

Need for corporates to strengthen their trust initiative



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HARIS HASSAN/THE EDGE

Benefits of being trustworthy



Allows you to be authentic

- Employees are proud to work for you – this drives up productivity
- The community will vouch for you e.g. on social media (or 'name and shame' you if they can see that you aren't sincere)



Helps you recover swiftly in times of crisis

- Enhanced resilience can be a competitive advantage
- Helps you retain your licence to lead in such fragile times



Drives performance

- New customers try you, existing customers return
- Investors will be willing to let you manage their assets



Overcomes stakeholders' scepticism

- Helps you gain stakeholder confidence especially when expanding your business / launching new products / venturing into new markets
- A lack of trust can be a threat to your growth prospects

BY JOYCE GOH

Businesses today have to embrace the trust initiative and build their trust reservoir because there is an erosion of trust the world over, observes PwC Malaysia managing partner Sridharan Nair.

"There is a need for businesses to take on the mantle of rebuilding trust in these very volatile times, particularly when trust in institutions and governments is at an all-time low globally," he tells *The Edge*.

He points out that this decline of trust in institutions has been happening for some time now, although trust deficit issues have become more visible recently. "There is much greater transparency today because of technology — more information is available. There is a lot more visibility of what businesses do and don't do, whether it is governance, customer service or operations.

"Another reason public trust has eroded generally is the disparity and income inequality that is becoming more pronounced across the world. And that has emanated in more recent times from shocks such as the Brexit vote and Trump coming to power, to name a few. Edelman (a leading global communications marketing firm) conducts an annual trust survey called the Trust Barometer and in the most recent one, it describes the current situation as an implosion of trust. It essentially says society as a whole has lost faith in many institutions, whether it is government, business or media."

Given the declining public trust and the fact that PwC deals with various businesses on a day-to-day basis, Sridharan, or Sri as he is popularly known, says the company felt that it

could play a role in elevating the whole discussion on business and trust. After all, PwC's own purpose as a global network of firms is "to build trust in society and solve important problems".

The international outfit is taking the initiative to encourage Malaysian companies to make trust-building a priority in business as it believes credence is a premium that is increasingly difficult to nurture and protect.

PwC inaugurated its Building Trust Awards in November 2015, acknowledging 10 local public-listed companies for their efforts in gaining the trust of their customers and investors. This year, the awards are slated for September.

"What we are hoping to see from this initiative is a greater discussion on trust in the broader market and for corporates, a better appreciation of where they stand on the barometer of trust, and whether the companies would like to take that to the next level and involve the broader public and future leaders in the conversation," says Sri.

Why businesses?

Sri says PwC believes that the subject of trust, while an implicit assumption in business, is not generating the level of discussion warranted for such an important matter. Thus, it wants more open deliberations on it and to raise awareness of the roles that businesses can actually play.

"We started the Building Trust Awards in 2015 and conceived a larger programme on building trust. We want to broaden that over the years, getting a bigger group of people, whether future leaders or the public at large, involved in the whole discussion.

"We think businesses and business leaders can play a larger role in terms of leading the conversation on trust and filling this void that

you have across the world, as opposed to being a bystander and saying that trust is not at the forefront of what businesses are trying to do," Sri explains.

As businesses are contributors to the economies across the world in a very large way, they are in an ideal position to drive the trust initiative, he adds. "They [businesses] are the ones that create jobs, they are the ones that are at the centre of innovation. Therefore, they are well positioned to shape a lot of discussions. They touch and affect the lives of many of us and society as a whole on a daily basis.

"As author and motivational speaker Zig Ziglar says, if people like you, they'll listen to you. But if they trust you, they'll do business with you. So, in the context of business, it makes a lot of sense."

Interestingly, says Sri, surveys carried out over the years revealed the popular belief that the bigger the company, the less trustworthy it is. Bigger companies are also more closely scrutinised than their smaller peers when it comes to trust.

"People associate large organisations with being less trustworthy. That is the changing landscape. Primarily, taking the context of business, the view and lens that people have is, the larger you are, the more you are there to drive your profit motive but not beyond that.

"I think companies have recognised that and are making a greater effort to build trust. The example of some US business leaders going out of their way to speak up against a newly elected president with regard to some of his proposed changes to immigration laws is a demonstration of that," he says.

The concept of trust has also shifted, thanks to technology and innovation. "Imagine booking

a ride via an app and getting into this car and not knowing who the driver is. That is a good reflection of how people can trust something that affects them directly as opposed to something far away with a revered name but one that you don't have a connection with. That is the changing lens," Sri says.

