

TRUSTWORTHINESS OF SOUTH AFRICAN SUSTAINABILITY REPORTS: AN OVERVIEW

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Abstract

It is widely assumed that sustainability reporting is a mechanism that companies can use to demonstrate their trustworthiness with regard to development in a sustainable manner. This article uses the Mayer, Davis and Schoorman trust model as basis to discuss how sustainability reporting can enhance trustworthiness in a sustainable development context. The study also uses a survey- questionnaire, sent to South African sustainability reporters, to explore whether they are finding sustainability reporting useful for enhancing companies' trustworthiness among stakeholders in a sustainable development context. Respondents indicate, amongst other things, that sustainability reporting in South Africa has a role to play in enhancing trustworthiness, more so among contractual stakeholders than among community stakeholders. To entrench trust benefits in the long term will however require long term strategies. Such strategies should focus on increasing the engagement of community stakeholders, authentic use of the GRI and implementing effective control systems that prevent the misuse of sustainability reports, while not preventing the formation of real trust.

Keywords: Sustainability, Sustainability reporting, Trustworthiness, Global Reporting Initiative, Stakeholders

1. INTRODUCTION AND BACKGROUND

Business leaders, organisations, politicians, governments, pressure groups, influential international bodies and many others worldwide have been searching for years for solutions to “sustainability” in many fields. In 1946, Albert Einstein stated (1946:376) that “a new type of thinking is essential if mankind is to survive and move towards higher levels”. McCluney (in Brown & Quibler, 1994:13) couples Einstein's view to the concept of sustainability by pointing out that value systems must be changed to “make them lasting”. Although a widely used and often ambiguous term (Moneva, Archel & Correa, 2006), sustainability in modern global discourse refers to an ideal state in which humanity functions in harmony with the earth's natural ecological systems while allowing equitable human development (Rainey, 2006:33-40). Considering immense global social, economic and environmental problems such as climate change, depletion of natural resources, poverty, inequality and global economic financial crisis (KPMG International, 2010; Lubin & Esty, 2010; Rainey, 2006; IOD, 2009; Sachs, 2005), society is faced with the challenge of ensuring the “sustainability of a complex system involving three interdependent, highly fragile sub-systems – the natural environment, the socio/political system and the global economy” (Sadler, 2002:42).

Notwithstanding all the attempts at making sustainability part of the business world, the South African Institute of Chartered Accountants has stated that “the term sustainable development has been around for 20 years, yet for many of us it is a new concept” (Terry 2008:vi). Terry adds (2008:vi) that the board of the Institute believes that the body and its members can make a substantial contribution in the search for a solution to problems regarding sustainability and such matters should be regarded as “major threats” in respect of “the future of civilisation”.

The current prominence of sustainability in business has fuelled an increase in sustainability reporting. Internationally, the relevance of sustainability reporting was demonstrated by the formation of the International Integrated Reporting Committee (IIRC) during August 2010. The King Code of Governance (King III) affirms the importance of sustainability reporting as an essential business and corporate governance activity (IOD, 2009).

The growing use of sustainability reporting corresponds with a lack of awareness among many companies regarding the potential impact that sustainability reports can have on the attitude and behaviour of stakeholders and other parties who read the reports. Trust, as “one of many means, but an indispensable one, for doing business” (Nooteboom, 2002:4), provides a relevant broad indicator for shedding light on the impact sustainability reporting can have on stakeholders. According to Mayer et al. (1995:712), trust “is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party”. Measuring trust associated with sustainability reporting will assist sustainability reporting companies to gain insight into the role sustainability reporting plays in influencing the willingness of stakeholders to become vulnerable and enter into risk-taking behaviour when interacting and transacting with the company irrespective of the stakeholder's inability to control or monitor the social and environmental impact of the company.

