

2017 Edelman Trust Barometer

Special Report:
Family Business



Methodology

Edelman Trust Barometer

17 years of studying trust

Launched annually at the World Economic Forum Annual Meeting in Davos

Inaugural Family Business Special Report in 2014

2017 Edelman Trust Barometer

Online survey in 28 countries

33,000+ respondents total

All fieldwork conducted between October 13th and November 16th, 2016

Ages 18+

1,150 respondents per country

2017 Family Business Special Report

Online survey in 12 countries

15,000+ respondents total

All fieldwork conducted between June 7th and June 27th, 2017

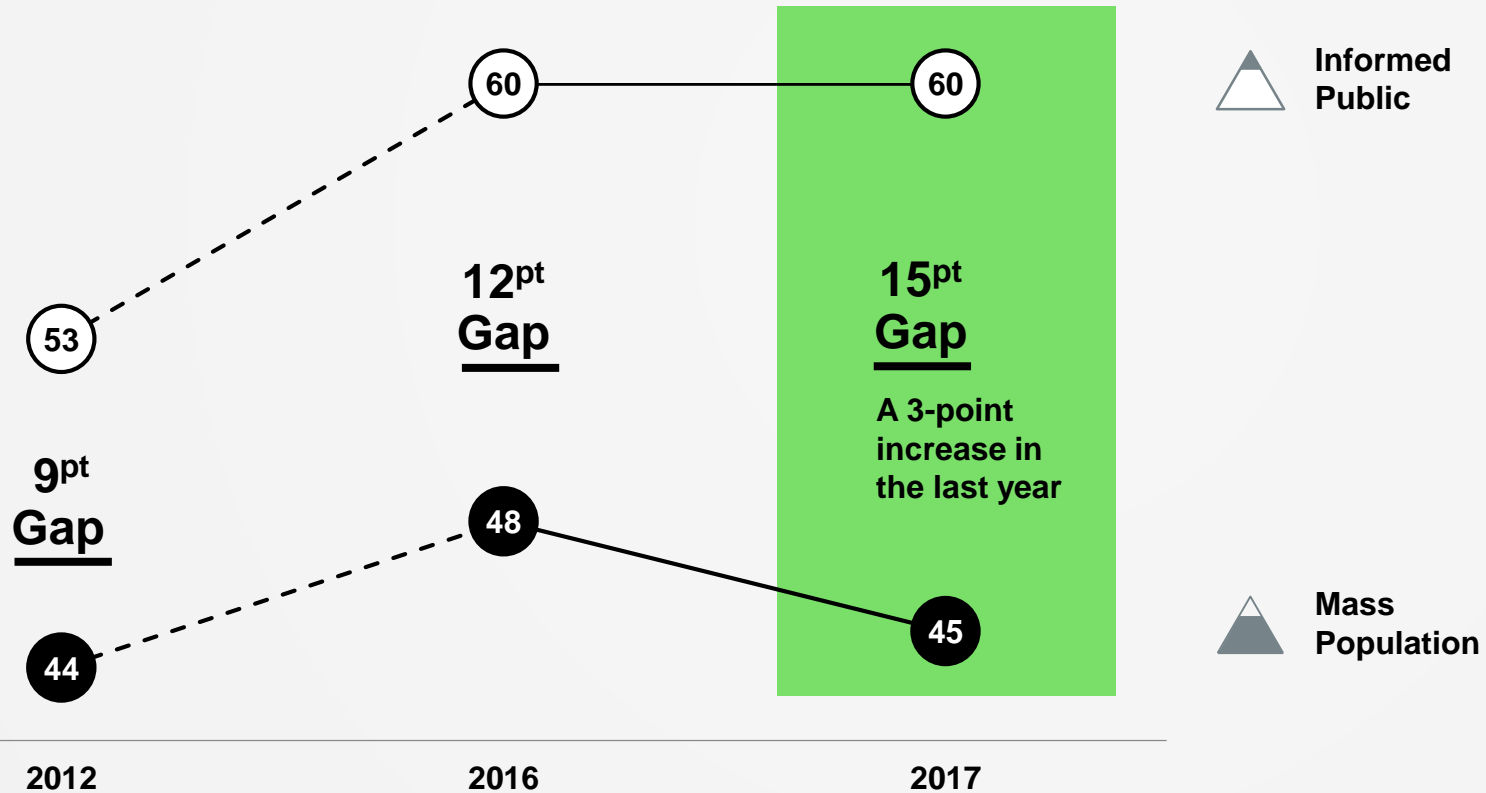
Ages 18+

1,150 respondents per country

Measured opinions of family business employees vs. those not employed in a family business

2017: Trust Gap Widens

Percent trust in the four institutions of government, business, media and NGOs, 2012 to 2017



Largest Gaps



21 pts



19 pts



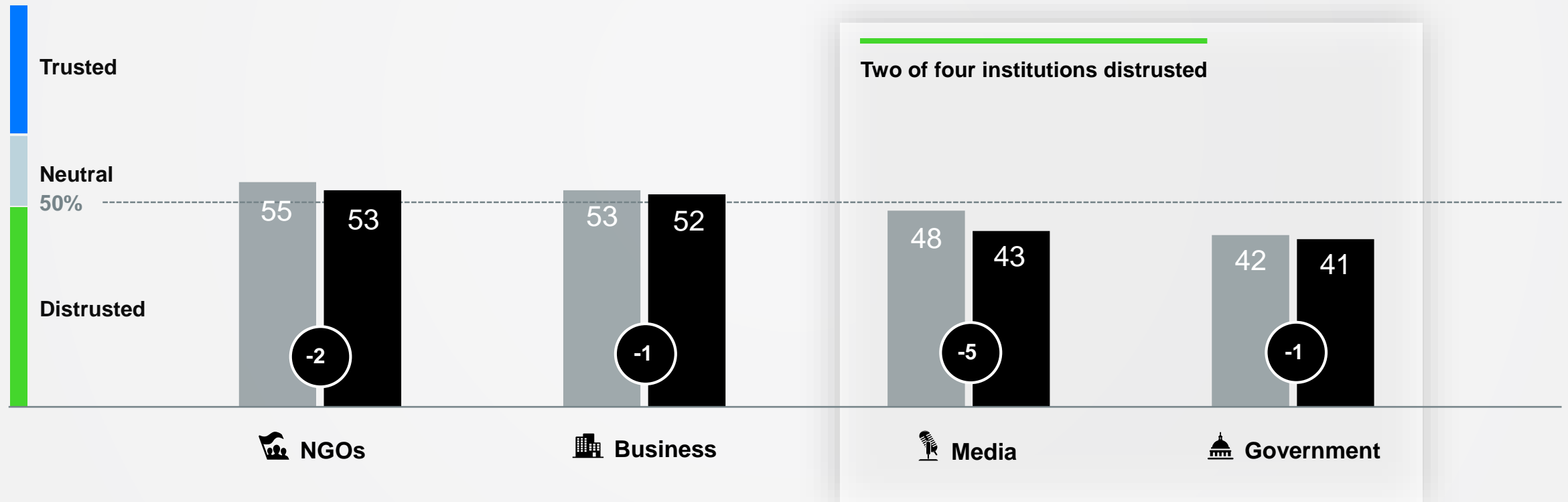
18 pts

Source: 2017 Edelman Trust Barometer. The Trust Index is an average of a country's trust in the institutions of government, business, media and NGOs. Informed Public and Mass Population, 25-country global total.

Trust in All Four Institutions Declines

Percent trust in the four institutions of government, business, media and NGOs, 2016 vs. 2017

2016 2017



Source: 2017 Edelman Trust Barometer Q11-620. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) General Population, 28-country global total.

Majority Believe the System is Broken

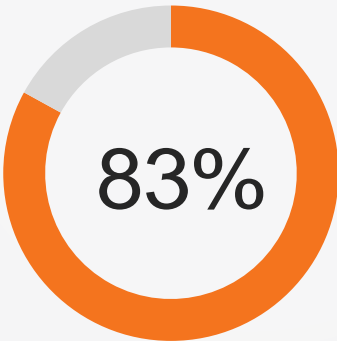
Percent who believe the system is failing, and percent who worry about each concern, 28-country global totals

Globally

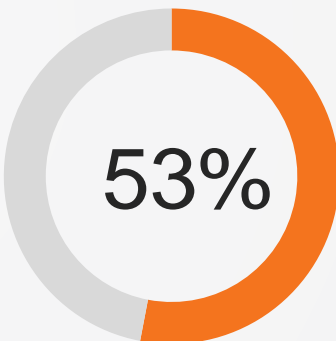
53%

“The system is failing me”

