

# EVERYONE'S BUSINESS TRACKER

BUSINESS REPUTATION TRACKER

SEPTEMBER 2018



In partnership with

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*Last June the CBI published its first ever piece of public perceptions research – Everyone's Business. Over 12 months and two waves later, the most obvious revelation is perhaps the most telling – the power to improve business reputation lies firmly in the hands of business.*

Ask any CEO in the country – the fastest route to company extinction is a breakdown in trust. But as our tracker makes clear, bad practice and scandal put the immediate brake on any improvement in business reputation – for all of us. A relentless and honest focus on getting the basics right can underpin sustained improvement in the reputation of business.

**The foundations for long term improvements in business reputation are being put in place. Since January, awareness about the role and contribution of business has improved as people focus on their jobs and livelihoods.**

These figures point to this improvement being driven by business being more vocal on the issues and debates of today. An increased focus on gender pay reporting, GDPR, and crucially the Brexit debate on the customs union have encouraged firms to talk more openly about how they are dealing with the changes and challenges facing their business.

This intensive media spotlight, alongside an increasingly activist business voice, has led to an improvement in two key areas. In the last six months the public's perception of business leaders has improved. But more telling is the increase in the public's knowledge about the contribution of business. 54% say they understand how a company works, up 6% since May 2017. With the link well established between familiarity and likeability, this represents a good step forward for business reputation.

**The public are looking to business to take a more active role in society – they value and listen to businesses who speak out on the issues they care about.**

The first wave of Everyone's Business research laid bare the disconnect between CEOs and the public. Greater engagement by business on key social issues can help to overcome this 'gap'. These findings reaffirm the value that business can bring in the national debates that matter to people's lives, such as protecting the environment.

During a time of huge political and economic uncertainty, these results shows that the public are increasingly looking towards businesses for leadership. 92% say businesses should take a stance on key social issues.

**But the impact of high profile business failures has tarnished business reputation and demonstrates its fragility.**

Businesses have taken positive steps to make their contribution feel real for employees and customers. But this progress has been undermined by headline grabbing scandals. The collapse of Carillion, the Cambridge Analytica case and the unacceptable behaviour at the President's Club appears to have left an indelible imprint on the public consciousness. While the businesses directly involved have taken immediate steps to redress the cause of these failures there can be little doubt that their impact has had a chilling effect on business reputation. 56% of the public think the reputation of business is good, down 9% since October.

**To deliver consistent, sustainable improvements in business reputation, companies must not only prevent future scandals, but also focus on the issues the public care about most.**

Business must collectively address its weak spots to ensure reputational failures aren't allowed to undermine the companies working tirelessly, up and down the country, to make a positive difference in their communities.

The evidence is clear – there are certain business practices the public expects as the baseline for business behaviour. This means behaving in a way which is fair and transparent for customers, employees, communities and is good for business too.

Treating employees well (59%), tax transparency (41%), fair pay (75%) and data security (84%) are firmly on the public's radar – companies should challenge themselves as to whether they are genuinely acting in a way that meets the public's expectations on each of these issues.



Josh Hardie  
**Deputy Director-General, CBI**



## KEY CAMPAIGN METRICS

56%

think the reputation of UK business is good  
(-9 % change since October)

78%

report a positive relationship with their  
employer (+11% change since October)

67%

agree the heads of business are far  
removed from the lives of ordinary people  
(-2% change since October)



## TOP 5 STATS FROM LATEST WAVE OF RESEARCH

92%

say businesses should take a public stance on key social issues

75%

say businesses should work with ethical suppliers and partners (+ 9% change since October)

75%

say it is important that companies are environmentally friendly and oppose climate change (+ 11% change since October)

77%

say firms should do more to value women's equality (+ 6% change since October)

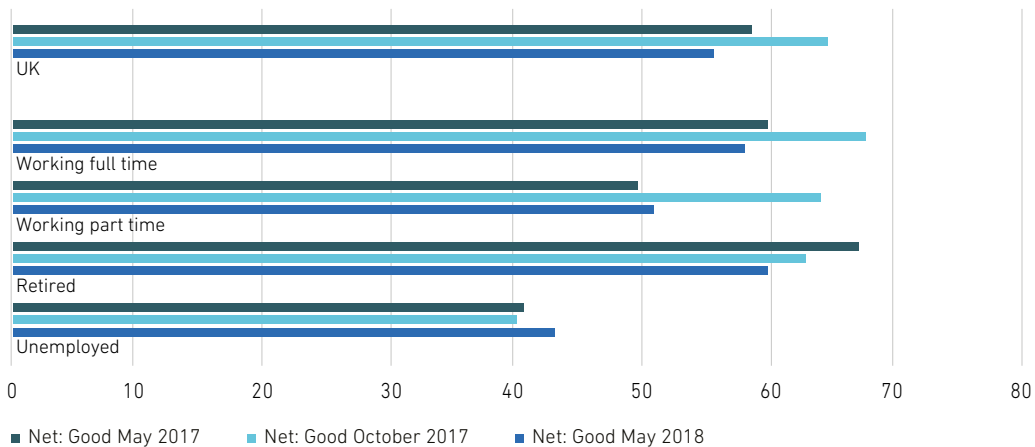
71%

say their employer's contribution to society is positive

# 1. High profile business failures have had a chilling effect on the reputation of UK business

*In the 12 months since the CBI's first Everyone's Business poll business reputation has improved and then declined. It is hardly surprising that a period including the collapse of Carillion, the data breach of Cambridge Analytica and the unacceptable behaviour at the President's Club has resulted in business reputation dropping to its lowest level in 12 months. Only 56% of the public currently think business reputation is good - a 9%-point fall in public sentiment since October 2017.*

