





Business Roundtable Harvard Business School Institute for the Study of Business in Global Society



Plus



### Special Analysis based on the

# 2022 EDELMAN TRUST BAROMETER MAY UPDATE

The Changing Role of the Corporation in Society

In collaboration with



14-market global data margin of error:

Full sample +/- 0.8% (n=14,000); half-sample +/- 1.2% (n=7,000).

Country-specific data margin of error:

Full sample +/- 3.1% (n=1,000); half-sample +/- 4.4% (n=500).

### Global online survey

Fieldwork conducted: April 26 – May 2, 2022; The U.S. was fielded from April 26 – May 10, 2022

14

14,000

1,000

countries

respondents

respondents/country

All data is nationally representative based on age, region and gender

Brazil

Canada

China

France

Germany

inai

Japai

Mexico

Saudi Arabia

S. Africa

S. Korea

UAE

Uł

U.S.

Unless otherwise indicated, global averages include all countries surveyed.

Due to the sensitive nature of some questions, certain data was prevented from being collected in China.

When this occurs an average of 13 countries is shown.

Special Analysis based on the

# 2022 EDELMAN TRUST BAROMETER MAY UPDATE

The Changing Role of the Corporation in Society

### **U.S. Regional Analysis**

In collaboration with



U.S. total general population (excluding oversample) margin of error:

Full sample +/- 3.1% (n=1,000); half-sample +/- 4.4% (n=500).

Region-specific data (including oversample) margin of error:

Full sample +/- 4.4% (n=500); half-sample +/- 6.2% (n=250).

### **U.S. Regional Oversample**

Fieldwork conducted: April 26 – May 2, 2022; The U.S. was fielded from April 26 – May 10, 2022

### **SAMPLE SIZE:**

n500	n500	n500
MIDWEST	SOUTH	WEST
Illinois	Delaware	Arizona
Indiana	Florida	Colorado
Michigan	Georgia	Idaho
Ohio	Maryland	Montana
Wisconsin	North Carolina	Nevada
lowa	South Carolina	New Mexico
Kansas	Virginia	Utah
Minnesota	West Virginia	Wyoming
Missouri	Alabama	Alaska
Nebraska	Kentucky	California
North Dakota	Mississippi	Hawaii
South Dakota	Tennessee	Oregon
	Arkansas	Washington
	Louisiana	
	Oklahoma	
	Texas	
	District of Columbia	

All data is representative of age, gender and race/ethnicity within each U.S. region

n500

**NORTHEAST** 

Connecticut

New Jersey

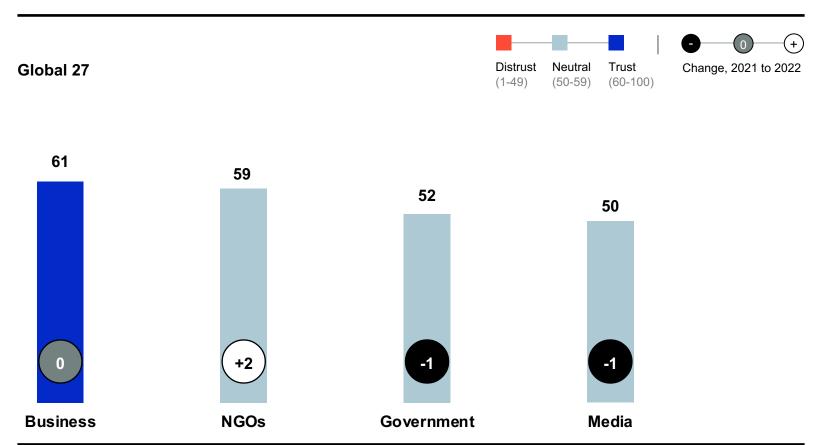
Rhode Island

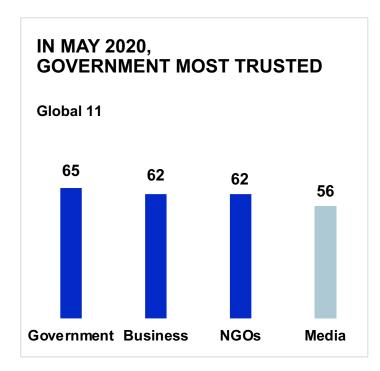
New York Pennsylvania

# IN A DIVIDED WORLD, BUSINESS MOST TRUSTED

# TRUST DECLINES FOR GOVERNMENT AND MEDIA; **BUSINESS STILL ONLY TRUSTED INSTITUTION**

### Percent trust





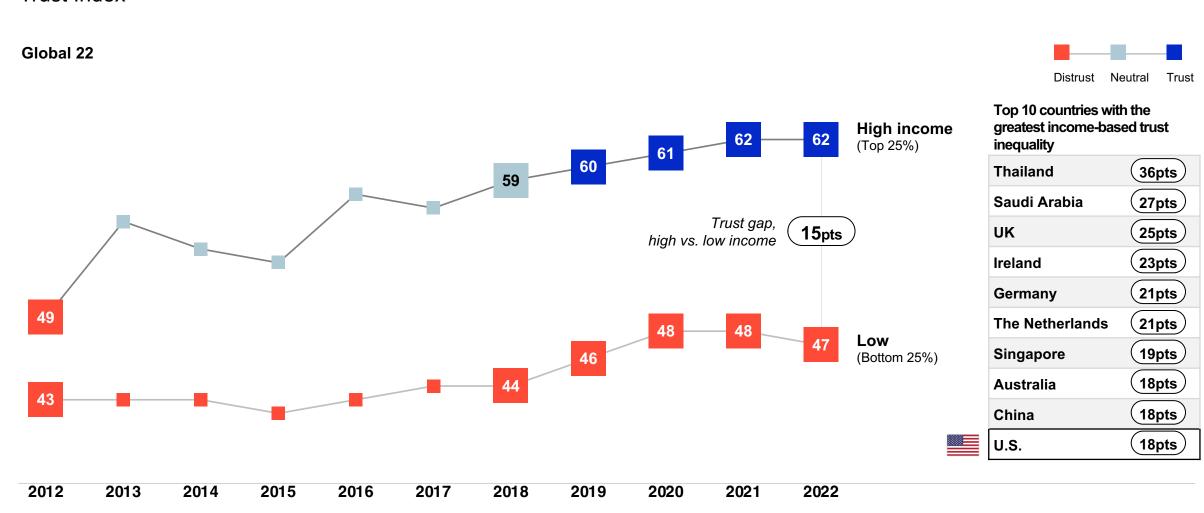
2022 Edelman Trust Barometer. TRU INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right. 9-point scale; top 4 box, trust. General population, 27-mkt avg.