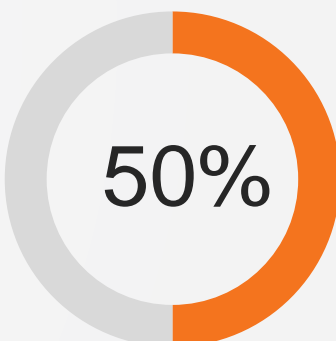
General population concerns



Job loss



Pace of change in business is too fast

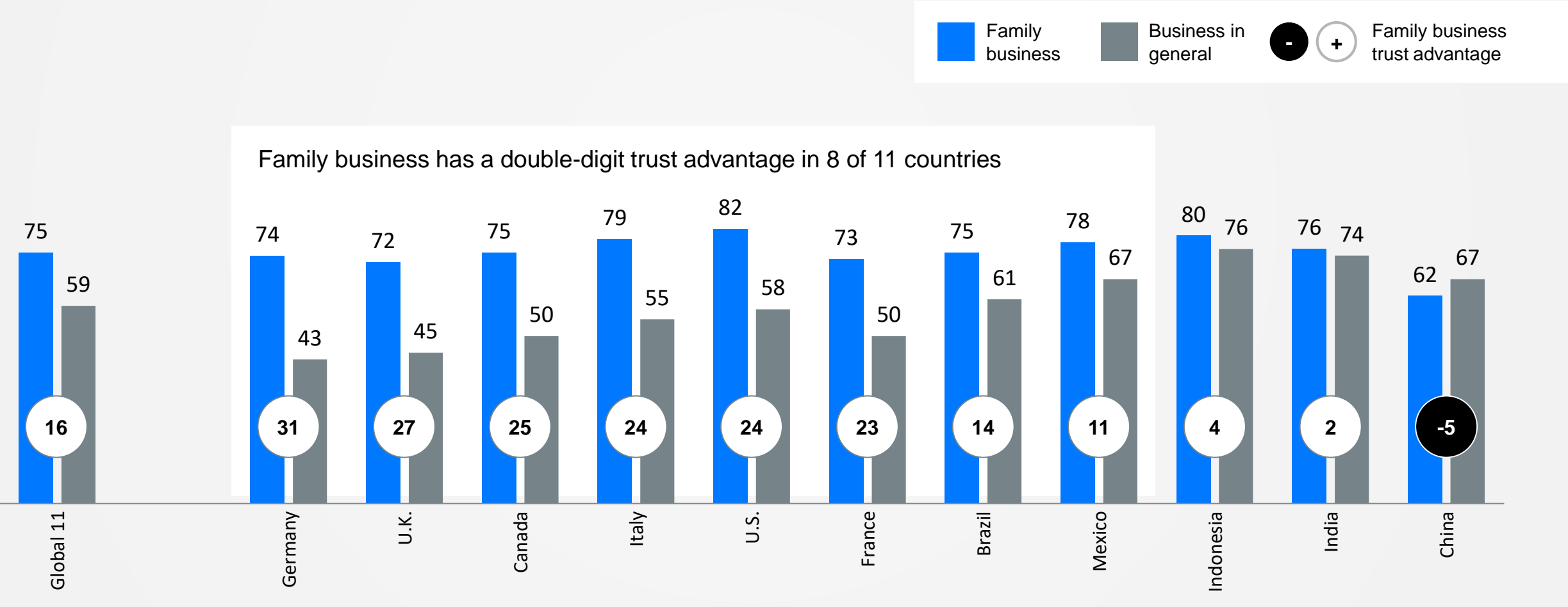


Globalization

Source: 2017 Edelman Trust Barometer. Q672-675, 678-680, 688-690. For details on how the “system failing” measure was calculated, please refer to the Technical Appendix. Q693-762. Some people say they worry about many things while others say they have few concerns. We are interested in what you worry about. Specifically, how much do you worry about each of the following? Please indicate your answer using a nine point scale where one means “I do not worry about this at all” and nine means “I am extremely worried about this”. (Top 4 Box, Worried) Q709-718. For each of the statements below, please indicate how much you agree or disagree. (Top 4 Box, Agree) Q349-671. For the statements below, please think about the pace of development and change and select the response that most accurately represents your opinion. (Top 4 Box, Too Fast), question asked of half the sample. General Population, 28-country global total. ‘Job loss’ is a T4B net of Q693-Q697.

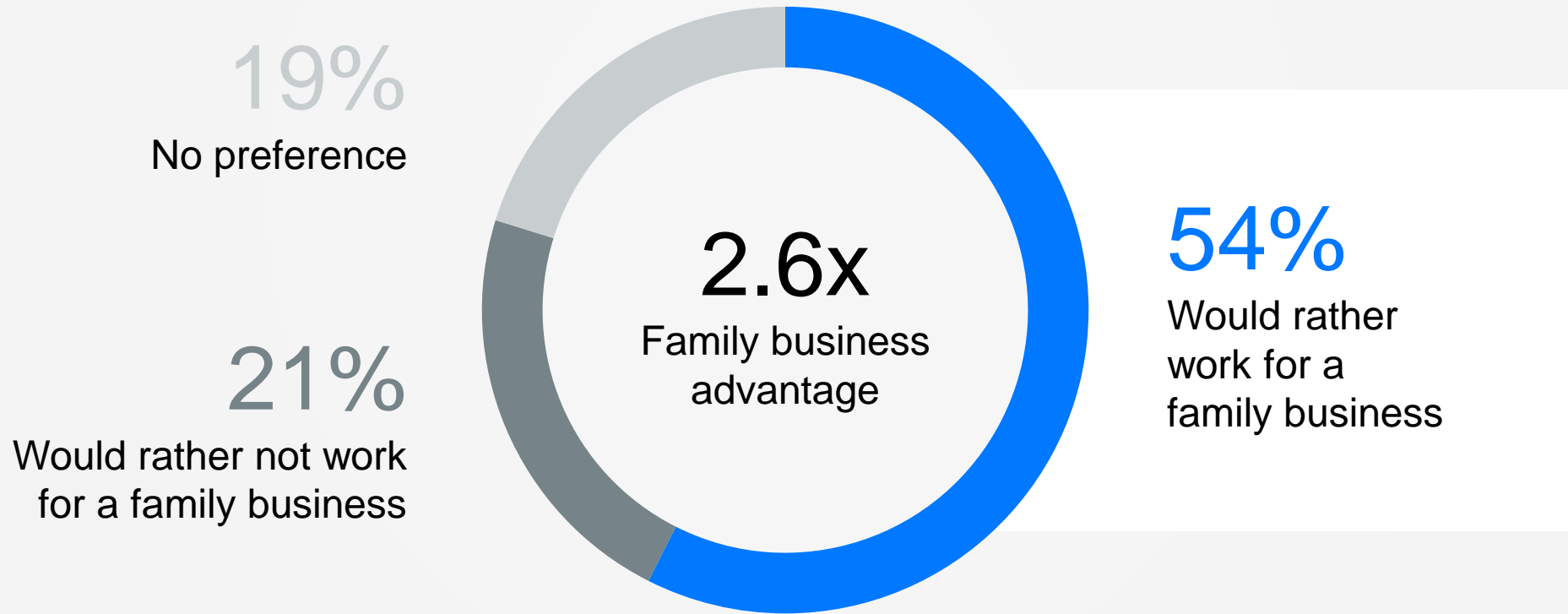
People Trust Family Business

Percent trust in family business vs. business in general, 11-country global total



Source: 2017 Edelman Trust Barometer. Q11-620. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you “do not trust them at all” and nine means that you “trust them a great deal.” (Top 4 Box, Trust) Q15-17G. Thinking about different types of businesses, please indicate how much you trust each type of business to do what is right using a 9-point scale where one means that you “do not trust them at all” and nine means that you “trust them a great deal”. (Top 4 Box, Trust), question asked of half the sample. General Population, 11-country global total.

Among Those with a Preference, More Than Twice as Many Would Rather Work for a Family Business

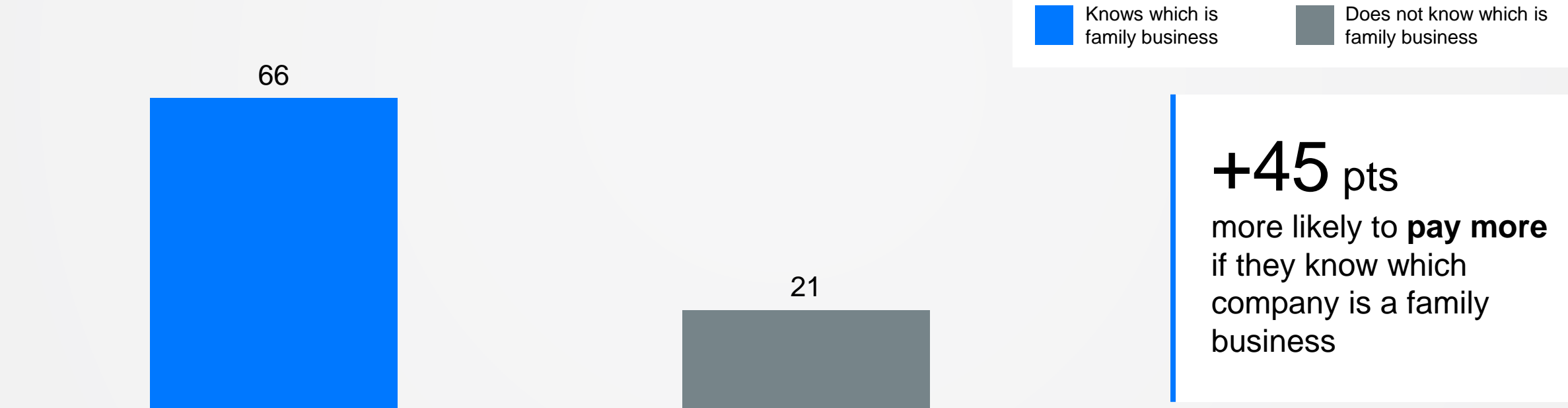


Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Bottom 4 Box, Disagree; Code 5, Neutral; Top 4 Box, Agree) General population, 12-country global total.

If They Know You, They Will Pay More

Percent who will pay more for products or services offered by family business, comparing those who know which companies they buy from are family businesses vs. those who do not

Willing to pay more for products or services offered by a family business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) General Population, 12-country global total, cut by those who know which companies they buy from are family businesses (Q37r1 Top 4 Box) vs. those that do not (Q37r1 Bottom 4 Box).

A large crowd of people is gathered for a protest or demonstration. The image is in black and white, with a semi-transparent blue grid overlay. The text "Silence Isn't Working" is written in large, bold, white sans-serif font across the top half of the image. The crowd consists of many individuals, some holding signs, though the text on the signs is mostly illegible. The overall atmosphere suggests a significant public gathering.

