Grant Thornton

An instinct for growth™

VIBRANT ECONOMY

# The Business Case For Trust

IN COLLABORATION WITH

SMF

# Contents

# About Grant Thornton

Grant Thornton UK LLP is part of one of the world's leading organisations of independent advisory, tax and audit firms. We help dynamic organisations unlock their potential for growth by providing meaningful, forward-looking advice.

Our underlying purpose is to build a vibrant economy, based on trust and integrity in markets, dynamic businesses, and communities where businesses and people thrive. We work with banks, regulators and government to rebuild trust through corporate renewal reviews, advice on corporate governance, and remediation in financial services. We work with dynamic organisations to help them grow. And we work with the public sector to build a business environment that supports growth, including national and local public services.

In the UK, we are led by more than 180 partners and employ 4,500 of the profession's brightest minds. We provide assurance, tax and specialist advisory services to over 40,000 privately held businesses, public interest entities and individuals nationwide.

### About The Social Market Foundation

The Social Market Foundation (SMF) is a non-partisan think tank. We believe that fair markets, complemented by open public services, increase prosperity and help people to live well. We conduct research and run events looking at a wide range of economic and social policy areas, focusing on economic prosperity, public services and consumer markets. The SMF is resolutely independent, and the range of backgrounds and opinions among our staff, trustees and advisory board reflects this. www.smf.co.uk

**“IT IS GOOD THAT IT’S GETTING HARDER; WE HAVE MORE PEOPLE DEMANDING THAT BUSINESS SHOULD BE PURPOSEFUL AND MEANINGFUL . . . IF A BUSINESS IS REALLY SERIOUS ABOUT BEING TRUSTWORTHY, THEY HAVE TO WORK HARD TO BE TRANSPARENT AND CONNECT TO PEOPLE TO EARN THAT TRUST. IT IS VERY HARD TO BE TRUSTED UNLESS YOU’RE TRUSTWORTHY.”**

From our interview with IKEA Group

# Foreword

**Trust and integrity is essential to the effective and efficient functioning of markets that underpin a vibrant economy. Too often we hear about failing of trust in the market. However, more compelling is the power of trust to drive and sustain competitive advantage. Our work with The Social Market Foundation has brought together existing evidence and tested it with businesses and employees to show that trust affects the bottom line in many ways. Simply it shows how it fuels sustainable business success.**

We know that trusted economies are attractive for investors. For businesses, trust has a powerful impact on driving sustainable business performance: trust is key to innovation being accepted by customers, to building employee engagement leading to improved productivity, to creating collaborative relationships with suppliers and to retaining customers as loyal advocates.

And yet trust in business and government has been eroded in recent years and remains low as shown by the annual Edelman trust barometer. Organisations and their leaders need to find new ways of building and sustaining trust in our global, digital economy. Of course, regulators play their part in providing the framework and monitoring that sets the code by which businesses and markets operate. They are at the heart of dealing with failures in trust, investigating frauds, criminal acts or major breaches of compliance and trust to bring to account those responsible and put in place more measures to address past failings.

However, it is clear that regulation and legislation alone are not the answer. It struggles to keep up with the pace of change in markets, particularly where markets are disrupted and regulation can create a 'tick box culture' operating simply 'by the book' rather than 'doing the right thing' needed to create sustainable conditions for trust. In the social era, with increased transparency, business and government face greater and faster scrutiny – simply 'ticking the box' is not enough to build and sustain trust.

Our work with clients and regulators has demonstrated two things: trust in business can be a clear competitive advantage and it requires leadership and attention to culture to create and sustain this advantage. Leaders who set a positive tone and organisational purpose; who give clarity to their people on 'how things are done around here'; and who consistently model what great looks like build trust with their people and they in turn act with integrity in their day to day dealings with clients and beyond. When purpose and values are lived, people make better day-to-day decisions to support long-term sustainable business performance and are more likely to do the right thing and speak up when they see behaviour not aligned to that culture. It creates a powerful atmosphere of self governance.

This report highlights ways in which trust can unlock the potential for sustainable growth in dynamic organisations and provides some practical ideas for how this might be achieved. It shows great businesses invest to create the culture to sustain trust as a competitive advantage – while others merely do the minimum to meet regulatory requirements. It seems to us this mindset shift is critical to the UK in playing its part in a global economy.

