

2018 Edelman Trust Barometer

Edelman
trustbarometer
2018 | ANNUAL GLOBAL STUDY



Methodology

Edelman Trust Barometer

18 years of studying trust

Launched annually at the World Economic Forum Annual Meeting in Davos

Inaugural Family Business Special Report in 2014

2018 Edelman Trust Barometer

Online survey in 28 countries

33,000+ respondents total

All fieldwork conducted between October 28th and November 20th, 2016

Ages 18+

1,150 respondents per country

2017 Family Business Special Report

Online survey in 12 countries

15,000+ respondents total

All fieldwork conducted between June 7th and June 27th, 2017

Ages 18+

1,150 respondents per country

Measured opinions of family business employees vs. those not employed in a family business

Trust Index

A World of Distrust

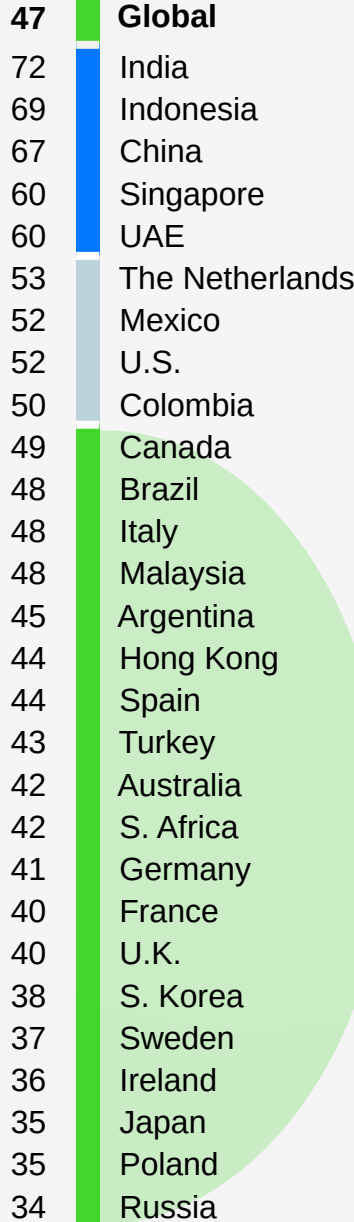
Average trust in institutions, general population, 2017 vs. 2018

Global Trust Index remains at distruster level

20 of 28 markets are distrusters, up 1 from 2017

Source: 2018 Edelman Trust Barometer.
The Trust Index is an average of a market's trust in the institutions of government, business, media and NGOs. General population, 28-market global total.

▲ 2017
General Population



▲ 2018
General Population

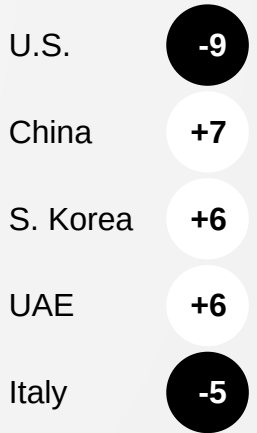


Trust
(60-100)

Neutral
(50-59)

Distrust
(1-49)

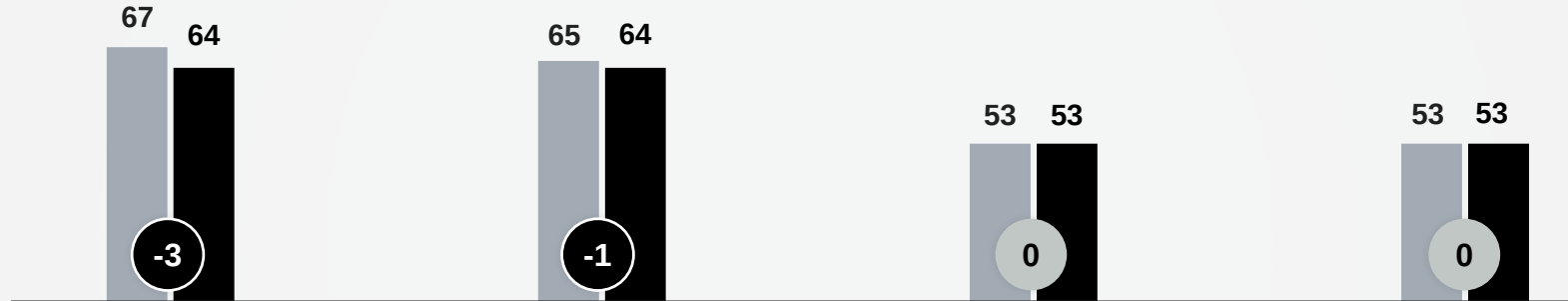
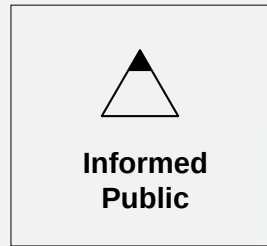
Biggest changes in



