

Headline	Building trust is not just the CEO's job		
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Building trust is not just the CEO's job

BY SUPRIYA SURENDRAN

For businesses and corporates, trust is a powerful currency that is often attached to their management's reputation, among other things.

Hence the aftermath of the 14th general election (GE14) in May 2018, when Corporate Malaysia saw many abrupt changes at the helm of larger companies that, eventually, turned the spotlight on the affected businesses.

Among the questions that arose were how should companies protect the trust they have amid unplanned leadership shifts, and how should they mitigate any impact on confidence such changes has had.

The answer is to consider the long-term effect when it comes to trust, according to PwC Malaysia managing partner Sridharan Nair, or Sri as he is known.

An organisation that has built up its reservoir of trust and embedded it as part of corporate values can stand the test of time regardless of leadership changes, Sri explains.

"There is a saying that consistency is the true foundation of trust. So if you do not have that consistency in an organisation, then this raises doubts [among stakeholders]."

"So, a balance has to be struck — the person whose face is on the front is the leader, but it is the organisation which [provides support], so it is not just what the leader says but how the group behaves as well," he adds.

That said, the onus of building confidence — or renewing it, as the case may be — lies with a company's management that is often seen as its face as well.

And the leader needs the backing of the organisation to be successful in doing that, says Sri.

"The tone at the top needs to be set, essentially, to say 'we need to promote integrity at the highest levels all the way through the organisation,'" he tells *The Edge*.

"However, it is not just about rolling out a plan or initiative; it is how you see it through, from the actions to the enforcement of it [throughout the organisation]," he adds.

The growing spotlight on the role of leadership in trust is accorded consideration in the

PwC Malaysia Building Trust Awards, which returns this year for the third time since its inaugural edition back in 2015.

The biannual awards recognise companies that are making significant moves in building integrity through their communications and interactions with stakeholders.

To recap, no submissions or nominations are accepted for the awards. Instead, only the top 50 Malaysian public-listed companies (PLCs) on Bursa Malaysia by market capitalisation are considered.

The annual reports of these 50 companies are then benchmarked against the International Integrated Reporting Council's framework (refer to Methodology). This would be based on the latest available annual reports as of June 2018. Following this, a total of 20 companies are then shortlisted.

For this year, the 20 finalists listed in alphabetical order are: AirAsia Group Bhd, Astro Malaysia Holdings Bhd, Axiata Group Bhd, BIMB Holdings Bhd, CIMB Group Holdings Bhd, Digi.com Bhd, Genting Malaysia Bhd, IHH Healthcare Bhd, IOI Corp Bhd, KLCCP Stapled Group, Malayan Banking Bhd, Malaysia Airports Holdings Bhd, Maxis Bhd, MISC Bhd, Petronas, RHB Bank Bhd, Sime Darby

Bhd, Surway Bhd, Telekom Malaysia Bhd and Tenaga Nasional Bhd.

PwC Malaysia assurance and people partner Pauline Ho says on top of the existing assessment methodology, an additional survey was introduced this year as part of three dimensions of measuring trust perception in collaboration with The Iclif Leadership and Governance Centre (Iclif).

According to Ho, the extra survey looks at trust in leadership as the first dimension. The review is designed for an organisation's employees to answer questions surrounding leadership and their confidence in their company's leadership team.

For the second dimension, PwC conducts an independent survey via a third party to comb through online sources of data for conversations about trust on the 20 shortlisted organisations in order to build a trust profile for each.

"The third dimension is a public poll, which is open to the public until March 31, 2019, where we get anyone who is not working within the organisation to comment on whether these [companies] are building trust," says Ho.

"[Through this] we have these different perspectives so that we not only listen to what the companies say about themselves, but also

what employees think about their leadership and what the third parties are saying, as well as the public opinion," Ho concludes.

The findings will then be deliberated on by an independent panel of four judges who will select the winners.

Rounding up the 2019 Building Trust Awards panel of judges are Sir David Tweedie who is the chairman of the board of trustees of the International Valuation Standards Council and past chairman of the International Accounting Standards Board; Tan Sri Dr Jemilah Mahmood who is under secretary general, partnerships at the International Federation of Red Cross and Red Crescent Societies; Malek Ali, who is the founder of BFM 89.9; and Nadiah Wan, the group CEO of TMC Life Sciences Bhd and CEO of the Thomson Hospital, Kota Damansara.

The results will be revealed at an awards ceremony to be held in Kuala Lumpur, which is scheduled to take place in the second half of the year.

This year, PwC also engaged the growing start-up community to understand their perspective on trust. However, start-up organisations are not part of the awards, which are currently meant for PLCs only.

From the engagement, it is clear that large corporates can draw important lessons from start-ups on how to protect trust, which is vital to any start-up's long-term survival, says Sri.