Silence Isn't Working

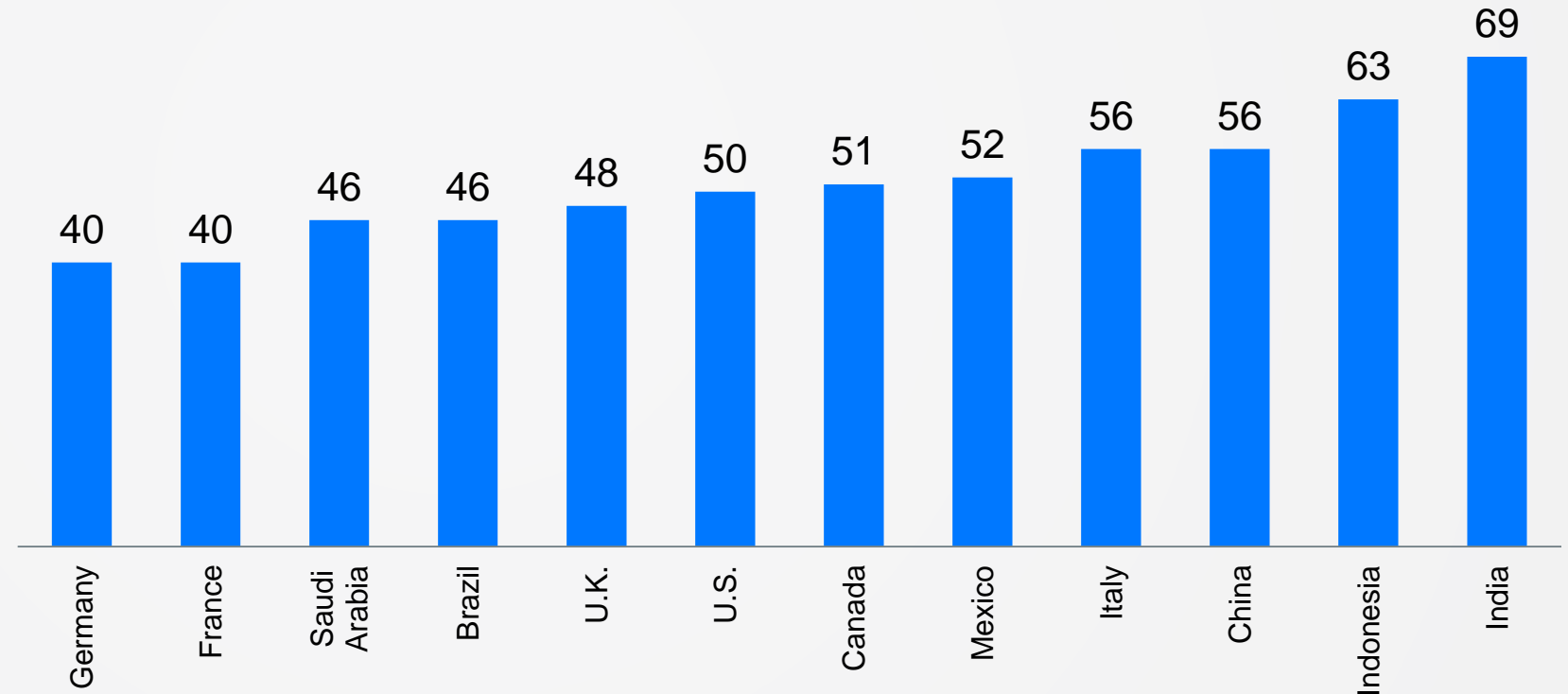


Just Over 1 in 2 Know Which Companies are Family Businesses

Percent who know which companies they buy from are family businesses

Globally
51%

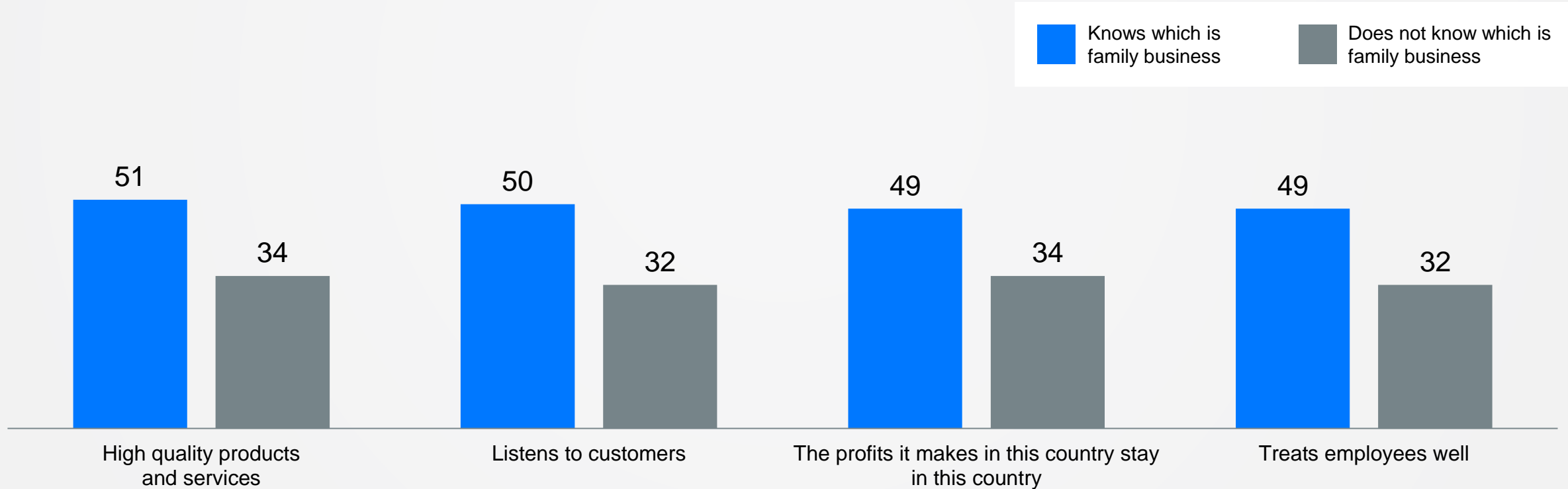
“ I know which companies I buy from are family businesses and which ones are not ”



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) General Population, 12-country global total.

The Squandered Advantage

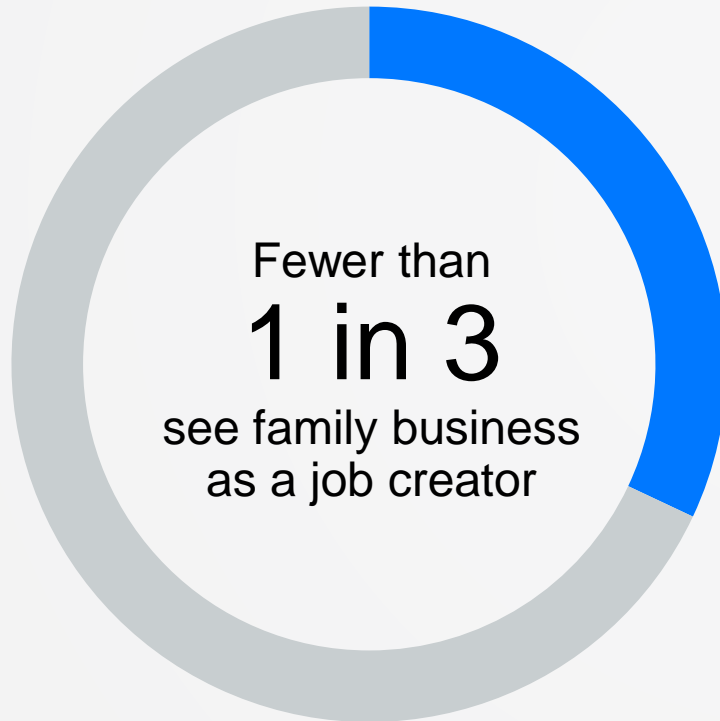
Top attributes on which family business is performing extremely well, comparing those who know which companies they buy from are family businesses vs. those who do not



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q48. Please rate Family-owned or Family-Controlled businesses or companies on how well you think they are performing on each of the following attributes. Use a nine-point scale where one means they are "performing extremely poorly" and nine means they are "performing extremely well". (Top 2 Box, Performing extremely well; excludes DKs) General Population, 12-country global total, cut by those who know which companies they buy from are family businesses (Q37r1 Top 4 Box) vs. those that do not (Q37r1 Bottom 4 Box).

Family Business Not Getting Credit for Job Creation

Perception



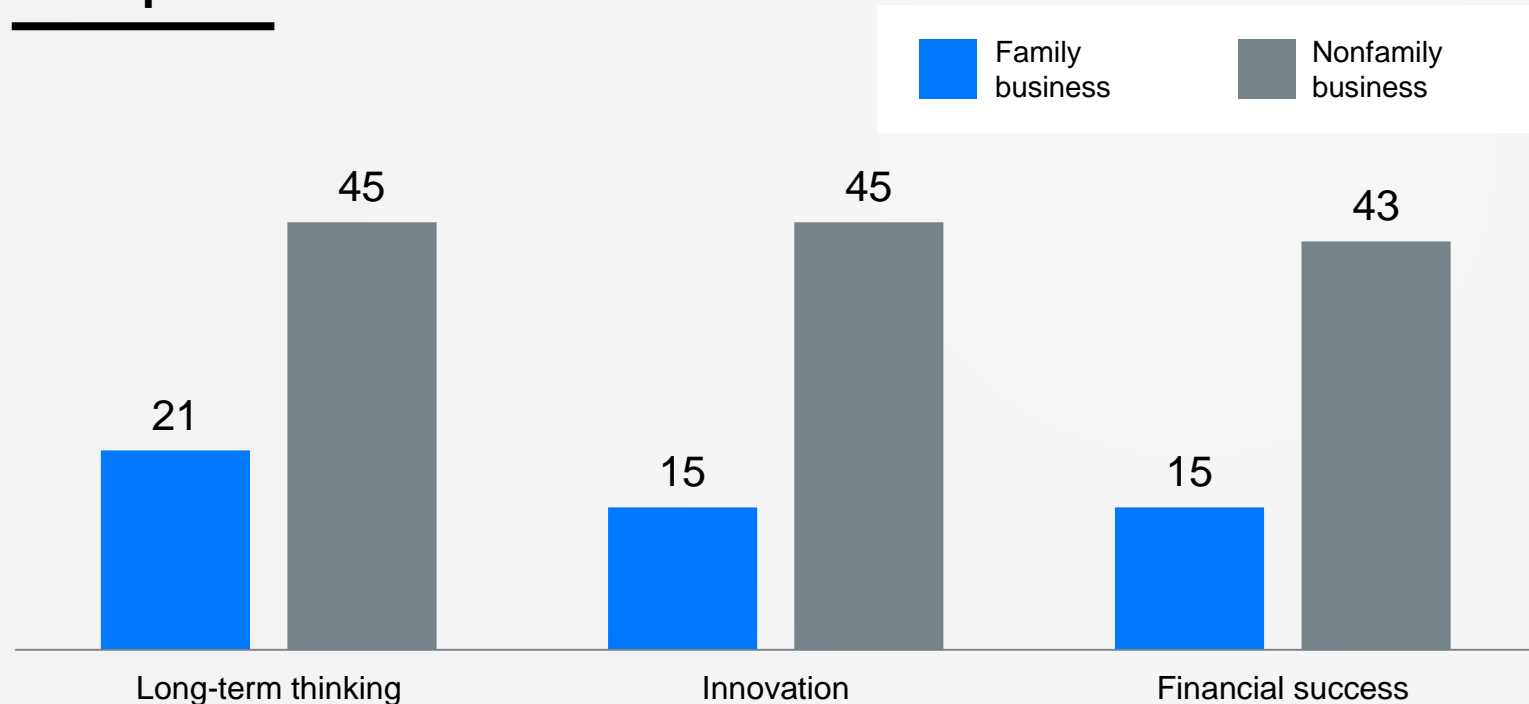
Reality



Family Business Perceived as Behind on Innovation, Long-Term Thinking and Financial Success