2020 Edelman Trust Barometer Spring Update. TRU INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right. 9-point scale; top 4 box, trust. General population, 11-mkt avg.



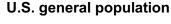
## RECORD TRUST GAP BETWEEN HIGH AND LOW INCOME

Trust Index



# MIDWEST LEAST TRUSTING U.S. REGION; ALL INSTITUTIONS DISTRUSTED EXCEPT BUSINESS

Percent trust, in the U.S.





### Trust Index

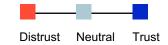
U.S. general population	49
Northeast	51
Midwest	46
Midwest South	<b>46</b> 49

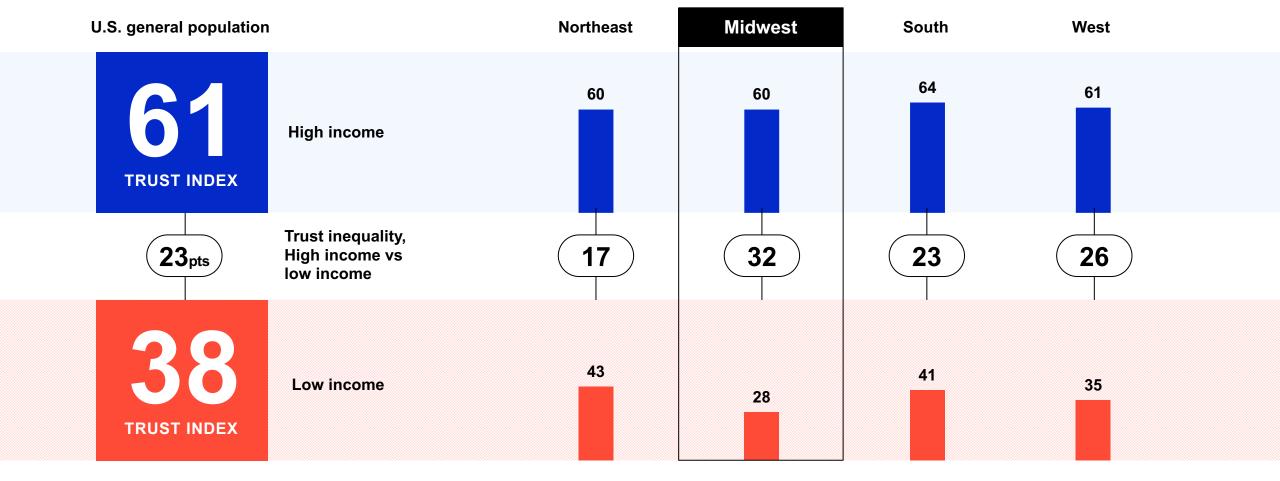
Government least trusted institution in the Midwest

· · ·				Distrust Neutral T	rust
	55	51	45	45	
	Business	NGOs	Government	Media	
Northeast	57	54	49	45	
Midwest	51	49	40	42	
South	56	50	44	45	_
West	56	51	46	44	

# U.S. INCOME-BASED TRUST INEQUALITY MOST EXTREME IN THE MIDWEST

Percent trust, in the U.S.

