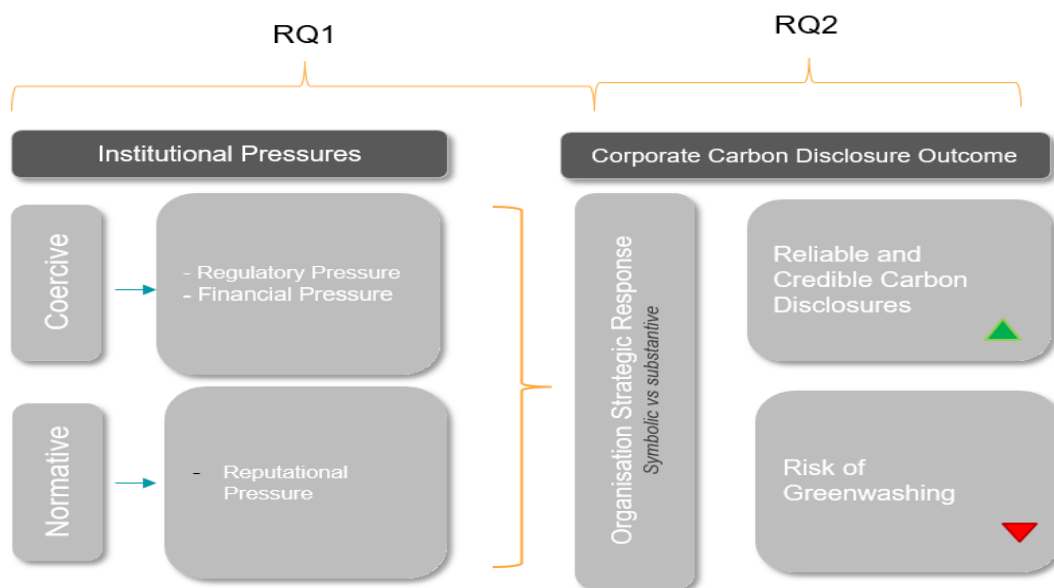


Figure 1: Conceptual framework linking institutional pressures, organizational strategic responses, and carbon disclosure outcomes

The subsequent sections review the literature for each component of the conceptual framework.

Section 2.3: examines coercive pressures, focusing on regulatory and financial market forces across both global and South African contexts.

Section 2.5: explores normative pressures, particularly reputational influences.

Section 2.6: considers organisational strategic responses and their role in shaping credible versus symbolic reporting. Finally,

Section 2.7 discusses greenwashing risks and their implications for carbon disclosure quality, highlighting how these practices undermine transparency and stakeholder trust.

2.3. Coercive Institutional Pressures: Regulatory and Financial Market

Coercive pressure arises from both formal regulatory structures and informal dependencies that organisations have on other entities (DiMaggio & Powell, 1983). These pressures often compel organisations to conform to rules and expectations imposed by governments, regulations, and other influential stakeholders to avoid sanctions, legal consequences, or reputational damage (Houqe & Khan, 2022). Formal regulatory pressure arises through laws, policies, and supervisory mechanisms enforced by formal institutions such as governments and regulatory bodies (Zhang et al., 2025). However coercive pressure is not limited to formal regulations, it can also result from informal pressures exerted by other organization, upon which a company is dependent (DiMaggio & Powell, 1983). For example, investors and banks which are entities that scrutinise organisations carbon impact when accessing funding or investment (Lemma et al., 2020). This section explores debates on how cohesive institutional pressures regulation and financial shape carbon disclosure behaviour and quality.

2.3.1. Regulative Pressure and Carbon Disclosure

2.3.1.1. Regulatory pressure on disclosures

Regulatory presence is widely acknowledged as a catalyst for carbon reporting. Mateo-Márquez et al. (2020) find that environmental policy stringency increases participation in voluntary carbon reporting. However, argues that regulation alone does not guarantee substantive transparency, leaving room for symbolic compliance (Mateo-Márquez et al., 2020). This view is challenged by Zhang et al. (2025), who demonstrate that enforcement intensity matters, campaign-style inspections in China significantly reduce greenwashing during enforcement periods. These findings suggest that the mere existence of regulation is insufficient, enforcement mechanisms determine behavioural outcomes.

Beyond formal regulatory mechanisms, Cooke et al. (2024) highlights that organizations often engage in voluntary disclosure in anticipation of mandatory requirements. This proactive approach is driven by expectations of future regulation and the desire to avoid compliance shocks, reputational risks, and potential sanctions (Cooke et al., 2024). Empirical evidence suggests that firms in jurisdictions with weak enforcement or evolving regulatory landscapes disclose carbon information voluntarily to signal legitimacy and prepare for compliance (Sulkowski & Jebe, 2022; Breijer et al., 2025). For instance, Breijer et al. (2025) found that European firms began non-financial reporting prior to the enforcement of the EU NFRD, illustrating how anticipatory compliance mitigates reputational risk and positions firms favourably with investors and regulators. Similarly, Einhorn (2005) argues that mandatory regimes influence voluntary disclosure strategies, as firms anticipate future obligations and adjust reporting practices accordingly. This dynamic the interplay between coercive pressures

and strategic behaviour, where voluntary disclosure operates as a pre-emptive adaptation to anticipated regulatory change.

2.3.1.2. Regulatory pressure improving quality disclosures

Evidence is mixed regarding regulation improving disclosure quality. Mateo-Márquez et al. (2021) show that the number of climate-related rules and reward mechanisms positively influence disclosure quality, whereas monitoring and punishment have limited effect. In contrast, Zhang et al. (2025) argue that visible, time-bound enforcement can curb symbolic disclosure, highlighting the role of enforcement style in shaping credibility. This debate underscores that not all regulatory mechanisms are equally effective to drive quality improvements.

2.3.2. Regulatory Pressure in the Global Context

Globally, mandatory frameworks such as the U.S. Greenhouse Gas Reporting Program (GHGRP) have demonstrated potential to reduce greenwashing by promoting transparency and accountability (Luu et al., 2025). Yet, effectiveness varies by firm characteristics, larger and more profitable firms respond more strongly due to reputational risk (Luu et al., 2025). In the European context, the Corporate Sustainability Reporting Directive (CSRD) has become a pivotal regulatory force, requiring both EU and certain non-EU companies trading with EU countries to provide detailed, assured sustainability disclosures aligned with the European Sustainability Reporting Standards (ESRS) (Hummel & Jobst, 2024; European Commission, 2024). The CSRD, together with mechanisms like the Carbon Border Adjustment Mechanism (CBAM), has effectively raised the bar for disclosure, compelling firms worldwide to enhance their reporting to maintain market access (Hummel & Jobst, 2024). Alongside these mandatory rules, voluntary standards such as the TCFD and ISSB IFRS S2 exert significant influence. (IFRS Foundation, 2023). While not legally binding, these frameworks shape disclosure practices because they are widely adopted by investors, stock exchanges, and regulators, and are being embedded into formal regulatory requirements (Petersen et al. (2022); IFRS Foundation, 2023; European Commission, 2024).

However, there are ongoing debates about the effectiveness of these mandatory frameworks. Cautioning that without robust enforcement and assurance, mandatory disclosure may lead to symbolic compliance, information overload, or selective reporting, rather than substantive transparency (Free et al., 2024; Roszkowska-Menkes et al., 2024; Forliano et al., 2025). For instance, firms may focus on box-ticking to meet regulatory requirements or strategically omit negative information, which can undermine the comparability and decision-usefulness of reported data (Forliano et al., 2025). While Elsner and Neumann (2023) argues that the impact

of these frameworks is context-dependent, with local institutional capacity, market maturity, and enforcement resources playing a critical role in determining whether disclosures are genuinely improved. These debates underscore that while global regulations like the CSRD and CBAM have raised expectations for disclosure, their ability to drive substantive change relies on effective enforcement, and adaptation to local contexts.

2.3.3. South African Regulatory Overview

Despite the regulatory developments in South Africa, carbon disclosures remain largely voluntary for most companies outside the carbon intensive sectors (Ganda, 2022). One major development in South Africa's climate regulatory landscape was the enactment of the Carbon Tax Act in June 2019 which imposes a tax of R120 for each ton of carbon dioxide equivalent (Okonkwo, 2021). Reporting carbon emissions under this Act is mandatory and applies to large emitters across sectors such as energy, mining, industrial manufacturing, and heavy transport. Reporting must follow methodologies approved by the Department of Forestry, Fisheries and the Environment formally known as Environmental Affairs (Government Gazette, 2019). However, because this reporting serves tax assessment purposes rather than public transparency, the Act does not operate as a comprehensive carbon disclosure framework for broader stakeholders.

In February 2024 the Climate Change Act, introducing formal mechanisms for carbon budgeting, emissions targets, and national greenhouse gas tracking (Government Gazette, 2024). Although the Act marks a pivotal step in embedding climate accountability, it does not yet impose detailed corporate level disclosure obligations.

Recognizing the global shifts, the Johannesburg Stock Exchange (JSE) issued its Sustainability and Climate Disclosure Guidance in June 2022. This voluntary framework encourages listed companies to align their climate disclosures with global standards such as the ISSB IFRS S2 TCFD and GRI (JSE, 2022). Nonetheless, due to its voluntary nature of the guidance, issues such as variability in the quality, comparability, and credibility of disclosures across sectors remain.

From a financial sector perspective, the South African Reserve Bank (SARB) issued G3/2024 Guidance Note on Climate related Disclosures for Banks, aligning with ISSB and TCFD principles. While it sets expectations for governance, strategy, risk management and metrics, it remains non-binding (South African Reserve Bank, 2024). Similarly, the Financial Sector Conduct Authority (FSCA) established under the Financial Sector Regulation Act plays a pivotal role. While FSCA is mandated to ensuring consumers are treated fairly (Pesci &

Koekemoer, 2025), FSCA released a Sustainable Finance Update (2025), signalling future intentions to mandate climate related disclosures for banks, insurers, and pension funds (FSCA, 2025). These developments reflect growing market based coercive pressures, complementing formal regulations

South Africa's climate policy is also shaped by its Just Transition Framework and international commitments under the Paris Agreement, which emphasize balancing decarbonization with socio-economic development (Patrick et al., 2025). However, the absence of a comprehensive mandatory disclosure regime means that voluntary standards and investor driven expectations remain critical in shaping corporate disclosure practices.

2.4. Financial Pressures

Financial markets exert significant influence on corporate disclosure practices, functioning as an informal coercive force that complements regulatory requirements. Firms often modify disclosures to reduce scrutiny and enhance access to capital (Lemma et al., 2020). Capital markets increasingly consider carbon risk in investment decisions, thus, organisations are incentivized to project favourable disclosures to improve the likelihood of securing funding (Lemma et al., 2020). While this strategy can enhance capital access, Dorfleitner and Utz (2023) argue it may lead to misallocation of resources and undermine sustainability objectives when disclosures are symbolic rather than substantive.

2.4.1. Investor Pressure and ESG Ratings

Treepongkaruna et al. (2024) contend that strong ESG ratings signal managerial competence and reduce financing costs, aligning managerial actions with stakeholder expectations. This creates a virtuous cycle of capital access and governance improvement (Treepongkaruna et al., 2024). However, Braasch and Velte (2022) caution that ESG ratings can be manipulated through selective disclosure, enabling greenwashing rather than genuine sustainability integration. Similarly, Hummel and Schlick (2016) argue that firms under investor pressure may prioritize optics over substance, producing low-quality disclosures that satisfy rating agencies but fail to improve environmental performance.

2.4.2. ESG Linked Financing Instruments

Green bonds and sustainability-linked loans embed ESG performance into financing terms, reinforcing transparency as a financial imperative (Flammer, 2021). On the other hand Braasch and Velte (2022) argue these instruments reward credible disclosure and incentivize long-term sustainability integration. Conversely, Braasch and Velte (2022) highlight the risk of opportunistic behaviour, firms may overstate environmental performance or selectively report

favourable metrics to secure lower financing costs. This tension reflects a broader debate on whether financial innovation promotes substantive change or encourages symbolic compliance.

2.4.3. Global Market Access

Beyond investor-driven pressures, global trade regulations amplify financial incentives for voluntary disclosure (Sagone & Cellura, 2025). The EU's CSRD and Carbon Border Adjustment Mechanism (CBAM) effectively make sustainability reporting a prerequisite for market participation, compelling non-EU firms to align with ISSB and TCFD standards (European Commission, 2024; IFRS, 2023). Braasch and Velte (2022) warn that firms under intense financial and trade-related scrutiny may selectively disclose favourable metrics or engage in greenwashing to meet investor and regulatory expectations without improving actual performance. This debate underscores that while global standards aim to strengthen disclosure quality, they may simultaneously create incentives for impression management, raising questions about whether voluntary alignment truly advances sustainability objectives.

2.5. Normative Institutional Pressure: Reputational

In addition to formal regulations, corporate response to carbon disclosures is shaped by normative pressures which refers to the informal expectations from industry or society regarding acceptable behaviour (DiMaggio & Powell, 1983). These pressures originate from professional associations, industry leaders, non-governmental organizations (NGOs), and stakeholder expectations that define legitimate corporate conduct (Panfilo & Krasodomska, 2022). Firms often respond to these influences to maintain social legitimacy and align with evolving stakeholder expectations (Zhang et al., 2025).

Voluntary disclosure frameworks such as the TCFD and the Carbon Disclosure Project (CDP) illustrate this influence. Although participation is voluntary, their global recognition and widespread adoption create strong expectations for firms to align with these standards. Adhering to TCFD or CDP guidelines is often seen as the socially expected course of action within the environmentally conscious sectors (Panfilo & Krasodomska, 2022). Supporting this view Mateo-Márquez et al. (2020) highlights that organisations that operate in high levels of climate related normative pressures are more inclined to participate in voluntary carbon reporting.

Reputational pressure plays a significant role in discouraging greenwashing, particularly through the influence of media and non-governmental organisations (NGOs). The increasing number of misleading environmental claims have led to media NGOs such as Greenpeace

to now play a role of monitoring and exposing organisations that adopt greenwashing behaviours (Gatti et al., 2019). Within in this context since public awareness on environmental issues is growing reputation depends on how firms are able to conform to social believes (Gaganis et al., 2021). This reinforces the pressure on organisations to maintain their reputation thus making it more difficult for organisations to engage in symbolic or misleading carbon disclosures.

This also poses a challenge to the corporates on how they manage shareholder expectations whilst delivering stakeholder environmental requirements. Resource allocation must therefore be managed to meet both economic and environmental objectives (Gaganis et al., 2021). Nonetheless Gaganis et al. (2021) notes that only a few organisations are able to manage reputational risks which highlights the lack of understanding of where it stems from (Gaganis et al., 2021).

Organisations that fail to meet normative expectations may face media scrutiny, stakeholder scepticism, and even market penalties. Non-conformance carries reputational and financial risks (Panfilo & Krasodomska, 2022). Reporting that is inconsistent or superficial can be interpreted as greenwashing, eroding stakeholder trust and damaging the firm's credibility (Zhang et al., 2025). However, institutional pressures push firms to conform to public expectations, the gap between societal expectations and actual corporate practices narrows, ultimately reducing reputational exposure (Gaganis et al., 2021).

In highly environmentally aware and transparent contexts, external stakeholders are more capable of identifying symbolic disclosures that violate social norms, leading to public scrutiny and activist condemnation. Yet, perceptions of normative pressure vary across organisations, influenced by differing levels of public awareness and the availability of reliable environmental performance data (Zhang et al., 2025). Gaganis et al. (2021) argue that higher public awareness intensifies societal expectations, prompting organisations to adjust their policies and disclosures, accordingly, thereby reducing reputational risk. In line with this, Braasch & Velte (2022) suggest that stakeholder critique encourages firms to refine their strategies and improve the quality of carbon performance reporting.

2.6. Organisational Strategic Responses: Symbolic vs Substantive

Organisations respond to institutional pressures in varied ways, often resulting in symbolic and substantive strategies. Symbolic responses are those that signal compliance or environmental responsibility without reflecting substantial operational change. Substantive

responses, by contrast, involve genuine efforts to improve environmental performance and align with environmental goals (Truong et al., 2020).

Institutional theory suggests that organisations adopt practices that enhance legitimacy within their operating environment (DiMaggio & Powell, 1983). In contexts where regulatory enforcement is weak or voluntary, symbolic compliance may be used to satisfy stakeholder expectations while avoiding the costs of substantive transformation (Mateo-Márquez et al., 2022). This decoupling between appearance and action allows organisations to maintain legitimacy without any operational changes (Braasch & Velte, 2022).

Symbolic strategies may include publishing sustainability reports, join voluntary frameworks, or making public commitments to future goals without implementing measurable changes. These actions are often designed to manage impressions and deflect scrutiny (Hummel & Schlick, 2016). For example, firms may disclose extensive climate related data that lacks relevance or connection to actual carbon performance, thereby creating an impression of being transparency (Braasch & Velte, 2022).