Percent who believe each is more likely to be true of family business vs. nonfamily business

Perception



Reality

For every dollar invested in R&D, family businesses drive more innovative outputs—measured by number of patents, number of new products, or revenues generated with new products—than nonfamily firms

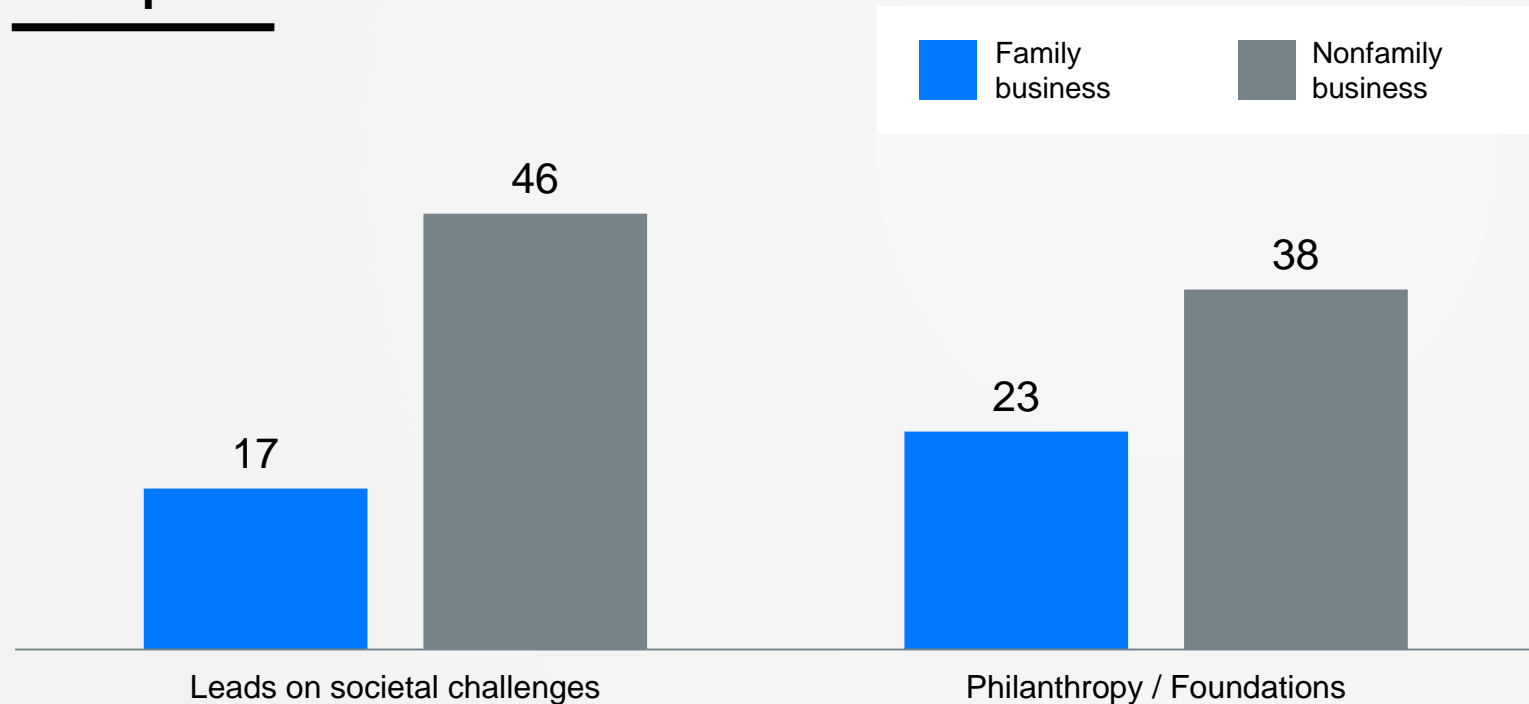
Source: Academy of Management Journal, Doing More with Less: Innovation Input and Output in Family Firms

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total.
Source of third-party research: Academy of Management Journal, Doing More with Less: Innovation Input and Output in Family Firms.

Family Business Perceived as Behind on Societal Contributions

Percent who believe each is more likely to be true of family business vs. nonfamily business

Perception



Reality

81%

of the world's largest family businesses practice philanthropy

56%

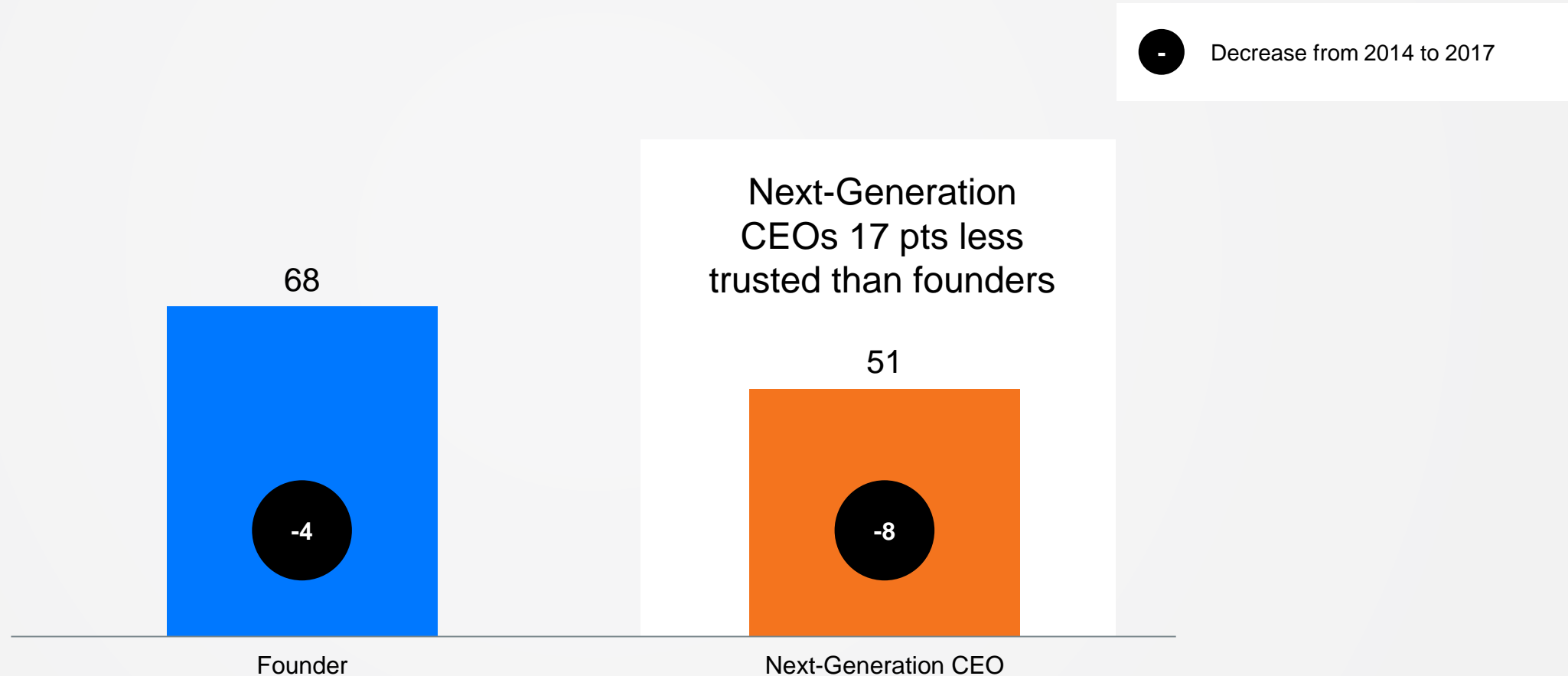
of all family business owners personally oversee the progress and effectiveness of their philanthropic projects

*Source: E&Y and Kennesaw State University.
Staying power: How do family businesses create lasting success?*

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total. Source of third-party research: E&Y and Kennesaw State University. Staying power: How do family businesses create lasting success?

Trust in Next-Generation Leaders Declines

Percent who trust each type of leader, and change from 2014 to 2017



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q26. Thinking about different types of leaders, please indicate how much you trust each type of leader to do what is right using a nine-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust) General Population, 10-country global total.

'Founder' is an average across large and medium/small size businesses.