Another interesting point gleaned from trust surveys is that the CEOs of bigger businesses are more likely to be scrutinised closely, he adds. "This is because they are associated with the profit motive. But there is an exception — the CEOs of technology and innovation companies. They are seen to be down to earth, as bringing real solutions to things that matter to us and as more transparent and agile. People relate to them a lot better."

Trust, although intangible, can bring about tangible results, Sri notes. "The presence of trust in a business helps in terms of its performance and growth. For example, organic food. The fact that it is labelled and described as organic wins the trust of consumers. This concept that longevity — how long you have been in existence — equates trust is no longer valid. That used to be the case. The barometer of trust now is what people can see and hear and their personal experiences ... as opposed to this institution out there that is impersonal.

"Another example of how trust can drive businesses and growth is if you look at the more recent businesses that have flourished using technology and innovation as a base. Like ride-sharing or anything from cleaning and laundry to transport, they are selling the idea of trust at the end of the day. These are the fastest-growing companies in the world."

He remarks that established businesses

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Incorporating trust into company ethos and culture

Building trust and incorporating it into a company's ethos and culture is no walk in the park. "This is not something you can say is a PR or marketing effort and leave it to those teams. It has to be lived by the company as a whole," PwC Malaysia managing partner Sridharan Nair says, adding that there are four steps to achieve this.

"First, you need to establish your ground zero. Establish and have a consensus that it is important for your business and it varies from business to business depending on size, scale and so forth. If you don't internalise that, and if you don't get a consensus view that it is important for the business, then it is a non-starter. Everyone needs to believe it. The organisation needs to buy in — right from the top to policies and processes.

"Second, where do we stand? You need to find a way to measure the state of trust various stakeholders have in your business. There are various methodologies to create a trust profile, one of which is used in our judging." (More on the judging and methodology of PwC's Building Trust Awards next month.)

Thirdly, notes Sridharan, or Sri, the

company needs a plan to address the gaps and issues, and consistency in how it does things. Execution is the fourth and final step.

There are a few other dimensions to consider too, he says. "To move forward the discussion on trust in a business, the corporate needs to engage with the public. This can be done in a couple of ways — by seeking the views of the public and engaging it on social media and other platforms."

Sri cites Lego as an example of a corporate that reached out to the public and earned its trust in the UK.

"Lego went one step further and used crowdsourcing as a way to get ideas and input. It asked members of the public to gauge what toys they would like, getting them to give ideas and suggestions. It then assessed the proposals, looked at whether they were feasible and eventually rewarded those who proposed them.

"Lego was voted one of the UK's most trusted brands because of its engagement with the public. That is an example of working with the public, whether through discussions and collaborations or taking it further with, for instance, crowdsourcing."

Why should Corporate Malaysia take trust seriously and what can companies do to build their trust profile? Some leaders share their thoughts here...

Datuk Shahril Ridza Ridzuan,
CEO of the Employees Provident Fund

At EPF, we strive to continually strengthen trust with our 15 million members. We recognise that we are accountable to them as everyone has a vested interest to ensure their retirement savings are safe and invested well. We practise timely disclosure with quarterly announcements and our annual reports are tabled in Parliament.

Similarly, Corporate Malaysia should not shy away from public scrutiny; public trust is our greatest currency and we must be able to stand up and demonstrate principles of integrity, transparency and decision-making based on merit, in conducting our business. Trust is key to Corporate Malaysia's success and well-being.

Corporate Malaysia is in need of a healthy dose of confidence building, especially given the number of financial scandals all over the world these past few years. However, trust must be earned and companies could do this simply through greater transparency and disclosure. We must also be accountable to our stakeholders, which we can show by demonstrating sound governance practices and integrity in our business and financial operations.



Cheryl Goh,
group vice-president of marketing at Grab

As one of the most important markets in Southeast Asia, Malaysia has been and wants to continue to be a business-friendly country for home-grown and foreign enterprises. To truly realise its ambition to be one of the top destinations to do business, cultivating trust in the corporate environment is important. This involves everything from having a transparent system in place to knowing that ethical practices are observed. Corporates in Malaysia should take trust seriously for a few reasons — predictability in operations, safeguarding of reputation and longevity of the business.

Corporates should take trust seriously because a company's credibility determines if people will recommend and defend you or be your harshest critic. I'm proud that we are building a culture of trustworthiness at Grab, of which our employees and driver partners are a key part. We work hard together to provide a reliable service, work towards a vision of improving lives in Southeast Asia that's in the best interests of all stakeholders, and act with integrity.



