Is trust working hard for your organization?

KPMG Singapore Board & Governance Institute

Why do some organizations earn and sustain a reputation for trust over time, while others become embroiled in trust scandals? In partnership with the University of Queensland, KPMG Australia has released '**Trustworthy by design**' a seminal report on the importance of trust in business and how to own it. The research indicates the difference lies in how the organization is designed.

The business case for trust is clear. Trusted brands can diversify more easily, experiment more safely and leverage endorsements more readily. Beyond this, true, deserved trust, makes for a more agile and resilient business, protecting it from economic shocks, and underpinning its licence to operate, thereby creating a competitive advantage.

Leaders looking to create and sustain a high-trust organization need to start from fundamental principles and understand how trustworthiness is gauged in a broad sense by all stakeholders.

Designing a trustworthy organization is a continuous process. It demands understanding and responding to evolving stakeholder expectations and regular adaptation of organizational infrastructure to facilitate trustworthy conduct in line with these expectations.

Because an organization's stakeholders exist in a complex ecosystem, a multi-stakeholder approach to meeting trust expectations is critical.

Beyond these fundamentals, there are significant future opportunities to strengthen trust for forward looking organizations.

What is a trust for an organization?

Trust in an organization is complex. It is driven by perceptions of three core characteristics which need to run through every part of the organizational infrastructure.

Ability: I can rely on you to be competent

Humanity: I believe that you care about your stakeholders; and

Integrity: I trust that you will do the right thing

What does a trustworthy organization look like?

Most organizations have some element of their structure designed to produce trustworthy behavior, but research shows that only where there is a 'whole business' approach can companies earn sustained reputations of trust amongst their stakeholder ecosystem.

To reliably drive trustworthy behavior and protect a company's reputation, leaders need to design and embed trustworthiness into all six elements of organizational infrastructure in a way that is congruent and mutually reinforcing across the business.

How to design a trustworthy organization

Four phases of design are identified. Crucial to the success of the build is breaking these phases down, setting clear decision gates, and perhaps most importantly, applying a cyclical improvement process over and above them.

Listen to understand stake-holder trust and expectations, and identify issues:
Do you know who your stakeholders are, what are their expectations and how they interact? Are you clear on the root causes of any actual or potential trust issues?

Assess to evaluate organization's design and develop trust strategy:
How are you meeting stakeholder expectations? Are the identified trust issues correctly prioritized? Can you improve organizational design or implement mitigations?

Transform to operationalize and embed trustworthiness:
Can you group issues to focus on priority areas? Do you have a governance office? Who is responsible to deliver organizational transformation? Who is accountable for ensuring they succeed?

Communicate to demonstrate you have listened and build trusted brand:
How are you communicating with your stakeholders? Is the brand strategy aligned to the trust agenda? Is there a communications framework in place?

Evaluate, refine, monitor

Designing a trustworthy organization is not a one-off process. Organizations seeking to maintain trust must commit to a continuous process of evaluation and improvement, ensuring that as expectations and circumstances change, the organization's design keeps pace.

## How to build and leverage trust in your organization

As the business environment continues to evolve at pace, forward looking, trusted, organizations have the opportunity to drive real opportunities for growth.

By proactively engaging with regulators, businesses can influence the standards for their sector; and by helping shape evolving expectations and developing regulation fit for purpose they can ensure their own ability to comply.

Highly publicised Big Data breaches in recent years have eroded trust. Opportunities to develop, use, and commercialise technologies that rely on Big Data may soon only be available to those organisations which go beyond compliance.

Beyond just managing our data, with the advent of artificial intelligence (AI), organizations will now need to be trusted to govern the inputs, the applications, and the outcomes using this data.

Organizations with clear and robust ethical parameters in all aspects of the trust agenda, will have the opportunity to set themselves apart.
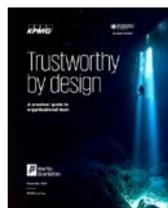
Access the [full report](#) here.

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