



# TRUST!

THE MAGAZINE OF TRUST ACROSS AMERICA-TRUST AROUND THE WORLD

SUMMER 2023

OUR TEN YEAR  
UPDATE FEATURING  
ALL NEW  
ESSAYS

"Kimmel brings top thought leaders together to share their insights on how trust impacts business success."

—Stephen M.R. Covey  
author of *The Speed of Trust*

## TRUST

Inc.

Strategies for Building Your  
Company's Most Valuable Asset



Edited by

BARBARA BROOKS KIMMEL



[www.trustacrossamerica.com](http://www.trustacrossamerica.com)



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Our goal is to help leaders and organizations build long-term trust.

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# PREFACE

**by Barbara Brooks Kimmel**

Shortly after the 2008 Global Financial Crisis, a small group of experts convened in New York to discuss topics ranging from interpersonal to organizational trust and trustworthiness. We recognized that history repeats itself. and as we have since learned, the 2008 crisis was not the first time trust had been tested, nor was it to be the last. For many COVID 19 once again shed a light on just how fragile our trust ecosystem remains.

Trust Across America's mission is to help organizations build trust. We like to think of ourselves as social innovators. We are neither a non-profit nor a profit-motivated entity - rather, we seek to be self-supporting through modest and voluntary fees for some of our services. We are not trying to build a business around trust - we are trying to help leaders and organizations become more trustworthy. Much of what we do is "open source" and our work cuts across organizational and disciplinary boundaries. We seek to unite individuals and organizations under the common cause of furthering interpersonal and organizational trust. One of the ways we have been successful is via collaborative projects.

Almost ten years have passed since the publication of *Trust Inc., Strategies for Building Your Most Valuable Asset*. Back then my goal was to compile cutting edge thought leadership on both interpersonal and organizational trust which many global leaders considered the issue of the decade.

What, if anything, has changed in the past ten years? Have we made any progress in our understanding of trust as a tangible asset? Once again I invited a select group of colleagues to compose short essays on the current "state of trust." You will find an assortment of perspectives in this magazine ranging from general commentary on the state of societal trust to its impact on specific industries and occupations.

The contributors to this publications have impressive credentials. Individually and collectively their insights into trust should not be ignored. I would like to thank Bart Alexander, Stephen M.R. Covey, Dr. James Gregory. Charles Feltman, Lawrence Cunningham, Charles Green, Jon Lukomnik, Rick Funston, James Lukaszewski, Elaine Cohen, Jan Berger, Helen Gould and Lynn Walsh for their valuable contributions.

Have we made any progress in advancing trust the past ten years? Feel free to share your thoughts with me.

# TRUST IN TURBULENT TIMES

by Bart Alexander

We have all been taught that in turbulent times such as these, firm leadership is required. We wonder, what personality, strength of character, and expertise can we trust to guide us through the treacherous currents of climate change, demands for equity and justice, gridlock in governance, rapid technological change including artificial intelligence, and economic uncertainty? Whom can we trust to lead us through this polycrisis?

Interestingly, the etymology of “trust” is rooted in old Norse and English words meaning “strength” or “to make safe and strong.” In times like these, we crave leaders who will keep us safe and make us strong.

Trust Across America has taken a rather different perspective on the meaning of “trust,” one not grounded in formal authority, but rather in the quality of relationships within an organization. I and others, guided by Barbara Brooks Kimmel, helped to create [Trust Alliance Principles \(TAP\)](#). These dozen principles represent behaviors, norms and culture within “high trust” organizations, those that Barbara has demonstrated perform better than their lower-trust peers. A simple assessment tool, based on these principles, can quickly score any size organization on trust, and identify strengths and challenges moving forward.

Many of the principles relate directly to the capacity to listen and seek to understand different perspectives in order to work together, for example: Engage our stakeholders in shared purpose. Open to learn. Respect each other. Safe to be honest. Integrity.

These times demand this kind of trust — safety and strength that results from trustworthy behaviors. Through such behaviors, we bridge differences and together address challenges. High-trust organizations welcome unconventional views, listen and seek to understand the perspectives of their stakeholders, and then innovate. This capacity to hear and learn from those different from us is essential if we are to seriously address the polycrisis and its multiple currents.

Those in authority certainly set many of the parameters of trust in their organizations. Their personal ethics may be more important than the organization's code of conduct. And their leadership in welcoming different views and voices may outweigh any stakeholder outreach plan. To succeed, they may disappoint those seeking quick answers and immediate solutions, instead holding the listening and learning long enough to understand views of all involved, and together, address fundamental challenges.

In my head, I still can find the voice crying for those in charge to provide us with safety, along with clear direction and order. Yet the challenges we face today require innovation that top-down authority may foster but cannot command. We need communities and organizations that engage diverse stakeholders, understand their differing interests, learn from their knowledge and experience, and empathize with and address what they fear they may lose in change. Then, we will try new approaches, learn from our experiments, and effect positive change.

The "safe and strong" that we need goes well beyond those at the top.

Our personal, organizational, community, and global thriving will be based upon the trust established among those of us working together to build economic, social, and environmental value.

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# TRUSTWORTHINESS X TRUSTING = TRUST

by Stephen M.R. Covey

Recently, I presented at a conference for leaders running businesses with participants from over one hundred and fifty countries. Having spoken on trust in more than fifty-eight countries on-site—and in even more virtually—I've noticed that although every culture is beautifully unique and different, there is one common thread that runs through them all: *trust*. Regardless of the setting or the circumstances, each culture and country is shaped by trust – or the lack thereof. Every society, organization, team, group, and family functions well *only* to the degree there is trust. Indeed, it can be said that trust “makes our world go ‘round.”

If it feels like your world isn't going 'round right now, or it's going slower than you'd like, I recommend looking at trust first. The reality is, that low trust is almost always the root of the problem - or the most impeding barrier to the solution. Indeed, most organizational performance issues are really trust issues in disguise.

Never before has the impact of low trust been more prevalent or apparent. More and more we see examples of this play out on the news, as well as in our own organizations, communities, and neighborhoods. On top of that, we have more research and data on how trust drives performance available at our fingertips than at any other time in history. We know this is important. And yet, deliberately moving the needle on trust, which is vital for everyone and everywhere, continues to present an enormous challenge. Why is that?

## Trust the Noun

For me, it begins with understanding what *Trust* means. *Trust* as a noun is both complex and eye-opening. Take for example, this exercise that I invite teams and audiences to participate in when I speak on this topic. Consider the statement below:

*It is possible to have two trustworthy people working together and to have no trust between them.*

Take a few moments to ponder the significance of that statement, because in all my years of teaching trust, this is perhaps one of the most profound insights I've learned.

Read it again. What stands out to you?

The idea that you can have two trustworthy people working together and also have no trust between them continues to be one of the biggest challenges I run into when working with people— regardless of the situation. Whether it be on a team, between teams, in an organization, in the relationship between partners and customers, or even just on a personal level, this problem comes up again and again.

It exhibits itself as misalignment between departments, a lack of collaboration, weak retention, lethargic execution, an inability to innovate, and formation of silos. It becomes greatly magnified in the context of nearly every form of organizational change. It becomes a silent stumbling block on the road to innovation and progress. Have you experienced this or seen it in your own organization? The majority of people can relate to the frustration that comes hand in hand with low trust.

However, the statement I shared is only *part* of the insight. Take a moment to consider the completed message: *It is possible to have two trustworthy people working together and to have no trust between them . . . if neither person is willing to extend trust to the other.*

When most people think about trust, they simply think about *trustworthiness* – *the level at which someone can be relied upon or trusted*. Although insufficient by itself, trustworthiness is still a good place to start because it's difficult to have real, meaningful trust between people when one or both parties isn't worthy of it.

But here's the kicker: in my experience, our most significant challenge is *not* a lack of trustworthy people. Everywhere you go, you can find good, honest, trustworthy people to work with. So, that is less often the issue. Rather, the bigger challenge is trustworthy people who do not extend trust to other trustworthy people. Those same good, honest, trustworthy people are often the ones who find it hardest to give trust to others.

I can't tell you how many leaders I've worked with who are credible and authentic, who care deeply about both their work and their people, who are excited and eager to make a difference for their organization - and yet who just can't seem to extend trust, or enough trust for it to really matter. They are *trustworthy* but are not *trusting*. Both dimensions are vital. And because trusting is reciprocal, it goes both ways: employees and team members who are distrusted by their leaders learn to withhold trust from those same leaders. And the cycle and impacts of low trust continue onward. To achieve *Trust* in its ultimate noun form, we must have both components present and operating – trustworthiness and trusting.

## **The Good News**

Although your organization might not currently be operating at the level of trust you want, I believe this insight provides hope that it can. If our teams and organizations really are full of trustworthy people, it means there is enormous potential waiting for us on just the other side of a meaningful extension of trust. There are enormous benefits we have yet to reap if we shift our focus from not only being trustworthy but also to being trusting.

Gail McGovern, twice named one of the "50 Most Powerful Women in Corporate America" by Fortune Magazine, is a model of being trusting. When she became CEO of The American Red Cross, she inherited a \$209 million operating deficit, along with a Board mandate to eliminate said deficit within two years. On top of that, she was the 10th CEO of the prior decade. Walking into the struggling non-profit and assuming trustworthiness at scale may not have been the most natural position to take.



