

June 2016

Trust in business: Delivering authentic value



The story behind the logo



We were inspired by the game JENGA®.

The classic block-stacking, stack-crashing game is one that has players attempting to build a tower that gets taller and taller, while removing blocks from its base. One false move, and the structure crashes to the ground.

The process of building trust is much like this game.

Like JENGA®, it isn't for the faint hearted. It can be a painstaking process and it is certainly a journey. One where every action, good and bad, stacks up. At all times it takes all your different players working together towards a common goal – fitting together the various pieces to form a structure that doesn't falter.

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FOREWORD



More and more business leaders are beginning to wake up to the critical need to build trust. In fact, over half the CEOs surveyed (55%) in PwC's 19th Annual Global CEO Survey are concerned about the lack of trust in business today – compared with 37% just three years ago.

So when we held our inaugural Building Trust Awards 2015, to recognise Malaysian public-listed companies that are building trust, we wanted to address just that.

Throughout this journey, we managed to show that trust is tangible in a business context. For example, our Trustworthy Organisation framework, measures trust by assessing employees, customers, regulators and shareholders.

But we also discovered, during the course of our conversations with business leaders, commentators, and the international panel of judges for our Awards, that we had more questions than when we started!

For instance, can businesses purposefully design a way to build trust without the public doubting our authenticity? Is it only the CEOs who can be trust defenders?

We decided to dive into these questions by engaging several business leaders and the public. We were also curious to see if there is a perception mismatch between the two sides. Hence, this collection of stories and thoughts.

Through this collection we hope that you will find that building trust can indeed be done authentically, and with - in the words of one of our survey respondents - 'integrity of purpose and integrity of people'.

Looking ahead, we must chart a new path as 21st century leaders where trust is at the heart of the way we do business.

A handwritten signature in black ink, appearing to read 'Sridharan Nair'.

Sridharan Nair
PwC Malaysia Managing Partner

“Trust is like blood pressure. It’s silent, vital to good health, and if abused it can be deadly.”
- Frank Sonnenberg, American author



The essentials of authentic trust-building: a summary

The case for building trust



In 2015, PwC Malaysia set out on a journey to encourage Malaysian companies to make trust-building a priority in business; because, clearly, trust is at a premium but also increasingly difficult to nurture and protect.

Our inaugural **Building Trust Awards** in November 2015 was a good starting point. We acknowledged 10 local public-listed companies for their efforts in building trust with their customers and investors (in this report, we share examples and stories from some of the CEOs of these companies).

Throughout this journey, as we sought to understand trust in a business context, we spoke to business leaders and representatives from Malaysia and abroad; we read materials and research; and we engaged with members of the media and community. These were some of the insights we gleaned:

Insights from our journey towards understanding trust in business

1. Trust isn't just a nice-to-have – it is a tangible asset for business. One that has clear benefits, and equally strong consequences when abused (see Figure 1).

Figure 1: Benefits of being trustworthy



Examples

A study of the Fortune 100 Best Companies to Work For®, where companies are assessed against a Trust Index® Employee Survey, found that top-ranked companies experience up to 50% less staff turnover than their competitors. Looking at companies over a period of 10 years, where the Trust Index® scores rose by more than half, profits increased 12-fold.¹

Global law firm Freshfields' research found that crises have an impact on the boardroom. Unsurprisingly, a crisis leads to a loss in share price and the longer the share price is down, the more likely it is that directors will quit. 15% of directors of companies that suffer a fall in share price of six months or more leave the business. In contrast, only 4% of directors quit for firms whose share prices return to pre-crisis levels within six months.²

Being a trustworthy organisation increases the propensity of investors to invest in that organisation. Using a dataset of 750 European venture capital investments made between 1998 – 2001, a study found that trust has a significant effect on the investment decisions of venture capital firms, even after controlling for a host of other variables, including geographic controls, differences in information, languages, legal systems and taste based preferences.³

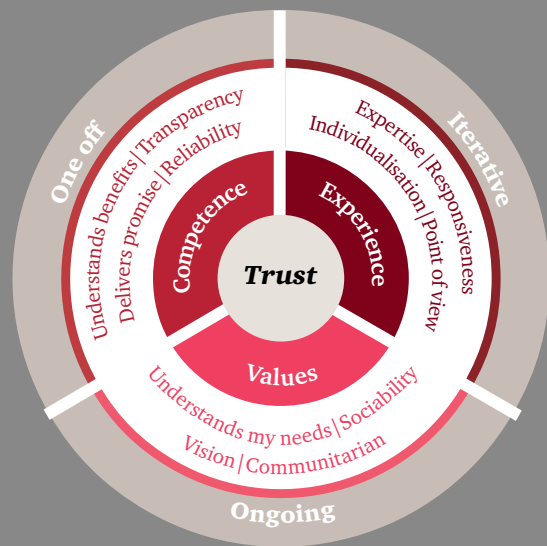
¹ "The ROI on Workplace Culture". Benefits of Great Workplace Culture. Great Place to Work® Institute, Inc.
² "Knowing the Risks, Protecting Your Business". Crisis Management, Freshfields Bruckhaus Deringer, November 2012.
³ A survey of venture capital research, Bottazzi, Da Rin & Hellmann, 2011.

Insights from our journey towards understanding trust in business

2. It is possible to measure and then proactively manage your trust levels. We did so by creating Trust Profiles¹ for the Awards finalists. These Trust Profiles are a significant part of PwC's Trustworthy Organisation framework (see Figure 2); which tells us there are three different types of trust that consumers and investors look for:

- Competence trust – does the organisation do what it says it will do?
- Experience trust – over time, does the organisation continue to do what it says it will do?
- Values trust – does the organisation have the right sort of values that I expect it to have?

Figure 2: PwC's Trustworthy Organisation framework



Using Trust Profiles to beat the competition (a case study)²

During a recession, a major retailer used its Trust Profile to see where it was at a disadvantage against its competition. It found that if it focused on building Experience Trust with its customers and prospects - specifically by treating the customer as an individual - that would put it at a clear competitive advantage. This guided its efforts in engaging with new customer segments.

