Trust in Italy

Edelman Trust Barometer 2020

20th ANNUAL EDELMAN TRUST BAROMETER

Methodology

Online survey in 28 markets

34,000+ respondents total

All fieldwork was conducted between
October 19 and November 18, 2019

28-market global data margin of error: General population +/- 0.6%
(N=32,200), informed public +/- 1.2% (N=6,200), mass population +/-
0.6% (26,000+), half-sample global general online population +/-
0.8% (N=16,100).

Market-specific data margin of error: General population +/- 2.9%
(N=1,150), informed public +/- 6.9% (N = min 200, varies by market),
China and U.S. +/- 4.4% (N=500), mass population +/- 3.0% to 3.6%
(N =min 736, varies by market).

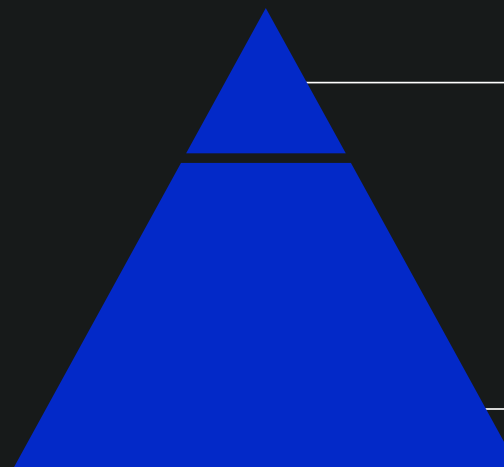Gen Z MOE: 28-market = +/- 1.5% (N=4,310)
Market-specific = +/- 5.3 to 10.5% (N=min 88, varies by market).

General Online Population

1,150 respondents per market | Ages **18+** | All slides show general online population data unless otherwise noted

2020 Gen Z oversample
250 respondents age **18-24** per market

Informed Public

500 respondents in U.S. and China; **200** in all other markets

Represents **17%** of total global population

Must meet 4 criteria

▸ Ages **25-64**

▸ College-educated

▸ In top **25%** of household income per age group in each market

▸ Report significant media consumption and engagement in public policy and business news

Mass Population
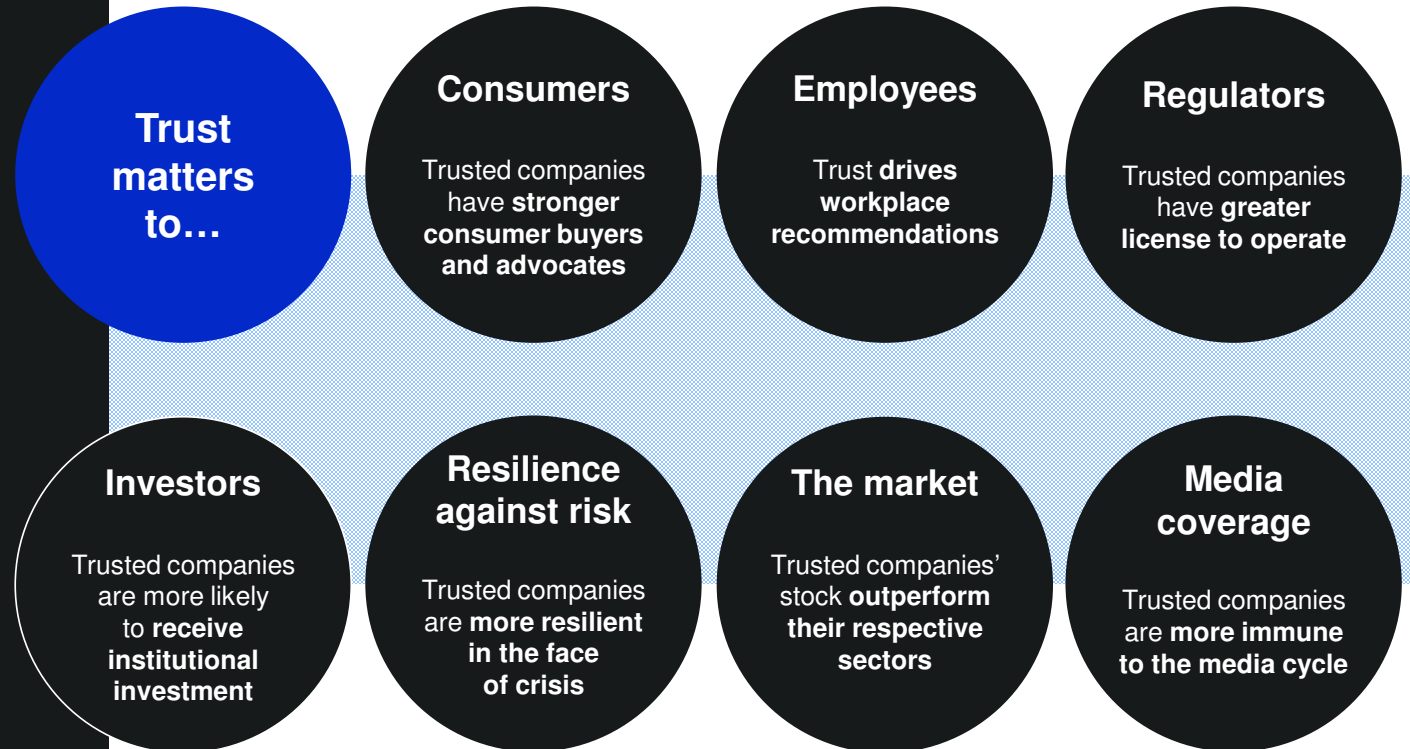
All population not including informed public

Represents **83%** of total global population

TRUST ESSENTIAL FOR FUTURE SUCCESS

20 years of Edelman research on trust

⊢

- 2M+ respondents
- 400+ companies
- 80k employee reviews
- Interviews with 50+ business leaders
- 23M measures of trust
- Review of 150+ academic articles and 80+ models of trust
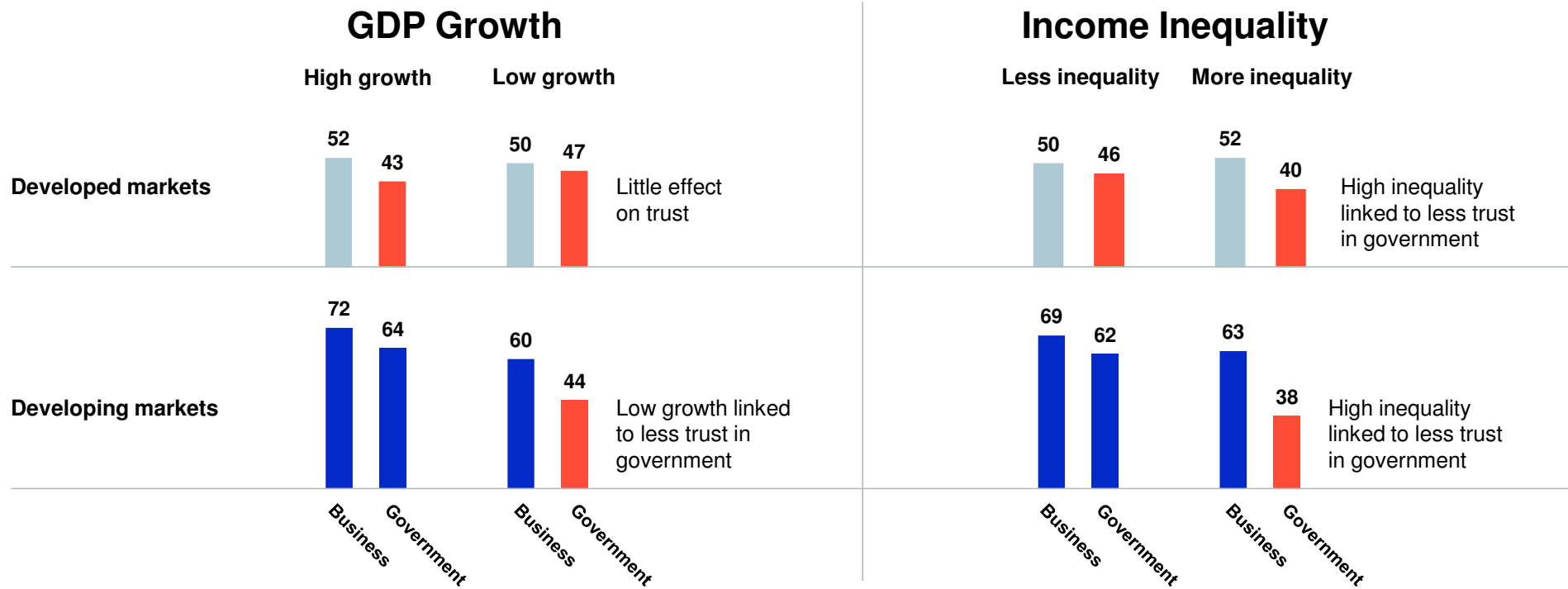- Trust and stock price analysis for 80 companies

Trust matters to…

Consumers

Trusted companies have **stronger consumer buyers and advocates**

Employees

Trust **drives workplace recommendations**

Regulators

Trusted companies have **greater license to operate**

Investors

Trusted companies are more likely to **receive institutional investment**

Resilience against risk

Trusted companies are **more resilient in the face of crisis**

The market

Trusted companies' stock **outperform their respective sectors**

Media coverage

Trusted companies are **more immune to the media cycle**

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20 YEARS OF TRUST

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Rising Influence of NGOs	Fall of the Celebrity CEO	Earned Media More Credible Than Advertising	U.S. Companies in Europe Suffer Trust Discount	Trust Shifts from "Authorities" to Peers	A "Person Like Me" Emerges as Credible Spokesperson	Business More Trusted Than Government and Media	Young People Have More Trust in Business	Trust in Business Plummets	Performance and Transparency Essential to Trust