**Sacha Romanovitch, CEO, Grant Thornton UK LLP**

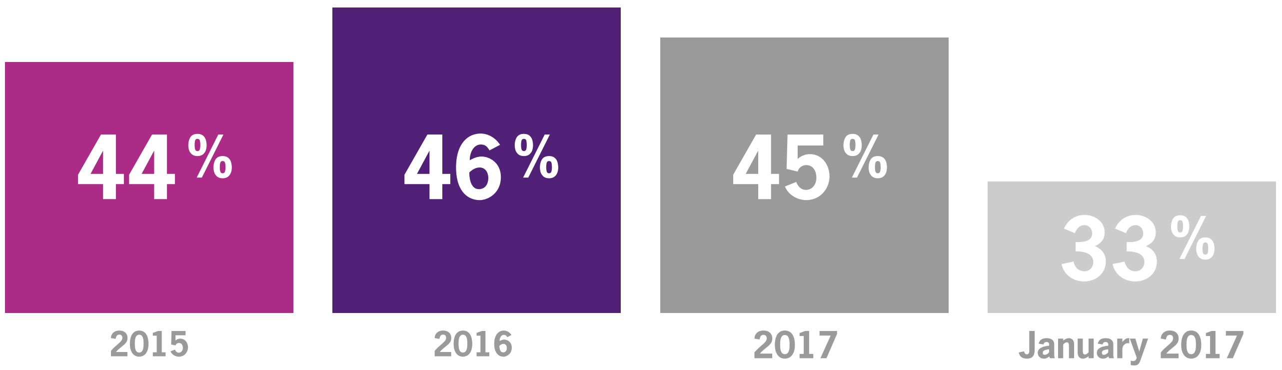
# Context

“FOR PEOPLE TO RETAIN FAITH IN CAPITALISM AND FREE MARKETS, BIG BUSINESS MUST EARN AND KEEP THE TRUST AND CONFIDENCE OF THEIR CUSTOMERS, EMPLOYEES AND THE WIDER PUBLIC. FOR MANY ORDINARY WORKING PEOPLE – WHO WORK HARD AND HAVE PAID INTO THE SYSTEM ALL THEIR LIVES – IT’S NOT ALWAYS CLEAR THAT BUSINESS IS PLAYING BY THE SAME RULES AS THEY ARE.”

From the Prime Minister’s foreword to Government Green Paper on Corporate Governance Reform

**Trust in business is falling. The latest Edelman Trust Barometer records it as being 13 percentage points lower than in 2016, with only a third of people in the UK expressing trust in business. The Barometer is the most authoritative survey on trust in business and has been running for 17 years. This year it also records the lowest score for the credibility of CEOs, with the score dropping to lower than where it was immediately after the financial crisis.**[i]

**Trust in UK business: 2015 – January 2017**




Source: Edelman Trust Barometer 2017 UK supplement Q1 (supplementary survey was conducted by Edelman Intelligence between 23 December 2016 – 7 January 2017)

Our own opinion research suggests that the picture is little better within companies. Barely half of workers agree that their employer treats its people fairly and as few as 36% agree that their employer provides opportunities for them to be involved in the running of the company.[ii] Meanwhile there is increased unrest among investors over excessive board pay, which has become disconnected from effort and performance.[iii]

This lack of trust among employees and investors, we will argue, holds firms back from innovating, making the most of the skills of their workers and simplifying processes. Firms are also forced to replace employees and customers that they lose due to the lack of trust and pay higher risk premiums to investors.

In other words, the lack of trust reduces productivity; and drives up costs. Ultimately, this lower business performance is felt by all of us, as the improvement in living standards slows down and the return on our savings diminishes.

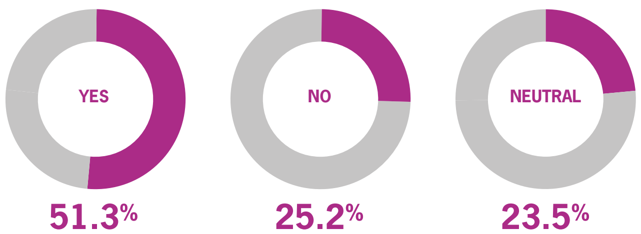
In this report, we assess the state of trust, how it affects business performance and what businesses can do to improve it.

# What is the state of trust?

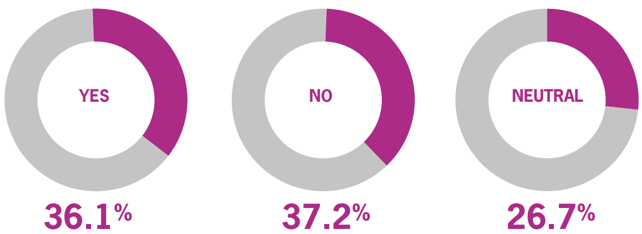
## Employees

Our opinion research indicates there are real challenges here. Only 51% of employees agree that their employer treats its people fairly, regardless of seniority; 48% agree that their employer invests in expanding their skills; and as few as 36% agree that their employer provides opportunities for them to be involved in the running of the company. This last figure is particularly challenging as 86% of workers report being listened to by superiors as important to job satisfaction.