As a result, its mobile commerce revenues grew by **89%**, accounting for 18% of total sales. Overall, annual sales for the quarter rose by 3% compared to the previous year.



“Flexibility is part and parcel of trust-building. But what should never change is an organisation’s commitment to saying what you mean and doing what you say - at all times.”

- Sarena Cheah, Sunway Berhad

Once we recognised there was a strong case for focusing on building trust, we had more questions around how to do so, hence, this report. Here’s how we went about finding answers to our questions.

Voice of business

From 6 April - 6 May 2016, we conducted in-depth interviews with six business leaders to find out their views on trust, based on the five questions covered in this report.

We also asked questions relevant to their respective companies and the industries they were in, on how they manage their external stakeholders and employees in engendering trust in the current climate. Some of their stories are captured here as **Stories in motion**.

Voice of the people

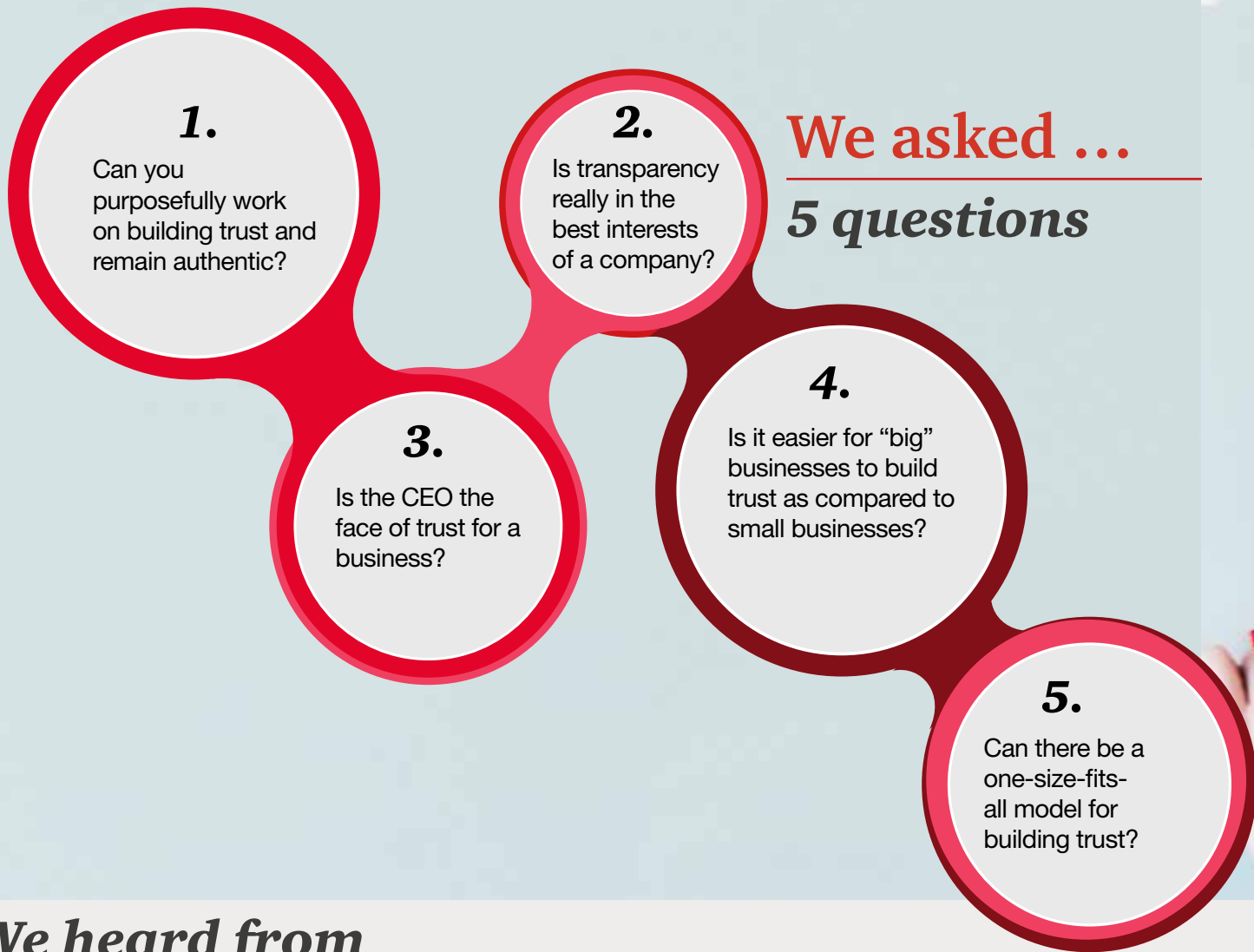
We sought to find out what the larger public thought about trust in business, and used their views as a basis to compare and contrast with those of the business leaders.

We did this in two ways:

- An online poll which we promoted via our social media channels (Facebook, Twitter, LinkedIn and Instagram) from 4 – 22 April 2016. We received 514 responses.
- A focus group of 11 PwC Malaysia employees, from different teams, job levels and gender was held on 31 March 2016.