Substantive strategies, on the other hand, reflect authentic environmental commitments. These include implementing emission reduction technologies, integrating sustainability into core business operations and processes, and aligning disclosures with performance metrics. Substantive actions may require more resources but contribute meaningfully to climate goals and stakeholder trust (Villena & Dhanorkar, 2020).

In addition to operational changes, organisations may adopt governance strategies to reinforce substantive responses. These include linking sustainability goals to Key Performance Indicators (KPIs), which embed environmental accountability into performance management systems (Ali et al., 2024). Board level oversight is another critical mechanism, where climate risks are integrated into governance structures to ensure strategic alignment and executive accountability (Braasch & Velte, 2022). Weak governance structures often result in superficial climate reporting that undermines credibility. Strengthening governance by assigning oversight responsibilities and integrating climate targets into executive remuneration reduces the risk of symbolic disclosures and promotes genuine engagement (Braasch & Velte, 2022).

One key strategy to reduce stakeholder scrutiny and enhance the credibility of sustainability disclosures is the adoption of independent assurance. As Zhou (2022) notes, third party assurance strengthens the reliability of climate related disclosures through external validation,

reducing the likelihood of exaggeration or misleading information. Braasch and Velte (2022) emphasise that assurance is particularly effective in curbing symbolic disclosures and mitigating information overload. Regulatory developments such as the European Union's Corporate Sustainability Reporting Directive (EU CSRD) further reinforce this approach by introducing mandatory assurance requirements to counteract greenwashing and promote consistent, high-quality climate reporting.

Furthermore, aligning with globally accepted frameworks such as the Task Force on Climate related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB) supports transparency and standardisation (Zhou, 2022). Treepongkaruna et al. (2024) highlight that transparent and structured disclosures, often supported by established frameworks, can strengthen ESG ratings and reliability. These frameworks guide firms in disclosing financially material climate risks and promote consistency across reporting entities, making it harder to disguise underperformance or rely on symbolic disclosures (Zhou, 2022).

The decision between symbolic and substantive responses is influenced by several factors, including the strength of institutional pressures, stakeholder scrutiny, reputational risk, and organisational capacity. In high pressure environments, such as those shaped by investor mandates or regulatory oversight, organisations are more likely to adopt substantive strategies to avoid reputational damage and meet compliance expectations (Ali et al., 2024). However, in voluntary reporting environments like South Africa, where regulatory enforcement is still evolving, symbolic responses may be more prevalent. Organisations may engage in symbolic compliance to maintain legitimacy while avoiding the costs associated with substantive change (Ganda, 2022). This raises concerns about the credibility of disclosures and the risk of greenwashing.

Understanding the drivers behind these strategic choices is critical for improving carbon disclosure quality. By distinguishing between symbolic and substantive responses, stakeholders can better assess the authenticity of corporate sustainability efforts and promote practices that contribute to genuine environmental progress.

2.7. Greenwashing Risks and Implications for Carbon Disclosure Quality

Greenwashing occurs when firms exaggerate or misrepresent environmental performance to appear compliant (Treepongkaruna et al., 2024). Mateo-Márquez et al. (2022) describe greenwashing as decoupling strategy where the organisations symbolically report on positive carbon related actions whilst failing to improve the actual carbon performance. Even under strong regulatory frameworks, some organizations tailor disclosures to appear compliant

rather than providing complete, verifiable information (Zhang, 2025). As a result, this makes it difficult for stakeholders to distinguish between authentic transparency and strategic compliance (Treepongkaruna et al., 2024).

Cao et al. (2022) argue that in voluntary or weakly enforced regulatory environments, greenwashing becomes a strategic response to market expectations. Whilst voluntary reporting can be used to communicate genuine performance, it can also be used for legitimacy under high pressure environments (Hummel & Schlick, 2016). Gatti et al. (2019) highlight that greenwashing thrives particularly where disclosure practices are entirely voluntary. This insight supports the argument that without regulatory enforcement, firms may continue to greenwash in pursuit to maximise profit and cut any activity that does not contribute to profit maximisation Mateo-Márquez et al. (2022). In addition, lack of verification and monitoring increases the likelihood of greenwashing (Mateo-Márquez et al., 2022). Although such tactics may offer short-term reputational or financial benefits, there is a risk of eroding stakeholder trust and damaging long-term credibility (Cao et al., 2022).

A critical yet often overlooked contributor to exposing organisation to the risk of greenwashing is the technical complexity involved in collecting carbon emissions data and performing accurate calculations (Traub et al., 2025). These challenges can compromise the quality of disclosures and increase the risk of symbolic or misleading reporting. For instance, Scope 3 emissions, which are emissions occurring across the value chain, are known to be difficult to quantify due to limited supplier engagement and inconsistent data variability (Ströher et al., 2025). Traub et al. (2025) found that while disclosures of Scope 1 and 2 emissions, those resulting directly from a company's own operations and purchased energy, are generally robust, reporting on Scope 3 emissions, which encompass indirect emissions across the value chain, remain underdeveloped with many firms failing to meet even basic transparency standard. In the absence of direct emissions data companies often relying on proxy or estimated data which is based on industry averages or assumptions which further undermines the accuracy of carbon disclosures (Ströher et al., 2025).

According to Villena and Dhanorkar (2020), high-quality carbon disclosure is defined by comprehensiveness (scope and content), accuracy (verifiable and assured data), and accessibility (transparent and public communication). Despite the availability of frameworks such as TCFD, that guide how to disclose, organisations show inconsistent reporting of targets. This hampers comparability and can mask underperformance (Braasch & Velte, 2022).

Organizations employ a range of tactics to create the illusion of environmental responsibility. These include the use of vague or ambiguous language, selective disclosure of favourable information, and symbolic alignment with voluntary frameworks without substantive action (Forliano et al., 2025). Additionally, green imagery and branding are often used to evoke environmental stewardship, even when actual practices fall short (Netto et al., 2020). Torelli et al. (2020) further distinguish between corporate level tactics, such as leveraging new logos, certifications, or sustainability reports to enhance reputation without substantive change and strategic level tactics, like making public commitments to future environmental goals that are not matched by operational improvements.

A critical dimension in this debate is the role of ESG market actors, particularly investors, with limited ESG literacy. Institutional and retail investors often lack the technical expertise to critically evaluate carbon disclosures, relying instead on superficial ratings or marketing narratives (Sulkowski & Jebe, 2022). This knowledge gap reduces market pressure for robust reporting, inadvertently enabling firms to sustain symbolic compliance

2.8. Research Gap and Contribution

Despite the growing body of literature on corporate climate disclosure, significant gaps remain. Most notably, there is limited empirical evidence on how institutional pressures, regulatory, financial, and reputational, jointly influence the quality of carbon disclosures in developing economies with evolving regulatory landscapes (Herold et al., 2018; Mateo-Márquez et al., 2022). Existing studies focus on single pressures or treat them in isolation, without capturing the complex interactions that shape corporate behaviour (Villena & Dhanorkar, 2020) and the mediating role of internal organizational strategies, that ultimately shape whether disclosures are substantive or symbolic.

Furthermore, while new regulations in South Africa aim to enhance disclosure quality, there is little evidence that these measures alone are effective in curbing greenwashing or promoting genuine transparency (Lavrik & LLD, 2025). The literature has yet to explain whether the convergence of external institutional pressures such as regulations, financial and reputation, together with internal strategies, leading to meaningful improvements in disclosure.

This study addresses these gaps by examining how institutional pressures jointly influence carbon disclosure practices and how corporates translate these pressures to inform decisions on their carbon disclosure practices. By focusing on the South African context, the research

provides context-specific insights that are relevant to other developing economies facing similar challenges.

3. Research Questions

This section presents the questions that guide the study. The formulation of these questions is grounded in the review of the literature on corporate carbon disclosure, institutional theory and greenwashing with a particular focus on the South African context.

The preceding literature review has established that institutional pressures, regulatory, financial, and reputational, play a significant role in shaping corporate carbon disclosure practices. However, the nature of these pressures and their influence on strategic responses remain unclear and context dependent (Lavrik & LLD, 2025).

3.1. Research Question 1:

Institutional theory suggests that external pressures compel organizations to conform to external pressures to maintain legitimacy (DiMaggio & Powell, 1983). In the context of carbon disclosure, there is ongoing debates on whether these pressures may lead to either symbolic or substantive responses. Hummel & Schlick (2016) and Treepongkaruna et al. (2024) demonstrate that institutional pressures can lead to both symbolic and substantive responses. Villena & Dhanorkar (2020) further argue that the type and intensity of institutional pressure, as well as firm-specific factors, determine whether compliance is merely symbolic or genuinely advances environmental performance. Roszkowska-Menkes et al. (2024) and Forliano et al. (2025) similarly highlight that even in the presence of robust external expectations, symbolic reporting persists unless reinforced by enforcement and assurance.

In South Africa, where carbon reporting remains largely voluntary and regulatory enforcement is limited, the credibility of disclosures varies significantly (Borghei, 2021; Mateo-Márquez et al., 2022). While recent developments aimed to improve transparency, their actual impact on disclosure quality remains untested (Lavrik & LLD, 2025). Given these unresolved tensions, it remains unclear how, and through what mechanisms, institutional pressures, regulatory financial and reputational jointly influence the quality of carbon disclosure in corporate South Africa. This leads to the research question:

RQ1: How do institutional pressures influence the quality of carbon disclosures in South African corporates?

This research question sought to explore the different types of pressures, regulatory, financial, and reputational, and how they jointly operate to influence corporates to disclose in a voluntary environment. Secondly, it sought to understand the mechanisms through which these institutional pressures influence the quality of carbon disclosures. Thus, clarifying the sufficiency of these pressures in driving quality disclosures.

3.2. Research Question 1:

Greenwashing has emerged as a critical concern in voluntary reporting environments, where firms may strategically disclose environmental information to maintain legitimacy without making substantive operational changes (Cao et al., 2022; Treepongkaruna et al., 2024). Corporates face pressure from regulators, stakeholders to demonstrate genuine environmental accountability, yet the tactics used to manage these pressures, such as selective disclosure, vague language, or symbolic alignment with voluntary frameworks, can undermine trust and transparency (Roszkowska-Menkes et al., 2024).

Deeper investigation into the strategic responses that firms adopt under institutional pressure is needed. This includes understanding how firms balance legitimacy, institutional expectations and which strategies they employ to mitigate greenwashing risks (Herold et al., 2018; Forliano et al., 2025). This leads to the second question of the study.

RQ2: How do corporates manage the risk of greenwashing when navigating institutional expectations?

This research question aims to examine the strategies employed by South African corporates to manage greenwashing risk while navigating complex institutional expectations.

Both this research questions aim to advance understanding of how institutional pressures jointly shape corporate behaviour and disclosure outcomes in a developing country context ultimately clarifying the effectiveness of these pressures in promoting credible, transparent, and trustworthy sustainability reporting.

4. Research Methodology

This chapter outlines the research design and methodology adopted to explore how institutional pressures, namely regulatory, financial, and reputational shape corporate strategic responses to carbon reporting, and how these affect carbon disclosure quality and the risk of greenwashing. The study is guided by two research questions that sought to explore

the different types of pressures, regulatory, financial, and reputational, and how they jointly operate to influence corporates to disclose in a voluntary environment. Secondly, to understand the mechanisms through which these institutional pressures influence the quality of carbon disclosure. Finally, the questions examine the strategies that corporates employ in response to external pressures to mitigate the risk of greenwashing. By articulating the methodological choices, this chapter demonstrates the credibility of the insights into the carbon disclosure practices of South African corporates in the evolving climate regulatory landscape.

4.2. Choice of Research Design

This section presents the research design adopted to guide the study. Given the exploratory nature of the study and its focus on understanding nuanced corporate behaviors and disclosure practices, the design integrates components that support depth and context specific insights. The section begins by clarifying the purpose of the research design and proceeds to outline the philosophy, approach, methodological choices, strategy, and time horizon.

4.2.3. Purpose of Research Design: Explorative

The study aimed to explore the influence of regulatory, financial, and reputational pressures on corporate carbon disclosure strategies, and therefore adopted an exploratory research design. This approach was guided by the recognition that carbon disclosures in South Africa remain largely voluntary, with regulatory enforcement still developing (Mateo-Márquez et al., 2022). This created a context where disclosure practices are not yet fully understood, and where strategic responses to institutional pressures could vary.

The exploratory design enabled the researcher to investigate these dynamics without relying on predefined hypotheses. This allowed for the emergence of context-specific insights into how corporate actors interpret and respond to institutional expectations (Lim 2024). This was particularly important for uncovering ways in which corporate interpret or perceive institutional pressures influence in a setting where formal rules are still evolving.

Mateo-Márquez et al. (2022) suggests that weak regulatory enforcement increases the likelihood of greenwashing, thus making South Africa relevant for this exploration. The exploratory approach allows for an open-ended inquiry that sought to understand “how” and “why” questions (Lim 2024), this enabled the researcher to capture motivations, perceptions and decision-making processes behind disclosure strategies. As Lim (2024) emphasized, qualitative research guided by exploration can surface perspectives that are not easily captured.

4.2.4. Philosophy: Interpretivism

An interpretivist philosophical paradigm was adopted for this study, which assumes that individuals' construct reality based on how they interpret their experiences. Interpretivism aimed to understand how people create meaning within their social and organisational contexts, making it suited to explore actors' subjective experiences, interpretations, and responses to phenomena (Lim, 2024).

In this study, interpretivism provided a lens through which corporate actors examined in the South Africa context, on how they perceive and respond to regulatory, financial, and reputational pressures, and how these perceptions inform their strategic response to carbon disclosures. According to Lim (2024), interpretivist qualitative research seeks subjective realities that cannot be fully explained through quantitative methods.

Caggiano and Weber (2023) further highlights that qualitative research in environmental studies often seeks to understand how individuals operating within institutional systems experience and respond to socioecological complexities. Caggiano and Weber (2023) argue that interpretive approaches are crucial for uncovering what actions are taken and how individuals rationalise, justify, or resist those actions based on internal values, perceived risks, and external expectations.

This philosophical foundation was essential for addressing the study's objective of exploring whether organisations carbon disclosure practices genuinely reflect transparency or are shaped by symbolic compliance. By focusing on how corporate actors subjectively interpreted and rationalised institutional pressures the study was able to uncover how these interpretations influenced the corporate disclosure.

4.2.5. Approach: Inductive

This study followed an inductive research approach, which was appropriate given its exploratory nature and interpretivist philosophy. Instead of relying on predefined concepts, the study enabled the researcher to derive insights from the data. In qualitative research, an inductive approach enables researchers to uncover themes and relationships as they emerge from participant narratives, rather than being influenced by theory upfront. This is particularly appropriate when the objective is to explore a phenomenon that is not yet well theorised or fully understood (Naeem et al., 2023). Making it particularly relevant in this case, as the influence of these pressures is context specific and not yet fully explored in South Africa. As such, an inductive approach allowed for the emergence of context-specific themes and relationships that could inform future theory development.

This approach also aligned with the qualitative methods employed in the study, such as semi-structured interviews and document analysis, which generated rich, descriptive data. Through iterative coding and thematic analysis, the researcher was able to identify patterns in how corporate actors interpreted institutional pressures and rationalised their disclosure strategies whether symbolic or substantive.

4.2.6. Methodological Choice: Mono-Method Qualitative

The decision to adopt a mono-method qualitative methodological choice was consistent with the study's interpretivist paradigm and inductive approach. It allowed the researcher to focus on capturing rich, detailed narratives that reflect the subjective realities of corporate actors operating within the South African context. This approach was particularly appropriate for exploring how individuals construct meaning around regulatory, financial, and reputational pressures, and how these meanings inform symbolic or substantive disclosure responses.

This study employed a mono-method qualitative research design, using semi-structured interviews as the sole method of data collection. As defined by Hampson and McKinley (2023), a mono-method approach involves the use of a single qualitative or quantitative data collection technique within a study. In this case, semi-structured interviews were selected to enable a deep exploration of the participants lived experiences, perceptions, and their interpretations regarding institutional pressures and their influence carbon disclosures.

4.2.7. Strategy: Interpretive Phenomenology

Building on the interpretivist philosophical paradigm this study employed an interpretive phenomenological strategy. The aim was to explore how corporate actors in South Africa experienced and responded to institutional pressures, namely regulatory, financial, and reputational, in shaping their strategic approaches to carbon disclosure. Phenomenology was selected as the research strategy because it allowed for a deep examination of participants lived experiences and how they influenced their disclosure decisions.

