

Trust capital, a key business driver



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Trust in business is imperative. Over 2,500 consumers, 2k employees and 500 business executives from the United States are in agreement about this as a result of PwC's 2023 Trust Survey. Conducted for the third time, the survey reveals relevant findings for business leaders to demonstrate the critical importance of trust conferred by stakeholders.

Interestingly, an impressive 91% of business executives agree that their ability to earn and maintain trust improves the bottom line, showing a direct correlation between gaining stakeholders trust and increasing profitability. An opposite scenario characterizes companies that lacks trust, which experience brand value and financial performance decimation, as well as limited capability in terms of talent retention and recruitment.

The survey has 9 key findings that are considered lessons for top management:

- Trust creates value
 - 92% of business leaders, same percentage of consumers and 94% of employees agree that business have a responsibility to build trust
 - Recommendations and referrals demonstrate trust value: 58% of consumers say they recommended a company they trust to their immediate circle of family and friends, while 64% of employees say they recommend a company as a place to work to other candidates because they trusted it.
- Business leaders haven't taken advantage of the opportunity
 - There is a huge gap between 84% of business executives who think that customers highly trust the company and 27% of customers who said the same.

- On the other hand, 79% of business executives say their employees trust the company, while only 65% of employees agree.
- A moving target
 - According to executives, top challenges to gain trust are, in order of importance, current company culture, diverse stakeholder perspectives, negative long-term reputational issues specific to your industry, can't focus on it because of pressure to deliver short-term financial results and inability to change supply chain processes and materials due to costs.
 - Versus 2022 survey findings, the only challenge that ranks higher is current company culture, which moved up two spots to the top in 2023. The reason behind that is remote or hybrid work arrangements.
 - Conflicting priorities among stakeholders (consumers, employees and investors) are one of the key challenges.
- Trust breaks down more often than expected
 - In an instant trust can be eroded when facing an unexpected event. Half of consumers (50%) and employees (54%) report experiencing a trust-damaging event. In contrast a limited percentage of business executives (20%) say their organization has been involved in this type of incident.
 - There is a huge gap in relation to what defines a trust-damaging event, considering their experience.
 - Consumers experience relates to customer service (36%) and lack of transparency (23%) causing (63%) to end the relationship with the company, not purchasing its products or services.
 - 33% of employees say bias or mistreatment caused a loss of trust and a significant 53% report they left the company after the experience.
 - Executives mention correcting the problem (32%), security (15%), and legal & compliance (11%).
- Employees are critical
 - Listening to employees insights regarding customers experiences and operations is the smart thing to do.
 - 46% of employees who say that their company experienced a trust-damaging event in the past 12 months assure they expected it. That is why their input is crucial to plan in advance.
- Trust drivers now
 - The key is to understand what is important to your stakeholder, subject to a given time. For consumers is data security and high-quality customer service, products and services. For employees purpose and values are important, but paying appropriate wages, protecting employee data and communicating clearly are leading in terms of trust building importance.

- Taking a stance on social issues
 - Almost half of consumers (49%) and employees (50%) say companies should take a public stance on social issues only if those are related to the core business.
 - 64% of business executives say that such action builds trust among customers and 66% makes the same argument about employees.
 - When the company takes a stance on social issues aligned with consumers points of view 59% trust them more, while 69% of employees do so in the same scenario

- AI represents a new risk
 - 89% of business executives agree that their company is prepared to respond within days to a situation that could damage trust.
 - Crisis response plans should include AI failure, considering it a potential risk.

- Missed opportunities during layoffs
 - 80% of employees say that layoffs in general have a negative impact in companies, but when referring to their employer, only 55% of them say the way their company has implemented layoffs has damaged trust.
 - 72% of executives say the way their company has done layoffs has damaged trust.
 - Actions that companies can take to build trust during layoffs, according to employees are: encouraging managers to increase communications with remaining team members (58%), offer generous severance payouts (57%), being more transparent about the reasons for layoffs (57%), providing outplacement services to employees who are laid off (53%) and hosting firmwide meetings to highlight commitment of company leadership to remaining employees (50%).
 - Executives may look at all areas of opportunities when facing layoffs since their responses in terms of all those actions oscillates between lows 30% to 38%, being encouraging managers to increase communications with remaining team members at the top of their list.

Once again, research supports the argument that trust capital not only matters for business but is a critical business driver. Executive leadership should invest more time and effort to earn trust from stakeholders, understanding it is a dynamic and comprehensive process.