¹The Trust Profiles measure how investors and customers perceive the companies to inspire trust from conversations gathered through publicly available digital data – news sites, investor forums, blogs, and social media platforms.
²Understanding the value and drivers of organisational trust: Trust Insight (A PwC white paper), 2015, <http://www.pwc.co.uk/governance-risk-compliance/insights/trust-insight.html>



Voice of the people

We heard from

Voice of business



Alois Hofbauer
Managing Director,
Nestlé (Malaysia)
Berhad



Dato' Feisal Zahir
Group Head, Global Banking,
Malayan Banking Berhad
(Maybank)



Dato' Seri Johan Raslan
Senior Advisor,
AmBank Group



Malek Ali
Founder/Managing
Director, BFM Media
Sdn Bhd



Sarena Cheah
Managing Director,
Property Development
Division, Sunway Berhad



Datuk Shahril Ridza Ridzuan
Chief Executive Officer,
Kumpulan Wang Simpanan
Pekerja (EPF)

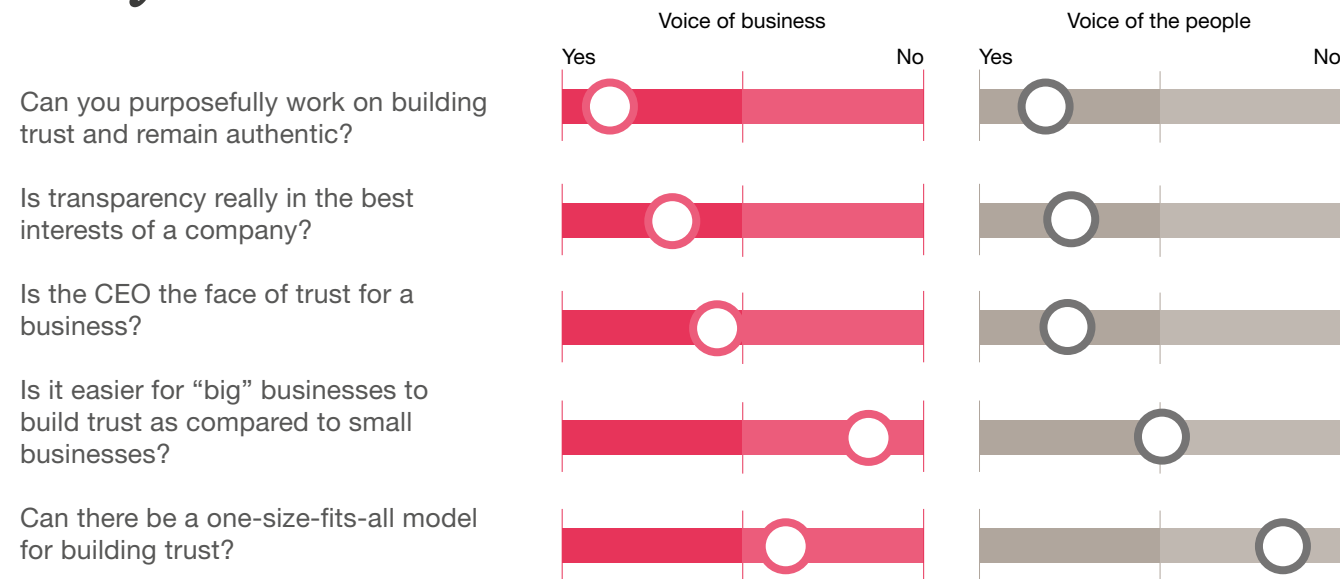


514
members

of the public responded to our
online poll.

We supplemented this with a
focus group of PwC employees
from a variety of roles and years of
experience

They answered ...



Both the business leaders and the people we polled online or spoke to in the focus group agree on many counts:

- **Can you purposefully work on building trust and remain authentic?** This was the easy one. Unequivocally everyone feels that yes, it's absolutely vital to be authentic while purposefully building trust. In fact, there is no concern around losing your authenticity when you design a programme around trust because trust is steeped in being real and genuine.
- **Is transparency really in the best interests of a company?** Yes, it is a key ingredient for any successful business of today, and for the business of tomorrow. In fact, leaders should be prepared for the day when they will have to be completely transparent regarding their own personal assets. Beware, however, that more information doesn't equal greater transparency. You need to be legible and tailor your information according to your stakeholders.
- **Is the CEO the face of trust for a business?** The superficial answer is yes. But the business leaders and focus group qualified this to say that trust is equally dependent on the entire organisation. This is the challenge then for businesses – to ensure that the right values are carried through to the rest of their organisation.

Where business leaders and the people seem less aligned are on:

- **Is it easier for "big" businesses to build trust as compared to small businesses?** The business leaders we spoke to who come from both large and small to medium-sized organisations felt that the larger your business, the more complicated it is to achieve that consistent culture, in order to build trust. The people were almost split equally but in the end more than half say it is indeed easier for big businesses to build trust. Perhaps at the end of the day, it doesn't matter what size you are but rather the fundamentals you have in place, i.e. a belief that trust is an asset, and ability to identify whose trust is most important to you and your purpose as a business.
- **Can there be a one-size-fits-all model for building trust?** The quick answer is no. But business leaders felt there is a set of basic principles – integrity, walking the talk, ethics and a code of conduct – which are consistent across any organisation. Those are your building blocks to create trust.



Putting trust-building into practice

So what can Boards, CEOs and business leaders who are serious about creating a trusted and trust-building environment in their organisations do?

1. Ground zero: Establish that your Board and management agree that trust is essential to your business and that you are committed to it

This sounds easy on the surface. But to be fully committed, the Board and management team will need to appreciate that trust is an asset with tangible benefits. Likewise, they must recognise that the repercussions of losing trust can be immeasurable.

Being fully committed also requires an understanding of what you are committing to (the stakeholders you are planning to focus on, the parts of your business you are willing to tweak to meet your goals) which leads us to the next steps.

2. Measure your state of trust

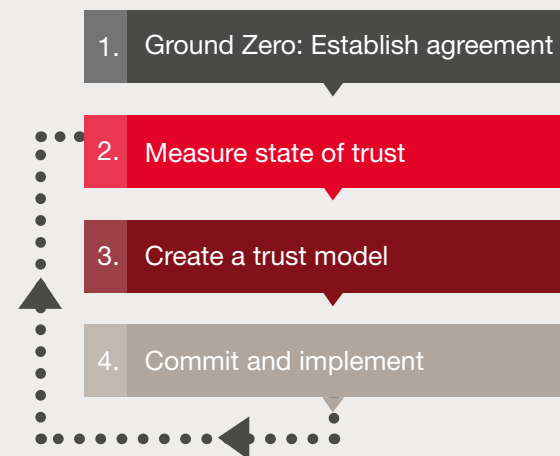
You can't manage what you don't measure. While most people still think trust is an intangible quality, it is actually quite the opposite. There are various approaches and ways to measure your state of trust. Find one that sits well with your organisation.