Reputable publications have recently engaged with the issue of sustainability reporting and trust. Such publications include: 'Count Me In: The Readers' Take on Sustainability Reporting' issued by KPMG and SustainAbility (Bartels, Ianson-Rogers & Kuszewski, 2008:21) and 'Carrots and Sticks - Promoting Transparency and Sustainability: An update on trends in Voluntary and Mandatory Approaches to Sustainability Reporting' issued by KPMG, the GRI, UNEP and the Stellenbosch University Business School Unit for Corporate Governance – (KPMG International, 2010). All these publications support the notion that sustainability reporting can be used as a tool for building trust in business. Claims that sustainability reporting should function as a tool for trust building should however be considered with due care. Due to the complex nature of trust, in-depth studies on trust formation applied to a sustainability-reporting context are needed to inform the conditions and circumstances under which sustainability reporting will build trust.

2. PURPOSE OF THE ARTICLE

The purpose of this article is to demonstrate, by means of an established trust model, how sustainability reporting can affect stakeholders' trust perceptions pertaining to sustainability reporting. Since companies that engage in sustainability reporting are generally large, listed companies, the study will provide an overview of trust perceptions associated with sustainability reporting issued by South African Johannesburg Securities Exchange (JSE) listed companies.

From the introduction it is clear that a broad research problem of interest relates to the lack of clarity regarding the impact companies' sustainability efforts have on trust in business, given the existence of a global crisis of trust in business (Edelman, 2009; Kramer, 2009; Williams, 2008). In order to make a meaningful contribution to the research problem, a refined research question that allows for a practical study (given the complexities and multiple dimensions encountered when studying trust, i.e. a clear level of analysis, context, and a perspective from which trust can be studied) has been formulated as: "In the sustainability context and considering the GRI reporting framework: Are South African sustainability reporters finding sustainability reporting useful for enhancing companies' perceived trustworthiness among stakeholders?" The empirical part of this study focuses on the aspect of trust directly under the influence of the reporting company's representatives, i.e. 'perceived trustworthiness associated with sustainability reporting', as its unit of analysis.

3. METHODOLOGY

3.1 Trust model used

For the purpose of this article trust is studied in terms of the integrated trust model developed by Mayer, Davis and Schoorman (the 'MDS trust model') (2007: 345). The MDS trust model is widely cited and their conceptualisation of trust is supported by the work of other trust authors (Elsbach, 2004; Kramer, 2009; Nooteboom, 2002; Schoorman et al., 2007). "Designed to understand the major factors that explain trust from not only the individual level, but from the group and organisational perspective as well" (Schoorman et al., 2007:346), the MDS trust model allows for an analysis of the trust between a company and its stakeholders, which is required for this study. Furthermore the MDS trust model incorporates both the relational and process aspects of trust, and also provides an adequate explanation for rebuilding trust once violated (Schoorman et al., 2007).

3.2 Questionnaire and data collection

Respondents to the electronic survey-questionnaire were asked to reflect on stakeholders' perceptions of trustworthiness associated with sustainability reporting.

The questionnaire collects self-reported data of both quantitative and qualitative nature, and is a mixture of nominal, ordinal and open text type questions.

3.3 Measurement of perceived trustworthiness associated with sustainability reporting

The primary focus of the empirical part of this article is the measurement of perceived trustworthiness. According to the MDS trust model, perceived trustworthiness is an aspect of the trust process that directly affects the formation of trust, and is under the control of the trustee.

A measure required to assess the ability of sustainability reports to enhance perceived trustworthiness was developed based on the MDS trust model. Three aspects were formulated on the trust factors that explain the major part of trustworthiness: ability, benevolence and integrity (Mayer et al., 1995). A fourth aspect, namely open and honest communication, as suggested by Williams (2008: 440), was also formulated as it encapsulates the Socratic notion that a clarification of meaning contributes to the communication of trustworthiness. Respondents were asked to respond to each of the aspects using a four-point ordinal scale which allowed them to strongly disagree, disagree, agree, or strongly agree with each statement.

In terms of the MDS model, whether enhancements in perceived trustworthiness will lead to trust formation will also be influenced by the trustor's propensity to trust. For the purpose of this article a measurement of trust levels associated with sustainability reporting was therefore also required. The measurement of trust levels was based on the second subscale of the Organizational Trust Inventory (OTI) which measures trust in an organisation as a whole (Berry & Rodgers, 2003). The OTI was shown by Nyhan and Marlow (1997) to be an adequate and stable psychometric scale. The second subscale of the OTI was adapted in order to focus trust levels associated with sustainability reporting.