Trust decline in the U.S. is the steepest ever measured

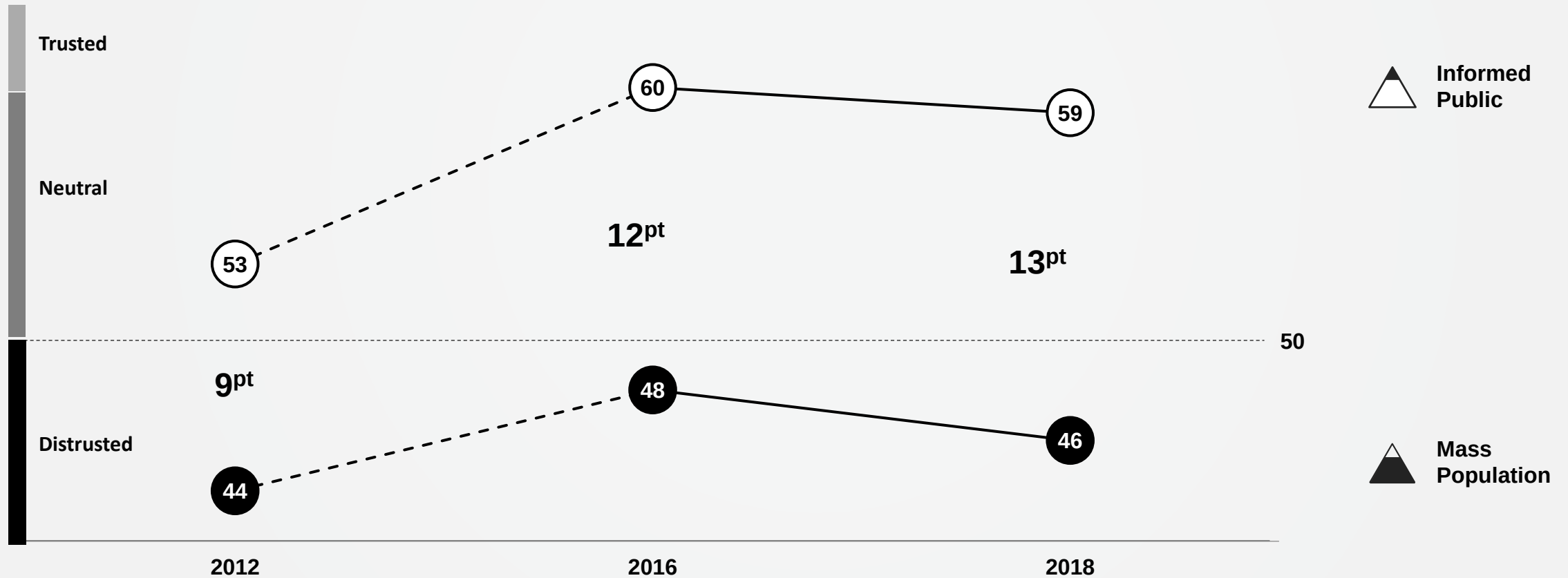
No Recovery in Trust

Percent trust in each institution, and change from 2017 to 2018

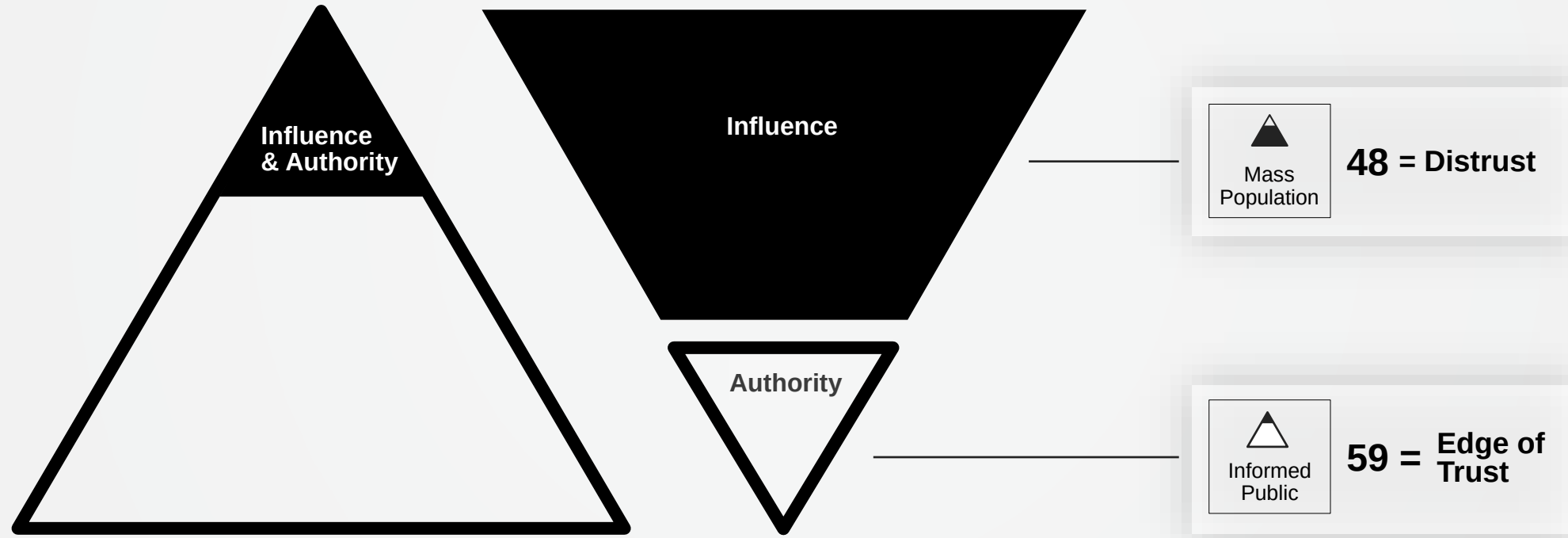


Trust gap is widening

Percent trust in the four institutions of government, business, media and NGOs, 2012 to 2018



The inversion of influence





State of Trust in Business

Without Trust, They Will Stop Buying

“ A good reputation may get me to try a product—but **unless I come to trust the company behind the product I will soon stop buying it, regardless of its reputation**”

63% agree

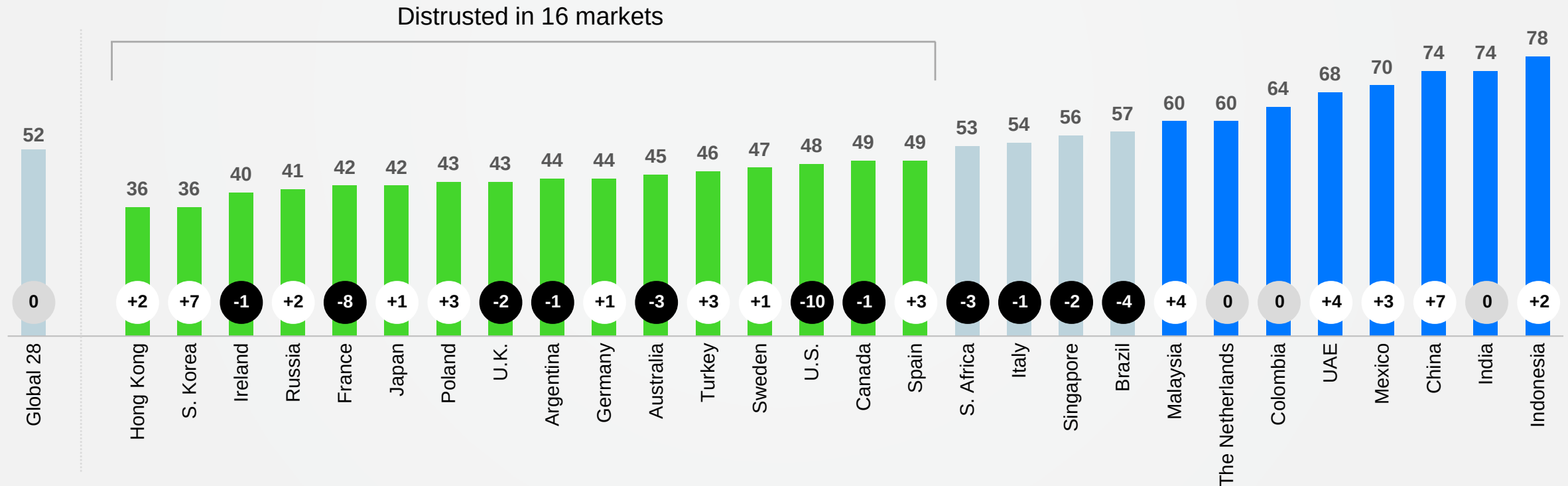
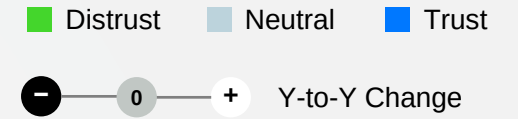
Trust-building mandates for business

- 1 Safeguard privacy
- 2 Drive economic prosperity
- 3 Invest in jobs
- 4 Ensure competitive workforce
- 5 Consumer safety

Trust in Business

Increases in 14 of 28 Markets

Percent trust in business, and change from 2017 to 2018



CEOs Seen as Authority on Issues and Policy

Percent who have a strong expectation that CEOs shape conversations and policy debates about each issue