Then use it to create your Trust Profile.

Your Trust Profile should help you:

- Understand what your current levels of trust are
- Know how your trust levels are with each of your different stakeholder groups
- Spot which parts of your business are delivering on trust and which aren't
- Identify gaps to tackle

You should also set trust targets. For example, where do you need to focus or prioritise your efforts. Define the value created to your business if these targets are achieved - this value should be both financial and non-financial.



3. Create a model for trust-building suited to your business. One that is flexible and scalable

a. Match your Trust Profile back to your business goals

That way, trust helps you achieve your business goals deliberately, rather than just being a by-product of your efforts. Use that as a base to develop your model.

b. Your purpose and the trust you build go hand in hand

Today, more business leaders are telling us that a company's purpose, one that goes beyond the financials to look at greater societal value, is critical to future success.¹ When you have your purpose established, the culture, internal values and behaviours will follow, which enhance the legitimacy of your trust-building efforts.

c. Know your stakeholders, and prioritise their needs

When you measure your trust, you can better understand what drives your employees versus your customers, your investors versus the regulators and so on. Then, focus on incremental steps to make trust-building a natural part of your relationship.

d. Your approach should be flexible and scalable

Trust-building should be adapted to the type of industry you're in, the cultural/social makeup of your stakeholders, the maturity and the type of business you're in. Often, a company's trust levels can vary over time so any approach you take to build trust needs to be able to adapt accordingly.

*See case study on [next page](#)



¹ 19th Annual Global CEO Survey: Redefining business success in a changing world, PwC, 2016

Monitoring and managing trust levels at different stages of a campaign (a case study)¹



A global pharmaceutical company discovered the benefits of monitoring its trust levels consistently when it embarked on a campaign to launch its new drugs. Trust levels were monitored at the various stages of the drug launch: during the initial announcement to investors, during the regulatory submission period, at the negotiation stage with claim handlers like insurance companies, during the prescriber education phase as well as the recruitment phase to select patients as advocates.

By focusing its time and resources effectively, this ensured that there were no surprises and maximum commercial benefit was derived at each stage of the launch process. Further, they had created value for their multiple stakeholders.

¹Understanding the value and drivers of organisational trust: Trust Insight (A PwC white paper), 2015, <http://www.pwc.co.uk/governance-risk-compliance/insights/trust-insight.html>

4. Commit, commit, commit. To the right things, of course

Most organisations and their leaders would need to agree to have the following basics in place:

- Ensuring your Board, management and staff espouse good old fashioned values like integrity and ethics
- Being transparent about your business
- Delivering on your promises to your customers and other stakeholders
- Implementing the actions you have already identified as necessary to building trust

It may sound simple but as discussed throughout this report, it can be complex in practice.

For instance, what does transparency really entail? More information doesn't really equate to more transparency. And not all stakeholders warrant or even want similar levels of transparency.

As another example, how do you ensure every single person in your organisation believes in and practises the same values? The larger your business grows, the more challenging this can be.

There is no magic wand for something like this but we hope some of the stories shared throughout this collection will give you inspiration and useful pointers.

Diving deeper

Question 1:

Can you purposefully work on building trust and remain authentic?

As we see it, authenticity isn't a goal but an outcome. It's the result of providing - consistently and over time - an authentic "total experience" to your stakeholders: employees, customers, vendors and other key business partners.

And therein lies the rub. If a company invests time and resources to gain and maintain trust, aren't you implying that they're insincere?

No. Because trust is about more than sincerity.



Voice of business

First there is authenticity, then there is trust.

Our business leaders told us that authenticity and being genuine are so integral to trust that you can only build it if you have both.

Dato' Feisal Zahir, of Maybank, said, "I'd turn it on its head to say you shouldn't focus on purposefully building trust; instead, focus on being authentic. And this involves knowing what you stand for and what you want to achieve."

He goes on to say that everyone in the company must be aware of the mission. "By remaining true or authentic to your goals, you end up achieving what you set out to do. And a great by-product is naturally trust."

Finding your own way

Some companies "acquire" trust by showing their clients or investors what the leaders and the business are made of.

Buffer¹, a company that runs an online social media platform, is transparent about everything they do; from their blog writing process to how much every single person in the company is paid (including the CEO). Their thought is that when there's nothing to hide, there's nothing to fear either.¹

Of course, this may not work for every organisation.

In the case of EPF, Datuk Shahril Ridza aims to build trust authentically by focusing on doing what's right for the customer. "If EPF can provide an excellent customer experience, the level of trust (in EPF as a service organisation) improves. If we can deliver on the kind of returns that we've promised people... then people's trust in EPF as their fund manager improves."

To measure this, EPF has a Trust Score card and also a specific programme that benchmarks the business against other Malaysian banks. Datuk Shahril said, "What's important is the philosophy that it (trust) actually matters to us, and that's why we're measuring it. Which means that it's a key part of how you deal with your customers, or how you deal with your stakeholders, investors, or the government, or whoever has dealings with EPF."

This is an example of an intentionally designed experience, built from beginning to end, that can also be authentic.

"A big part of trust is knowing our customers and stakeholders, and providing them with services and products that align with their needs and value system."

- Sarena Cheah, Sunway Berhad

"It's hard to build trust if you're not authentic. It's a necessary condition. You can't say you're one thing, and act the other."

- Malek Ali, BFM Media

¹Introducing open salaries at Buffer: Our transparent formula and individual salaries, open.buffer.com/introducing-open-salaries-at-buffer-including-our-transparent-formula-and-all-individual-salaries/

Voice of the people

An experience can be designed – and authentic

A focus group participant comments, “I think it’s absolutely right for companies to say we want to be trusted. This is what we’re going to do to be more trustworthy. These are the values we live by, build systems and processes around it to capture that... And then use that as marketing.”