Knowing the difficult circumstances the organization faced, and how temporary the CEO role had been, Gail arranged a series of town hall meetings around the country—what she called a “listening tour”—with the intent to listen to and connect with employees as a foundation of developing a turnaround plan. During one such meeting, an employee bravely asked the question on everyone’s mind, point blank: “Gail, you’re new and we’ve gone through a lot of leaders. How do we know if we can trust you?”

Gail responded thoughtfully, “You’ll have to decide that for yourself but I certainly believe you’ll find in me someone you can trust.” Then she leaned in and emphatically declared to everyone in the room, “But let me tell you that *I trust each and every one of you.*”

This was an easy thing to say yet hard to do. But Gail meant it. She was *trustworthy* when she arrived, bringing with her an excellent track record, but that wasn’t what inspired her employees to trust her. It was her early decision to practice *trusting* others that people responded to powerfully. This strong start inspired her people and helped them to buy into her plan and vision for the organization. This unified front served them well as they were able to eliminate the deficit and kick off a turnaround that continues to this day to perform and serve society in profound ways.

### **Trusting Globally**

Another great example of trusting is Daniel Grieder, the CEO of global fashion retailer, HUGO BOSS, out of Germany. When Daniel was brought in from outside the company to serve as the new CEO, he immediately met with his top leadership team, and outlined, in essence, two possible paths forward. In that meeting, he laid out his vision and invitation for the future:

“Team, you don’t know me, and I don’t know you. So, we have two choices: we can spend the next year deciding whether or not we can trust each other . . . but then we’ll have wasted a year. Or we can decide to trust each other from day one. I choose the second option. So please know this: *I trust you. Please trust me too.* Trust is how we we’ll create a new way of working together, and a new culture.”

Can you imagine the impact this immediate extension of trust had on those in the meeting? In fact, I recently had the opportunity to meet with Daniel and his team, just about two years into his tenure and the results were obvious. In those early days, the company had created a five-year strategic plan and, even though only two years had passed they were already on year four of the plan! Indeed, they were operating at *the speed of trust*. The decision to trust each other internally had long since been made, and their external performance—as well as internal culture—was the proof. Through trust, Daniel and his team were able to build a strong culture of trust that allowed them to collaborate more frequently, innovate more fully, and achieve their goals more quickly. They were winning in the marketplace as a result of winning in the workplace first. Daniel was trustworthy but he also trusted his people who in turn trusted him and together they were able to achieve remarkable results.



Imagine how differently things might have gone in both scenarios had Daniel or Gail chosen not to extend trust.

## What About You?

Stories like this are inspiring but may also feel overwhelming due to their scale. But in my experience, the results of extending trust are just as impactful and magnificent on a personal level as they are on an organizational or global level. Perhaps this can be seen most clearly, as you consider these three favorite questions of mine.

The first is simply, “Who trusted you?” I often ask people to identify someone in their life who trusted them. Someone who saw potential in them that maybe they didn’t even see in themselves, someone who believed in them, someone who took a chance on them. Almost without exception, everyone can quickly, if not immediately, think of someone (and sometimes more than one). Whether it was a parent, a boss, a teacher, a coach, a friend – we all remember those people who trusted us and believed in us.

The second question I like to ask is, “How did that extension of trust impact the way you saw yourself?” We know these people had a great impact on us but there is something special about articulating how exactly they did and how it changed and inspired us. Regardless of the situation, deep down we all want to be trusted – and when we are, it does something for us. Being trusted is the most inspiring form of human motivation. Being trustworthy is vital—but sometimes the very thing that makes a person worthy of trust is when they find themselves on the receiving end of it. People more often than not rise to the occasion when they are given the chance to prove themselves.

Having thought about the person who trusted you and how it impacted your life for the better, my third question is, “For whom can *you be* that person?” The cycle of extending trust shouldn’t end with you. There are people out there waiting for someone to offer them the chance to shine. You can be that person for them.

I invite you to consider all three of these questions. No matter your circumstances – whether as CEO of a company, a manager of a small team, an hourly employee, a stay-at-home parent or simply as a human being, you have the opportunity to change lives through trust. Your organization, your team, the trustworthy people in your life can reap the benefits as you extend trust to them. And you will find in turn that they will extend trust to you. And this uplifting cycle, no matter where on the globe you might be, will indeed make your world go ‘round.

*Stephen M. R. Covey is co-founder and CEO of CoveyLink Worldwide. A sought-after and compelling keynote speaker and advisor on trust, leadership, ethics, and high performance, he speaks to audiences around the world. He is the author of The SPEED of Trust, a groundbreaking and paradigm-shifting book that challenges our age-old assumption that trust is merely a soft, social virtue and instead demonstrates that trust is a hard-edged, economic driver--a learnable and measurable skill that makes organizations more profitable, people more promotable, and relationships more energizing.*

# **TRUST IS THE LUBRICATION OF COMMERCE**

**by Dr. James Gregory**

Did you ever buy a product from a company you didn't trust? The decision sits in the craw of your throat. Uncomfortable, but perhaps without a choice, the process moves forward with the hope that you will be proven wrong, and everything will be okay this time. But unfortunately, your instincts are usually proven right. After all, there is a reason why a company hasn't achieved trust with you. They are not trustworthy.

Trustworthiness is a vital component of every corporate interaction. It is the lubrication of commerce. Without trust in the organization, the company will ultimately cease functioning effectively or efficiently.

Building trust between the company and its customers starts with the CEO. Still, it is also the responsibility of every individual in the company where contact is made with the consuming public. Trust takes time to build but can be lost instantly if communication isn't sincere or the intention isn't authentic. Trust is vital to the health and vitality of the corporation, and it needs to be embedded in the company's DNA.

Consciously think about your interactions with the products or services you purchase daily. For example, consider your level of trust at the point of sale when you offer your credit card to complete the transaction. Not every purchase will be made with 100% confidence in the company and ask yourself what they might do differently to gain your trust. That kind of critical thinking and planning puts companies on the path of utilizing trust to build it into a valuable intangible asset that can be measured and managed for value creation.

## **Will management invest in building a trustworthy organization?**

Trust is an intangible quality that exists between individuals. Trustworthiness is organizational trust, which is an intangible asset of the company. Trustworthy companies, in my opinion, will benefit from higher revenue and a greater cash flow multiple (premium investors are willing to pay for a share of stock) than peer companies with lower trust scores. This belief is based on thirty years of proprietary quantitative research called the Corporate Branding Index® (CBI), which found that individuals like to buy from and invest in companies they deem familiar and favorable.

The research conducted in the CBI examined descriptive attributes quantitatively and longitudinally over time among an audience of impartial observers. This study included thousands of interviews conducted annually among hundreds of companies, which created a rock-solid benchmark for evaluating how intangible assets impacted the corporate brand and financial performance of the firm, including the stock price. In addition, corporations utilized the study to understand how business decisions affect the corporate brand and, ultimately, the company's long-term financial performance.

The attributes measured in the CBI included *overall reputation, perceptions of management, investment potential, and aculture of innovation*. When measured together, these attributes were utilized to predict financial performance when all other financials are held constant. In addition, the models were proven effective for decision-making and examining "what if" questions of importance to the CEO and board of directors.

### **Is trust measurable and manageable?**

Barbara Brooks Kimmel, CEO of Trust Across America, has developed a consistent way of measuring *trustworthiness* that is consistent, independent, longitudinal, and reliable. These are the elements required in building independent variables when valuing intangible assets.

Trustworthiness as an intangible asset that can be managed and measured for value creation. Trustworthiness is a collective perception of an entity from the perspective of every audience that is important to the entity. Key audiences include employees, customers, investors, media, and local communities. While the research methodology between the CBI and Trust Across America differs, the overall concept and top line findings run parallel. As a result, I believe *trustworthiness* is a powerful intangible asset that significantly impacts the company's brand and, ultimately, its financial performance.

Trust is the most vital intangible asset of any personal or business relationship. Trust is a primary component of every interaction, quietly influencing and persuading every decision. Trust is a delicate but persuasive intangible that can sway important and valuable assessments. Any perceived breach of trust will end a negotiation no matter how sweet the deal is being considered. Trust is the final trigger for most business investments, as an individual can contemplate the cost/benefits of a purchase for hours. Still, the commitment is made to the actual purchase because the buyer trusts the seller.

Building trust creates a premium value for product brands and enterprise value for the corporate brand. Trust is the most valuable intangible asset and can be managed like any other asset. Having a clear vision and training employees to communicate consistently over time is the best way to build the value of trust.

Customers want to buy from companies they can trust. Investors want to invest in companies they trust. The media would like to write articles about companies that give them the straight scoop. Employees want to work for a trustworthy company. What every stakeholder has in common is a desire to be treated with honesty and respect, which is the essence of trust. Therefore, understanding how to measure and manage trust makes good business sense.

**Dr. James R. Gregory** founded **NYLAQ Advisors**—Managing Intangible Assets for Value Creation. Jim also serves as chairman emeritus of Tenet Partners, a global brand innovation and marketing firm based in New York, NY. With 40 years of experience in advertising and branding, Jim is a leading expert on corporate brand management and is credited with developing strategies for measuring the power of brands and their impact on a corporation's financial performance. Most notable of the tools that Jim has developed is the CoreBrand Index (CBI), a quantitative research vehicle that continuously tracks the reputation and financial performance of over 800 publicly traded companies across 50 industries. For additional information, please visit

<http://www.NYLAQ.com>

# THE (UN)CHANGING LANDSCAPE OF TRUST

by Charles Feltman

When I was asked recently how trust has changed over the past decade my first thought was that trust has been taking a pretty bad beating recently. According to most major surveys, including the annual Edelman Trust Barometer, Gallup, Pew Research Center, and others, trust has been declining. The people, groups and institutions we trust keep rearranging themselves in our collective minds, with some gaining in trust while others fade. But overall our trust in each other and our institutions has been trending downward.