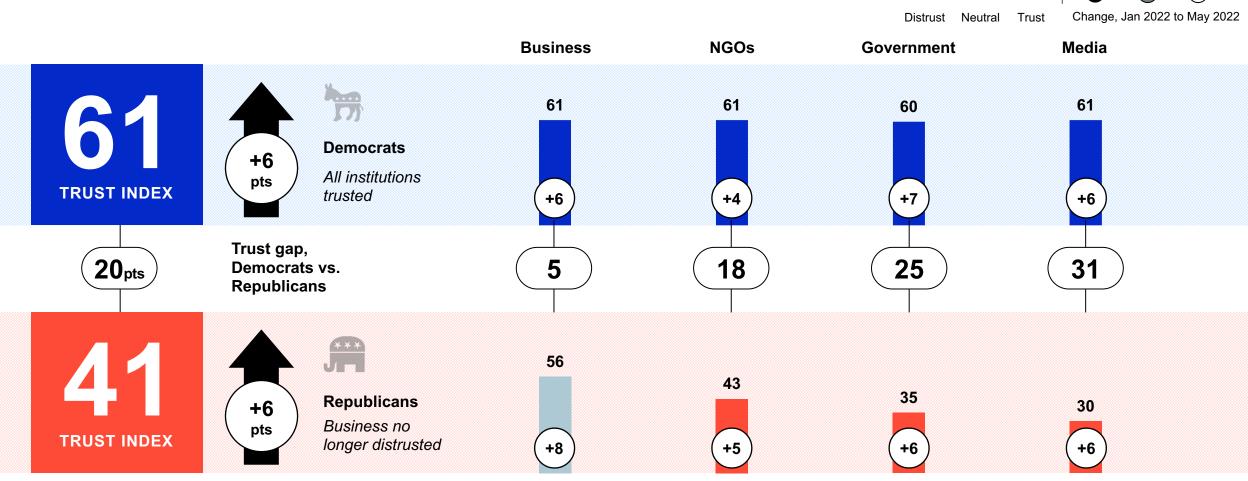




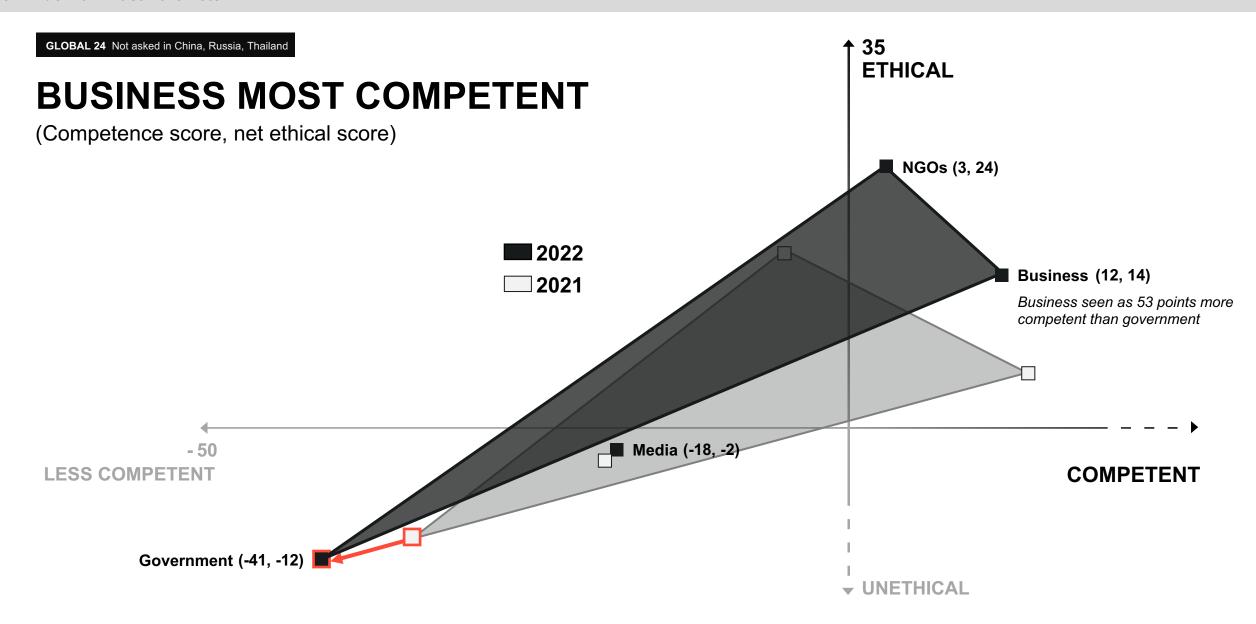
### **JANUARY TO MAY 2022:**

# U.S. REPUBLICANS LESS TRUSTING THAN DEMOCRATS

Percent trust, in the U.S.



# A NEW ROLE FOR BUSINESS IN SOCIETY

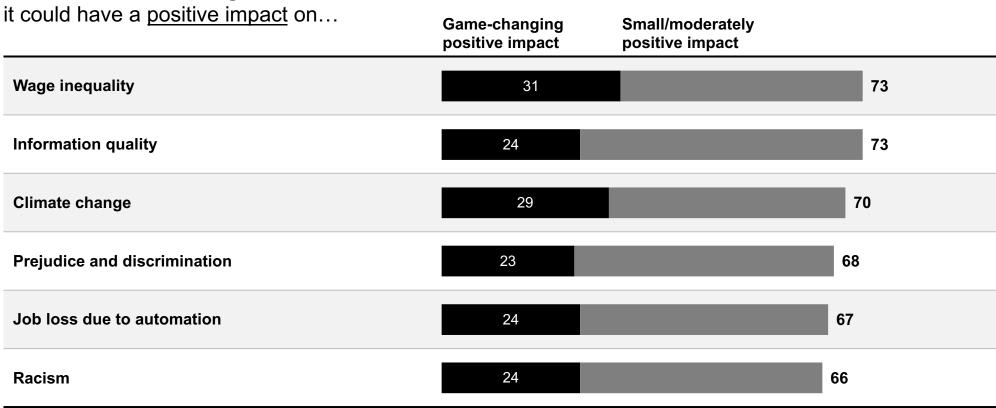


**2022 Edelman Trust Barometer.** The ethical scores are averages of nets based on [INS]\_PER\_DIM/1-4. Question asked of half of the sample. The competence score is a net based on TRU\_3D\_[INS]/1. Depending on the question it was either asked of the full of half the sample. General population, 24-mkt avg. Data not collected in China, Russia and Thailand. For full details regarding how this data was calculated and plotted, please see the Technical Appendix.

# BUSINESS SEEN AS HAVING THE POWER TO CREATE POSITIVE SOCIETAL CHANGE

Percent who say

### If business devoted significant effort,



**2022 Edelman Trust Barometer May Update.** BUS\_BEST. Which of the following most accurately characterizes, in your mind, the best-case scenario for the impact business could have in solving each of the following problems or challenges if it devoted a significant amount of its resources and attention to addressing it? 5-point scale; codes 3-4, small/moderately positive impact; code 5, large, game-changing positive impact. Question asked of half the sample. General population, 14-mkt avg.