3.4 Stakeholder groups

The questionnaire recognises two distinct stakeholder groups (Clarke, 2004:194-195). Firstly, there are those stakeholders that are contractually bound to the organisation, i.e. those that have a highly specific and legal relation to the company. The second group is the community stakeholder group that refers to those stakeholders who have a general and social relationship to the company. By distinguishing between a contractual and a community stakeholder group, the extent can be ascertained to which the formality and legality of a company's relationship with stakeholders can influence trust.

3.5 Population and sample

In South Africa, sustainability reporting is done by either reporting company representatives or sustainability practitioners. Company representatives refers to those managers or employees of a company who are involved in a company's sustainability reporting process. Sustainability practitioners are non-employees contracted by companies to provide a variety of sustainability services which may include sustainability report writing, training, consulting, and assurance. Sustainability practitioners' views provide the opportunity for balancing company representatives' opinions, and are used to indicate respondent bias or lack of clarity concerning trust views.

The target population of the research is all company representatives and sustainability practitioners involved in sustainability reporting in South Africa. The exact population of company representatives and sustainability practitioners is unknown. The number of sustainability reporting companies in South Africa is also unknown, but is limited to the number of companies registered in South Africa. According to literature on sustainability reporting most sustainability reporting in South Africa is done by large multi-national companies, JSE listed companies and high environmental impact companies (Fig. 2007).

The sampled population of company representatives was the 325 companies listed on the Johannesburg Securities Exchange (JSE) main board on 1 January 2009. Of these listed companies not all issue sustainability reports. The survey-questionnaire was used to screen out non-reporting companies. The sampled population of the sustainability practitioners in South Africa was obtained through a desktop review completed between 1 January and 30 June of 2009. Twenty-six prominent sustainability practitioners were identified. Although care was taken to establish a comprehensive list of sustainability practitioners, the sampled population does not constitute an exhaustive list of sustainability practitioners.

3.6 Response rates

For the company representatives group, forty replies were received from the 325 JSE listed companies surveyed, giving a response rate of 12.3%. Considering that not all companies issue sustainability reports, response rates from reporting companies can be considered to be higher. According to the findings of Rea (2009), 162 JSE listed companies compiled sustainability reports at or near GRI standards. If these findings are used as an indication of the number of companies that do proper sustainability reporting, a response rate of 22.8% of South African reporting companies (37 out of 162) was achieved. Company representative respondents represented the major South African sustainability reporting sectors and companies, and held senior positions within their companies.

86% of respondent companies have issued more than three sustainability reports of which their latest reports are dated 2008 or 2009, indicating that they are regular reporters. Of the 26 sustainability practitioners surveyed, responses were received from 10, resulting in a 38% response rate.

4. SUSTAINABILITY AND COMPANIES

As dominant institutions, businesses are partly held to blame for causing global contemporary social and environmental problems (Edelman, 2009:2-3). Especially high profile multi-national companies are experiencing pressure from stakeholders and broader society to contribute towards sustainable development. In practice, companies are not always meeting societal expectations around their sustainability contribution and often end up with significant financial and reputational damage. This is illustrated by Toyota's decision to recall 5.75 million vehicles suspected of posing potential safety threats to drivers during 2010 (Reed & Sim, 2010) and the record settlement of \$550 million by Goldman Sachs for sub-prime fraud charges brought against them by the Securities and Exchange Commission (SEC).

The most prominent example of reputational and financial damage caused by a disregard for sustainable development is BP, whose 2010 Deep Water Horizon explosion caused a major oil spill into the Gulf of Mexico. A significant decline in BP's share price, employee disillusionment (Boxell & Crooks, 2010), strong regulatory and financial pressure on BP from the US government (Obama, 2010) and the resignation of company CEO, Tony Hayward (Arnot, 2010), are some prominent examples of the adverse stakeholder reaction to the disaster.

5. SUSTAINABILITY REPORTING AND THE GLOBAL REPORTING INITIATIVE (GRI)

5.1 Sustainability reporting

The example of BP illustrates that companies allocate funds and resources towards sustainability for different reasons. Although motivation might differ from company to company, reputational benefits are widely associated with being perceived as sustainable. Voluntarily reporting a company's sustainability performance provides an avenue that can be used to demonstrate its sustainability credentials.