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business Must Partner With Government to Regain Trust	Fall of Government	Crisis of Leadership	Business to Lead the Debate for Change	Trust is Essential to Innovation	Growing Inequality of Trust	Trust in Crisis	The Battle for Truth	Trust at Work	**Trust: Competence and Ethics**

INCOME INEQUALITY NOW AFFECTS TRUST MORE THAN ECONOMIC GROWTH

Distrust Neutral Trust

Percent trust

GDP Growth

High growth **Low growth**

Developed markets

52 43 50 47   Little effect on trust

72 64 60 44   Low growth linked to less trust in government

Developing markets

Business Government Business Government

Income Inequality

Less inequality **More inequality**

50 46 52 40   High inequality linked to less trust in government

69 62 63 38   High inequality linked to less trust in government

Business Government Business Government

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GROWING SENSE
OF INEQUITY

CONTINUED DISTRUST

Trust Index

Global Trust Index increases 1 pt., with increases in 16 of 26 markets measured

12 of 26 markets are distrusters, down 2 from 2019

2019 General population

Score	Market
53	Global 26
79	China
73	Indonesia
72	India
71	UAE
70	Saudi Arabia
62	Singapore
59	Malaysia
58	Mexico
56	Canada
55	Hong Kong
54	The Netherlands
52	Colombia
49	U.S.
48	Australia
46	Argentina
46	Brazil
46	Italy
46	S. Korea
45	S. Africa
44	France
44	Germany
43	U.K.
42	Ireland
40	Spain
39	Japan
29	Russia

2020 General population

Score	Market
54	Global 26
82	China
79	India
73	Indonesia
65	UAE
62	Mexico
62	Singapore
61	Saudi Arabia
60	Malaysia
57	The Netherlands
53	Canada
53	Colombia
51	Brazil
50	Hong Kong
50	S. Korea
49	Argentina
49	Italy
47	Australia
47	U.S.
46	Germany
45	France
45	Ireland
45	Spain
44	S. Africa
42	Japan
42	U.K.
30	Russia

Distrust (1-49)   **Neutral** (50-59)   **Trust** (60-100)

−   0   +

Change, 2019 to 2020

Declines in

Market	Change
Saudi Arabia	-9
UAE	-6
Hong Kong	-5
Canada	-3
U.S.	-2
Australia	-1
S. Africa	-1
U.K.	-1

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TRUST INEQUALITY SETS NEW RECORDS

Trust Index

Mass population 14 points less trusting
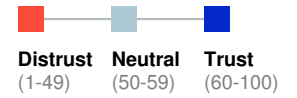
23 markets with double-digit trust gaps

2020 Informed public

65	Global 28
90	China
87	India
82	Indonesia
80	Saudi Arabia
78	Thailand
75	UAE
71	Mexico
71	Singapore
68	Australia
68	Malaysia
67	Canada
67	The Netherlands
64	Germany
64	Italy
63	France
62	Colombia
60	Argentina
60	Brazil
60	Ireland
59	Spain
58	Kenya
57	U.K.
54	Hong Kong
53	Japan
53	U.S.
50	S. Korea
49	S. Africa
41	Russia

2020 Mass population | Trust gap

51	Global 28	14
77	China	13
74	India	13
70	Indonesia	12
64	UAE	11
62	Thailand	16
60	Singapore	11
59	Saudi Arabia	21
58	Malaysia	10
58	Mexico	13
57	The Netherlands	10
56	Kenya	2
52	Colombia	10
51	Canada	16
49	Brazil	11
49	Hong Kong	5
49	S. Korea	1
48	Argentina	12
48	Italy	16
45	Australia	23
45	U.S.	8
44	Germany	20
44	S. Africa	5
43	Ireland	17
42	France	21
42	Japan	11
42	Spain	17
39	U.K.	18
27	Russia	14

Distrust (1-49) **Neutral** (50-59) **Trust** (60-100)

Record trust inequality

Nr. of markets with record trust inequality at an all-time high

1 ... 8

2012 2020
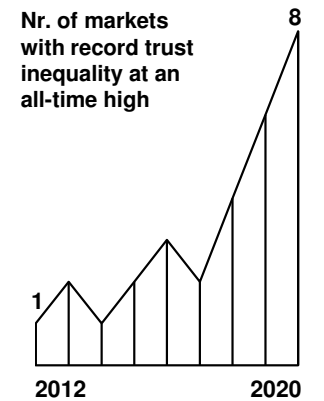
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TWO DIFFERENT TRUST REALITIES

Percent trust in Italy
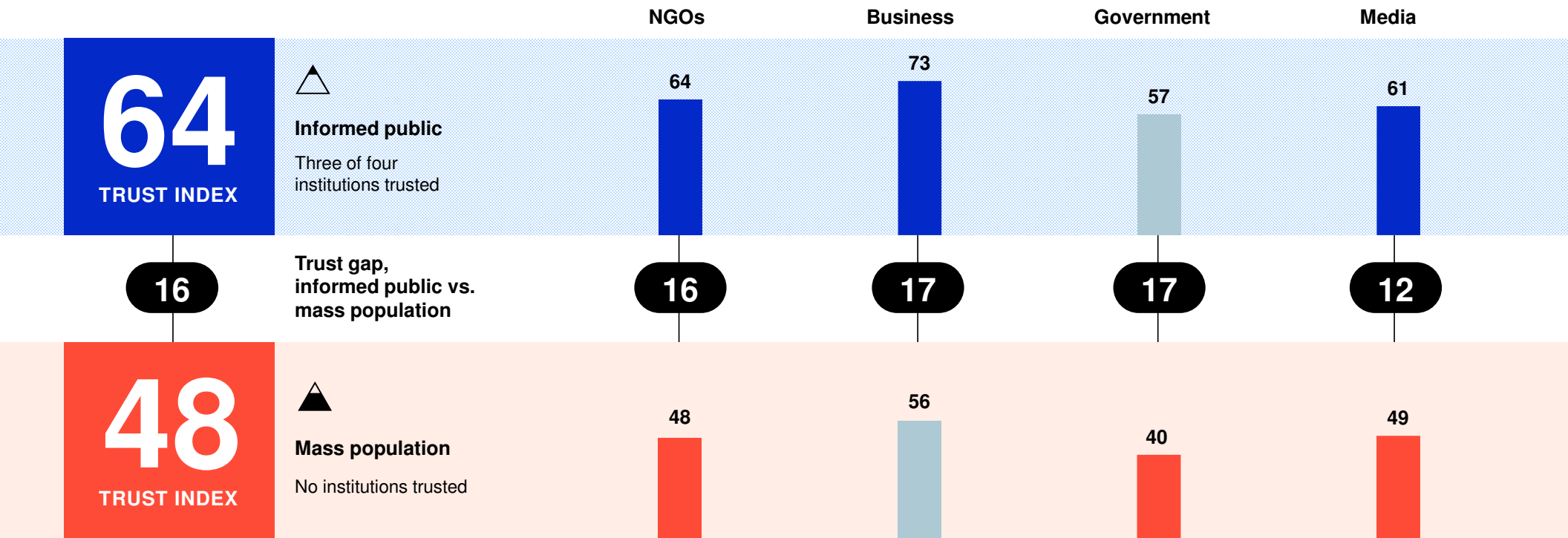
Distrust   Neutral   Trust

	NGOs	Business	Government	Media
64 TRUST INDEX — **Informed public** — Three of four institutions trusted	64	73	57	61
Trust gap, informed public vs. mass population (16)	16	17	17	12
48 TRUST INDEX — **Mass population** — No institutions trusted	48	56	40	49

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PESSIMISTIC ABOUT ECONOMIC PROSPECTS

Percent who believe they and their families will be better off in five years' time

− — 0 — + Change, 2019 to 2020

Majority pessimistic in 15 of 28 markets
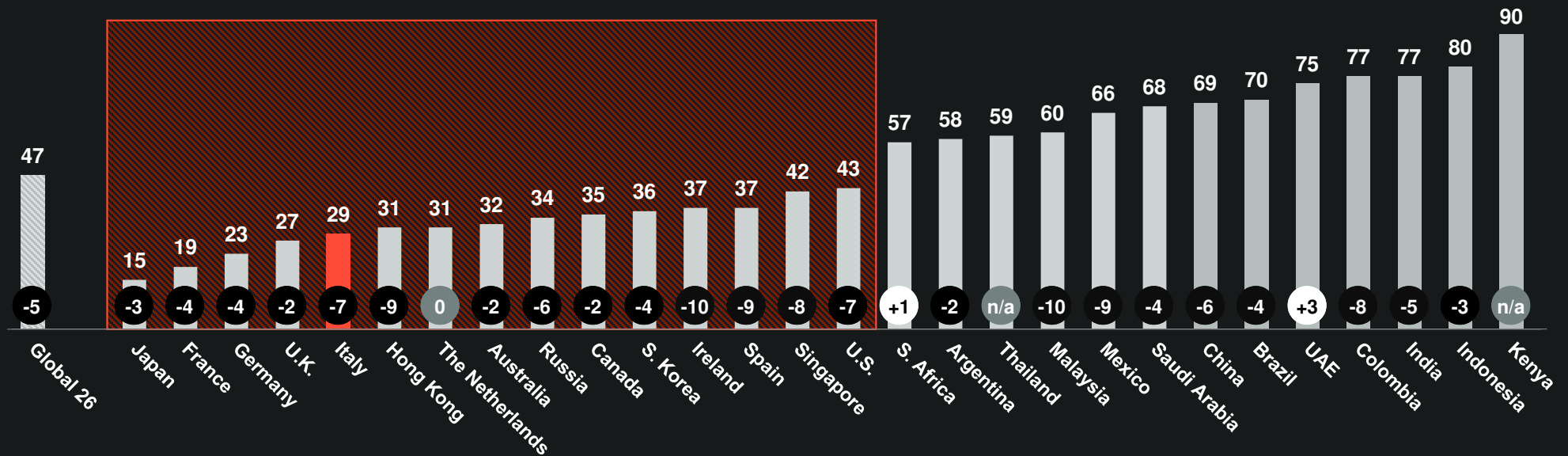
Market	Value	Change
Global 26	47	-5
Japan	15	-3
France	19	-4
Germany	23	-4
U.K.	27	-2
Italy	29	-7
Hong Kong	31	-9
The Netherlands	31	0
Australia	32	-2
Russia	34	-6
Canada	35	-2
S. Korea	36	-4
Ireland	37	-10
Spain	37	-9
Singapore	42	-8
U.S.	43	-7
S. Africa	57	+1
Argentina	58	-2
Thailand	59	n/a
Malaysia	60	-10
Mexico	66	-9
Saudi Arabia	68	-4
China	69	-6
Brazil	70	-4
UAE	75	+3
Colombia	77	-8
India	77	-5
Indonesia	80	-3
Kenya	90	n/a