Phenomenology is concerned with how individuals construct meaning from their experiences, especially in response to changes in their environment. As Chang and Wang (2021) note, phenomenological methodology emphasizes life experiences, reflecting how individuals perceive and respond to evolving phenomena in their professional or institutional settings. In this study, the focus was on how corporate actors interpreted institutional pressures and rationalised their disclosure strategies, whether symbolic or substantive, within a transitional climate regulatory landscape.

This strategy aligned with the study's interpretivist philosophical paradigm, which assumes that reality is socially constructed and best understood through the subjective perspectives of those who live it (Lim, 2024). As such, interpretive phenomenology was suited for uncovering how corporate actors rationalised and justified disclosure practices in response to external pressures.

4.2.8. Time Horizon: Cross-Sectional

This study adopted a cross-sectional time horizon to explore current organisational responses to institutional pressures on carbon disclosure at a single point in time. According to Wang and Cheng (2021), cross-sectional studies aim to provide a snapshot of data at a particular moment, making them suitable for examining current developments without the need for longitudinal tracking.

The cross-sectional design aligned with the study, which sought to uncover lived experiences and subjective interpretations within a specific temporal context. Rather than tracking changes over time, the study focused on capturing how corporate actors perceived and responded to regulatory, financial, and reputational pressures during a specific period.

In the South African context, firms were responding to shifting institutional pressures shaped by recent policy developments, such as the enactment of the Climate Change Act (Government Gazette, 2024) and the Johannesburg Stock Exchange's disclosure guidance (JSE, 2022). These regulations and guidelines are actively redefining corporate disclosure expectations, and a cross-sectional approach was appropriate for understanding organisational behaviour during this phase. Within the context of interpretive phenomenology, this design allowed the researcher to examine how participants made sense of their experiences in the present moment, without the need for repeated observations over time.

4.3. Proposed Research Methodology

4.3.3. Population

The population for this study consisted of South African corporate entities that were subject to evolving sustainability disclosure requirements. These organisations operated within a dynamic institutional environment, shaped by recent regulatory developments such as the Climate Change Act (Government Gazette, 2024) and the Johannesburg Stock Exchange's Sustainability and Climate Disclosure Guidance (JSE, 2022). These regulations and guidelines redefined expectations around transparency and accountability, particularly in relation to carbon disclosures.

Given that corporate operations contribute significantly to greenhouse gas (GHG) emissions (Mateo-Márquez et al., 2022), and that corporations are increasingly expected to disclose climate-related risks and performance (Treepongkaruna et al., 2024; Borghei, 2021), it was important to understand how they responded to these institutional pressures. However, as corporate entities cannot directly express their experiences, the study targeted corporate professionals, individuals responsible for interpreting, implementing, and reporting on sustainability or climate related policies and frameworks within their organisations.

These professionals, including sustainability officers, ESG managers, and other relevant professionals engaged in environmental reporting, were well-positioned to articulate how their organisations navigated the shifting regulatory landscape. Their insights provided a valuable lens into the corporate processes and decision-making that shaped corporate carbon disclosure practices.

4.3.4. Unit of analysis

The unit of analysis in this study will be the actors within the corporations, such as sustainability managers, ESG reporting leads or specialists who are involved in carbon disclosure activities. These professionals are best positioned to offer insight into how disclosure decisions and practices are shaped and implemented.

While organisation's disclosure practices are shaped by external pressures (Bedi & Singh, 2024), the unit of analysis for this study will be the individuals representing these corporates. These individuals interpret and react to external pressures informing the organisations response to disclosures. This approach is in alignment with the interpretivism approach, which seeks to understand social phenomena through context, subjectivity, and meaning making (Lim, 2024). Thus, this study, explores how individuals interpret and make disclosure decisions within complex institutional settings.

4.3.5. Sampling method and size

A purposive sampling strategy was employed in this study to select participants with experience and knowledge relevant to the research focus. This technique was used to identify individuals who understood the phenomenon under investigation (Mwita, 2022), ensuring that all selected participants were relevant to the study (Busetto et al., 2020).

Participants were selected from South African corporates involved in climate related disclosure reporting. The targeted participants were selected based on their direct involvement

and experience in the disclosure processes and their ability to provide insight into how institutional pressures are interpreted within their organisations. The sample included participants from a different of industries, with the majority of the participants from financial services (Table 1).

In total, 12 participants were interviewed. While qualitative research typically adheres to the principle of data saturation, which occurs when no new themes or insights emerge from the data (Mwita, 2022), this study did not reach saturation, as new codes and themes continued to emerge even during the final interview. However, Rahimi and Khatooni (2024) note that when a sample is diverse, reaching saturation may require more extensive data collection. This was evident in the current study, as the sample included participants from different industries, contributing to the emergence of varied perspectives and insights. Nonetheless, the sample size aligns with prior studies that suggest 10 to 15 interviews are generally sufficient to reach saturation (Mwita, 2022), and the decision to conclude data collection was informed by time constraints, as the study conducted was conducted within a limited timeframe.

To ensure participants were suitable for the study, screening questions were used to assess their ability to answer the relevant questions. These questions confirmed that participants had direct involvement in sustainability reporting and carbon disclosure processes.

The final participant group comprised professionals who met the screening criteria and demonstrated their involvement in sustainability reporting and carbon disclosure processes.

Table 1 :presents the profile of these participants by industry, sector, and role.

Participant	Industry	Sector/Subsector	Role
P1	Financial Services	Investment Banking / Early-stage Investing	Impact investing, renewable energy, carbon trading
P2	Mining	Explosives	Compiles, tracks, and submits annual sustainability and carbon disclosures
P3	Financial Services	Strategy & Sustainability	Oversees integration of sustainability into strategy and reporting; ensures climate/carbon disclosures are included in integrated reports;
P4	Financial Services	Banking	Audits carbon disclosure processes and data;

P5	Financial Services	Banking	Designs and implements sustainability strategy;
P6	Financial Services	Banking	Leads climate risk disclosure alignment (TCFD, ISSB S2); prepares external disclosures; ensures compliance with regulatory and peer expectations.
P7	Financial Services	Banking	Provides sector-specific data and analysis for finance emissions disclosures
P8	Financial Services	Banking	Manages carbon footprint reporting;
P9	Energy and Infrastructure	Power Generation	Consolidates and submits division-level environmental and carbon data for group reporting
P10	Financial Services	Banking	Collects, tracks, and reports energy and carbon data for data centers
P11	Manufacturing	Metal Exports	Supports sustainability department in implementing projects that reduce emissions for disclosure and compliance.
P12	Manufacturing	Infrastructure Development	Manages sustainability projects, oversees ESG and carbon disclosures, leads initiatives to reduce emissions, and ensures compliance with evolving regulations.

Table 1: Profile of Study Participants by Industry, Sector, and Role

4.3.6. Measurement Instrument

In this study, a semi-structured interview guide was used as the primary data collection instrument to gather information about participants' perceptions, experiences, and responses to institutional pressures (Lim, 2024). The guide was informed by existing literature, and questions were developed to align with the study's objectives, while being adapted to the South African context.

The guide contained a predetermined set of questions that structured the interview process while allowing flexibility for probing emerging themes (Mwita, 2022). According to Naeem et al. (2023), interview guides help ensure consistency across interviews by providing a structured approach, while remaining adaptable to capture context-specific insights. Semi-structured interviews were well-suited to the interpretivist approach, as they offered the

flexibility to explore participants' meaning-making processes while maintaining alignment with the study's core research objectives (Lim, 2024).

The interview guide consisted of open-ended questions, enabling participants to provide detailed narratives (Busetto et al., 2020). Surfacing the following themes:

The guide was linked to the 2 research questions that the study sought to explore. While inspired by literature, the researcher developed original questions tailored to the study context.

The interview guide was structured around grand narrative questions designed to elicit broad, reflective explanations from participants. These were followed by targeted prompts to encourage deeper exploration of specific experiences, perceptions, and decision-making processes related to carbon disclosure and institutional pressures.

To ensure clarity and relevance, the guide was piloted with one individual and refined where necessary. During piloting, the researcher confirmed that business language was appropriate and understood by participants. As Busetto et al. (2020) notes, qualitative research is iterative, often requiring refinement of interview questions through piloting and testing in the intended setting.

The instrument was administered through virtual interviews, depending on participant availability. Each interview lasted approximately 45 to 60 minutes and was conducted with the participants' informed consent.

The table below presents the alignment between each interview theme, the corresponding research question, the supporting literature, and interview questions used in the study.

RQ1: How do institutional pressures jointly influence the quality of carbon disclosures in South African corporates?

RQ2: How do corporates manage the risk of greenwashing while navigating institutional expectation

Theme	Research Questions	Key Literature/Theory	Interview Questions
-------	--------------------	-----------------------	---------------------

Institutional Pressures	RQ1:	<ul style="list-style-type: none"> - Institutional Theory (DiMaggio & Powell, 1983; Jing et al., 2024) - Coercive, Normative, Mimetic Pressures (Mateo-Márquez et al., 2020, 2021; Scott, 2014) - Regulatory frameworks (Climate Change Act, JSE Guidance, Carbon Tax Act) - Financial Market Pressure (Lemma et al., 2020; Treepongkaruna et al., 2024) - Reputational Pressure (Panfilo & Krasodomska, 2022; Gaganis et al., 2021) 	<ol style="list-style-type: none"> 1. In your view, how do South African corporates perceive and respond to regulatory requirements for carbon reporting? 2. Have recent regulatory developments and guidelines impacted how carbon data is reported? 3. Which institutional pressure (regulations, stakeholders, shareholders, lenders etc) most influences your corporate decisions on carbon disclosure quality, if any?
Strategic Responses (Symbolic vs Substantive)	RQ1 & RQ2:	<ul style="list-style-type: none"> - Symbolic vs Substantive Responses (Villena & Dhanorkar, 2020; Braasch & Velte, 2022) - Legitimacy Theory (Hummel & Schlick, 2016; Braasch & Velte, 2022) - Disclosure Quality (Pitrakkos & Maroun, 2020; Villena & Dhanorkar, 2020) - Standardisation & Assurance (Zhou, 2022; Braasch & Velte, 2022) - International Frameworks (TCFD, ISSB, GRI) 	<ol style="list-style-type: none"> 1. How do corporates experience and manage conflicting pressures between sustainability expectations and profit-driven goals? 2. What strategies does your organisation use to navigate environmental expectations and manage the appearance of compliance versus actual performance? 3. Does your organisation align with international standards such as TCFD, GRI, or CDP? What motivated this alignment? 4. Are there any regulatory or industry-led initiatives you believe could help standardise disclosure practices? 5. What institutional mechanisms could strengthen the standardisation, credibility, and trustworthiness of climate disclosures in developing markets such as South Africa?
Greenwashing Risks	RQ2:	Greenwashing (Treepongkaruna et al., 2024;	1. In your view which tactics do corporate use to divert stakeholder scrutiny.

		Mateo-Márquez et al., 2022; Forliano et al., 2025);	
--	--	--	--

Table 2: Interview Guide

4.3.7. Data Gathering Process

Data was collected using semi-structured interviews with professionals who are involved in carbon disclosure activities within South African corporations. These included sustainability managers, ESG reporting leads, and other professionals responsible for or engaged in climate reporting and related decision-making. As noted by Busetto et al. (2020) interviews allow for a conversational exchange to gain insights into participants experience, perceptions and drive. The data collected will be handed over to GIBS as part of the research report submission, in an anonymised format.

To gain in-depth insights and to confirm what has been shared during the interviews data triangulation was conducted, using ESG reports, integrated report and climate disclosure reports sourced from the public domain. In addition to the reports the researcher also conducted a review of the regulations and acts mentioned focusing on the requirements that the participants mentioned during the interviews.

Professional networks such as LinkedIn and emails communications were used to reach out to the participants. In addition, the researcher also made use of colleague’s networks, who had connections with professionals who are involved in carbon disclosure activities. These colleagues facilitated introductions and helped connect the researcher with suitable participants in the field. A consent form was shared prior to the scheduled interview explaining the study's purpose and the participants’ voluntary rights. Interviews were scheduled depending on the participant's availability. Interviews were conducted virtually, using Microsoft Teams and were recorded and transcribed. The recorded interviews were stored securely on the researcher’s google cloud and will be retained for 10 years for auditing purposes.

All interviews followed an interview guide developed from insights gained during the literature review, and each interview lasted between 40 and 60 minutes. Data collection continued until the 12th interview, however, data saturation and code saturation were not reached at that point, as new codes and insights continued to emerge. The sample included participants from a different of industries, with the majority of the participants from financial services. Notably, even within the financial services sector, participants expressed a wide variety of perspectives and approaches to carbon disclosure.

4.3.8. Analysis Approach

As part of this exploratory research, semi-structured interviews were analysed using inductive thematic analysis. This approach enables insights to emerge from the data itself, rather than being predetermined by existing theory (Mwita, 2022), and is well-suited for identifying patterns and meanings in qualitative data (Naeem et al., 2023).

The analysis process involved the following steps:

Step 1: Transcript Preparation

The researcher obtained the interview transcripts and cleaned them to ensure accuracy and completeness. This involved cross-checking the transcripts against the audio recordings to correct any transcription errors and prepare the data for analysis.

Step 2: Data Organisation and Software Use

The cleaned transcripts were uploaded to Atlas.ti, a qualitative data analysis software. This software was selected due to its capabilities in organising, coding, and visualising qualitative data. Once uploaded, the researcher read through each transcript to gain familiarity with the content and context of participants responses.

Step 3: Initial Coding

The researcher began coding by identifying meaningful phrases within participants responses and assigning descriptive labels, referred to as codes. Coding is the process of categorising data to capture key ideas (Naeem et al., 2023). For example, a statement such as “There's still education that also needs to be done. These forces can be there, but there's still more work.” was coded as “training required”

Step 4: Category Development

Codes with similar meanings were grouped into broader categories that reflected shared patterns or concepts. This step involved constant comparison and refinement to ensure that categories accurately represented the data.

Step 5: Theme Construction and Review

The researcher synthesised the categories into overarching themes that captured the main patterns and meanings relevant to the research questions. These themes were reviewed for coherence, consistency, and relevance to the study's objectives and theoretical framework (Naeem et al., 2023). This iterative process ensured that the themes were grounded in the data and reflected the complexity of participants' experiences.

Step 6: Reporting and Interpretation

A thematic report was produced, in which the identified themes were analysed and interpreted in relation to the study's research questions and relevant literature.

Throughout, the analysis was inductive, allowing themes and insights to emerge directly from the data as the researcher engaged with participants' narratives. This approach is particularly appropriate for exploratory studies in emerging fields, where existing theory may not fully capture the complexity or diversity of perspectives.

4.3.9. Quality Controls

This study applied the four widely recognised trustworthiness criteria in qualitative research as summarised by Nassaji (2020): credibility, transferability, dependability, and confirmability.

Credibility was enhanced through member checking, where key interpretations drawn from the interviews were validated with participants. Triangulation was conducted by comparing interview findings with publicly available corporate reports, including ESG disclosures, sustainability reports, climate financial disclosures, and integrated reports (Nassaji, 2020). These documents were accessed via the organisations' websites. As noted by Negash & Lemma (2020), using such documentation to verify or contrast participant viewpoints helped detect inconsistencies.

To support transferability, detailed descriptions of participant roles and organisational contexts were provided. Dependability was addressed through clearly documenting the research design and methodology followed. Lastly, confirmability was promoted through the use of verbatim quotes, ensuring that the findings were grounded in the perspectives shared during the interview sessions rather than shaped by the researcher's assumptions.

These strategies ensured that the study produced findings that are trustworthy to ensure high-quality qualitative research. The credibility of the report was demonstrated through the use of quotations, which captured the dialogue with corporate actors and reflected their lived experiences.

4.3.10. Limitations

This study, while offering valuable insights into climate-related disclosure practices within South African corporates, was subject to several limitations. Firstly, the sample size was

limited to 12 participants. Although this number aligns with qualitative research norms and provided rich data, it does not fully capture the diversity of perspectives across all sectors.

Secondly, the study was conducted within a constrained timeframe, which influenced the decision to conclude data collection before reaching full data saturation. Despite the emergence of new codes and themes during the final interviews, the limited duration of the study restricted the opportunity to explore these insights further through additional interviews.

Another limitation relates to the diversity of the sample. Participants came from different industries, which enriched the data but also contributed to the challenge of reaching saturation. As highlighted by Rahimi and Khatooni (2024), diverse samples often require more data collection to fully explore emerging themes. In this study, the variation in organisational contexts introduced a wide range of perspectives, making it more difficult to exhaust all possible insights within the available timeframe.

Lastly, the study focused exclusively on South African corporates operating within a specific regulatory environment. Consequently, the findings may not be directly transferable to organisations in other countries with different institutional pressures.

