

# Leadership Talking Points

## NEWSLETTER



## Don't Be Part of the New “Trust Deficit”

*Trust is the glue of life. It's the foundational principle that holds all relationships together. – Stephen R. Covey*

The economic crisis of 2008 also caused a “trust crisis.” The trust average people had in business and government institutions collapsed. Slowly but steadily, these trust levels recovered—until the past year. According to the 2015 Edelman Global Trust Barometer, trust levels are dropping again.

People in nearly two-thirds of countries worldwide now belong to the category of “distrusters.” The number of “truster countries” has fallen to an all-time low. In half the countries of the world, less than half the people say they trust business. People are talking about a troubling new “trust deficit.”

Interestingly, people are least likely to trust the word of the CEO or the media spokesperson for a business. People don't trust advertising, especially celebrity advertising (14%). They are more than twice as likely to take the word of a frontline employee (47%) than of the CEO (22%).

Here are some of the reasons why trust in business is suddenly declining:

- 53% said businesses “don’t contribute to the greater good.”
- 39% said business isn’t producing economic growth for everyone.
- 32% said business isn’t “helping me and my family live fulfilling lives.”<sup>1</sup>

While most people want more oversight, a lack of regulation is not seen as the biggest reason for the downturn in trust. Nearly 60% of respondents globally put it down to “degenerate corporate culture.”<sup>2</sup>

This culture is visible in everyday interactions, according to researchers. Companies fail to “walk the talk,” follow through on their commitments, or keep promises. Many are making it more and more difficult to even talk with them as they erect complicated web sites to “veil” themselves from any dealings with their customers. These everyday failures eat away at trust, which is the most valuable asset any company can have.<sup>3</sup>

As a result, the focus moves to legalities instead of synergies, to defensive behavior instead of cooperative behavior. Instead of combining their efforts, good people end up fighting each other or quitting and going somewhere else.

The principles of trust building are widely known but not widely practiced. Straight talk, righting wrongs, transparency, clear expectations, accountability—all these behaviors and more are essential to building trust. Don’t let yourself be part of the new “trust deficit.”

## Questions to Ponder

Do you detect a falling off of trust in your organizational culture, or with your clients? What symptoms of “degenerate culture” do you see around you? Are you feeling less trusted yourself? Have you seen costs rise or fall based on trust levels? What strategies of yours are in jeopardy because of low levels of trust? What would be the impact on your organization if it were a “high-trust culture”?

1 2015 Edelman Global Trust Barometer, <http://www.slideshare.net/EdelmanInsights/2015-edelman-trust-barometer-global-results?related=1>

2 Clive Davidson, “Trust in financial services,” *The Risk Universe*, April 2014, p. 24.

3 Catherine Burns, Rachel Rapp, “Rebuilding Trust in Financial Services: Everyday Behavior as the Foundation for Industry Change,” March 31, 2015, Edelman.com.