



**Trust – a scarce resource, unevenly distributed**

Egon Zehnder International 4th International Executive Panel  
April 2008

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# 1

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## Foreword

“Trust” was the topic of the 4th International Executive Panel held by Egon Zehnder International. 1,210 top executives from around the world, over 300 of them CEOs, company owners and chairmen, were surveyed in early 2008. Small and medium-sized businesses as well as major corporations were represented on this distinguished panel.

In addition to executives’ personal opinions about trust, the survey shed light on the situation inside companies and the self-perception of the leadership elite within their respective cultures. The result: revealing insight into the similarities and differences in how this topic is handled in the various countries.

Egon Zehnder International first held an online survey in 2004 to question top leaders about current issues in corporate management. With the International Executive Panel, Egon Zehnder International has created an instrument that gives us insights into the spectrum of opinions held by leading corporate decision-makers around the world.

# 2

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## Executive Summary

### **Who do executives trust?**

Top managers find trustworthy people in their immediate personal surroundings, and they are more likely to trust friends (84%) than family members (79%). There are noticeable national differences when it comes to trusting colleagues: 83% of the Dutch, but only 58% of Italians and Indians trust people inside their own companies. Perhaps it is natural that executives from other companies are regarded as less trustworthy – another area in which Indians prove to be especially guarded. [\(page 10\)](#)

Professional advisors enjoy a level of trust in the USA (53%) and the Netherlands (52%) that is noticeably higher than in other countries (40% on average). The business leaders surveyed are much less likely to trust people outside of their professional circles: Scientists or doctors, for example, were only named as trusted persons by 14% or 13% of top managers respectively. These results vary widely from country to country. For example, in Australia doctors are considered trustworthy (25%), whereas scientists are not (3%). [\(page 10\)](#)

However, one in eight of the executives who participated in the survey trusts religious officials – a willingness that is particularly strong in the USA, at 21%. Politicians, on the other hand, do not score well with the respondents. With the trust shown by a mere 2% of top managers on average, politicians would never win an election anywhere in the world. Surprisingly, non-profit organizations also receive low marks, with only 10% finding them trustworthy. [\(page 10\)](#)

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## **Trust as an asset**

A large majority (87%) of those questioned considers the trustworthiness of a company a decisive competitive advantage when recruiting new talent; this attitude is especially strong in Australia and India. It is therefore surprising that, according to the respondents, only 54% of their companies have anchored “trust” in their corporate mission statements. (pages 11, 16)

For 92% of those surveyed, relationships based on trust contribute significantly to lasting business success. However, regional differences can be seen in how such relationships develop. Top executives in India, the USA and Germany believe that trust grows slowly, built on shared projects and experiences. In contrast, managers in Australia, Great Britain and, above all, the Netherlands, are often of the opinion that such experiences are not necessary. (pages 12, 18)

## **Trust in employees**

When a new employee joins a Dutch or German company, in almost 90% of all cases they can expect to be trusted from the very start. This willingness to trust is not found as often in the responses from Australia and Great Britain. On the other hand, only 44% of executives trust their employees unconditionally. The numbers are especially low in the Netherlands, France, Australia and Great Britain; at 61%, German business leaders place the most trust in their staff. (pages 15, 21)

Whatever their attitude towards trust, top managers say their instincts have generally been on the mark. No less than 58% of respondents state that their trust in their management team has seldom been misplaced. In Germany, Great Britain and India, that number is as high as two in three. However, in Italy and the USA every second executive has seen their trust disappointed. (page 20)

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Almost one top manager in four thinks that monitoring and controls are the only way to ensure that a person remains trustworthy. This belief is particularly widespread in Italy (37%) and France (36%). In Australia and the Netherlands (both 13%), however, it is not as common. In another point, Italians show that they place their trust in tangible results – 13% of respondents from Italy answer that competence and performance are more important than integrity of character when judging the trustworthiness of a manager. The international average of those who agree with this statement is just 8%. (pages 22, 23)

Executives gave very different responses when asked what sort of behavior would destroy their trust in a person. Personal weaknesses such as dishonesty, greed or manipulateness are usually penalized by American and British executives with a withdrawal of trust. A large majority believes that once lost, trust can only be regained with difficulty. Business leaders from Switzerland, France and Germany emerge as especially sensitive in this respect in their answers. Their colleagues in India and Australia, on the other hand, are not as likely to see a loss of trust as irreparable. (page 27)

## **Shareholder and stakeholder trust**

Many top managers find themselves in a dilemma when it comes to winning the trust of investors. Almost one in two has had to act in a way they think is detrimental to the long-term interests of their company in order to boost investor confidence. This is perceived as a problem, especially in France. In Australia, India and the United Kingdom it appears to play a less dominant role. (page 19)

It is also increasingly difficult to win the trust of customers according to around half of the executives who responded to the survey. Their answers reflect a broad range of opinion. Although only one in three

top managers from Great Britain and the Netherlands said it is hard to win customer confidence, twice as many Italians found this to be the case. [\(page 17\)](#)

### **Public perception of business leaders**

The corporate scandals of the recent past have damaged public trust in the companies involved and in business in general, agree a large majority of executives. However, they differ as to what caused these scandals. Half are of the opinion that they are the responsibility of lone black sheep, an attitude that is shared by an above-average number of top managers from India, France and Switzerland. Not many Dutch and Italians share this view, however. [\(pages 24, 25\)](#)

Most of the management elite think their own profession is not perceived positively by the general public. Only 18% believe that they enjoy trust in their own countries. Germans in particular (5%) see themselves as having a negative image. But in the USA, too, only one in ten believes that they are seen as trustworthy by the public. In contrast, a striking 50% of respondents from India think corporate leaders have a good reputation. [\(page 28\)](#)

However, executives do not agree in attributing this negative perception to a specific cause. Only one in five top managers thinks that this negative image is the result of unreasonably high expectations. This theory draws the greatest support in India (29%), whereas the replies from Italy (6%) and Great Britain (10%) are more inclined to be self-critical. [\(page 26\)](#)

# 3

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Results

**Survey Design**

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**The Findings**

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**Demographics**

# 3

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## Survey Design

### **Objective**

The objective of the survey was to examine the topic of trust as a key issue that is high on the agenda of top executives.

### **Target groups**

International top executives registered with the Club of Leaders, an online community at Egon Zehnder International's website, [www.egonzehnder.com](http://www.egonzehnder.com).

### **Survey methodology**

Online questionnaire

### **Sample**

1,210 top executives worldwide.