But if you think about it, how we experience trust now is the same as it ever was. So is the value of trust – what it does for us – in business, politics, society, and life. As Stephen Covey has written, “Trust is the foundation for everything we do...” It is part of every relationship we have and undergirds everything we want or need to do together.

## The Unchanging Experience of Trust

Our bodily experience of trust (and distrust), the sensations we feel, and the underlying neurophysiology that produce them have been with us for millennia. We are hard-wired to trust and to distrust, and we need both. Trusting others allows us to work together to accomplish what none of us can do alone. Distrust is built into our biology to help us stay alive and safe.

What we are predisposed to do when we trust or distrust someone, or a group of someones, is also pretty much the same now as when humans were living in small clans and painting stuff on cave walls.

When we trust others we feel safe enough to be open and at ease with them. At work this translates to collaborating effectively and have fun doing it. We happily share our ideas, good, bad and everything between, with people we trust. When we trust an information source we form opinions and act based on what we hear from them. When we trust a company, we tend to buy from them and invest in them. Trust naturally draws us toward who and what we trust.

Distrust, on the other hand, insists we act to protect ourselves. People, groups, companies, and institutions we don't trust we avoid like the plague if at all possible.

## In Whom We Trust (or not)

When you think “I trust this person/group/company/organization” you are making an assessment that their future behavior won't harm and in fact will support you. That assessment leads to the embodied experience of trust described above, together with feeling certain emotions that travel with trusting, e.g., generosity, curiosity, hope, happiness, care. The same is so with the assessment “I don't trust” except the sensations and emotions are distinctly different.

Which brings me to what has changed in the past decade and continues to change: who we trust, and to what extent we trust/distrust them. Trust has never been really high among us as a species, but according to several recent studies we are trusting less. Many parts of the foundation Covey talked about are crumbling.

For example, the Edelman Trust Barometer, an annual global survey of trust levels in business, government, NGOs, and media, has found a profound shift over the past decade in which of these institutions we place more and less trust.

Our trust in governments and media has dropped while at the same time respondents reported stronger trust in business and NGOs. Why trust has shifted away from media and government has a lot to do with the belief that they are intentionally sewing misinformation and division for commercial and political gain. What came to light through Dominion Voting Systems' recent lawsuit against Fox News is one example of this on the media side. We also see polarizing political figures at both ends of the spectrum actively trying to divide people to increase their influence and power.

Their 2023 study also reports people worldwide are becoming more polarized in general. Increasing polarization, the Edelman report shows, is both a driver and result of distrust. And the trend is not going in a positive direction.

Surveys by PwC, Pew Research Center and the Knight Foundation have looked at the trust employees and customers have in companies vs. what company leaders believe, and our trust in science and media, respectively. Again, they find changes in who we trust/distrust, with an overall downward trend over the last decade.

Couple decreasing trust with what we know about what we do when we distrust others and we have the makings of a slow-moving disaster. Unless we start turning this ship around we will see diminishing cooperation with increasing polarization, more balkanization in politics and society, less willingness to talk things out as people pull back from those they distrust.

### **Trust-Building as Necessary Work**

I believe now more than ever it's time for those of us who work in the field of trust-building, who have the tools and expertise, focus on helping the people we work with become competent trust-builders in their chosen fields. We understand that trust-building is a competency that can be learned, developed and practiced. We have frameworks and tools to support people as they try to build their own trust-building capability.

It is also time for leaders everywhere to step up and put learning and practicing trust-building at the forefront of their work. Doing so can reverse the downward trend of trust in the world around us.

Stronger trust between people at work (where we spend most of our time) and in our communities, and between us and the institutions that hold together the fabric of those communities, is going to be essential for us as a species to make it through the big storms looming on the near horizon: climate change, political and social upheaval, and the potential threats posed by AI.

*Charles Feltman of Insight Coaching has over 25 years of professional experience coaching, facilitating, consulting to, and training people who lead others. An overarching goal in all of his work is that his clients experience both success and wellbeing at work and in all areas of their lives. Charles is the author of The Thin Book® of Trust: An Essential Primer for Building Trust at Work, based on three decades of experience working with individuals and teams to build, maintain, and when necessary restore trust.*



# THE BUSINESS CASE FOR TRUST

by Barbara Brooks Kimmel

Contrary to what many executives are lead to believe, trust is not a “soft” skill. In fact in today’s challenging business environment it may mean the difference between survival and failure. Trust impacts an organization in multiple ways. The following represents some of the more current and less biased research/surveys supporting the business case for trust:

## Profitability:

- According to the proprietary FACTS® Framework research conducted by Trust Across America-Trust Around the World, over a 10-year period the most trustworthy public companies outperformed the S&P 500. 2022  
<https://trustacrossamerica.com/documents/index/Return-Methodology.pdf>
- Companies that actively and consistently build trust amongst consumers across their entire spectrum of brands gain greater marketing efficiency. They face fewer headwinds in marketing and selling their products and services, have more effective advertising due to higher believability, and can charge a premium for their products. Ipsos Mori Trust the Truth, September, 2019
- Accenture Strategy Global Consumer Pulse Report surveyed 24,877 consumers worldwide about their evolving expectations towards companies. Lack of trust costs global brands \$2.5 trillion per year. This compares to \$756 billion lost by U.S. companies and 41 percent loss of clients. 2017
- Research shows that 30% of a company's value is at risk where trust is broken with the public and external stakeholders. Those CEOs who have a proactive approach to crisis planning view simulation training and drills as an investment. They also see it as a way to test and build the trust and confidence of their teams. It hones and develops leadership and communication skills, builds coherence and cross-functional support.  
\*McKinsey & Company research in Connect: How companies succeed by engaging radically with society – 2015 - John Browne, Robin Nuttall, Tommy Stadlen

## Employee Engagement:

- According to Gallup, when employees don’t trust organizational leadership, their chances of being engaged are one in twelve. But when that trust is established, the chances of engagement skyrocket to better than one in two. A highly engaged workforce means the difference between a company that outperforms its competitors and one that fails to grow. Currently 31% of the working population are engaged. Taking into consideration three Gallup measures of employee engagement this year, the overall percentage of engaged workers during 2020 is 36%. July, 2020
- According to PwC, when we look at employees, 22% have left a company because of trust issues and 19% have chosen to work at one because they trusted it highly. In other words, one out of five of your employees who leave don’t do so primarily for a better salary or position. They leave because they don’t trust your company. PwC Trust in US Business Survey August 2021



### **Workplace Stress & Wellness:**

- Research on the link between trust and wellness in [recent SmartBrief article](#). 2020
- The level of trust in the work environment is also associated with increased adjusted odds of having cardiovascular disease. International Journal of Environmental Research, 2019
- Research from 2018 suggests that "trust and perceived support are both significant predictors of mental and physical health, job satisfaction and turnover intentions. However, the support at the team level is a more important predictor, while trust is a stronger predictor at the organizational level." Italian Society of Occupational Medicine, 2018

### **Improved Stakeholder Relationships:**

- Only 7 percent of Americans believe that major company CEOs have high ethical standards, and only 9 percent have a very favorable opinion of major companies. Only 42 percent Americans trust major companies to behave ethically, down from 47 percent last year. Public Affairs Council, 2018

### **Regulatory Costs:**

- The Competitive Enterprise Institute reports that The cost of Federal Regulations is approaching \$2 trillion annually. To put that number in perspective, if U.S. regulations were an economy, it would be larger than Canada's entire GDP and the eighth largest in the world. The regulatory state costs more than the U.S. government collects from income taxes. It's almost equal to all corporate pretax profits earned in 2016. Investor's Business Daily April 19, 2018

The next time someone challenges the business case for trust, please share this research.

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# **BUILDING TRUST THE BUFFETT WAY**

## **by Lawrence A. Cunningham**

My wife and I were gratified when Warren Buffett endorsed our book, *Margin of Trust*, in his 2020 letter to shareholders of his company, Berkshire Hathaway. As he noted, *Margin of Trust* is about the trust-based business management principles applied in the organization of Berkshire and a dozen other highly successful corporations.

The book title is a play on Buffett's more familiar investment mantra, the "margin of safety," referring to the importance of paying a low price compared to value obtained. Doing so creates a cushion against the hazards any investment poses. When opportunities to buy with a thick margin of safety appear, Buffett advises investors to buy substantial quantities.

In the management arena, our book coins the phrase "margin of trust" to stress an analogous approach to people, stressing the importance of associating yourself only with the most trustworthy colleagues. As Berkshire grew into a diverse industrial conglomerate in the past three decades, Buffett increasingly emphasized the importance of working with the most trustworthy business associates.

After all, in any organization, decisions are best made by those closest to the issue. That means the best decisions are those that have been delegated to the managers of particular business units, not headquarters. But that only works if those managers can be trusted. Therefore, leaders like Buffett seek to identify, encourage and reward highly trustworthy managers. Doing so correlates naturally with two organizational design features: corporate decentralization and managerial autonomy.