84%

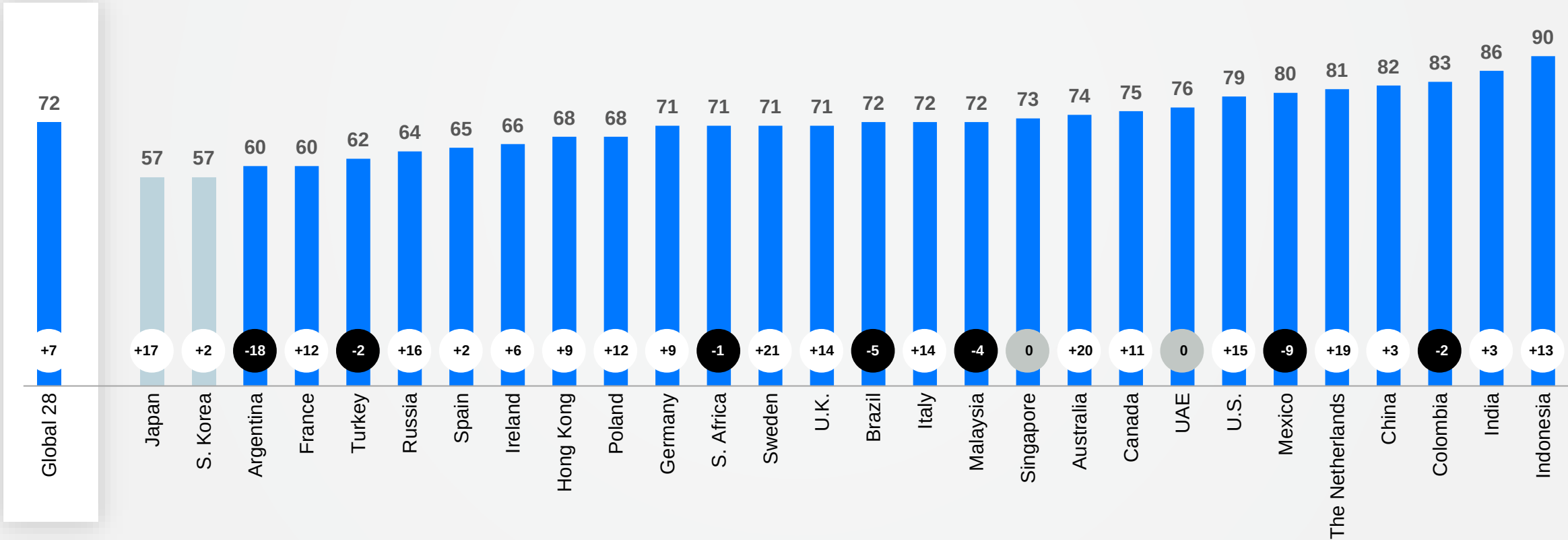
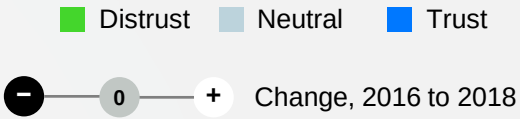
expect CEOs to inform
conversations and policy
debates on one or more issues

Global ranking

- | | | | |
|---|----------------|----|----------------|
| 1 | Jobs | 8 | Discrimination |
| 2 | The economy | 9 | Infrastructure |
| 3 | Automation | 10 | Cost of living |
| 4 | Regulations | 11 | Education |
| 5 | Globalization | 12 | Healthcare |
| 6 | Corruption | 13 | Immigration |
| 7 | Global warming | | |

Employers Trusted Around the World

Percent trust in employer, and change from 2016 to 2018



Source: 2018 Edelman Trust Barometer. TRU_INS. [YOUR EMPLOYER] Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale where one means that you “do not trust them at all” and nine means that you “trust them a great deal.” (Top 4 Box, Trust) General population, 28-market global total.

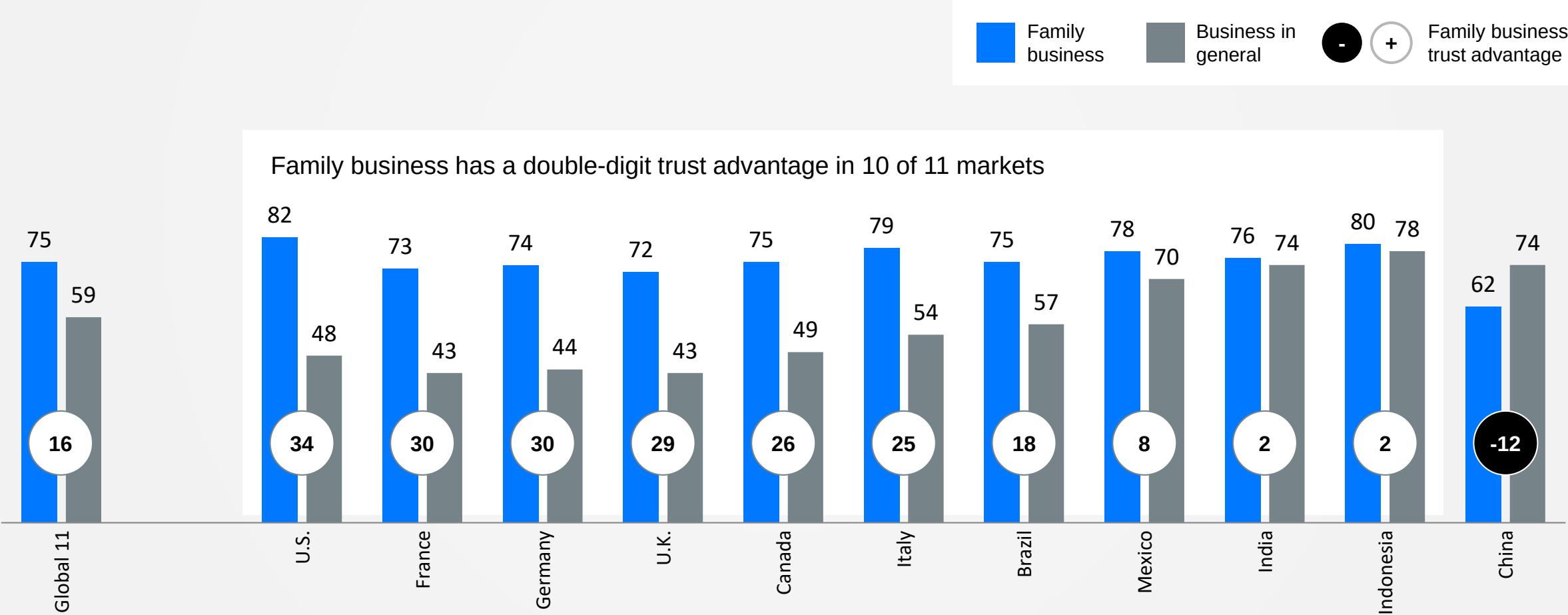
Note: 2016 data was taken from Q525-526. Thinking about your own company and other companies in your industry, please indicate how much you trust each to do what is right using a 9-point scale where one means that you “do not trust them at all” and nine means that you “trust them a great deal”. (Top 4 Box, Trust), question asked of half of the sample. General population, 28-market global total.



Where Family Business Stands

People Trust Family Business

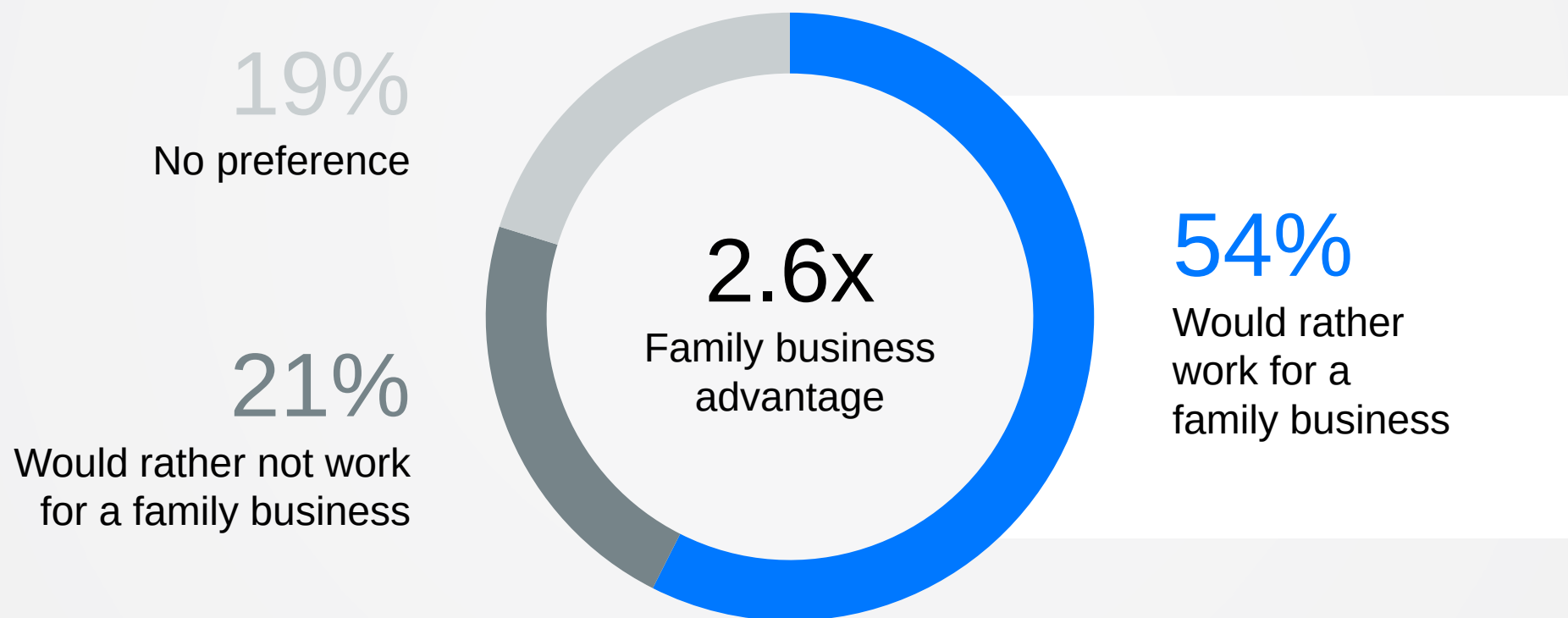
Percent trust in family business vs. business in general, 11-market global total



Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you “do not trust them at all” and nine means that you “trust them a great deal.” (Top 4 Box, Trust) General population, 11-market global total.

Source: 2017 Edelman Trust Barometer. Q15-17G. Thinking about different types of businesses, please indicate how much you trust each type of business to do what is right using a 9-point scale where one means that you “do not trust them at all” and nine means that you “trust them a great deal.” (Top 4 Box, Trust), question asked of half the sample. General population, 11-market global total.

Among Those with a Preference, More Than Twice as Many Would Rather Work for a Family Business

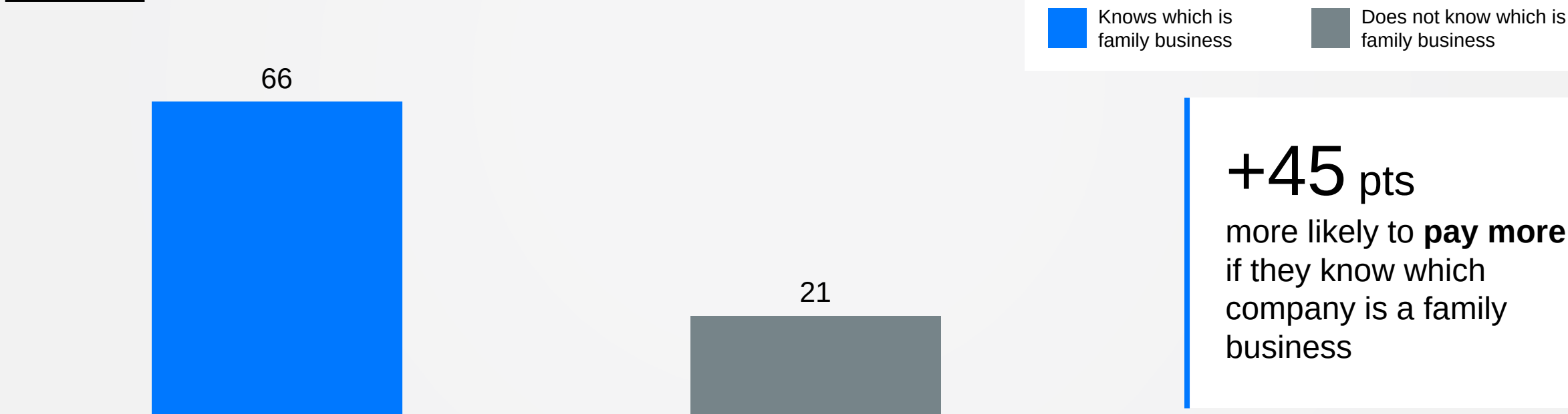


Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Bottom 4 Box, Disagree; Code 5, Neutral; Top 4 Box, Agree) General population, 12-country global total.

If They Know You, They Will Pay More

Percent who will pay more for products or services offered by family business, comparing those who know which companies they buy from are family businesses vs. those who do not

Willing to pay more for products or services offered by a family business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) General Population, 12-country global total, cut by those who know which companies they buy from are family businesses (Q37r1 Top 4 Box) vs. those that do not (Q37r1 Bottom 4 Box).



