



February 12, 2009

## **TRUST ME – I'M A POLITICIAN WAKE UP CALL FOR AUSTRALIAN BUSINESS**

*Unequivocal demand for more government regulation and intervention in business across all sectors*

- **Trust in Government is high [56 per cent]; trust in business is low [43 per cent]**
- **81 per cent of Australian respondents want Government intervention across all sectors; 84 per cent favour stricter regulation on financial sector**
- **Trust in CEOs as a source of information less than 20 per cent; 'person like me' as a source of information about an organisation at 41 per cent**

In a climate of global financial meltdown, product recalls and nationalisation of private companies, trust in business is in free-fall, according to results of the 10<sup>th</sup> Annual Edelman Trust Barometer.

Officially released at the World Economic Forum in Davos, the study of trust in business surveyed 4,475 upper-income, highly-educated people in 20 countries, including 1,375 in Asia-Pacific countries. This year's study, which includes Australian data for the first time, reported that 74 per cent of all Australian respondents trust corporations less than they did 12 months ago.

Amanda Little, Managing Director, Edelman Australia, noted that Australians' attitude to regulation and Government intervention in business was one of the key results from this year's study.

"The gap in trust between government and business is the highest in the developed world, and the reverse of the global average," Ms Little said. "Fifty-six per cent of respondents in Australia said they trusted government, versus just 43 per cent saying they trust business. The global average has government at 43 per cent, versus business at 50."

Australian respondents voted overwhelmingly in favour of greater government intervention and regulation of business across all sectors, and particularly the finance sector.

"The results showed that 84 per cent of informed Australians think that Government should intervene in the financial sector. When you consider that the United States' result was closer to 50-50, this result should make company leaders - and political leaders - sit up and take notice," Little said.

"Similarly, Australians want greater oversight of business from both government and advocacy groups. Eighty-four per cent of respondents want stricter regulation on the finance sector, and more than two-thirds said that business must partner with government and advocacy groups to solve global issues."

Traditionally trusted channels of communication may be changing as well, reflecting the way we source information about an organisation. Eighty-one per cent of Australian respondents said they do not trust information from a company CEO, and just six per cent trust corporate advertising.



“Trust in CEOs and other traditional forms of corporate communications is low. So, who do people trust? The data shows that 39 per cent of respondents will trust information from company employees and peers, and 41 per cent trust what we call ‘a person like me’. This has major implications for companies in thinking about the way they communicate with stakeholders,” Ms Little said.

“Companies are no longer trusted to act alone. Business is seen as a major contributor to global problems, but in Australia, is not trusted to actively look for solutions. As such there is a call for increased government intervention and integrated planning across business, government and advocacy groups,” said Ms Little.

“Two-thirds of Australian respondents believe governments, business and NGOs should collaborate to solve global issues,” Little added.

So, what does this mean for business in Australia?

“To gain trust, and in turn a license to operate, business leaders will need to think differently about what it means to be a public company. Trust in the media and corporate communications is low, and as such, CEOs must set a position for the company, but this will also need to be echoed by others,” Ms Little said.

“Employees, industry experts, independent commentators, academics and ordinary citizens become increasingly important as companies move away from a controlling position to one that engages government and other stakeholders through participation.”

Edelman’s data suggest a strategy of “public engagement” - a fundamental shift in both operations and communications – must be undertaken to drive trust in a company’s stakeholders:

- **Private-sector diplomacy:** partner with governments and NGOs, or risk being left out of policy and regulatory decisions.
- **Mutual social responsibility:** integrate products and services in ways that assist in solving societal problems, invite employees and customers - ‘people like me’ - to participate in social responsibility decisions, and inform stakeholders of progress through a variety of channels.
- **Shared sacrifice:** voluntary executive pay cuts send a powerful message. Leaders must communicate with employees about the problems confronting the company and welcome their voices, rather than waiting until it is too late.
- **Swift and accountable communications:** Respondents said they need to hear information 3-5 times before they believe it. Companies should inform conversations among the new influencers on blogs, in forums, and bulletin boards. Australians under 34 are twice as likely to share both positive and negative information about a company online as their older counterparts – this trend will only grow.

“Trust is low, the call for government intervention is loud and the most trusted spokespeople a company has are its employees. In order to regain trust, business must challenge itself to adapt, to work with government and advocacy groups and to operate openly and transparently,” concluded Ms Little.

ENDS

## TRUST BAROMETER 2009 AUSTRALIA

- Treating employees well is just as important to survey participants as offering high quality products or services, having trusted leadership and operating within the law.



- **Eighty-seven per cent of participants would refuse to buy a product or service from a company that they do not trust, and sixty-four per cent will pay a premium for products from a company they do trust.**
- Younger respondents (25-34 years) are twice as inclined to share positive and negative experiences online compared to older participants (35-64 years).
- **Banks, media companies and insurance companies are the least trusted in Australia. This contrasts with China, where banks are among the most trusted.**
- Technology, Biotech and the automotive industries are the most trusted in Australia.
- **The more independent the source of information, the more trusted, with 70 per cent of respondents trusting academic or expert opinions.**
- Traditional channels such as stock/industry reports [53 per cent] and business magazines [49 per cent] are still trusted.
- **Digital communication such as blogs and social networking sites are not trusted sources of information. Corporate websites are not trusted by 87 per cent of Australian respondents.**
- Corporate advertising is not trusted by 94 per cent of Australian respondents, but 39 per cent trust information from a company employee.

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**Further information:**

Rhys Ryan

03 9863 7626

0439 364 468

[rhys.ryan@edelman.com](mailto:rhys.ryan@edelman.com)

[www.edelman.com.au](http://www.edelman.com.au)

Donald Takaya

03 9863 7629

0403 355 566

[donald.takaya@edelman.com](mailto:donald.takaya@edelman.com)

Amanda Logan

03 9863 7632

0448 877 335

[amanda.logan@edelman.com](mailto:amanda.logan@edelman.com)

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**About the Edelman Trust Barometer**

The 2009 Edelman Trust Barometer is the firm's 10th trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 30-minute telephone interviews conducted using the fielding services of World One from November 5 - December 14, 2008. The 2009 Edelman Trust Barometer survey sampled 4,475 informed publics in two age groups (25-34 and 35-64). All 'informed publics' met the following criteria: college-educated; household income in the top quartile for their age in their country; read or watch business/news media at least several times a week; follow public policy issues in the news at least several times a week.

**About Edelman**

Edelman is the world's largest independent public relations firm, with 3,200 employees in 53 offices worldwide. Edelman was named "Large Agency of the Year" in 2008 by PRWeek and a top-10 firm in the Advertising Age "2007 Agency A-List," the first and only PR firm to receive this recognition. CEO Richard Edelman was honored as "2007 Agency Executive of the Year" by both Advertising Age and PRWeek. PRWeek also named Edelman "Large Agency of the Year" in 2006 and awarded the firm its "Editor's Choice" distinction. For more information, visit <http://www.edelman.com.au>.