Economia & Management n.1, 2024
DOI: 10.1485/1120-5032-202402ENG-1

SANDRO CASTALDO

Trusted Sustainability

To create value in the pursuit of sustainability, it is imperative that companies demonstrate a clear alignment between their stated values and the actions they take to implement them. Trust is central to business strategy and consumer relationships and represents a significant source of economic value. The rapidly evolving market landscape underscores the limitations of traditional management tools in adapting to a future where customers are not only buyers, but also co-creators of value with the company. The future challenge therefore lies in the emerging frontiers of trust management that are redefining traditional management paradigms.

SUSTAINABILITY//VALUE CREATION//TRIPLE BOTTOM LINE//TRUST MANAGEMENT//CUSTOMER ADVOCACY

SANDRO CASTALDO
is Editor-in-Chief of Economia & Management and Full Professor at Bocconi University in Milan. He is also Scientific Director of the Channel & Retail Lab at SDA Bocconi, Past President of the Italian Society of Management (SIMA) and President of the International Federation of Scholarly Associations of Management (IFSAM).

In recent years, sustainability has become a growing strategic priority for companies. This is the result of increased community and institutional attention to issues related not only to environmental sustainability, but also to diversity, inclusion, and a growing focus on fair and equitable treatment of employees and suppliers within the supply chain.

According to the stakeholder view, a company should not only prioritize the economic interests and expectations of its internal stakeholders (primarily shareholders), but also strive to satisfy a broader range of stakeholders – such as employees, suppliers, customers, lenders, society, local communities, trade unions, non-governmental organizations, etc. –, who are directly or indirectly affected by its operations. Within this framework, the triple bottom line model has gained prominence, highlighting that achieving satisfactory performance across the three dimensions of sustainability – environmental, social and economic – is critical to creating business value and ensuring sustainable development. In operational terms, this means supplementing traditional economic, equity, and financial accounting with additional indicators that are consolidated in specialized reports to provide a comprehensive view of business performance.

Several studies have examined the impact of sustainability policies on consumer behavior, generally concluding that companies perceived as socially responsible tend to inspire higher levels of trust in their products and services. Commitment to social issues and the implementation of supporting initiatives have a positive impact on both the environment, by fostering a climate of trust, and customer relationships, by cultivating trust-building behaviors. However, there is sometimes considerable skepticism about corporate sustainability practices, which may be seen as driven solely by profit motives or as mere reputation-building strategies. Therefore, it is critical to maintain consistency between corporate values and actual initiatives when pursuing sustainability. This consistency helps prevent a potentially damaging rebound effect that could undermine consumer trust.

Trust's ability to create value for both the customer and the company is what makes it so important to business strategy. Strengthening customer loyalty through trust produces several benefits, including increased purchase frequency, activation of positive word-of-mouth about the company and its offerings, customer willingness to purchase higher quality and value goods (*trading up*), and a propensity to purchase other goods and/or services offered by the company (*cross-buying*), thereby increasing the average purchase of loyal customers. In addition, trust reduces price sensitivity, lowers costs associated with sales and customer service activities, and increases the willingness of customers to share information (*knowledge sharing*), enabling the company to design offerings that better meet demand needs. These benefits help increase the overall value generated by the company through improved efficiencies and expanded revenue streams. As a result, trust increases customer equity, which is the value created by an individual customer throughout their relationship with the company. Increased revenues, reduced costs, and the extension of the time horizon over which these effects occur are the elements underlying the economic value created by trust.

Trust is a fundamental resource for any business, but it is particularly important in contexts where consumers lack all the information necessary to make rational purchasing decisions. In these circumstances, trust is essential because it helps reduce the uncertainty and complexity of purchasing decisions by acting as a "surrogate" for information. In this way, trust represents a form of "cognitive synthesis," a kind of shortcut used at the individual level to simplify the increasingly complex decision-making processes involved in choosing goods and services, especially when they are based on strong sustainability promises.

Given the relevance of trust and its impact on economic value, one of the key questions facing managers is: **What are the determinants of trust and how can we foster it?** According to the literature, trust depends on several factors, including: past experiences with the company and the degree of satisfaction derived from those experiences; the capabilities and perceived competencies of the company to operate in accordance with customer expectations; the way the company pursues its goals without resorting to opportunistic conduct; the frequency of interactions and, above all, communication between the company and the customer, which facilitates a smooth and transparent relationship; and the perceived integrity of the company and the values associated with its brand.