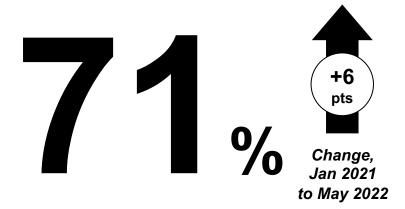
# COMPANIES CAN BOTH MAKE MONEY AND SERVE COMMUNITIES

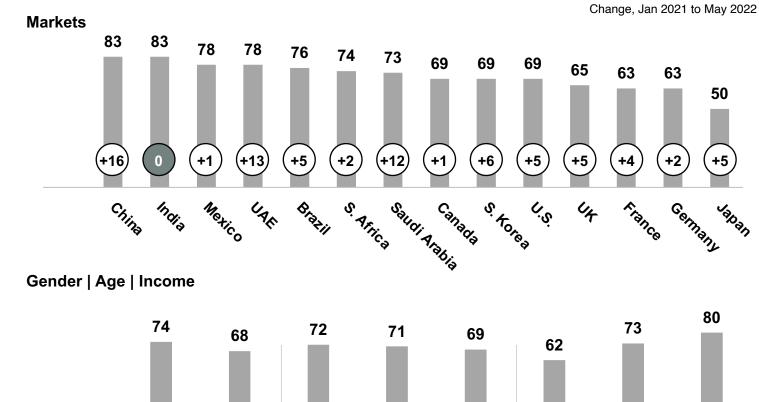
Percent who agree

hange Jan 2021 to May 2022

A company can take specific actions that both **increase profits** *and* **improve conditions in communities** where it operates

Global 14





+4

35-54

+3

Women

+8

Men

+9

18-34

+2

55+

Low

+6

High

+5

Middle

# A CALL TO SERVE THE NEEDS OF ALL STAKEHOLDERS

# MAXIMIZING PROFITS IS NOT ENOUGH: BUSINESS MUST BENEFIT ALL STAKEHOLDERS

Which do you agree with more?

Global 14

**73**%

The primary responsibility of a corporation is to...

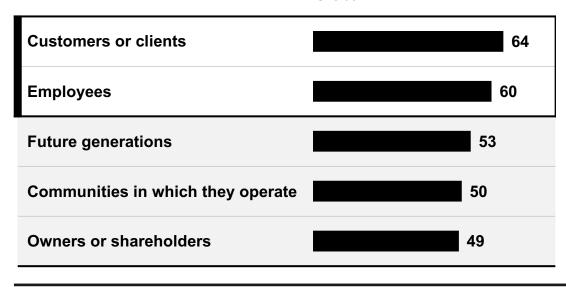
benefit all its stakeholders to the fullest extent possible

VS.

maximize financial returns for its **shareholders or owners** to the fullest extent possible

Percent who say each stakeholder group should be a **high priority** when a company makes business decisions

### Global 14

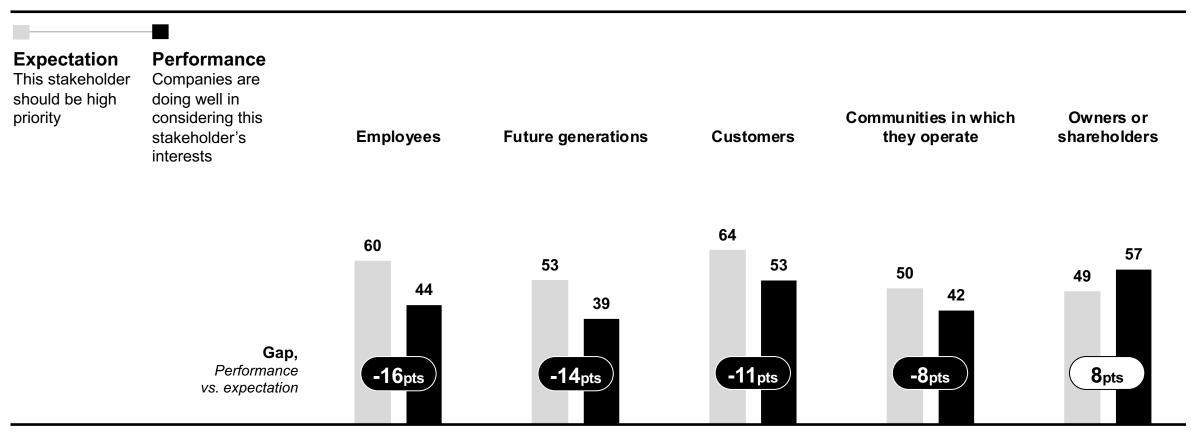


Priority stakeholders for business: customers and employees

**2022** Edelman Trust Barometer May Update. BUS\_PUR. You are about to see a series of two choices. For each pair, we want you to choose the one that you agree with more. CMP\_PRI. When companies are making business decisions, how high a priority should the needs, expectations, and interests of each of the following be? 5-point scale; top 2 box, high priority. General population, 14-mkt avg.

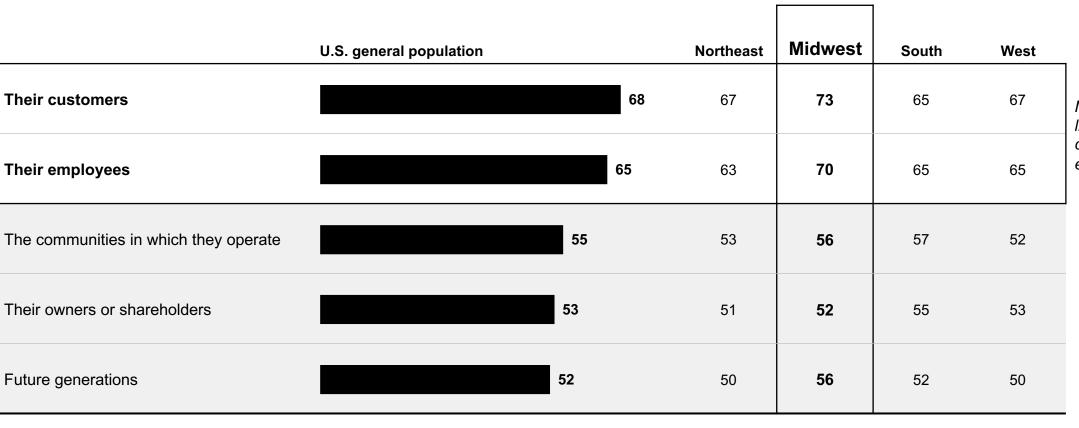
# BUSINESS SEEN AS FAILING STAKEHOLDERS OTHER THAN OWNERS

