

Making the Business Case for Trust

Trust impacts an organization in many ways. These are worth considering and sharing:

Employee Engagement:

- According to Gallup, when employees don't trust organizational leadership, their chances of being engaged are one in twelve. But when that trust is established, the chances of engagement skyrocket to better than one in two. That's more than a six-fold increase.
- A highly engaged workforce means the difference between a company that outperforms its competitors and one that fails to grow. And according to their recent State of the Global Workplace report, 85% of employees are not engaged or actively disengaged at work. The economic consequences of this global "norm" are approximately \$7 trillion in lost productivity. Eighteen percent are actively disengaged (up from 2015) in their work and workplace, while 67% are "not engaged. Gallup, 2017
- Only 46 percent of disengaged employees trust management Jacob, Dennis. "Warning: Corporate scandals may demoralize employees." Gallup, Aug 2016

Workplace Stress & Wellness:

- Research on the link between trust and wellness in this [recent SmartBrief article](#).
- Management behavior that supports and develops trust promotes employee wellbeing at work. Managerial Decision, 2007
- The level of trust in the work environment is also associated with increased adjusted odds of having cardiovascular disease. International Journal of Environmental Research, 2019
- Finally, research from 2018 suggests that "trust and perceived support are both significant predictors of mental and physical health, job satisfaction and turnover intentions. However, the support at the team level is a more important predictor, while trust is a stronger predictor at the organizational level." Italian Society of Occupational Medicine, 2018

Improved Stakeholder Relationships:

- Only 7 percent of Americans believe that major company CEOs have high ethical standards, and only 9 percent have a very favorable opinion of major companies. Only 42 percent of

Americans trust major companies to behave ethically, down from 47 percent last year. Public Affairs Council, 2018

- Today, only a minority of millennials believe businesses behave ethically (48 percent vs 65 percent in 2017) and that business leaders are committed to helping improve society (47 percent vs 62 percent in 2017). Deloitte Millennial Survey 2018

Innovation:

- In an innovation survey published by PriceWaterhouseCoopers in the early 2000s, trust was identified as a key characteristic of innovative companies
- Bloomberg recently revealed that for the first time in the six years the gauge has been reported, the US has dropped out of the “Top 10” countries for innovation. (2018)

Increase Profitability:

- Research shows that 30% of a company's value is at risk where trust is broken with the public and external stakeholders. Those CEOs who have a proactive approach to crisis planning view simulation training and drills as an investment. They also see it as a way to test and build the trust and confidence of their teams. It hones and develops leadership and communication skills, builds coherence and cross-functional support. *McKinsey & Company research in Connect: How companies succeed by engaging radically with society – 2015 - John Browne, Robin Nuttall, Tommy Stadlen
- Accenture Strategy recently released its latest Global Consumer Pulse Report, which surveyed 24,877 consumers worldwide about their evolving expectations towards companies. Lack of trust costs global brands \$2.5 trillion per year. This compares to \$756 billion lost by U.S. companies and 41 percent loss of clients.
- The Competitive Enterprise Institute reports that The cost of Federal Regulations is approaching \$2 trillion annually. To put that number in perspective, if U.S. regulations were an economy, it would be larger than Canada's entire GDP and the eighth largest in the world. The regulatory state costs more than the U.S. government collects from income taxes. It's almost equal to all corporate pretax profits earned in 2016. Investor's Business Daily April 19, 2018

This document was compiled by Barbara Brooks Kimmel, CEO Trust Across America-Trust Around the World. For more information [visit our website](#).