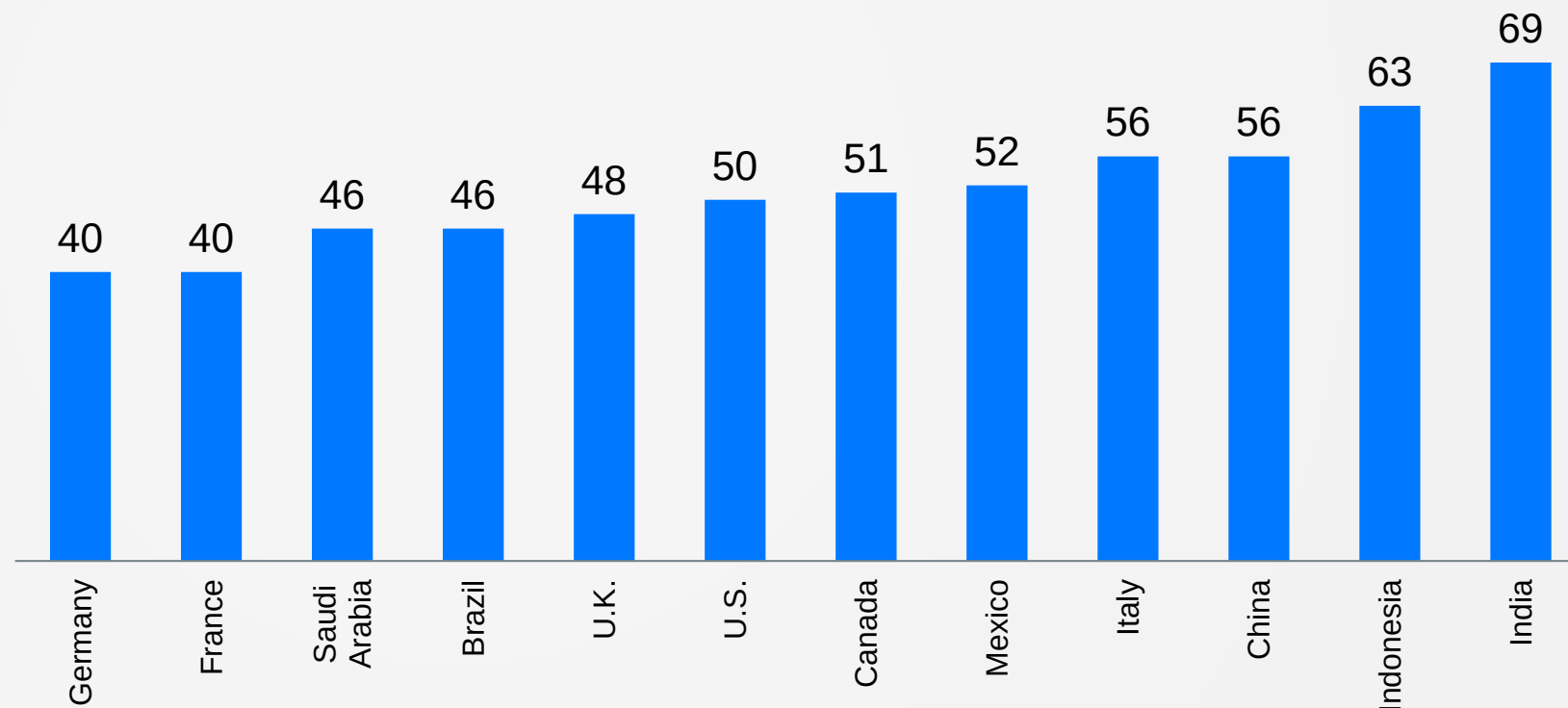
**Silence Isn't
Working**

Just Over 1 in 2 Know Which Companies are Family Businesses

Percent who know which companies they buy from are family businesses

Globally
51%

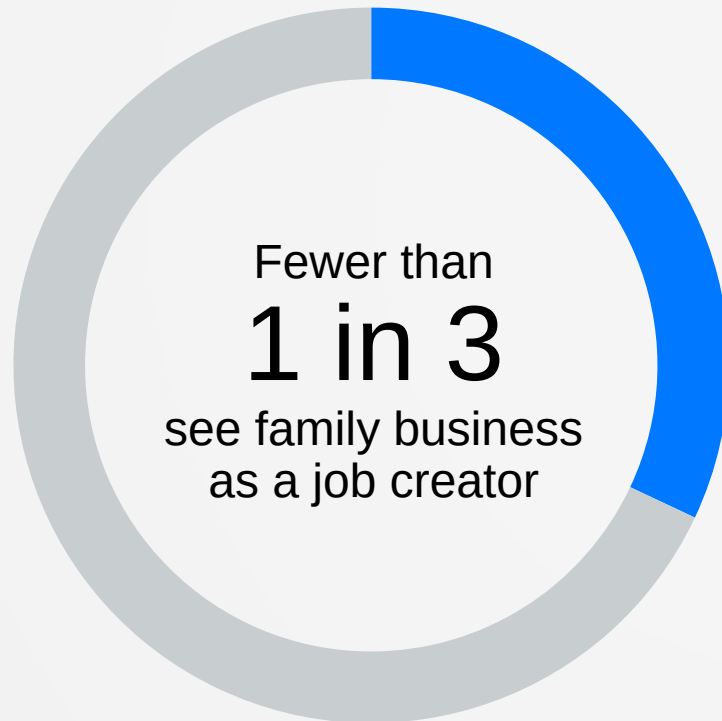
“ I know which companies I buy from are family businesses and which ones are not ”



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you “strongly disagree” and nine means that you “strongly agree”. (Top 4 Box, Agree) General Population, 12-country global total.

Family Business Not Getting Credit for Job Creation

Perception



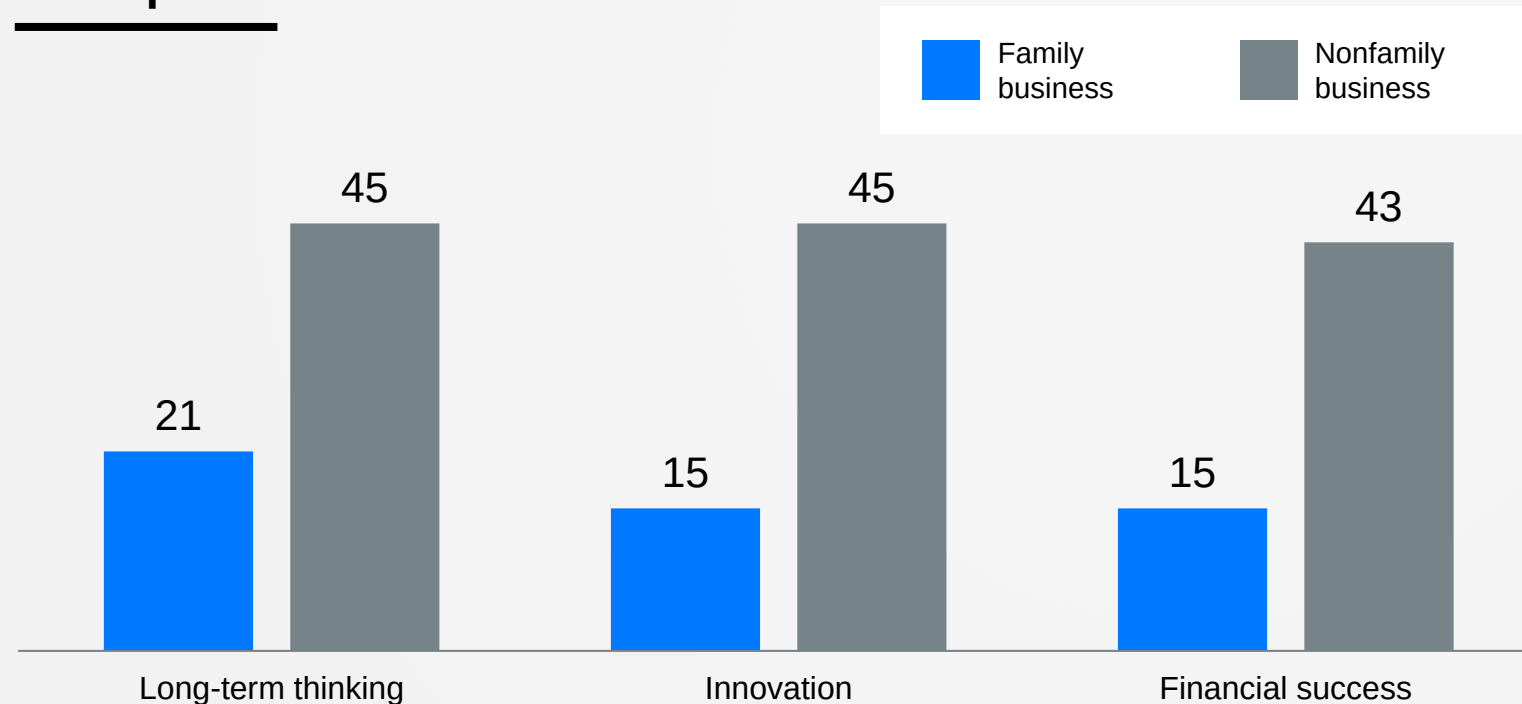
Reality



Family Business Perceived as Behind on Innovation, Long-Term Thinking and Financial Success

Percent who believe each is more likely to be true of family business vs. nonfamily business

Perception



Reality

For every dollar invested in R&D, family businesses drive more innovative outputs—measured by number of patents, number of new products, or revenues generated with new products—than nonfamily firms