Percent who say each interest/stakeholder should be a high priority, vs percent who say companies are doing well in considering that stakeholder's interests



# IN THE U.S., MIDWEST LEADS IN STAKEHOLDER MINDSET

Percent who say each stakeholder should be a **high priority** when a company makes business decisions, in the U.S.



Midwest most likely to prioritize customers and employees

# U.S. MIDWEST: HIGHEST EXPECTATION THAT BUSINESS INVEST IN LOCAL COMMUNITIES AND JOB TRAINING

Percent who say each is a responsibility of business, in the U.S.

	U.S. general population		Northeast	Midwest	South	West
Train and reskill employees		86	84	90	85	87
Support local communities		83	81	87	82	84
Create wealth for owners/shareholders		78	79	78	77	80
Ensure access to trustworthy information		78	75	77	79	79
Work to solve major global problems (climate change, poverty, etc.)	69		68	64	71	73

# U.S. MIDWEST MOST DISAPPOINTED IN BUSINESS SUPPORT FOR LOCAL COMMUNITIES AND JOB TRAINING

Percentage point **gap** between the percent who say each is an expectation of business vs. percent who say business is performing well on each, in the U.S.

	Northeast	Midwest	South	West
Support local communities	-40	-49	-43	-48
Train and reskill employees	-39	-47	-41	-46
Ensure access to trustworthy information	-40	-47	-45	-50
Work to solve major global problems (climate change, poverty, etc.)	-40	-40	-46	-46
Work to solve our country's major social problems	-35	-38	-41	-41
Create wealth for owners/shareholders	-20	-15	-19	-22

# ACTION BUILDS TRUST

# BUSINESS AGENDA NOW INCLUDES SOCIETAL AND GEOPOLITICAL ISSUES

On average, percent who say

### Each is a **business responsibility**:

### **Economic** responsibilities

Create jobs
Provide safe and reliable products
Drive innovation
Grow the economy
Wealth creation

### Societal responsibilities

Provide training to employees
Support local communities
Provide trustworthy information
Address climate change, pollution, poverty,
and food/water insecurity
Address discrimination, wage inequality,
healthcare, and education
Promote cooperation across political differences

### Geopolitical responsibilities

Cultivate admiration for our country's values
Punish countries that violate human rights and
international law

85%

**77**%

**59**%

**2022 Edelman Trust Barometer Special Report: The Geopolitical Business.** CORP\_ROLE. Do you consider each of the following to be a primary, secondary, or not a responsibility of business? 3-point scale; sum of codes 1 and 2, primary and secondary. General population, 14-mkt avg. "Economic responsibilities" is an average of attributes 1-2, 4-6. "Societal responsibilities" is an average of attributes 3, 7, 9-11, and 13. "Geopolitical responsibilities" is an average of attributes 12 and 14. Attributes under each responsibility grouping shown in rank order. For the full question text, please refer to the appendix.

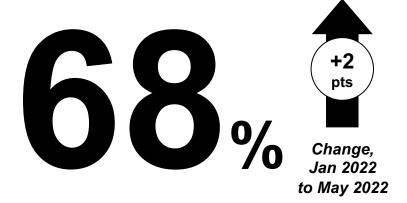
## CEOS EXPECTED TO TAKE THE LEAD ON CHANGE

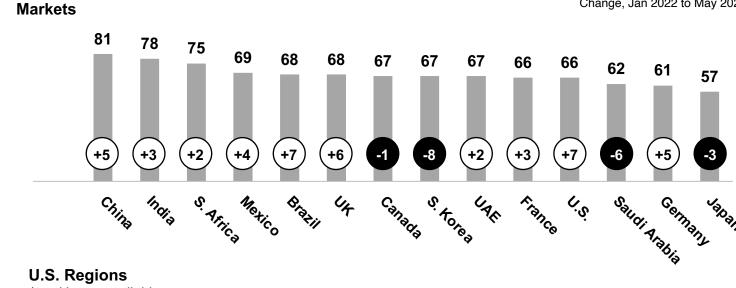
Percent who agree

Change, Jan 2022 to May 2022

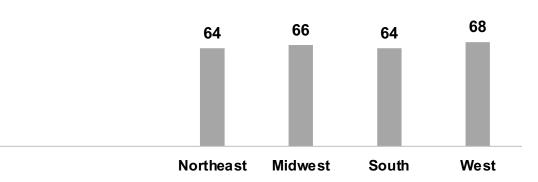
CEOs should take the lead on change rather than waiting for government to impose change on them