88% of survey participants agreed that trust-building on its own is about being authentic, and both go hand-in-hand.

The key is to start with intent – the intent to build trust because it’s the right thing to do.

Your next step is to make sure to have some substance behind your efforts, or risk being accused of just putting out propaganda. Truth is, just because an organisation says something is so, doesn’t make it so. “You can say, here are my values... But if you don’t actually live by them, that’s not trustworthy at all,” noted a focus group participant.

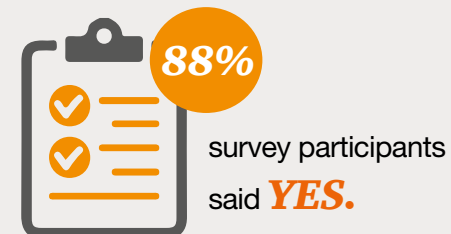
Lifting the veil on marketing spiel

But take heed – there’s a fine line between marketing spiel and authentic efforts to build trust.

Your marketing efforts will not help you build trust if your leaders don’t walk the talk, a focus group participant remarks.



“Trust is a human value – it’s all [the] people running the organisation. If the top management have very little integrity, then the marketing department can say whatever they want – but people will still know that the leaders themselves cannot be trusted.”



“...the heart of trust is being authentic and transparent and open about what you’re doing.”

- focus group participant

Question 2:

Is transparency really in the best interests of a company?

For Malaysian public-listed companies, there is no running away from a certain degree of regulated transparency. In March of 2016, Bursa Malaysia announced amendments to the Listing Requirements for public-listed companies which include more disclosure on elements, strategy, key risks, and both financial and non-financial measures of performance. These match the Integrated Reporting <IR> Framework very well, and will provide better insight into a company's story beyond just its financials. Non-listed companies too are regulated by the Companies Act.

But even if these regulations did not exist, in today's social media-fuelled world, businesses will soon discover that transparency is thrust upon them inevitably.

Glassdoor, a job and recruitment portal, shares employer salaries, CEO ratings and company reviews – all of which are crowd-sourced. Its database of more than 8 million reviews comes from employees themselves. Each year, they publish a list of the highest-rated CEOs in Europe and North America, all voted on by the respective companies' own employees.

With these sorts of pressures, it would seem hard to run away from a certain amount of transparency. But just like there can be too much of a good thing, can there be too much transparency?



“I see a day where business leaders can expect the lines between what's private and what's public to shift alarmingly. How you manage your 'personal' financial affairs - your tax returns, bank statements - will be regarded by many as public property.”

- Dato' Seri Johan Raslan, Ambank Group

Voice of business

The business leaders we spoke to believe hands-down that transparency is always in the best interests of the company.

For the detractors, of course, there's always a fear of losing competitive advantage. Or of opening themselves up to unnecessary risks and questions; in the case of openly sharing employee salaries and raises, for example.

Too much of a good thing?

Dato' Seri Johan Raslan points out that it goes against the grain for many businesses to be transparent. Especially so in Malaysia, where many of our corporates today have grown from family-owned and privately held companies. When you're a family business, there is only a natural tendency to feel that your business and your information is personal and private.

While this attitude is slowly changing, how much transparency is enough?

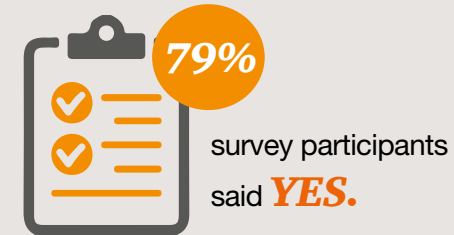
Companies may think that transparency would equal to more and more information. But that can work in the opposite way.

Investors, your employees and the wider market aren't just looking for pages and pages of financial data. Rather, they want to know how revenues/profits are being achieved, what they're doing to achieve company goals, if there have been any employee issues and how they worked around it. People are looking to understand the company's story – where they've been, and more importantly, where they plan to go.

“There's transparency, and then there's legibility. So you have to make sure that in being transparent, you're also at the same time presenting a clear story that people can understand and follow.”

- Datuk Shahril Ridza

Voice of the people



Moving the needle beyond compliance

The people are in agreement with business – transparency is in the best interests of a company. But our focus group participants told us that while it works in theory, there is still some ways to go for many Malaysian companies.

A participant explains that most of the companies he speaks to are still somewhat reluctant to disclose information, because not everyone is doing it. “They feel they are giving away their competitive advantage. Not everyone in the Malaysian market actually discloses [valuable information] – so there's no first mover advantage in doing so.”

Could it also be a case of the market just not placing the right sorts of demands on business?

Another focus group participant feels there may be different standards of transparency in different parts of the world. He uses the example of an iPhone. “We (Malaysians) [want to know] what's the pixel count, all the specs itself. But do we ask about who produces this, were they working in a safe environment, standing 15 hours to give you the iPhone to bring down the cost? Sometimes giving the extra information may not be worth your while.”

So, would a more regulated compliance help? The focus group felt that it may not because anything that's done for compliance first and foremost, could end up devolving into a tick-the-box effort.

Perhaps the one simple truth articulated by a participant resonated with us all. She said that if most companies in Malaysia aren't doing a great job with being transparent, the company that does is sure to stand out!

¹ See what happened when these companies made their employee salaries public, LinkedIn, March 2015, <https://business.linkedin.com/talent-solutions/blog/2015/03/what-happened-when-these-companies-made-their-employee-salaries-public>

Question 3: Is the CEO the face of trust for a business?

Is it a cliché to say that ‘the tone starts from the top’?

A cliché it may be, but perhaps it is indeed more true of trust-building than anything else. As trust is a concept that is rooted in personal interactions and relationships, it is only natural human tendency to look at and judge the CEO alongside the brand.

When we looked at the responses of the business leaders and the people, it was a pretty loud yes on both sides – they expect that CEOs lead the way for trust-building efforts, at least to some extent.