5. Chapter 5: Findings

The objective of this study is to explore how institutional pressures influence quality carbon disclosure quality in South African corporates, and to examine how organizations manage the risk of greenwashing in response to evolving institutional expectations. First the study sought to explore the different types of pressures, regulatory, financial, and reputational, and how they jointly operate to influence corporates to disclose in a voluntary environment. Second, it seeks to understand the mechanisms through which these institutional pressures influence quality of carbon disclosure practices. Finally, the study examines the strategies that corporates employ in response to external pressures to mitigate the risk of greenwashing.

This chapter presents the findings derived from the data collected, to address the studies objectives. The data was collected as outlined in the methodology section described in the previous chapter.

Through a detailed analysis of participant responses and coded data, this chapter presents the findings organized according to the main themes and sub-themes identified during the data analysis process. Each section provides evidence-based insights, supported by direct

quotations from participants, to ensure that the results are authentic and reflect the perspectives lived experiences of those involved.

5.2. Overview of the themes presented in the findings chapter

This section presents the main themes that emerged from the analysis of the data, centered around the two research questions.

Research Question 1 explored how institutional pressures jointly influence corporate decisions to disclose carbon emissions. Specifically, it examined the mechanisms through which these pressures shape disclosure in a largely voluntary environment. The following themes related to RQ1 emerged:

- **Theme 1:** Mechanisms of Influence
- **Theme 2:** Factors Promoting Quality
- **Theme 3:** Factors Affecting Quality

Research Question 2 examined how corporates manage the risk of greenwashing while navigating institutional expectations. The following themes related to RQ2 emerged.

- **Theme 1:** Organisational Responses
- **Theme 2:** Corporate Barriers and Enablers

5.3. RQ 1: How Institutional Pressures Influence Carbon Disclosure Quality

Research Question 1: *How do institutional pressures influence the quality of carbon disclosure in South African corporates?*

Question	Sub Themes	Main Themes
RQ1: How do institutional pressures influence the quality of carbon disclosure in South African corporates?	Regulatory Pressure - Anticipation of Mandatory disclosures	Institutional Pressure Influence On Carbon Disclosures
	Regulatory Pressure - Mandatory Driven Disclosures	
	Reputational Pressure in Driving Disclosures	
	Financial Market Pressure Driven Disclosures	
	Regulatory Strength In Driving Quality Disclosures	Factors promoting Quality disclosures
	Reputational Strength In Driving Quality Disclosures	
	Financial Market Influence	

Table 1: RQ 1 Themes and Sub Themes

This research question aimed to investigate the ways in which institutional pressures particularly regulatory, reputational, and financial jointly influence the quality of carbon

disclosure within South African corporates. By exploring this question, the study sought to identify the sufficiency of the external pressures in driving disclosures practices. The findings presented in this section provide evidence of how South African corporates respond these institutional forces in their approach to carbon disclosure.

5.3.1. Theme 1: How External Pressures Drive Disclosure Practices

This theme sought to examine the external institutional pressures that drive organizations to disclose carbon information. It sought to explore the different types of pressures, financial, and reputational and how they operate and influence corporates to disclose in a voluntary environment. The theme also sought to understand how the pressures interact or reinforce each other, creating a convergence of forces that influence disclosure behaviour.

According to the participants, these pressures drive and influence corporates to disclose carbon information, influencing both strategic decision-making and reporting activities within organizations.

1.2.2.1. Anticipation of mandatory regulations

From a regulatory pressure perspective, participants identified the anticipation of future regulatory requirements as a major driver for corporate carbon disclosure. According to the participants, corporates are prompted to disclose carbon information proactively, even when current regulations are voluntary or not yet enforced.

As P4 explained, the expectation that voluntary guidelines will eventually become mandatory, motivating the corporate to act ahead of enforcement:

“what is sort of prompting us to be proactive is these guidelines and like emerging regulations that will be eventually mandatory. So, there's the Prudential Authority guidelines and that is why for us, even though it is not mandatory yet, it's voluntary.”
(P4)

This proactive stance was echoed by P6, P4 who emphasized the importance of readiness.

“We also don't want to be caught off guard because we know at some point it's going to become mandatory. Yes. So as an organization, we're saying let's start the journey.”
(P6)

“And from a reputational perspective, it's probably the best for you to have the proactive approach.” (P4)

Similarly, P7 highlighted that their organization is already aligning with international standards in anticipation of future mandates.

“So IFRS has climate disclosure related requirements under ISSB principles, which are not yet mandatory. We as a bank are aligning ourselves in anticipation for that to be a mandatory requirement.”(P7)

“So that's a tricky part about it. So we always know if something is happening in Europe, let's have a look at it, let's watch it closely because our regulator here is going to follow that guideline from Europe. And then they are gonna just tweak it for South Africa”. (P6)

The participants perspectives illustrate that regulatory pressure, while not always immediately binding, influence corporate carbon disclosure in anticipation for mandatory regulations and indicated that it is also good for reputation.

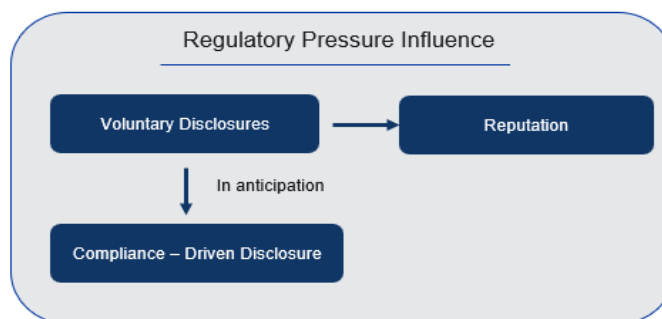


Figure 1: Regulatory Pressure Influence on Disclosing

1.2.2.2. Mandatory Driven Disclosure

In addition to anticipation of mandatory regulations, participants indicated that the existing mandatory requirements, such as the carbon tax, serve as a direct driver for carbon disclosure.

As P9 described, regulatory enforcement plays a critical role.

“We are compelled to ensure that everything that is stated in the Act, we comply with, we do everything that is required and that is applicable to us. So for now, I'll say it's the Climate Change Act.” (P9)

The significance of enforcement through penalties was further emphasized by Participant 10.

“I would say the government, okay, because the government's asking for reduction in carbon footprint and the way they penalize you is on carbon tax, right.” (P10)

P9 indicated the consequence of noncompliance resulting in losing operating licence.

“You need to comply. You need to be within the limits to make sure that you don't lose your license.”(P9)

Participant 10 also articulated how carbon tax compliance is integrated into organizational processes.

“Carbon tax. You actually pay for it now? It gets rolled up not only the data centers, we have POP, which is points of presence, with all the retail branches, all our campuses, it gets rolled up to one level and then that at first strand level they sort that out.”(P10)

Participants described how compliance-driven disclosure is enforced through regulatory mechanisms, with non-compliance resulting in significant financial consequences, including the risk of losing an operating license. This is depicted below:

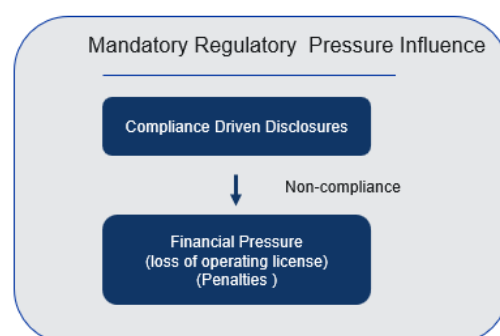


Figure 2: Mandatory Regulatory Pressure Influence

1.2.2.3. Financial Market Pressure Driven Disclosures

Another key driver highlighted by participants is the need to align with international requirements to facilitate trade and market access. Regulatory frameworks such as the EU's CBAM directly impact export opportunities, compelling South African corporates to meet global disclosure standards.

As Pa11 noted.

"..So the CBAM requirements dictate what you must disclose. Otherwise, otherwise you can't export." (P11)

This sentiment was echoed by another participant who highlighted the direct impact of European regulations on South African exports:

"Companies, for an example, they had to report because a lot of these minerals get exported to European countries" (P1)

The value of attracting investors through voluntary disclosure was also emphasized:

"But now it's voluntary. We don't have any enforcement that we need to comply with at the moment as a country, but when you capitalize, it now enhances your performance, obviously. It attracts investments." (P9)

Beyond regulatory requirements, participants described how financial market dynamics and investor expectations exert significant pressure on disclosure practices. Shareholder peer benchmarking was identified as a mechanism.

"Shareholders also look at the peers. What are the peers doing? And then they create pressure. How come we are lagging behind? How come we haven't done this? The shareholder." (P6)

Participants highlighted investor preferences, as driving corporate disclosure.

"Some investors, like pension fund investors, especially like the foreign investors, who are pushing the agenda heavily, they will say, okay, we will not touch stocks that don't have sustainability strategy because of the existential crisis that's inherent. So that poses a risk. It's that type of risk. So whether companies like it or not, ESG reporting then becomes an ESG strategy, adopting an ESG strategy to maintain relevance in a market where you compete for capital." (P1)

The evidence from participants demonstrates that financial market pressures, particularly those emanating from international market regulatory frameworks and investor expectations, play a pivotal role in influencing carbon disclosures among South African corporates. The

imperative to maintain access to export markets, especially in the EU, compels organizations to align with the global standards such as the CBAM, even in the absence of immediate local regulatory enforcement.

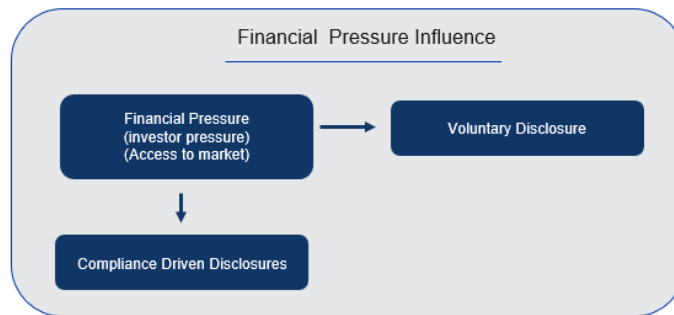


Figure 1: Financial Pressure Influence on Disclosures

1.2.2.4. Reputational pressure in driving disclosures

Participants described reputational pressure as motivator to engage in carbon disclosures, even in the absence of regulatory enforcement.

P4 emphasized the importance of proactive disclosures to protect reputation.

“And from a reputational perspective, it’s probably the best for you to have the proactive approach.”(P4)

P9 linked voluntary the voluntary disclosure to enhanced performance and investment attraction.

“But now it’s voluntary. We don’t have any enforcement that we need to comply with at the moment as a country, but when you capitalize, it now enhances your performance, obviously. It attracts investments.”(P9)

Furthermore, P6 highlighted the consequences of reputational loss for shareholders.

“Because if we don’t have a good reputation, our shareholders are going to suffer.”

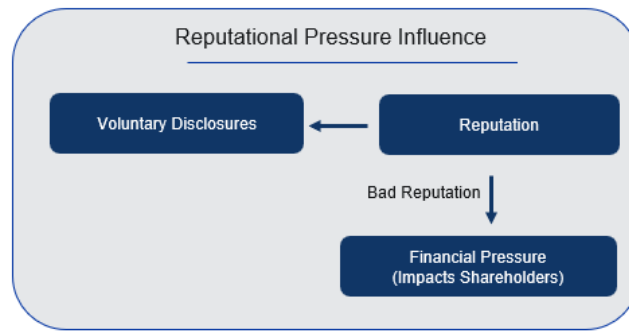


Figure 1: *Reputational Pressure Influence*

Participants highlighted that maintaining a strong reputation remains a central consideration in shaping disclosure behaviour, even when formal regulatory requirements are in place.

Participants demonstrated that these pressures do not operate in isolation. Regulatory compliance, financial market pressure, and reputational considerations collectively influence carbon disclosures. Compliance to regulations enhances reputation, not maintaining a good reputation influences the financial market.

1.2.2.5. Theme 1: Conclusion

Overall, participants demonstrated that institutional pressures, regulatory, financial, and reputational, are drivers of carbon disclosure in South Africa's largely voluntary context. Participants indicated that anticipation of future regulations compels the adoption of proactive disclosure strategies, while existing mandatory requirements such as carbon tax, enforce compliance. Financial market dynamics, including investor expectations and international trade requirements, further shape disclosure practices, creating strong incentives for alignment with global standards. Reputation emerged as a factor, influencing investor confidence and shareholder relations. Participants highlighted that these pressures do not operate in isolation, rather, they interact and reinforce one another.

Together, these forces create a powerful institutional environment that drives organizations toward disclosing strategies.

5.4. Theme 2: Institutional Pressure Mechanisms in Promoting Quality Disclosures

Theme 2 sought to explore how external institutional pressures influence the quality of carbon disclosures in South African corporates. It focuses on the mechanisms through which these pressures operate to enhance clarity, accuracy, comparability and accountability in reporting.

Participants described how regulatory, reputational and financial pressures work through formal enforcement and informal expectations such as investor scrutiny. The participants reported these pressures to promote clear requirements, transparency and accuracy.

5.4.1. Regulatory Strength in Driving Quality Disclosures

Participants identified several regulatory mechanisms that strongly promote the quality of carbon disclosures in South African corporates.

Participant 11 highlighted that EU's, CBAM as a regulatory framework that provides explicit requirements for disclosure, thereby promoting accuracy and clarity in reporting. According to Participant 11, these mandatory provisions compel corporates to maintain auditable records to access EU markets.

“So the CBAM requirements dictate what you must disclose. Otherwise, you can't export.” (P11)

“They need an auditable trail. Of what you claim to be measuring. So that's where the compulsory part comes in.” (P11)

Litigation emerged as another regulatory force highlighted by Participant 5 as a deterrent against greenwashing risks.

“Climate litigations as a deterrent...you don't want to incur fines. Also reputation takes a knock.” (P5)

“Definitely, yeah. There's a big emerging thing now with climate litigation. So it's quite important that you are clear and crisp on what you've disclosed because there's a lot of scrutiny around whether people are greenwashing.” (P5)

P6 emphasized the Johannesburg Stock Exchange (JSE) for its clear and explicit guidance disclosure requirements. Indicating that the guide is helpful and listing what is required.

“like with the JSE,.... for you to be able to list on the JSE...., you have to publish one, two, three, four, five. Right. That helps” (P6)

P7 referenced The Partnership for Carbon Accounting Financials (PCAF) as a framework that promotes transparency in carbon reporting.

“At the same time, I think that's the power of PCAF because it says, okay, do what you can, but be transparent about what you've done.”(P7)

“I think, aligning a company, aligning itself to a standard or a methodology such as PCAF. Is one important step in the right direction” (P7)

Similarly, P4 indicated that TCFD as advancing standardization and transparency, noting its evolving requirements.

“They're trying to provide a more standardized and promote transparency, right, with some of the additional requirements. So TCFD was just like based on four pillars and now it's been incorporated and there's more to it. So the reporting, the guidelines have taken on old frameworks and also expanded, so it requires more. As much as now it it's going to promote more transparency and going to require more.” (P4)

Collectively, participants provided insights on mechanisms such as international frameworks, CBAM, TCFD to local guidance from the JSE which have explicit requirements, mandatory audits, and standardized guidelines. These enable corporates to adopt quality reporting practices.

5.4.2. Reputational Strength and Enforcement

Participants emphasized that reputational pressure influences how corporates respond to quality disclosure requirements. The participants highlighted that the pressure stems from stakeholder expectations, public scrutiny, and the need to maintain trust.

P5 highlighted the importance of meeting stakeholder expectations to safeguard reputation and meeting their expectations.

“So, for me, media, so, so for me, reputation is quite critical. So, media shareholder activists, interest groups, all the stakeholders and what the expectations are very important.” (P5)

Building on this, P9 explained how the risk of reputational damage from incorrect reporting drives organizations to prioritize accuracy.

“Reputation, I mean, if we go out there and we say my organisation is not reporting correctly on their emissions annually, we get to see everyone frown at us, you know. So we are encouraging correct reporting throughout the business of any incident that can affect the environment or impact the environment.” (P9)

Similarly, P10 described the impact of public and peer scrutiny on disclosure practices, noting the consequences of non-reporting or poor-quality contradictory reporting.

“So if we’re going to list companies there on the wall or on the board and maybe my company hasn’t reported, or their report is contradicting itself. I mean, it’s gonna be out there. People are looking and someone is going to say something. We all don’t want that as businesses. So, yeah, reputation wise, I mean, yes.” P(10)

P10 further stressed that trust is central to reputational strength, reinforcing the need for accuracy and integrity.

“If you don’t do these things properly, you’ll break trust, you’ll lose customers, et cetera. That’s why the bank is taking this so serious.” P(10)

P4 highlighted how investors and activist groups influence disclosure quality by demanding meaningful and credible information.