Although still largely a voluntary activity, recent global and local surveys on sustainability reporting (Bartels et al., 2008; KPMG International, 2008; Rea, 2009) show that sustainability reporting has become a mainstream business activity among large companies both locally and internationally. A 2008 KPMG International Survey of Corporate Responsibility Reporting "indicated that 79% of global 250 companies disclose ESG [Environmental, Social and Governance] data" –(KPMG International, 2010:6).

External societal pressures and pro-social corporate intent are seen as two of the main drivers shaping sustainability reporting globally (KPMG International, 2008). External societal pressure is demonstrated by governance drives promoting integrating sustainability reports into companies' annual reports both internationally and in South Africa (IIRC, 2010; IOD, 2009).

5.2 Global Reporting Initiative (GRI)

Global and South African sustainability reporting practices are currently guided by a myriad of laws, inspirational principles conventions, standards, guidelines and transformational initiatives focused on the sustainability imperative –(KPMG International, 2010). Prominent examples include the UN Millennium Development Goals, the UN Global Compact, OECD Guidelines, the Equator Principles, the Principles for Responsible Investment, the Carbon Disclosure Project, the International Organisation for Standardisation (ISO) 14000 and 26000 series, the AccountAbility AA1000 series and the Global Reporting Initiative (GRI)(Worthington-Smith, 2009). Proponents of reporting standards believe that the quality of sustainability reporting can be enhanced through establishment of reporting standards and guidelines (GRI, 2009; Waddock, 2007, 2008). Reporting standards should provide a level playing field for sustainability reporters, allowing readers of sustainability reports to compare performance over time against peers and against benchmarks (Bartels et al., 2008:21).

The GRI has emerged as the dominant global standard for sustainability reporting (Bartels et al., 2008:21; KPMG International, 2008). In 2008, 77% of the global 250 companies used the GRI as guideline for reporting on their sustainability performance (KPMG International, 2008). The South African sustainability reporting landscape has seen a significant uptake of the GRI framework, making it the de facto sustainability reporting framework used by large companies in South Africa (KPMG International, 2008, 2010; Rea, 2009; Unterlerchner, 2007). The GRI is also recommended by the South African corporate governance framework, King III (IOD, 2009).

The following value propositions for companies can be associated with the GRI framework:

- Its comprehensiveness “as a tool for measurement and communication” – (KPMG International, 2010:15) and the multi-stakeholder design (GRI, 2009) makes it a useful framework for structuring and reporting sustainability performance in a shared sustainability language.
- Companies can enhance the credibility of its sustainability reports through association with a generally accepted standard for reporting. The GRI is endorsed by various reputable initiatives such as the UN Principles of Responsible Investment (UNPRI) and the UN Global Compact –(KPMG International, 2010).

- From a governance perspective the GRI provides a control system, as it aims to ensure quality, credible and relevant reporting (GRI, 2006). Ten global governments, including Germany and the United States, now include “a formal reference to GRI in their governmental corporate responsibility guidance documents and/or policies” –(KPMG International, 2010).

6. BUILDING TRUST THROUGH SUSTAINABILITY REPORTING

6.1 Introduction

Trust offers a relevant and complex metric that can provide insight into the impact sustainability reporting will have on stakeholder attitudes and behaviour. To ensure a contextualised interpretation of trust measures, relevance in the contemporary economic environment will firstly be discussed. Secondly, due to the complexities associated with trust, a discussion on the nature and functioning of trust will assist in interpreting findings with due care.

