

# Gaining Trust

## Omdømme = Tillit

*"The way to gain a good reputation is to endeavor to be what you desire to appear." -- Socrates.*

Peggy Simcic Brønn  
Førsteamanuensis, BI

**BI**



"Må ikke fjellets høyde før du har nådd toppen.  
Da skal du se hvor lavt det var."  
- Dag Hammarskjöld



# What is reputation?

## Reputation...

- Based on the assumptions, perceptions and beliefs about what an organization is, how it is run and what it stands for.
- The totality of emotional and intellectual disposition towards an organization.
  - *Tangible and intangible attributes*

# *Why does reputation matter?*

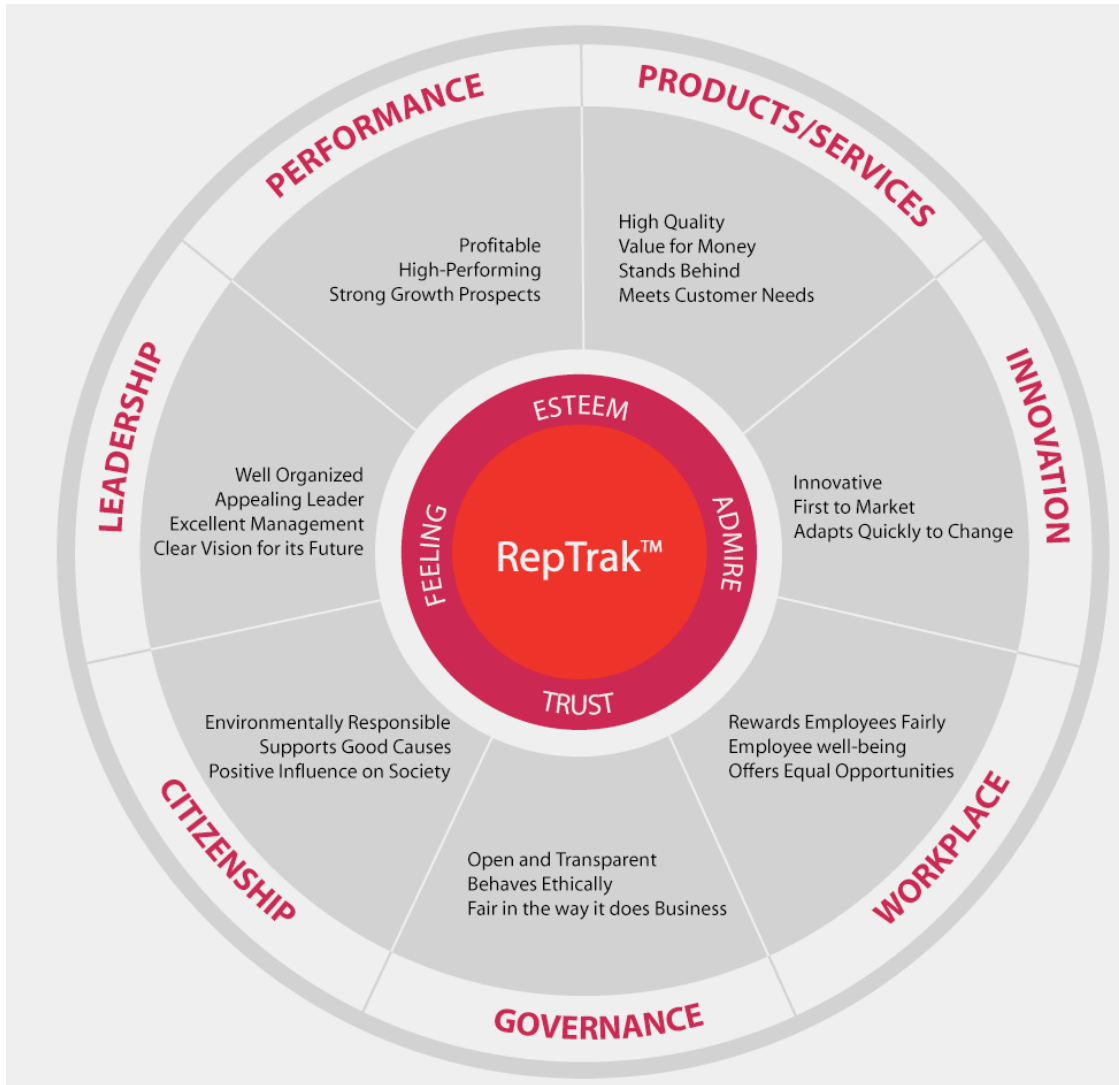
- Ultimately, reputation underpins an organization's **license to operate (legitimisere)**.
- In the broadest terms, a strong reputation has two main benefits:
  - A **reservoir of goodwill** to draw upon when challenges and difficulties arise
  - A tool to **build trust** and **create value** among different stakeholder groups

# Trends

- Increased focus on reputation
- More corporate communication on values
- Increased awareness of the power of the corporate sector to effect change
- Accompanied by increased activism
- Increased expectations by public in business

# Four Pillars

- “Esteem”
- “Admiration”
- “Trust”
- “Feeling”



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The word TRUST comes up everywhere - particularly the importance of trust and reputation to future business success. “Trust is replacing loyalty as a way of bonding people into collective enterprises.”