Global 14



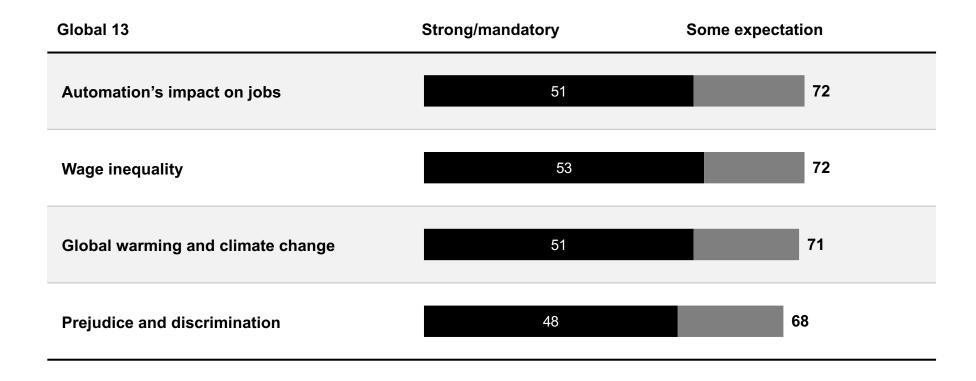






# CEOS EXPECTED TO INFORM POLICY ON SOCIETAL ISSUES

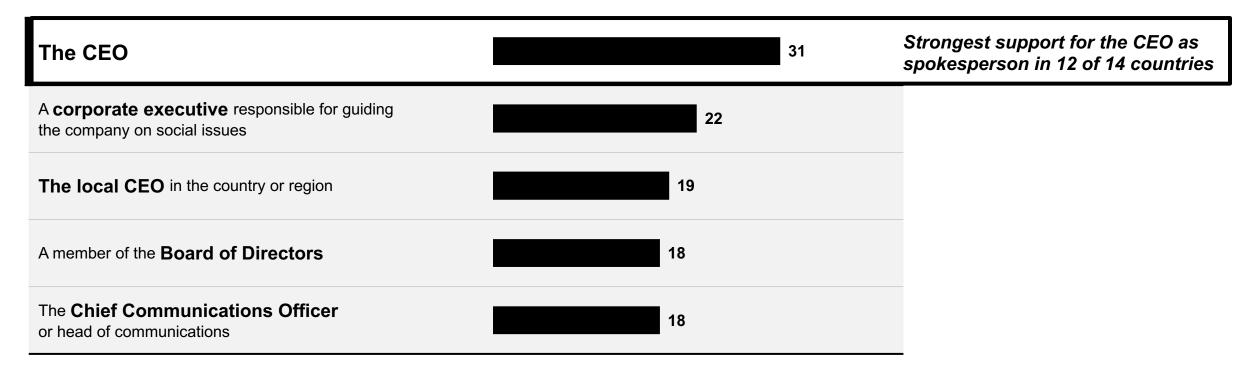
Percent who expect CEOs to inform and shape conversations and policy debates about each issue



# CEO MUST BE FRONTLINE COMMUNICATOR ON CONTENTIOUS ISSUES

Percent who say

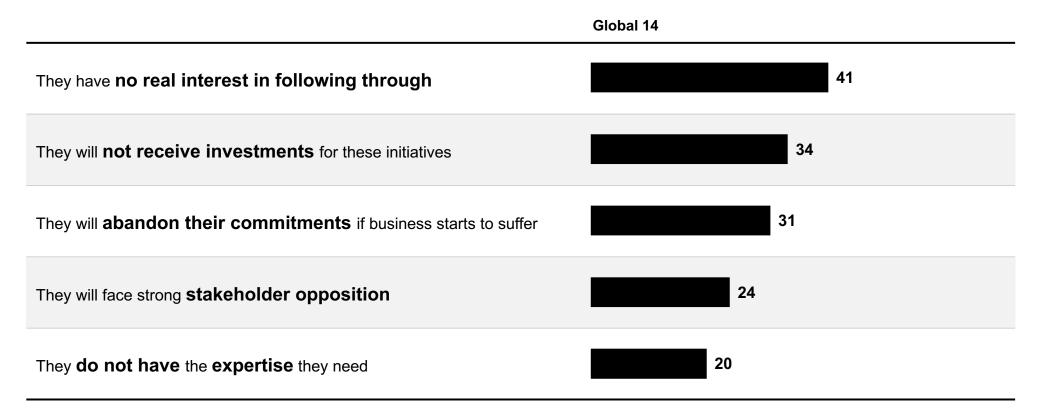
A company should use the following spokesperson to communicate its response to a contentious social or geopolitical issue



**2022** Edelman Trust Barometer Special Report: The Geopolitical Business. DRV\_FOR. If a company wants to communicate credibly and effectively to you about its stand on a contentious social or geopolitical issue, and what actions it is planning to take to address that issue, who should they use to deliver their message? Pick all that apply. Question asked of half of the sample. General population, 14-mkt avg. For the full question text, please refer to the appendix.

# COMPANIES MUST SHOW COMMITMENT THROUGH ACTION

Among those who do not think business will follow through on commitments to address broader societal challenges (27%), percent who say these are the reasons why



**2022 Edelman Trust Barometer May Update.** CMP\_FOL\_NPE. You just indicated that you do not believe that most companies will follow through on their commitments to address broader societal challenges. Specifically, why do you believe that most companies will not live up to these commitments? Pick all that apply. Question asked of those who think companies will not follow through (CMP\_FOL\_THU/2). General population, 14-mkt avg.

# THE SHOW-ME REGION: U.S. MIDWEST MOST SKEPTICAL COMPANIES WILL FOLLOW THROUGH

Among those who do not think business will follow through on commitments to address broader societal challenges (31%), percent who say these are the reasons why, in the U.S.