### **Survey period**










February 15 to March 10, 2008

# 3

## The Findings – Relevance of Trust

### Where do you find people that you trust?

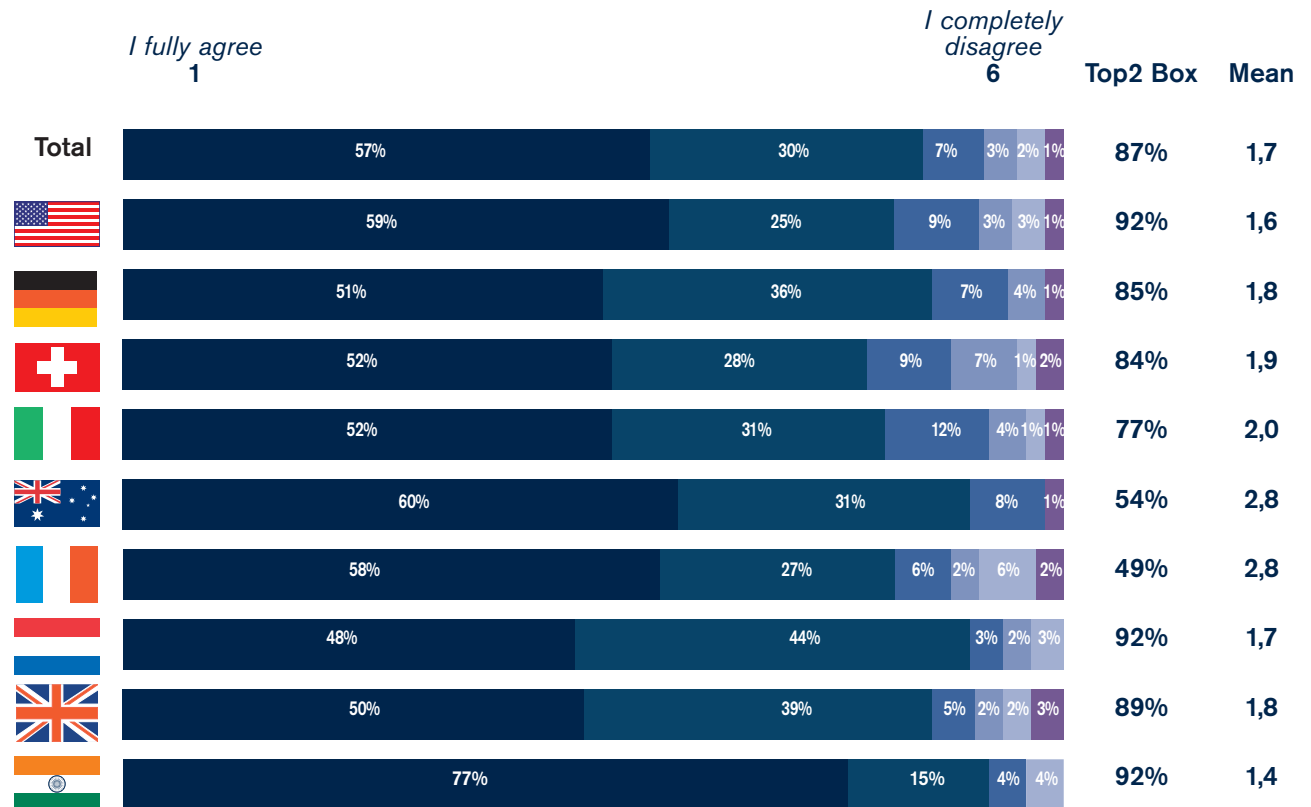
Shares in %

	Among friends	Within your family	Within your own company	Among fellow managers at other companies	Among professional advisors	Among doctors	In scientific institutions	Within the church	In the education sector	In non-profit organizations	In the political sector	Elsewhere
<b>Total</b>	<b>84</b>	<b>79</b>	<b>70</b>	<b>47</b>	<b>40</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>2</b>	<b>7</b>
	89	82	72	47	53	21	15	21	13	12	1	14
	94	90	64	47	35	12	10	10	7	8	2	4
	86	85	72	53	35	15	17	8	9	15	2	8
	75	69	58	54	36	9	18	11	6	8	2	1
	93	82	81	53	47	25	3	14	10	15	3	8
	81	75	78	56	39	13	17	9	16	9	0	3
	83	89	83	48	52	17	14	11	14	8	2	14
	89	89	71	39	48	16	11	8	13	6	3	8
	81	65	58	25	35	6	2	6	13	4	0	13

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## The Findings – Relevance of Trust

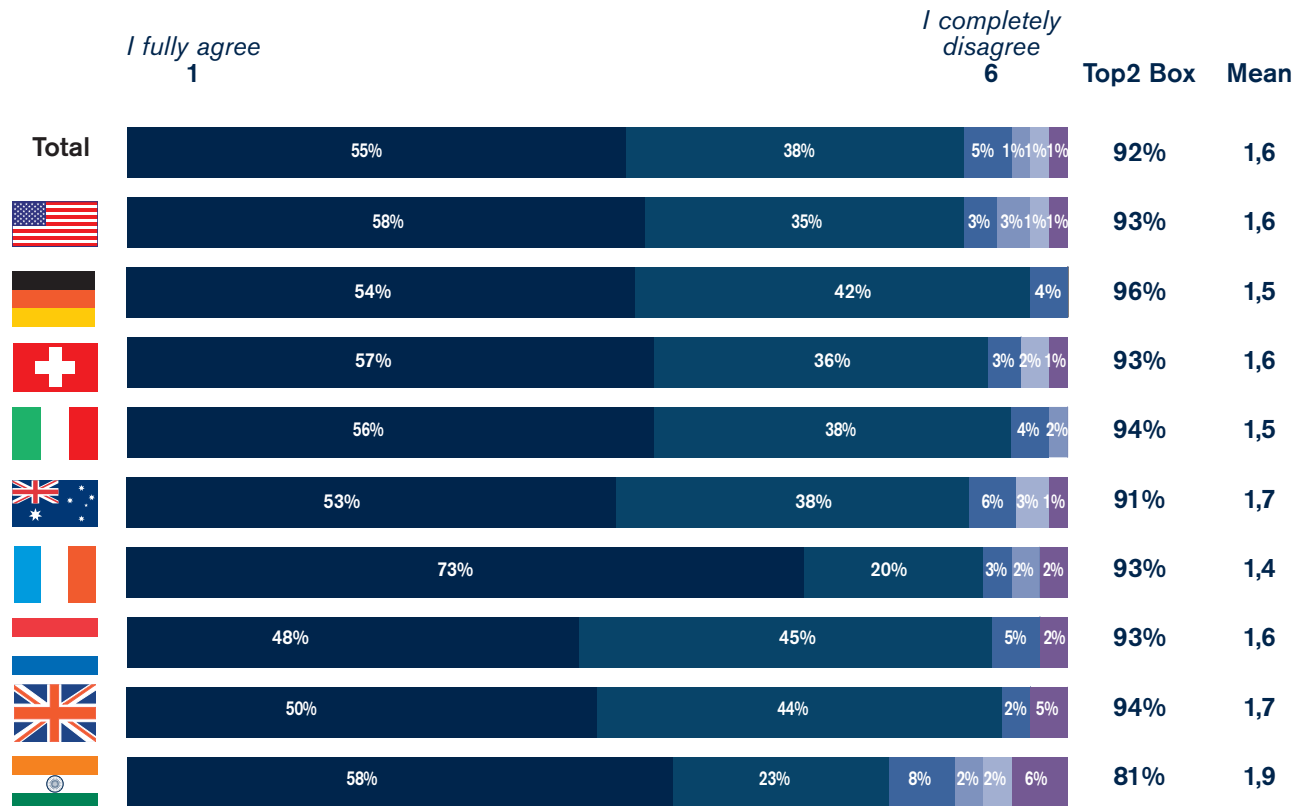
A company that is not trustworthy will have problems attracting good employees.



# 3

## The Findings – Relevance of Trust

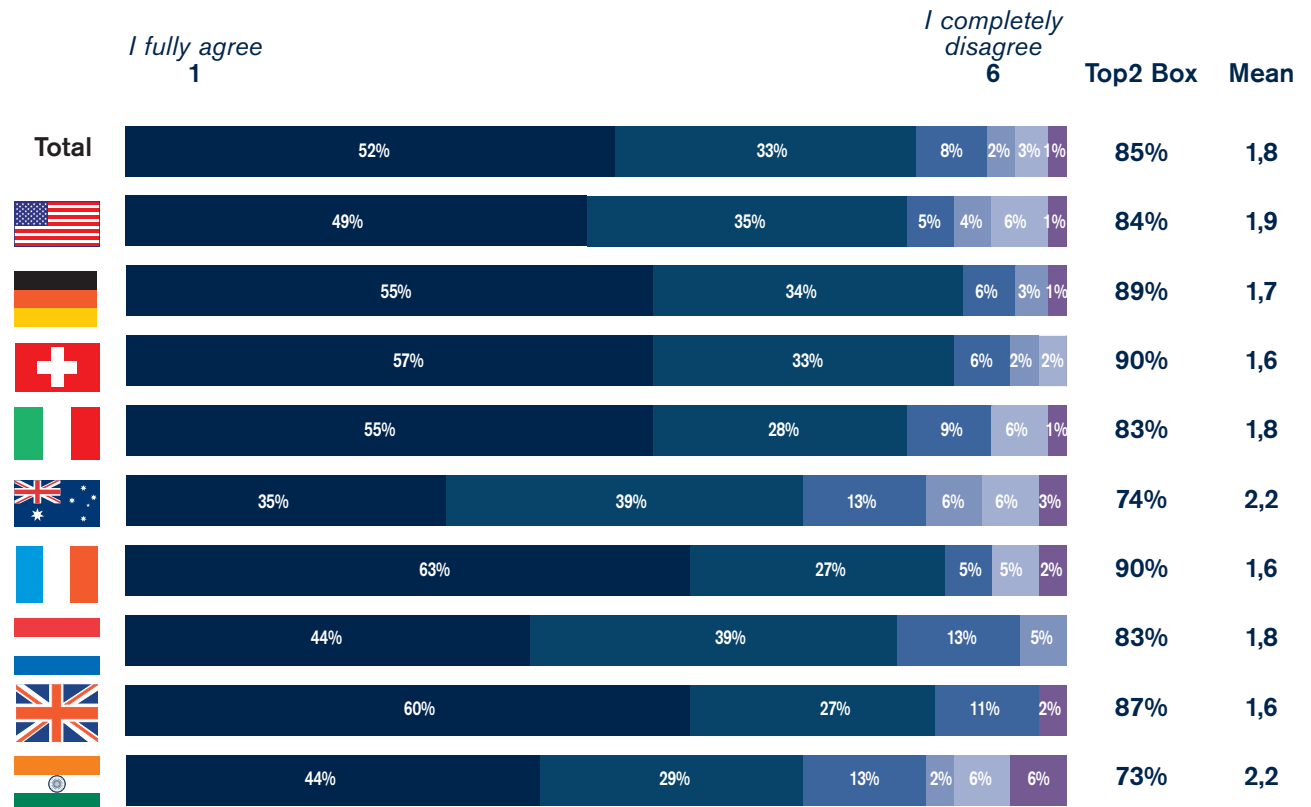
Relationships based on trust are decisive in ensuring sustainable success in business.