**EXHIBIT 1:** How would you describe the reputation of UK business as a whole?



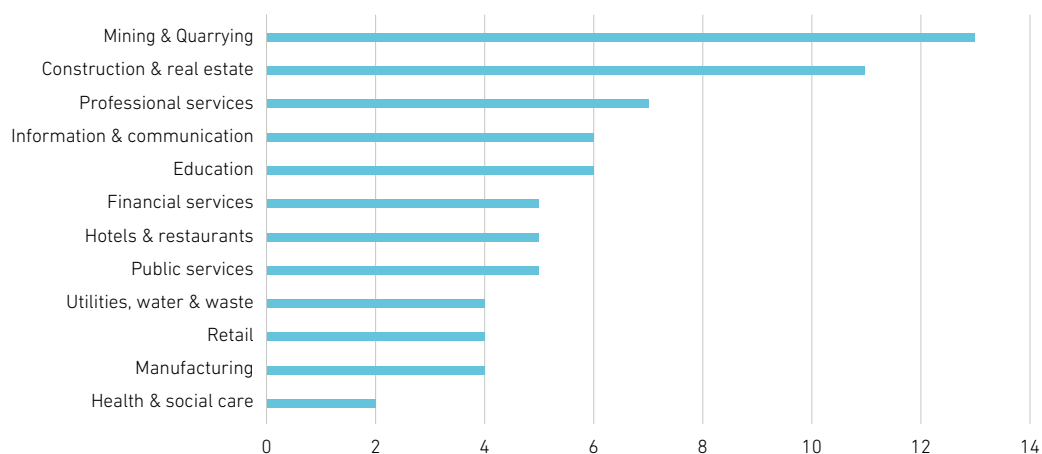
Business reputation is undoubtedly shaped by a number of factors; the economy, the media, and consumer trends all have an impact on the public's perceptions. In response the business community has signalled it will re-double its efforts to address the failures which these events have raised. This is the right approach because the evidence from this tracker confirms that the biggest driver of reputation remains the behaviour and actions of businesses themselves. At a challenging time for business there is a positive message that they can draw from these findings - the UK business community is in control of its own destiny.



**The public's view of business declined in 10 of 12 regions – showing how isolated business scandals have an impact nationwide, across whole sectors.**

While scandals and bad practice have an impact on overall business reputation, they are also hugely damaging to an individual sector's image. In the months following the Carillion crisis the public's view of the construction sector has taken a hit (-11% points). More people reported a poor relationship with this sector than said they had a positive one, the first time this has happened since May 2017.

**EXHIBIT 2: % change in number of people reporting a poor relationship with each sector (October 2017 to June 2018)**



It's possible that concerns about audit cases have dampened the public's view of the professional services sector (-7% points), while data breaches and fake news allegations appear to have impacted negatively on information & communication companies (-6% points), executive pay in universities could also account for the dip in reputation for education (-6% points).

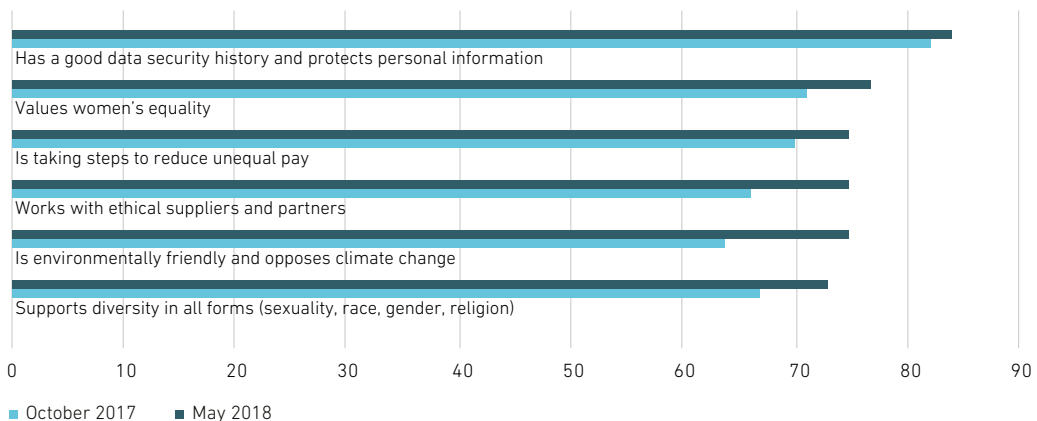
While there is no comparison against previous surveys the transportation industry was ranked the third worst sector for reputation. A significant 14% of the public said they had a poor relationship with firms – right at a time when the timetabling crisis was devastating the reputation of individual railway operators.