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FEAR BEING LEFT BEHIND

Percent who are worried

Majority share concern in 21 of 28 markets
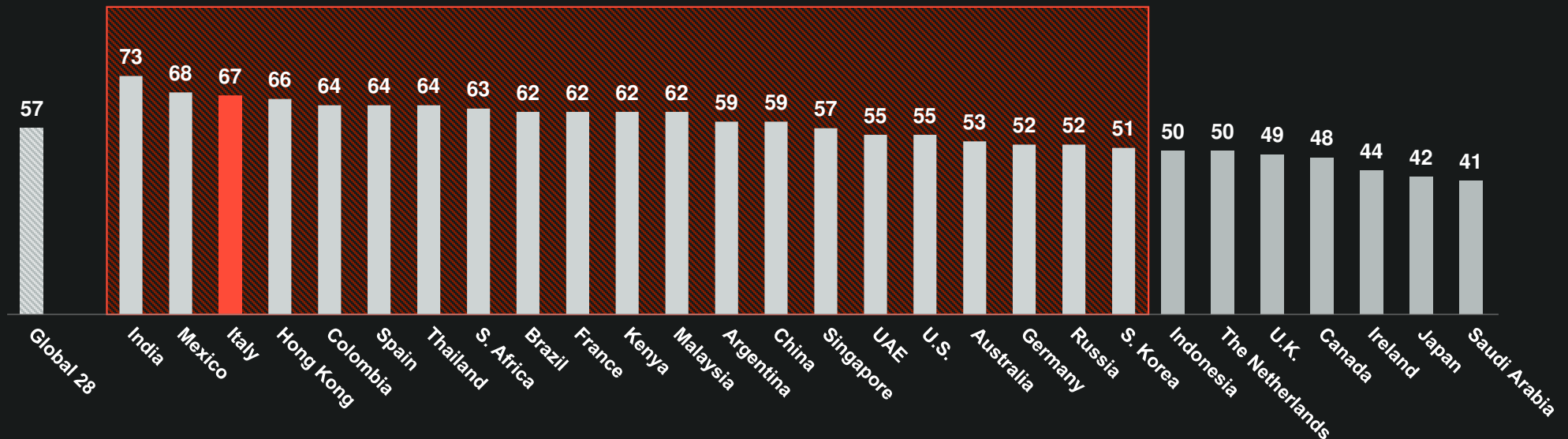
I worry about people like me **losing the respect and dignity** I once enjoyed in this country

Global 28	India	Mexico	Italy	Hong Kong	Colombia	Spain	Thailand	S. Africa	Brazil	France	Kenya	Malaysia	Argentina	China	Singapore	UAE	U.S.	Australia	Germany	Russia	S. Korea	Indonesia	The Netherlands	U.K.	Canada	Ireland	Japan	Saudi Arabia
57	73	68	67	66	64	64	64	63	62	62	62	62	59	59	57	55	55	53	52	52	51	50	50	49	48	44	42	41

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CAPITALISM UNDER FIRE

Percent in Italy who agree

- —0—+ Change, 2019 to 2020

How true is this for you?

Sense of injustice	**79**
Desire for change	**78**
Lack of confidence	73
Lack of hope	41

The system is…

Working for me	Not sure	Failing me
10	28	63
0	-3	+4
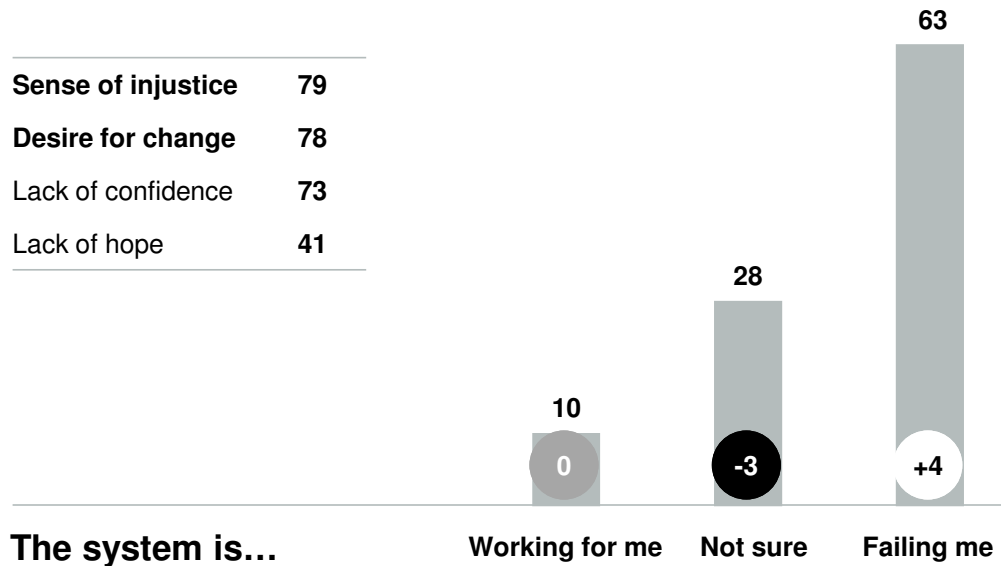
Capitalism as it exists today **does more harm than good in the world**

⊥

61%

UNPREPARED
FOR THE FUTURE

20

WORRY ABOUT THE FUTURE OF WORK

Percent of employees in Italy who worry about job loss due to each issue

I worry about **losing my job**
due to one or more of these causes

⊥

87%

Issue	Percent
Jobs moved to other countries	70
Looming recession	64
Freelance/gig economy	60
Cheaper foreign competitors	57
Lack of training/skills	55
Immigrants who work for less	53
Automation	51

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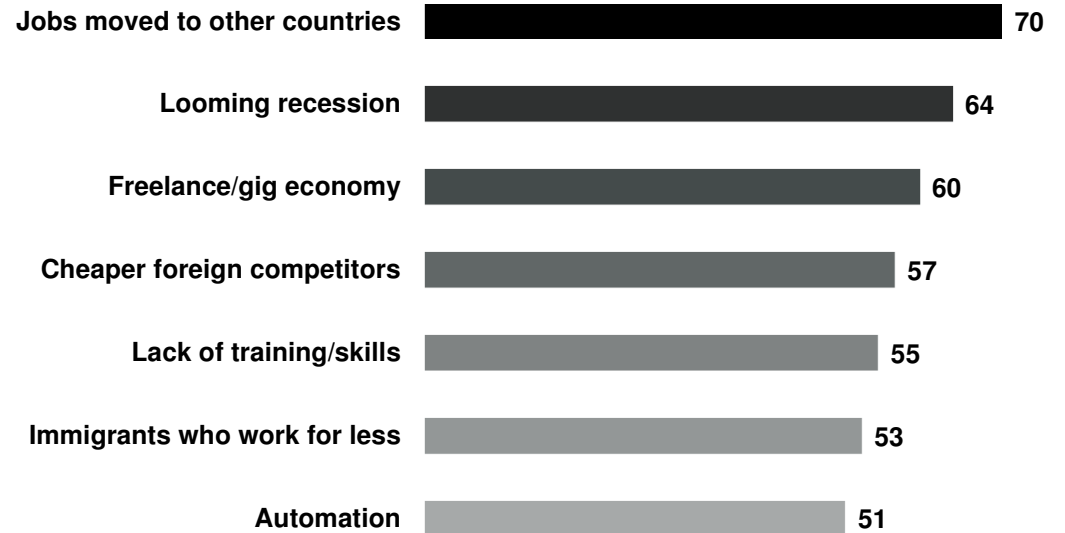
WORRY TECHNOLOGY IS OUT OF CONTROL

Percent in Italy who agree

The pace of change in technology is **too fast**	I worry technology will make it impossible to know if **what people are seeing or hearing is real**	Government **does not understand emerging technologies** enough to regulate them effectively
⊥	⊥	⊥
67%	**59**%	**80**%

Trust in technology 2019-2020

Global 26	-4

Largest declines in:

France	-10
Canada, Italy, Russia, Singapore	-8
U.S.	-7
Australia	-6

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WORRY ABOUT QUALITY INFORMATION

Percent in Italy who agree

The media I use are **contaminated with untrustworthy information**

I worry about false information or **fake news being used as a weapon**
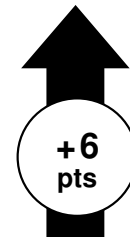
⊥

