Building Trust: The Role of Stakeholders' Personal Values

Key Concept
For stakeholders, such as employees and customers, the trustworthiness of a company is based on competence and character attributes. New research shows that whether competence or character is more important to establishing trust depends on the personal conservative or liberal values of the stakeholders. This research helps companies develop targeted trust-building strategies.

Idea Summary
The declining level of trust in businesses and corporations, from both customers and employees, is well documented. As companies seek to maintain or rebuild the trust of their stakeholders, they must focus on issues of character, in terms of integrity as well as benevolence toward others, and competence, measured by such criteria as ability and profitability.

According to new research, whether character or competence is more important to trust depends to some extent on the stakeholder roles (employee or customer), and to a much greater extent on the personal values (liberal or conservative) of the person, and the combination of the two (liberal or conservative employees, or liberal or conservative customers).

The results of the research, conducted by Michael Pirson of Fordham University's Graduate School of Business, Kirsten Martin of George Washington University's School of Business, and Bidhan Parmar of the University of Virginia Darden School of Business, was sometimes but not always intuitive.

The research team had expected that employees would base their trust more on a company’s character, while customers would be more concerned with a company’s competence. In terms of priority, however, both employees and customers gave relatively equal weight to issues of character and competence — scoring integrity as the most important issue, and placing benevolence after the competence issues of ability and profitability.

The research also disputed some of the assumptions about corporate trust and liberal vs. conservative personal values. Specifically, ‘soft’ issues such as integrity and benevolence were not just the concerns of the liberals in determining the trustworthiness of a company. Respondents identified as conservatives also placed these character issues above issues of competence.

When stakeholder roles were combined with personal values, however, there...
were no surprises, as delineated below:

- **Liberal employees base their trust of a company mostly on character** — integrity and benevolence, but especially integrity.
- **Conservative employees base their trust mostly on competence** — ability and profitability, but especially profitability.
- **Liberal customers base their trust on character** — integrity and benevolence, but especially integrity.
- **Conservative customers base their trust on competence** — ability and profitability, but especially ability.

**Business Application**

The implication of this research is that different people trust companies for different reasons, and personal values, as defined by traditional values of liberalism and conservatism, are important in the trust equation.

As a result, to develop a successful trust strategy, companies must intimately know and understand their employees and their customers. Such intimate knowledge is not always easy to acquire, but there are methods and information available that can help.

Geography, for example, can give a general idea of the political values of a population. The company might then design a communication strategy that emphasizes the competence of the business. For stakeholders from a liberal region, the communication strategy (while not ignoring competence) would highlight the character strengths of the company.

Perhaps one of the most exciting outcomes of the research is the opportunity to use the growing field of business-directed ethnography, which is based on the day-to-day observation of stakeholders. Ethnography contributes to a deeper understanding of *unarticulated* needs and opinions. In the area of product development, for example, many great new products from Post-it Notes to Swiffer mops were never specifically requested by customers.

This research on trust highlights a potential use for ethnography beyond product development or marketing. Rather than asking stakeholders to label their personal values — not always easy or accurate — professional ethnographers can determine the personal value profile that best describes them. Businesses can then use this information to develop targeted trust strategies.

The bottom line is that developing trust in your business is not a one-size-fits-all endeavour. Maintaining, building or rebuilding trust begins with a deep understanding of the values of your employees and your customers.

**Further Reading**


**Further Relevant Resources**

- Michael Pirson’s profile at Fordham University Graduate School of Business Administration
- Kirsten Martin’s profile at George Washington University School of Business
- Bidhan Parmar’s profile at University of Virginia Darden School of Business
- University of Virginia Darden School of Business Executive Education profile at IEDP