“So with people like just share and other investors, they definitely push in terms of a reputational risk and greenwashing perspective because they want your information that you’re disclosing annually to make sense.”

The discussion by the participants highlighted a strong emphasis on reputation management, driven by the need to meet stakeholder expectations. The participants demonstrated an awareness that failure to align with these expectations could lead to scrutiny and reputational risk thus indicating reputational pressure strengths that influence quality disclosure.

5.4.3. Financial Market Pressure and its Influence on Disclosure Quality

P4 indicate that financial market pressure emanating from investor scrutiny influence disclosure quality. P4 emphasizes that reporting must make sense highlighting the need for accuracy and clarity.

“It needs to make sense to investors on why you baselined the way that you did.”

P4 further noted.

“But then when the integrated reports and reporting comes out, then you see that sometimes the story being told doesn't make sense when you compare it to those standards that are saying you're going to reduce something. That's definitely where the investors and shareholders scrutinize.”(P4)

The participant demonstrates that inconsistencies between reported data and stated commitments invite investor scrutiny and reputational risk associated with perceived inconsistencies or quality issues.

Participants demonstrated that financial market pressure, primarily driven by investor scrutiny, plays a significant role in shaping disclosure quality. P4 underscores that reporting should logically explain baseline choices to satisfy investor expectations. When integrated reports fail to align with stated commitments, investors and shareholders scrutiny intensifies. Ultimately, the pressure from financial markets acts as a mechanism to enforce quality carbon disclosures.

5.4.4. Theme 2: Conclusion

Participants demonstrated that external institutional pressures, regulatory, reputational, and financial collectively promote high-quality carbon disclosures. These mechanisms operate through mandatory requirements, audits, standardized frameworks, stakeholder expectations, and investor scrutiny, shaping organizational behaviour toward credible and transparent reporting.

Pressure	Mechanisms
Regulatory	Mandatory requirements, audits, standardized frameworks (CBAM, JSE, TCFD, PCAF)
Reputational	Stakeholder expectations, media scrutiny, activist influence
Financial Market	Investor and shareholder scrutiny of reports and commitments

Table 2: Institutional Pressure Mechanisms promoting quality disclosures

5.5. Theme 3: Factors Affecting Disclosure Quality

This theme sought to explore the internal and contextual factors that influenced the quality of carbon disclosures within South African corporates. The analysis aimed to uncover the

challenges or enablers that shape disclosure practices beyond external pressures. Participants highlighted three key areas: institutional gaps, which reflect limitations in regulatory alignment and sector-wide consistency, data quality and systems, emphasizing the role of accurate measurement and robust technological infrastructure, and internal governance and capacity, pointing to leadership commitment, expertise, and resource allocation as critical determinants of disclosure quality. These insights reveal that while external pressures drive compliance, internal capabilities ultimately determine the credibility and reliability of reported information.

5.5.1. Institutional Gaps

Participants emphasized that institutional gaps present significant barriers to achieving high-quality carbon disclosures. These gaps were described as arising from regulatory misalignment, weak enforcement, and a lack of clear, standardized guidance.

P2 highlighted the challenge of misalignment between government departments and parastatals, which often results in conflicting objectives and practical barriers to effective disclosure.

“If South Africa is a coal driven country, then I mean, there’s no point putting a carbon disclosure plan when your core regulator as well as your parastatal who guides the regulator are all doing the opposite. So, for instance, if we want to put solar, Eskom gives you such a hard time to do a tie-in in order to tie into the grid.” (P2)

Building on this, P2 further described how conflicting mandates within government where the power generating state owned entity can undermine efforts to reduce carbon.

“The Department of Environmental Affairs will say, you need to reduce your carbon by so many percent or you need to have a carbon offset plan and all of those sort of things. But next door to them, the same person who’s run by the regulator doesn’t want to allow you to do it.” (P2)

P12 emphasized the issue of weak enforcement, noting that policies exist but are not consistently implemented.

“Government now is having all these policies, but now it’s time they enforce these things and not only on private companies, they enforce it even on their own organizations.” (P12)

Participants also noted the lack of clear guidance. P6 observed.

“Because there isn’t maybe government policy or something that’s saying you need to have one, two, three, four, five in place. That’s also another thing that creates those gaps where, hey, if only this was in place, we would be able to do this.” (P6)

P3 highlighted the lack of standardization and shared taxonomy, which complicates comparability.

“Regulations not there yet. The taxonomy, we are not speaking the same language as industries. So it’s difficult to compare.” (P3)

Finally, participants pointed to gaps in financial market awareness and pressure. P3 remarked.

“Even the person that’s investing today doesn’t know. The media, they don’t know. They don’t know. They are clapping hands for some deals that we are making... nobody understands the climate risks well, or the ESG risks well in totality, that we are able to keep our organizations as well as the government to account. So yes, the pressure is not there yet.” (P3)

Participants shared their views on institutional gaps that pose significant challenges to the quality of disclosures. The absence of clear, standardized guidance and a common taxonomy enable inconsistent disclosure practices and undermines comparability. Furthermore, limited climate and ESG literacy among market actors diminishes the effectiveness of external scrutiny.

5.5.2. Data Quality and Systems

Participants widely recognized that robust data quality and effective systems are foundational to credible carbon disclosures. Across interviews, challenges were described in relation to fragmented data sources, manual processes, and the complexity of measuring certain emissions.

P4 highlighted the persistent reliance on manual data collection, noting.

“A lot of it again was manual spreadsheets, Excel and things. The manual nature compromises the accuracy and completeness.” (P4)

P10 echoed these concerns, emphasizing the importance of measurement and verification.

“If you don't collect the data in a measurement and verification method, you know, proper M&V, then how can your data be trusted as well?” (P10)

The integration of data from multiple teams and systems was also seen as a barrier. P8 described ongoing efforts to address this.

“We are actually in the process of deploying an internal data management system. It's a sustainability management system. So this will track and identify our carbon footprint and also, crystallize or further expand upon, you know, the sources of the actual footprint, internally and externally.” (P8)

Obtaining reliable data for Scope 3 emissions was a recurring challenge. P7 explained.

“Scope One and two is dominant. Data is generally easier to access because that is what the emitter of one and two is responsible for. Scope three is harder... that's harder to track because it's downstream.” (P7)

P12 further noted the difficulties of data collection in large organizations.

“Your data collection is not easy, especially when you're a huge organization and you have, yeah, you have like these other organizations within your organization.” (P12)

Despite some progress towards automation and system integration, participants agreed that data quality issues remain a significant barrier to high-quality disclosures. The lack of standardized processes and reliable systems was seen as limiting.

5.5.3. Internal Governance and Capacity

Participants highlighted that internal governance structures and organizational capacity play a pivotal role in shaping the quality of carbon disclosures. Leadership commitment, board oversight, cross-functional collaboration, and staff expertise were all identified

P11 emphasized the importance of leadership support, stating,

“Fortunately, they had support right from the CEO to the engineering executives to say, yes, it makes sense. We need to have a sustainability department because it's important.” (P11)

Similarly, P2 described how board-level influence can drive responsible disclosure practices.

“Yeah, so stakeholders and shareholders comes into who's on your board. For instance, our company has a lot of people that are sustainably inclined and as a result they put a lot of pressure on us to make sure that we operate in a certain carbon, in a responsible manner, sustainable manner.” (P2)

The need for technical expertise and capacity building was a recurring theme. P9 noted,

“For an organization to be able to report accurately, first you need to get the right people to do the training. And ESG is relatively new, so we can't really say, we are confident that these people can do it for us or they can train us to do it. So there's still a lot of extensive training that is required.” (P9)

P8 also stressed the value of cross-functional collaboration and internal assurance mechanisms.

“Most importantly, develop, like, governance mechanisms. As a form of internal assurance. And of course we'll introduce, external assurance as well, just to give, the end users of the information that sense of comfort that this information has been verified. Because it really brings, you know, different perspectives from different departments and divisions, and, you know, sort of converges it into one idea.” (P8)

Resource constraints and the perception of sustainability as a cost centre were also mentioned as barriers. P12 reflected.

“One of the challenges we have is convincing management to adopt all these, these nice initiatives. It's very difficult here because they don't see, they don't see the value.” (P12)

Overall, participants indicated that strong internal governance, leadership buy-in, adequate resources, and ongoing capacity building are essential for producing reliable, transparent, and decision-useful carbon disclosures.

5.5.4. Theme 3: Conclusion

Participants reported that the quality of carbon disclosures is shaped by a combination of factors such as internal organisational factors, institutional and technical. They described

these factors make it difficult to achieve comparability across disclosures. Persistent challenges with data quality and systems, including fragmented sources and manual processes, were reported as barriers to producing reliable and auditable information. Additionally, participants emphasized that strong internal governance, leadership commitment, technical expertise, and adequate resources are essential for credible and transparent reporting. These insights highlight the interconnected challenges that corporates face in striving for high-quality carbon disclosures.

5.6. RQ 2: Managing the risk of greenwashing

RQ2: *How do corporates manage the risk of greenwashing when navigating institutional expectations?*

Research Question	Main Themes	Sub Themes
RQ2: How do corporates manage the risk of greenwashing when navigating institutional expectations?	Organizational Responses	Symbolic Compliance / Greenwashing
		Percived risk of greenwashing
		Substantive Compliance

Table 3: RQ2 Themes and Sub Themes

This research question aimed to explore how South African corporates respond to the risk of greenwashing as they navigate evolving institutional expectations around carbon disclosure. The study sought to understand the practical strategies, and contextual factors that shape organizational approaches to maintaining credibility and authenticity carbon disclosures. The findings presented in this section reflect the diverse ways in which organizations experience, interpret, and address greenwashing risks in the context of increasing regulatory, reputational, and market pressures.

5.7. Theme 4: Organizational Responses

This theme explores how organizations respond to the risk of greenwashing as they navigate institutional expectations around carbon disclosure. Participants described a range of approaches, reflecting both the pressures to demonstrate credible sustainability performance and the complexities of meeting evolving regulatory, market, and stakeholder demands. Participants highlighted not only the existence of symbolic compliance and the perceived risks associated with greenwashing, but also efforts toward substantive compliance and authentic reporting. The findings presented in this section illustrate the diverse strategies that shape organizational responses to greenwashing risk within the South African corporate context.

5.7.1. Symbolic Compliance / Greenwashing

Participants described how some organizations engage in symbolic compliance, where disclosure practices are more focused on meeting external expectations superficially rather than achieving substantive climate outcomes.

P7 highlighted the prevalence of bold public commitments that are not always matched by meaningful action, stating.

“For making commitments that they would never have been in a position to commit to anyways, for example, saying we will not finance oil exploration. But no one finances oil exploration. Does that make sense? So it was a big, bold statement. No, they said they are committing to not financing oil exploration. But they never financed it. So why are you committing?” (P7)

Similarly, P11 pointed to selective disclosure and the omission of unfavourable information as a form of greenwashing.

“It's omission of information that's not favourable and, and highlighting those aspects that they are working on.” (P11)

P12 shared concerns about the lack of oversight, which enables symbolic compliance:

“Because there's nothing. There's nothing. Stopping me. Yeah, from just, I can, I can like, you know, for example, I did our annual sustainability reports last year. It was published. No one checked if whatever I published was correct or not, you see.” (P12)

Participants also noted that the use of ambiguous language and proxy data can further obscure the true sustainability performance of organizations. As P11 remarked,

“It's the choice of language used in, you know, it's like how magicians shift your focus from looking at something else when they're doing something else so that it looks magical.” (P11)

Participants indicated how symbolic compliance, and greenwashing can undermine the credibility and usefulness of carbon disclosures, particularly in the absence of robust verification and clear standards.

5.7.2. Perceived Greenwashing Risk

Participants highlighted that the risk of being perceived as greenwashing can arise even when organizations do not intend to mislead. The use of proxy data and the nuances of language in disclosures were seen as particular areas of vulnerability.

P8 described how reliance on proxy data, information that is estimated rather than directly measured, can open organizations to accusations of greenwashing, even if the intention is not to deceive,

“They’ll always emphasize that, you know, the information that’s public, you know, it’s proxy data and not measured, so it’s an estimation. So of course, yeah, of course estimations, you know, um, can be. They can be, you know, shaped and formed, yeah. They can change and shaped and formed with, you know, um, subjective nuances, you know. And in doing so, that’s their way to kind of, you know, very in a subtle way, uh, sort of avoid accountability.” (P8)

Similarly, participants noted that the wording used in disclosures can unintentionally create the impression of greenwashing. P6 reflected on the challenges of communicating intentions clearly.

“We also look at the wording, because the wording has just become so critical. Because I could say something. I know what I’m trying to say, but the way it comes across, it’s not. Or the interpretation is different from the way that I was trying to say it. Right.” (P6)

These accounts illustrate that, even with good intentions, organizations may be perceived as engaging in greenwashing due to the inherent limitations of available data. The perceived risk thus extends beyond deliberate misrepresentation.

5.7.3. Substantive Compliance

Participants described substantive compliance as an organizational response illustrated by genuine efforts to align disclosures with actual sustainability performance and regulatory expectations. Unlike symbolic compliance, substantive compliance involves transparent reporting, robust internal controls, and a commitment to continuous improvement.

P5 emphasized the importance of evidence-based transparency and the need for disclosures to be supported by verifiable data.

“You’ve got to be able to articulate exactly what value you’ve demonstrated. You’ve got to be able to respond to the scrutiny. And so in preparation for AGMs, part of the

job is really ticking all your boxes and ensuring that you can stand hand on heart and talk to exactly what it is you've disclosed in your annual reports.” (P5)

P11 highlighted the role of internal and external assurance in supporting credible disclosures:

“We have external checkers who come and check the information that we're reporting.” (P11)

P8 also noted the importance of developing governance mechanisms and internal assurance processes.

“Most importantly, develop, like, governance mechanisms. As a form of internal assurance. And of course we'll introduce, external assurance as well, just to give, the end users of the information that sense of comfort that this information has been verified.” (P8)

Participants further described how substantive compliance is reinforced by a culture of accountability and a willingness to disclose both achievements and challenges. P9 reflected:

“And yeah, to also disclose and share progress and not just success stories. I think when you are transparent and honest and where you're experiencing challenges, then it shows intent and it builds trust because then you openly say, listen, this is what we're doing, this is what the bottlenecks are, but this is how we're going around them.” (P9)

The participants illustrated that substantive compliance is underpinned by transparency, verification, and a commitment to continuous improvement, enabling organizations to build trust and credibility with stakeholders.

5.7.4. Theme 4: Conclusion

Participants indicated that organizational responses to greenwashing risk range from symbolic compliance to substantive efforts. Participants indicated that symbolic compliance, typically involves selective disclosure, ambiguous language, and the use of proxy data. Disclosures can create also create perceptions of greenwashing due to data limitations or choice of words. In contrast, substantive compliance involves transparency, verification, and governance, supported by internal controls and external assurance.

The findings reveal that regulatory, financial, and reputational pressures rarely operate in isolation. Instead, their joint influence creates a synergistic effect that is more powerful than any single pressure alone. For instance, anticipation of future regulation (regulatory) is often accompanied by concerns about reputation and investor expectations, leading organizations to adopt proactive disclosure strategies even before mandates are enforced. Similarly, reputational risks are heightened by financial market scrutiny, compelling firms to ensure that their disclosures are both credible and competitive. This convergence of pressures fosters an institutional environment where substantive carbon disclosure becomes not only a compliance requirement but also a strategic imperative for maintaining legitimacy and market access.

5.8. Key Findings on the Joint Influence of Institutional Pressures and Strategies for Managing Greenwashing

5.9. Research Question 1:

RQ1: *How do institutional pressures influence the quality of carbon disclosure in South African corporates?*

The participants shared that the quality of carbon disclosures among South African corporates is shaped by the interlink of institutional pressures, regulatory, financial, and reputational that rarely operate in isolation. Participants described how anticipation of future regulations, such as the IFRS S1 and S2 and the current Climate Change Act, motivates organizations to proactively align their reporting practices, even before such requirements become mandatory. As one participant noted, “What is sort of prompting us to be proactive is these guidelines and like emerging regulations that will be eventually mandatory. Even though it is not mandatory yet, it's voluntary, we've done things like a gap analysis compliance roadmap of what it would look like for us to be able to comply when the requirements do become mandatory” (P4).

Financial market pressures, particularly from investors and international clients, were also highlighted as powerful drivers. The expectation to meet global standards and the scrutiny of ESG rating and shareholders create strong incentives for credible, high-quality disclosures. “Some investors, like pension fund investors, especially like the foreign investors, who are pushing the agenda heavily, they will say, okay, we will not touch stocks that don't have sustainability strategy So whether companies like it or not, ESG reporting then becomes an ESG strategy, adopting an ESG strategy to maintain relevance in a market where you compete for capital” (P1).