⊥

63%

76%

+6 pts

Change, 2018 to 2020
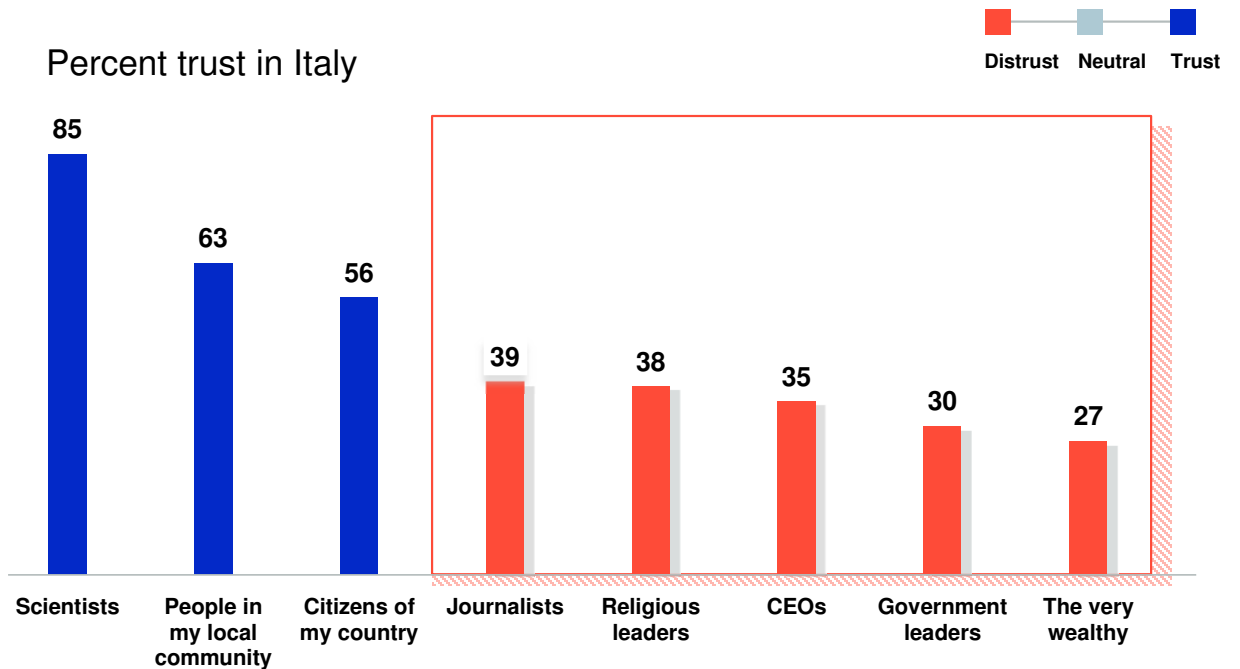
SOCIETAL LEADERS NOT TRUSTED TO ADDRESS CHALLENGES

"
I do not have confidence that our current leaders will be able to successfully **address our country's challenges**
"

73%

Percent trust in Italy

Distrust Neutral Trust

Scientists	People in my local community	Citizens of my country	Journalists	Religious leaders	CEOs	Government leaders	The very wealthy
85	63	56	39	38	35	30	27

TAKING THE FUTURE INTO THEIR OWN HANDS

Climate Change

Paris, February 2019

Students protest to draw attention to climate change

Automation

Angers, August 2019

Unions protest a Géant automated supermarket

Income Inequality
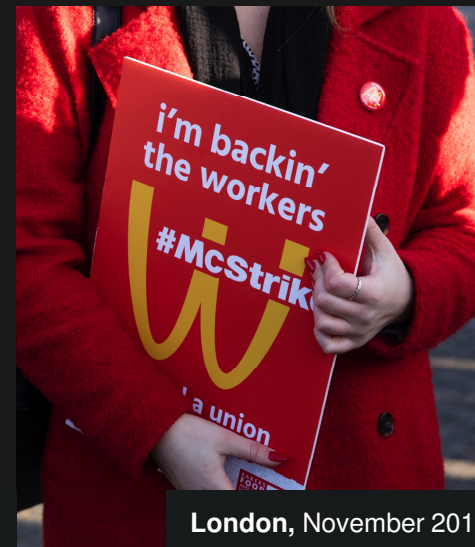
London, November 2019

McDonald's employees protest for higher wages

#MeToo

Oregon, December 2019

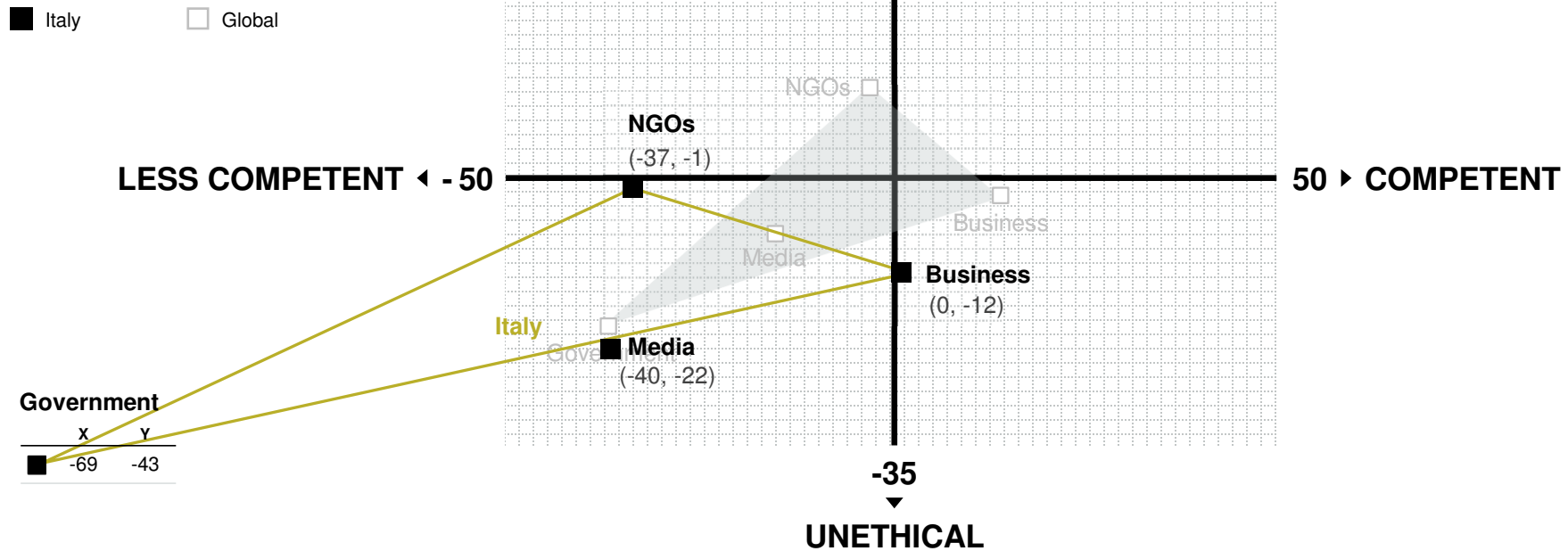**Nike employees protest company's treatment of women**

TRUST IS BUILT ON COMPETENCE AND ETHICS

NO INSTITUTION SEEN AS COMPETENT OR ETHICAL IN ITALY
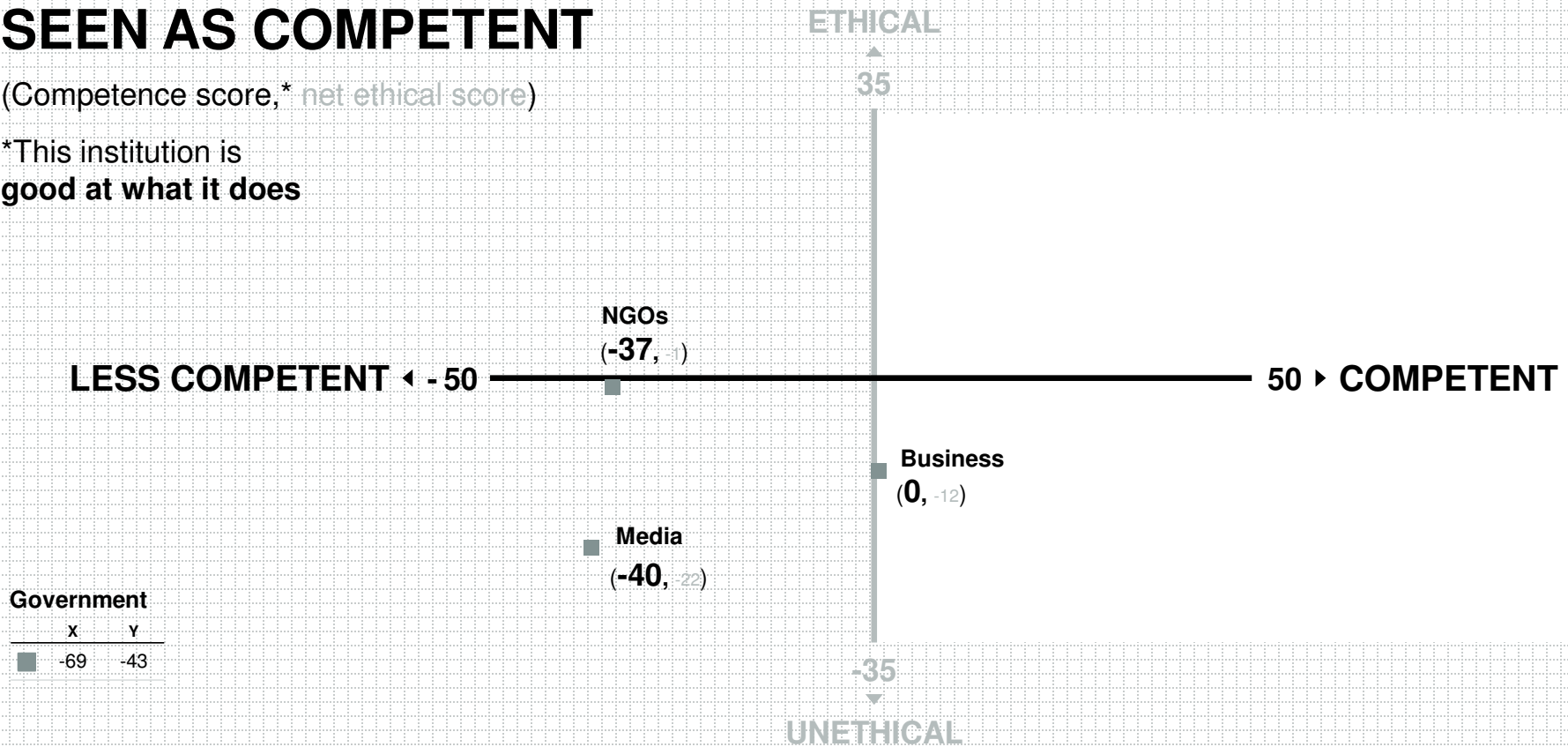
(Competence score, net ethical score)