**Are people treated fairly at your company where you work?**




**Does the company you work for provide opportunities for you to be involved in the running of the company?**

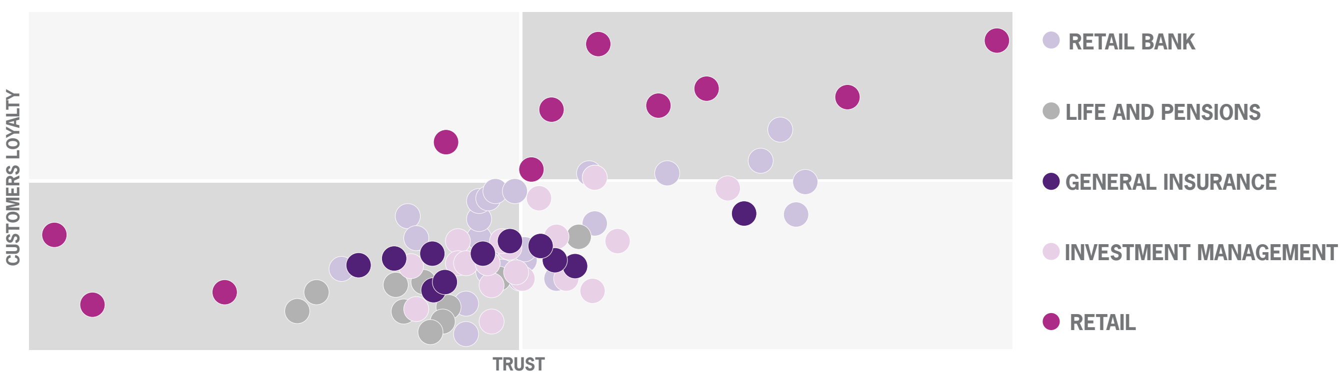



Source: Populus survey for Grant Thornton 2016.

## Consumers

While customers of retail brands typically report a good experience, customers of insurance, pensions and investment firms give lower scores, with knock on effects to trust and loyalty. In the Grant Thornton Customer Loyalty and Experience Index for 2016, firms from these sectors score in the lowest quadrant among a sample of 79 firms in total.[iv]

**Customer loyalty vs trust**




Source: Grant Thornton Customer Loyalty & Experience Index 2016

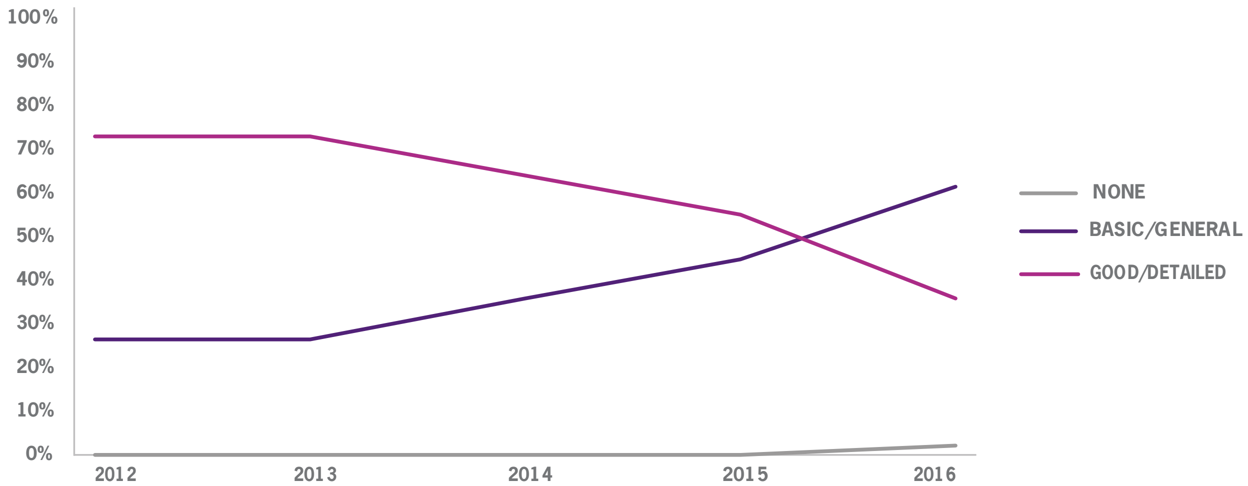
## Investors

The latest research by the Grant Thornton Governance Institute demonstrates that only 36% of FTSE 350 companies clearly explain how they engaged with shareholders, a significant drop (2015: 55%). Overall, the quality of shareholder engagement disclosures has decreased year on year since 2010. The same obligations are placed on boards in terms of engagement with their debt holders, yet less than 3% of companies discuss their approach in their annual reports.[vi]

## Supply chain

Forty-six percent of businesses in the US expect increased scrutiny of supplier practices.[v] This transparency challenge is being felt in the UK too, with regulatory requirements on firms now extending to include their supply chains.