With these expectations resting on their shoulders, business leaders should be encouraged to hear that the 2016 Edelman Trust Barometer shows that there is an overall increase in business trust globally. More importantly, the Barometer shows that Malaysians trust businesses to keep up with the rapid pace of change we are experiencing.

Of course, when we dug into the question further, we found there was more to it than meets the eye.



[Everyone in the organisation] must have that passion to live by the core of the company. When they do that consistently, it's no longer just a message by the CEO but the delivery by all their people [that builds trust].

- Dato' Feisal Zahir,
Maybank Group

Voice of business

A captain is only as good as his team

In many ways, the CEO is and is perceived to be the face of trust. But of course, they are but one person. Often, the tone from the top is dictated by the actions of those around the CEO as well as the Board itself.

As Datuk Shahril Ridza explains, when it comes to ensuring EPF's core values of customer service, teamwork, innovation, and integrity are delivered, “(the values) can only come through if the board is committed to it, if the senior management is committed to it, and we can drive that message through, all the way down.”

The CEO is but one (albeit a very important) part of a complex construct, made up of living, breathing human beings

Dato' Seri Johan Raslan feels that everyone in the organisation is the face of trust, particularly for building trust internally. Employees will often judge a company by the actions of their immediate manager(s). He explains that earlier on in his career, he was made a team leader just six months into his role. All of a sudden, he realised there were four people who were looking at him for guidance. They took cues from how he behaved. In essence, he was the face of trust for them.



But what of personal motivators?

CEOs are of course, at the end of the day, only human. And, as Malek Ali cautions, CEOs may not always be driven by what's in the best interests of the company.

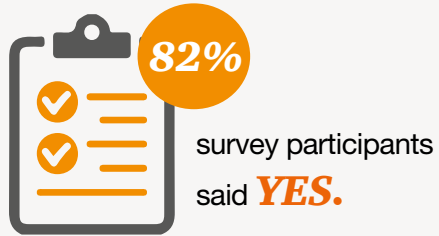
Depending on the set-up of the business, the ultimate decision maker may not be the CEO themselves, but either the majority

shareholder or a Board. It's not too far a reach to see how some CEOs could end up making decisions which would either propel their career, or help them reach short-term goals according to their immediate KPIs.

Food for thought:

Building trust is a long-term focus, and may require tough decisions along the way; are our CEOs cut out for that or will short-term pressures always win?

Voice of the people



Everything rises and falls on leadership

Throughout the course of our focus group discussions, the leader of the organisation kept popping up, a clear indication of the critical role they play in shaping trust. Everyone agreed that a strong, and more importantly, trustworthy leader is the lynchpin for trust-building to happen.

But, as one of our focus group participants reminded us, a chain is only as strong as its weakest link. Hence, everyone in the organisation needs to be on the same page, living the same values, and behaving in a consistent manner.



“The first perception [of a business] would be the CEO. For me, whenever I see that so-and-so is the CEO of the company, my first reaction is that, that should be a good company as so-and-so is the CEO and he’s a trustworthy, credible person.”
- focus group participant

Question 4: Is it easier for “big” businesses to build trust as compared to small businesses?

Is it easier for big companies to build trust? It is a seemingly innocent question, but a loaded one.

Malaysians show a profound regard for big, global brand names. (see Figure 3)

Figure 3: 2014 Edelman Trust Barometer

Trust in big businesses



Another study¹ also revealed that millennials look to the corporate world to solve global problems, with 82% believing businesses can make the greatest impact in addressing societal issues.

Yet there are pockets of society today, aided by easy access to news and data via social media, who are becoming increasingly distrusting of any big corporation. They are more vocal about practices often associated with big corporations such as sweatshop issues, genetically modified foods and environmentally harmful practices.

So which is it really? Do big businesses have the edge over the small? This was the question that hands-down most confounded our poll respondents. Throughout the course of our pulse survey we saw the votes constantly swinging between the two; almost a 50-50.



“Regardless of your size, you shouldn’t fall back on the name of your organisation when it comes to building trust”
- focus group participant

¹ Millennials have big faith in big business. Surprised?, Fortune, September 2014, <http://fortune.com/2014/09/19/millennials-big-business/>

Voice of business

The larger you are, the more complex it gets

The business leaders were largely in agreement that it's harder for big businesses to build trust. Sure, they have more visibility but this can be a double-edged sword.

Because of this visibility, what you say or do is likely to generate a lot of interest among stakeholders (as well as news coverage). In the words of Alois Hofbauer, you have smaller margins for error (or nil!) when your actions are reported in the public domain. Stakeholder management is also a huge responsibility. Your obligations increase with the size of your business. Dato' Feisal Zahir notes - as someone who has served both small and large organisations - it's much easier for a smaller business to sing the same tune when it comes to instilling new mindsets or changing behaviours in relation to building trust.

More to it than meets the eye

Datuk Shahril Ridza argues that there are different facets to this question. If you look at trust from the financial reporting disclosure perspective, big businesses have a resource advantage. But if you're talking about trust in your product or services, then really, it's about how you execute. "A lot of smaller businesses have the ability to execute better, have a more personalised service, and build the customer trust, or the business trust better." At the end of the day though, it's a question of whose trust you're trying to earn, not so much the size of the organisation.

Malek Ali points out that people tend to see companies as independent entities, but we forget that they are made up of people; people with different motivations and agendas. Multiply it by the number of employees, and building trust inevitably increases in complexity.

Voice of the people

Big vs small: The great divide

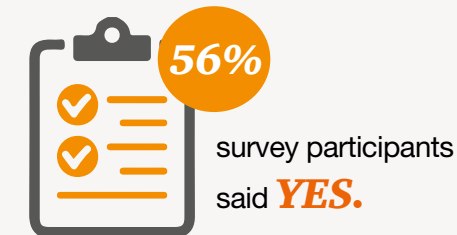
Overall, our focus group participants acknowledged that big business have some advantages. The power of their brand name. Their reputation. An ability to attract well-regarded talent.