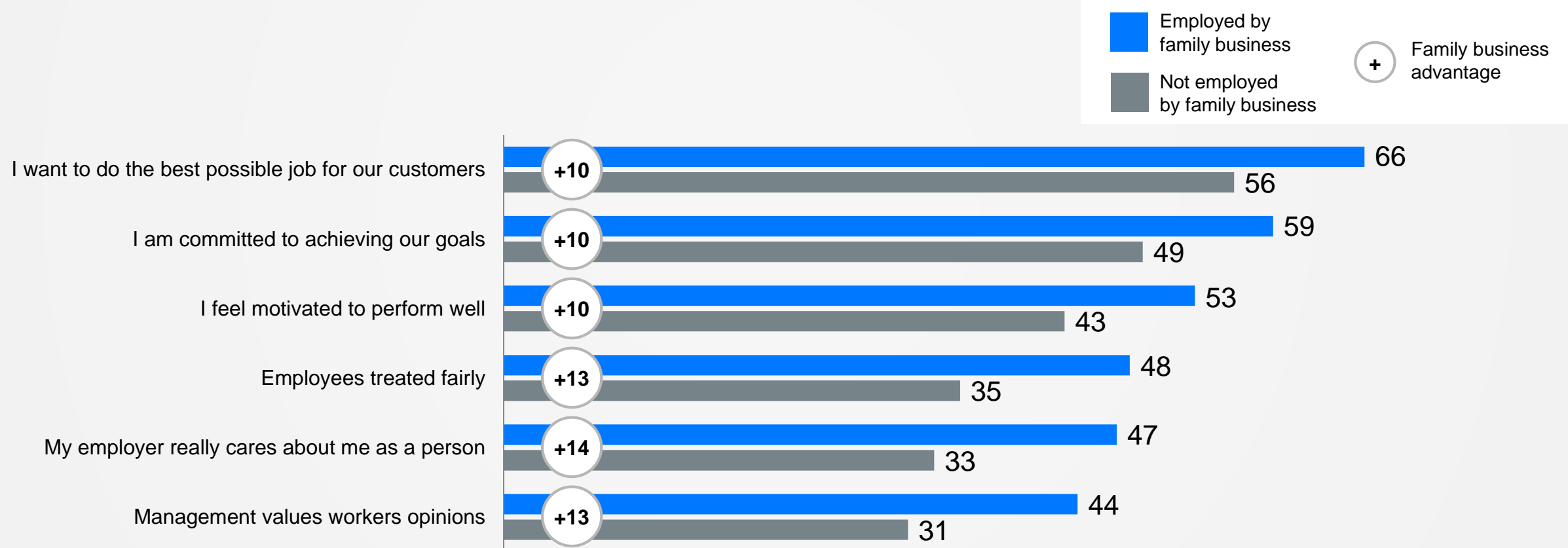
'Next-Generation CEO' is an average across large and medium/small size businesses.



**This Is
Your Moment**

Family Business Employees More Committed

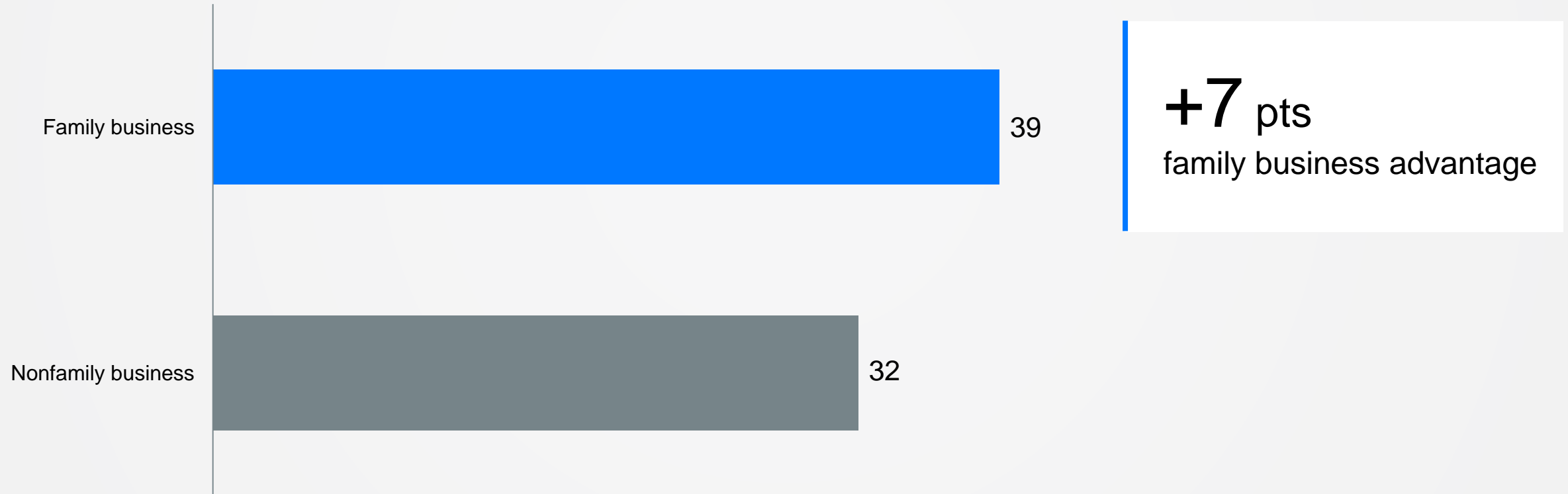
Percent who strongly agree with each of the following statements, family business employees vs. nonfamily business employees



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q38. Thinking of the current company where you work, please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 2 box, Strongly agree), question only asked among current employees who are not self-employed. Family Business Employees and Non-Family Business Employees, 12-country global total.

Family Business More Respectful of Local Customs

Percent who believe family business or nonfamily business is more likely to be respectful of local customs and traditions

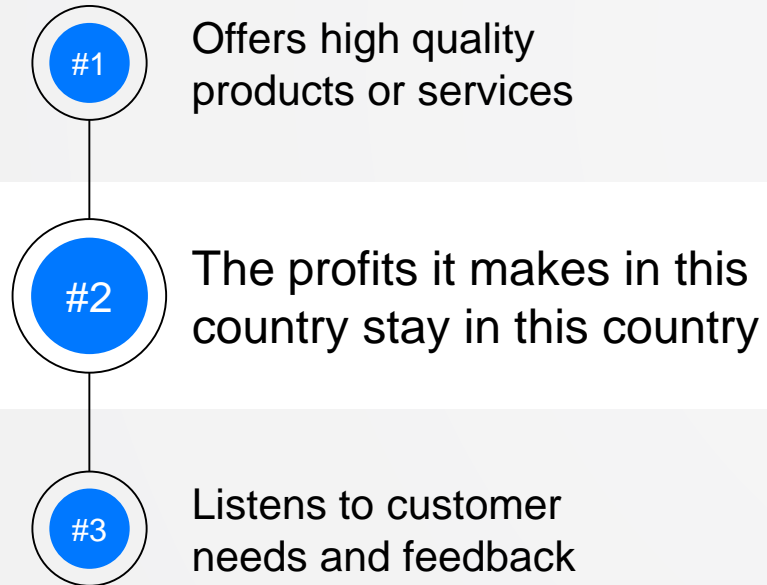


Source: 2017 Edelman Trust Barometer Family Business Supplement. Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total.

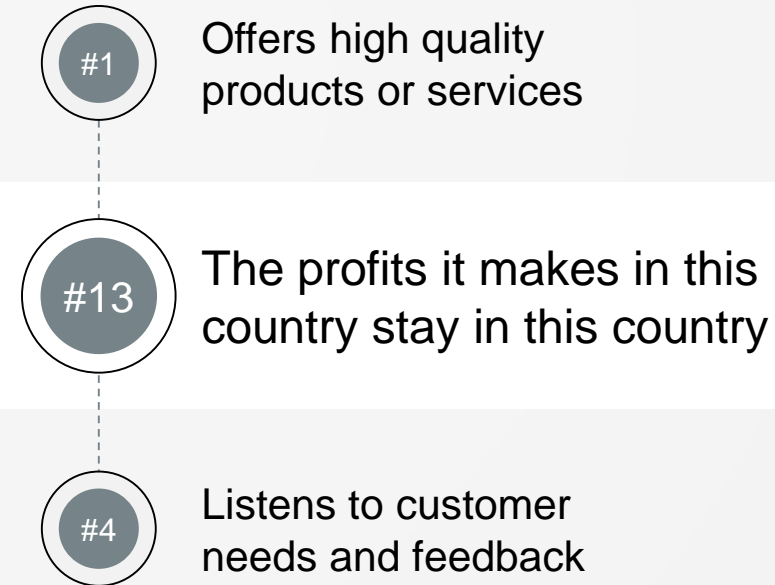
Family Business Seen as Creating Value Locally

Top three attributes on which family business is performing extremely well, compared to business in general, 11-country global total

Family Business



Business in general



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q48. Please rate Family-owned or Family-Controlled businesses or companies on how well you think they are performing on each of the following attributes. Use a nine-point scale where one means they are "performing extremely poorly" and nine means they are "performing extremely well". (Top 2 Box, Performing extremely well; excludes DKs) General Population, 11-country global total.

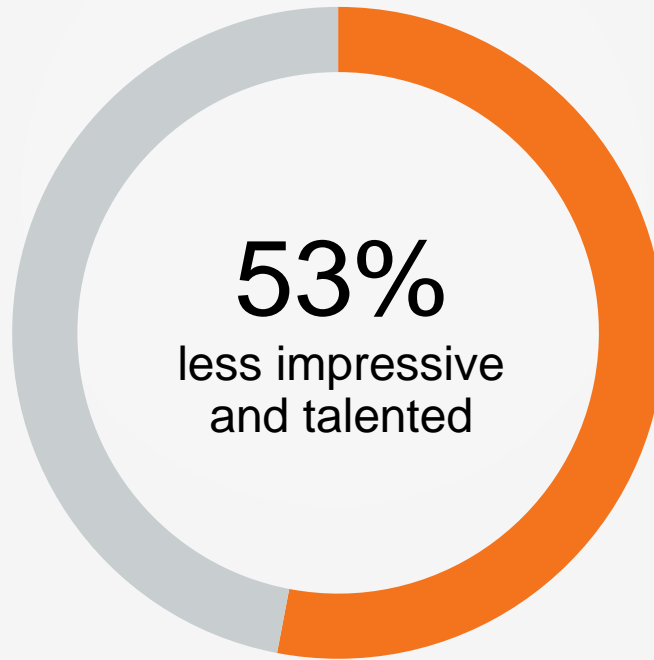
Source: 2017 Edelman Trust Barometer. Q114-129. Please rate businesses in general on how well you think they are performing on each of the following attributes. Use a 9-point scale where one means they are "performing extremely poorly" and nine means they are "performing extremely well". (Top 2 Box, Performance) General Population, 11-country global total.