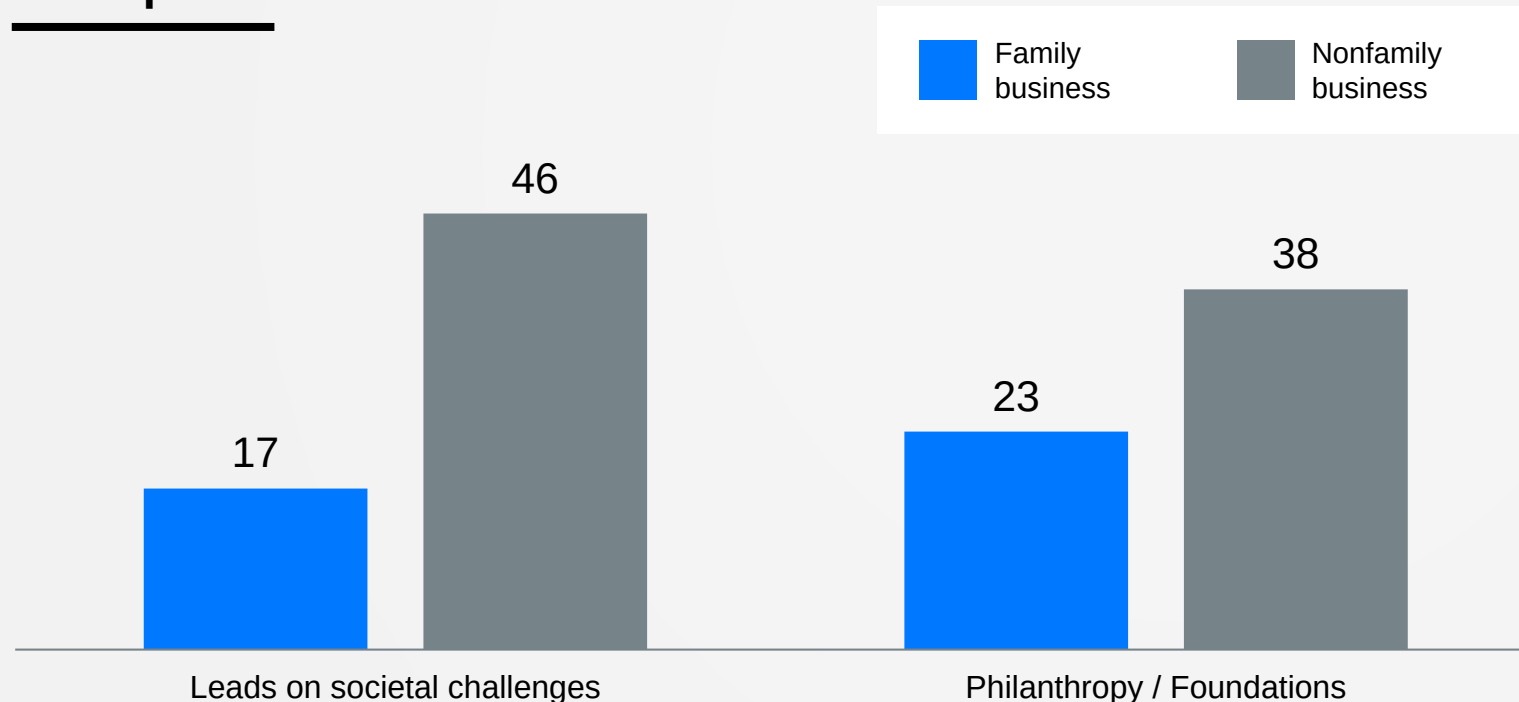
Source: Academy of Management Journal, Doing More with Less: Innovation Input and Output in Family Firms

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total.
Source of third-party research: Academy of Management Journal, Doing More with Less: Innovation Input and Output in Family Firms.

Family Business Perceived as Behind on Societal Contributions

Percent who believe each is more likely to be true of family business vs. nonfamily business

Perception



Reality

81%

of the world's largest family businesses practice philanthropy

56%

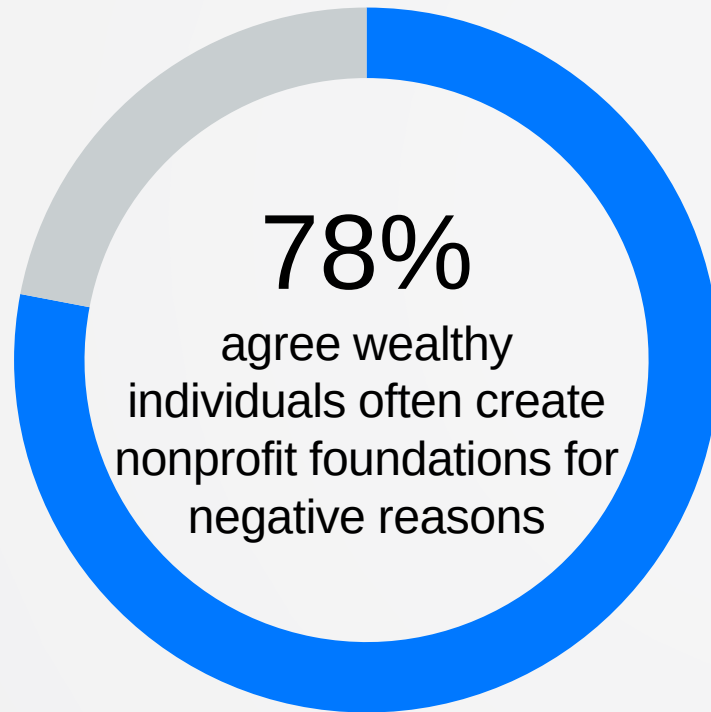
of all family business owners personally oversee the progress and effectiveness of their philanthropic projects

*Source: E&Y and Kennesaw State University.
Staying power: How do family businesses create lasting success?*

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total.
Source of third-party research: E&Y and Kennesaw State University. Staying power: How do family businesses create lasting success?

Philanthropic Motives Under Scrutiny

Percent who agree wealthy individuals create nonprofit foundations for one or more of the following reasons



To exert political influence

For vanity and self-promotion

To ease their guilt regarding those they hurt amassing their wealth

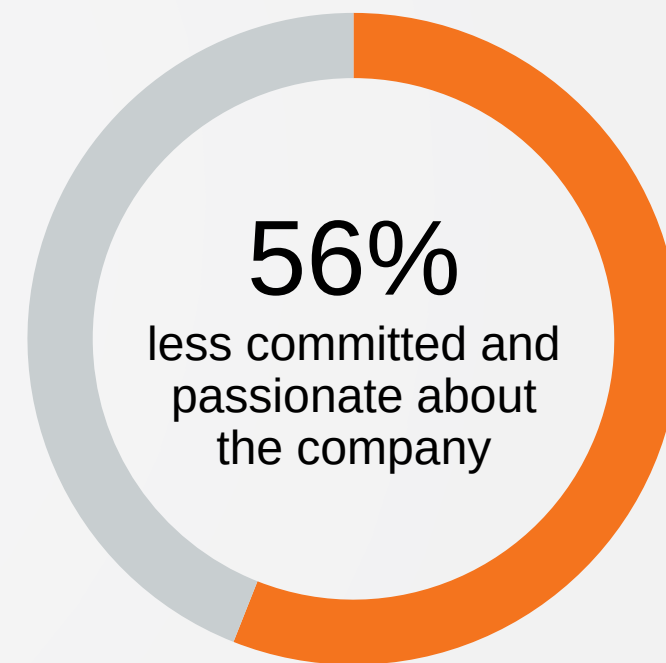
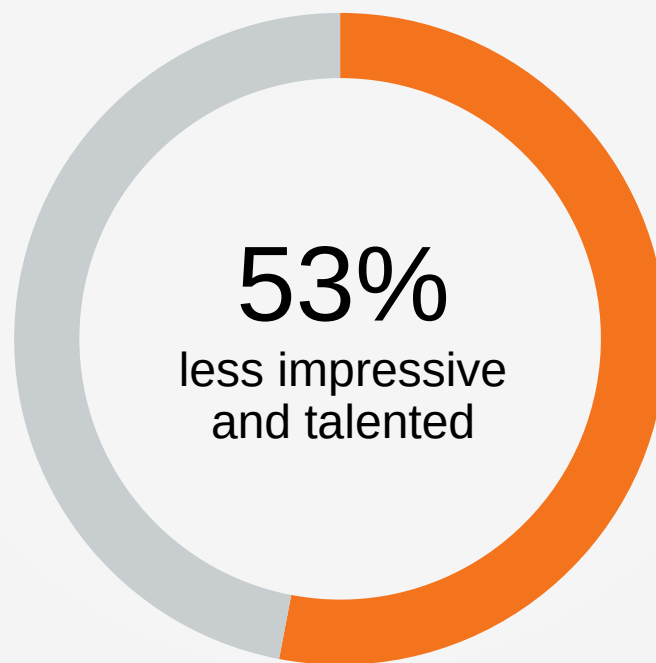
Source: 2017 Edelman Trust Barometer Family Business Supplement. Q40. Please indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) General Population, 12-country global total. Callout is a net of three items: Q40 r5, r6, and r7 (Top 4 Box, Agree) General Population, 12-country global total.