Previous surveys have highlighted that helping people into work could help to improve business reputation, these latest findings move our understanding on a step. It is now clear that employees are the most sensitive to perceived business failures and successes because they have a direct stake in the health of UK business. The views of full time (10%) and part time workers (13%) have swung noticeably over the last 6 months.

### **Headlines about scandals and public campaigns on business issues drive the public's view of business priorities.**

Since the last Everyone's Business tracker the collapse of Carillion has shone a light on the importance of companies following responsible business practices. At the same time the first round of mandatory gender-pay reporting has triggered an important debate about how business can address pay inequality between men and women. As a result, the public now place a higher premium on businesses that work with ethical suppliers and that are taking action to reduce unequal pay – each gaining two places in prominence. This change serves as a clear demonstration of the impact high-profile debates have on the public's priorities for business.

### **EXHIBIT 3: How important are the following characteristics in your choice of which businesses you buy from or work with?**

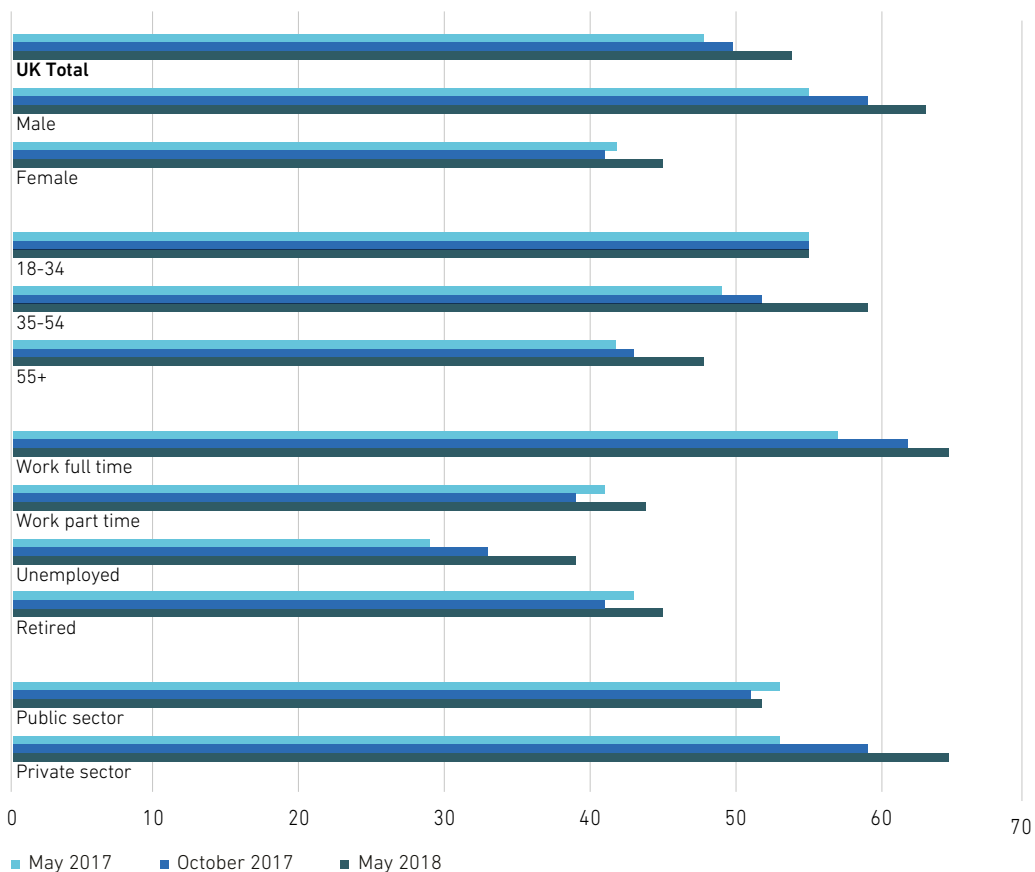


The results also point to an increased focus on business action to promote women's equality more generally following the President's Club exposé and powerful #MeToo movement (+6% points). 8% of the public said they would now like their own employer to do more to enforce clearer guidelines and support for workplace harassment. The award-winning campaign to combat plastic waste also helps to explain an 11% increase in the importance the public attach to a company's commitment to protect the environment.

**Despite a decline in business reputation, the public's knowledge and awareness about the contribution of business has improved over the last six months, laying the foundations for sustained improvements in business reputation.**

There is a clear link between the public's understanding of business and how favourable they are towards it with the public responding more sympathetically to businesses they know and understand.

**EXHIBIT 4: I understand how a company works**



54% of the public now understand how a company works (+6% points since May 2017) with every demographic group reporting greater confidence about their knowledge of business. Public debate about issues including GDPR and the customs union have helped to demystify how a business operates.

With the link between familiarity and likeability well established, by talking publicly about the potential challenges and impact of such issues, firms have begun to make positive gains in business reputation. But continuous improvement in reputation will only materialise if business can avoid headline grabbing scandals.

**DID YOU KNOW:** Employees are particularly sensitive to perceived business failures, which can pose real issues for the recruitment and retention of talent for different sectors.