The value of this trust-based model is evident in both the operating performance and absence of scandal at Berkshire and the dozens of other leading companies that follow the principles of autonomy and decentralization. Among companies boasting such approaches are two on whose board of directors I serve, Constellation Software and Markel Group, as well as others such as Danaher, Dover, Fairfax Financial, Illinois Tool Works, Roper Technologies, and TransDigm Group.

All these companies use slightly different approaches. But all are united by core practices stressing autonomy and decentralization. And each one's culture of trust follows from the tone that is set at the top, from the C-suite and boardroom. From there, trust percolates throughout the organization in daily decisions, challenges, and crises.

Sustaining a trust based corporate culture can be challenging, however, because the prevailing American corporate culture of command and control. In recent decades, boards have faced rising pressure for accountability, leading them to command corporate officers to install elaborate internal controls, information systems and compliance programs.

While well-intentioned, such efforts inhibit a trust-based culture and even dampen the trust that employees up and down the ranks must have. After all, trust is a powerful motivator. Autonomy empowers employees to focus on tasks rather than on reporting compliance. Payoffs include more effective leadership, lower cost of administration and other corporate efficiencies.

America's corporate governance systems also make it difficult for boards to set the tone of a trust-based corporate culture. In the name of "accountability," the system has veered from principles and tailored approaches towards mandatory rules and standardized practices for all. Today all boards are expected to follow delineated protocols ordained "best practices," whether or not they are best for a particular company. Such uniformity diminishes the trust that can form when directors and shareholders exchange views and make their own decisions based on the needs of the company.

Boards, however, should appreciate that one shareholder cohort, those with long time horizons and concentrated portfolios, prize trust-based cultures. Rather than conforming to standardized governance controls, companies that attract such quality shareholders can follow tailored arrangements to suit, on matters ranging from shareholder voting rights to boardroom practices. For such companies—exemplified by Berkshire as well as the others mentioned above—the margin of trust repeatedly thickens, as shareholders trust directors, boards trust managers, and performance results vindicate the trust.

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*Professor Cunningham has written dozens of books and scores of articles on a wide range of subjects in law and business. These include best-selling books such as *The Essays of Warren Buffett* (in collaboration with Warren Buffett) and *The AIG Story* (written with Hank Greenberg) and influential research articles on accounting and corporate governance. Before retiring from GW in 2022 at age 60, Cunningham founded and for many years directed GWNY, GW Law's innovative boot camp for aspiring Wall Street lawyers.*

# **RISK, RISK MITIGATION, AND TRUST**

**by Charles H. Green**

What, exactly, is the relationship of these three ideas? Make no mistake, they are linked – but not in the ways many of us think.

And the connection differs according to one vital variable – whether we are talking about institutional trust, or about personal trust. Let's explore a few examples.

Let's say Company A implements an ESG program, and a program of strict compliance with regulations concerning financial accounting. What are the results?

Quite possibly Company A will show an increase in reputational rankings. Some surveys might show the company has increased its perceived trust ratings. In simple terms, it is said that Company A has increased trust, because it has chosen to mitigate the risk of antisocial or legal exposure.

But this is a narrow view of 'trust.' What, exactly, are we trusting Company A to *do*? We trust it to pursue a more predictable approach to social issues, and to avoid running afoul of securities and accounting laws. Fair enough. But do we trust Company A's employees to behave in more trustworthy ways in their interactions with us as customers? Do we trust the CEO will not violate election campaign contribution laws? Or that Company A's leadership team will be rigorous truth-tellers? Do we trust that their sales team will not use bait and switch tactics?

The answer to all those questions is no. The stated policy of an inanimate corporate entity can give us confidence about the firm's future behavior in these proscribed areas – but that says little to nothing about the behavior of its people, or even of the firm's behavior outside the area of the policy in question. This is what we might call 'thin' trust.

This is institutional trust. It largely amounts to increased predictability and a positive image, or reputation.

Now let's say that Person A in Company A is a high-ranking official. Person A is a truth-teller; has a proven track record of meeting their promises and commitments; is open about themselves and makes others comfortable in interactions; is ever-mindful of the needs and feelings of others; and is focused more on long-term relationships than on short-term transactions. What are the effects of Person A on trust in Company A?

First, Person A will be trusted by a variety of parties – customers, vendors, other employees. Second, their trust in Person A is not limited to a particular policy, transaction or issue, because Person A's trustworthiness is a character trait – a virtue, if you will – and extends to all their interactions; the trust is not conditional. Third, trustworthy people like Person A are typically also good at trusting others; and trusting others tends to make others, in turn, more trustworthy.

This is what we might call 'thick' trust, and it is the dynamic of personal trust.

One form of trust is not 'better' than the other, but they are different. The differences show up when we consider risk and risk mitigation.

### **A Few Questions Answered**

***Does trust mitigate risk?*** Yes and no. Personal trust definitely mitigates risk, across a whole range of issues. Anyone dealing with Person A faces lower risks than dealing with Person anti-A.

Institutional trust mitigates some risks, but increases others. It increases our confidence about how Company A will behave in certain circumstances. But the tools of institutional trust often rely heavily on control – legal agreements, sanctions, policies. While they mitigate the risk of a rogue employee behaving badly, they do so at a cost – the cost of minimizing the role of personal character in business interactions. Indeed, this is often the *purpose* of institutional constraints and policies. They decrease the potential role of personal trustworthiness in the pursuit of mitigating institutional risk.

***Can there be trust without risk?*** No. Trust is a risk mitigation strategy, both institutionally and personally. If you engineer out risk completely, there is no role for trust. Ronald Reagan's famed dictum of "trust but verify" is the antithesis of trust – if you have to verify, there is no trust to begin with. A so-called 'trustless process' is one devoid of personal trust, though it may be said to increase institutional trust (ironically by dehumanizing the process).

***Does personal trust cause institutional trust, or vice versa?*** Imagine a company with a reputation for trustworthiness, but in which all the employees behave in untrusting and untrustworthy manners with all stakeholders. How long will that company maintain its high-trust reputation? Not long at all.

Now imagine a company with low reputational trust, but in which all the employees behave in trusting and trustworthy ways in all their interactions with all their stakeholders. How long will it take for the company's poor reputation to improve? Longer than the first example, but again not all that long.

This suggests the better route for increasing both personal and institutional trust is to focus primarily on interpersonal trust.

**Which is more powerful: institutional or personal trust?** This is a natural question, but not a very good one. Personal trust is probably ultimately more powerful, but each has a role. Policies and regulations don't have to kill off personal trust, as long as they are viewed by employees as embodying shared corporate values and principles. Corporate values and personal virtues should be viewed as complementary. Problems arise when the 'values' are seen as constraints on personal malfeasance.

**Do I have to choose?** No. Personal and institutional trust can make up a complementary virtuous circle. This happens when the institutional principles or rules are viewed as affirmative statements of principles, or values, shared by all employees. Corporate values, combined with personal virtues, are a powerful combination.

Things go wrong when institutional trust is based on rules intended to rein in personal freedom and autonomy, implying that forced compliance creates more institutional trust than the personal trust it displaces. This way of thinking usually doesn't end well.

### **A Cautionary Tale**

Years ago I had a consulting client, a convenience store chain. They hired my firm to reduce store manager turnover, which was running at an astonishing 100% annual rate. The client assumed they were hiring the wrong kind of person and wanted us to write specs for more trustworthy hires.

The client was wrong. It turned out they administered lie detector tests to every store manager every month – because they didn't trust their managers. The result was utterly predictable; people live down to expectations, just as they live up to expectations. After a few months of being given lie detector tests, many managers figured someone must be getting away with something, and had little compunction about trying it themselves. And so they stole, got caught, and were fired.

The problem was not untrustworthy hires. The problem was that the chain tried to mitigate theft risk by imposing untrusting rules on its own employees. The result was a resounding failure of both personal and institutional trust, ending up with not mitigating any risk at all, but creating more.

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# TRUST AND CORPORATE GOVERNANCE

by Jon Lukomnik & Rick Funston

"Trust is an important lubricant of a social system," wrote Nobel-prize winning economist Kenneth Arrow. "It is extremely efficient; it saves a lot of trouble to have a fair degree of reliance upon other people's word."

Corporate governance is nothing if not a social system. Its role is to mediate, as best as possible, a host of players with not always-aligned interests to allow a complex organization to be governed efficiently and effectively. Time frames differ and information asymmetries abound. Constantly changing contextual factors -- from the amount of money at stake to the general vicissitudes of the economy and the competitive environment -- add pressure and urgency.

The smooth functioning of an organization therefore relies on an assumption of regularity. That, in turn, relies on two "trust" factors. First, that the people involved can trust each other and, second, that the corporate governance system itself is trustworthy. Ideally, that combination results in confidence from all parties involved that the other people involved will "do the right thing".

But far too often, corporate governance is not working the way it should.

According to PWC the level of trust is tenuous: 64% of executives and 58% of investors don't trust boards of directors to remove underperforming directors. Six out of ten executives and four out of ten investors don't trust boards to assess performance correctly. And nearly half the executives and nearly a quarter of the investors don't trust boards to guide a company through a crisis. Somewhat counterintuitively, the closer the interpersonal relationship is structurally, the less the trust. Executives, who work with boards of directors, consistently distrust boards to do the right thing more than outside investors. (April 2023 Harvard Law School Forum on Corporate Governance)

## What can be done to improve the situation?

First, understand what builds interpersonal trust. "Trust but Verify" is an old Russian proverb that President Ronald Regan used in his dealings with the then Soviet Union. But we suggest that it is topsy turvy. It should be "Verify then trust" because trust builds when expectations of someone acting appropriately prove out consistently. Repeated demonstrations of trustworthy actions engender trust in that person to do the right thing in the future.