**Quality of shareholder engagement declining: To what degree does the board demonstrate the steps taken to understand the view of major shareholders?**




Source: Grant Thornton FTSE 350 Corporate Governance Review 2016

## Society

Only half of low-skilled workers – compared to 68% of employees overall – consider that their employer is trusted by the public.[vii] But even those views are over-optimistic. The latest Edelman Trust Barometer shows that public trust in business is half the level that employees think it is.

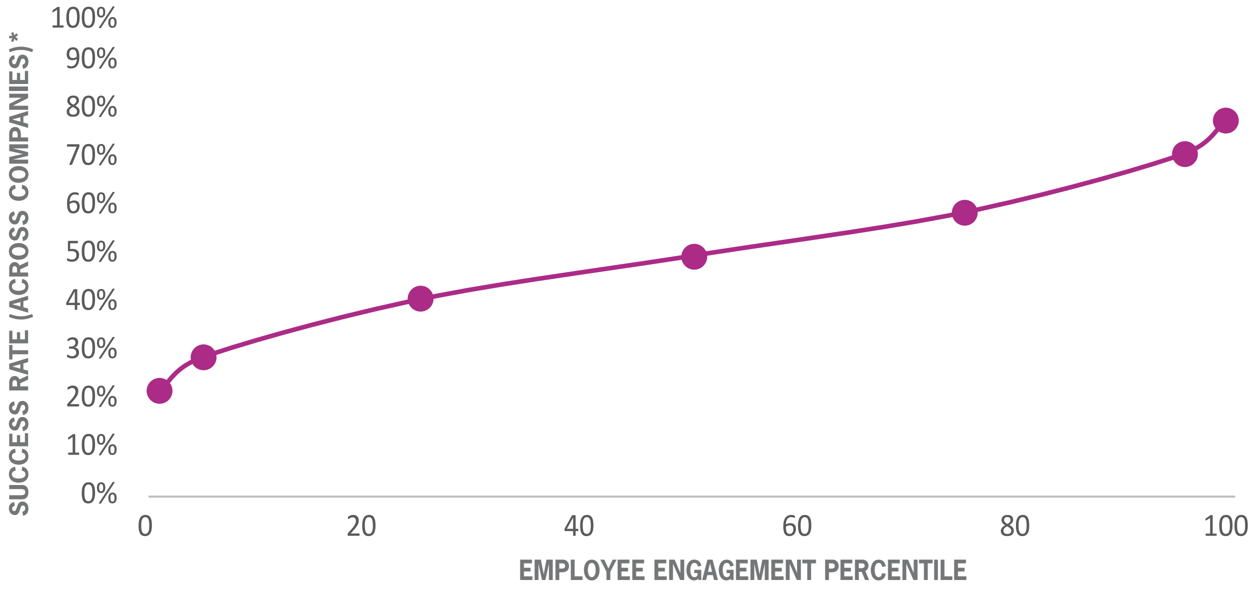
# How trust contributes to business performance

**Our literature review, opinion research and interviews with senior executives in a range of businesses – including EDF Energy, IKEA Group, Harrods, Pret and several others – illustrate the ways in which trust is pivotal to building and retaining value in the business.[viii]**

## Staff productivity

The business case for trust starts with employees. Analysis from the Great Place to Work Institute shows that firms where top managers are perceived by employees to be 'trustworthy' and 'ethical' are valued more highly by investors and are more profitable.[ix] Cross-referencing these employee engagement scores with business performance suggests that business units with high employee engagement scores are more successful within their companies than those with lower scores; and more successful across their industry too. This is reflected in their success rate: the proportion of business units in each percentile of the employee engagement index who perform better than the average firm in the full sample.[x]

**Probability of business unit success as a function of employee engagement**




Note: *Success is defined as above average composite performance across turnover, customer satisfaction, productivity and profit.
Source: Well-being in the workplace and its relationship to business outcomes: A review of Gallup studies 2002

As a practical example, Harrods, one of our interviewees, talked to us about how the engagement of staff is critical to driving sales. The employees on the shop floor hold the relationship with customers; hence these employees have to trust that Harrods will 'do the right thing by them' as well as by the customers. Harrods recognises this by celebrating and rewarding successful employees and those with long service.