Reputational concerns further reinforce these pressures, with participants emphasizing that the risk of public scrutiny or being perceived as greenwashing compels organizations to ensure accuracy and transparency. “If we go out there and we say our organisation is not reporting correctly on their emissions annually, we get to see everyone frown at us, you know. So, we are encouraging correct reporting throughout the business of any incident that can affect the environment or impact the environment” (P9). Importantly, participants stressed that these pressures are mutually reinforcing and often converge, creating a powerful institutional environment for disclosure

Internally strong governance, leadership commitment, cross-functional collaboration, and investment in data quality and systems were repeatedly identified as critical enablers. As one participant put it, “It has to be in our DNA to do things the right way... this has to come from the top, it's not just us. It has to come from the top. And the board” (P6). Despite these drivers, participants indicated that there are persistent barriers such as fragmented data systems, lack of standardization, resource constraints, and skills gaps which continue to challenge the production of reliable, comparable disclosures.

5.10. Research Question 2:

RQ2: *How do corporates manage the risk of greenwashing when navigating institutional expectations?*

Participants revealed that managing the risk of greenwashing is a nuanced process that involves both internal and external strategies. Participants shared that symbolic compliance often manifests through selective disclosure, ambiguous language, or reliance on proxy data, which can unintentionally create perceptions of greenwashing. As one participant observed, “It's omission of information that's not favourable and, and highlighting those aspects that they are working on. It's in the language and the highlighting of what you're doing and omitting things that you're not doing” (P11). Others noted that the use of proxy data or estimates, while sometimes necessary due to data limitations, can be a subtle way to avoid full accountability (P8).

To mitigate these risks, participants indicated that corporates are investing in internal controls, assurance processes. Substantive compliance is characterized by transparent reporting, evidence-based disclosures, and a commitment to continuous improvement. “You've got to be able to articulate exactly what value you've demonstrated. You've got to be able to respond to the scrutiny. And so in preparation for AGMs, part of the job is really ticking all your boxes and ensuring that you can stand hand on heart and talk to exactly what it is you've disclosed in your annual reports” (P5). Participants indicated that Internal and external assurance,

including third-party audits and certifications, are increasingly used to validate disclosures and build stakeholder trust. Proactive stakeholder was highlighted by (P5) such as inviting media, engaging with activist groups, and openly communicating both progress and challenges, as a key strategy for managing scrutiny.

Nevertheless, participants acknowledged that barriers remain. Resource constraints, data quality issues, and lack of standardization can undermine even the best-intentioned efforts. Overly ambitious targets and KPI-linked incentives may inadvertently encourage data manipulation or superficial reporting. As one participant cautioned, “Maybe you set a very ambitious target, then you’re seeing that you’re not meeting it. I think that’s where people start to then try and manipulate the system” (P12). Ultimately, the findings suggest that credible carbon disclosure and effective management of greenwashing risk depend on the alignment of external pressures with strong internal governance, transparent practices, and a culture of accountability.

6. Chapter 6: Discussions

This study sought to explore how institutional pressures, regulatory, reputational, and financial, jointly influence the quality of carbon disclosure in South African corporates, and examined how corporates manage the risk of greenwashing in response to evolving institutional expectations. The chapter presents the discussions drawing from the findings presented in Chapter 5 and the literature review in Chapter 2.

6.1. Research Question 1: Discussions.

RQ1: *How do institutional pressures influence the quality of carbon disclosure in South African*

The first question sought to explore the joint influence of, regulatory, financial and reputational on the quality of carbon corporate disclosures. Presented below are the discussions in alignment with the following themes related to RQ1 that emerged.

- **Theme 1:** Mechanisms of Influence
- **Theme 2:** Factors Promoting Quality
- **Theme 3:** Factors Affecting Quality

6.2. Theme 1: Mechanisms of Influence

The first theme sought to explore the different types of pressures, financial, and reputational and how they operate and influence corporates to disclose in a voluntary environment. The theme also sought to understand how the pressures influence carbon disclosure quality.

6.2.1. Regulatory Pressure: Anticipation of Mandatory Disclosures

In the South African context, regulatory pressure to disclose carbon information is shaped by emerging climate legislation and sector-specific guidelines (JSE, 2022; Government Gazette 2024; Lavrik & LLD, 2025). Participants P4, P6, and P7 reported proactive disclosure, is motivated by the anticipation of future mandatory requirements and the need to align with international standards. For example, P4 and P6 described preparing for regulations that are not yet enforced, while P7 noted alignment with global frameworks in anticipation of future mandates.

This proactive approach reflects a strategic response to regulatory uncertainty and aligns with institutional theory, which suggests organizations seek legitimacy by conforming to external expectations (DiMaggio & Powell, 1983; Mateo-Márquez et al., 2020). The Anticipatory voluntary disclosure is a strategic response to emerging regulatory pressures, serving both as reputational risk management and proactive governance (Cooke et al., 2024; Breijer et al., 2024; Sulkowski & Jebe, 2022).

While participants such as P4 and P6 described voluntary disclosure as a way to manage regulatory risk, there is evidence that such disclosures may be more symbolic than substantive, especially in environments where enforcement is still developing (Hummel & Schlick, 2016; Braasch & Velte, 2022).

While prior studies (Cooke et al., 2024; Breijer et al., 2024; Sulkowski & Jebe, 2022) have established that anticipatory voluntary disclosure is a strategic response to emerging regulatory pressures and serves as reputational risk management and proactive governance, this study confirms the influence of anticipated mandatory disclosures and extends the literature by demonstrating the joint effect of regulatory and reputational pressures in the South African context.

6.2.2. Regulatory Pressure: Mandatory Driven Compliance

The participants indicated that compliance-driven mandatory disclosure is a key factor influencing carbon reporting among South African corporates, especially in regulated sectors. P9 and P10 described how legal requirements under the Carbon Tax Act compel organizations to report emissions, with enforcement through penalties or risk of losing licenses. This reflects the literature, which recognizes regulation as a catalyst for disclosure (Mateo-Márquez et al., 2020) but also notes that regulation alone does not guarantee substantive transparency, enforcement intensity is crucial (Zhang et al., 2025).

Globally, frameworks like the EU's CSRD and CBAM have raised expectations for mandatory disclosure, but their effectiveness depends on robust enforcement and adaptation to local contexts (Hummel & Jobst, 2024; European Commission, 2024).

From the data analysed and the literature, this study confirms the role of compliance-driven mandatory disclosure in promoting substantive carbon reporting. Moreover, by highlighting the financial consequences of non-compliance, specifically, the risk of losing an operating license, the study extends the literature by demonstrating how regulatory and financial pressures are intertwined in the South African context, reinforcing the drive toward credible and transparent disclosures.

6.2.3. Financial Market Pressure

Financial market pressure was identified by the participants as a driver compelling South African corporate to disclose carbon-related information. The participants indicated that corporates are attentive to the expectations of investors, and international trading market, recognizing that access to capital and market participation are now closely tied to sustainability performance and transparency. This is consistent with Lemma et al. (2020), who argue that financial markets function as an informal coercive force, incentivizing firms to disclose to reduce scrutiny and enhance access to capital.

Participants such as P11 and P1 described how international trade regulations, notably the and Carbon Border Adjustment Mechanism (CBAM), have made sustainability reporting a condition for market participation. P11 noted that disclosure is now essential for export opportunities, while P1 emphasized the influence of European market requirements on local reporting practices. These findings align with the literature, which highlights that global trade regulations amplify financial incentives for voluntary disclosure and compel non-EU firms to

align with international standards (Sagone & Cellura, 2025; European Commission, 2024; IFRS, 2023).

Investor expectations and peer benchmarking were also highlighted by participants as key sources of pressure. P6 described how shareholders compare disclosure practices across peers, creating pressure to avoid lagging behind industry standards. This reflects the view of Treepongkaruna et al. (2024), who contend that strong ESG ratings signal managerial competence and reduce financing costs, thereby aligning managerial actions with stakeholder expectations.

The participants further reveal that the ESG-linked financial instruments, such as green loans, has made disclosure a prerequisite for accessing certain types of capital. However, the literature cautions that such financial innovation may create incentives for impression management. Braasch and Velte (2022) and Hummel and Schlick (2016) argue that firms under investor pressure may producing low-quality disclosures that satisfy rating agencies but fail to improve environmental performance. Dorfleitner and Utz (2023) similarly warn that symbolic disclosure can lead to misallocation of resources and undermine sustainability objectives.

The participants confirm the literature by demonstrating that financial market pressure is a powerful motivator for carbon disclosure among South African corporates. Based on these findings the study confirms that financial market pressure influence carbon disclosures in South Africa.

6.3. Theme 1: Conclusion

Theme 1 set out to explore how regulatory, financial, and reputational pressures operate and interact to influence carbon disclosure practices among South African corporates in a largely voluntary reporting environment. Drawing on both empirical findings and established literature, the discussion critically examined the mechanisms through which these pressures shape disclosure behaviour.

The findings indicate that institutional pressures, regulatory, reputational, and financial, jointly shape the quality of carbon disclosure among South African corporates. The study confirms that both the anticipation of mandatory requirements and compliance-driven regulation are powerful drivers of disclosure (JSE, 2022; Government Gazette 2024, 2024; Lavrik & LLD, 2025; Mateo-Márquez et al., 2020), especially when reinforced by reputational concerns (Panfilo & Krasodomska, 2022; Gatti et al., 2019; Gaganis et al., 2021) and financial market

expectations (Lemma et al., 2020; Sagone & Cellura, 2025; Treepongkaruna et al., 2024). Participants highlighted that proactive and compliance-driven reporting is motivated not only by legal obligations but also by the need to maintain stakeholder trust, and market access.

This study extends the literature by providing evidence of how these pressures interact and reinforce one another, influencing disclosure practices in the South African context.

6.4. Theme 2: Factors Promoting Quality Disclosures

Theme 2 sought to explore the mechanisms through which external institutional pressures, regulatory, reputational, and financial, promote the quality of carbon disclosures in South African corporates. The findings reveal that these pressures do not operate in isolation, rather, they interact to create a robust environment that incentivizes credible, transparent, and decision-useful reporting. Below are the discussions in alignment with the sub-themes for theme two.

6.4.1. Regulatory Strength in Driving Quality Disclosures

The findings indicate that regulatory pressure plays a pivotal role in promoting the quality of carbon disclosures among South African corporates. Participants such as P11 and P5 highlighted the importance of explicit regulatory frameworks, including the EU's Carbon Border Adjustment Mechanism (CBAM) and the Johannesburg Stock Exchange (JSE) Sustainability Disclosure Guidance. P11 emphasized that such regulations require detailed and verifiable disclosures to access international markets, while P5 noted that the threat of climate litigation and regulatory penalties acts as a deterrent against low-quality or misleading reporting.

These findings are consistent with the literature, which suggests that strong regulatory mechanisms, particularly mandatory requirements and effective enforcement, are essential for enhancing the quality of disclosures. Regulatory enforcement increases the likelihood of detection and penalties for greenwashing, thereby promoting substantive transparency (Zhang et al., 2025).

However, the literature presents two contrasting arguments regarding the impact of enforcement. Mateo-Márquez et al. (2021) found that monitoring and punishment have limited effect on disclosure quality, whereas Zhang et al. (2025) argued that visible and robust enforcement can curb symbolic compliance and drive substantive improvements.

Based on the data collected in this study, the findings support Zhang et al. (2025) position. Participants consistently described how the presence of strong enforcement mechanisms,

such as penalties, audits, and the risk of litigation, directly motivates organizations to produce higher quality and more transparent carbon disclosures.

Thus, the study confirms that regulatory strength, when coupled with effective enforcement, is a critical factor in driving substantive carbon reporting among South African corporates.

6.4.2. Reputational Strength in Driving Quality Disclosures

The findings indicate that reputational strength is a significant driver of quality carbon disclosures among South African corporates. Participants such as P5 and P9 emphasized that meeting stakeholder expectations and safeguarding organizational reputation are central to ensuring accurate and transparent reporting. P5 highlighted the influence of media, shareholder activists, and interest groups, while P9 noted that reputational risk from incorrect reporting motivates organizations to prioritize the integrity of their disclosures.

These findings align with the literature, which suggests that reputational pressure, stemming from stakeholder scrutiny, media attention, and activist influence, promotes substantive transparency in carbon reporting (Panfilo & Krasodomska, 2022; Gatti et al., 2019; Gaganis et al., 2021). As public awareness of environmental issues grows, organizations face increased reputational risk, making high-quality disclosure a strategic necessity.

However, the literature also presents two perspectives. Some authors argue that reputational pressure can lead to symbolic compliance, where organizations focus on impression management rather than substantive performance (Braasch & Velte, 2022; Hummel & Schlick, 2016). Others contend that strong reputational pressure, especially when combined with stakeholder activism and public scrutiny, drives organizations toward more credible and meaningful disclosures (Gatti et al., 2019; Gaganis et al., 2021).

Based on the data collected in this study, the findings support the latter view. Participants consistently described how reputational concerns, amplified by stakeholder and media scrutiny, motivate organizations to produce higher quality and more transparent carbon disclosures. Thus, the study confirms that reputational strength, particularly when reinforced by external scrutiny, is a critical factor in driving substantive carbon reporting among South African corporates.

6.4.3. Financial Market Influence on Disclosure Quality

The findings indicate that financial market pressure is a significant driver of disclosure quality among South African corporates. Participants such as P4 and P6 highlighted that investor scrutiny and peer benchmarking motivate organizations to ensure their carbon disclosures are accurate, transparent, and aligned with market expectations. For example, P4 emphasized

the importance of disclosures making sense to investors, while P6 described how shareholder comparisons across industry peers create pressure to maintain high standards.

These findings are consistent with the literature, which suggests that financial markets function as an informal coercive force, incentivizing firms to improve disclosure quality to enhance access to capital and reduce scrutiny (Lemma et al., 2020; Treepongkaruna et al., 2024). Strong ESG ratings are seen as signals of managerial competence and can lower financing costs, further aligning managerial actions with stakeholder expectations.

However, the literature also presents two perspectives. Some authors caution that financial market pressure may lead to symbolic compliance, where organizations produce disclosures that satisfy rating agencies but do not reflect substantive environmental performance (Braasch & Velte, 2022; Hummel & Schlick, 2016; Dorfleitner & Utz, 2023). Treepongkaruna et al. (2024) argue that robust investor scrutiny and market incentives drive organizations toward more credible and meaningful disclosures (Treepongkaruna et al., 2024).

Based on the data collected in this study, the findings support the latter view. Participants consistently described how financial market pressure, particularly through investor expectations and international trade requirements, motivates organizations to produce higher quality and more transparent carbon disclosures. Thus, the study confirms that financial market pressure, especially when reinforced by active investor engagement and benchmarking, is a critical factor in driving substantive carbon reporting among South African corporates.

6.5. Theme 2: Conclusion

Theme 2 demonstrates that regulatory, reputational, and financial pressures each play a critical role in promoting the quality of carbon disclosures among South African corporates. The findings confirm that strong regulatory frameworks, effective enforcement, stakeholder scrutiny, and investor expectations collectively incentivize organizations to produce credible, transparent, and decision-useful reporting. The study supports the view that these pressures do not operate in isolation, rather, they interact and reinforce one another, creating a robust institutional environment for substantive carbon disclosure. By empirically showing how regulatory strength, reputational concerns, and financial market influence converge to drive high-quality reporting, this study extends the literature and provides new insights into the mechanisms that underpin credible carbon disclosure practices in the South African context.

6.6. Theme 3: Factors Affecting Disclosure Quality

The third theme examines the factors that influence the credibility, accuracy, and comparability of carbon disclosures among South African corporates.

6.6.1. Institutional Gaps

The findings reveal that institutional gaps present significant barriers to achieving high-quality carbon disclosures among South African corporates. Participants such as P2, P3, P6, and P12 highlighted issues including regulatory misalignment, weak enforcement, and a lack of clear, standardized guidance. For example, P2 described conflicting mandates between government departments and parastatals, while P12 noted inconsistent policy implementation and weak enforcement. P6 emphasized the absence of clear government policy and standardized requirements, and P3 pointed to the lack of a shared taxonomy, which complicates comparability across disclosures.

As Sulkowski and Jebe (2022) noted knowledge gap among the investors lowers the scrutiny. This knowledge gap reduces market pressure for robust reporting and, as noted by P3, inadvertently enables firms to sustain symbolic compliance rather than substantive transparency.

These challenges are consistent with the literature, which notes that fragmented regulatory environments, insufficient standardization, and limited market scrutiny hinder the credibility and comparability of disclosures (Borghei, 2021; Mateo-Márquez et al., 2022; Lavrik & LLD, 2025). Scholars argue that without clear and enforceable guidelines, and with investors lacking the expertise to demand better, organizations may struggle to produce reliable information, and voluntary frameworks alone are often inadequate for driving substantive change.