6.2 Relevance of trust in the contemporary economic environment

The current global financial crisis has accentuated the issue of faltering trust in business (Kramer, 2009). It is widely held that trust is an important contributor to societal well-being (Fukuyama, 1995; Mayer et al., 1995; Nooteboom, 2002; Williams, 2008; Zadek, 2007; Zinkin, 2004). The prevalence of corporate scandals and mismanagement has created a mistrust in business that is harmful to both business and society (Williams, 2008). Global trust indicators show that a crisis of trust exists in developed countries, where measured trust levels are at historical lows (Edelman, 2009; WEF, 2005). In South Africa, stakeholder trust in business is following similar trends to those of developing economies, i.e. the conduct of business as reported in the media is eroding stakeholder trust(AskAfrika Trustbarometer, 2009)

6.3 Nature and functioning of trust according to the MDS trust model

Trust is a complex and multidimensional phenomenon that is difficult to define, measure or predict (Fouche, 2006; Mayer et al., 1995; Nooteboom, 2002). Nooteboom (2002:7) states that complexity of trust does not imply that trust is unclear, imprecise or confused. The challenge is rather to incorporate the richness of dimension, conditions and meanings into our definition and measurement of trust. The MDS trust model, summarised in Figure 1 below, presents such a “clear multi-level conceptual model” of trust (Schoorman et al., 2007: 345). The workings of trust in this article will be discussed in terms of the MDS trust model, and, since this article is conducted from the perspective of the sustainability reporting company, the discussion will focus primarily on perceived trustworthiness as that aspect in the trust process that can be directly influenced by the sustainability reporting company.

As other aspects of the trust formation process indirectly influence the enhancement of trustworthiness, the trustor's propensity to trust and the outcome of risk-taking in the relationship (RTR) will also be discussed. The MDS trust model can be applied to the analysis of trust between stakeholders and a company in the sustainability reporting context. The “model was designed to understand the major factors that explain trust from not only the individual level, but from the group and organisational perspective as well” (Schoorman et al., 2007: 346). Their work is widely cited (6 445 times according to Google Scholar on 10 May 2012) and their conceptualisation of trust is supported by the work of other trust authors (Nooteboom, 2002; Elsbach, 2004; Schoorman et al., 2007; Kramer, 2009). The model accommodates the complexity and multiple dimensions of trust, while still being comprehensible and robust. The model can be applied to trust studies in the company-stakeholder context as it recognises the relational and process aspects of trust and provides an adequate explanations for building of trust once violated(Schoorman et al., 2007).

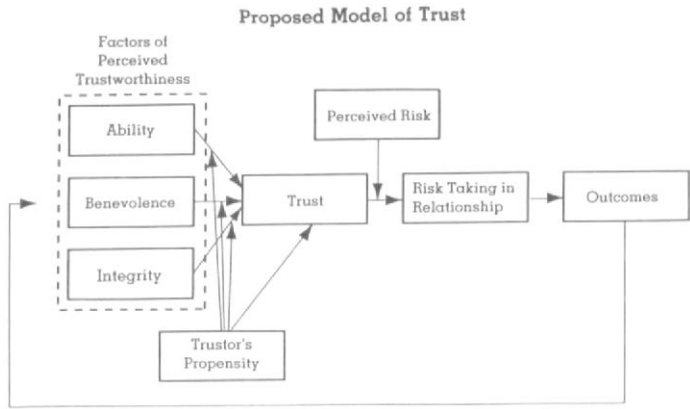


Figure 1: Mayer, Davis and Schoorman integrative trust model ('MDS trust model')
SOURCE: (Mayer et al., 1995)

In terms of the MDS trust model, perceived trustworthiness refers to the extent to which the trustee can demonstrate its trustworthiness to the trustor (Mayer et al., 1995). Ability, benevolence and integrity are the three factors that explain the majority of trustworthiness (Mayer et al., 1995:711). These characteristics are not necessarily unrelated to each other, and they are separable. Elsbach (2004:275) supports this notion by referring to a body of research which identifies both motivation and ability as bases of trust in organisations.

The MDS trust model recognises a trustor's propensity to trust, i.e. general willingness to trust, as an aspect of trust formation (Mayer et al., 1995). People with different personality types, experiences, developmental histories and cultural backgrounds will differ with regard to their propensity to trust

(Schoorman et al., 2007: 351). A stakeholder's propensity to trust will therefore be a major, but indirect determinant of whether trust formation will occur as a result of what a stakeholder reads in a sustainability report. Where a stakeholder's propensity to trust companies has been significantly damaged, a company will find it difficult to set the trust building process in motion through employing strategies aimed at enhancing its perceived trustworthiness. However, it generally holds that the default position of most trustors is to trust (Kramer, 2009; Nooteboom, 2002) rather than to distrust. In other words, in the absence of previous trust violations that have damaged the stakeholders' natural propensity to trust, stakeholders should lean towards trusting what companies report in their sustainability reports. The implication for this article is that when assessing whether sustainability reporting enhances trustworthiness, current trust levels need to be used as an indication of whether the stakeholder's propensity is still to trust. If the stakeholder's propensity is still to trust, it may be argued that trust building through perceived trustworthiness enhancement strategies should not be hampered.