Trust between employees at the same level of the organisation, rather than trust between employees and managers, is critical in a slightly different way. The IBM Institute for Knowledge-Based Organisations identifies two specific types of trust that are instrumental in the knowledge sharing process between employees: benevolence-based trust and competence-based trust.

Either type of trust can exist independently. For example, an employee can trust that a co-worker knows the information that the employee needs (competence) but the co-worker may not trust that he will be forthcoming at the time when the information is needed (benevolence). Conversely, the employee can be confident that there may be other people who are willing to assist the employee (benevolence) but these people might not possess the knowledge or skills required (competence).

The IBM study shows that knowledge exchange is more effective in boosting productivity when the knowledge recipient views the knowledge source as being both benevolent and competent.[xi]

## Innovation

Our interviews suggested that a culture of trust in a workforce encourages the generation of ideas. People feel they have a stake in the business and so want to contribute to it. As one senior manager observed, if trust exists then employees are proactive in providing feedback on how the firm is managing and what it would take to improve. Tapping into expertise from inside the business is a big plus for performance.

Strong relationships with suppliers are critical to innovation too. These allow firms to switch from a model where every detail has to be specified in contracts subject to painstaking negotiation to a model where trust has a bigger role, innovation happens more quickly and there is a partnership across the supply chain for the long term.

A wide-ranging survey of the automotive industry, covering Japan, the US and Germany, as well as the UK, also found that higher levels of trust were positively correlated with economic performance among suppliers. Trust was critical in this manufacturing culture because contracts could neither specify every detail of production nor foresee all contingencies. The gaps were therefore filled by a relationship of trust built up through information sharing and continuous interaction.[xii] The UK Innovation Survey suggests this insight is catching on, with suppliers being the most frequently mentioned partners in innovation. Sixty-seven percent of innovators in 2015 cited collaboration with suppliers (up from 59% in 2013)[xiii]

One big challenge on innovation is that most consumers believe the pace of change is too fast. According to the Edelman Trust Barometer, in responses ranging beyond financial services and technological innovation, 55% of consumers said they do not trust new developments introduced by business and an even larger majority, 70%, would like to see more information about the testing done on new products and services. Building consumer trust is therefore crucial to the successful commercialisation of innovation.

**Who do you collaborate with to innovate? (broader innovating businesses, collaborative firms only)**

**Suppliers**

**68%**

**Customers**

**59%**

**Competitors**

**32%**

**Consultants**

**27%**

**Higher Education Institutions**

**23%**

Source: UK Innovation Survey 2015

## Investment

Trust helps to attract and maintain investment. If investors, whether institutional investors or individuals, do not have trust then they will want to supervise management much more closely or not invest at all. Early stage investment, where the risks for investors are higher, requires the highest levels of trust. An analysis of cross-border investment finds a correlation between levels of trust between citizens of different countries (measured by the Eurobarometer survey) and the levels of investment going on between those countries.[xiv]

In terms of investing in shares more broadly, as the perceived probability among investors of being cheated in the stock market increases, more and more investors drop out of investing altogether. The narrowing of participation has a very distinct characteristic: as trust declines, only the richest participate in investment. Even if the perceived probability of being cheated is only 1% or 2%, the wealth threshold for participating is two times and five times, respectively, larger than if individuals perceive no risk of being cheated.[xv]

In effect, this means that, when trust is lower, the amount of capital available for investment is lower too, and hence the cost to businesses of securing that capital is likely to rise.

In terms of institutional investors, one of our interviewees described a situation where investors lost their trust in management, performance suffered and a new strategy had to be introduced quickly. The new strategy was more long-termist, in contrast to the previous approach which introduced new risks into the running of the company.

The increasing incidence of shareholder votes against board recommendations on executive pay, where investors perceive a disconnect between pay and performance, is another manifestation of what happens when trust between investors and business breaks down.

**13%**
**OF FTSE 350 NEDS MET WITH SHAREHOLDERS**

Source: Grant Thornton FTSE 350 Corporate Governance Review 2016

## Customer loyalty

Trusted firms are likely to be better at retaining customers and having customers that recommend the product or service to someone else. We find a clear correlation in the Customer Loyalty and Experience Index between trust in a brand or firm and continuing as a customer or recommending to others.

