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## 2020 Edelman Trust Barometer Reveals Unique Paradox in Japan

*Only 15% of Japanese People Believe They Will Be Better Off in 5 years Despite Stable Economy & Near Record Low Unemployment*

February 27, 2020 – TOKYO – The 2020 Edelman Trust Barometer reveals that despite a stable domestic economy and near record low unemployment, only 15% of Japanese people believe they will be better off in five years' time.

While Japan did see a 3-point rise in the Edelman Trust Index versus 2019 among the general population, the world's third-largest economy ranked joint 24<sup>th</sup> out of 26 markets, alongside Brexit-bound the UK and only above bottom place Russia. Trust in all four institutions tracked by Edelman—government, business, media and NGO's—rose modestly from last year. Business is the most trusted institution in Japan among the general population, while media is most distrusted, continuing the same trend seen last year.

Despite a deep sense of pessimism about the future, the Japanese are much less skeptical about the benefits of capitalism, with only 35% agreeing with the statement “capitalism as it exists today does more harm than good in the world”; versus 56% globally. Moreover, only 42% of Japanese respondents said, “I worry about people like me losing the respect and dignity I once enjoyed in this country”, the second fewest of the 28 markets surveyed.

“Edelman's 20<sup>th</sup> annual Trust Barometer reveals a unique trust paradox in Japan,” said Ross Rowbury President of Edelman Japan. “People don't believe they will be better off in the future, remain skeptical of institutions but haven't lost faith in capitalism and still believe the system is inclusive and won't leave them behind”, added Rowbury.

Mirroring a global trend, Japan was one of the 23 markets with a double-digit trust gap between the informed public and mass population. Of the four institutions, only business is trusted by the informed public, with none trusted by mass population.

Edelman has evolved our model for measuring trust. We have identified two distinct attributes *competence* (delivering on promises) and *ethical behavior* (doing the right thing and working to improve society) as the key drivers of trust.

No institution is seen in Japan as both competent and ethical. Business is the only institution viewed as competent, which offers business an opportunity to act as a catalyst for change.

In Japan, 85% of the people agree that it is important CEO's speak out on social issues and almost 6 out of 10 Japanese believe that CEO's should take the lead on change rather than waiting for government to impose it. The top three issues people in Japan want CEOs to speak out on include: the ethical use of technology, training for jobs of the future and automation's impact on jobs.

However, business is expected to serve stakeholders before shareholders. Some 91% of Japanese respondents believe stakeholders, not shareholders, are most important to long-term company success compared with 87% globally. And revealingly, half of Japanese respondents ranked customers as the most important stakeholder for business, compared with 38% globally.



By sector, technology firms held on to their top spot as most trusted in Japan. However, over an 8-year timeframe, the big movers are financial services and energy which have both recorded significant gains in trust since the global financial crisis and Fukushima nuclear disaster.

**Other key findings for Japan from the 2020 Edelman Trust Barometer include:**

- Among demographic groups, Gen Z (18-24-year-olds) are the most distrustful of institutions to do what is right.
- 77% agree with the statement that “government does not understand emerging technologies enough to regulate them.”
- Public companies are the most trusted in Japan with family-owned companies the least trusted. This distrust may reflect the impact of several high-profile disputes between members of family-owned firms in Japan over the last year.
- After skyrocketing in 2019, trust in brand Japan came down to earth this year. Trust in companies headquartered in Japan, fell in 14 of the 26 markets surveyed
- Among South Korean respondents, trust in Japanese companies plummeted by 19 points to 26%, likely reflecting the ongoing trade dispute between Japan and its nearest neighbor.
- Search engines continue to be the most trusted source of news in Japan, more trusted than traditional media by an increasingly large gap.

**About Edelman**

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**About the Edelman Trust Barometer**

The 2020 Edelman Trust Barometer is the firm’s 20th annual trust and credibility survey. The survey was powered by research firm Edelman Intelligence and consisted of 30-minute online interviews conducted between October 19 and November 18, 2019. The 2020 Edelman Trust Barometer online survey sampled more than 34,000 respondents, which includes 1,150 general population respondents across 28 markets and 200 informed public respondents in each market, except China and the U.S., which have a sample of 500 informed public respondents each. All informed public respondents met the following criteria: aged 25-64, college-educated; household income in the top quartile for their age in their country; read or watch business/news media at least several times a week; follow public policy issues in the news at least several times a week. For more information, visit <https://www.edelman.com/trust-barometer>