Challenges for the Next Generation

Next-Generation Leaders Seen as Less Capable

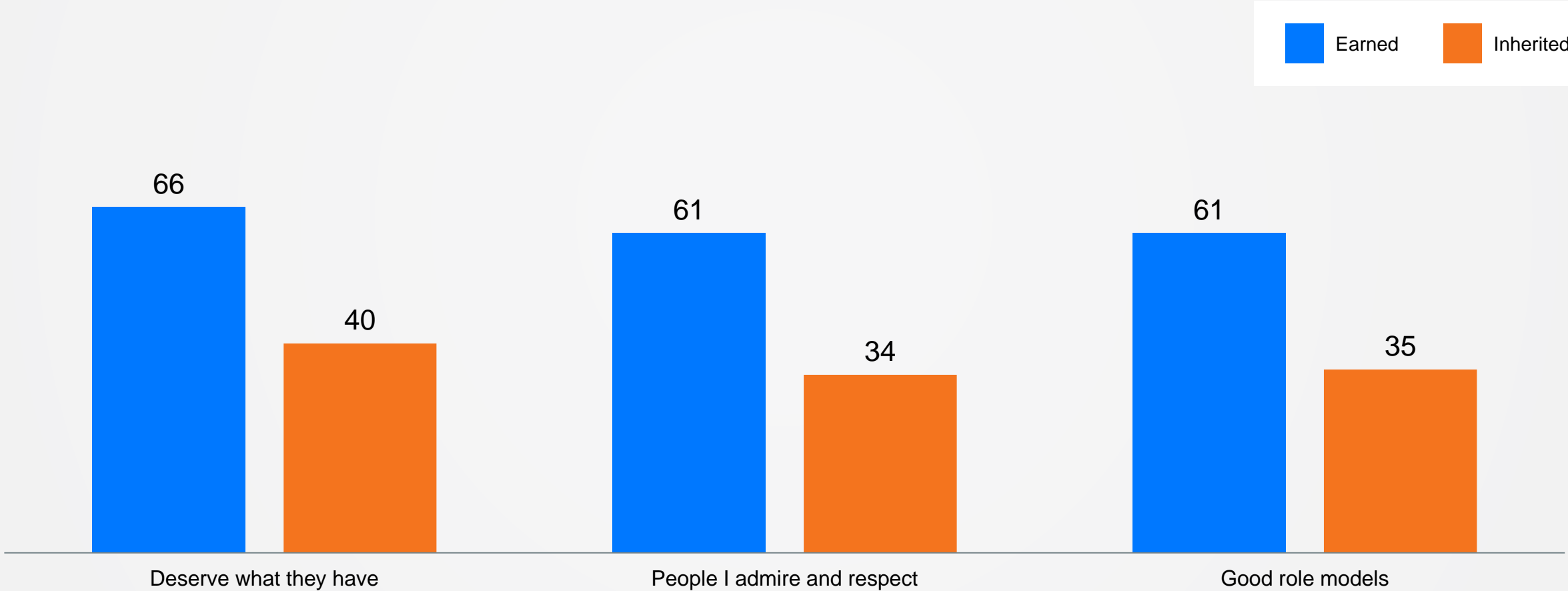
Percent who agree with each of the following statements about next-generation leaders



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q29. Please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) Q44. Thinking about your current company, please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree), question only asked of family business employees. General Population, 12-country global total.

Next Generation Must Overcome Wealth Stigma

Percent who associate each of the following with individuals who earned vs. inherited their wealth

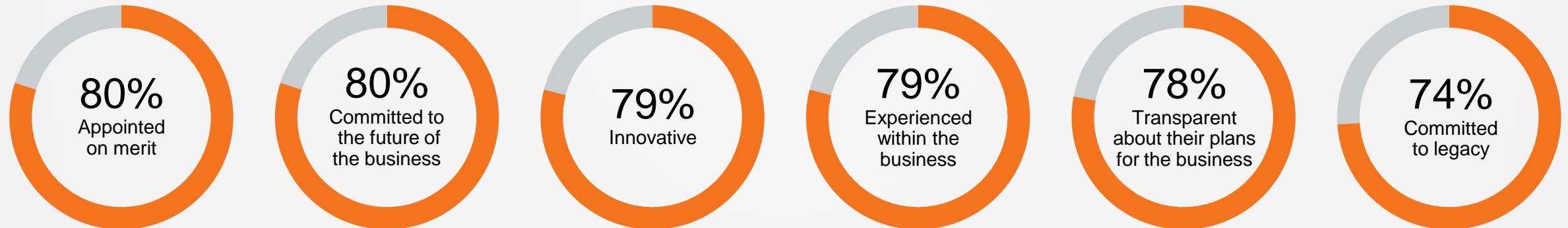


Source: 2017 Edelman Trust Barometer Family Business Supplement. Q21. Thinking about wealthy individuals who inherited their wealth, please indicate how much you associate each statement below with these individuals. Please use a 9-point scale, where one means you “do not associate that statement at all” with wealthy individuals who inherited their wealth and nine means you “strongly associate” that statement with wealthy individuals who inherited their wealth. (Top 4 Box, Associate), question asked of half the sample. Q22. Thinking about wealthy individuals who earned their wealth, please indicate how much you associate each statement below with these individuals. Please use a 9-point scale, where one means you “do not associate that statement at all” with wealthy individuals who earned their wealth and nine means you “strongly associate” that statement with wealthy individuals who earned their wealth. (Top 4 Box, Associate), question asked of half the sample. General Population, 12-country global total.

Next-Generation Leaders Must Prove Themselves

Top factors that would be important in maintaining trust in a business that passed leadership on to a family member

Successor must be...



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q45. If the owner of a FAMILY-OWNED BUSINESS passed ownership or leadership of the business to a member of their family, how important would the following factors be to maintaining your trust in the business? Please answer using a 9-point scale where 1 is not at all important to maintaining your trust and 9 is extremely important to maintaining your trust. (Top 4 Box, Important) General Population, 12-country global total.



Demonstrate Impact and Philanthropy

Wealth Creates High Expectations

Percent who agree with each of the following statements about wealthy individuals

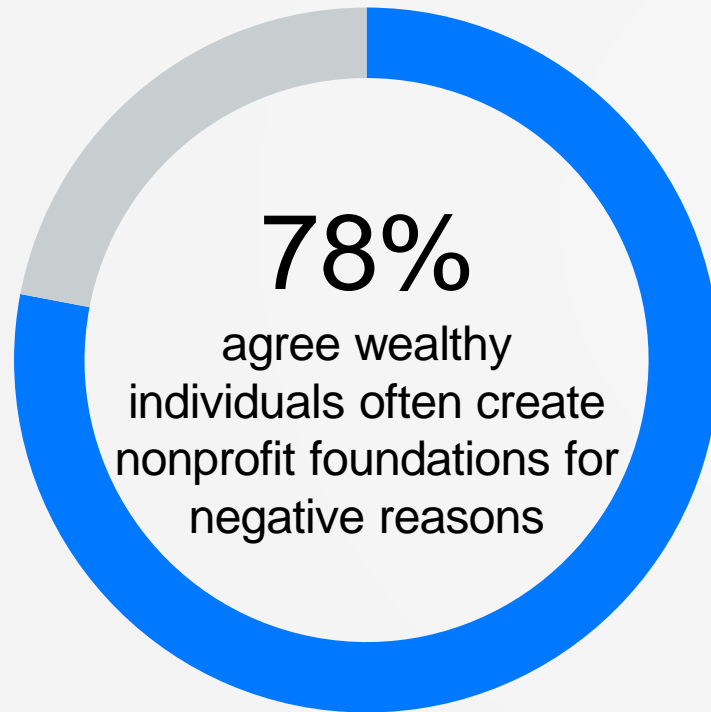


Nearly
3 in 4
agree the gap between
the wealthy and everyone
else has grown

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q40. Please indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) Q24. In the last 10 years, do you think the gap between the wealthy and everyone else in [INSERT COUNTRY] has...? General Population, 12-country global total.

Philanthropic Motives Under Scrutiny

Percent who agree wealthy individuals create nonprofit foundations for one or more of the following reasons



To exert political influence

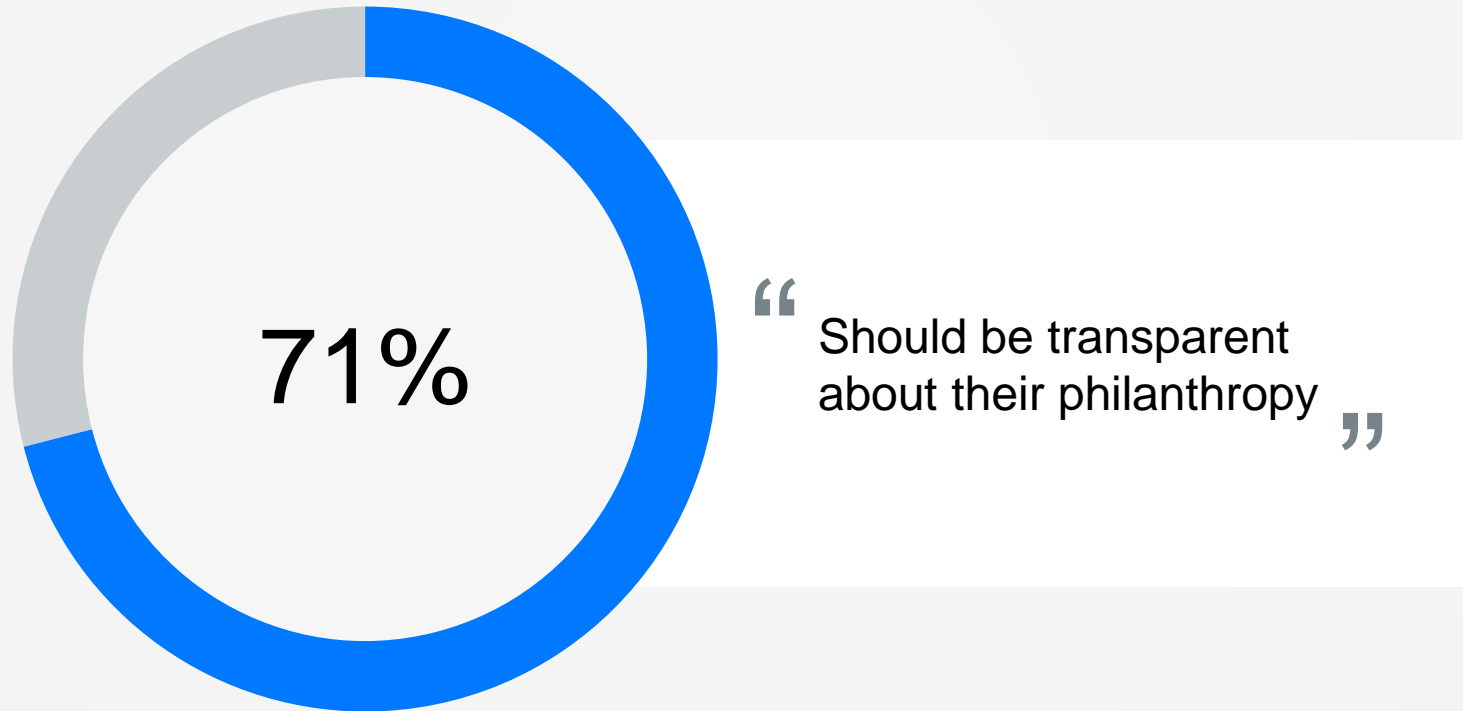
For vanity and self-promotion

To ease their guilt regarding those they hurt amassing their wealth

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q40. Please indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 4 Box, Agree) General Population, 12-country global total. Callout is a net of three items: Q40 r5, r6, and r7 (Top 4 Box, Agree) General Population, 12-country global total.