When trust between customers and business is damaged there is a higher probability that customers will shift to rival firms or disengage entirely. Discussion of this risk recurred throughout our interviews.

If existing customers disengage then businesses face the cost of attracting new customers. Depending on the industry, the cost of customer acquisition can be up to 25 times greater than the cost of retention. Reducing churn rates can therefore have a big impact on profitability. Bain & Company estimate that, in financial services, reducing churn rates by 5% can lead to a 25% increase in profits.[xvi]

**"IF YOU DON'T HAVE A GOOD REPUTATION THEN WHY WOULD CUSTOMERS COME TO YOU WITH ALL THE INFORMATION THAT'S FREELY AVAILABLE ON THE INTERNET? THERE'S NO SHORTAGE OF SITES TO TELL YOU ABOUT PRICE AND SERVICE. IF YOU WANT TO PICK UP NEW CUSTOMERS, YOU'VE GOT TO HAVE THAT REPUTATION. THEN, IF YOU WANT TO HANG ON TO THEM, WHICH IS REALLY IMPORTANT BECAUSE IT COSTS FAR MORE TO RECRUIT A NEW CUSTOMER THAN TO HANG ONTO AN EXISTING ONE, THEN TRUST IS REALLY IMPORTANT TOO."**

From our interview with EDF Energy

### Reduced costs: process efficiency and lower transaction costs

Trust can simplify and speed up business processes. Research across a range of industry sectors – from marketing to manufacturing – suggests that, when trust plays this role, it can enable quicker adjustment to changed business conditions and reduce transaction costs.[xvii] This was brought to life by our interviews.

When trust is not present then the speed of decision-making is lower and may be reduced further by the introduction of regulation. If businesses do not address the issue of trust then they can find themselves in a vicious cycle: unable to change quickly; and then hampered in future change by increasing regulation. And from a wider perspective, as trust reduces, decision-making time increases, slowing down process and inhibiting investment.

**"IT TAKES A LOT OF TIME, EFFORT AND LEGAL COUNSEL TO WRITE UP AGREEMENTS, AND IT PUTS YOU IN THIS VERY OFFICIAL RELATIONSHIP THAT'S ALMOST LIKE, 'WHAT CAN I GET AWAY WITH? WHAT ARE THE LOOPHOLES?', INSTEAD OF BEING OPEN AND HONEST, REACHING OUT AND TALKING THINGS THROUGH."**

From our interview with Pret

# Issues for business to consider: how can organisations build trust?

### No one size fits all solution

The businesses we spoke to had thought about the role of trust in relation to their own business model specifically. Improving trust was not a question of picking a model off the shelf and applying it to their business; instead these businesses looked systematically at where their relationships with employees, customers, suppliers and wider society contributed to performance and what further changes might give them a competitive edge.

### There are lots of ways of engaging employees

We encountered lots of ways of engaging employees, varying by the culture and business model of the individual firm. These can include employee ownership, employees on boards through to staff AGMs and delegating decision making to the shop floor. It is critical that businesses consider the full range of ways for engaging employees and themselves on what is the best fit for them.

Firms should also recognise that it may not be the highest skilled or highest paid – and hence often the most visible and easiest to reach – employees within the firm who are the priority for improving engagement. Trust issues are most pressing among those in junior or lower skilled roles. They are typically several layers away from leaders and have less information about how decisions are being made. They most need to have trust in leaders; and yet building trust with them needs the most work. This is why thinking rigorously and creatively about employee engagement is so important.

### Open yourself up to the community

EDF Energy spoke to us about the challenge raised for them in gaining the public's trust when they were forced to close their power stations to the public in the light of security concerns about terrorism. Visits are possible once again and are seen as critical to how EDF Energy works with local communities to form a transparent and open relationship, creating jobs and investment as a long-term citizen of the neighbourhood rather than a looming presence on the horizon.

This is one example of how firms should be trying to incorporate the social compact they want to create with stakeholders into their everyday working practices; and working with policymakers to ensure that any barriers to the social compact are dealt with.

### Build a deeper relationship with customers: make it personal

The long-term success of any business is driven by its focus on the interests of customers. In the case of building societies, among our interviewees, traditionally all of the customers have been local to where the business is based. This helps them in building the long-term relationship.

Etsy, by contrast, as an online marketplace does not have face-to-face contact with its customers. The challenge for its business is how to build trust between customers and retailers through the features of the online platform.

How to build deeper relationships with customers through all their modes of customer engagement, and particularly with emerging technology, is a growing challenge.

### Treat your suppliers as strategic partners

This requires a different model for working together: not eking out savings from every transaction with suppliers but building a long-term relationship that delivers value time after time. This goes far beyond prompt payment and regulatory compliance. The businesses who are doing this best view their suppliers as partners in achieving greater efficiency as well as innovation.