"If they [start-ups] cannot get that [trust management] right, they believe that they are not going to be able to survive as a business. And I think that is probably a lesson for larger corporates where as you get bigger, you may have other priorities such as expansion or other engagement with stakeholders and shareholders as opposed to which segment actually makes your business work, which is the consumers who buy your products or services," says Sri.

"So we have seen the larger corporates re-focusing on consumers and customers over the years. Their focus is on consumers and making sure that they get their consumers to believe in their idea and to address and to be very responsive to those consumers' comments as well," he adds.

Interestingly, many start-ups feel that it



Ho (left) and Sri

A balance has to be struck — the person whose face is on the front is the leader, but it is the organisation which [provides support]. — Sri

Building Trust Awards 2019 methodology

Who qualifies

Public-listed companies in Malaysia.

We do not open the Awards up for nomination or submissions, but select companies from Bursa Malaysia's Top 50 public-listed companies by market capitalisation.

50

Shortlisting

We benchmark the annual reports* of these 50 companies against the International Integrated Reporting Council's <IR> framework, using PwC's benchmarking tool.

* Based on the latest available annual reports as of June 2018

20

Measuring trust perception

We then analyse trust on three dimensions:



Employees

Iclif's Leadership Trust survey
Together with Iclif, we assess - through an employee survey with our finalists - the effectiveness of leadership in laying the foundation for trust in the company.



Online

Trust analytics
Using Reputation Institute's TrustTrak® methodology, we look at trust for each of our 20 finalists from a variety of stakeholder views. A trust profile is derived based on all publicly available conversations gathered from web-based sources between 1 January and 31 December 2018.



Public

Public poll
We poll the Malaysian public to gauge their trust perception of our 20 finalists, specifically on leadership and the three key trust drivers defined under RI's TrustTrak® methodology.

Selecting the winners

An independent panel of judges consider scores from <IR>, Iclif's Leadership Trust survey, Trust analytics and Public poll; then debate and agree on the final winners.



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CEOs weigh in on trust...

As a leader, how do you inspire a culture of trust in Maybank?

Trust is ultimately about aligning personal and collective interests of a group to a pre-agreed destination – relying on each individual to do his part, so that the outcome is greater than the sum of the parts. The challenge is to ensure agreement among members that group interests should always take precedence over personal ones. It is ultimately a balancing act that needs to be monitored constantly.

– **Datuk Abdul Farid Alias**,
Group President & CEO,
Malayan Banking Bhd (winning company of the 2015 awards)



How did Sime Darby Group sustain employee trust amidst the leadership changes following the demerger?

With the new leadership team in place, we set out to meet with groups of employees across our operations. These sessions were essentially open platforms for employees to air any concerns or questions they had, and for them to share their thoughts and ideas for the new organisation. They also provided us the opportunity to communicate our new vision, strategy and targets, and to project the new culture for Sime Darby Bhd.

– **Datuk Jeffri Salim Davidson**,
Group CEO,
Sime Darby Bhd (winning company of the 2017 awards)



How can leaders articulate trust in a simple yet meaningful manner to their employees?

For leaders to express trust to their employees, there must be commitment to a purpose that entails creating a better future for their people. Not only is it important for employees to know that their leader is committed to a worthy purpose; the leader must pursue that purpose based on the right set of values. Deeply held values play a huge role in earning trust. Earning the trust of one's employees is not just a soft, nice-to-have asset; it is the hard currency that makes a difference between success and failure.

How can leaders build trust for their organisation's long-lasting success?

Leaders build trust for their organisations through their actions – by setting direction that creates meaningful value for their stakeholders and enables empowered decision-making. In addition, leaders focus on designing the structures, deploying the right resources and supporting systems to execute the strategy. Underpinning all this, is the accountability for creating a culture of long-lasting excellence based on the right values and leading by example.

– **Rajeev Peshawaria**,
CEO & Executive Director,
The icfll Leadership and Governance Centre



is easier to boost trust as a big business, Sri reflects. On the other hand, start-ups also believe they can build up their trust reservoir through technology much faster, he adds.

"They also believe that in the start-up phase, they can connect with the consumers quicker and in a more authentic manner than much more established businesses.

"And, for established businesses, when you go into something that is new, it is more difficult to build trust because you are seen as this sort of business and doing this sort of thing, [but] trying to venture into something new."

In any case, the growing trust awareness in the business ecosystem in Malaysia is positive given that the private sector is a key driver of the economy, Sri says.

"At the end of the day, it is about having businesses, corporates and start-ups, having the dialogue and discussion about the importance of trust. Businesses have a big role to play, and if we are able to raise the bar on how important trust is, then we are heading in the right direction."

To participate in the online poll, please visit <http://bit.ly/pwctrustpoll2019>.

The Edge is the media partner for the PwC Building Trust Awards 2019