# 3

## The Findings – Relevance of Trust

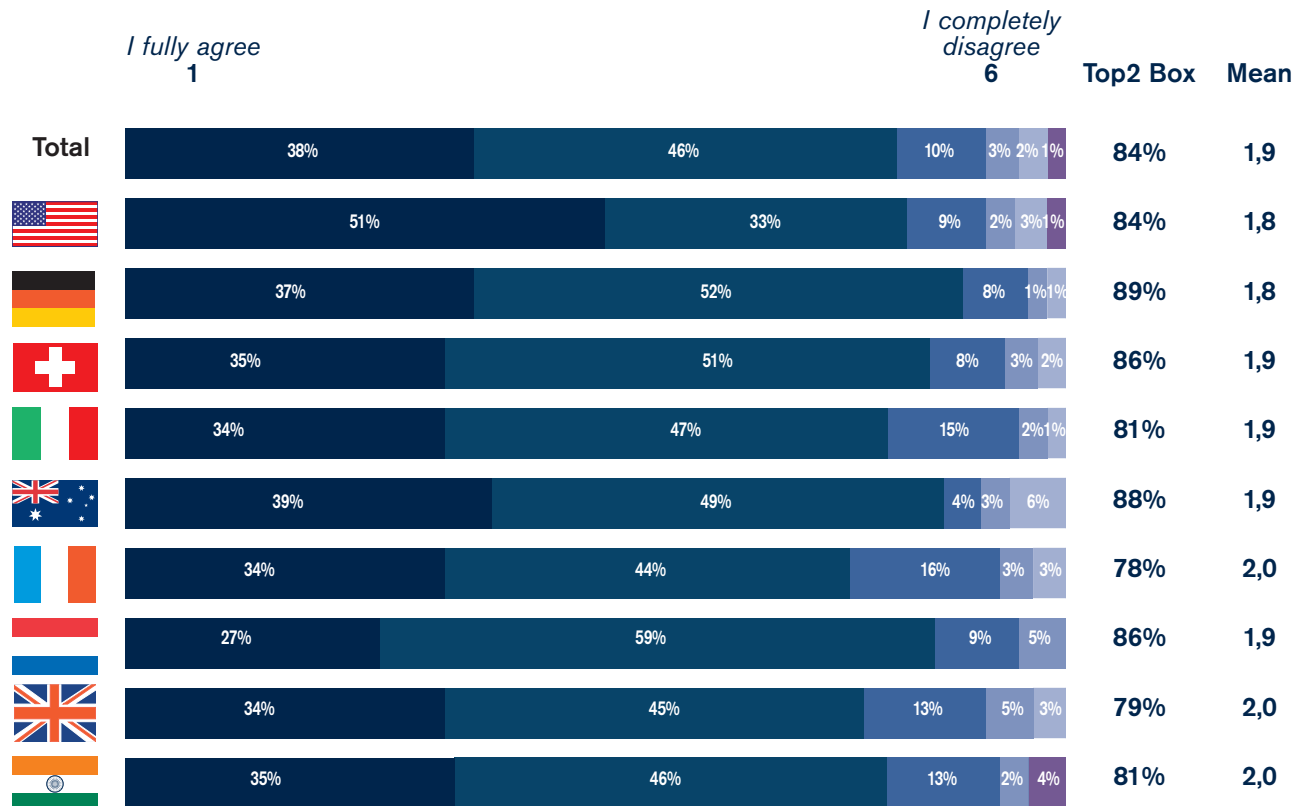
When trust has been impaired, it is very hard to regain.



# 3

## The Findings – Relevance of Trust

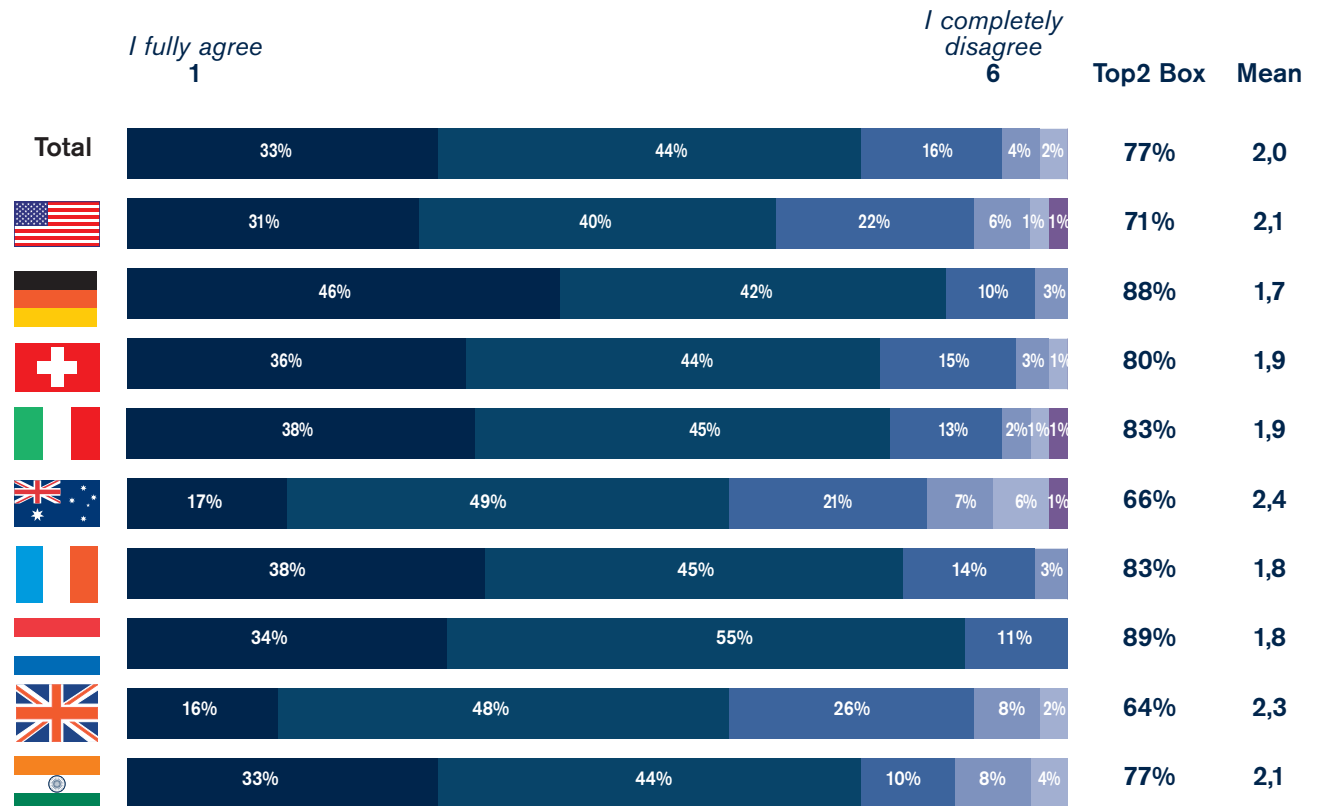
In professional life I have often found it beneficial to invest personal trust in someone.



# 3

## The Findings – Relevance of Trust

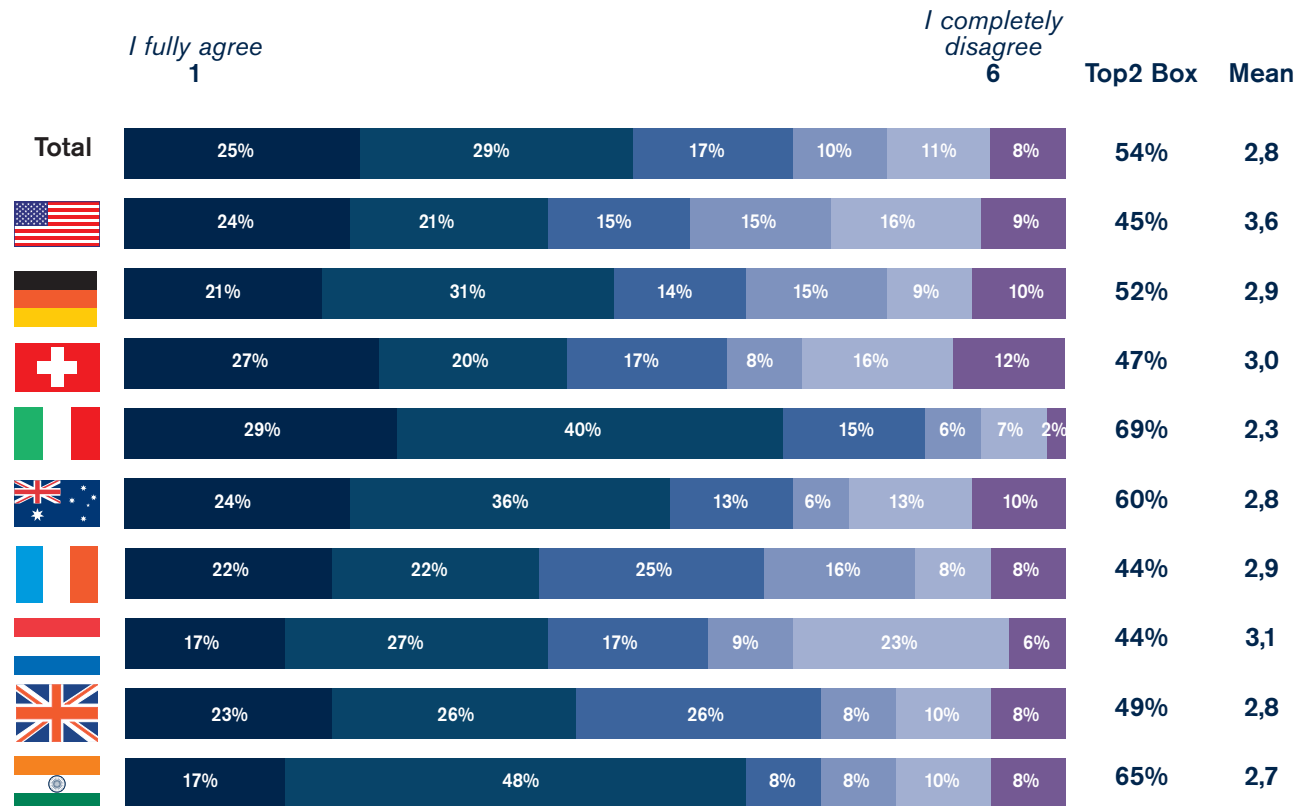
I am happy to invest trust in new members of staff.