Don't Keep Impact a Secret

Percent who have an equal or greater expectation for family business than nonfamily business in this area



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q36. Think about family businesses versus businesses that are not controlled by a family. For each of the expectations listed below that one might have of companies, please rate each on the following scale where 1=This is something I expect more from family businesses, 2=This is something that I expect equally of family-owned and non-family-owned businesses, 3=This is something I expect more from non-family-owned businesses. General Population, 12-country global total.

Ground Your Philanthropic Engagement in Country and Community

Percent who expect family business to contribute as much or more than nonfamily business in each of these areas



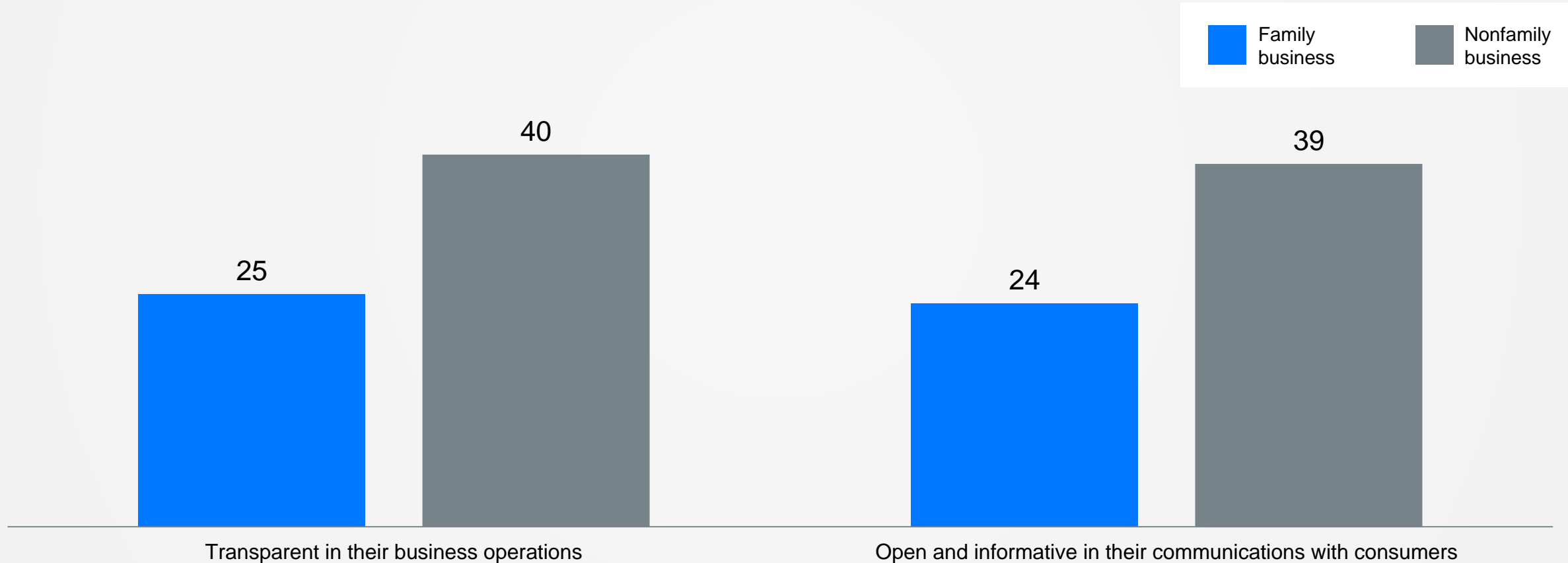
Source: 2017 Edelman Trust Barometer Family Business Supplement. Q36. Think about family businesses versus businesses that are not controlled by a family. For each of the expectations listed below that one might have of companies, please rate each on the following scale where 1=This is something I expect more from family businesses, 2=This is something that I expect equally of family-owned and non-family-owned businesses, 3=This is something I expect more from non-family-owned businesses. General Population, 12-country global total.



**Your Story
Must Be Told**

Family Business Seen as Less Transparent

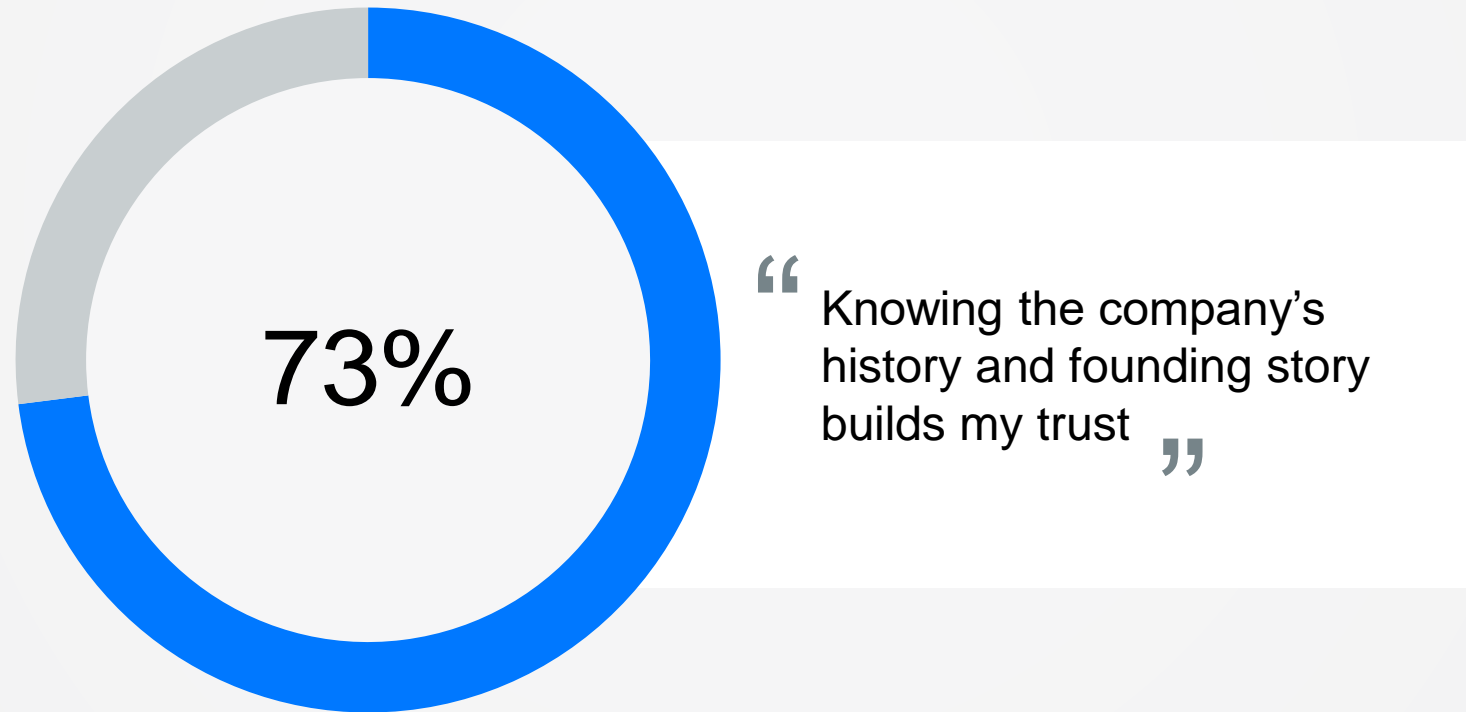
Percent who say that each is more true of family business vs. nonfamily business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total.

Tell Them Where You Came From

Percent who say the following would increase their trust in a family business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q34. How much would each of the following increase your trust in a family business? Using a nine-point scale where one means "would not increase my trust at all" and nine means "would increase my trust a lot" rate each item below. (Top 4 Box, Increase trust) General Population, 12-country global total.

Tell Them Who You Are as a Family and Business

Percent who say the following would increase their trust in a family business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q34. How much would each of the following increase your trust in a family business? Using a nine-point scale where one means "would not increase my trust at all" and nine means "would increase my trust a lot" rate each item below. (Top 4 Box, Increase trust) General Population, 12-country global total.