■ Italy   □ Global

ETHICAL
▲
35

NGOs
(-37, -1)

LESS COMPETENT ◄ **- 50**

50 ▶ **COMPETENT**

Business

Business
(0, -12)

Media

Italy

Government

Media
(-40, -22)

Government

x	y
-69	-43

-35
▼
UNETHICAL

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NO INSTITUTION
SEEN AS COMPETENT

(Competence score,* net ethical score)

*This institution is
good at what it does

ETHICAL
▲
35
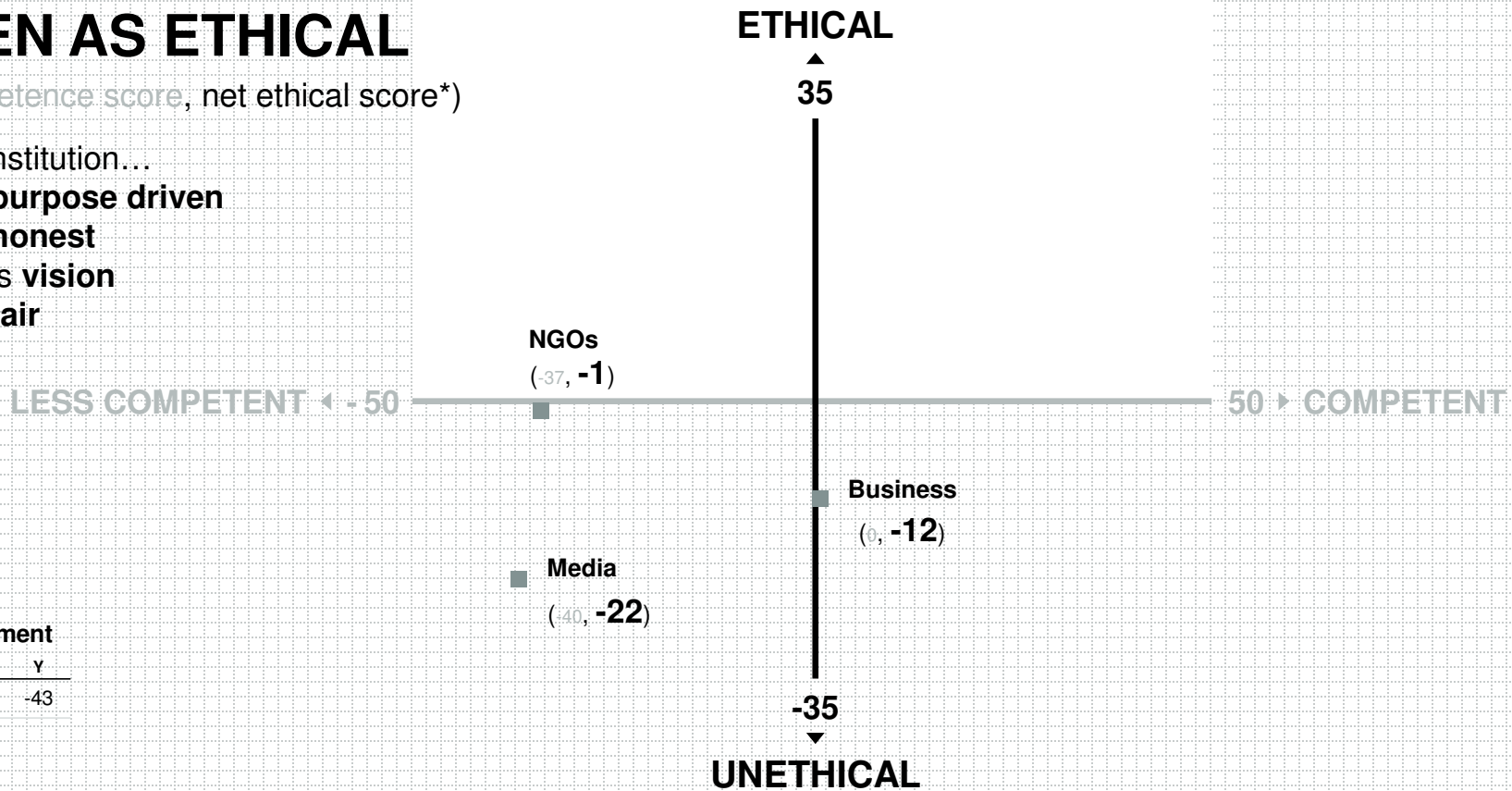
NGOs
(**-37**, -1)

LESS COMPETENT ◄ - 50 ————————————————————— 50 ► COMPETENT

Business
(**0**, -12)

Media
(**-40**, -22)

Government

	x	y
■	-69	-43

-35
▼
UNETHICAL

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NO INSTITUTION SEEN AS ETHICAL

(Competence score, net ethical score*)

*This institution…
- Is **purpose driven**
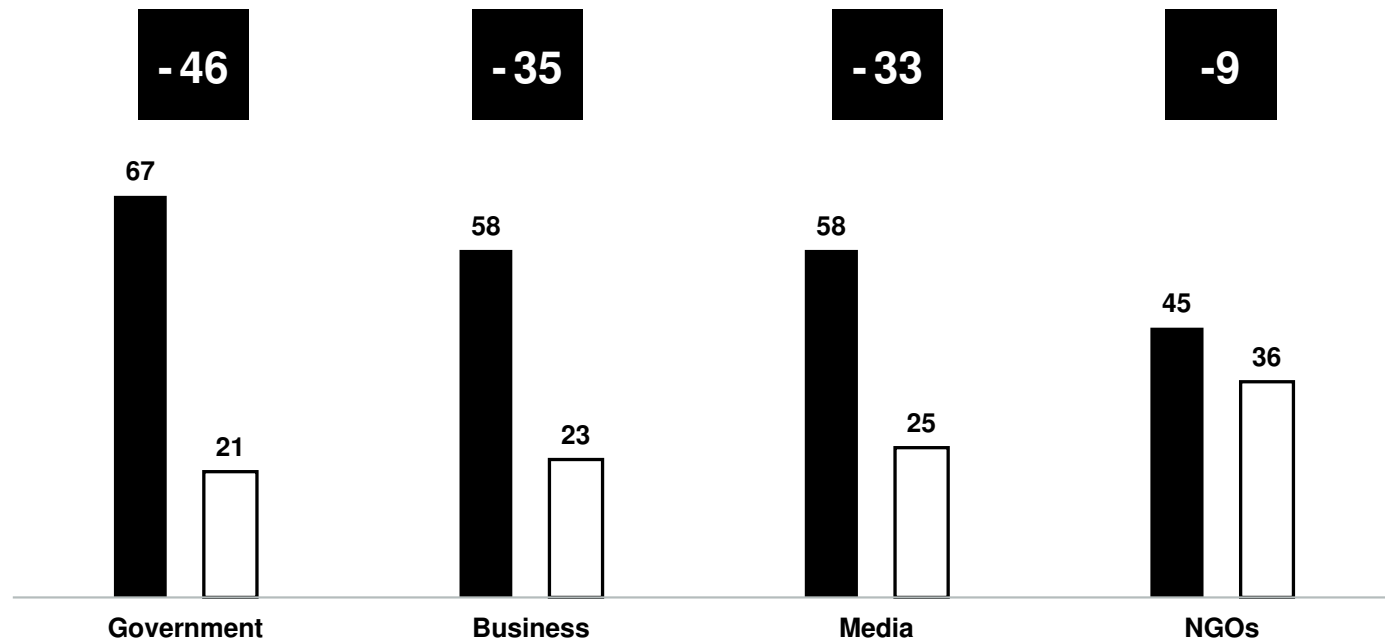- Is **honest**
- Has **vision**
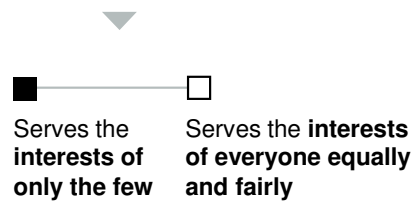- Is **fair**

ETHICAL

▲

35

NGOs
(-37, **-1**)

LESS COMPETENT ◄ - 50

50 ► COMPETENT

Business
(0, **-12**)

Media
(-40, **-22**)

Government

	X	Y
■	-69	-43

-35

▼

UNETHICAL

INSTITUTIONS SEEN AS UNFAIR

Percent in Italy who cite each as a reason they trust or distrust each institution

This institution…
- Is purpose-driven
- Is honest
- Has vision
- **Is fair**

■———□

Serves the **interests of only the few** | Serves the **interests of everyone equally and fairly**

	Government	Business	Media	NGOs
Net	-46	-35	-33	-9
Serves the interests of only the few	67	58	58	45
Serves the interests of everyone equally and fairly	21	23	25	36