# 3

## The Findings – Relevance of Trust

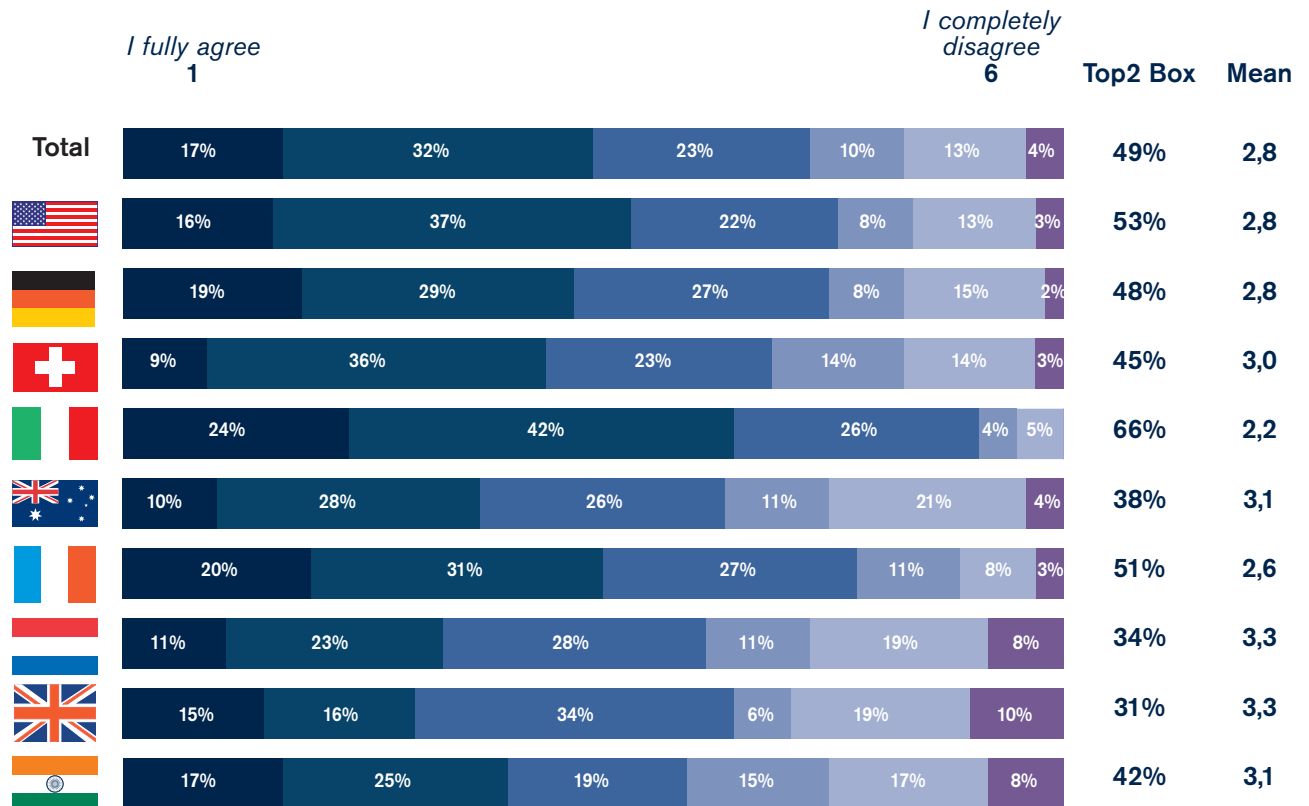
Trust is a component of the corporate guidelines that we have formulated.



# 3

## The Findings – Relevance of Trust

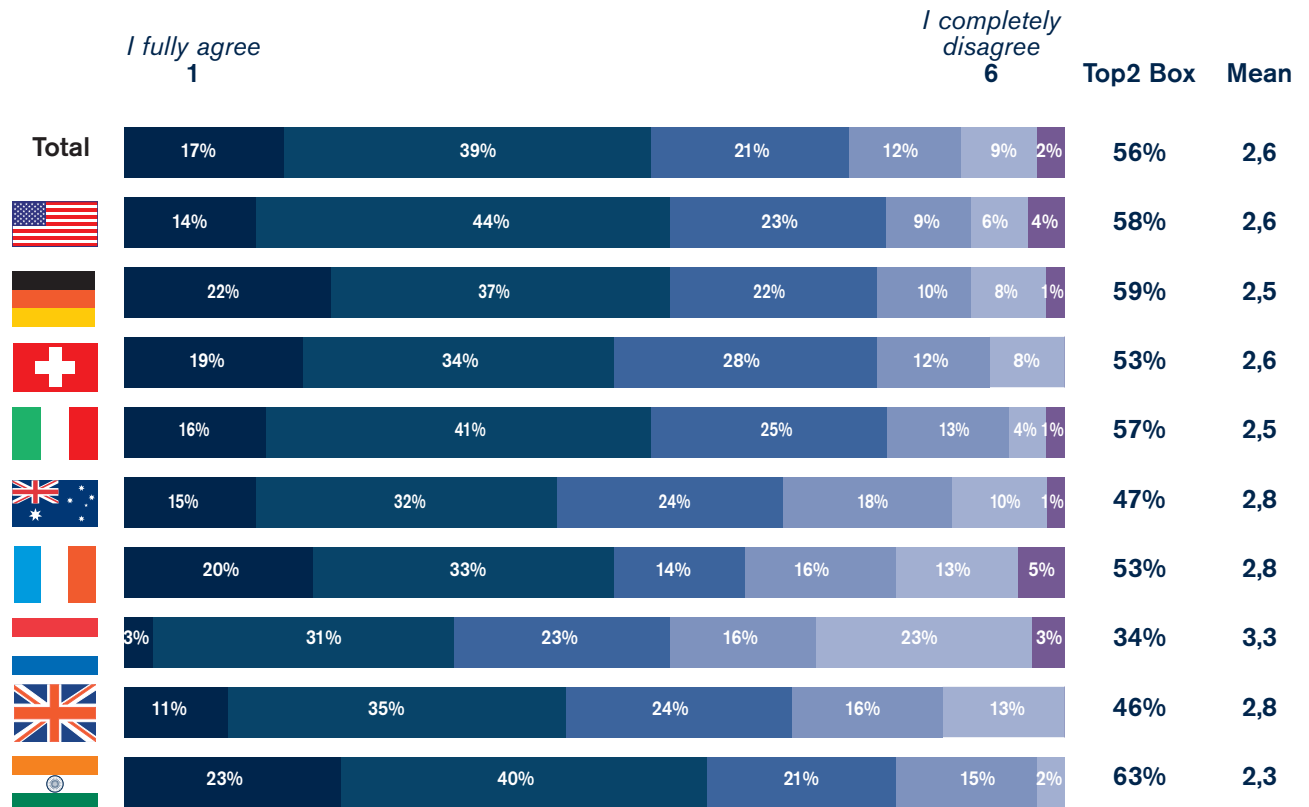
It is becoming increasingly difficult to win the customer's trust.



# 3

## The Findings – Relevance of Trust

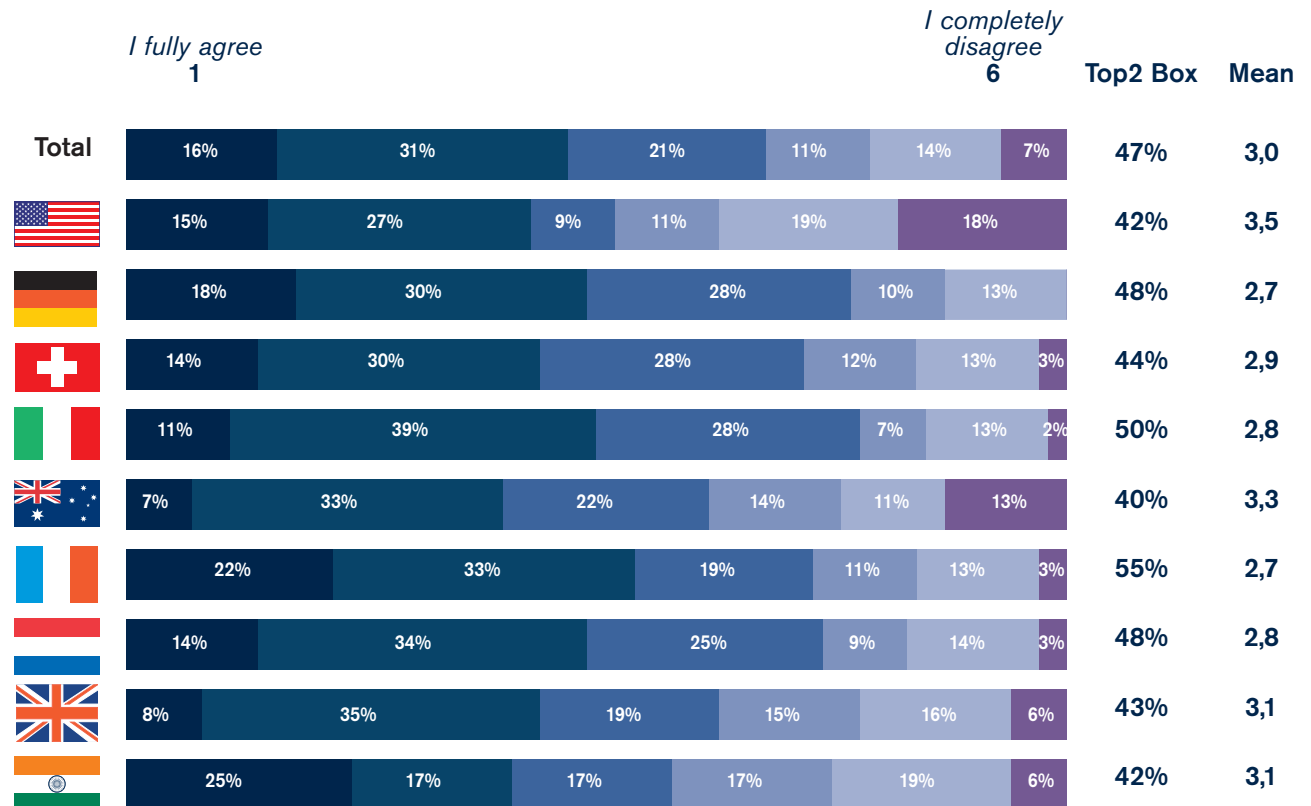
In business, trust only develops very slowly, through shared projects and experiences.



