

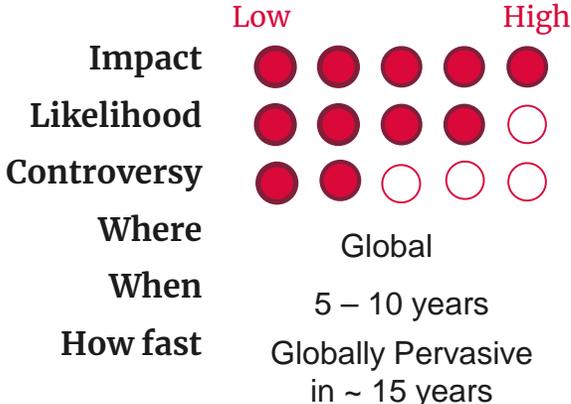
Trust is changing - “the greatest gains were in a performance category that is almost impossible to measure – trust”

Significance of trust growing with hefty implications for sustainable business, business resilience & policy.

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Research Topic: The Role of Trust in Corporate Sustainability & Business Resilience.

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Evidence shows that those businesses that are good at building and maintaining trust achieve high levels of sustainability and resilience.

The most observable trend is that trust is changing (Edelman, 2022). As trust changes – how to build and maintain trust also changes.

Businesses underpin society. With an increase in **disruption, uncertainty and instability** (Nauck et al, 2021) they must learn how to operate in a **sustainable and resilient** manner.

Reliance on **contracts will not deliver sustainability nor resilience**. No matter how meticulously a contract is worded, it is near impossible to detail every eventuality in a changing world.

The most comprehensive contracts may succeed in capturing transactional expectations to a high standard, but they fail when the expectation is more abstract i.e. sustainable practices

Regardless, drafting sustainability & resilience expectations in a contract does little to solve real-world problems. It does little to ensure compliance and action.

“As many as 100 per cent of the suppliers we had in-depth conversations with stated that they do not read codes of conduct from all their customers because the process is too time-consuming” – EcoVadis, *Sustainability Clauses in Commercial Contracts: The Key to Corporate Responsibility 2019*.

Trust compensates for what language leaves open to interpretation or fails to capture in a contract (Dasgupta, 1988). **Trust is changing rapidly and the implications are vast**. We need to better understand how trust works in business (Burchell & Wilkinson, 1997) to help facilitate more sustainable & resilient business partnerships & business operations. We need to learn how to use trust to our advantage.

For genuine sustainability & resilience, real action needs to take place. Trust is the core that delivers real action and it is changing.

Implications *(early research results indicate these trends)*

- Business Resilience – under conditions of disruption, contract re-negotiation is too slow and new supply is based on trust first relationships.
- Power shifts – CEOs are increasingly viewed as the most trustworthy leaders in society and are expected to make decisions in the public interest.
- Corporate & Supply Chain Sustainability will only be achieved if trust-based opportunities for innovation & co-creation are taken advantage of.

Early indicators

- For resilience in moments of disruption, **trust has proven to be the single most important performance factor.**
 - **UK ventilator challenge** - During COVID-19 a team of ~ 8,000 people collaborated to ensure that patients who needed a ventilator had one. **Production scaled from 150 per year pre-pandemic to 400 per day without the need for contractual processes** (PA, 2022)
- The Great Resignation – workers no longer willing to work for companies whose value's do not align with their own. Employees do not trust companies that show little concern for employee wellbeing and ethical, sustainable practice.
 - **Continental Airlines** – From filing for bankruptcy & ranking last in every measurable category to making \$250m in one year under the new CEO Bethune, 1999. **An active effort made to build trust internally and externally** resulted in a resilient, efficient and profitable mode of operation. *“The greatest gains were in a performance category that is almost impossible to measure: trust” – Sinek, 2019.*
- Companies that are working towards sustainability viewed as more trustworthy than others by consumers & employees. Fast Mover Consumer Goods brands that are focussed on sustainability are growing **50% faster** than other portfolio brands and **account for 60% of growth** (WARC,2020)
 - **Unilever** – ranked global leaders in sustainability for 12 years straight by GlobeScan & SustainAbility with shareholder returns of almost 300% over a 10 year period, trust is credited an integral part of the company’s success (Polman & Winston, 2021)

Drivers & Inhibitors *(early research results show us the following are important variables)*

- Understanding of how trust works in the context of sustainability & resilience.
- Competition & Disruption
- Media Pressures & NGOs
- Consumer, employee & staff preferences.
- Policy & Regulations.
- Resource Costs & Availability

References

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