ETHICAL DRIVERS 3X MORE IMPORTANT TO COMPANY TRUST THAN COMPETENCE

Percent of predictable variance in trust explained by each dimension

Competence
24%

Ethics
76%

Pie chart segments:
- Integrity 49
- Ability 24
- Dependability 15
- Purpose 12
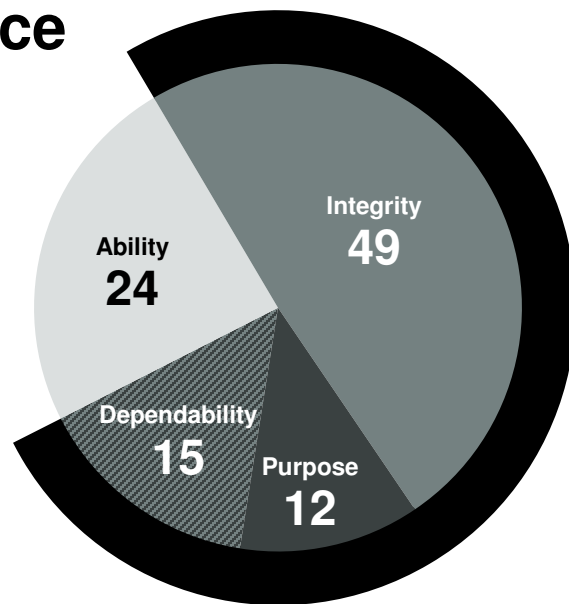
Washington, August 2019

The Business Roundtable redefines the purpose of a corporation

Biarritz, August 2019

Business for Inclusive Growth (B4IG) coalition forms to address inequality and diversity

New York, September 2019

Coalition of business, civil society and UN leaders pledge to set climate targets to 1.5°C

New York, January 2020

BlackRock shifts investment strategy to focus on sustainability

2019 Edelman Trust Management Tracking Study. U.S., U.K. and German general population data, collected between January and December of 2019, based on 40 major companies.

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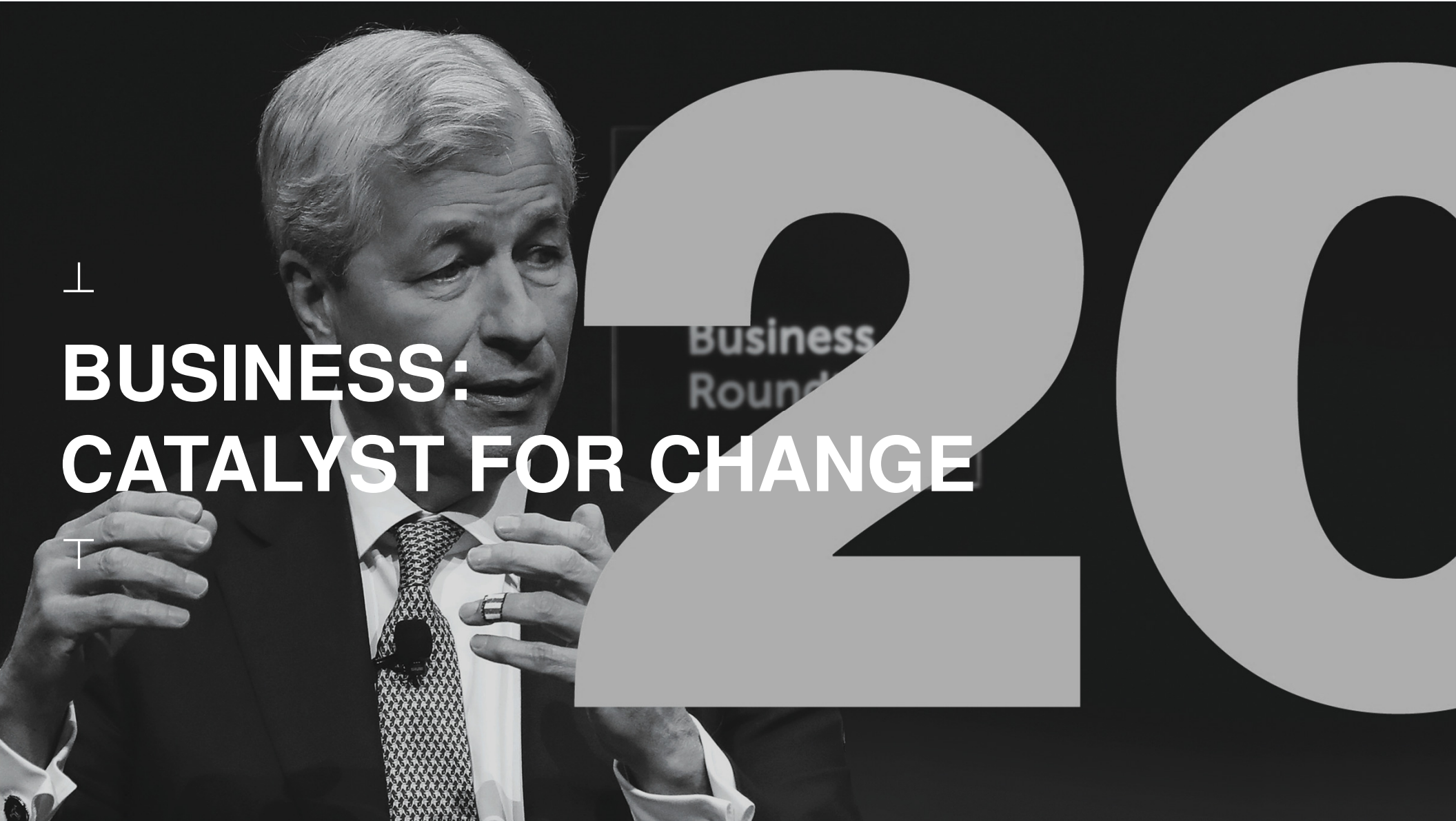
BUSINESS:
CATALYST FOR CHANGE

SERVE THE INTERESTS OF ALL STAKEHOLDERS

Percent in Italy who ranked each group as most important

Communities 11
Shareholders 15
Employees 37
Customers 37
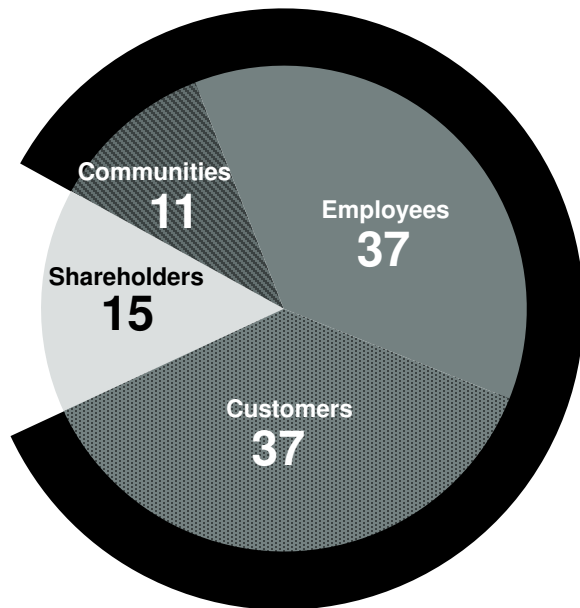
85%

Stakeholders, not shareholders, are most important to long-term company success

Percent in Italy who agree

74%

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

CEOS MUST LEAD

Percent in Italy who agree

It is important that **my employer's CEO speak out** on one or more of these issues

89%
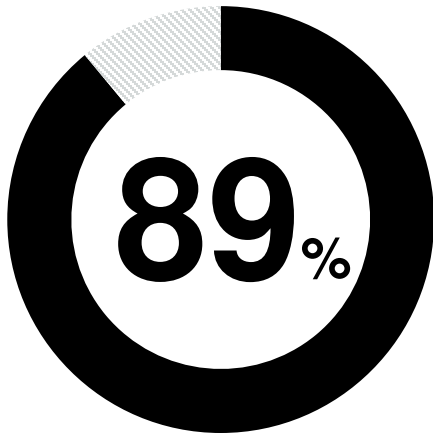
Automation's impact on jobs	80
Ethical use of tech	80
Training for jobs of the future	79
Income inequality	76
Diversity	75
Climate change	74
Immigration	65

CEOs should take the lead on change rather than waiting for government to impose it
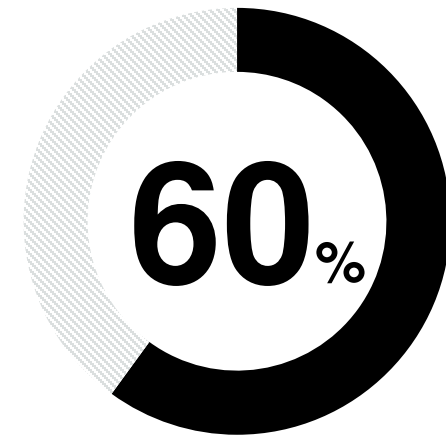
60%

-1 pt

Change, 2018 to 2020

TRUST IS LOCAL:
EMPLOYEES EXPECT TO BE HEARD

Percent trust in Italy

Change, 2019 to 2020

Distrust · Neutral · Trust

My employer	Business	Media	NGOs	Government
72	57	49	49	41
0	+4	+4	+5	-2
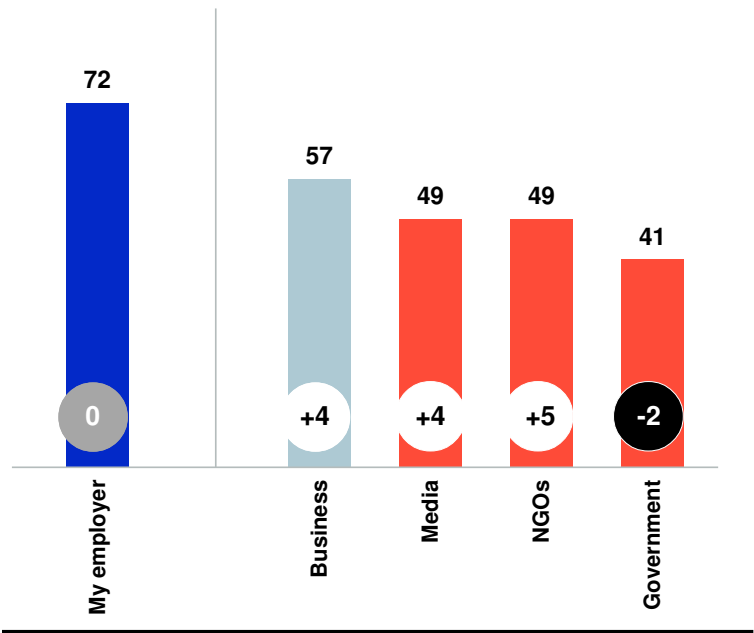
Percent of employees in Italy who expect each from a prospective employer

69%

Opportunity to **shape the future** of society

71%

Employees **included in planning**

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CONSUMERS EXPECT BRANDS TO ACT

Percent of customers who are belief-driven buyers

(-)——(0)——(+) Change, 2017 to 2018

Brand Democracy

I believe brands can be a powerful force for change.