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# Trust

- . . . is the soul of the brand
- . . . is a primary driver of reputation
- . . . is essential to establish, sustain and protect successful relationships
- . . . creates an *emotional* bond . . . it's personal, one-to-one
- . . . builds confidence, commitment and loyalty with customers, partners and employees that enable the brand to ensure preference and to withstand hard times

# Organizational Trust

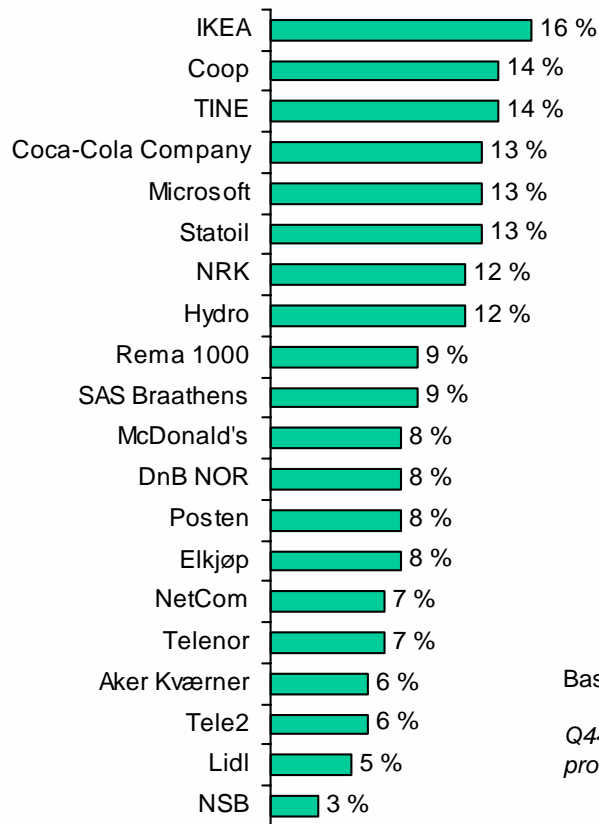
- **Competence**
  - Belief that organization will compete and survive in future
- **Openness and honesty**
  - Amount, accuracy and sincerity of information
- **Concern for employees**
  - Exhibition of caring, empathy, tolerance and safety
- **Reliability**
  - Consistent and dependable actions – can we count on them to do what they say?
- **Identification**
  - Sharing common goals, values and beliefs – connectedness to organization



- Trust is more difficult to build than to destroy.
- ‘When it comes to winning trust the playing field is not level. It is tilted toward distrust.’
- Negative happenings that harm trust are more visible than positive things that build trust.
- Negative happenings are given more importance than positive ones.
- Negative news is viewed as more believable than positive news.
- Lack of trust colors our interpretation of relevant information.

# Stoler på

Prosent som sier de "helt sikkert" ville stolt på at virksomheten ville gjøre det rette dersom det skulle oppstå et problem



Base: Kjenner til VIRKSOMHED

Q440: Stoler du på at SELSKAP vil ta den riktige beslutningen dersom det skulle oppstå et problem knyttet til et produkt eller en tjeneste?

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# Trust and Reputation: Towards the 24<sup>th</sup> Century ”Organization”

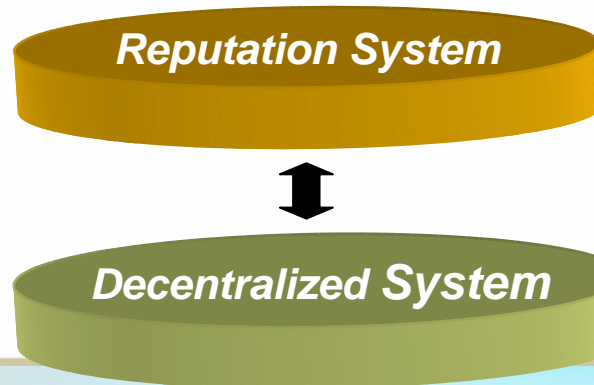
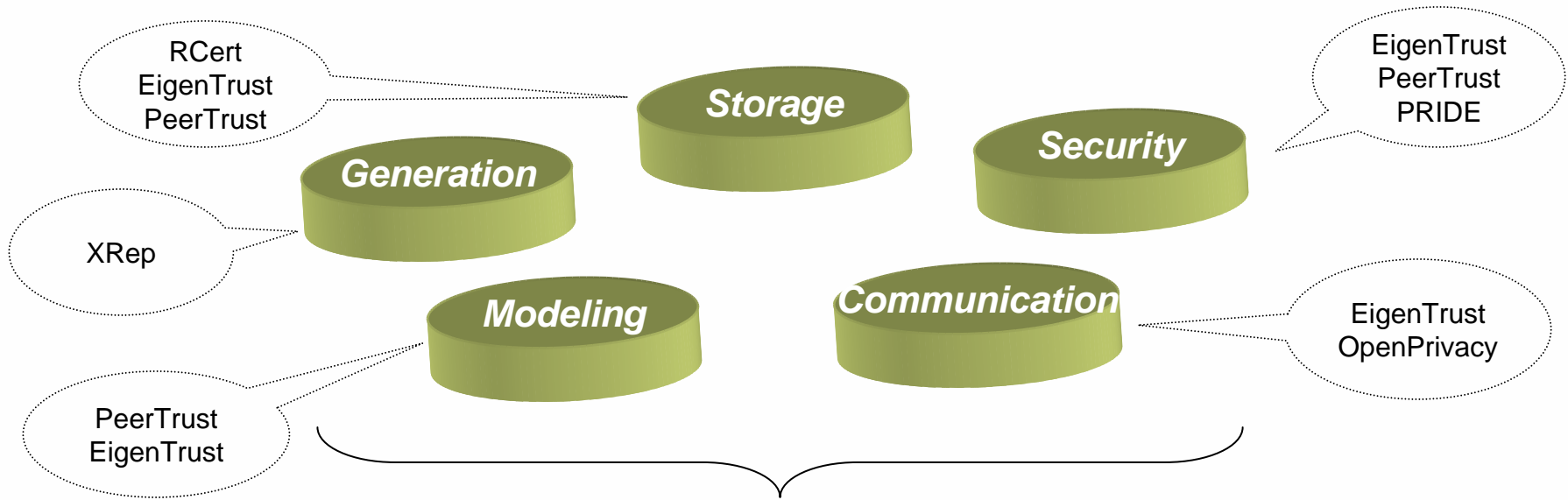
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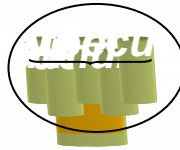
# Reputation Systems