### **Action for business**

To meet the public's expectations of business practices firms should consider whether they are doing enough to:

- Adopt ethical supply chain policies
- Mitigate their environmental impact
- Tackle issues of unfair pay
- Enforce clear guidelines for workplace harassment.



*“Business has the opportunity to manage its own reputation. This requires long-term commitment and investment beyond just trying to avoid the next crisis. There is no short-term fix. This approach however, needs to be embedded across your business; at board level and internally with employees and across operations, supply chains and your consumers externally.”*

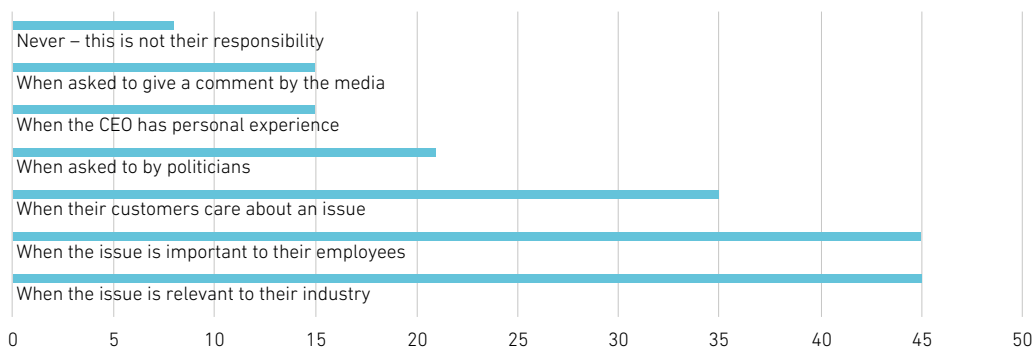
Eleanor Turner, Head of Corporate Reputation & Purpose, Porter Novelli London

## 2. Speaking out on the issues which matter most to people can help overcome the disconnect between business leaders and the public

*Brexit has sharpened the public's focus on business and provided a platform for many employers to voice their views about the impact on their sector and what this could mean for UK jobs and prosperity. One year ago, 34% of the UK public said they found business leaders more compelling than politicians, while 62% were keen to hear more from businesses setting out how they contribute positively to society.*

These latest findings demonstrate that the public expect business leaders to speak out on issues of national importance, particularly where jobs and the sector's future are at stake. Furthermore, there are reputational gains to be made from doing so - 72% of the public are actually prepared to champion companies which stand up for what they believe and challenge politicians (up 7% points from October)

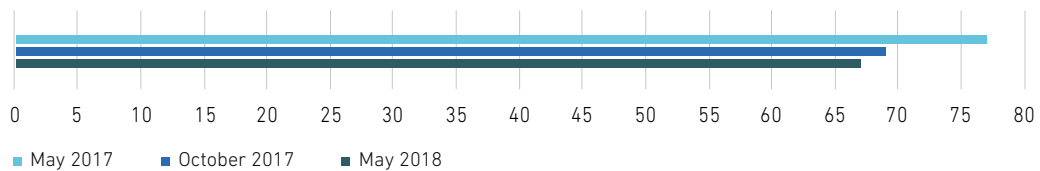
### **EXHIBIT 5: When, if ever, should business leaders speak out or take a public stance on social issues?**



The public also view business leaders more favourably than they did a year ago, as CEOs work hard to show how their companies contribute to Britain's success. In the last 12 months business leaders from a range of companies, including many household names and some of the UK's biggest employers, have spoken out on key issues such as customs union, immigration, and investment.

The result has been a 10% increase in the public's favourability towards CEOs, showing how a public dialogue between business, politicians and civil society can have a positive impact on the public's view of business leaders. Instead there is now an expectation for business leaders to speak out with just 8% of the public believing that businesses should remain quiet on key societal issues such as Brexit.

**EXHIBIT 6: Heads of business are very far removed from the world of 'ordinary' people (% agree)**

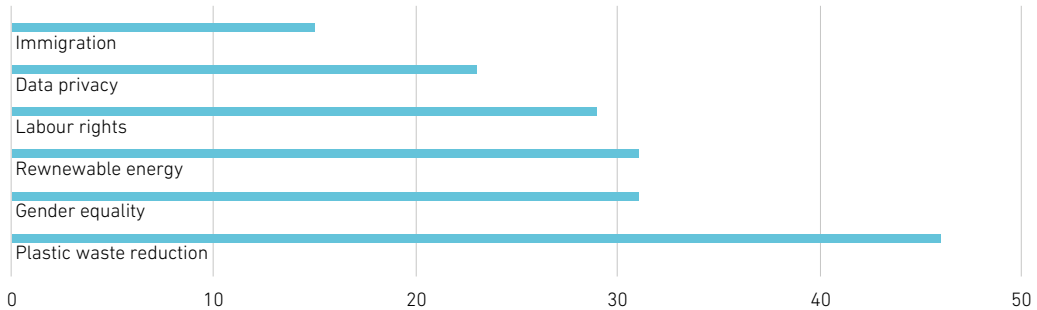


This 'licence to speak' becomes even more pronounced when an issue fundamentally matters to a company's employees and sector, with the public's desire to hear the business voice united across referendum divides. Our past survey confirms that people over the age of 55 were more likely to have voted for the UK to leave the EU (57% against 39% for remain). Now most people in this age group want business leaders to speak out on issues which matter to their employees (55% agree). Even among the portion of the public with a less favourable view of business, only 12% say that businesses should not get involved in the debate – whilst 50% agree businesses must speak out if their sector is affected. These results are unmistakable evidence that the public value the right of businesses to have a public voice – so long as the motivation behind doing so is to protect and enhance prosperity, jobs, and the national interest.