Based on these findings, the study confirms that institutional gaps, stemming from regulatory misalignment, weak enforcement, lack of standardization, and limited ESG literacy among market actors, are critical obstacles to high-quality carbon disclosure in South Africa. The study confirms the literature by providing evidence from the participants of how these gaps manifest in practice.

6.6.2. Data Quality and Systems

The findings reveal that data quality and systems are foundational to credible carbon disclosures among South African corporates. Participants such highlighted persistent challenges related to fragmented data sources, manual processes, and the complexity of measuring certain emissions. For instance, P4 and P10 noted that reliance on manual spreadsheets compromises accuracy and completeness, while P8 described ongoing efforts to implement integrated sustainability management systems. P7 emphasized the difficulty of obtaining reliable data for Scope 3 emissions, and P12 pointed out the challenges of data collection in large organizations with complex structures.

These observations are consistent with the literature, which underscores that robust data quality and effective systems are essential for producing reliable, auditable, and comparable disclosures (Borghei, 2021; Traub et al., 2025).

Based on these findings, the study confirms that organisations internal data quality systems are critical determinants of carbon disclosure credibility in South Africa.

6.6.3. Internal Governance and Capacity

The findings reveal that internal governance and organizational capacity are pivotal in shaping the quality of carbon disclosures among South African corporates. Participants emphasized the importance of leadership commitment, board oversight, cross-functional collaboration, and technical expertise. For example, P11 highlighted the role of executive support in establishing sustainability departments, while P2 described how board-level influence drives responsible disclosure practices. P9 noted the need for ongoing training and capacity building, and P8 stressed the value of internal assurance mechanisms and cross-departmental collaboration. P12 pointed out that resource constraints and the perception of sustainability as a cost centre can hinder the adoption of robust reporting practices.

These insights are consistent Ali et al. (2024) and Braasch and Velte (2022) highlighting that strong governance structures, leadership buy-in, and adequate resources are essential for producing reliable, transparent, and decision-useful disclosures (Ali et al., 2024; Braasch & Velte, 2022).

Based on these findings, the study confirms that internal governance and capacity are critical enablers of high-quality carbon disclosure in South Africa.

6.7. Theme 3: Conclusion

The evidence from participants confirms that internal governance and organizational capacity are decisive factors in shaping the credibility and quality of carbon disclosures. Strong leadership commitment, board oversight, and cross-functional collaboration emerged as recurring enablers, while resource constraints and limited technical expertise were identified as persistent barriers. These findings reinforce the argument that governance structures and organizational culture significantly influence disclosure practices.

Consistent with Ali et al. (2024) and Braasch and Velte (2022), the study demonstrates that robust governance frameworks, executive buy-in, and adequate resourcing are not merely supportive elements but foundational to achieving transparent, decision-useful disclosures.

Where governance is weak or sustainability is perceived as a cost centre, firms tend to adopt minimal compliance strategies, which undermines disclosure quality and stakeholder trust.

In summary, Theme 3 highlights that internal governance and capacity are critical enablers of high-quality carbon reporting. Without strong leadership, technical expertise, and integrated assurance mechanisms, even well-designed external frameworks cannot guarantee substantive transparency.

6.8. Research Question 2: Discussions.

RQ2: *How do corporates manage the risk of greenwashing when navigating institutional expectations?*

The second research question explored how organizations respond to institutional pressures, such as regulatory frameworks, investor demands, and societal expectations—while mitigating the risk of greenwashing. The findings reveal a tension between symbolic compliance and substantive action, shaped by perceived reputational risks and resource constraints.

- **Theme 4:** Symbolic Compliance/ Greenwashing
- **Theme 5:** Perceived risk of greenwashing

6.9. Theme 4: Organisational Response

The first theme under RQ2 examines how organizations operationalize their response to institutional expectations while managing greenwashing risk.

6.9.1. Symbolic Compliance/ Greenwashing

The findings reveal that symbolic compliance and greenwashing remain significant risks in carbon disclosure practices among South African corporates. Participants such as P7, P11, and P12 described how organizations may engage in disclosure practices that are more focused on meeting external expectations superficially rather than achieving substantive climate outcomes. For instance, P7 highlighted the prevalence of bold public commitments that are not matched by meaningful action, while P11 pointed to selective disclosure and omission of unfavourable information. P12 noted the lack of oversight, which enables symbolic compliance and allows organizations to publish sustainability reports without robust verification.

These observations are consistent with the literature, which cautions that voluntary disclosure frameworks and weak enforcement environments can enable symbolic compliance and greenwashing (Hummel & Schlick, 2016; Braasch & Velte, 2022; Treepongkaruna et al.,

2024). Scholars argue that organizations may use ambiguous language, selective reporting, and proxy data to create the illusion of environmental responsibility, undermining the credibility and usefulness of carbon disclosures.

Based on these findings, the study confirms that symbolic compliance and greenwashing are persistent challenges in voluntary and weakly enforced regulatory environments.

6.9.2. Perceived Risk of Greenwashing

The findings reveal that the perceived risk of greenwashing is a significant concern for South African corporates navigating carbon disclosure. Participants such as P6 and P8 described how reliance on proxy data and the nuances of disclosure language can expose organizations to accusations of greenwashing, even when there is no intent to mislead. P8 noted that the use of estimated rather than measured data can be shaped by subjective nuances, while P6 highlighted the challenges of communicating intentions clearly, as wording may be interpreted differently by stakeholders.

These insights are consistent with the literature, which emphasizes that perceived greenwashing risk arises not only from deliberate misrepresentation but also from data limitations and ambiguous communication (Treepongkaruna et al., 2024; Braasch & Velte, 2022).

Based on these findings, the study confirms that perceived risk of greenwashing is a real and persistent challenge in carbon disclosure, driven by both technical limitations and communication complexities

6.10. Theme 4: Conclusion

The findings indicate that while some corporates adopt assurance mechanisms and standardized frameworks to enhance credibility, others rely on selective disclosure and voluntary alignment with sustainability norms primarily for legitimacy purposes. This duality reflects the tension between meeting external expectations and managing internal resource constraints.

Consistent with Hummel and Schlick (2016) and Gatti et al., the study confirms that voluntary frameworks, though intended to promote transparency, can inadvertently enable symbolic reporting when enforcement is weak. Participants acknowledged that reputational risk is a key driver of disclosure strategies, yet the perceived effectiveness of symbolic compliance persists, particularly in contexts where stakeholder scrutiny is limited. Sulkowski (2022)

reinforce this dynamic by highlighting that low ESG literacy among investors reduces market pressure

In summary, Theme 4 demonstrates that organisational responses are shaped by a complex interplay of institutional pressures, governance capacity, and stakeholder knowledge. While some firms pursue genuine integration of sustainability into core operations, others adopt symbolic tactics to maintain legitimacy, underscoring the need for stronger regulatory enforcement and enhanced ESG literacy among market actors to curb greenwashing risks.

7. Chapter 7: Conclusions and Recommendations

This chapter concludes the study by presenting the key findings in relation to the research questions, reflecting on the theoretical and practical implications, and offering recommendations for both business and future research. The research set out to explore how regulatory, financial, and reputational pressures jointly influence the quality of carbon disclosures and the risk of greenwashing among South African corporates. In doing so, it sought to address a critical gap in the literature by examining the interplay of multiple institutional pressures in a voluntary reporting environment, and by providing context-specific insights relevant to developing economies. The findings contribute to a deeper understanding of the mechanisms that drive credible carbon disclosure, and the strategies organizations employ to manage greenwashing risk in an evolving regulatory landscape.

7.1. Study Conclusion

The South African context is marked by a unique interplay of regulatory, financial, and reputational pressures. While new regulations such as the Climate Change Act and the Johannesburg Stock Exchange's Sustainability Disclosure Guidance have raised expectations for transparency (Lavrik & LLD, 2025; JSE, 2022; Government Gazette 2024), the effectiveness of these measures is still unfolding. The voluntary nature of many disclosure frameworks, combined with the country's status as a developing economy, creates both opportunities and challenges for advancing credible carbon reporting. This research is significant because it addresses a critical gap in the literature by examining how multiple institutional pressures converge and how internal organizational strategies mediate these dynamics, particularly in a context where regulatory enforcement is still developing.

7.2. What was previously unknown

Prior to this study, much of the literature on corporate carbon disclosure focused on the influence of single institutional pressures, regulatory, financial, or reputational, often treating

them in isolation. There was limited empirical evidence from developing economies, and little was known about how these pressures interact in voluntary reporting environments or how internal organizational responses translate external pressures into either substantive or symbolic disclosures. The prevalence of greenwashing, especially in contexts with weak enforcement, was well documented, but the mechanisms by which organizations manage this risk remained underexplored.

7.3. Study Conclusion

The study's findings reveal that institutional pressures, regulatory, financial, and reputational, rarely operate in isolation. Instead, their convergence creates a powerful environment that shapes both the quality and credibility of carbon disclosures (DiMaggio & Powell, 1983; Participant 4, 6, 7). Regulatory developments, such as the Climate Change Act and the Johannesburg Stock Exchange's Sustainability Disclosure Guidance, have raised expectations for transparency (JSE, 2022; Government Gazette 2024), thus prompting organizations to adopt more proactive disclosure strategies. However, the effectiveness of these measures is depended upon robust enforcement and the alignment of internal governance structures (Zhang et al., 2025; Participant 9, 10). Financial market dynamics, particularly investor expectations and international trade requirements, further reinforce the imperative for credible reporting, while reputational concerns compel organizations to prioritize accuracy and transparency to maintain stakeholder trust (Lemma et al., 2020; Panfilo & Krasodomska, 2022; Participant 1, 5, 9).

Despite these external drivers, the study finds that internal organizational factors, such as leadership commitment, data quality systems, and technical capacity, ultimately determine whether disclosures are substantive or merely symbolic (Ali et al., 2024; Braasch & Velte, 2022; Participant 2, 8, 11). Persistent challenges, including fragmented data, lack of standardization, and resource constraints, continue to undermine the reliability and comparability of disclosures (Borghei, 2021; Traub et al., 2025; Participant 3, 4, 12). Moreover, the risk of greenwashing remains pronounced, especially in contexts where oversight is weak and voluntary frameworks dominate (Hummel & Schlick, 2016; Mateo-Márquez et al., 2022; Participant 7, 11, 12). Organizations often navigate this risk through a spectrum of responses, ranging from selective disclosure and ambiguous language to the adoption of assurance mechanisms and transparent reporting practices (Zhou, 2022; Participant 5, 8, 9).

7.4. Recommendations for Business Managers and Practitioners

The findings highlight the urgent need for South African corporates to move beyond compliance-driven and symbolic reporting towards more substantive and credible disclosure practices. Business managers are encouraged to strengthen internal governance, as leadership commitment and board oversight are essential for embedding sustainability into core business operations (Ali et al., 2024; Participant 2, 11). Organizations should invest in cross-functional collaboration, ensuring that sustainability is not siloed but integrated across departments. Enhancing data quality and systems is equally critical, reliable, auditable, and comparable disclosures depend on robust data management systems (Traub et al., 2025; Participant 4, 8, 10). Transitioning away from manual processes and investing in integrated sustainability management platforms will improve the accuracy and completeness of reported information. Furthermore, adopting assurance mechanisms, both internal and external, including third-party audits, is vital for validating disclosures and building stakeholder trust (Zhou, 2022; Participant 5, 8, 11). Organizations should prioritize transparency and be willing to disclose both achievements and challenges. Proactive alignment with international standards and frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), International Sustainability Standards Board (ISSB), and the Carbon Border Adjustment Mechanism (CBAM) will position organizations to meet evolving regulatory and market expectations, while facilitating access to international capital and trade opportunities (European Commission, 2024; Hummel & Jobst, 2024; Participant 7, 11). Finally, fostering a culture of transparency by encouraging honest reporting and open communication about progress and bottlenecks will help build long-term credibility and stakeholder confidence (Gatti et al., 2019; Participant 9, 10).

7.5. Recommendations for Recommendations for Policymakers and Regulators

The study highlights the critical role of policymakers and regulators in shaping the credibility and effectiveness of sustainability disclosures in South Africa. Firstly, it is essential to mandate the standardization of disclosure requirements and taxonomies (P3, P6). The development and enforcement of clear, harmonized standards, aligned with international frameworks, will significantly improve the comparability of sustainability data and reduce opportunities for symbolic compliance (Borghei, 2021; Mateo-Márquez et al., 2022). Secondly, enhancing enforcement is critical, effective monitoring and the imposition of penalties for non-compliance are necessary to deter greenwashing and promote substantive transparency (Zhang et al., 2025; P5, P9). Without robust enforcement, even the best-designed regulations risk being undermined by superficial or box-ticking approaches (Forliano et al., 2025). Finally, promoting ESG literacy through targeted education initiatives for investors, market actors, and the

broader public will improve scrutiny and increase demand for high-quality disclosures, thereby reinforcing market-based incentives for credible reporting (Sulkowski & Jebe, 2022; P3). By investing in these three pillars, standardization, enforcement, and education, policymakers and regulators can foster a more transparent, trustworthy, and globally competitive sustainability reporting environment in South Africa.

7.6. Limitations of the Study and Future Recommendations

While this study offers valuable insights into climate-related disclosure practices within South African corporates, several limitations should be acknowledged. Firstly, the sample size was limited to 12 participants. Although this aligns with qualitative research norms and yielded rich, in-depth data, it does not fully capture the diversity of perspectives across all sectors (Mwita, 2022). Although the majority of the participants were from the financial sector the inclusion of other industries provided a diversity of the sample, enriching the findings but also made it more challenging to reach full data saturation, as a wider range of organizational contexts introduced varied perspectives that could not be fully explored within the available timeframe.

Secondly, the study was conducted within a constrained timeframe, which influenced the decision to conclude data collection before achieving complete saturation. Despite the emergence of new codes and themes during the final interviews, the limited duration restricted the opportunity to further investigate these insights through additional interviews.

while the study advances understanding of corporate carbon disclosure in South Africa, its findings should be interpreted in light of these contextual limitations. Future research could address these gaps by expanding the sample size, extending the timeframe for data collection.

8. References

- Ali, W., Wilson, J., & Jedrzej George Frynas. (2024). Corporate governance mechanisms and carbon disclosure: A multilevel and multitheory literature survey. *Corporate Social-Responsibility and Environmental Management*. <https://doi.org/10.1002/csr.2869>
- Awa, H. O., Etim, W., & Ogbonda, E. (2024). Stakeholders, stakeholder theory and corporate social responsibility (CSR). *International Journal of Corporate Social Responsibility*, 9(1), 1–14. <https://doi.org/10.1186/s40991-024-00094-y>
- Bedi, A., & Singh, B. (2024). Unraveling the impact of stakeholder pressure on carbon disclosure in an emerging economy. *Social Responsibility Journal*, 20(4).
- Borghei, Z. (2021). Carbon disclosure: A systematic literature review. *Accounting & Finance*, 61(4), 5255–5280. <https://doi.org/10.1111/acfi.12757>
- Braasch, A., & Velte, P. (2022). Climate reporting quality following the recommendations of the task force on climate-related financial disclosures: A Focus on the German capital market. *Sustainable Development*, 31(2). <https://doi.org/10.1002/sd.2430>
- Breijer, R., Erkens, R., Orij, R. P., & Vergoossen, R. G. A. (2024). Mandatory versus voluntary non-financial reporting: reporting practices and economic consequences. *Accounting Forum*, 1–33. <https://doi.org/10.1080/01559982.2024.2326334>
- Busetto, L., Wick, W., & Gumbinger, C. (2020). How to use and assess qualitative research methods. *Neurological Research and Practice*, 2(1). <https://doi.org/10.1186/s42466-020-00059-z>
- Caggiano, H., & Weber, E. (2025). Advances in qualitative methods in environmental research. *Annual Review of Environment and Resources*, 48(1), 18. <https://doi.org/10.1146/annurev-environ-112321->

