Editorial

Trust underwrites every one of our economic relationships. From everyday commerce to the provision of credit, from long-term investment in infrastructure to the sustainable management of pensions, it is the invisible foundation of a fair and open market.

The 2008 global financial crisis marked a turning point in the way governments considered the role and importance of trust in policymaking. The policy responses to the crisis – unprecedented in their scope and cost – had one underlying goal: to restore trust in the financial sector and the wider business community.

Governments were largely successful in fending off a full-scale global depression, but more than a decade on business has still not fully recovered the trust lost in the crisis. Today, a series of important social, financial and economic trends have placed trust in business and finance once again at the front of mind for political and business leaders alike.

For businesses, trust is imperative to achieving long-term value and profitability. Customers, employees and investors increasingly expect high standards of conduct that go well beyond the letter of the law, and are empowered by information technologies to mobilise when a company's conduct falls short. At the same time, business operations are more global than ever, spanning a patchwork of legal and cultural environments which increase the risk of wrongdoing before the law or public opinion. Fully incorporating the concepts of trust into corporate governance is the only way to truly manage such complex and evolving risks.

In the wider business context, the longer-term impact of many post-crisis reforms remain to be seen, while financial stability and conduct are ongoing concerns. State-owned enterprises have risen in international importance, amplifying the long-standing challenge of balancing public and private-sector concerns. Digital markets have enabled new data-driven business models, where the role of trust is especially important, but may not yet be fully understood or appreciated.

The experience of the crisis still weighs on public sentiment, and these recent developments come at a time when the pillars of prosperity – such as the importance of efficient capital markets, the value of global trade, or the role of corporations – seem uncertain in the eyes of many. Strengthening trust in business is now an urgent challenge, and the OECD is responding with its newly launched *Trust in Business Initiative*.

This latest edition of our annual OECD Business and Financial Outlook, with its focus on strengthening trust in business, is the first outcome of this initiative. It puts forward the empirical rationale for incorporating trust into market governance and business policy settings, and provides a framework for policy makers to do so in reference to global standards and international best practice.

Moving forward, the initiative will further develop the link between trust and business performance; provide a platform for cooperation between governments, business and civil society; build capacity in governments and SOEs; and forge the kind of partnerships between the public and private sectors needed to move the dial.

The *Trust in Business Initiative* represents a new phase in the OECD's long-standing focus on restoring trust, and underscores the Organisation's commitment to fostering businesses practices and markets that are worthy of the public's confidence, and properly reflect the ever-changing expectations and demands of the 21st century.

Greg Medcraft

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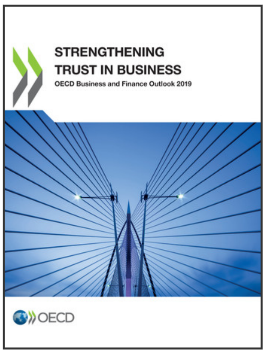

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