**But there is still a big disconnect to overcome – business leaders who stand up and take a position of leadership on social issues can help address this challenge.**

The public want business leaders to take a more meaningful and proactive stance on issues such as the environment, immigration and inequality. Despite the sustained improvements in the public's view of CEOs, a considerable proportion still believe business leaders are out of touch with wider society (67%). This disconnect is founded in the perception that business leaders are motivated by self-interest. The result is only 15% of the public are interested in a CEOs view if it is primarily driven by his or her personal interests or circumstance. Instead business leaders who speak out authentically and take a stance on issues which matter to society are likely to be viewed more favourably.

**EXHIBIT 7:** Which, if any, of the following issues would you most like UK businesses to take a more meaningful and proactive public stance on?



These figures also reveal that the public expects business to lead on the 'hard to crack' issues that government cannot solve by themselves. Action on plastic waste reduction (46%) and renewable energy (31%) can help to overcome the disconnect. Nearly a third say businesses should do more to address gender inequality (31%, rising to 40% among women) and improve employment rights (29%). Immigration is often seen as a divisive and contentious social issue but 1 in 6 members of the public say businesses should have a meaningful view about immigration - a result that is consistent across all age groups.

**DID YOU KNOW:** 9 in 10 people now expect business leaders to speak out on the issues which matter to society, not just a company's bottom line, and they are likely to view CEOs more favourably for doing so. The public are keen to hear business views on topics like protecting the environment, data security, equality and employment rights.

### Action for business

- Business leaders should consider whether their company should have a public voice on social issues, particularly if it is directly relevant to a company's employees or sector.



*“Our research shows that members of the public want to hear from businesses about the issues that impact their lives. Speaking out can be tough and firms will need to decide when and how they do this, but it’s clear there is public appetite to hear from them.”*

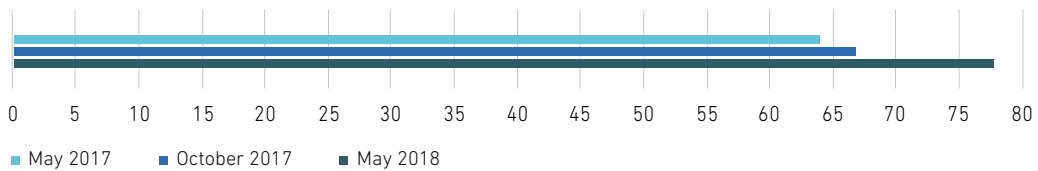
Josh Hardie, Deputy Director-General, CBI

### 3. Treating employees well remains the best way to improve the reputation of business

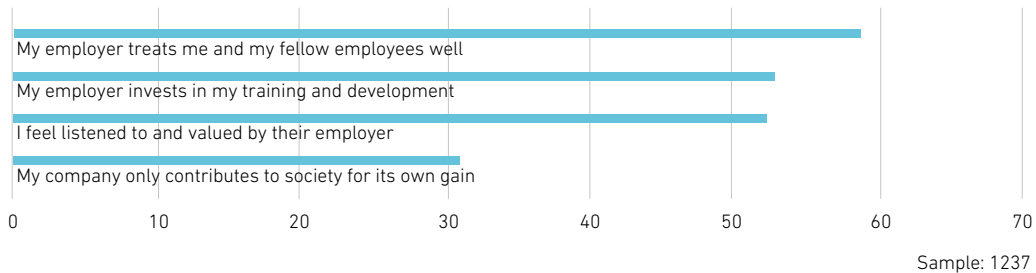
#### **Employer relationships have strengthened despite a decline in overall business reputation.**

78% of the working public now say they have a positive relationship with their employer (+11% points). Younger workers are particularly positive with 81% saying their employer-employee relationships are good (up 8% points since October). 62% say their employer has a good reputation, well above the 56% scored by business. While 71% say their employer contributes positively to society, mainly by providing jobs and services.

#### **EXHIBIT 8: % who say they have a positive relationship with their employer**



But employers need to do more to make their contribution feel real for their employees. Employees are less sceptical about their own employer's motives than they are about the motives of other businesses but 1 in 3 employees think their company only contributes to society for its own gain (31% agree, compared with 54% who are sceptical about the motives of other businesses). Half of the employees surveyed say they feel confident explaining how their employer contributes to society and fewer still say they tell their friends and family about how their company helps to make a difference (36%). Companies can make further reputational gains by taking the time to demystify the motives and practicalities of how the business works to their employees. of touch with wider society (67%). This disconnect is founded in the perception that business leaders are motivated by self-interest. The result is only 15% of the public are interested in a CEOs view if it is primarily driven by his or her personal interests or circumstance. Instead business leaders who speak out authentically and take a stance on issues which matter to society are likely to be viewed more favourably.