- Cao, Q., Zhou, Y., Du, H., Ren, M., & Zhen, W. (2022). Carbon information disclosure quality, greenwashing behavior, and enterprise value. *Frontiers in Psychology, 13*.
<https://doi.org/10.3389/fpsyg.2022.892415>
- Chang, C.-C., & Wang, Y.-H. (2021). Using Phenomenological Methodology with Thematic Analysis to Examine and Reflect on Commonalities of Instructors' Experiences in MOOCs. *Education Sciences, 11*(5), 1–15. <https://doi.org/10.3390/educsci11050203>
- Cohen, S., Kadach, I., & Ormazabal, G. (2023). Institutional investors, climate disclosure, and carbon emissions. *Journal of Accounting and Economics, 76*(2-3), 101640.
<https://doi.org/10.1016/j.jacceco.2023.101640>
- Comyns, B. (2018). Climate change reporting and multinational companies: Insights from institutional theory and international business. *Accounting Forum, 42*(1), 65–77.
<https://doi.org/10.1016/j.accfor.2017.07.003>
- Cooke, T. E., McMeeking, K. P., & Zeff, S. A. (2024). Voluntary and mandatory reporting: a continuum of disclosure. *Pacific Accounting Review*. <https://doi.org/10.1108/par-06-2024-0119>
- DiMaggio, P., & Powell, W. (1983). *The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields*. 48(2), 147–160.
- Dorfleitner, G., & Utz, S. (2023). Green, green, it's green they say: a conceptual framework for measuring greenwashing on firm level. *Review of Managerial Science, 18*(12), 3463–3486.
<https://doi.org/10.1007/s11846-023-00718-w>
- Einhorn, E. (2005). The Nature of the Interaction between Mandatory and Voluntary Disclosures. *Journal of Accounting Research, 43*(4), 593–621. <https://doi.org/10.1111/j.1475-679x.2005.00183.x>

- Elsner, C., & Neumann, M. (2023). Caught between path-dependence and green opportunities – Assessing the impetus for green banking in South Africa. *Earth System Governance*, 18, 100194–100194. <https://doi.org/10.1016/j.esg.2023.100194>
- European Commission. (2024). *European Commission | Choose your language | Choisir une langue | Wählen Sie eine Sprache*. Europa.eu. <https://ec.europa.eu>
- Flammer, C. (2021). Corporate green bonds. *Journal of Financial Economics*, 142(2), 499–516. <https://doi.org/10.1016/j.jfineco.2021.01.010>
- Forliano, C., Battisti, E., De Bernardi, P., & Kliestik, T. (2025). Mapping the greenwashing research landscape: a theoretical and field analysis. *Review of Managerial Science*. <https://doi.org/10.1007/s11846-025-00856-3>
- Free, C., Jones, S., & Tremblay, M.-S. (2024). Greenwashing and sustainability assurance: a review and call for future research. *Journal of Accounting Literature*. <https://doi.org/10.1108/jal-11-2023-0201>
- FSCA. (2025). *FSCA Sustainable Finance Update Report 2025*. <https://www.fsc.co.za/Documents/FSCA%20Sustainable%20Finance%20Update%20Report%202025.pdf>
- Gaganis, C., Papadimitri, P., Pasiouras, F., & Ventouri, A. (2021). Informal institutions and corporate reputational exposure: The role of public environmental perceptions. *British Journal of Management*, 32(4), 1027–1061. <https://doi.org/10.1111/1467-8551.12461>
- Ganda, F. (2022). Carbon performance, company financial performance, financial value, and transmission channel: an analysis of South African listed companies. *Environmental Science and Pollution Research*, 29(19). <https://doi.org/10.1007/s11356-021-18467-2>
- Gatti, L., Seele, P., & Rademacher, L. (2019). Grey zone in – greenwash out. A review of greenwashing research and implications for the voluntary-mandatory transition of CSR.

International Journal of Corporate Social Responsibility, 4(1).

<https://link.springer.com/article/10.1186/s40991-019-0044-9>

Government Gazette. (2019). *Government Gazette*.

https://www.gov.za/sites/default/files/gcis_document/201905/4248323-5act15of2019carbontaxact.pdf

Government Gazette. (2024). *Government Gazette No. 50966*.

https://www.gov.za/sites/default/files/gcis_document/202407/50966climatechangeact222024.pdf

Hampson, T., & Mckinley, J. (2023). Qualitative and quantitative are data types not paradigms: An MMA framework for mixed research in applied linguistics. *Journal: Language Education and Acquisition Research Network*, 16(2), 1–7.

Herold, D. M., Farr-Wharton, B., Lee, K., & Groschopf, W. (2018). The interaction between institutional and stakeholder pressures: Advancing a framework for categorising carbon disclosure strategies. *BUSINESS STRATEGY & DEVELOPMENT*, 2(2), 77–90.

<https://doi.org/10.1002/bsd2.44>

Houqe, M. N., & Khan, H. Z. (2022). What determines the quality of carbon reporting? A system-oriented theories and corporate governance perspective. *Business Strategy and the Environment*. <https://doi.org/10.1002/bse.3295>

Hummel, K., & Jobst, D. (2024). An Overview of Corporate Sustainability Reporting Legislation in the European Union. *Accounting in Europe*, 21(3), 320–355.

<https://doi.org/10.1080/17449480.2024.2312145>

Hummel, K., & Schlick, C. (2016). The relationship between sustainability performance and sustainability disclosure – Reconciling voluntary disclosure theory and legitimacy theory. *Journal of Accounting and Public Policy*, 35(5), 455–476.

<https://doi.org/10.1016/j.jaccpubpol.2016.06.001>

- IFRS Foundation. (2023). *IFRS*. Ifrs.org. <https://www.ifrs.org/>
- Jing, F., Muhamad, H., Said, R. M., & Daud, Z. M. (2024). Conceptual framework to improve financial performance via institutional pressures and voluntary environmental information disclosure. *Multidisciplinary Reviews*, 8(1), 2025009. <https://doi.org/10.31893/multirev.2025009>
- JSE. (2022). *Leading the way for a better tomorrow*. https://www.jse.co.za/sites/default/files/media/documents/JSE%20Climate%20Disclosure%20Guidance_June%202022.pdf
- Lavrik, M., & LLD, M. (2025). *Symbolism and functionality in South Africa's climate law*. Oclc.org. https://journals-co-za.uplib.idm.oclc.org/doi/10.10520/ejc-obiter_v46_n2_a3
- Lemma, T. T., Shabestari, M. A., Freedman, M., & Mlilo, M. (2020). Corporate carbon risk exposure, voluntary disclosure, and financial reporting quality. *Business Strategy and the Environment*, 29(5), 2130–2143. <https://doi.org/10.1002/bse.2499>
- Li, J., & Xu, X. (2024). Can ESG rating reduce corporate carbon emissions? – An empirical study from Chinese listed companies. *Journal of Cleaner Production*, 434, 140226. <https://doi.org/10.1016/j.jclepro.2023.140226>
- Lim, W. M. (2024). What is qualitative research? An overview and guidelines. *Australasian Marketing Journal*, 33(2).
- Luu, N. H., Le, C., Luu, H. N., & Nguyen, D. T. K. (2025). Does mandatory greenhouse gas emissions reporting program deter corporate greenwashing? *Journal of Environmental Management*, 373, 123740. <https://doi.org/10.1016/j.jenvman.2024.123740>
- Maaloul, A., & Wegener, M. (2021). Mandatory versus voluntary GHG emissions disclosures and credit risk. *Social and Environmental Accountability Journal*, 1–30. <https://doi.org/10.1080/0969160x.2021.2018001>

- Mateo-Márquez, A. J., González-González, J. M., & Zamora-Ramírez, C. (2022). An international empirical study of greenwashing and voluntary carbon disclosure. *Journal of Cleaner Production*, 363, 132567. <https://doi.org/10.1016/j.jclepro.2022.132567>
- Mateo-Márquez, A. J., González-González, J. M., & Zamora-Ramírez, C. (2020). The influence of countries' climate change-related institutional profile on voluntary environmental disclosures. *Business Strategy and the Environment*, 30(2), 1357–1373. <https://doi.org/10.1002/bse.2690>
- Mwita, K. (2022). Factors influencing data saturation in qualitative studies. *INTERNATIONAL JOURNAL of RESEARCH in BUSINESS and SOCIAL SCIENCE*, 11(4), 414–420. <https://doi.org/10.20525/ijrbs.v11i4.1776>
- Naeem, M., Ozuem, W., Howell, K., & Ranfagni, S. (2023). A step-by-step process of thematic analysis to develop a conceptual model in qualitative research. *International Journal of Qualitative Methods*, 22. <https://doi.org/10.1177/16094069231205789>
- Nassaji, H. (2020). Good qualitative research. *Language Teaching Research*, 24(4), 427–431. <https://doi.org/10.1177/1362168820941288>
- Netto, S. V. de F., Sobral, M. F. F., Ribeiro, A. R. B., & Soares, G. R. da L. (2020). Concepts and forms of greenwashing: A systematic review. *Environmental Sciences Europe*, 32(1), 1–12. <https://doi.org/10.1186/s12302-020-0300-3>
- Okonkwo, J. U. (2021). Welfare effects of carbon taxation on South African households. *Energy Economics*, 96, 104903. <https://doi.org/10.1016/j.eneco.2020.104903>
- Okonkwo, J. U. (2022). Welfare effects of carbon taxation on South African households. *Energy Economics*, 104903. <https://doi.org/10.1016/j.eneco.2020.104903>
- Panfilo, S., & Krasodomska, J. (2022). Climate change risk disclosure in Europe: The role of cultural-cognitive, regulative, and normative factors. *Accounting in Europe*, 19(1), 226–253. <https://doi.org/10.1080/17449480.2022.2026000>

- Patrick, S. M., Shirinde, J., Kgarosi, K., Makinthisa, T., Euripidou, R., & Munnik, V. (2025). Just energy transition from coal in South Africa: A scoping review. *Environmental Science & Policy*, 167, 104044. <https://doi.org/10.1016/j.envsci.2025.104044>
- Pesci, A., & Koekemoer, M. M. (2025). The FSCA conduct standard for banks as a means to reform the internal financial consumer complaint resolution mechanisms of South African banks. *Journals.co.za*, 44(2). https://doi.org/10.10520/ejc-obiter_v44_n2_a1
- Petersen, A., Herbert, S., & Daniels, N. (2022). The likely adoption of the IFRS Foundation's proposed sustainability reporting standards. *The Business and Management Review*, 13(02). <https://doi.org/10.24052/bmr/v13nu02/art-03>
- Pitrakkos, P., & Maroun, W. (2020). Evaluating the quality of carbon disclosures. *Sustainability Accounting, Management and Policy Journal*, 11(3), 553–589. <https://doi.org/10.1108/sampj-03-2018-0081>
- Rahimi, S., & Khatooni, M. (2024). Saturation in qualitative research: An evolutionary concept analysis. *International Journal of Nursing Studies Advances*, 6(1). <https://doi.org/10.1016/j.ijnsa.2024.100174>
- Roszkowska-Menkes, M., Aluchna, M., & Kamiński, B. (2024). True transparency or mere decoupling? The study of selective disclosure in sustainability reporting. *Critical Perspectives on Accounting*, 98, 102700. <https://doi.org/10.1016/j.cpa.2023.102700>
- Sagone, S., & Cellura, M. (2025). The Carbon Border Adjustment Mechanism from developing countries' perspective: a systematic literature review on challenges and opportunities for the Mediterranean basin. *Energy Strategy Reviews*, 62, 101884. <https://doi.org/10.1016/j.esr.2025.101884>
- Shah, I. H., Manzoor, M. A., Jinhui, W., Li, X., Hameed, M. K., Rehaman, A., Li, P., Zhang, Y., Niu, Q., & Chang, L. (2024). Comprehensive review: Effects of climate change and greenhouse gases emission relevance to environmental stress on horticultural crops and

management. *Journal of Environmental Management*, 351, 119978.

<https://doi.org/10.1016/j.jenvman.2023.119978>

South African Reserve Bank. (2024). *G3/2024*.

https://www.resbank.co.za/Content/Dam/Sarb/Publications/Prudential-Authority/Deposit-Takers/Banks-Guidance-Notes/2024/G3-of-2024/G3-2024%20-%20Climate%20Guid_Discl_Banks.pdf

Ströher, T., Marc-Fabian Körner, Paetzold, F., & Jens Strüker. (2025). Bridging carbon data's organizational boundaries: toward automated data sharing in sustainable supply chains. *Electronic Markets*, 35(1). <https://doi.org/10.1007/s12525-025-00779-7>

Sulkowski, A., & Jebe, R. (2022). Evolving ESG Reporting Governance, Regime Theory, and Proactive Law: Predictions and Strategies. *American Business Law Journal*, 59(3), 449–503. <https://doi.org/10.1111/ablj.12210>

Tan, D., Bilal, Gao, S., & Komal, B. (2020). Impact of Carbon Emission Trading System Participation and Level of Internal Control on Quality of Carbon Emission Disclosures: Insights from Chinese State-Owned Electricity Companies. *Sustainability*, 12(5), 1788. <https://doi.org/10.3390/su12051788>

The Sabin Center for Climate Change Law. (2025). *The climate litigation database*.

[Climatecasechart.com. https://www.climatecasechart.com/search?l=south-africa](https://www.climatecasechart.com/search?l=south-africa)

Torelli, R., Balluchi, F., & Lazzini, A. (2020). Greenwashing and environmental communication: Effects on stakeholders' Perceptions. *Business Strategy and the Environment*, 29(2), 407–421. <https://doi.org/10.1002/bse.2373>

Traub, J., Morillas, C., Gil, R., Álvarez, S., & Martínez, S. (2025). Evaluating Corporate Carbon Emissions Reporting: Assessing Transparency and Completeness with the Carbon Integrity Index. *Sustainability*, 17(17), 7628. <https://doi.org/10.3390/su17177628>

- Treepongkaruna, S., Au Yong, H. H., Thomsen, S., & Kyaw, K. (2024). Greenwashing, carbon emission, and ESG. *Business Strategy and the Environment*, 33(8), 8526–8539.
<https://doi.org/10.1002/bse.3929>
- Truong, Y., Mazloomi, H., & Berrone, P. (2020). Understanding the impact of symbolic and substantive environmental actions on organizational reputation. *Industrial Marketing Management*, 92. <https://doi.org/10.1016/j.indmarman.2020.05.006>
- UNFCCC. (n.d.). *The Paris Agreement*. United Nations Climate Change; United Nations.
<https://unfccc.int/process-and-meetings/the-paris-agreement>
- Villena, V. H., & Dhanorkar, S. (2020). How institutional pressures and managerial incentives elicit carbon transparency in global supply chains. *Journal of Operations Management*, 66(6), 697–734. <https://doi.org/10.1002/joom.1088>
- Wang, G., & Wu, M. (2024). Corporate carbon emissions management and the disclosure of key audit matters. *Frontiers in Environmental Science*, 12.
<https://doi.org/10.3389/fenvs.2024.1381466>
- Yahaya, A., Onipe. (2025). Carbon emissions as a moderator of board environmental expertise on environmental disclosure quality. *Journal of Applied and Management Sciences (2025)*.
- Zhang, Z., Zheng, X., Lv, Q., & Meng, X. (2025). How institutional pressures influence corporate greenwashing strategies: Moderating effects of campaign-style environmental enforcement. *Journal of Environmental Management*, 373, 123914.
<https://doi.org/10.1016/j.jenvman.2024.123914>
- Zhou, S. (2022). Reporting and assurance of climate-related and other sustainability information: a review of research and practice. *Australian Accounting Review*, 32(3).

8.1. Annexures

8.1.1. Annexure 1: Interview Guide

Section	Interview Question
Context and Disclosure Approach	1. Briefly explain your role within the organisation and how you are involved with carbon disclosures?
	2. How would you describe your organisations current approach to carbon disclosures?
Institutional Pressures	1. In your view how do South African corporates perceive and respond to regulatory requirements for carbon reporting?
	2. In your view, how do corporates experience and manage conflicting pressures between sustainability expectations and profit-driven goals?
	3. Which institutional pressure (regulations, stakeholders, shareholders/lenders (if applicable) etc.) most influences your corporate decisions on carbon disclosure quality?
Managing Greenwashing Risks	1. How does your organisation ensure that it meets stakeholder/institutional expectations whilst navigating the risk of greenwashing?
	2. Does your organisation align with international standards such as TCFD, GRI, or CDP? What motivated this alignment?
	3. What strategies do corporates use to navigate institutional expectations and manage the appearance of compliance versus actual performance?
	4. In your view which tactics do corporates use to divert or reduce stakeholder scrutiny.

8.1.2. Annexure 1: Consent Form



I am a student at the University of Pretoria, Gordon Institute of Business Science (GIBS) and conducting my research in partial fulfilment of the Master of Business Administration (MBA) degree.

The research is entitled "The role of regulatory, financial, and reputational pressures on carbon disclosure quality and greenwashing". The aim of the study is to better understand how different institutional pressures influence the credibility and quality of carbon disclosures.

You are invited to participate in an interview expected to last for last about an hour. **Your participation is voluntary, and you can withdraw at any time without penalty.** Your responses will be treated with confidentiality and all data will be reported without identifiers.

If you have any questions or concerns, please contact me or my supervisor. Our details are provided below.

Researcher Name: _____ Research Supervisor Name: _____
Email: _____ Email: _____
Phone: _____ Phone: _____

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____