# 3

## The Findings – Relevance of Trust

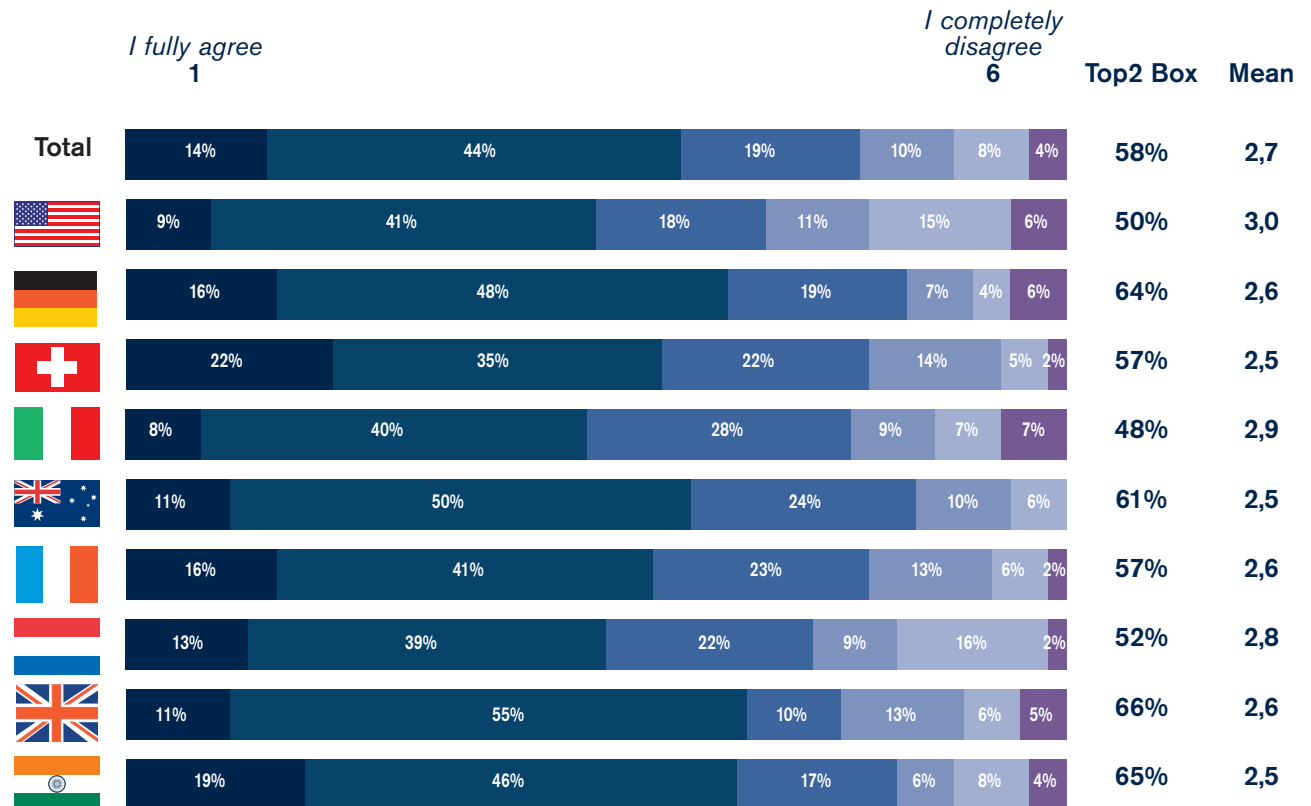
Winning the trust of investors is sometimes at odds with the long-term interests of the company.



# 3

## The Findings – Relevance of Trust

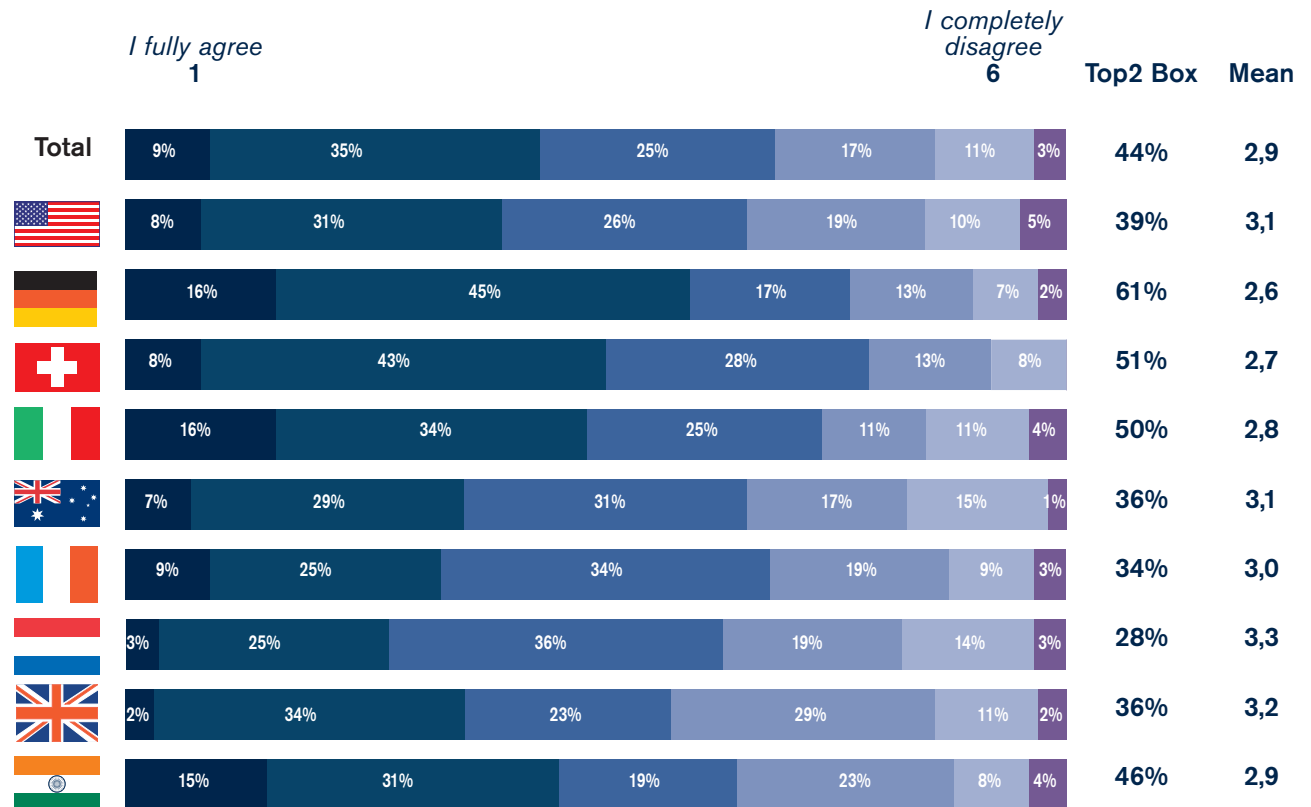
My own personal experience has shown that when I have put my trust in my management team I have rarely been disappointed.