**EXHIBIT 9: UK employee support for each statement (% agree)****Business collectively needs to up its game on employee wellbeing – starting with every firm asking; ‘are we really doing enough?’**

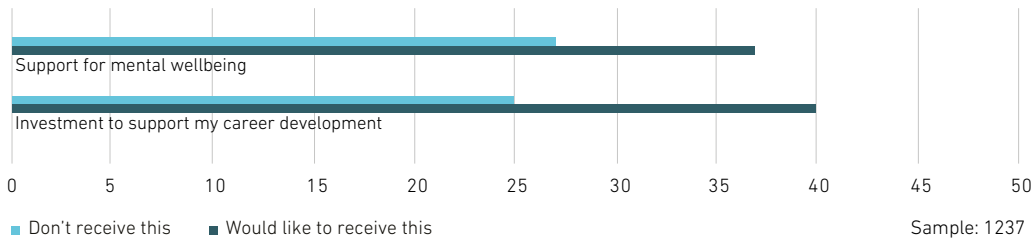
CBI's Everyone's Business research has consistently identified that the best way for businesses to improve their reputation is to treat their employees well. This remains true of these latest results. The importance of employee wellbeing cannot be underestimated – only 59% agreed their employer 'treats me and my fellow employees well', while just over half of UK employees say they feel valued and listened to (52%).

The North East is the best performing region with 67% of employees reporting that they feel valued by their employer. The fact that the region also has the strongest result for overall business reputation is not a coincidence and serves as confirmation that employee relationships drive business reputation.

The action for business is clear – there is a need for concerted action across the business community to improve employee wellbeing, particularly where weak-spots are detected in individual sectors and regions. Just as clear are the areas for business action, with employees wanting firms to focus on providing more training and employment opportunities (32%) as well as improved support for wellbeing and mental health (31%).

40% of employees want their company to invest more in their career, whilst 58% said having an employer that values their health and wellbeing is key. Employees spend roughly 90,000 hours at work over a lifetime, so businesses should be proactive in supporting employees by prioritising and promoting a positive health and wellbeing culture. The benefits of investment in training and wellbeing are well established as key drivers of UK productivity and the competitiveness. There is now unmistakable evidence that action on these issues can help to improve business reputation.

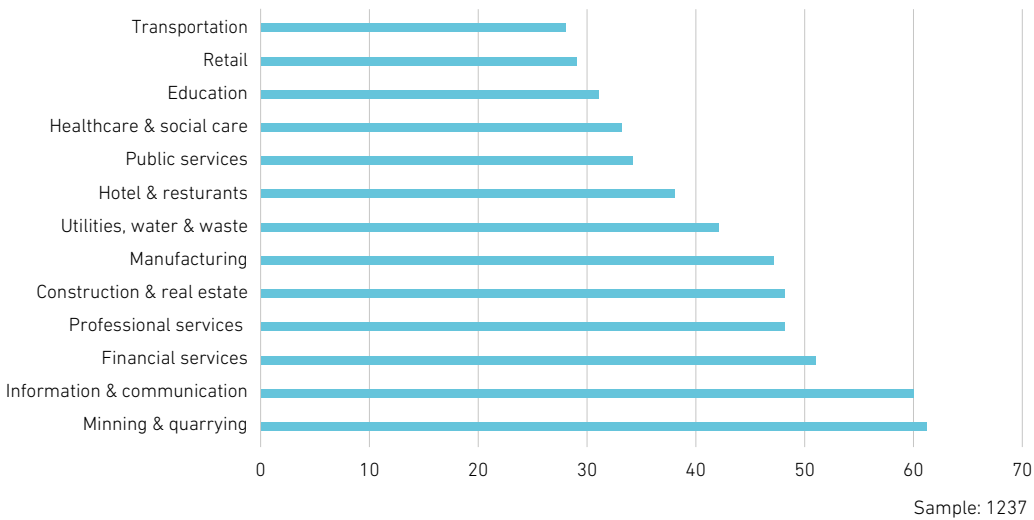
**EXHIBIT 10: UK employees view of employer benefits provision vs employee demand for benefits**



**Greater engagement with employees can help CEOs seem less remote.**

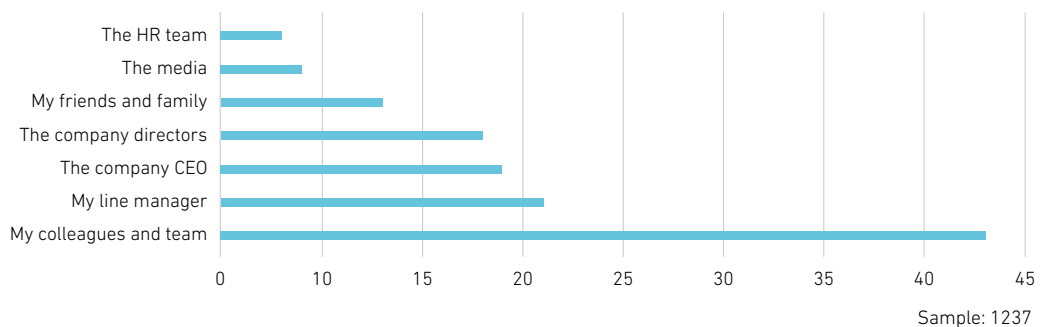
37% of employees say their CEO is remote and out of touch with peoples' daily lives. Whilst this result is far better than the results for business leaders more generally (67%), it shows that business leaders cannot be complacent about the actions needed within their own company. Only 39% of employees say their CEO spends time engaging with employees. Previous Everyone's Business research has shown that direct engagement with employees is the best way for a CEO to improve their reputation. Every executive leader should take note and consider what methods they are currently using to engage with their colleagues.