Dzameer Dzulkifli, co-founder and managing director of Teach For Malaysia

Business at its core is about the relationship between customers, management or operating team and investors. At the core of relationships is trust, so if a company is serious about business, it should be serious about relationships and building trust.

Building trust externally can only be done if there is trust internally. Do team members feel that their manager or leader trusts them to make decisions in the best interests of the organisation and vice versa? There tends to be a dominant patriarchal/matriarchal leadership approach in Malaysia that creates a culture of fear of failure. Larger organisations tend to rely on bureaucracy, systems and structures to create the best results based on past successes. As the landscape changes, do the team members at the frontline know that they can contribute, propose and change those policies and procedures? Trust empowers team members to leverage resources outside their "control" to achieve a desired objective.



Alois Hofbauer, CEO of Nestlé (M) Bhd

People demand and expect more from companies today. Trust takes years to be nurtured but can be lost in the blink of an eye. Corporations should appreciate that strong public trust not only results in higher support from individuals and families and sustainable top lines but also leads to a more solid reputation and employee retention. Businesses that strongly uphold ethical principles in every part of their value chain and have respect for others are the ones that build lasting consumer trust.

Trust is an asset that companies need to build and it should be paramount to our way of doing business. At Nestlé, we are guided by our values, which are firmly rooted in respect: respect for ourselves, for others, for diversity and for the future. We build trust by adhering to the highest standards of quality and safety throughout our supply chain, our steadfast commitment to being halal and strict adherence to our corporate business principles.



4 ways business leaders can put trust-building into practice



Ground zero: Establish agreement
Recognise that trust is an asset with tangible benefits



Measure state of trust
Create a trust profile** to determine your current levels of trust and identify gaps to tackle

**Find an approach to measure trust that best fits your organisation.



Create a model for trust-building that is flexible & scalable
Align your trust-building efforts with your company's purpose



Commit & implement
Ensure values like integrity and ethics are embraced by all in your company

PwC published 'Trust in Business' last year, in which it interviewed a number of business leaders and sourced 514 responses from the public. Here are some of the findings:

Yes



Not quite



Can you purposefully work on building trust and remain authentic?

88% poll respondents said YES.
Focus group participants and business leaders shared the same sentiments.

Is transparency really in the best interests of a company?

79% poll respondents said YES.
Business leaders agreed, but were mindful that it can come with risks.

Is the CEO the face of trust for a business?

82% poll respondents said YES.
Business leaders added that a captain is only as good as his team.

Is it easier for 'big' businesses to build trust as compared to small businesses?

56% poll respondents said YES.
Majority of business leaders said big businesses are under greater scrutiny.

Can there be a one-size-fits-all model for building trust?

83% poll respondents said NO.
Business leaders said NO, but agreed there are some basic values which all businesses must have.

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such as financial institutions are looking at how they can engender a better consumer experience using technology and, ultimately, to win trust.

"We believe trust should be the driver because it is not just a nice thing to put in your corporate responsibility report but also increasingly a yardstick of how people engage with you and judge you as a business — primarily from their experience as a consumer but also as an investor or employee. We think whether it is an established or growing company, trust is going to be the driver for businesses going forward, partly driven by this point of transparency.

"The second point why this is key is that only in a time of crisis do you realise the importance of having a reservoir of trust that you built with your stakeholders. Trust needs to be treated like a good friend — you shouldn't take it for granted and you will only miss it when it isn't there. From a business perspective, if you don't have a reservoir of trust, at a time of crisis, you do not have something to fall back on."

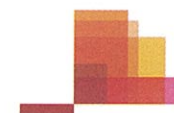
Citing Samsung's phone recall as an ex-

ample, he says, "It acted quickly, did the recall and was transparent on why the issues happened. The general view is that it preserved its brand loyalty.

"That's why we think trust in business is an important factor; it helps to ultimately drive performance and growth ... and although it is intangible and you cannot put a value on it, in times of difficulty or crisis, it has immense value."

For more information on PwC's Building Trust programme, visit www.pwc.com/my/trust

The Edge is the media partner for the PwC Building Trust Awards 2017



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*Based on the findings from PwC's 2016 report 'Trust in Business: Delivering authentic value'. 6 business leaders were interviewed for this study. 514 members of the public responded to the online poll. 11 PwC employees participated in the focus group.