I expect them to represent me and solve societal problems.

My wallet is my vote.

64 2018

64 2019*

51 2017 (+13)
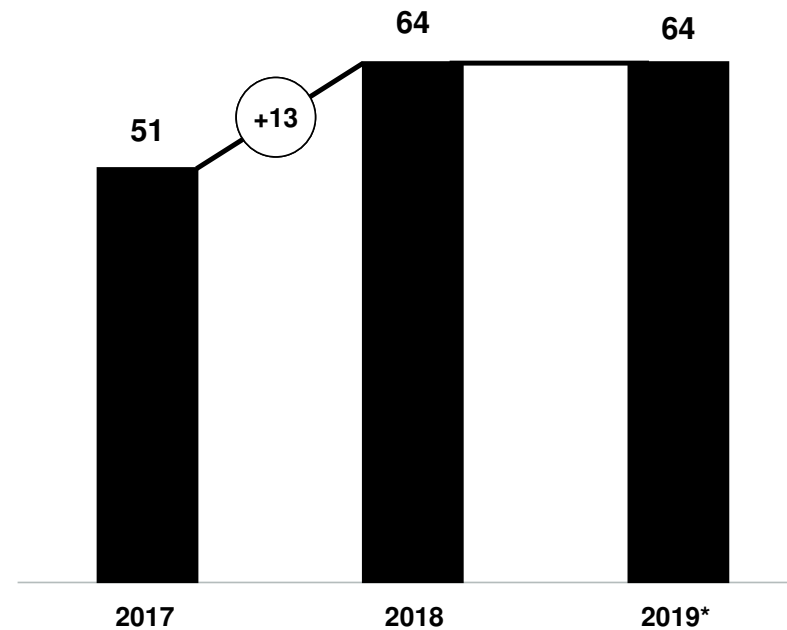
Belief-driven buyers:

- choose
- switch
- avoid
- boycott

a brand based on its stand on societal issues

OVERCOME SKEPTICISM THROUGH ACTION

Percent in Italy who agree

⊠ Business **has a duty** to do this　　■ I trust business **will do this**

Retrain employees
affected by automation
or innovation

26　　84

**Pay everyone a decent
wage**, even if that means
I must pay more

27　　85

PARTNERSHIP BETWEEN BUSINESS AND GOVERNMENT ESSENTIAL ON JOBS

Percent who say each institution is the one they trust most to address each challenge (global data in background)

Protect workers in the **gig economy**

In Italy	
Business	**41**
Government	**36**
NGO	**11**
Media	**11**

Media 9
NGO 18
Government 40
Business 32

Workforce retraining necessary as a result of automation

In Italy	
Business	**44**
Government	**37**
NGO	**12**
Media	**7**

Media 8
NGO 17
Business 42
Government 32

ADDRESSING GREATEST FAILURES
GETS EVERY INSTITUTION TO TRUST

Percent who think each institution is doing well/very well on the issue, and the potential trust gains associated with doing each well

Distrust Neutral Trust

NGOs	
Transparency about funding	35
Expose corruption	35
Avoid becoming politicized	35
Partner with government	**38**
Partner with business	**38**

Business	
Partner with NGOs	**33**
Jobs that pay a decent wage	35
Partner with government	**37**
Deal fairly with suppliers	40
Contribute to communities	41

Government	
Reduce partisanship	26
Partner with NGOs	**30**
Community-level problems	31
Social services for the poor	34
Partner with business	**34**

Media	
Keep social media clean	34
Being objective	35
Information quality	38
Important vs sensationalized	38
Differentiate opinion and fact	39

59 — 72 — **+13**

58 — 75 — **+17**

48 — 65 — **+17**

49 — 69 — **+20**

ADDRESS GREATEST FAILURES
TO IMPROVE TRUST IN ITALY

Percent in Italy who think each institution is doing well/very well on the issue,
showing five greatest areas for improvement

NGOs	
Expose corruption	23
Partner with government	**25**
Partner with business	**25**
Transparency about funding	26
Avoid becoming politicized	28

Business	
Partner with NGOs	**19**
Jobs that pay a decent wage	21
Sustainable business practices	24
Partner with government	**25**
Deal fairly with suppliers	27

Government	
Reduce partisanship	14
Partner with business	**15**
Partner with NGOs	**15**
Safe and modern infrastructure	15
Community-level problems	15

Media	
Keep social media clean	20
Being objective	24
Exposing corruption	25
Important vs sensationalized	25
Differentiate opinion and fact	26

2020 Edelman Trust Barometer. PER_[INSTITUTION]. How well do you feel [institution] is currently doing each of the following? 5-point scale; top 2 box, doing well. Question asked of half of the sample. General population, Italy. Data not collected in China, Russia and Thailand.

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TRUST RESTORES BALANCE AND ENABLES PARTNERSHIP

(Competence score, net ethical score)

ETHICAL

35

NGOs
(29, 34)

Media
(25, 22)

Government
(19, 17)

Business
(35, 16)

Among those who trust, institutions more closely aligned

LESS COMPETENT ◄ - 50

50 ▶ COMPETENT

NGOs

Business

Media

Government

-35

UNETHICAL

BUILDING TRUST FOR THE FUTURE

- **Pay fair wages**

- **Focus on education and retraining**

- **Embrace an all-stakeholders model**

- **Partner across institutions**

ETHICAL

35

NGOs

Media

Government   Business

50 ▸ COMPETENT

TECHNICAL
APPENDIX

Edelman Trust Barometer 2020

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Technical Appendix

20th ANNUAL EDELMAN TRUST BAROMETER

Methodology

├

Online survey in 28 markets

34,000+ respondents total

All fieldwork was conducted between October 19 and November 18, 2019

28-market global data margin of error: General population +/- 0.6% (N=32,200), informed public +/- 1.2% (N=6,200), mass population +/- 0.6% (26,000+), half-sample global general online population +/- 0.8% (N=16,100).

Market-specific data margin of error: General population +/- 2.9% (N=1,150), informed public +/- 6.9% (N = min 200, varies by market), China and U.S. +/- 4.4% (N=500), mass population +/- 3.0% to 3.6% (N =min 736, varies by market).

Gen Z MOE: 28-market = +/- 1.5% (N=4,310)
Market-specific = +/- 5.3 to 10.5% (N=min 88, varies by market).

General Online Population

1,150 respondents per market

Ages **18+**

All slides show general online population data unless otherwise noted

△ **Informed Public**

500 respondents in U.S. and China; **200** in all other markets

Represents **17%** of total global population

Must meet 4 criteria

- ▸ Ages **25-64**
- ▸ College-educated
- ▸ In top **25%** of household income per age group in each market
- ▸ Report significant media consumption and engagement in public policy and business news

▲ **Mass Population**

All population not including informed public

Represents **83%** of total global population

2020 Gen Z oversample
250 respondents age **18-24** per market

2020 EDELMAN TRUST BAROMETER
SAMPLE SIZE, QUOTAS AND MARGIN OF ERROR

	General Population			Informed Public		
	Sample Size*	Quotas Set On**	Margin of Error	Sample Size*	Quotas Set On***	Margin of Error
Global	32,200	Age, Gender, Region	+/- 0.6% total sample +/- 0.8% half sample	6200	Age, Education, Gender, Income	+/- 1.2% total sample +/- 1.8% split sample
China and U.S.	1,150	Age, Gender, Region	+/- 2.9% total sample +/- 4.1% half sample	500	Age, Education, Gender, Income	+/- 4.4% total sample +/- 6.2% split sample
All other markets	1,150	Age, Gender, Region	+/- 2.9% total sample +/- 4.1% half sample	200	Age, Education, Gender, Income	+/- 6.9% total sample +/- 9.8% split sample

NOTE: Questions that afforded respondents the opportunity to criticize their government were not asked in China, Russia and Thailand.

* Some questions were asked of only half of the sample. Please refer to the footnotes on each slide for details.
** In the U.K. and U.S. there were additional quotas on ethnicity.
*** In the UAE and Saudi Arabia there were additional quotas on nationality.

2020 EDELMAN TRUST BAROMETER
LANGUAGES AND INTERNET PENETRATION BY MARKET

The Edelman Trust Barometer is an online survey. In developed markets, a nationally-representative online sample closely mirrors the general population. In markets with lower levels of internet penetration, a nationally-representative online sample will be more affluent, educated and urban than the general population.