In a corporate governance context, the most effective way to demonstrate trustworthy actions is for a board of directors to create appropriate verification mechanisms. The first is simply how boards and managements communicate. From the management side, clear, concise and timely explanations of deviations from expectations or acceptable performance -- so-called exception reporting -- demonstrate openness and focus.

From the Board side, professional due diligence performed through constructive challenge (asking appropriate questions to ensure management has considered various facts and action options) begins to hold management accountable. How management answers those questions can begin to build or decrease trust.

A second method to build trust (or to discover that someone is not trustworthy) is when independent experts reassure that the information provided by management is accurate, relevant, and robust. Independent experts include the external auditor which provides reassurance about financial statements and internal controls. Independent counsel does the same for various legal and compliance issues. Perhaps most important is the internal audit function, which today often opines on various operational and compliance processes. And, of course specific corporations may use specific expertise; a pension fund may want reassurance from an independent actuary.

A third method to increase trust is to verify the reliability of various systems so that everyone can be reasonably confident in the process by which the information or analysis is produced. However, once a system has proven itself trustworthy, then its output should be spot-checked especially if something material changes in the environment in which it operates. Verification should be a continuing process.

The PWC results demonstrate we have a long way to go to reach Arrow's efficient system, underpinned and lubricated with trust. Building out the verification mechanisms by which trust is built between the Board and management can help move us in the right direction.

*Forbes calls long-time institutional investor Jon Lukomnik one of the pioneers of modern corporate governance. The managing partner of Sinclair Capital LLC, a strategic consultancy to institutional investors, Jon has been the investment advisor or a trustee for more than \$100 billion (including New York City's pension funds) and has consulted to institutional investors with aggregate assets of \$1 trillion dollars. He served for more than a decade as the executive director of the IRRRC Institute and is a former Pembroke Visiting Professor at the Judge Business School at Cambridge. Jon is a member of the Deloitte Audit Quality Advisory Committee, a trustee for the Van Eck mutual funds and serves on the Standards and Emerging Issues Advisory Group of the Public Company Accounting Oversight Board. Jon co-founded the International Corporate Governance Network (ICGN) and GovernanceMetrics International (now part of MSCI). He is one of the Inaugural Fellows at the Sustainable Investing Research Initiative of Columbia University's School of International and Public Affairs, and Senior Fellow for the High Meadows Institute. Jon's most recent book, "Moving Beyond Modern Portfolio Theory: Investing That Matters" is co-authored with Professor Jim Hawley. Their work focuses on MPT's inability to deal with systematic risk.*

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*In 2001, he created the concept of risk intelligence for both value creation and value protection. He is a frequent public speaker and is the principal author of *Surviving and Thriving in Uncertainty: Creating the Risk Intelligent Enterprise®*, published by John Wiley & Sons in April 2010. He is currently working with Jon Lukomnik on a new book: *Five Keys to Improving Governance Effectiveness*.*

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# **The Ethical Expectations of Leadership: Preserving, Protecting And Recovering Trust**

**by James E. Lukaszewski**

My world is one of organizational trouble and troubled leadership. One of the serious collateral damages to trouble is trust loss in leadership due to often intentional ethical lapses. I define trust as the absence of fear because when trust is severely damaged or gone, it is replaced by fear, uncertainty and doubt. There is a strategy for sustaining trust which is sensible, constructive, purposeful and effective, but requires the systematic participation and example through communication and behavior by leadership. Even in the most adverse circumstances, we expect leaders to be trustworthy and act ethically. We are surprised and disappointed when they fail.

## **Meeting Trust/Ethical Expectations**

Leaders must implicitly and explicitly recognize the ethical expectations by everyone inside and by their constituencies outside their organization. Focus groups, polls and interviews performed during and after trust busting incidents reveal an important list of these Trust/ethical expectations:

- 1.Find the truth as soon as possible: Tell that truth and act on it immediately.
- 2.Promptly raise the tough questions and answer them thoughtfully: This includes asking and answering questions yet to be asked or thought of by those who will be affected by whatever the circumstance is.
- 3.Teach by parable: Emphasizing wrong-way/right-way options.
- 4.Vocalize core business values and ideals constantly: Most core values are a set of ideas thought up on a management golf outing, brought in on the back of a clubhouse napkin, then printed and posted without another word being spoken. The values and ideals of a business are what employees and others bring to work every day.
- 5.Walk the talk: Be accessible; help people understand the organization within the context of its values and ideals at every opportunity.
- 6.Help, expect and enforce ethical leadership: People are watching; people are counting; people know when there are lapses in ethics causing trust to be broken. When bad things happen in good organizations, it's those occasional lapses that deepen the troubles.
- 7.Preserve, protect, defend and foster ethical pathways to the top of the organization: Constantly identify, explain, explore and warn about situations where ethical processes can be compromised on the way, especially among executives who are on upward career trajectories.
- 8.Be a cheerleader, model and teacher of ethical/trustworthy behavior: Ethical behavior

builds and maintains trust. In fact, to have trust in an organization requires that its leaders act ethically constantly.

9. Make values more important than profits: Most people seem to enjoy working more when they are with organizations they respect, people they trust and leadership they can rely on. Wherever you find an organization or company that puts values on the same level as profits, there is often even more loyalty and support because companies who do this sacrifice profits for principle. Everybody notices.

### **Recovering Trust from Ethically/trust Damaging Situations**

There is a definite pattern of recovery behaviors that helps leadership reestablish trust following a trust-busting, reputation-redefining circumstance. The message is, when these situations occur, get the following recovery strategies working immediately, and things will get better fairly quickly.

1. Talk now: Silence is toxic. Use social media to get information out immediately.

2. Act in everyone's best interest, rather than stalling.

3. Stop producing victims and critics: Change your behavior; change your language; change your vocabulary, and recognize the power victims have to further damage your reputation and trusted relationships.

4. Build followership: Reconnect, reestablish and reconvene those who are critical to building your leadership and trust.

5. Build trust at every opportunity: Trust is a behavior; trust must be vocalized, and trust must be explained and expected.

6. Rebuild and maintain your base: Focus on those closest to you – employees, retirees, their families – as well as those with whom the organization has relationships.

7. Manage the victim dimension: Victims and critics live forever. They are always with you. Pay attention to them, literally, for the rest of their lives. Failure to do this often reignites their victimization, their criticisms and your untrustworthiness.

8. Manage your own destiny: Everything said, written, broadcast or otherwise created about you and your organization lives forever. You need a strategy to correct, clarify and comment on these things. Failure to manage your own destiny leaves it to somebody else who is ready to do it for you. You will regret failing to correct, clarify, or comment.

Your management Trust recovery mantra: If it's simple, sensible, sincere, constructive and positive, do it now. Forget the rest.

The greatest ethical and trust preserving leadership responsibility of all is to recognize, talk about, and lead those whose careers are advancing rapidly and the urge and opportunity to act unethically in small ways happens every day.

*James E. Lukaszewski (lew-ca-chev-ski) is a well-known writer, author, teacher, scholar, ethicist, and lecturer in American Public Relations. He is a Minnesota native whose PR career began in 1974. Jim has always worked at senior levels, generally on the toughest ethical problems organizations and their leaders face. He is the author of fourteen books, e-books and manuals, and hundreds of articles. He was an adjunct assistant professor of communication at New York University and a civilian advisor to the U.S. Marine Corps for more than 20 years. He has served on the Public Relations Society of America's (PRSA) Board of Ethics and Professional Standards (BEPS) for more than 30 years. He has been told that wherever you study Public Relations on the planet you will likely see, read, or hear something by Jim Lukaszewski. His 15th book is expected in 2025. At 81 in 2023, he is in graduate school and still at it every day.*

# **Sustainability Reporting in Flux: New Opportunities**

**by Elaine Cohen**

You might think that, after decades of practice, sustainability reporting would get easier—in fact, it has never been more complex. It's no exaggeration to say that sustainability reporting has been undergoing somewhat of an identity crisis in the past few years, resulting in limitless options for the size, shape, content and target audience for annual sustainability disclosures—a far cry from the early vision of a single one-stop-shop voluntary report that aimed to satisfy the information needs of all stakeholders.

If, in the early days of reporting, companies ingenuously asked: “Why should we report?”, the question du jour is now definitively: “How should we report?”, expressing the multitude of challenges that all companies face, from the smallest of businesses to the largest of global enterprises, every time a new reporting cycle starts. Many of these challenges are as old as reporting itself, but others are complexities, and opportunities, that have emerged in recent years as reporting has become more sophisticated, specialized and scrutinized.

Now, as then, the fundamental purpose of sustainability reporting is to build trust through transparency. But in today's reporting landscape, new demands and expectations are causing companies to rethink their approach. How are companies navigating these challenges while continuing to realize opportunities to enhance trust in their company through their reporting efforts?