But one of the challenges for large corporations is the ability to sustain the culture of trust throughout the organisation.

On top of that, smaller businesses may have an edge in winning consumer empathy "in this era of start-ups". People can identify with stories of their humble beginnings and their struggles in building up their brand, another focus group participant noted. To a certain extent, it's also easier for them to build a relationship with their customers as they are likely to provide a more personalised customer experience, being agile and less restricted by standard operating procedures or policies.

"As your company gets bigger, not only do you have more people in the organisation, you find that you have more stakeholders. Managing multiple stakeholders is massively complex!"

- Dato' Seri Johan Raslan,
AmBank Group



"Is it the person who shouts the hardest or who has the biggest bargaining chip on the table that gets the most trustworthy response from you?"

- focus group participant

Question 5: Can there be a one-size-fits-all model for building trust?

When we talk to companies about how to measure trust, we are repeatedly asked this question: Is there a best model for building trust?

It is a natural question, of course, but it goes back to the concept that trust is situational.

No cookie-cutter approach to trust

Essentially, trust can flux and reshape according to the type of industry you're in, the cultural/social makeup of your stakeholders, or the meaning of your business. Sometimes, a company's trust levels vary over time especially if you operate in an environment where volatility is pronounced.

However, research conducted by the World Economic Forum (WEF)¹ revealed that more often than not companies prioritise being compliant (to fulfill the minimum requirements to building trust) instead of being values-led (doing the right thing because it's right, period). This can lead to a 'box-ticking' culture.

On the surface, a "one-size-fits-all model" may seem like the right approach for companies which may have to delegate trust-building. For instance, those going through a succession planning phase or in the case



of businesses decentralising their operations to a new market. However, limiting themselves to one model may be harmful in the long run simply because trust does not exist in a vacuum. You can't quite replicate trust in different environments even though you may have a tried and tested formula to building trust.

Even the way the business community and the public perceives trust can differ greatly. WEF's² research highlights that the public perceives trust in emotional terms of fairness, honesty, ethics and behaviour, while business tends to view trust in terms of delivery of products and services. While both are correct, they are out of sync, and indicates a misalignment between how businesses and the public understand trust.

Voice of business

The basics are always the same

Most of the CEOs we surveyed were of the view that there is no one-size-fits-all model to building trust. But certain elements will be applicable across the board, and most of them relate to basic values.

Alois Hofbauer believes that the key elements that will stand the test of time are:

- respect for people;
- giving trust to your employees to deliver customer value;
- living up to your commitments or brand promise; and
- being transparent about your actions, whether during the good times or in times of crisis.

For Malek Ali, authenticity, walking the talk and leading by example are the common denominators in building trust. In this sense, principles are one-size-fits-all. But in terms of mechanics, practice and implementation, these are specific to different organisations.

On one hand, companies are all very different, says Dato' Seri Johan Raslan. But if you examine it closely, building trust is all about doing the right thing in every given situation. When you're in a dilemma, for instance, discussing it with a group of people helps you make the right decision.

Datuk Shahril Ridza refers to a methodology (or model) as merely the rules of the game. What's more important is emphasising the need for trust within the organisation in a way that drives behavioural change. EPF's practice of being transparent in sharing the rankings of their employees and different branches, being an example. This is one of the ways transparency promotes change, driving healthy competition.

“Although trust for certain industries is different, the base values remain the same.”

- Alois Hofbauer, Nestlé

¹ 5 false traps in building trust, Huffington Post, October 2015 http://www.huffingtonpost.com/cynthia-hanson/5-false-traps-in-building_b_8270050.html

² How can your business build trust, World Economic Forum, 2015 <http://widgets.weforum.org/trust-business-2015/how.html>

Voice of the people

Too many moving parts involved

Our focus group participants answered in the negative, echoing the thoughts of the business leaders we interviewed.

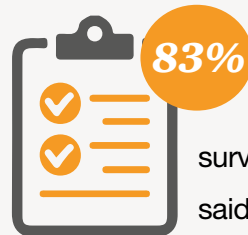
One of the participants likened the process of building trust to Lego building. The base would always be the same, where certain principles don't change, i.e. consistency and time. Companies need to identify what their stakeholders value. Then they need to consistently deliver this value over time to gain the trust and confidence of the stakeholders they serve.

Recognise what's material to your company

How much trust is needed (i.e. how high the Lego blocks go) would vary by industry.

Another participant illustrated why a cookie cutter approach won't work, from the perspective of sustainability. Stakeholder engagement is a core principle in sustainability as it helps companies understand the social, environmental, and governance issues that matter the most (are material) to their stakeholders. That helps them with tailoring their efforts and disclosure, which in turn shows they care about their stakeholders' values. Mining companies for instance would prioritise health and safety, but food and beverage companies might pay more attention to product responsibility. Recognising what's material is a win-win for businesses and their stakeholders.

The participants agreed that frameworks and models are merely guidance at the end of the day. Such guidelines won't help you build trust in an authentic manner if you are merely using it as an obligation to fulfil the necessary requirements to operate. In fact, you will only be able to retain your licence to operate if your stakeholders can see that the leader and the company are 'embracing trust within their principles of doing business', one of them noted.



83% survey participants said **NO**.

“Consistency and time are the foundations to building trust; how much trust is needed probably varies by industry”
- focus group participant



Stories in motion

BFM - Sometimes tough feedback makes a difference

Malek Ali, Founder and Managing Director of BFM Media, is a firm believer of trust as a competitive differentiator. For him, corporate culture, while complex and often hard to manage, can also be a key asset to a company. It helps people to be vested in their work, which translates into meaningful outcomes for the company and the stakeholders they serve.

At BFM, building a values-based culture has become an essential part of the management agenda (in fact, only 30% of an individual's performance evaluation is based on their competencies; the rest is based on cultural components). They emphasise integrity, authenticity and transparency, values closely linked

to trust. These themes are reflected in the way they communicate with their employees through townhalls and meetings for instance, as well as how they empower their employees to take responsibility for their growth and that of the company's.