**EXHIBIT 11: My CEO spends time engaging with employees (% agree)**



Nationally the public's opinion of their employer is shaped most by their closest colleagues. Good working relationships are driven at a team level and often by line managers, so company-wide culture is critical. An individual's team carries more weight than their line manager or the company CEO. Firms should think about whether the CEO is always their best spokesperson and identify who else can best represent their business in a way which will engage employees and the wider public.

#### EXHIBIT 12: % who say they have a positive relationship with their employer



**DID YOU KNOW:** The group with the most influence to shape an employee's relationship with the company they work for are the peers within their team. Empowering all employees to be strong advocates of a business can help to drive morale. Better employee engagement is also shown to have a positive effect on the reputation of business leaders.

#### Action for business

- Employers should demonstrate their commitment to investing in career development opportunities and training for existing employees.
- Employers should also focus on ways to improve employee wellbeing, including provision to support mental health.
- Employees would also like their CEO's to spend more time engaging directly with them, to understand the issues they care about.

## 4. The importance of data security has increased following the introduction of new regulations and high-profile breaches

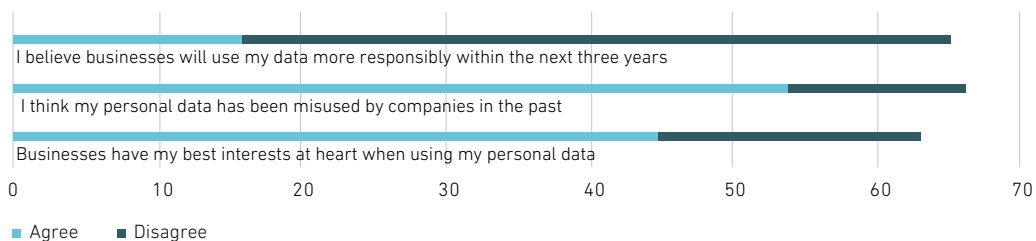
### A company's data security record remains the highest-ranking issue for consumers.

A company's record protecting the public's data remains the most important characteristic when a consumer is deciding which businesses to buy from and work with (84% - up 2% points since October). Several high profile cyber breaches and the Cambridge Analytica case have added to the public's concern with their own data security.

1 in 2 members of the public are wary about the motives of businesses who use their data - a view informed by the perception that cyber security threats are common place and a general sense of a lack of transparency and control about what happens to their data.

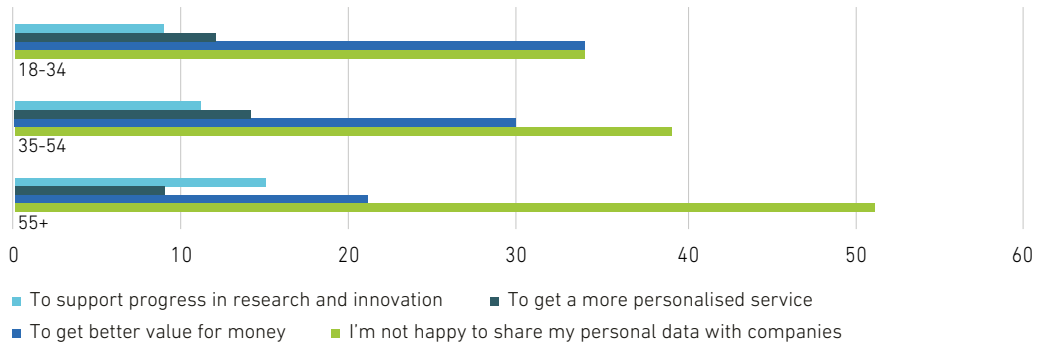
Many firms are already responding by investing in new digital skills, and security measures to combat the risks of data breaches which could affect their customer's data privacy. Firms in the information and communication sector are also assessing how to change their behaviour and operations to give consumers more control over how their data is used.

### EXHIBIT 13: UK public support for each statement (%)



People share their data for diverse reasons, but there are differing levels of trust between generations when it comes to data privacy. Younger people are more comfortable about sharing their data, but they have high expectations about how it will be used. This group of 18-34-year olds is more likely than any other to actively boycott firms if their data is mishandled with 40% also backing stronger penalties for companies which misuse personal data.

#### EXHIBIT 14: I'm happy to share my personal data with companies... (% agree)

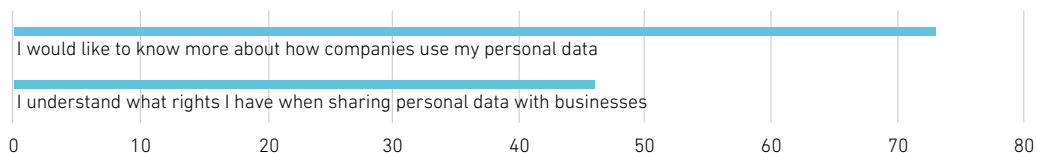


#### The public values transparency and customers want to understand more about how businesses use and protect their data.