# 3

## The Findings – Relevance of Trust

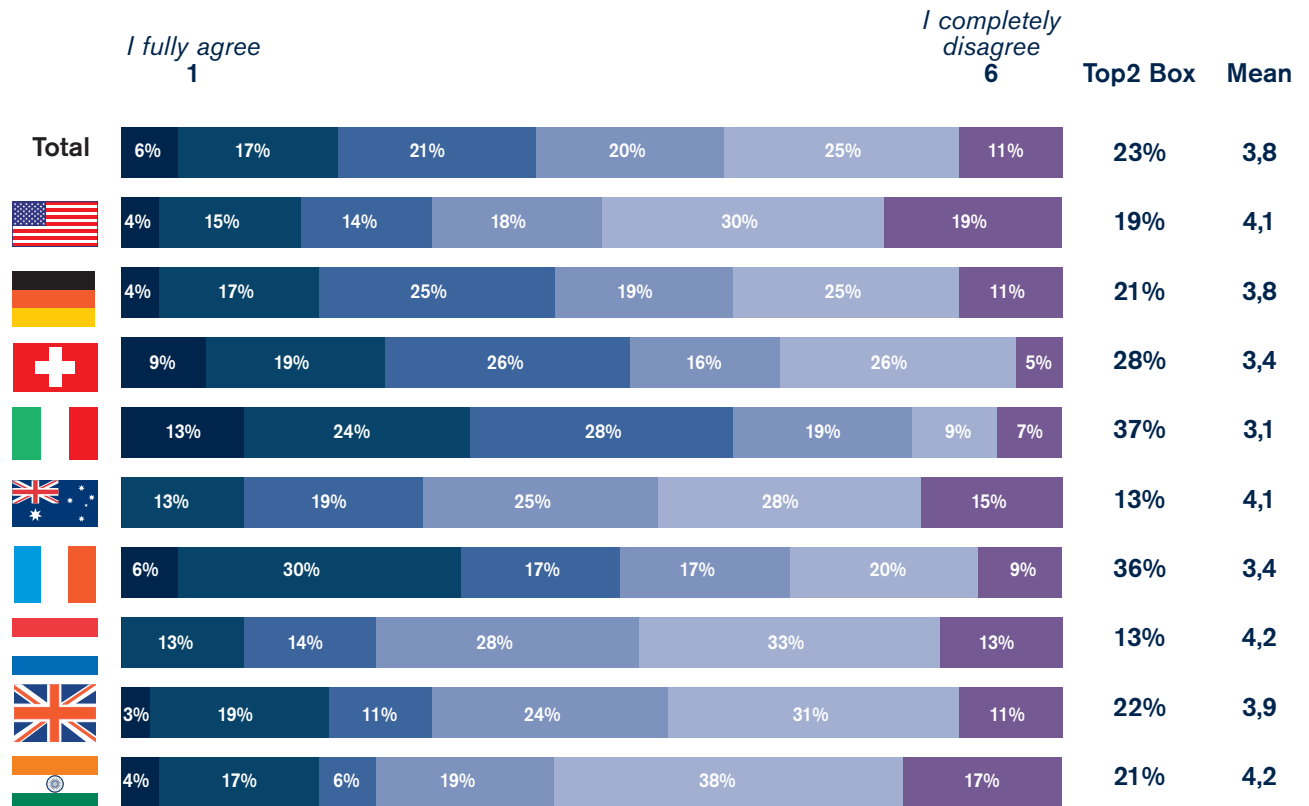
As long as nothing worrying happens, I trust my staff without reserve.



# 3

## The Findings – Relevance of Trust

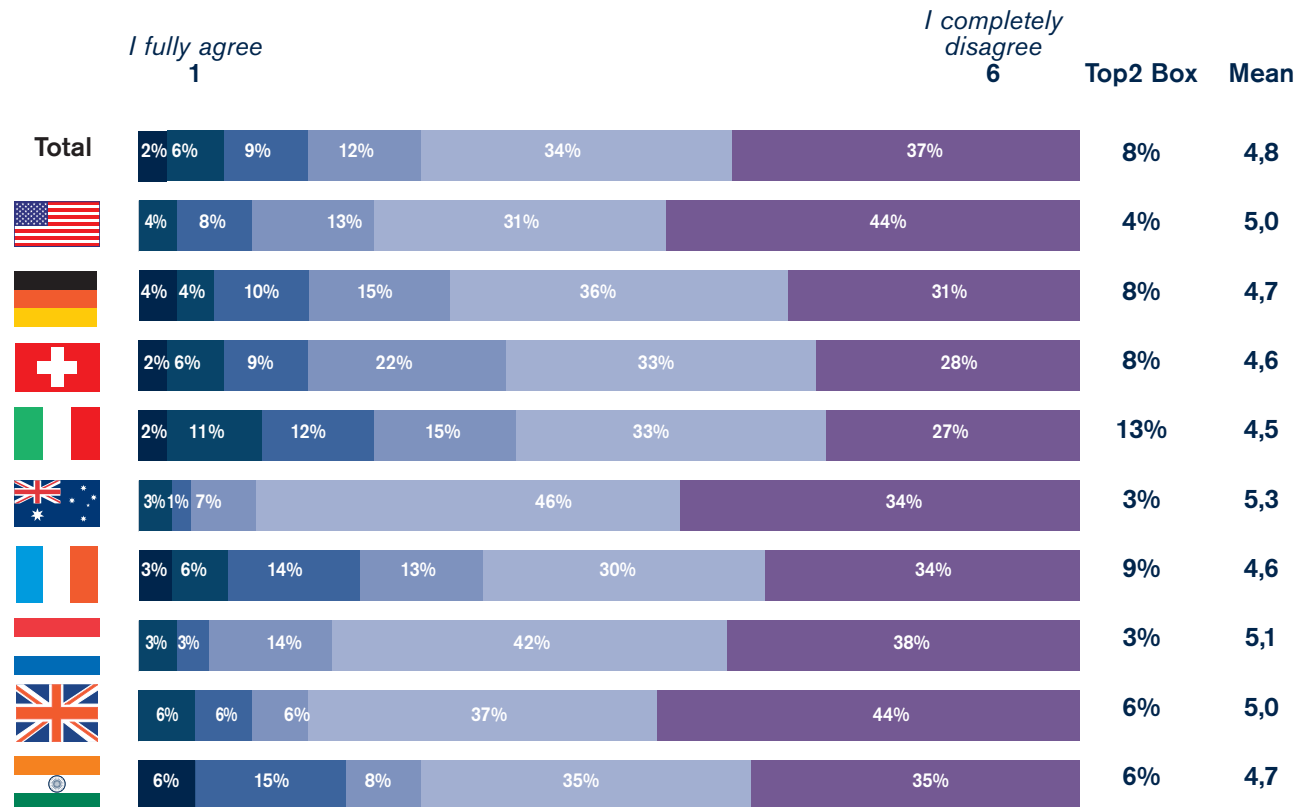
Only through supervision can you really learn to trust someone.



# 3

## The Findings – Relevance of Trust

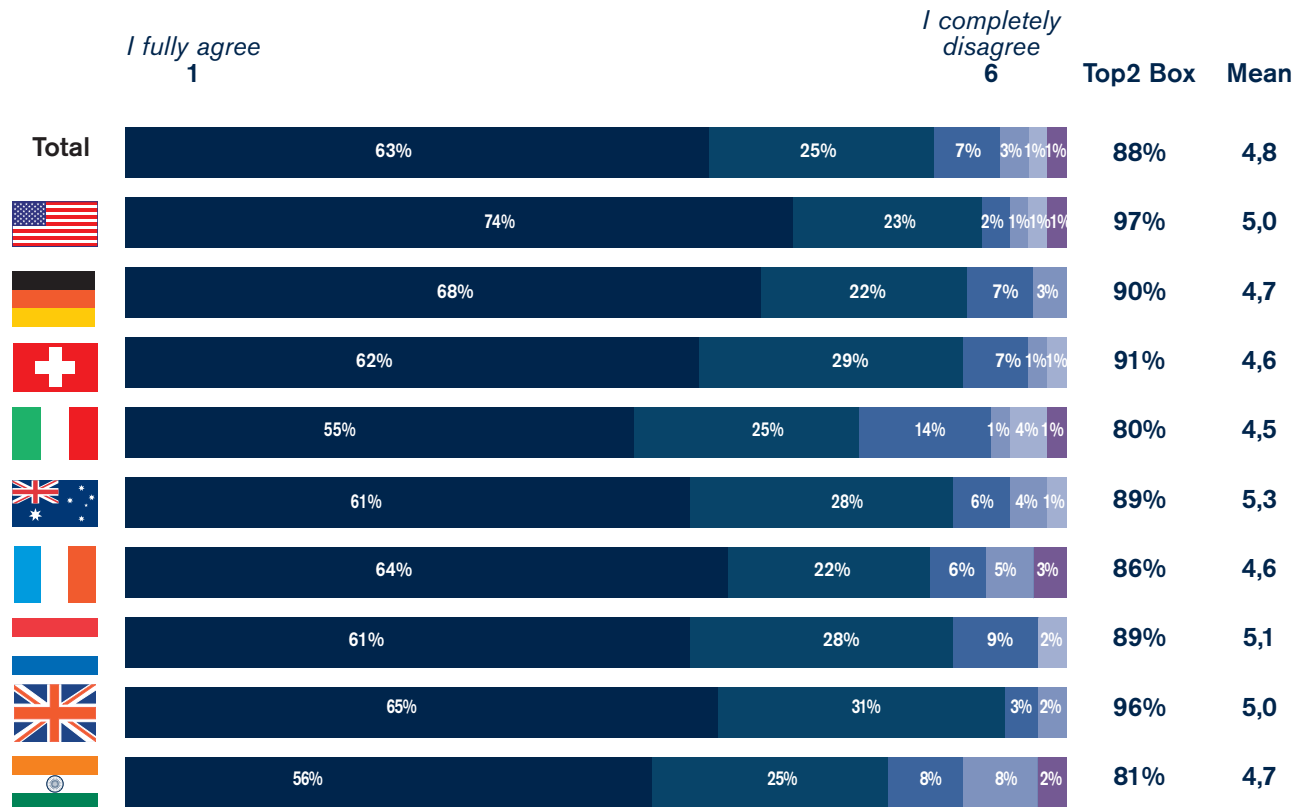
In assessing the trustworthiness of a manager, expertise and performance are more important than personal integrity.