	U.S. general population	Northeast	Midwest	South	West
They have no real interest in following through	44	38	48	43	46
They will not receive investments for these initiatives	39	35	37	39	42
They will abandon their commitments if business starts to suffer	34	29	33	38	31
They will face strong stakeholder opposition	33	32	33	28	39
They do not have the expertise they need	20	16	20	18	23



# HIGHEST TRUST WHEN THEY SEE POSITIVE IMPACT OF SOCIETAL ENGAGEMENT

Percent trust in business



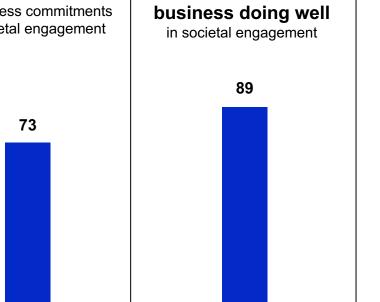
Among those who are...

### Not aware of business commitments to societal engagement

53

### of business commitments to societal engagement

### Aware Aware and see





# ECONOMIC GROWTH LESS POWERFUL TRUST DRIVER THAN STAKEHOLDER ACTIONS

Regression analysis: increased likelihood to trust if business were to be seen as doing each well

If business does this well:	Increased likelihood of trust
Ensure access to trustworthy information	+9%
Support local communities	+5%
Provide <b>employee training</b>	+5%
Be an engine of <b>economic growth</b>	+4%

Trust benefit for societal initiatives greater than trust benefit for economic growth

**2022 Edelman Trust Barometer May Update.** Regression analysis. CORP\_PERF. How well is business doing at each of the following? 5-point scale; top 2 box, doing well. TRU\_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right. 9-point scale; top 4 box, trust. General population, 13-mkt avg. For a full explanation of how this data was calculated, please see the Technical Appendix. Data not collected in China.

# THE CHANGING ROLE OF BUSINESS IN SOCIETY

1

# Business's societal role is here to stay

Business is the most trusted and seen as the most competent institution.

2

# Prioritize customers and employees

Business must prioritize employees and customers above shareholders.

3

# CEOs must take the lead on change

CEOs must inform policy and deliver results when it comes to jobs, local community investments, inclusion and sustainability. 4

### **Actions build trust**

Companies must demonstrate they will keep their societal commitments.



# REBUILDING TRUST IN THE U.S. MIDWEST

1

# Leverage business's trust advantage

As the only institution not distrusted in the Midwest, business must deliver on high expectations to act on societal issues.

2

# Invest in jobs, retraining and local communities

The Midwest is looking for business action to address the effects of automation and globalization.

3

# Meet stakeholder demands

Businesses in the Midwest must address the needs and beliefs of employees and customers, their highest priority stakeholders. 4

# Demonstrate real commitment

The Midwest is the Show-Me region: the most likely to suspect that business is performative, not committed, to societal engagement.

# SUPPLEMENTAL SLIDES

# BUSINESS RESPONSIBILITIES INCLUDE OBLIGATIONS TO SOCIETY

On average, percent who say

### Each is a **responsibility** of business:

Provide training to employees

Support local communities

Provide trustworthy information

Address climate change, pollution, poverty, and food/water insecurity

Address discrimination, wage inequality, healthcare, and education

Promote cooperation across political differences

Stepping in when government is ineffective\*

Global 13 Excludes China

**75**%

### CONVINCED BUSINESS ENGAGEMENT CAN HAVE IMPACT

Percent who say business could have an impact if the institutions devoted significant time and effort into addressing each issue

	Game-changing positive impact	Small to moderate positive impact	Total positive impact
Eliminate poverty	28	45	73
Improve information quality	24	49	73
Wage inequality	31	42	73
Improve health and access to care	25	48	73
Climate change	29	41	70
Gender inequality	25	44	69
Prejudice and discrimination	23	45	68

# PERFORMANCE ANALYSIS: BUSINESS DISAPPOINTS MOST ON SOCIETAL IMPACT

Percent who say each is a responsibility of business, and percent who say it is doing well

	This is a business responsibility	Business is doing this well	Expectation- performance gap
Work to solve major global problems such as climate change and poverty	76	29	47
Work to solve our country's major social problems	74	29	45
Support local communities	83	39	44
Train and reskill employees	88	47	41
Ensure access to trustworthy information	78	38	40
Create jobs	88	50	38
Be an engine of economic growth	85	47	38
Provide safe, reliable products and services	87	54	33
Cultivate an admiration for our country's values	68	35	33
Drive innovation	86	56	30
Create wealth for owners/shareholders	79	59	20

Greatest shortfall in areas related to societal impact

# TAKING A SIDE: C-SUITE MUST MAKE TOUGH CHOICES, REFLECT CUSTOMER AND EMPLOYEE VALUES

Percent who say

If a brand or company is pressured to choose a side of a controversial political or social issue, it should **take the position...** 

	Global 14
Held by a majority of its customers	29
Its executive management team believes is the morally correct one	29
Held by a majority of its employees	24
Its executive management team believes will be the most financially beneficial to the business	23
A majority of its owners or stockholders believe is the correct one	22
The country is leaning and adopt that position	22
Of not taking a position on the issue despite the pressure to do so	22
Of supporting both sides of the issues	21
Held by the CEO based on his or her own personal values	14
Held by those with the most political power	12

# CONFLICTING INTERESTS: PRIORITIZE CUSTOMERS AND EMPLOYEES

Percent who say

If these groups had conflicting interests and expectations, a company should prioritize...