The MDS trust model also recognises that trust formation is the result of a process that unfolds over time (Mayer et al., 1995). The MDS trust model takes into account that trust in a relationship is dynamic and will fluctuate depending on the outcome of previous experience within the trust relationship (Mayer et al., 1995). Therefore, the MDS trust model includes a feedback loop that based on the "outcomes of trusting behaviours...will lead to updating of prior perceptions of ability, benevolence and integrity of the trustee" (Mayer et al., 1995:728) by the trustor. The outcome of RTR will constantly update the stakeholder's perception of trustworthiness. RTR refers to the behavioural aspect of trust, and takes place once trust formed exceeds the perceived risk in a situation, resulting in trustors taking risks which render them vulnerable (Mayer et al., 1995). If RTR is rewarded this will benefit the trust relationship. However, if RTR is not rewarded it will negatively affect perceived trustworthiness and trust.

6.4 Illustration of how trust can be built with sustainability reporting

Based on the MDS trust model, the use of sustainability reporting to enhance trustworthiness and build trust in a sustainable development context can theoretically be summarised and illustrated as follows (Table 1):

Table 1: Summary of theoretic trust building processes, using sustainability reporting applied to sustainability development context (see section 7 for further discussion)

Applied MDS trust building process	Example of trust building process
i) In the absence of any serious prior breach of trust, stakeholders will generally trust what is reported in sustainability reports, i.e. the stakeholder's default position is that of trust.	In the absence of any serious prior breach of trust, an environmentally conscious prospective employee will generally trust what Company A reports in its sustainability reports.
ii) Based on perceptions created through sustainability reports, stakeholders will decide whether the reporting company has the ability, integrity and benevolence to develop in a sustainable manner, and as a result can be perceived as trustworthy. It is important to note that perceived trustworthiness will depend on the company's ability, through its sustainability report, to effectively communicate its ability, integrity and benevolence to the stakeholder.	Company A uses its sustainability report to clearly communicate to the prospective employee its ability, integrity and benevolence with regard to developing in a sustainable manner.
iii) The combined propensity to trust and the trustworthiness perception created by the sustainability reports, will determine the willingness of a stakeholder to be vulnerable in the relationship with the company, and this vulnerability will be a reflection of trust levels. If stakeholder trust levels exceed the level of risk perceived in a situation, the stakeholder will be motivated to take a risk in his relationship with the company.	Assuming the prospective employee's propensity is to trust, based on the perception created in its sustainability report that Company A is trustworthy in an environmental sense, the prospective employee decides to make herself vulnerable by applying for a position at the company.
iv) If the risk taken in the relationship by stakeholders is rewarded by the company, the stakeholder will in turn entrench and improve perceptions of a company's trustworthiness in a sustainability context. The improved perception might extend beyond the sustainability context and positively affect trust in business in the broader sense due to the benevolent nature of sustainable development.	If Company A's reported environmental performance proves to be a true reflection of the company's activities, the employee will remain in Company A's employment and will promote a positive image of Company A to stakeholders.

7. ENTRENCHING TRUST CREATED BY SUSTAINABILITY REPORTING IN THE LONG TERM

Table 1 explains and illustrates how sustainability reporting can theoretically be used to build trust in companies in a sustainability context. Having built trust in the short term however does not automatically imply that trust benefits will be entrenched in the longer term. As discussed, to entrench trust gains RTR first needs to be rewarded. If, as a result of misuse of sustainability reporting, RTR is not rewarded, misuse of sustainability reporting and resulting violation of trust has the potential to damage trust between the trusting parties. As Fukuyama (1995) points out, if a violation of trust leads to a breakdown in trust, it will significantly increase the cost of transacting between members of a society, and also increase the amount of surveillance of the trustee (Mayer et al., 1995: 728).