# 3

## The Findings – Effect of corporate scandals

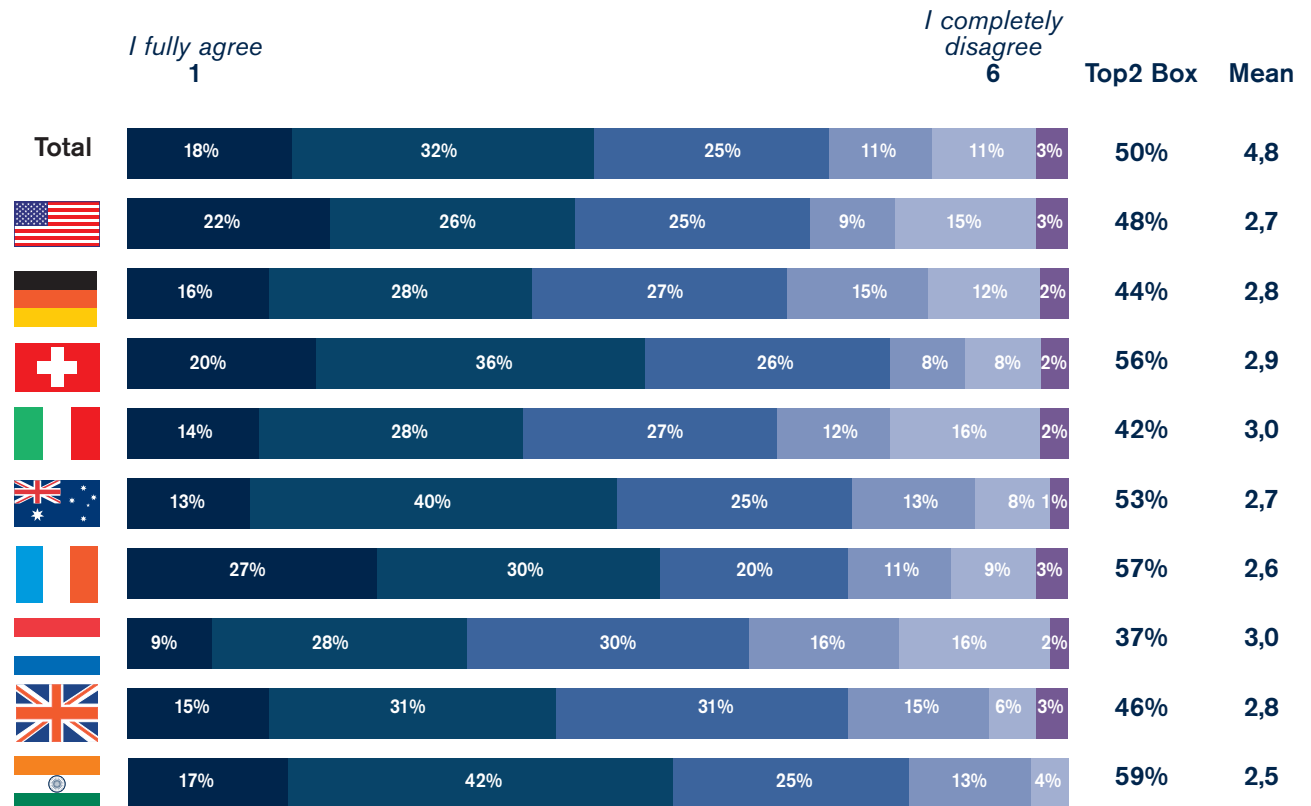
Such behavior harms our companies and our economy as a whole.



# 3

## The Findings – Effect of corporate scandals

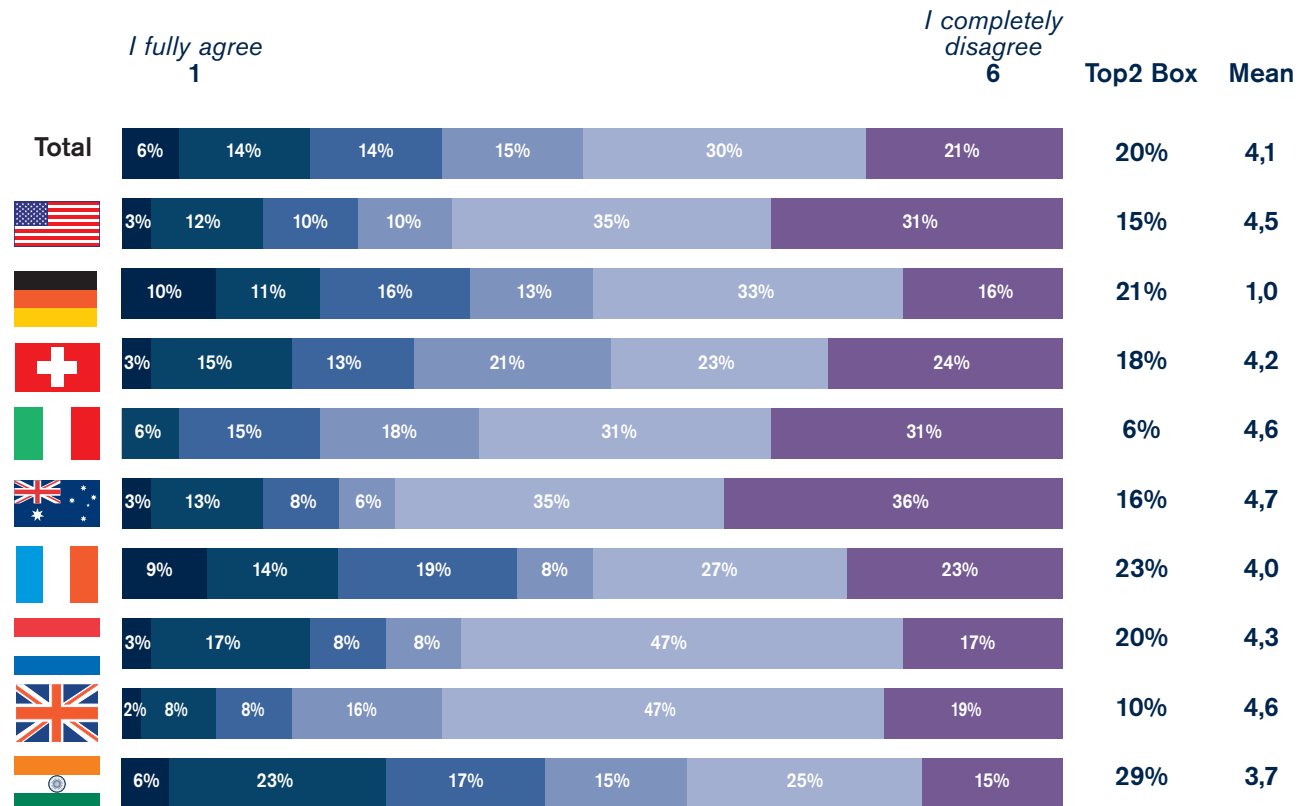
This is a case of a few black sheep damaging the reputation of all corporate leaders and top executives.



# 3

## The Findings – Effect of corporate scandals






The standards by which top managers are judged in this respect are excessively high.



# 3 The Findings

## Type of behaviour leading to irreparable loss of trust

Question: What type of behavior will lead to the irreparable loss of your personal trust?  
 – most frequent answers

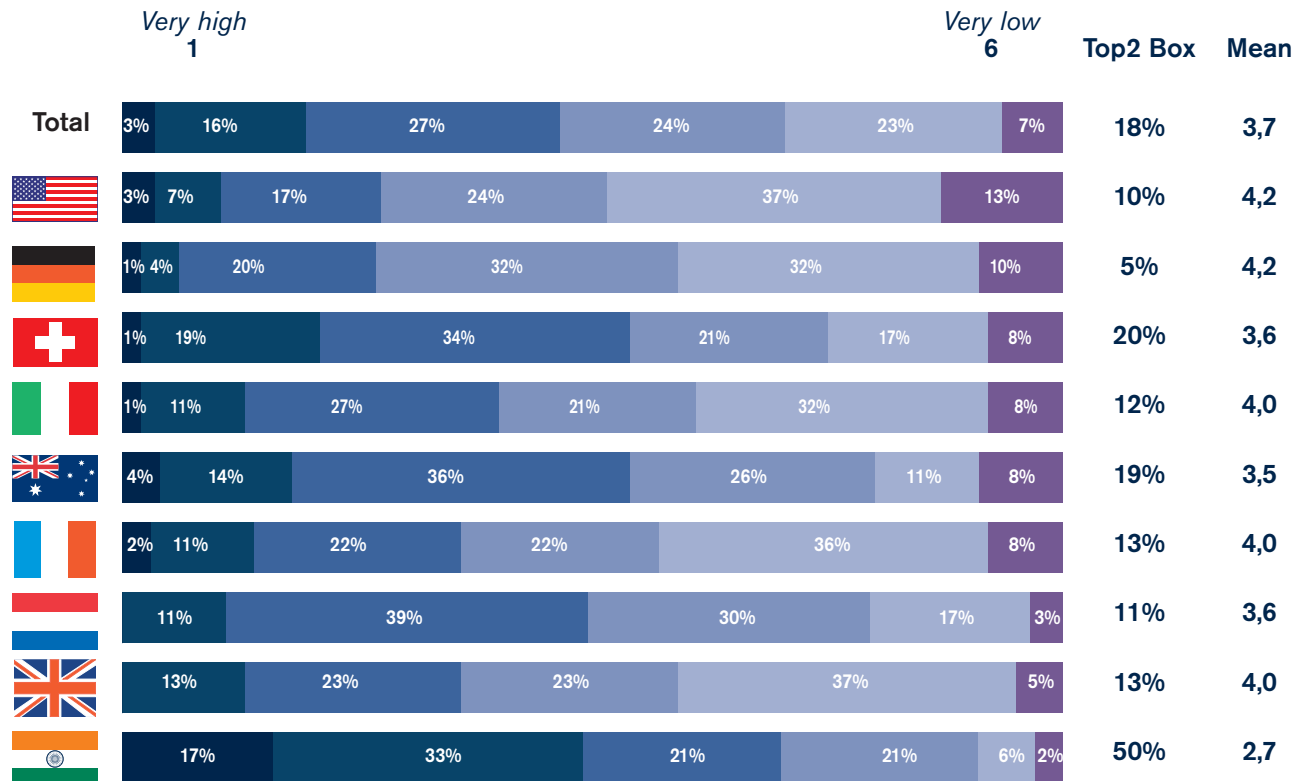
Total	Lying Personal weaknesses of leadership (greed, manipulation etc.) Dishonesty
	Lying Personal weaknesses of leadership (greed, manipulation etc.) Criminal/ illegal actions (Stealing, spying, sabotage etc.)
	Lying Personal weaknesses of leadership (greed, manipulation etc.) Egoism
	Lying Personal weaknesses of leadership (greed, manipulation etc.) Dishonesty & Unethical actions
	Personal weaknesses of leadership (greed, manipulation etc.) Lying Egoism
	Personal weaknesses of leadership (greed, manipulation etc.) Lying Dishonesty
	Lying Personal weaknesses of leadership (greed, manipulation etc.) Lack of integrity
	Lying Personal weaknesses of leadership (greed, manipulation etc.) Criminal/ illegal actions (Stealing, spying, sabotage etc.)
	Lying Personal weaknesses of leadership (greed, manipulation etc.) Unethical actions
	Personal weaknesses of leadership (greed, manipulation etc.) Lack of integrity Lying & Egoism & Unethical actions