GAYATRI SWAMYNATHAN

# Organization's Reputation

Trustworthy  
computing



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# Relationships

- Trust → Reputation
- Trust exists on the basis on on-going relationships between agents (people)
- Reputation is built up as agents interact over time.

# Barriers to trust

Organizational efforts to build reputation through trust are constrained by formal structural aspects of organizations:

*Centralization*

*Formalized Standard Operating Procedures*

*Specialization/division of labor*

*Status systems*

*Differentiation*

*Bureaucracy/hierarchy*

- All of which contribute to increased organizational efficiency, but...
- Which tend to reduce the *agent-to-agent* relationship by placing intermediaries between them



# Consequences for reputation building

- The relevant trust building relationship then becomes *organization-to-agent*.
- More difficult for agents to establish a trusting relationship with an impersonal and multidimensional entity.

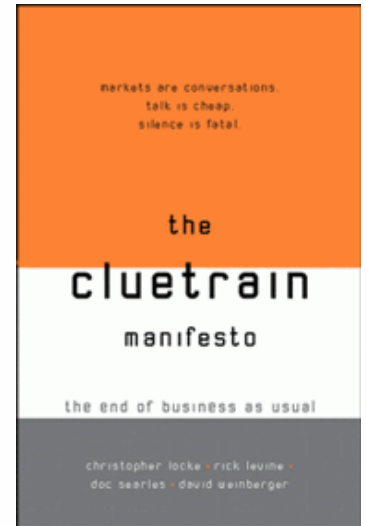
- Therefore...
  - *Organizations can at best "satisfice" with respect to trust and reputation because the agent will always be more skeptical of an organization than another agent.*

# Conclusions

- What is interesting is the merging of the old Greek concept of the "agora" – today's eBay – and the implications for the traditional organization.
- The Cluetrain Manifesto ([www.cluetrain.com](http://www.cluetrain.com)) presents a radical challenge for organizational trust and reputation management as a consequence of ICT.
- Increasing use of Intra- and Internet will change the fundamental relationships between the organization and the agent in areas beyond eBay – thereby influencing the fundamental processes of all types of organizations.

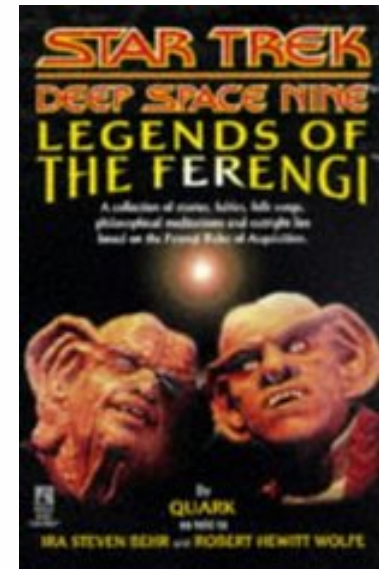
# Some key *Theses*...

1. Markets are conversations.
2. Markets consist of human beings, not market segments.
6. Internet enables conversations among human beings ... not possible in the era of mass media.
7. Hyperlinks subvert hierarchy.
12. There are no secrets. The networked market knows more than companies do about their own products. And whether the news is good or bad, they tell everyone.



# Trust in the 24<sup>th</sup> Century

## Ferengi Rules of Acquisition



27. There's nothing more dangerous than an honest businessman.

60. Keep your lies consistent.

99. Trust is the biggest liability of all.

121. Everything is for sale, including friendship.

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abelia

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 SINTEF