## **Reporting over the past 20 years**

Having spent most of the past 20 years or so reading, writing, analyzing, reviewing and judging all forms of sustainability reports across different industry sectors in all regions of the world, I have been close to the evolution of sustainability reporting over this period. For good measure, I did a quick litmus test, comparing early sustainability reports (published between 2003 and 2008) of five large multinationals, with their latest sustainability reports, published in 2022. 2003 seems like another era, and in reporting it was, although there were some very well-crafted reports out there, even then. The ones I looked at were comprehensive, covering a broad range of social and environmental impacts and even using the then nascent Global Reporting Initiative (GRI) framework. These reports were boldly transparent—one, for example, shared “highlights and lowlights,” volunteering the less-good news in an age when transparency was seen as more of a risk than an opportunity. The five key differences that struck me as I strolled back down reporting memory lane are:



- **From general to material:** One 2003 report included reference to material aspects— an early adopter of the materiality approach that hadn't quite been popularized yet for sustainability reporting. That's not to say that the topics companies consider material now were very different in terms of report coverage back then. In general, many of the topics reported today were the same 20 years ago, with or without materiality assessments. It's mainly the "how" of reporting that has changed, as well as the way materiality as a concept in sustainability reporting has evolved as a driver of disclosure – I'll come to that later.
- **From looking back to looking ahead:** I often refer to reports that only look backwards at past performance as history books. Nice, interesting, insightful—but not a predictor of future performance. If trust is the purpose, then what you intend to do is as relevant as what you have done. Publicly committing to multi-year targets is a must for credible sustainability reporting, and only one of the companies I looked at did so 20 years ago whereas they all do now.
- **From stories to disclosure:** It strikes me that the reports of the early days were less formal, they included stories and quotes and insights, in accessible language. They seemed to be written to be read, they were interesting, explained terms and concepts and, while never aspiring to attain bestseller status, the narrative was compelling. Today's reports are more formal, providing information in a concise and considered manner, mainly driven by the multiple standards and frameworks that reporters have adopted. Perhaps reporters have sacrificed creativity in favor of compliance. What used to be narrative is now policy, metrics and performance updates.
- **From standard to standards:** Whereas, in 2003, the only standard typically referenced was the Global Reporting Initiative (GRI), today, all five reporters use several frameworks including GRI, Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), World Economic Forum (WEF) Stakeholder Capitalism Metrics, United Nations Guiding Principles on Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and sector-based frameworks such as IPIECA in the oil and gas industry, the Principles for Responsible Banking (PRBs) in the banking sector and stock-exchange requirements such as the ESG Reporting Guide of the Hong Kong Stock Exchange. Alignment with the United Nations Sustainable Development Goals is also table stakes for sustainability reporting these days as well as preparation for upcoming standards such as the International Sustainability Standards Board (ISSB), the European Sustainability Reporting Standards (ESRS) and the Task Force on Nature-related Financial Disclosures (TNFD). What was in 2003 a single report of 30 – 80 or so pages has now become a suite of reporting elements, as well as content in the Annual Report.

- **From sustainable development to ESG:** No-one close to reporting can have missed the migration to ESG (Environment, Social, Governance) as a term of reference for what was called sustainability, social impact, citizenship, corporate social responsibility etc. While all these names are still flying around, and companies use many different terms for their annual sustainability disclosures, ESG is the term of choice for the financial and investor community and is intended to reflect the way companies are dealing with the effects of sustainability matters on their ability to create long-term value for investors (and in doing so, hopefully, but not necessarily, for society and the planet). If sustainability reporting was developed to help companies describe their impacts on society and people's lives, so ESG emerged to reflect the impacts on the business so investors can make more informed decisions. Of the five companies that have been reporting for more than 20 years, all have now adopted ESG as a term for disclosure of sustainability topics, often as an addition to their preferred terminology.

## Reporting today

Today's reporting landscape is still very much in flux. Paradoxically, after having struggled to gain recognition for so many years, sustainability information that was then termed "non-financial" has now been recognized as potentially very financial, meaning that it does not escape the attention of the financial community. Investors trying to understand the financial impact of sustainability matters on a company's risk exposure and value creation potential now demand even more information with higher comparability, computability and reliability than ever before. While this financial focus in some ways almost undermines the original demand for companies to show how they take accountability for impacts on people and the environment, in other ways, it complements it and reflects both sides of the trust coin. Companies must be able to demonstrate long term resilience in the face of sustainability impacts as if they do not survive financially, their social and environmental impacts will hardly be relevant. Hence the gravitation in the disclosure landscape to what most are now referring to as Double Materiality—a reflection of how a company impacts the world and how the world impacts a company's ability to thrive. Double Materiality analysis drives companies to align their sustainability-related actions in a holistic way and encourages linkage and consistency across disclosures for different audiences. So, despite the original vision of sustainability information all in one place, we now have sustainability information all over the place. In the light of this multiplicity of standards, frameworks and investment analyst demands, companies today are reevaluating how best to position and present their disclosures. Currently, many companies publish some form of sustainability reporting suite that can include any number of documents in a given reporting year, such as:

- Sustainability Report (or similar with a different name)
- ESG Summary (often policies, metrics and some examples organized under the three E, S and G pillars)
- Performance Data Summary (metrics for three or more years)
- Index Summary of Disclosures (aligned to one or more sustainability standards)
- Materiality Report
- Climate Action Report (often with a Net Zero or Science Based element)
- Diversity Equity and Inclusion Report
- Tax Report
- Section in the Annual Report
- Supplementary information online on the company's sustainability website, such as a suite of policy and position statements on Sustainability/ESG matters

In all the above cases, the document titles may vary but leading companies are presenting a full suite of sustainability-related information using Double Materiality as a basis, ensuring that all elements of the reporting suite are aligned, including the disclosures in the sustainability-focused documents as well as in the financially regulated documents. And most of the sustainability information is also externally audited.

Delivering such a comprehensive disclosure suite is no small task in terms of gathering in all information; verifying it; organizing it for disclosure; ensuring compliance with selected reporting standards; and managing the internal politics of readiness to disclose. And that's before you even start grappling with design issues, layout, icons, colors, images, microsites and more. With so many demands on the reporting machine, no wonder reporting has become more formal and somewhat less imaginative.

## **Reporting in the future**

What's the prognosis? How can companies identify and select what to disclose or which standards to adopt voluntarily (in addition to those that are mandated by law)? Can reporting be creative and differentiating when the markets are demanding comparability and consistency? I say, absolutely. In fact, the big opportunity in reporting is opportunity. By which I mean, reporting that also addresses opportunities and not only risk, something that has tended to be lacking in the sustainability disclosure landscape. The new European Sustainability Reporting Standards that are based on Double Materiality squarely place disclosures related to opportunities as part of the core disclosure approach.

The Global Reporting Initiative standards stress the discussion of both positive and negative impacts—where both represent opportunity. Companies who describe their pursuit of opportunities to amplify sustainable development will have a more compelling story to tell.

Sustainable development opportunities, however, can only be realized when there is a solid bedrock of embedded sustainable practice. A corporate purpose statement to frame the company's approach is rising in popularity as a starting point that underpins strategy. A strategy, with measurable multiyear targets and transparent disclosure against these, supported by a committed leadership voice, starting with the Board of Directors and cascading through the organization, are key ingredients. A Double Materiality assessment, based on analysis rather than anonymous stakeholder surveys, should guide both strategy and disclosure. A core set of performance metrics consistently reported, and transparency about the methodologies used to calculate metrics, is essential. A suite of policies and positions covering sustainability topics is an important backdrop. When all of these elements work together, providing a baseline of ethical and responsible practice, aligning to the different reporting standards becomes less of a struggle. The good news is that there are many overlapping elements in all these standards (some call this interoperability). When the core is in place, and a robust organizational process supports the disclosure machine, the focus can be shifted to the opportunities that operating sustainably can bring to the organization and to the world. This is how companies will differentiate their reporting in the future (and several are already doing so). It's less about nice graphics and visuals and more about bold moves to use a company's resources as a force for good and a basis for growth.

The mechanics of disclosure should not be the headache. Reporting needs a professional approach and quite some resource, it is a challenging process, let's not underestimate that. But if the building blocks are in place, aligning with one or other of the current or new standards is not the biggest headache. The real challenge is how to actually do better business and have a better impact. If the world of reporting could focus more on that, we might find a renaissance of sustainability disclosure that is inspiring, creative, compelling and credible—as well as consistently meeting the needs of the different users of sustainability information. Reporting has always been a catalyst for performance improvement—transparency shines a light both on gaps and on opportunities. It's now time to address the latter. Sustainability reporting might be in flux, but sustainability opportunity is there for the taking. The companies that do this genuinely and with integrity will do well, and earn the trust of their stakeholders in the process.

*Elaine Cohen has over 35 years of business and sustainability management experience, including 8 years as a Supply Chain Executive with Procter and Gamble in Europe, and 8 years as a country VP Human Resources and Corporate Responsibility with Unilever. Since 2005, Elaine has provided sustainability consulting and reporting services through Beyond Business.*

# **THE ROLE OF TRUST AND MISINFORMATION ACROSS HEALTHCARE**

**by Jan Berger, MD, MI**

Joanne is a 45-year-old mother of two who is also caring for her husband's parents. Joanne is responsible for the health and well-being of these loved ones. Over the last few years, she has become more confused as to who she should trust for healthcare advice. "It used to be that I trusted Walter Cronkite for the news, the FDA, and my pharmacist about prescribing medications and my doctor about what to do when my family got sick. Today I do not trust any of these"

The foundation of a successful functioning society is trust. Trusting relationships lead to cooperative interactions where societies flow in the ethical positive manner. Unfortunately, research from trust experts such as Health Intelligence Partners, Edelman and PwC have found that the United States is in a trust crisis. The 2023 Trust Barometer, an annual survey that is conducted by Edelman found that there are no core institutions that are trusted. This is not only true for society but also for the healthcare industry. Like Joanne, the woman quoted above, the survey found that organizations that are at the core of healthcare such as the NIH, FDA, CDC, and those that insure us such as health insurance companies and the government carry limited trust by the US population. The problem is that it is not only organizations that carry little trust, but also individual healthcare workers such as physicians, nurses, and pharmacists. This increased lack of trust at the individual healthcare provider level is relatively new and very concerning. Overall, this broad lack of trust across healthcare leaves many feeling "untethered" and unsure of where to turn.

