



Is trust working hard for your organisation?

KPMG Board Leadership Centre



Why do some organisations earn and sustain a reputation for trust over time, while others become embroiled in trust scandals? Our research indicates the difference lies in how the organisation is designed.

In partnership with the University of Queensland, KPMG Australia have released '[Trustworthy by design](#)' a seminal report on the importance of trust in business and how to own it.

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 organisation need to start from fundamental principles and understand how trustworthiness is gauged in a broad sense by all stakeholders.

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

Because an organisation'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 organisations.

What is a trust for an organisation?

Trust in an organisation is complex. It is driven by perceptions of three core characteristics:

- **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

And these need to run through every part of the organisational infrastructure.

What does a trustworthy organisation look like?

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

There are six elements identified as being central to designing a trustworthy business.



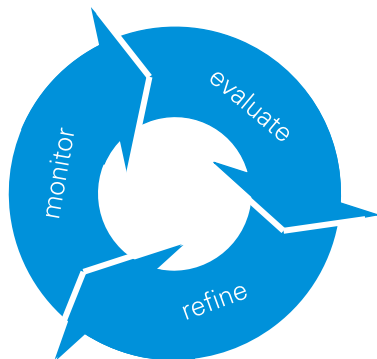
To reliably drive trustworthy behaviour and protect a company's reputation, leaders need to design and embed trustworthiness into all six elements of organisational infrastructure in a way that is congruent and mutually reinforcing across the business.

How to design a trustworthy organisation

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 identify issues: Do you know who your stakeholders are, and how they interact? Do you understand their expectations? Are you clear on the root causes of any actual or potential trust issues?
- **Assess** to develop the strategy: How well are you structured to meet stakeholder expectations? Are the identified trust issues correctly prioritised? Can you improve organisational design or implement mitigations?
- **Transform** to operationalise: Can you group issues to focus on priority areas? Do you have a governance office? Who is responsible to deliver organisational transformation? Who is accountable for ensuring they succeed?
- **Communicate** to build trusted brand: Have you told your stakeholders what you've done? Is the brand strategy aligned to the trust agenda? Is there a communications framework in place?

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



How to build and leverage trust in your organisation

As the business environment continues to evolve at pace, forward looking, trusted, organisations 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), organisations will now need to be trusted to govern the inputs, the applications, and the outcomes using this data.

Organisations with clear and robust ethical parameters in all aspects of the trust agenda, will have the opportunity to set themselves apart.



To [read more](#) on organisational trust and to access the [full report](#) visit kpmg.au

The KPMG Board Leadership Centre

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Learn more at www.kpmg.com/uk/blc.

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