



Employee relations now a key driver of corporate reputation, while trust in NGOs declines: Australian study finds

SYDNEY – 26 September – A major study of Australian opinion leaders launched today has found that employee relations is now one of the key drivers of corporate reputation.

The study revealed that, over the past 12 months, there has been a threefold increase in the number of opinion leaders identifying employee development and benefits as a key characteristic that defines a good and responsible corporation.

The annual study, undertaken by public relations consulting firm Edelman, examined the views of 140 opinion influencers across government, institutional investors, senior business executives, media, up-scale consumers, non-government organisations/trade associations and employees.

When questioned if Australian companies live up the expectations of respondents to communicate frequently and openly with their employees, only 23 percent said that local companies did so.

According to Edelman's Asia-Pacific President, Mr Alan VanderMolen, the significant industrial relations changes sweeping Australia, a buoyant employment market where skill shortage rather than unemployment is the norm, and a wave of Generation Y employees entering the workforce, is shifting the focus to a more people oriented set of criteria against which to judge organisations.

The results are consistent with other recent opinion polls which have shown workplace and industrial relations have significantly increased as an issue Australians are most concerned about.

Mr VanderMolen also highlighted a significant shift in opinion leaders' trust in institutions; with non-government organisations (NGOs) no longer Australia's most trusted institutions.

Trust in NGOs dropped by a third to 23%. Meanwhile, trust in government and business increased to 24 per cent and 22 per cent respectively, in effect making government Australia's most trusted institution.

"The increased visibility of NGOs has led to increased scrutiny and we think these results, while initially surprising, reflect what is probably an inevitable re-balancing of trust among business, NGOs and government," Mr VanderMolen said.

"NGOs have traditionally been given the benefit of the doubt because of their motivation; however, as their influence has grown, so has the expectation of how they manage their affairs and the scrutiny they have been put under.

“While NGOs are still very important, they are increasingly a part rather than leaders of societal solutions, while business in particular has become ever more involved in more holistic, whole of company CSR programs. As activity and scrutiny in this arena spreads more evenly across all participants, it is logical that trust for all of the major institutions, including NGOs, averages out too.

“For business, profitability is still the number one driver of reputation and given the strong economy, combined with improved management and regulation and strong financial results, has helped build trust.

“Government’s increased involvement on popular issues together with the experience of incumbency and the continued strong economy at both a Federal and State level has also had an impact.

The research study, *‘What Lies Beneath: Stakeholder Expectations of Corporate Australia’*, also highlighted that the way opinion influencers assess organisations is also changing.

“The results indicate it is no longer advertising, image, or customer service that is driving organisational perceptions. The study found that after profitability and the dramatic increase in the importance of employee communication and development, management and leadership are key characteristics of good and responsible corporations,” Mr VanderMolen said.

Significant rises also occurred in the categories of professionalism, leadership and innovation.

“Only time will tell if there is a correlation between the importance of these criteria and the relative stability of the corporate market or whether the shift is more fundamental. A key benefit of this research over time will be the emergence of trend data that will provide valuable insight for companies based in Australia,” Mr VanderMolen said.

The study also revealed how opinion influencers obtain information about corporations and organisations and their trust in those communication channels.

“The study found that almost thirty percent of opinion leaders now turn to web-based media first for trustworthy information and news,” Mr VanderMolen said.

“Newspapers are still by far the most trusted mainstream medium with 49 per cent of respondents turning to them first for information, and web-based media second at 29 per cent. Broadcast media, rated at 22%, continue to be turned to least for trustworthy information.”

Importantly, Mr VanderMolen said the study also reinforced the low level of trust in the media, with less than 10% of respondents trusting the sector ‘to do what is right’.

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About the Edelman Survey – ‘What lies beneath; Stakeholder Expectations of Corporate Australia’

The study was conducted in Australia for the second time as part of a nine market program across the Asia-Pacific region (quantitative and qualitative studies in Australia, China, Hong Kong, India, Japan, Korea, Hong Kong, Indonesia, Malaysia, Singapore and Taiwan). It included 40 minute in-depth face to face interviews with a total of 1,050 stakeholders across the region.

In partnership with Harris Interactive, one of the world’s leading research houses, the research objectives were to examine and understand the:

- trust in Australian institutions and information sources;
- drivers of stakeholder opinions of corporations in Australia; and
- drivers of responsible corporate behaviour/corporate social responsibility in Australia.

The Australian respondents represented seven different stakeholder groups including:

- government officials;
- non-government organisations/trade associations;
- institutional investors;
- media;
- senior business executives;
- employees; and
- up-scale consumers.

About Edelman

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