# 3

## The Findings – Level of trust

### Level of trust in top managers

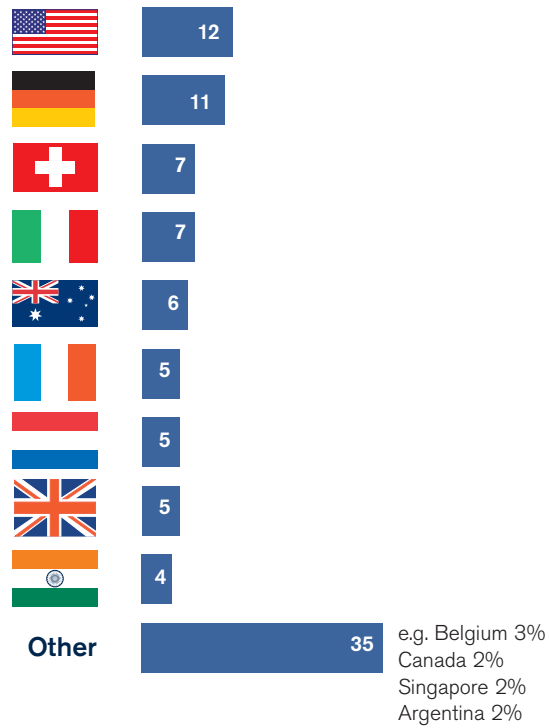
Question: If you had to appraise the mood of the general public, how high is the level of trust in top managers in your country?



# 3 Demographics

## Country

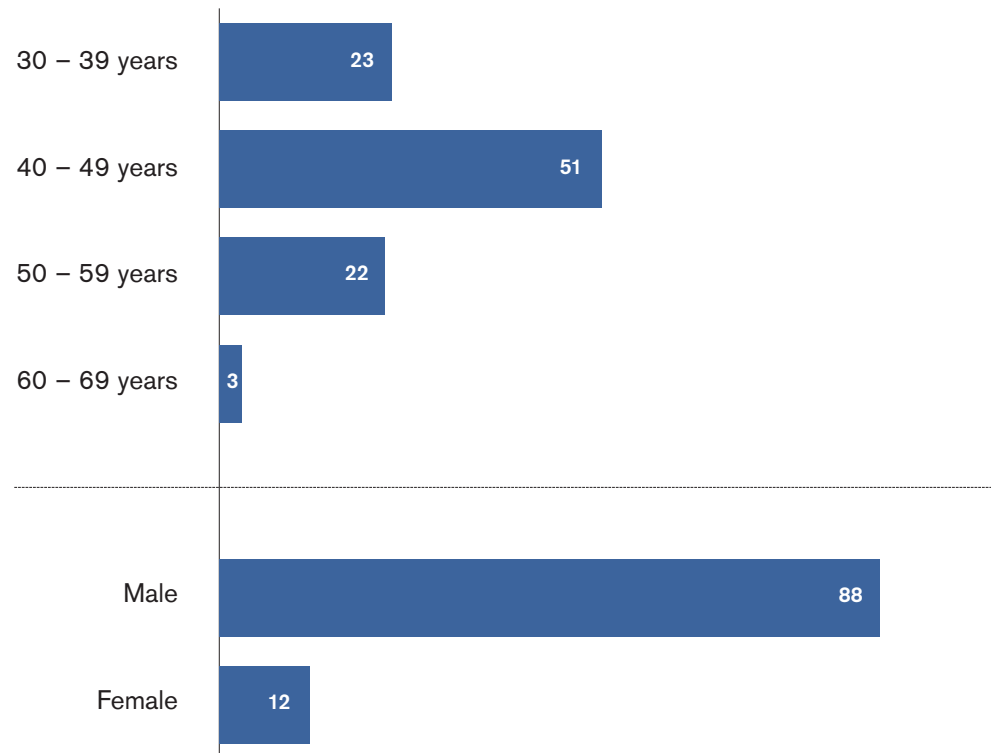
Question: In which country are you living and working at present?  
1,210 participants – in %



# 3 Demographics

## Age and gender

Question: Age and gender  
1,210 participants – in %

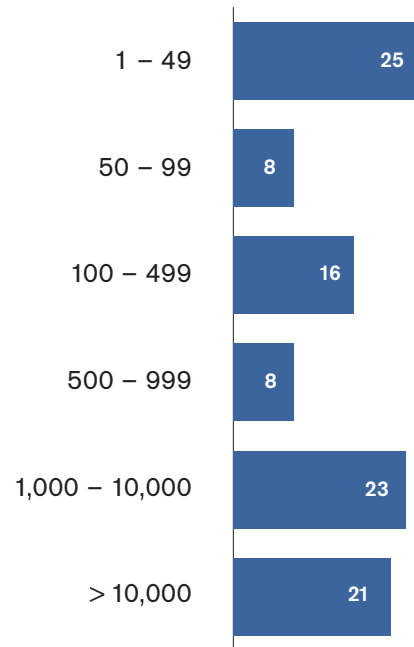


# 3 Demographics

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## Number of employees

Question: Number of employees  
1,210 participants – in %

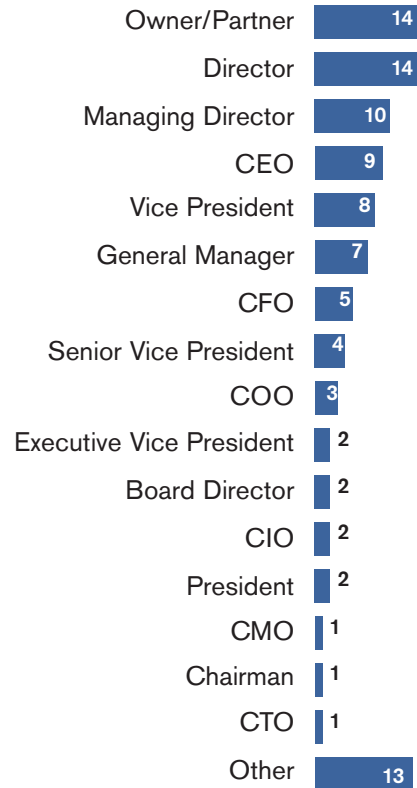


# 3 Demographics

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## Present position

Question: Present position  
1,210 participants – in %

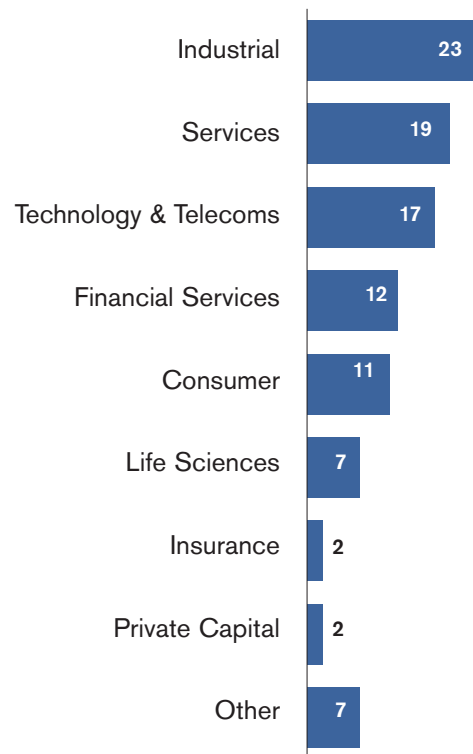


# 3 Demographics

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## Branch

Question: Branch  
1,210 participants – in %



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## Concept and implementation

Egon Zehnder International  
Corporate Communications

Project manager: Markus Schuler

[www.egonzehnder.com](http://www.egonzehnder.com)