Challenges for the Next Generation

Next-Generation Leaders Seen as Less Capable

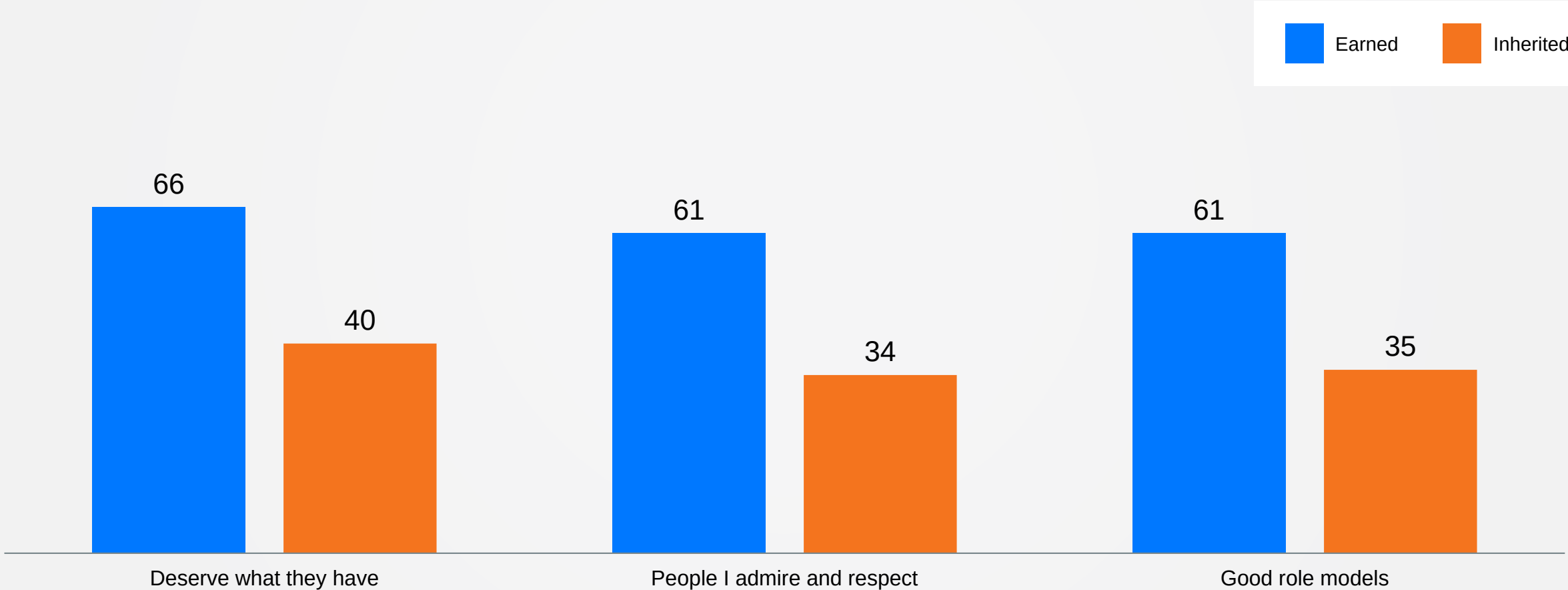
Percent who agree with each of the following statements about next-generation leaders



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q29. Please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you “strongly disagree” and nine means that you “strongly agree”. (Top 4 Box, Agree) Q44. Thinking about your current company, please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you “strongly disagree” and nine means that you “strongly agree”. (Top 4 Box, Agree), question only asked of family business employees. General Population, 12-country global total.

Next Generation Must Overcome Wealth Stigma

Percent who associate each of the following with individuals who earned vs. inherited their wealth



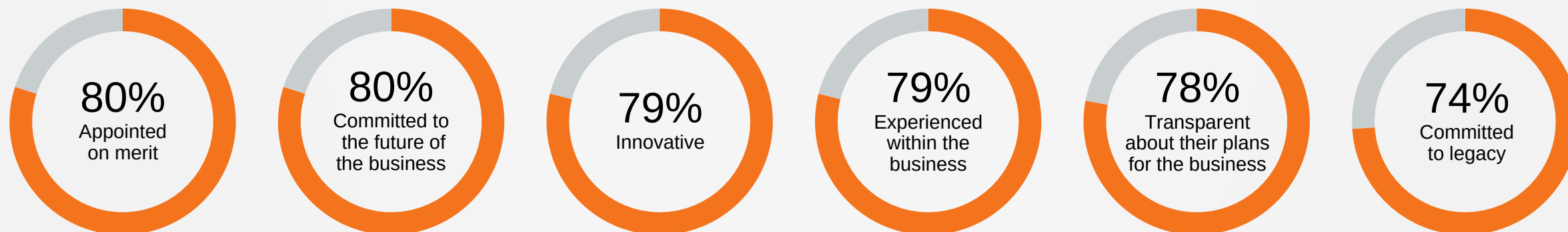
Source: 2017 Edelman Trust Barometer Family Business Supplement. Q21. Thinking about wealthy individuals who inherited their wealth, please indicate how much you associate each statement below with these individuals. Please use a 9-point scale, where one means you “do not associate that statement at all” with wealthy individuals who inherited their wealth and nine means you “strongly associate” that statement with wealthy individuals who inherited their wealth. (Top 4 Box, Associate), question asked of half the sample. Q22. Thinking about wealthy individuals who earned their wealth, please indicate how much you associate each statement below with these individuals. Please use a 9-point scale, where one means you “do not associate that statement at all” with wealthy individuals who earned their wealth and nine means you “strongly associate” that statement with wealthy individuals who earned their wealth. (Top 4 Box, Associate), question asked of half the sample. General Population, 12-country global total.

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Next-Generation Leaders Must Prove Themselves

Top factors that would be important in maintaining trust in a business that passed leadership on to a family member

Successor must be...



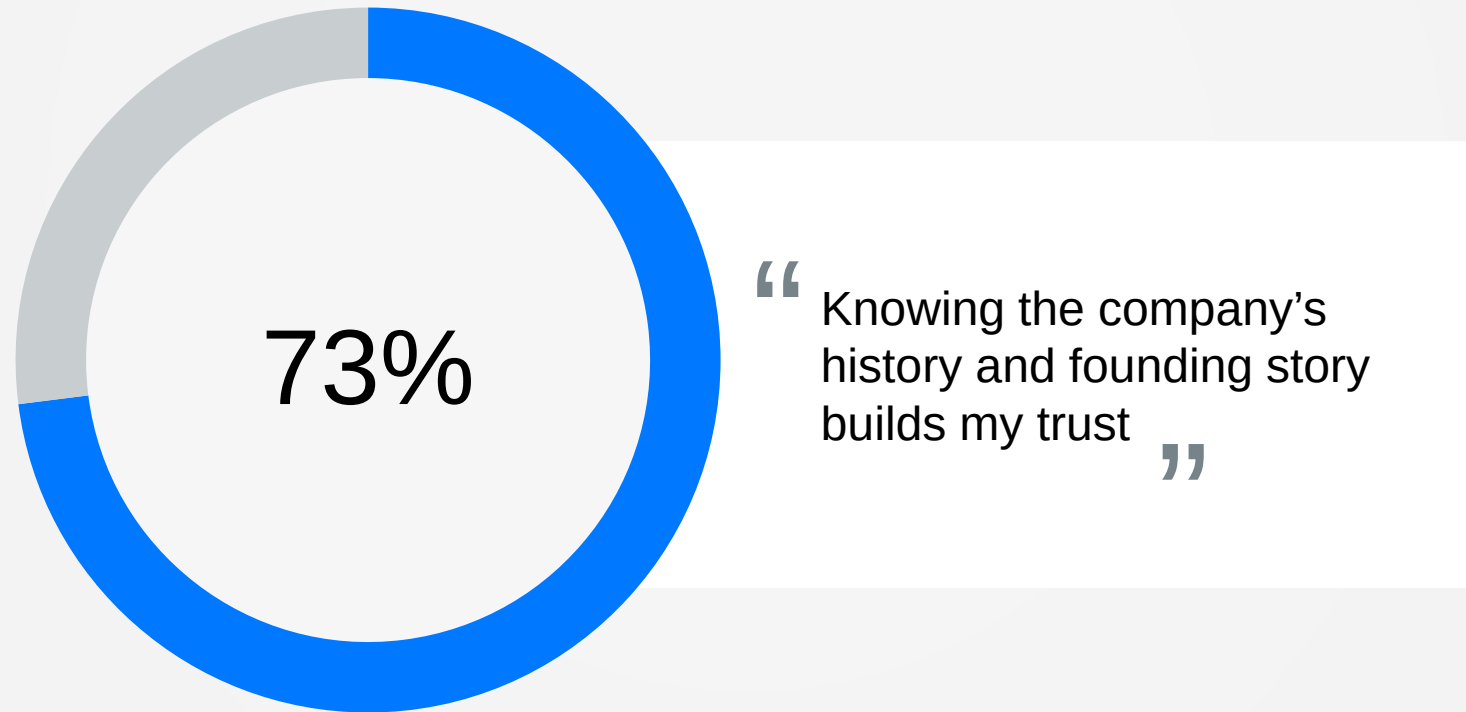
Source: 2017 Edelman Trust Barometer Family Business Supplement. Q45. If the owner of a FAMILY-OWNED BUSINESS passed ownership or leadership of the business to a member of their family, how important would the following factors be to maintaining your trust in the business? Please answer using a 9-point scale where 1 is not at all important to maintaining your trust and 9 is extremely important to maintaining your trust. (Top 4 Box, Important) General Population, 12-country global total.