Create Impact as an Employer

Percent who expect family business to contribute as much or more than nonfamily business in each of these areas



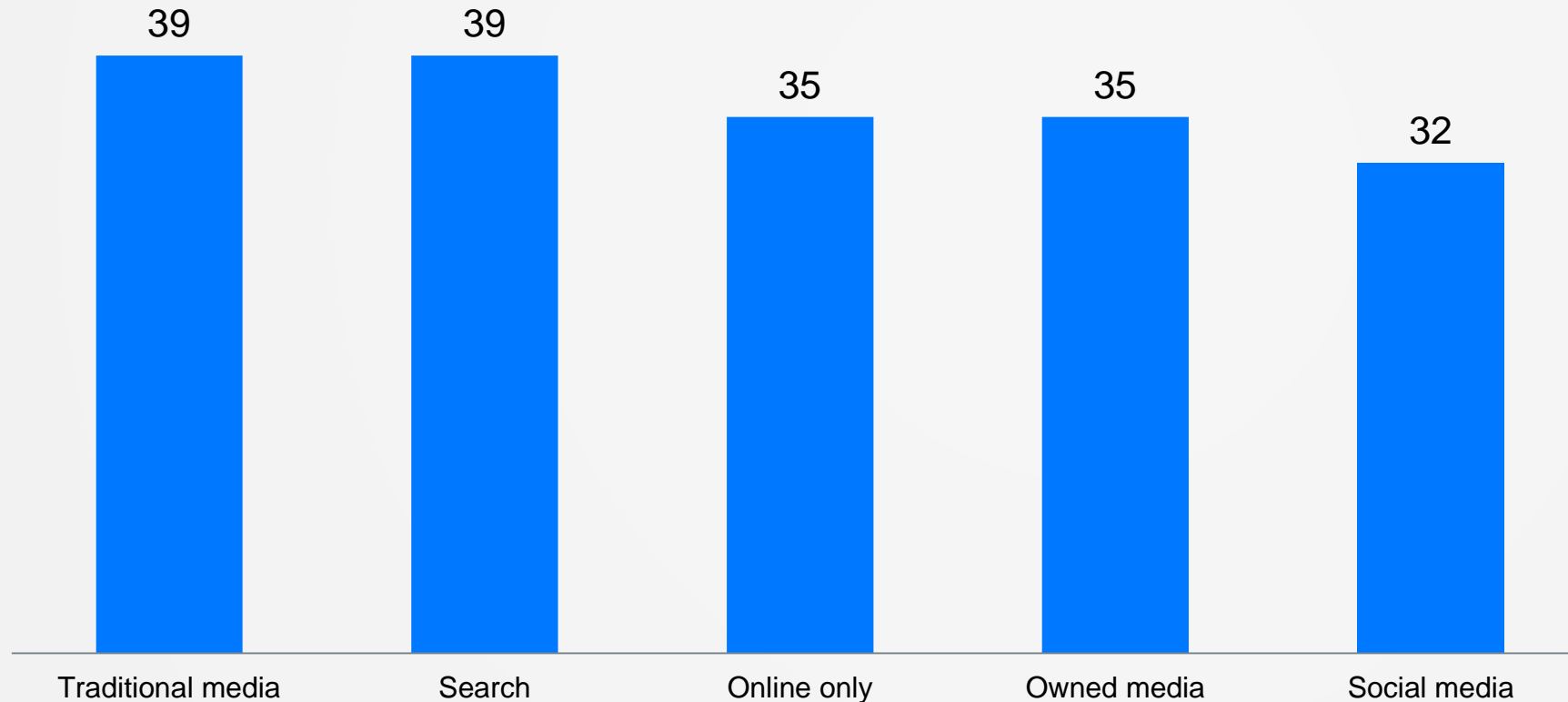
Source: 2017 Edelman Trust Barometer Family Business Supplement. Q36. Think about family businesses versus businesses that are not controlled by a family. For each of the expectations listed below that one might have of companies, please rate each on the following scale where 1=This is something I expect more from family businesses, 2=This is something that I expect equally of family-owned and non-family-owned businesses, 3=This is something I expect more from non-family-owned businesses. General Population, 12-country global total.

An aerial, high-angle photograph of a large crowd of people gathered on a paved surface, possibly a plaza or street. The image is dark and moody, with the crowd appearing as a dense pattern of light and dark shapes. Overlaid on the image are several thin, blue, wavy lines that flow from the left side towards the right, creating a sense of movement and connectivity. The lines are composed of many closely spaced, slightly curved paths that converge and diverge, resembling a stylized representation of data flow or communication channels.

Engage Across Channels

It's a Conversation, Not a Message

Percent of respondents who say they rely upon each type of media when it comes to learning about a family business

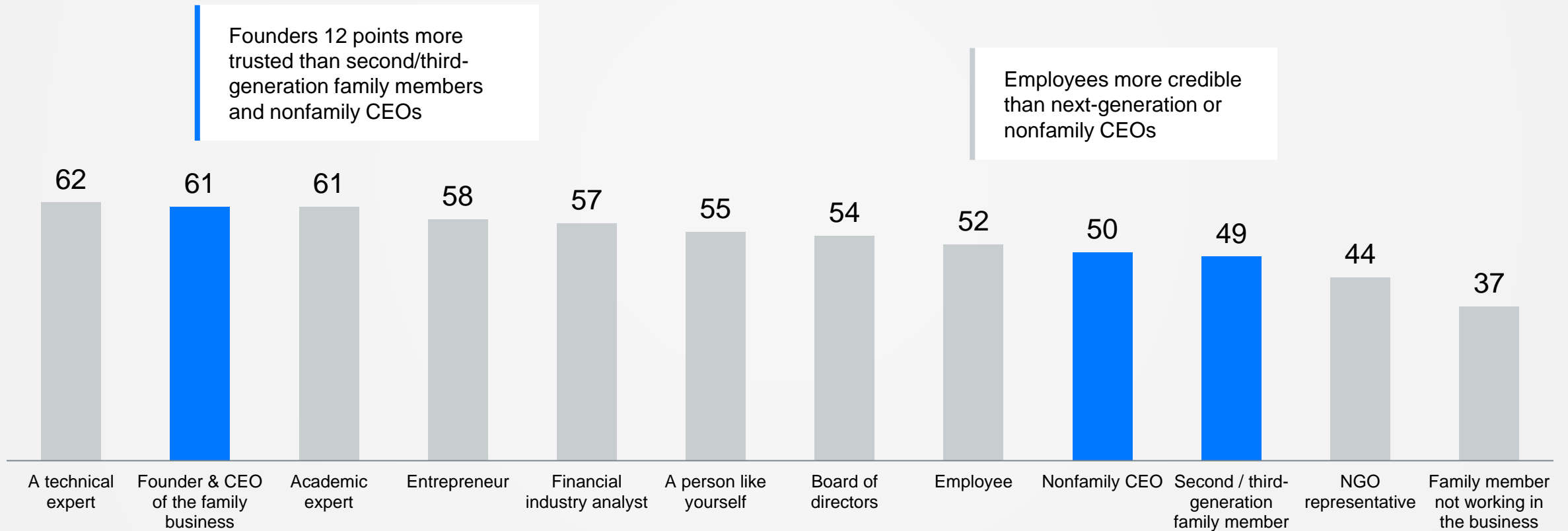


Nearly
1 in 3
rely on social media
to learn about a
family business

Source: 2017 Edelman Trust Barometer Family Business Supplement. Q46. How do you usually learn about family businesses? From among the potential sources of information listed below, select the top three that you rely upon most when it comes to finding out about a family business. (Please select up to three items from the list below.) General Population, 12-country global total.

Use Multiple Voices

Percent who rate each spokesperson about a family business as extremely/very credible



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q47. Below is a list of people. In general, when forming an opinion of a family business, if you heard information about that family business from each of these people, how credible would you consider that information to be--extremely credible, very credible, somewhat credible, or not credible at all? (Top 2 Box, Credible) General Population, 12-country global total.

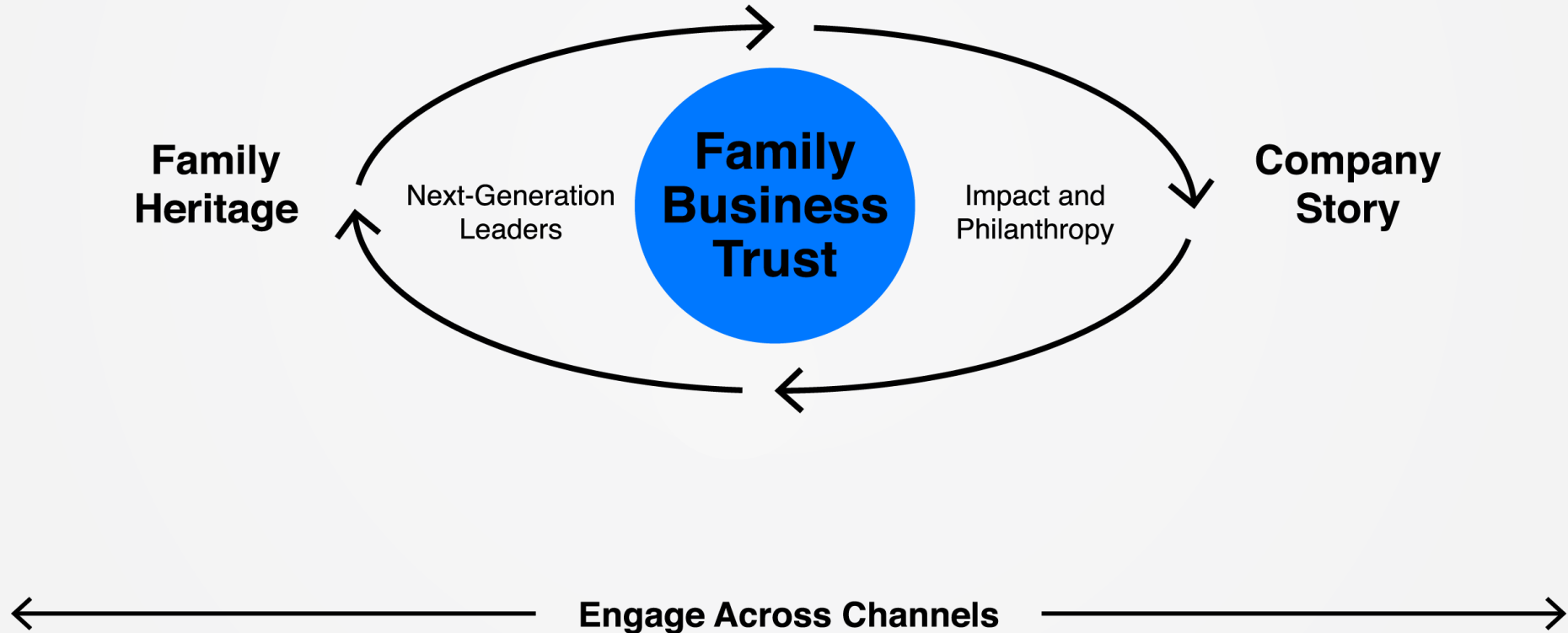
Activate Your Employees as Ambassadors

Employees of family business who say...



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q38. Thinking of the current company where you work, please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you “strongly disagree” and nine means that you “strongly agree”. (Top 4 Box, Agree) Family Business Employees, 12-country global total.

Unlocking the Family Business Advantage



“

The traditional playbook of low-key, let-the-results-speak-for-themselves behavior will not work in an increasingly skeptical society upset by growing wealth inequality.

”

Richard Edelman
Chief Executive Officer of Edelman