A major trust risk associated with sustainability reporting stems from the voluntary nature of reporting. Reporters have the opportunity to cherry-pick what they report (Mitchell, Hill & Stobie 2005). The lack of regulation associated with sustainability reporting makes it easier for reporters to manipulate reported results to their benefit (Laufer, 2003). This misuse of sustainability reporting will damage trust for those companies that manipulate their sustainability reports, as well as those of associated reporting organisations.

8. DISCUSSION OF FINDINGS

Theoretical insights on trust formation as discussed provide a framework from which an overview of sustainability reporting in South Africa can be discussed. In the discussion, findings will be presented for the combined respondent group. Trends that indicate between-respondent group differences will be highlighted where relevant.

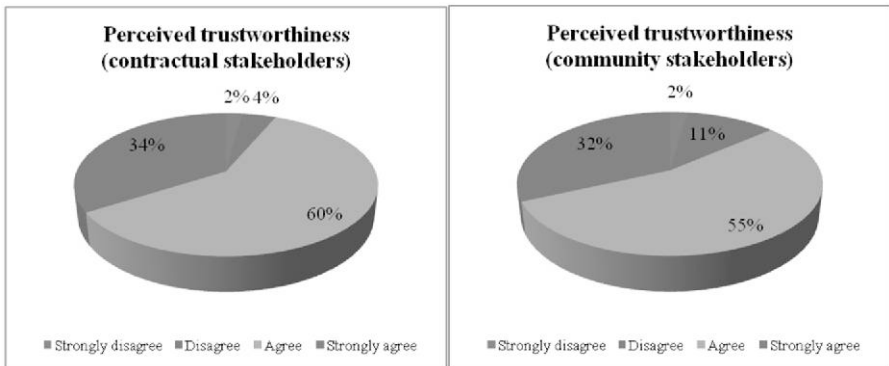
8.1. How the use of sustainability reports affect trustworthiness

The general perception among respondents is that stakeholders read sustainability reports every now and then, at a superficial level. It follows that only a limited window of opportunity exists in which a company can signal trustworthiness to its stakeholders. Effective signaling of trustworthiness within a limited communication window requires that sustainability reporters consider perception management strategies and tactics when compiling sustainability reports. In other words, reporters need to capture the attention of their stakeholders effectively, within the limited time frame available to them. Having obtained stakeholders' attention, reporters must then effectively communicate the company's contribution towards sustainability in the short time stakeholders spend reading the sustainability report.

8.2. Sustainability reporting, the propensity to trust and perceived trustworthiness

The World Economic Forum's 2004 survey on trust (cited in Williams, 2008:447) found that South African citizens' trust in business was twenty percent higher than global average trust levels. Trust levels in this study, measured in a sustainable development context, were found to be moderate to high. The moderate to high trust levels of this study are in line with general expectations around trust in business for developing countries (Edelman, 2009), which support the view that in South Africa, stakeholders are perceived still to trust what companies report.

Trustworthiness findings of this study show that the majority of respondents agree that sustainability reporting can enhance trustworthiness perceptions among stakeholders. Figures 2 and 3 show that for both contractual and community stakeholder groups the majority of respondents agree or strongly agree that sustainability reporting will allow companies to enhance perceived trustworthiness.



Figures 2 and 3: Perceived trustworthiness enhancement (source: own)

Trends indicate that enhancing perceived trustworthiness will be more difficult among community stakeholders than among contractual stakeholders. The relative strength of the relationship between the company and relevant stakeholder group could provide an explanation for the difference: traditionally, due to the contractual nature and higher frequency of interaction, companies know contractual stakeholders better, and have been able to establish clearer and more formalised relationships with contractual stakeholders than with community stakeholders.

8.3 Potential of the GRI as a useful mechanism for enhancing trustworthiness

Eighty-nine percent of respondents agreed that the GRI framework is useful for compiling sustainability reports and sixty-one percent of respondents agreed that sustainability reporting improves perceived trustworthiness of sustainability reports. When considering differences between respondent groups, sustainability practitioners are divided on whether sustainability reporting enhances the trustworthiness of sustainability reporting. The scepticism among respondents, especially sustainability practitioners, does not support the theoretical argument made in this study that the GRI framework provides a well-designed platform that can be used to enhance trustworthiness.