For most of the public the relationship between business and their data remains clouded in uncertainty and complexity. Over half of consumers are unclear what data rights they have, while 73% want to know more about how companies use their personal data (rising to 80% among people aged 55 and over).

There is a clear business imperative to get data security right and the consequences for business reputation when companies fail are serious. In the event of a data breach 27% of the public are now more likely to report the issue to the appropriate independent authority, whilst 17% would complain directly to the company if their data is misused. The public are also increasingly demonstrating a willingness to vote with their feet when a line is crossed, as 16% say they would stop buying from a company which mismanages personal data.

#### EXHIBIT 15: UK public agreement with each statement (%)



**Businesses should take opportunities to use data to unlock consumer benefits, while also ensuring the public know how their data is being used.**

Encouragingly, most members of the public are optimistic that over the next three years businesses will use data more responsibly and will improve their security practices. The UK's new data framework, the General Data Protection Regulation (GDPR), sets out a strong set of principles for companies to comply with. This means they have a clear duty to be more transparent about the way they manage and use people's data.


Firms should make a virtue of their cyber security practices. While GDPR sets the legal boundaries for data security, companies need to make those standards real for consumers. Firms can act by improving the transparency around what type of personal data they collect and how this data is used. Businesses need to be proactive, setting out the ways they manage personal data throughout a customer's journey with the company, not just if something goes wrong.

In the future companies which can keep evolving their data management practices to maintain their reputation and keep pace with the evolving expectations of younger generations will harness a real competitive advantage. The products and services consumers love are increasingly built on data insights and companies need to keep pace with evolving trends. Digital literacy in the boardroom, not just the front line, is essential to ensure businesses adopt the right data protection practices to earn consumer trust.

**DID YOU KNOW:** 84% of the public say a company's record protecting their personal data affects their choice about the businesses they buy from and work with.

**Action for business**

- Firms can act by setting out a simple and accessible data roadmap which their customers have confidence in. It should explain how the company collects and uses data and the controls customers have to opt in or out.
- Companies should also seek to invest in digital literacy at the most senior levels and not just on the front line. Having the right skills in the boardroom can help firms to keep pace with evolving consumer habits while ensuring high standards of privacy.



*"The findings show that it's the companies that have a clear purpose, beyond profit, that have the greatest resonance with consumers. When identifying what their purpose is, in order to be authentic and relevant, it's critical that a business identifies those issues most pertinent to it. Articulating this purpose is more important than ever, with there being an overwhelming call from consumers for business to play a role in the discussion on social issues."*

Eleanor Turner, Head of Corporate Reputation & Purpose, Porter Novelli London

*Trust arrives on foot but leaves on horseback. It's a saying that many will have heard before, but for every CEO it is the scenario that keeps them awake at night. There is nothing more devastating to a firm's reputation than a breakdown in trust. The same is true for the wider reputation of business. The common assumption has been that it will take a generation to change public attitudes towards business. These latest findings reveal a more complex picture.*

Unsurprisingly, the reputation of business is subject to highs and lows. The last wave of the Everyone's Business tracker demonstrated a material improvement in business reputation, driven by companies engaging publicly in the conversations that matter, particularly on issues young people care about. This wave has established evidence of an underlying trend of improvement in the public's knowledge of business and relationships with their own employers. But at the same time there is strong evidence of the immediate effect scandals can have across the business community.

While this is of course unwelcome, it does show that if all businesses concentrate on getting the basics right and have the confidence to put their views across in relevant, honest ways, the public can engage and reassess relatively quickly. This means eliminating poor business practices where they exist and celebrating company achievements more vociferously when they are earned by doing the right thing.

To overcome this challenge, the CBI has drawn on the insight from Everyone's Business to outline the building blocks behind an outstanding business reputation. Published alongside this tracker, the CBI's Everyone's Business: Supporting an Outstanding Reputation identifies three key steps for every business aspiring to achieve an outstanding reputation.

1. **Get the business practice right** – this means a relentless focus on competence, transparency and fairness to meet the needs of everyone with a stake in a company's commercial success.
2. **Make a difference** – the very best companies inspire confidence and trust because they are driven by a mission to make a difference to society.
3. **Tell your story** – once the right business practices are in place, coupled with a clear mission to make a difference, companies must celebrate their achievements and role in a way which resonates with their audience.

Tackling this challenge requires a concerted effort. These three building blocks are about fundamental aspects of business leadership and performance, which every company must interpret and apply for itself. The best businesses know that actions speak louder than words. This wave of the Everyone's Business tracker outlines one clear, positive – Britain's firms are up to the job.



For further information on this report,  
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The charts and data points contained in this  
publication represent the results of research  
conducted by Opinium Research for the CBI  
and Porter Novelli from 29-31 May 2018.

Opinium conducted an online survey  
of 2,007 UK adults. The sample has  
been weighted to reflect a nationally  
representative audience. If the base is not  
otherwise specified, then the results in that  
table reflect the full sample.

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