They quantify how their employees are emulating the company's values through their peer assessment process (giving employees the opportunity to provide feedback on the people they work with). Employees are asked to assess how their peers perform in the area of integrity, whether they lead by example, and whether the individual 'is a positive addition to the BFM culture'. Essentially, he sees this as a way for employees to hold a mirror up to themselves and to their peers.

While some of the questions in the assessment may appear as 'touchy-feely', they provide management with a way to 'nip certain things in the bud' like behaviours that may be counterproductive to the company culture.



EPF - Driving a consistent culture across the organisation

Recognising that every person within the organisation can both build and destroy trust, how do CEOs go about ensuring a consistent culture across? Datuk Shahril Ridza, Chief Executive Officer of EPF, gives his take.

EPF's core values are customer service, teamwork, innovation and integrity. Datuk Shahril explains, "Integrity is not just about being honest in your work, it's about delivering on your promise." That promise, for EPF, is all about customer service. With the Board and senior management fully behind this, Datuk Shahril set about to ensure this was embraced consistently across EPF's many branches throughout Malaysia. It was a journey that lasted several years and involved:

- **Investing in technology** - While EPF was trying to change their people's mindset around customer service and delivery, they recognised that they would have to provide the tools to help their people get there. By ensuring the appropriate technologies were in place, their staff were able to keep to their customer SLAs (service level agreements) and deliver services efficiently.
- **Tackling the people element** - To create an atmosphere of healthy competition, EPF employed transparency and utilised data. They ranked their branches against key metrics such as customer waiting time and customer happiness and made these rankings completely transparent. Their staff were motivated to compete against each other to improve upon their deliverables, to the benefit of customers.
- **Decentralising and empowering** - The EPF has a goal to sign up 1.5 million new online account users this year. They have provided their branches with basic guidelines, but have let each branch work out their own strategies to achieve this. Each month, a report is published to show how the branches are faring. It drives their staff to keep up but more importantly promotes learning and collaboration as those who are lagging, learn from the examples of those who are ahead.



Maybank - Banking on trust for success

Malayan Banking Berhad (Maybank), the winner of our Building Trust Awards 2015, believes strongly in their mission *Humanising financial services*.

Maybank Group Head of Global Banking, Dato' Feisal Zahir, shared the story behind their mission, which was put in place by the company's previous CEO, Dato' Sri Abdul Wahid Omar, "Maybank was already a leader then but they realised that their growth was slowing. So it was at a management retreat where they said, if we were to take away the fact that we're a bank, what is it that each one of you wants to achieve?"

The answer: to help others.

Dato' Feisal believes that trust will naturally develop when a business knows what it stands for, and focuses on achieving it. He cited the example of their Etiqa Takaful Berhad (Etiqa) team, who came across a motor accident during one of their daily newspaper monitoring exercises.

"Our team read the story, which included the victim's full name. They did a check and found he was covered under Etiqa," said Dato' Feisal.

The Etiqa team started the necessary paperwork even before the victim's family submitted a claim, and was able to present his family with a settlement cheque the following week. Dato' Feisal added, "So here we have the team members staying true to our brand promise, acting in an authentic and consistent manner, and our trust with this customer and his family naturally increases tenfold."



When asked how frequently the topic of trust-building features in Board and management discussions, Dato' Feisal says it does frequently, albeit indirectly. "When we're discussing issues such as whether we can easily charge a premium for a product (because of our prime position in the market), we'll discuss at management level whether this is the right thing to do," said Dato' Feisal. "Does it honour our mission? Probably not, so we won't do it."

Nestlé - 'Creating Shared Value', an environment for trust to thrive

Nestlé's slogan is "Good food. Good life" – certainly, setting the bar for their products which touch hundreds of thousands of people's lives each day.

"We would not have survived 150 years unless we had the trust of all our consumers and stakeholders," says Alois Hofbauer, Managing Director of Nestlé (Malaysia) Berhad in referring to Nestlé's history which dates back to 1866. Their founder, Henri Nestlé created one of the first infant foods to meet the need for a healthy and affordable alternative for mothers who could not breastfeed their babies.

With origins steeped in such a noble cause, Nestlé has a strong legacy to live up to. To continue to retain that trust, Nestlé believes they have to become an integrated part of community and society, which is what drives their Creating Shared Value belief. So just how integrated is Nestlé in the Malaysian community?

Take the example of their MAGGI® Chilli Sauce. MAGGI® sources part of its fresh chilli supply from local farmers in Kelantan as part of the Nestlé Chilli Club (NCC) contract farming scheme. The NCC helps provide rural farmers with a sustainable source of income by educating them on agricultural best practices to grow quality raw materials. Nestlé in turn offers a fair market price for their produce, so these farmers become part of Nestlé's supply chain.

But how does Nestlé align all of its people, so that everyone is on the same page when it

comes to building trust? Alois explains that it's all about encouraging and empowering them to embrace the shared value culture. Each year, employees are given two days of paid leave to undertake volunteer/charity work outside the company. Management found that this leads to a competitive advantage, as they get staff that share the same values as the company.



Appendices



The Building Trust Awards 2015

The winners and finalists of the Building Trust Awards 2015 were revealed at a ceremony attended by industry captains and leaders of Malaysia's top public-listed companies and regulatory bodies.

Winner

Malayan Banking Berhad (Maybank)

Runners-up

Nestlé (Malaysia) Berhad
Sime Darby Berhad

PwC Malaysia's inaugural Building Trust Awards assessed how Malaysian companies were perceived in the eyes of their investors and customers via Trust Profiles (based on analysis run by PwC's in-house measurement framework and diagnostics tool), as well as how they performed in their corporate reporting (via their 2014 annual reports).

An independent judging panel, comprising regulators and thought leaders in corporate reporting and building trust issues, selected the winners via a face-to-face deliberation.

For more stories on trust-building in business or for information on the Building Trust Awards, visit www.pwc.com/my/trust

Talk to us



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Voice of the people

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