8.4 Misuse and preventing misuse of sustainability reporting

Seventy-six percent of respondents are of the opinion that sustainability reporting can be misused to create an undeserved image of reporting companies as socially and environmentally responsible organisations. These findings highlight that although sustainability reporting and the GRI can theoretically enhance trustworthiness, entrenching trust benefits will be made difficult by the high likelihood of misuse. Where perception management strategies are used to create an undeserved image of a company as socially and environmentally responsible, it could initially enhance companies' perceived trustworthiness.

The emphasis both companies and report readers place on improving sustainability reporting assurance practices (Bartels et al., 2008; KPMG International, 2008; Rea, 2009) is a manifestation of concerns that sustainability reporting will be misused in the absence of control systems. This research finds a preference among respondents for a strong control system, such as sustainability reporting assurance, to prevent misuse (Figure 4) and companies should take care that strong control systems do not prevent the formation of trust between stakeholder and companies.

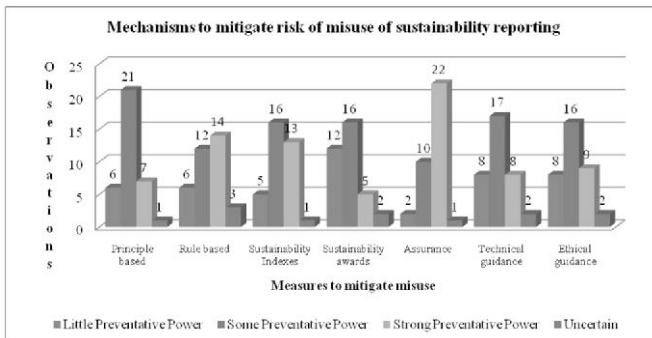


Figure 4: Preventative power of mechanisms used to mitigate the misuse of sustainability reports (source: own)

8.5 Considering the impact of respondent group differences

Considering the relatively small number of sustainability practitioners, findings indicate that differences of opinion exist between company representatives and sustainability practitioners. When comparing trustworthiness enhancements measured for the combined respondent group with that of only the sustainability practitioner group, trustworthiness enhancements drop from 'strongly agree' to 'agree' for contractual stakeholders. For the community stakeholder group, trustworthiness enhancements drop from a majority 'agree', to a 50:50 split between those sustainability practitioners who 'agree' and those who 'disagree'. These trends that show that sustainability reporters and sustainability practitioners disagree about the extent to which sustainability reporting enhances perceived trustworthiness, especially among community stakeholders, are indicative of a limited understanding of trust associated with sustainability reporting. On balance, however, it is not clear which of the groups' opinions provide a better reflection of trust.

9. CONCLUSION AND RECOMMENDATIONS

Findings from a South African sustainability reporters' perspective support the notion that sustainability reporting and the GRI have a role to play in building trust in business. Although findings indicate that respondents are generally positive regarding the usefulness of sustainability reporting for enhancing trustworthiness, differences between the company representative and sustainability practitioner groups indicate that respondents have not yet formed a clear understanding of the impact of their sustainability reporting on stakeholder trust.

Strategies that could contribute to increasing the likelihood of building long-term trust through sustainability reporting can be summarised as follows:

- Stakeholder-focused marketing, improved accessibility, and user friendliness of sustainability reports, if combined with clear channels for reader feedback, can provide an effective channel for clarifying stakeholder expectations around trust.
- Improved stakeholder engagement practices would assist in clarifying trust perceptions held by stakeholders, especially community stakeholders.
- Sustainability reporters and stakeholders should nurture the potential trust-building capacity inherent in authentic use of the GRI framework.
- Sustainability reporters and government policies should focus on strengthening control systems that prevent the misuse of sustainability reporting.

Easy and cost-effective ways of ensuring that RTR is rewarded do not, in all likelihood, exist. However, if sustainable development becomes part of the core business of a company, it will change the way a company does business. Authentically using sustainability reporting to engage stakeholders and guide sustainable development activities could reveal unexplored avenues for building future organisations.

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