	Languages	Internet Penetration*
Global	-	59%
Argentina	Localized Spanish	93%
Australia	English	87%
Brazil	Portuguese	71%
Canada	English & French Canadian	93%
China	Simplified Chinese	60%
Colombia	Localized Spanish	63%
France	French	92%
Germany	German	96%
Hong Kong	English & Traditional Chinese	89%

	Languages	Internet Penetration*
India	English & Hindi	41%
Indonesia	Indonesian	64%
Ireland	English	92%
Italy	Italian	93%
Kenya	English & Swahili	90%
Japan	Japanese	94%
Malaysia	Malay	81%
Mexico	Localized Spanish	65%
Russia	Russian	81%
Saudi Arabia	English & Arabic	93%

	Languages	Internet Penetration*
Singapore	English & Simplified Chinese	88%
South Africa	English & Afrikaans	56%
South Korea	Korean	96%
Spain	Spanish	93%
Thailand	Thai	82%
The Netherlands	English & Dutch	96%
UAE	English & Arabic	98%
U.K.	English	95%
U.S.	English	89%

2020 EDELMAN TRUST BAROMETER
HOW WE MEASURED
BELIEF IN THE SYSTEM

Four dimensions were examined to determine whether or not respondents believe the system is failing them:

1) A **sense of injustice** stemming from the perception that society's elites have co-opted the system to their own advantage at the expense of regular people,

2) A **lack of hope** that the future will be better for you and your family,

3) A **lack of confidence** in the leaders of societal institutions to solve the country's problems, and

4) A **desire for** forceful reformers in positions of power that are capable of bring about much-needed **change**.

Overall scores were calculated by taking the average of the nine item scores.

Respondents were categorized into one of three segments based their mean score:

- Those who averaged 6.00 or higher believe the *system is failing* them

- Those who averaged between 5.00 and 5.99 were labelled as *uncertain*

- Those who averaged less than 5.00 believe the *system is working*

Respondents were asked:

For each one, please rate how **true** you believe that statement is using a nine-point scale where one means it is "**not at all true**" and nine means it is "**completely true**".

Sense of Injustice Items

"The elites who run our institutions are out of touch with regular people" *POP_MDCr8*

"The elites who run our institutions are indifferent to the will of the people" *POP_MDCr1*

"As regular people struggle just to pay their bills, the elites are getting richer than they deserve" *POP_MDCr2*

"The system is biased against regular people and in favor of the rich and powerful" *POP_MDCr3*

Lack of Hope Items

"My hard work will be rewarded" (reverse scored) *POP_MDCr18*

"My children will have a better life than I do" (reverse scored) *POP_MDCr19*

"The country is moving in the right direction" (reverse scored) *POP_MDCr20*

Lack of Confidence Items

"I do not have confidence that our current leaders will be able to address our country's challenges" *POP_MDCr10*

Desire for Change Items

"We need forceful reformers in positions of power to bring about much-needed change" *POP_MDCr9*

HOW WE PLOTTED THE INSTITUTIONAL COMPETENCE AND ETHICS SCORES

The competence score (the x-axis of the plot): An institution's competence score is a net of the top 3 box (AGREE) minus the bottom 3 box (DISAGREE) responses to the question "To what extent do you agree with the following statement? *[INSTITUTION] in general is good at what it does*". The resulting net score was then subtracted by 50 so that the dividing line between more competent and less competent institutions crossed the Y-axis at zero.

The net ethical score (the y-axis of the plot): The ethics dimension is defined by four separate items. For each item, a net score was calculated by taking the top 5 box percentage representing a positive ethical perception minus the bottom 5 box percentage representing a negative ethical perception. The Y-axis value is an average across those 4 net scores. Scores higher than zero indicate an institution that is perceived as ethical.

Respondents were asked:

In thinking about why you do or do not trust [INSTITUTION], please specify where you think they fall on the scale between the two opposing descriptions. (*Please use the slider to indicate where you think [INSTITUTION] falls between the two extreme end points of each scale.*)

DIMENSION	ETHICAL PERCEPTION	UNETHICAL PERCEPTION
Purpose-Driven	Highly effective agent of positive change	Completely ineffective agent of positive change
Honest	Honest and fair	Corrupt and biased
Vision	Has a vision for the future that I believe in	Does not have a vision for the future that I believe in
Fairness	Serves the interests of everyone equally and fairly	Serves the interests of only certain groups of people

The plot of trusted institutions: The version of the plot under conditions of trust (the smaller blue triangle) was calculated in exactly the same way as described above. The only difference was that the competence and ethics scores were calculated only among those who said they trusted that institution to do what is right (i.e., they gave that institution a top 4-box rating on the general trust question).

HOW WE MEASURED THE IMPORTANCE OF COMPETENCE AND ETHICS IN DETERMINING TRUST IN A COMPANY

The data used was collected across the 12 monthly waves of the 2019 Edelman Trust Management brand tracking study conducted in Germany, the U.K. and the U.S among 23,000+ respondents. For this analysis, we looked at 40 global companies that were common across all three markets.

For each company, respondents were asked whether they trusted it or not to do what is right. They were then asked to evaluate each company across the four trust subdimensions – ability, integrity, dependability and purpose. Ability defined the competence dimension while integrity, dependability and purpose were rolled up to define the ethics dimension.

An ANOVA was performed to measure the proportion of the variance in company trust each of the four subdimensions explained. The data shown on the slide represents the percentage of the total variance explained by all four subdimensions together accounted for by each of the individual subdimensions separately.

Respondents were asked:

Please indicate to what extent you agree or disagree with the following statements using a nine-point scale where one means it is "**disagree strongly**" and nine means it is "**agree strongly**".

COMPETENCE DIMENSION:

ABILITY: [COMPANY] is good at what it does

ETHICS DIMENSION:

INTEGRITY: [COMPANY] is honest

DEPENDABILITY: [COMPANY] keeps its promises

PURPOSE: [COMPANY] is trying hard to have a positive impact on society

2019 EDELMAN TRUST BAROMETER SPECIAL REPORT:
IN BRANDS WE TRUST

HOW WE MEASURED
BELIEF-DRIVEN BUYING

We classified respondents into three **belief-driven buyer segments**
based on their responses to the scale questions**:**

1) **Leaders:** Have strongly-held, passionate beliefs. The brands they buy are one important way they express those beliefs.

2) **Joiners:** Depending on the issue and the brand, they will change their buying behavior based on the brand's stand.

3) **Spectators:** Rarely buy on belief or punish brands that take a stand.

Respondents were categorized into one of the three segments based their overall mean score across the six scale items:

- Those who averaged 6.00 or higher were categorized as *Leaders*

- Those who averaged between 5.00 and 5.99 were categorized as *Joiners*

- Those who averaged less than 5.00 were categorized as *Spectators*

Respondents were asked:

Please indicate how much you agree or disagree with the following statements using a nine-point scale where one means it is "**disagree strongly**" and nine means it is "**agree strongly**".

- Even if a company makes the product that I like most, I will not buy it if I disagree with the company's stand on important social issues

- I have bought a brand for the first time for the sole reason that I appreciated its position on a controversial societal or political issue

- I have stopped buying one brand and started buying another because I liked the politics of one more than the other

- I have strong opinions about many societal and political issues. The brands I choose to buy and not buy are one important way I express those opinions

- If a brand offers the best price on a product, I will buy it even if I disagree with the company's stand on controversial social or political issues [reversed scored]

- I have stopped buying a brand solely because it remained silent on a controversial societal or political issue that I believed it had an obligation to publicly address

HOW WE CALCULATED THE TRUST GAINS ASSOCIATED WITH IMPROVED PERFORMANCE

Respondents were asked to evaluate the performance of each of the four institutions against 12 expectations. These performance scores were then used to predict trust in the institution using a regression analysis. The results of regression allowed us to identify the percentage point lift in trust associated with the institution doing each individual behavior well or very well.

Next, we looked at the percentage of respondents who currently rate an institution as doing a given behavior well, identifying the five behaviors each of the institutions scored the lowest on.

For each of these five behaviors that the regression determined were significant predictors of trust, we subtracted the percentage of people who currently felt the institution was doing them well from 100%. This gave us a measure of the unrealized potential for performance gain. That percentage was then multiplied by the percentage point lift in trust associated with every respondent rating the institution as doing that behavior well. This yielded an unrealized trust gain for that behavior. These unrealized trust gains were added up across the five behaviors to yield an overall trust gain associated with the institution successfully addressing its five biggest challenges.

Respondents were asked:

How well do you feel [INST] is currently doing each of the following? Please indicate your answer using the 5-point scale below where 1 means the institution is "failing at this" and 5 means the institution is "doing this very well"

Example List of Business Behaviors

1. Driving the economic prosperity of our country
2. Being an engine of innovation and scientific advancement
3. Ensuring that there are plenty of good job opportunities available that pay a decent wage
4. Contributing to the improvement of the communities in which they do business
5. Fostering diversity, inclusion, dignity and mutual respect in the workplace
6. Meeting and exceeding their customers' expectations
7. Investing in their employees' professional development, including offering training and education that helps them develop new skills for a rapidly changing world
8. Forging strong working partnerships with government to develop solutions to our country's problems
9. Forging strong working partnerships with NGOs to develop solutions to our country's problems
10. Dealing fairly and ethically with their partners and suppliers
11. Generating long-term financial benefits and value for their owners and shareholders
12. Embracing sustainable practices across their business

2020 EDELMAN TRUST BAROMETER TEAM

Edelman Intellectual Property

Executive Director	**Tonia E. Ries** **tonia.ries@edelman.com**
Executive Advisors	**Richard Edelman** **Stephen Kehoe** **Ed Williams**
Executive Editor	**Joseph Tropiano**
VP of Operations	**Sarah Adkins**
Sr. Project Manager	**Esther Choi**
Project Manager	**Alina Krikunova**
Executive Creative Producer	**David Isaacs**

Edelman Intelligence

Head of Thought Leadership Research	**David M. Bersoff, Ph.D.** **david.bersoff@edelmanintelligence.com**
Sr. Research Manager	**Cody Armstrong**
Statistician	**Joshua Wu**
Research Coordinators	**Nick Maxwell** **Giuseppe Bovenzi**
Assoc. Research Coordinator	**Abbey Fox**
Assoc. Data Processor	**John Zamites**