Frances Fukuyama, one of the great experts on trust stated that there are implications for societies where individuals and organizations do not trust each other. Humanity has become a commodity that competes with itself instead of forming a broad supportive community. Research done by Jan Berger and Julie Slezak for their book; *Re-Engaging in Trust; The Missing Ingredient to Fixing Healthcare* found that societal polarization has escalated over the last twenty years and in fact this polarization has increased even more rapidly since 2016. Polarization and tribalism create even greater human schisms in trust..

When we don't know where to turn for trusted information, we most commonly look to those that we affiliate, our tribe. This was the case during Covid, especially during the early phase when there were more questions than answers. Several surveys found that healthcare consumers trust friends and family to get their healthcare information more than their physicians and institutions whose role it is to convey this information. This was done both at the individual level and through social media channels.

One implication of the paucity of trust in society, in the healthcare system, and the individuals that play a role in healthcare is the increasing challenge and influence of misinformation. Societal distrust along with the politicization of healthcare has created increased potential for the belief in misinformation. Many think that the lack of trust and medical misinformation are directly tied to COVID. This is not the case, although COVID did escalate the problem and bring it to the forefront. Covid is not the cause of distrust and misinformation, but it did uncover previous problems. "We're not just fighting an epidemic, we're fighting an infodemic" (Director-General of the WHO). The Kaiser Family Foundation found that 78% of public believed or was unsure about at least one false statement about COVID 19. One example of this focused-on treatment for Covid 19. On April 24, 2020, a headline appeared stating that injecting or drinking disinfectants could be used to treat Covid 19. Many public health officials as well as manufacturers of disinfectants including Clorox and Lysol strongly advised the public against this. None the less, thousands of individuals ended up in emergency departments and hospitals after trying this treatment.

In addition to friends and family as sources of healthcare information, many look to social media. The 2013 the World Economic Forum listed "digital wildfires in a hyperconnected world" as a global risk. These wildfires have led to opaqueness of data and the sharing of information without sources being disclosed. Most individuals are not aware that social media algorithms exist and that they are designed to deliver an unbalanced and often incorrect information. The level of trust in social media as a carrier of information varies. With some having high trust and believing the information to be credible and trustworthy. In fact, one survey found that 61% of individuals get their news via social media.

Edelman's Trust and Healthcare Barometer for 2023 found that 44% of those from 18-34 believe that with personal research they can be as knowledgeable as a doctor. Social media and peers have become on par to healthcare and medical experts in giving information and advice. On the other extreme is high skepticism and disbelief. Unfortunately trust in mainstream news carries the same variability of trust. Trust is significantly tied to believing that those that we are listening to are telling the truth. The democratization of healthcare and healthcare information have had both good and bad implications.

Why do people create, accept, and share false information. One reason is that when something shakes our sense of security, we think out loud and try to find answers when sometimes there are none. "Large events align with large causes". This is not always the case. This activity is called collective sense making. A second reason for the development and spread of false information is for personal gain and/or profit. A third reason occurs when science and information change quickly. This can cause confusion and miscommunication. Individuals found that changing health information and contradictory expert advice creates distrust in information and in the end creates barriers to an individual's ability to care for themselves. All three of these causes came into play during Covid.



The lack of trusted voices along with misinformation created a “perfect storm”. Trust and issues surrounding misinformation are a bit of a chicken and egg. Unfortunately, truth decay has aligned with societal trust decay. (The Rand corporation). Oxford Dictionaries selected “post- truth” as the word of the year in 2016. This is the backdrop to the issues surrounding misinformation. Lack of trust creates a situation that creates the propensity to misinformation. At the same time, misinformation can create a negative trust reset.

The era of blind trust no longer exists. There are several reasons for this. By understanding “the why” we can begin to heal and make our way to the next evolution of trust. It is not enough to speak about the problem. We need to move beyond that and begin to search for solution. By acting we can also address the misinformation challenges that we face. If we are to improve the quality, access and outcomes associated with health in the country, we need to aggressively work towards a more trusting society and healthcare system.

So, what do we do: Trust must be rebuilt one thoughtful action at a time. First and foremost, we need to advocate for communication. We must acknowledge that there is lack of trust and that for us to achieve a healthy cost-effective healthcare system, trust needs to be rebuilt. This conversation needs to be broad, and we need to look to those places where we agree. This conversation needs to be inclusive and action oriented. We need to heighten the voices that are trusted. This can mean community-based leaders, organizations such as AARP or media such as Consumer Reports. This does not require individuals to agree. It does require open communication and a willingness to move forward towards a healthcare system and society where everyone thrives.

Next, we need to rebuild trust in organizations and individuals that are the foundation of our healthcare system. Scientific organizations such as the NIH and CDC need to remove themselves from the political noise and re-establish themselves as scientifically based organizations. This must be a conscious effort. To achieve this three things, need to occur.

1. Diversity and inclusion in the organizations and the research that is done
2. Transparency in data and where the data originates
3. Open clear and easily understood communications

The third action that needs to occur is to rebuild the relationship-based system that places primary care at the forefront. 65% state that they would believe their primary physicians if they had one, but many do not. (Harris 2023 A trusting relationship with a primary healthcare provider would drive them to believe and act in a positive way. (Edelman 2023)

In the end, we need to start somewhere and not just complain about lack of trust and it's impact on the dissemination of unsubstantiated information. It is each of our roles to begin the process.

*Jan is an author, board member and corporate CEO. Jan is unique as her experience spans the 3-sectors of healthcare both in the US and internationally. Jan spends most of her time as a board member in both public and private healthcare companies and focusing on re-establishing trust across healthcare environment. The basis for this work is her book, Re-Establishing Trust; The Missing Ingredient to Fixing Healthcare where she shares the 15 trust resets that can positively impact the healthcare system and magnify the impact of innovation. She has been recognized for this work both in the United States and Europe.*

*In addition to her board participation and her work on trust, she leads Health Intelligence Partners, a global consulting firm that focuses on the intersection of strategy and operations. Clients vary from large multi-national corporations to small privately held companies both within the US and Internationally. Prior to that Jan was the Executive Vice President of CVS Health and Chief Innovation and Medical Officer.*

*Jan holds a Doctor of Medicine degree, a Master's in Jurisprudence from Loyola University in Chicago, Certificate in Healthcare Business Administration from University of South Florida, and Board Director Certification for Kellogg School of Management and a black belt in Six Sigma. Jan trained as a pediatrician and practiced primary care pediatrics in private, managed care and academic settings.*

# In Tech We Trust?

by Helen Autonomous Future Gould

Since the dawn of human civilization, we have been wrestling with the rewards and challenges of trusting other humans. From our early days of banding together and depending on each other for our survival to fending off warring tribes, our language and concepts of “trust” evolved to be primarily interpersonal in nature.

During the past century, our world has experienced wave after wave of technological tsunamis and our lives have been forever changed. In recent history, we have witnessed the Nuclear Age, the Jet Age, the Space Age, the Information Age and now the 2020’s has ushered in the “Autonomous Age” with generative AI, driverless robotaxis, and humanoid robots leading the way. In 66 years, less than the span of a human lifetime, we went from the Wright Brothers first successful flight to landing on the moon!!! So much has changed in an incredibly short period of time and the pace of change continues and may well be accelerating.

Coincidentally, human creativity has spawned a century plus of science fiction books, stories, movies, and television. From the utopian with the Jetsons, Knight Rider, Star Trek, and Star Wars to the dystopian with the eerie voice of HAL 9000 in 2001 Space Odyssey and the fictional Cyberdyne Systems creating Skynet and robotic Terminators to destroy humanity. These entertaining and thought-provoking works have for better or worse shaped human perceptions of technology trustworthiness.

The combination of rapid technological innovation and our robophilic and robophobic perspectives shaped by science fiction are profoundly influencing our lives. We are all suffering from acute future shock, which is described by Merriam-Webster as “the physical and psychological distress suffered by one who is unable to cope with the rapidity of social and technological changes” and was first predicted and popularized by Alvin Toffler in 1984.

Now more than ever before we are facing fundamental questions relating to “trust of technology.”

1. Can and should we trust this technology?
2. Are we over or under trusting this technology?
3. What about the potential for unintentional misuse?
4. Can this technology be intentionally misused or abused?

As of November 2022, we have over 8 billion people sharing our precious planet earth. It makes sense to continue debating and researching trust between humans both individually and organizationally. At the same time, we urgently need to focus on the trustworthiness of technology. Our very survival as a species may depend on it.