In situations characterized by high interpersonal engagement, these factors are significantly influenced by the behavior and personal qualities of the people involved – for example, the honesty and empathy of salespeople. In order to gain the trust of the customer, the company must enhance the perception of past satisfaction, showcase its specific skills and competencies, demonstrate non-opportunistic motivations, ensure transparency in communication, and uphold integrity in its behavior and corporate values. The future challenge lies in the emerging frontiers of trust management, which are redefining traditional management paradigms. The growing number of customer advocacy initiatives, in which the company aligns itself with the interests of the customer and acts as its "defender," are examples of how market relationships are rapidly evolving. This shift underscores the inadequacy of traditional management tools in a future where the customer is not only a buyer, but also a co-creator of value alongside the company.

Trust is the hallmark of all market relationships. Identifying the causes and effects of trust helps determine the best way to build relationships on a solid foundation. This is why trust management is now considered essential to the circular economy. Fostering genuine trust – not the trust that hides opportunistic behavior – means building long-term relationships based on transparency, honesty, competence, personal values, fairness, integrity, and mutual satisfaction. This is undoubtedly an ambitious goal, but one that has positive implications both for the environment – by fostering a climate of trust that is more conducive to transparent trade – and for the individual parties involved in the relationship. Trust is a key resource for businesses, consumers, markets and society, and as such should be consciously cultivated by all those who can contribute to its enhancement. Public institutions, governments, private organizations, companies, citizens, customers and suppliers all have an ethical responsibility to build an economy and society based on trust.

The right kind of trust, however, is not just a matter of words, but of consistent actions and behaviors over time. Companies must earn trust through tangible actions, redefining their relationship with customers in innovative ways and moving beyond traditional customer-supplier patterns to assume the role of "customer advocate." This means not just complying with regulations and meeting baseline expectations but exceeding them. Compliance and customer satisfaction are necessary, but not sufficient, to achieve true and deep trust. A company becomes trustworthy only when it demonstrates a genuine concern for the welfare of others, for the environmental impact of its activities, and for the implicit needs of the community by promoting solidarity. A company that delivers on its promises in relation to specific tasks is considered trustworthy. However, "maximum trust" is only achieved when the customer perceives that the company is genuinely identifying with his or her interests.

The philosophy of ethics has coined a very evocative term to interpret this stage of trust: *super-erogation*.[1] This term is generally used to refer to actions that go beyond simply doing one's duty. In the corporate context, it may be time to move beyond traditional paradigms and embrace super-erogation – upholding value-based trust as a necessary means to reconstruct a new economic "morality" and a new way of interpreting business strategies and relationships with all stakeholders.

This issue of Economics & Management explores some of the topics mentioned above, including sustainability and building trust. The Focus edited by Giovanni Valotti on the *transformation of human resources in public administration* sheds light on a little-studied but key issue for increasing trust in government and the competitiveness of local systems. Francesco Ciampi's article on *credit rating modeling* offers practical guidance for financial institutions to improve their assessment of the trustworthiness of their customers, both actual and potential, based on their strategic and managerial choices. Maurizio Dallocchio and colleagues' article on *microfinance* demonstrates the stability and low risk of investing in these instruments, which not only allow portfolio diversification but also provide valuable resources to underserved markets by financing sustainable local initiatives. Emanuele Acconciamessa's paper on *inclusive brand activism* explores how companies can leverage their brand equity to promote positive social change by integrating activism into corporate strategy. Francesco Grillo's essay on the *Internet of Beings* examines the radical transformation of healthcare systems and the pharmaceutical business brought about by the convergence of big data, artificial intelligence, and life sciences, opening up new avenues of development. Stefania Borghini and colleagues' study on *Generation Z's urban mobility* preferences in the context of the developing accessible and sustainable cities provides many insights for companies to offer customized solutions and educational initiatives to gain the trust of young consumers, the future target audience for many companies.

1 Tencati, A., Misani, N., Castaldo, S. (2020). "A Qualified Account of Supererogation: Toward a Better Conceptualization of Corporate Social Responsibility." *Business Ethics Quarterly*, 30(2), 250-272.