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### A matter of trust

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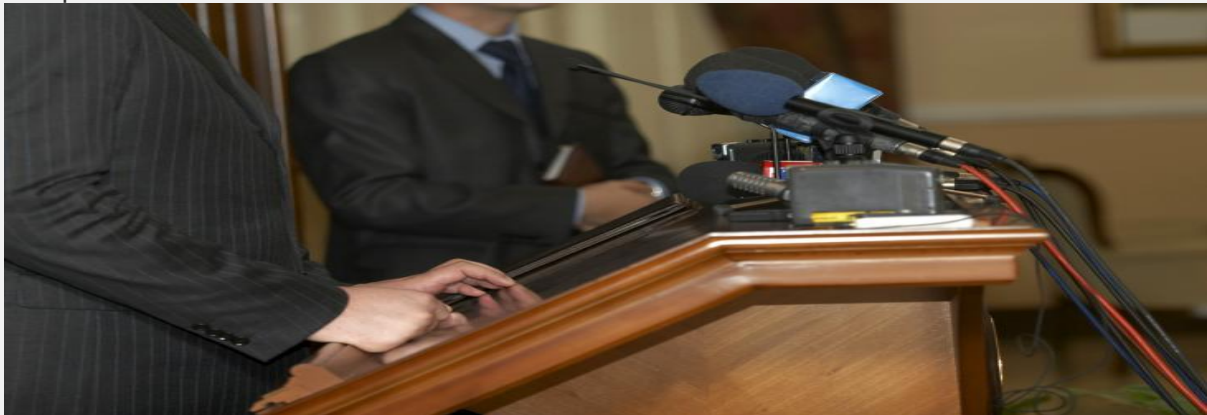
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# A MATTER OF TRUST

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*Business is trusted more than government, but both need the other to become more trustworthy.*

In a survey of 27 countries, public relations firm Edelman found in its latest annual Edelman Trust Barometer that trust in government worldwide had sunk to 44 percent. That is the lowest score government has scored in the 14-year history of the survey, which saw significant trust decline in government in countries with major political polarisation: U.S. (49 percent v 59 percent in 2013); Poland (35 percent v 48 percent in 2013).

Government scored the lowest among four categories in the survey, with Non-Government Organisations (NGOs, 64 percent), business (58 percent), and media (52 percent) rated as being more trustworthy. That begs the question: why is government scoring so poorly?

“Much of it comes from the fact that governments have so many masters,” explains **Don Ferrin**, Professor of Organisational Behaviour & Human Resources at Singapore Management University (SMU). “The citizenry is the ultimate master, but the citizenry is diverse, and each segment of the citizenry wants different things. To move in any one direction, governments will dissatisfy somebody, it’s virtually impossible to satisfy every group.”

## “Co-dependence of business and government”

While government is perceived poorly, business has gradually recovered from the post-Global Financial Crisis fallout. In fact, the gap between business and government (14 points) is at its highest since the start of the survey in 2001. “Today, government lacks the long-term thinking and popular support to keep up with innovation that is cross-border, complex and requiring fundamental rethinking,” writes Edelman president & CEO, Richard Edelman. “Now it is business’ turn to ascend the ‘bully pulpit.’”

However, while business may be more trusted, Ferrin points to the global average of 42 percent of respondents who answered “not enough regulation” when asked about government regulation of business, whereas 27 percent of respondents answered “too much regulation”.

“There’s an interesting irony in that there is a strong preference among those who responded to the survey for government to regulate business. What’s ironic is that, overall, people trust business more than government, but people also state that they want government to increase regulation of business. I think what is happening is that since trust in business is rather low, people feel more regulation is better than less, even though their trust in government is also weak.”

That partially explains the theme of the 2014 survey: “Co-dependence of business and government”. Ferrin is of the opinion that Singapore is a good example of combining the two sectors to generate more trust in institutions. “In Singapore there’s more of a shared sense of direction where businesses know they are here to advance Singapore’s interest as well as advancing their shareholders’ interest, and the government has the same view. That sense of shared interest is weaker in most developed countries.”

That sense of trust is represented by the high marks the island state achieved, with a 75 percent score in government and 71 percent in business, compared to global averages of 44 percent and 58 percent respectively. Singaporeans generally trust government leaders more than those in other countries who were surveyed: for example, 33 percent of Singaporeans agreed that government leaders would “correct issues within industries that are experiencing problems”, compared to 16 percent on average globally.

At the same time, only 25 percent of Singaporean respondents agreed to that statement when referring to business leaders, which was one percent lower than the global average. So with both government and business leaders having to deal with trust issues, how does one engender trust in institutions?

## The role of academics

As it turned out, academics were rated the most trustworthy both globally (67 percent) and in Singapore (70 percent) as spokespeople. Second most trusted were “technical expert in the company” (66 percent globally; 69 percent for Singapore).

“Much of this stems from people inferring what one’s motives are,” says Ferrin with regards to the trust academics engender. “Academics, in my view, are trusted because they are seen to have few if any ulterior motives. In reporting about companies, for instance, academics typically don’t have any motivation to build the company up or hide undesirable facts that could hurt the company. On the other hand, a CEO would derive benefits from portraying his or her company in a particular way, so people may be more skeptical of such statements.”

Therefore, companies might want to consider partnering with academics or schools to project a more trustworthy image. The Edelman Trust Barometer also highlighted the need for engagement and integrity, but change in large business organisations remains a long-term process.

“I think there has been an initial phase of lip service to the importance of trust, but some of that lip service is turning into actual changes in values and behaviours,” Ferrin says. “Focusing on trust provides an opportunity for businesses to have broader interests i.e. beyond shareholder returns and wealth maximisation, and as a result earn the trust of a much wider range of stakeholders.”

“If they stick to the narrow interests of wealth maximization, then all the other stakeholders will have to worry about trust – if you’re a customer, you have to worry about trust; if you’re an employee, you have to worry about trust; if you’re a regulator, you have to worry about trust. We’re seeing a shift, but it’s a gradual, long-term shift.”