*Helen "Autonomous Future" Gould is an internationally recognized futurist, consultant, speaker, and author writing about creating "trustworthy technology" and developing IEEE standards (P2863) for Organizational Governance of Artificial Intelligence. Helen is best known for starting and leading Intel's initial efforts in automated driving, which resulted in the >\$15B acquisition of Mobileye and is now a \$2B a year business.*

# TRUST IN JOURNALISM AND THE MEDIA

by Lynn Walsh

Recent research shows trust in media is so low that half of Americans say they believe news organizations are intentionally trying to mislead or misinform them. Most of us don't need to see data and research though to know this is true. We hear people's dislike and sometimes disdain for "the media" through our friends, colleagues and family members. We may even have those same negative feelings toward news organizations and news coverage ourselves.

There is a myriad of reasons why people feel this way, including concerns of bias in news coverage, sensationalized headlines, lack of nuance in reporting, lack of interest in subject matters being covered, being overwhelmed by the amount of news, experiencing feelings of hopelessness or anger when consuming news and feeling confused by the news being produced.

At Trusting News we work to better understand where these feelings begin and how they develop. We then share what we are learning with journalists and train them on how to address these challenges and rebuild relationships with their community.

Our goal is for everyone to have access to ethical, responsible and accurate information that is reflective of their needs and experiences and helps them make informed decisions for themselves, their families and their communities. This goal isn't achievable if people do not trust journalists and the stories they produce.

We know transparency, media literacy and engagement strategies can help journalists and newsrooms rebuild trust with their communities. Over the years our work with journalists has been focused on these areas, helping them:

- engage and get feedback from their community
- talk about the reporting process and decision making (which means explaining that journalists have ethics and constantly balance the public's right to know with the potential harm publishing information can cause)
- be transparent about who they are (including how they are funded, who works for them and what their mission and goals are)
- be more aware of how their own experience and values shape their coverage and what they might be missing or getting wrong
- correct misunderstandings about journalism
- help non journalists navigate the complicated information landscape we live in

This work has resulted in a lot of success stories for newsrooms. It also has helped journalists repair and sometimes create new relationships with their community. The good news is journalists are open and willing to do this type of work, and the journalists we partner with say it makes their reporting stronger.

The challenge is that being transparent and engaging with your audience has to be part of the daily reporting routine. It's not something that can happen once a week or be practiced by one reporter. This means changing reporting and editing workflows, which often means changing what the final output looks like (which stories and how many are produced), and adapting an individual's role and responsibility in the newsroom.

Ultimately what's needed is changing the culture of how news is produced and what journalists are expected to do on a regular basis. We are talking about updating a system that, when you look at the format and expectations, hasn't evolved since it started. Yes, journalists are producing more stories and in a lot of cases, expected to produce at faster rates, but the format of a TV newscast or print story hasn't really changed much at all.

Most reporters are not given the opportunity to produce in-depth stories or spend time in communities in order to reflect the nuance that exists within them. You will see this type of reporting from investigative teams, special reports or some other topic-based deep dive news organizations produce a couple of times a year, but the majority of news coverage includes just the basics (who, what, where, when) and lacks the why and what's next (solutions and how the community can get involved).

When this type of news coverage dominates what people consume, you can see why it leads to them not trusting the information. When it lacks diverse perspectives, it can feel out of touch, irrelevant or biased. When it lacks context, it doesn't feel important to engage with. When it lacks connections to what's next or to solutions, it can feel overwhelming or depressing.

This matters because when people feel this way about the information they consume, they are less likely to engage with it at all. They also begin to only seek content that aligns with their values or beliefs, making it more and more difficult to share facts across perspectives and with people who have differing opinions.

When this happens, everyone should be alarmed. It means any message you are trying to share or any topic you want people to know more about is at risk of being missed by the people who need it most. When we are unable to reach people with facts, we are unable to create conversations about solutions to some of the most pressing issues we face, including climate change, immigration, equal rights, education and healthcare.

If we want to live in a world where we can exchange opinions and thoughts across differences and based on facts, we need to help newsrooms invest in making community engagement, transparency and diversity center stage.

With all the challenges associated with building trust in “the media,” we see this as the one we need to tackle if we want to make serious inroads to people trusting information and operating on a shared set of facts. Our research and work with newsrooms show journalists can create and rebuild relationships with their community, resulting in better news coverage that can be impactful, helpful and more reflective of the people they serve.

We've recently written more about how journalists can do this and why it is necessary, based on continued research. If we can get a majority of journalists to “do journalism differently” and incorporate engagement, transparency and diversity in all aspects of their reporting process, we believe we can improve trust in news, something everyone and all industries can benefit from.

*Lynn Walsh is the Assistant Director of Trusting News and an Emmy award-winning journalist who has worked in investigative journalism at the national level and locally in California, Ohio, Texas and Florida. She is the former Ethics Chair for the Society of Professional Journalists and a past national president of the organization. Based in San Diego, Lynn is also an adjunct professor and freelance journalist. She can be reached at [lynn@TrustingNews.org](mailto:lynn@TrustingNews.org)*



# IN CONCLUSION:

## LET'S ASK CHAT GPT ABOUT TRUST

By now, most readers have heard of Chat GPT, a large language model created by the artificial intelligence research lab OpenAI. But just how robust is it? I posed the following question:

*What advancements have been made in the understanding of trust over the past ten years?*

"Over the past ten years, there have been several advancements in the understanding of trust across various fields of research. Here are a few notable developments:

1. Trust in Artificial Intelligence: With the increasing integration of AI into our lives, researchers have focused on understanding trust in AI systems. Studies have explored factors influencing trust, such as system transparency, explainability, reliability, and user experience. This research aims to enhance the trustworthiness of AI systems and improve user acceptance.
2. Trust in Online Platforms: The rise of social media and online platforms has brought attention to trust dynamics in online environments. Researchers have examined issues like online trust formation, trust in information sharing, and trust in online communities. Understanding these dynamics helps in designing systems that promote trust and mitigate risks like misinformation and fraud.
3. Trust in Autonomous Systems: The development of autonomous vehicles and robotics has spurred research on trust in these systems. Studies have investigated how trust in autonomous technology influences user behavior, decision-making, and collaboration. Researchers have also explored the role of transparency, reliability, and communication in establishing trust in human-autonomy interaction.
4. Interpersonal Trust in Online Environments: Online interactions have become an integral part of our social lives. Research has focused on understanding how trust is formed and maintained in online relationships, such as social networks, online dating, and virtual communities. Factors like privacy, reputation systems, and online identity management have been explored in relation to online trust.
5. Cultural and Cross-Cultural Trust: Trust research has increasingly recognized the influence of cultural factors on trust dynamics. Studies have examined how cultural values, norms, and communication styles shape trust perceptions and behaviors. Cross-cultural research helps identify similarities and differences in trust across diverse societies and facilitates effective collaboration in global contexts.

6. Trust in Institutions and Organizations: Understanding trust in institutions, such as government, corporations, and healthcare systems, has remained a significant area of research. Studies have explored the drivers of institutional trust, the impact of trust on organizational outcomes, and strategies for building and repairing trust in the face of crises or scandals. These are just a few areas where advancements have been made in the understanding of trust over the last ten years. Ongoing research in these and other domains continues to contribute to our knowledge of trust and its practical implications."

While Chat GPT may have the potential to revolutionize industries, the response to my original question reads like a primer on trust research with little to no information on trust in practice. Not a bad starting place but certainly not on par with the "human" essays contained in this publication. I hope you have enjoyed reading them.

What will the next ten years bring?

Barbara Brooks Kimmel, Founder

Trust Across America-Trust Around the World

# HIGHLIGHTS OF OUR PROGRESS

**2009** Trust Across America website launches. Its mission is to help organizations build trust.

- [Trust Across America](#)
- Creates the [FACTS® Framework](#) for public companies, industries and sectors, analyzing five indicators of trust - Financial Stability, Accounting Conservativeness, Corporate Governance, Transparency and Sustainability More information available [here](#).

**December 2010** Issues first annual "[Top 10 Most Trustworthy Public Companies](#)"

**January 2010** Issues first annual "[Top Thought Leaders in Trust](#)"

**October 2012** Launches the [Alliance of Trustworthy Business Experts](#) (ATBE) to collaboratively advance the cause of organizational trustworthiness around the world (name subsequently changed to Trust Alliance)

**May 2013** Repositions Trust Across America as a global program: Trust Across America - Trust Around the World

**December 2013** Publication of the first award-winning book in our [Trust Inc.](#) series

**October 2014** Publication of the first issue of [TRUST! Magazine](#)

**July 2015** Publication of [Trustlets](#) short case studies on trust

**June 2016** [Licensing](#) of FACTS® Framework begins

**December 2017** Publication of "[The Impact of Trust on Financial Performance](#)"

**April 2018** Ten year anniversary celebration begins with the publication of [TAP](#) (Trust Alliance Principles), a collaborative project of our Trust Alliance

**October 2018** Publication of our 10th anniversary research report (50 pages) on [Trust & Integrity in Corporate America 2018](#)

**October 2018** Publication of the [Country Trust Index™](#)

**February 2019** Introduction of Building Trust One Principle at a Time, a new survey tool. [Take our Quiz.](#)

**April 2019** Introduction of [AIM Towards Trust](#), a simple yet comprehensive trust assessment for leaders, teams and organizations.

**January 2020** [Workshops](#) added

**January 1, 2022** Commencement of the Language Of Trust (A Trust Alliance Exclusive)

**May 2022** Coverage in [Investor's Business Daily](#)

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