	Global 14
Its customers or clients	20
Its employees	20
It depends the issue. There is no one group that should always be given top priority.	14
The citizens of your country	11
Future generations	9
Its owners or shareholders	8
None. All of these groups should be given equal priority in all business decisions.	8
The communities in which it operates	6
Its suppliers	4

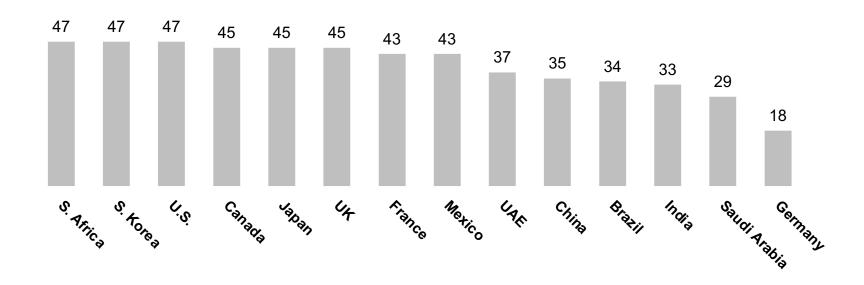
# NEARLY 4 IN 10 SAY BRANDS SHOULD AVOID PARTISAN POLITICS

Percent who say

Brands should *avoid* taking a stand on issues related to **partisan politics** 

Global 14

39%



# SOCIETAL ACTION EARNS EMPLOYEE TRUST, LOYALTY, AND ADVOCACY

Among employees with varying experiences with their organization's involvement in societal issues, percent who say

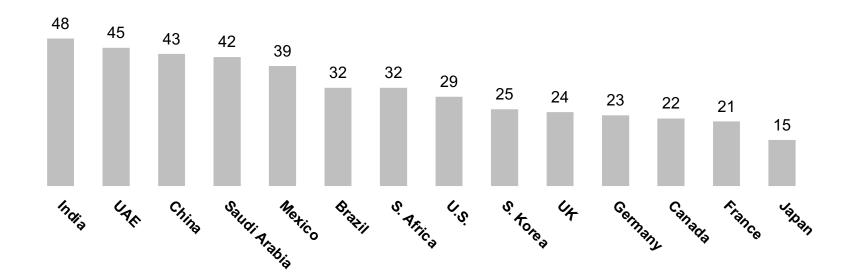
	No Talk, No Action	All Talk, No Action	Talk and Action
	Our CEO rarely talks about addressing societal issues	Our CEO often talks about addressing societal issues, but we rarely take action	Our CEO often talks about addressing societal issues, and we reliably backs those words up with action
Trust I trust my employer	77	77	85
Loyalty I want to work for my employer for many years	66	67	78
Advocacy I would recommend our products or services	72	71	81
Employer Advocacy I would recommend my employer to others	65	67	78

# COMPANIES NOT DOING WELL COMMUNICATING VALUES

### Percent who say

Companies are doing well on making their values clear and how they are supporting those values in society and around the world

Global 14



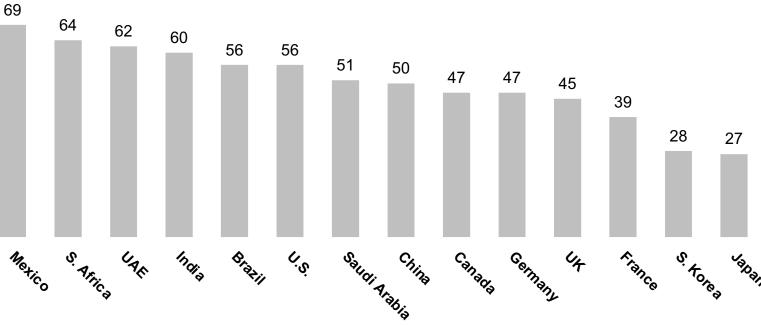
# ONLY HALF SAY THEIR EMPLOYER IS MAKING ORGANIZATIONAL VALUES CLEAR

Percent of employees who say

My employer is *doing well* making it clear **what the organization's values are** and what they are doing to support those values in the world

Global 14

51%



# BRANDS MUST TAKE A STAND ON ISSUES RELATED TO THEIR BUSINESS AND ITS IMPACT

Percent who say

Brands must take a stand on issues that	Global 14
Affect its customers	60
Affect its employees	60
Relate to the use of its products	56
Relate to the core values of the brand	55
Relate to how its products are made	55
Affect its physical operating environment	51
The brand really does not care about, but thinks could help it win new customers	33
Are important and affect society at large, but are not directly related to the brand's business or business practices	32
Are important to the CEO personally, but are not directly related to the brand's business or business practices	29
The brand does not plan to remain involved with for a long time	29

### BRAND IMPACT EARNS CONSUMER TRUST AND LOYALTY

### Percent who say

Thinking about a brand I like and use	I am <b>not aware</b> of any of the brand's initiatives to address a societal issue	I am <b>aware</b> of the brand's initiative to address a societal issue, <b>but I have not seen a positive impact</b>	I am <b>aware</b> of the brand's initiative to address a societal issue, <b>and I have seen a</b> <b>positive impact</b>
I trust this brand to make good products and services at a fair price	43	40	51
I trust that this brand makes business decisions with the best interests of customers in mind	32	36	47
I trust that this brand makes business decisions with the best interests of society in mind	28	36	49
I would stick by this brand even if I was disappointed once or twice	20	28	31
I would buy this brand even if it failed to take a public stand on an issue important to me	22	26	31
I would buy this brand even if it took a public stand on an issue that I disagreed with	17	25	29

2022 Edelman Trust Barometer Special Report: The Geopolitical Business. BRD\_TRST. Which of the following statements accurately describe how you feel about this brand? Pick all that apply. General population, 14-mkt avg., by awareness societal initiatives (BRD\_INT/1 or 2-3) and perceived impact (ACT\_DIFF/1 or 2-4). BRD\_INT. Do you know of any initiatives, programs, or partnerships that this brand/company has in place to address any social, societal, or geopolitical issues that you care about? Code 1, aware of social initiatives; Codes 2-3, unaware.

ACT\_DIFF. Have you seen, heard about, or noticed any impact or progress in addressing the problem or issue associated with those initiatives? Code 1, seen a positive impact; Codes 2-4, have not seen a positive impact.

# **SPECIAL ANALYSIS TEAM**



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