**Your Story
Must Be Told**

Tell Them Where You Came From

Percent who say the following would increase their trust in a family business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q34. How much would each of the following increase your trust in a family business? Using a nine-point scale where one means "would not increase my trust at all" and nine means "would increase my trust a lot" rate each item below. (Top 4 Box, Increase trust) General Population, 12-country global total.

Tell Them Who You Are as a Family and Business

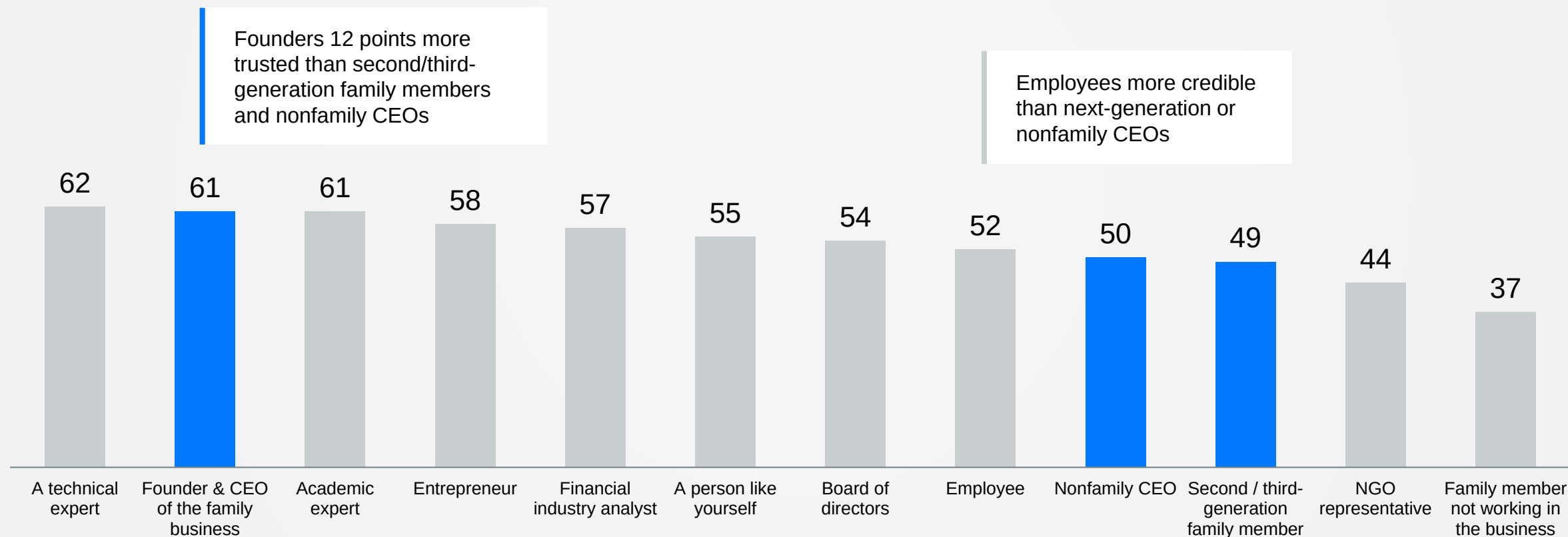
Percent who say the following would increase their trust in a family business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q34. How much would each of the following increase your trust in a family business? Using a nine-point scale where one means "would not increase my trust at all" and nine means "would increase my trust a lot" rate each item below. (Top 4 Box, Increase trust) General Population, 12-country global total.

Use Multiple Voices

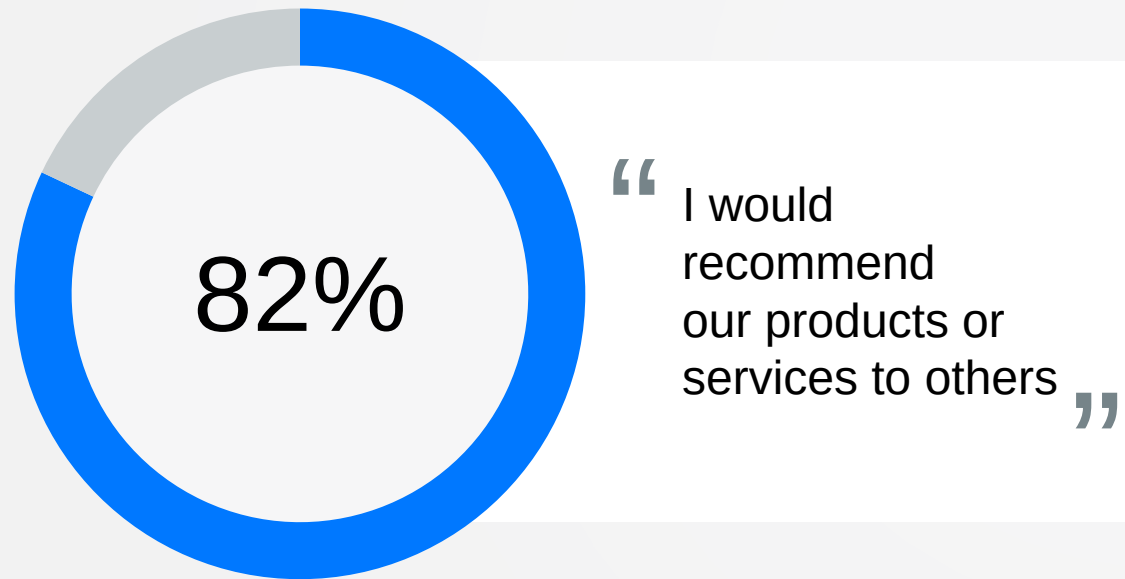
Percent who rate each spokesperson about a family business as extremely/very credible



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q47. Below is a list of people. In general, when forming an opinion of a family business, if you heard information about that family business from each of these people, how credible would you consider that information to be--extremely credible, very credible, somewhat credible, or not credible at all? (Top 2 Box, Credible) General Population, 12-country global total.

Activate Your Employees as Ambassadors

Employees of family business who say...



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q38. Thinking of the current company where you work, please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you “strongly disagree” and nine means that you “strongly agree”. (Top 4 Box, Agree) Family Business Employees, 12-country global total.

Unlocking the Family Business Advantage