## Go beyond compliance

On a variety of issues, whether tax, the use of pension funds or zero hours contracts, businesses have claimed that they are acting within the law but nonetheless been heavily criticised. This reflects greater transparency and changing expectations of the compact between business and society. Businesses should consider whether operating legally is enough for them to sustain trust with employees, customers and investors. Long-term performance may require a more ethically-driven approach. However, in a media influenced, rapidly changing society what is acceptable to one constituent at one point in time may not be the same for another a year later. Companies need to be clear about their values and beliefs, embed them in their business, and communicate them often and consistently.

## Treat trust as a core business KPI

Every business, when it considers how to improve trust in its key relationships with employees, customers, suppliers and the wider society, will find different ways of achieving that. Our findings suggest that the key first step is to ask the question about what value could be created through improving these relationships; then doing so with the energy and discipline that the business would apply to executing any other aspect of its strategy whilst always honest to its beliefs and values.

The businesses we spoke to did not see trust as an added extra, done to a different set of rules or held to a different standard of success. Improving trust is good business and therefore should be planned, managed and measured in the same way as anything else.

**"IT'S ALL THE LITTLE THINGS WE TRY TO ADD TO THE EXPERIENCE OF A PARTICULAR SHOP ON ETSY WHICH HOPEFULLY CONVEYS THAT THERE'S A REAL PERSON BEHIND IT, THAT THAT PERSON TAKES SERIOUSLY WHAT THEY DO AND THAT THEY'VE HAD GOOD RESULTS WITH OTHER CUSTOMERS."**

From our interview with Etsy

# Conclusion

**There is no one solution to improving trust. Every business needs to focus on it, harder than before, as part of its strategy for profitability. The lack of trust adds to business costs and makes it harder to achieve improvements in building long-term value. A systemic lack of trust – the effect on each business that we have been describing in this report multiplied across the economy – holds back improvements in living standards and reduces the returns on our savings.**

To break this dynamic, firms have to:

- start treating it as core business, not an added extra, and managing it as such
- build a deeper relationship with employees in particular, unlocking productivity improvements in cooperation with them
- treat their suppliers as partners, innovating more quickly and stripping out process costs
- retain and, where needed, win back the trust of customers, reducing the cost of churn
- restore the confidence of investors that senior executives will be paid in line with performance.

By making these changes, we can have a more vibrant economy where society builds a symbiotic relationship with business to the benefit of all.

## Endnotes

[i] The UK findings of the Edelman Trust Barometer 2017 can be found here: https://www.edelman.co.uk/magazine/posts/edelman-trust-barometer-2017-uk-findings/. Slide 8 in the pack describes an 'evaporation of trust' across all four major institutions tested in the survey: Government; Media; Business; and NGOs. Business remains slightly more trusted than Government and Media though the fall in trust during the past year is larger than for these two other institutions. The fall in CEO credibility specifically is tracked at slide 37 in the pack. While it is a global phenomenon, the fall in the UK is 12 percentage points, larger than peer countries such as France, Germany or the US.

[ii] These figures comes from new polling conducted for this project by Populus. Populus interviewed 1,110 Britons working part time or full time online between 5 and 7 August 2016. Data was weighted to be nationally representative. The polling reveals the extent of the 'trust gap' between workers and their employers. Trusting the company they work for, and feeling valued and listened to, are among the most important factors contributing to job satisfaction among workers. However, the data reveals that there is often a large gap between these factors and the experience reported by workers: 89% of Britons say that trusting the company they work for is important for their job satisfaction, yet only 65% agree that they trust the company they work for (-24%); 89% of Britons saying that feeling their contribution at work is valued is important for their job satisfaction, yet only 66% agree that this is the case in the company they work for (-23%); and 86% of Britons say that having their superiors at work listen to them is important for their job satisfaction, yet only 61% agree that this is the case in the company they work for (-25%). The polling also shows that the Prime Minister is right to say that many workers feel as though they have no say in how the company they work for is run. Only one third (36%) agree that the company they work for provides opportunities for them to be involved in the running of the company. One third (37%) disagree, with 16% disagreeing strongly. There is a noticeable difference in the perceptions of workers from different social classes. AB workers (45%) are most likely to agree that they have opportunities to be involved in the running of the company where they work. One third of C1 (36%) and C2 (35%) also agree, however only one quarter (24%) of DE workers agree. The full polling results are available on request.
http://www.grantthornton.co.uk/en/news-centre/new-polling-reveals-trust-gap-between-uk-workers-and-employers/

[iii] This statement and the quotation from the Prime Minister come from the Government Green Paper on Corporate Governance Reform. The paper was published in November 2016 and is expected to drive policy changes, including potentially through legislation.

