

# Does it pay to be trustworthy?

## No!

- Power pays more and induces widespread amnesia
  - \* „People will do business with someone they know they can't trust if it suits their convenience.“
- Wishful thinking is stronger
  - \* „In the eyes of people blinded by greed, the most tarnished reputation shines brightly.“
  - \* Ambiguity and complexity blur the picture
  - \* „Was the breach due to bad faith, incompetence, or
  - \* circumstances that made it impossible to perform as
  - \* promised? No one knows.“
  - \* „Aggrieved parties may underplay or hide past un-
  - \* pleasantness out of embarrassment.“
- Dishonesty is not a big problem
  - \* „By and large, most people are intrinsically honest.“
  - \* „Mistrust can be a self-fulfilling prophecy.“
- Trust breakers are usually spared retaliation
  - \* „Forget and move on“
  - \* „First you lose your money, now you're losing time.“
  - \* „The retaliator may get a reputation for vindictiveness.“

## Does it pay to be trustworthy?

Yes!

- A good track record protects against the loss of power
  - \* „They screwed us, but we had no choice. At the first opportunity to desert, we did.“
  - \* „People supported me, even though we had a low, because they believed in me.“
- Trustworthiness protects against invisible snipping
  - \* „If a client tries to jerk me around, I mark up my fees.“
- Trustworthiness represents a competitive advantage against untrustworthy competitors
  - \* „We are deep discounters. Ordinarily, manufacturers don't like to sell their goods at throwaway prices to people like us. But our business has thrived because the department stores have been systematically screwing their suppliers. Manufacturers have learned that we treat them right. We pay when we say we'll pay. If they ask us not to advertise a certain item in a certain area, we don't. We scrupulously keep our promises.“

# Does it pay to be trustworthy?

## Financially no, but...!

The reason why businesspeople want to believe that trustworthiness pays lies firmly in the realm of social and moral behavior, not in finance.

- People value their reputation, not for nebulous financial gains but because they take pride in their good names.
- We keep promises because we believe it is right to do so, not because it is good business.
- It is the very absence of predictable financial reward that makes honesty a moral quality we hold dear.
- Consider the alternative: A world in which the untrustworthy face certain retribution is a small world where every one keeps a close eye on every one else!
  - \* No shades or ambiguities...
  - \* No second chances ⇒ no risk takers...
  - \* No change, no new ideas, no innovation...

According to Bhidé A. and Stevenson H., *Why be honest if honesty doesn't pay?* Harvard Business Review, September-October 1990