[iv] Grant Thornton Customer Loyalty & Experience Index (CLIX) 2016. Seventy-nine brands were surveyed across retail banks, life and insurance, general insurance, investment management and retail industries with 16,000 responses. Respondents must have been customers of the brand, undertaking a contact in the past three months. Customers were asked a number of questions including ones related to experience, loyalty, trust, care, effort, and reputation.
http://www.grantthornton.co.uk/en/insights/customer-experience–mastery-or-mediocrity/

[v] This figure comes from work done by Grant Thornton in the US, examining the growing pains of complex supply chains. The full report is available here:
https://www.grantthornton.com/issues/library/articles/manufacturing/2016/growing-pains-complex-supply-chains.aspx

[vi] These figures are taken from the Grant Thornton Corporate Governance Institute's annual review of governance across FT350 companies. The full report is available here:
http://www.grantthornton.co.uk/en/insights/uk-corporate-governance-review-2016-highlights/

[vii] This figure comes from new polling conducted for this project. See note ii.

[viii] We carried out a systematic review of the literature on trust and its links to business performance. The highlights are reported in the body of this report. To complement the review, we carried out in depth interviews with senior executives from a wide range of businesses. These span the major industry sectors of the UK economy; and include large as well as medium-sized businesses. Interviewees asked not to be identified and we agreed to this in the interests of gaining their frank and candid views on trust in business.

[ix] The Great Place to Work Institute has conducted a range of studies to demonstrate the link between employee engagement and business performance. The study we quote – and other key studies – can all be found here: http://www.greatplacetowork.co.uk/our-approach/what-are-the-benefits-great-workplaces

[x] These statements and the table that follows draw on a review of the Gallup studies on wellbeing in the workplace. The review is available in full at this link: http://www.nhsemployers.org/~/media/Employers/Documents/Retain%20and%20improve/Harter%20et%20al%202002%20WellbeingReview.pdf

[xi] This is a summary of a report called 'Trust and Knowledge Sharing: A Critical Combination'. It provides the clearest description of the mechanism by which trust between employees can improve performance that we found in our literature review. The full study can be found here: http://www-935.ibm.com/services/us/imc/pdf/g510-1693-00-cpov-trust-and-knowledge-sharing.pdf

[xii] The study referred to is called 'Does Trust Improve Business Performance?' It provides an in depth and comparative perspective on trust within supply chains, specifically the complex supply chains in the automotive industry. It can be found here: https://dspace.mit.edu/bitstream/handle/1721.1/1462/175a.pdf

[xiii] The UK Innovation Survey is part of a wider cross-European survey on innovation developed by the European Commission (Eurostat) and member states. Further findings from the survey are available here: https://www.gov.uk/government/statistics/uk-innovation-survey-2015-headline-findings

[xiv] This finding is made in a study of the role of trust in venture capital investment. The authors examine the effect of trust on financial investment decisions in a micro-economic environment where trust is exogenous. Using hand-collected data on European venture capital, they show that the Eurobarometer measure of trust among nations significantly affects investment decisions. This holds even after controlling for investor and company fixed effects, geographic distance, information and transaction costs. The full paper is here: http://eureka.sbs.ox.ac.uk/5330/1/Bottazzi-DaRin-Hellmann-Trust-Jul12.pdf

[xv] The results reported come from this study called 'Trusting the Stock Market: http://www.nber.org/papers/w11648

[xvi] Bain & Company have a stream of research on the business benefits of customer retention. The full set of studies are available here: http://www.bain.com/consulting-services/customer-strategy-and-marketing/customer-loyalty.aspx. The figures quoted specifically come from this paper: http://www.bain.com/Images/BB_Prescription_cutting_costs.pdf

[xvii] There is a very large body of research, ranging across industry sectors, on the impact of trust across supply chains. As well as reporting quantitative results, this study also explains the mechanisms that are likely to be at work in explaining why trust enhances performance and hence is a good starting point for examining the issue further: https://www.researchgate.net/profile/Vincenzo_Perrone3/publication/262252609_Does_Trust_Matter_Exploring_the_Effects_of_Inter-Organizational_and_Inter-Personal_Trust_on_Performance/links/00b4952710fd9b81a3000000/Does-Trust-Matter-Exploring-the-Effects-of-Inter-Organizational-and-Inter-Personal-Trust-on-Performance.pdf

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