



Can you measure trust within your organization?

Explore how to manage this hidden—
yet increasingly critical—key performance indicator

About the Deloitte Center for Integrated Research

The Deloitte Center for Integrated Research (CIR) offers rigorously researched and data-driven perspectives on critical issues affecting businesses today. We sit at the center of Deloitte's industry and functional expertise, combining the leading insights from across our firm to help leaders confidently compete in today's ever-changing marketplace. [Learn more about our research.](#)

Deloitte Future of Trust

Trust is the basis for connection. It is built moment by moment, decision by decision, action by action. In an organization, Trust is an ongoing relationship between an entity and its varying stakeholders. When performed with a high degree of competence and the right intent, an organization's actions earn Trust with these groups. Trust distinguishes and elevates your business, connecting you with the common good. Put trust at the forefront of your planning, strategy, and purpose; and your customers will put Trust in you. At Deloitte, we've made Trust tangible—helping our clients measure, manage, and maximize it at every opportunity. [Let's talk.](#)

Contents

It's time to measure trust	2
Understanding and measuring trust at deeper operating levels	4
Making trust actionable: What organizations can do now to start measuring trust at deeper levels of the organization	10
Endnotes	12

It's time to measure trust

IMAGINE THE FOLLOWING scenarios:

Scenario 1: Your organization is a relatively new player in the consumer goods industry. Your market share has been growing steadily over the past few years, but your profit margins could be improved. You are about to launch a new product in the market to grow your brand when you find out that your organization has been involved in a data breach. Customers start losing trust in your brand, as there is no transparency as to how the breach has occurred and with whom their data has been shared. Your new product launch is delayed, and you fail to capture a new segment of the market that would have allowed you to increase your profits. What's more, sales decline as a result of customers boycotting your products.

Scenario 2: You run a global organization and you have just expanded your operations to a new market. Your new business is going well, until you find out that the suppliers you've been working with have been bribing government officials to obtain their contracts. You were hoping to attract more investors to support the acquisition of a small competitor, but in light of this incident, your investors lose trust, and you miss out on the opportunity to grow your business. Your stock prices fall as a result of the negative press surrounding the incident.

Stories such as these, involving privacy breaches, mis- and disinformation, and companies failing to live up to their promises, are rather common in today's business world. In many of these scenarios, the business initially appears to be doing well and leaders assume that the organization is trusted, only to suffer a breach in trust in an unexpected

area. In other cases, they simply aren't thinking about trust at all. The stakes, however, are high: A recent Deloitte analysis found examples of three large global companies, each with a market cap of more than US\$10 billion, that lost 20% to 56% of their value—a total US\$70 billion loss—when they lost their stakeholders' trust.¹ Trust—or lack thereof—has thus become a mainstay topic in headlines across the world.

Many senior executives recognize the need to build or rebuild trust in their organizations. However, they often struggle to understand exactly *how* trust can be managed. Indeed, in today's dynamic and challenging business environment, trust is becoming increasingly complex to understand and manage, especially as organizations are expected to build trust across growing ecosystems of stakeholders and amid evolving expectations.

One of the first steps in managing trust is understanding how it can be defined and measured. Trust is commonly considered an abstract or even nebulous concept, and many organizations don't typically prioritize trust or treat it with the same focus and urgency as they do other business priorities. But the benefits for those companies who are trustworthy are significant. Recent research suggests that these companies outperform the S&P 500 by levels as high as 30% to 50%.²

We propose that trust should be seen as a tangible, strategic, and critical asset, given the real, quantifiable value that it can bring to an organization. And it should be managed much like other key performance indicators on the organization's balance sheet, by considering its drivers and implications more deeply across the enterprise. With this perspective, organizational

trust should be built from the inside out,³ through levers and actions that cut across the functional areas of a business, from product quality to data protection to financial integrity.

Organizational trust also depends on the needs and perspectives of an organization's different stakeholders—board members, investors, customers, suppliers, and employees—so the relative impact of trust-building actions must be framed and viewed through the lenses of these stakeholders as well. Organizations that proactively approach trust management in this way can build what we refer to as *trust equity*, helping create

positive impacts on their bottom line and a layer of resilience protecting the organization against potential breaches of trust. Trust and resilience go hand in hand. Deloitte's 2022 *Consumer products outlook* finds that 95% of executives whose companies have high levels of consumer trust believe their companies are more resilient.⁴

This paper offers a statistically verified approach for measuring trust across different operating domains, helping leaders identify their organization's potential sources of a trust breakdown or areas where building trust proactively can create a competitive advantage.

STAKEHOLDER TRUST IS BECOMING INCREASINGLY COMPLEX

The potential for a breakdown in trust grows as business complexity increases and the array of stakeholders with whom organizations engage broadens. Some of the factors that contribute to this growing complexity are listed below.

- Partly as a result of the pandemic, **customer expectations are expanding** beyond companies delivering high-quality products and services to them ensuring data privacy,⁵ providing a world-class digital experience to customers along with a safe and inclusive workplace for their employees,⁶ and committing to action on social and environmental issues.⁷
- **Investors are also paying increasing attention to company diversity and environmental, social, and governance (ESG) programs.**⁸ In a study of 610 institutional investors in fall 2020, 69% reported that diversity within a company's board has a significant impact on their trust in the company—up from 55% in 2019.⁹ In addition, 74% of surveyed investors say a company's ability to attract top talent is more important in winning their trust than securing new customers or increasing a valuation multiple.¹⁰
- **Employees have increasing leverage and expect more from their organization** than a satisfactory paycheck. For example, an estimated 61% of employees surveyed consider, choose, leave, or avoid employers based on their values and beliefs, meaning that the organization's stance on social issues is becoming increasingly relevant.¹¹ What's more, the same study shows that belief-driven employees are also more likely to advocate for the organization's products and services, or recommend it as an employer to others, showing that efforts of building trust in an area such as workforce experience can create positive ripple effects in other areas (such as customer experience) as well.

Understanding and measuring trust at deeper operating levels

ORGANIZATIONAL TRUST IS multifaceted—so to understand, act on, and manage it across stakeholders, it may be helpful to consider its different components. At its core, trust is the foundation of a meaningful relationship between an entity and its stakeholders at both individual and organizational levels. Trust is built through actions that demonstrate a high degree of *competence* and the right *intent*, which result in demonstrated capability (possessing the means to meet expectations); reliability (consistently and dependably delivering upon promises made); transparency (openly sharing information, motives, and choices in plain language); and humanity (genuinely caring for the experience and well-being of others).¹³

Managing an asset as complex as trust thus necessitates a more robust lens; it requires understanding trust-driving activity enterprisewide and through the perspectives and priorities of different stakeholders, including customers, employees, the board, investors/shareholders, communities, regulators, suppliers, and others. (See the sidebar, “Stakeholder trust is becoming increasingly complex.”) Only at deeper operating

levels and with a multistakeholder perspective can an organization earn—and when needed, rebuild—trust.

Deloitte interviewed more than 50 internal subject-matter specialists and more than two dozen C-suite executives from global Fortune 500 companies across sectors to identify the operating areas within an organization that influence trust with different stakeholders. We refer to these operating areas as “domains.” From this list (figure 1), a set of actions was identified that support earning and building trust in each of the given domains.

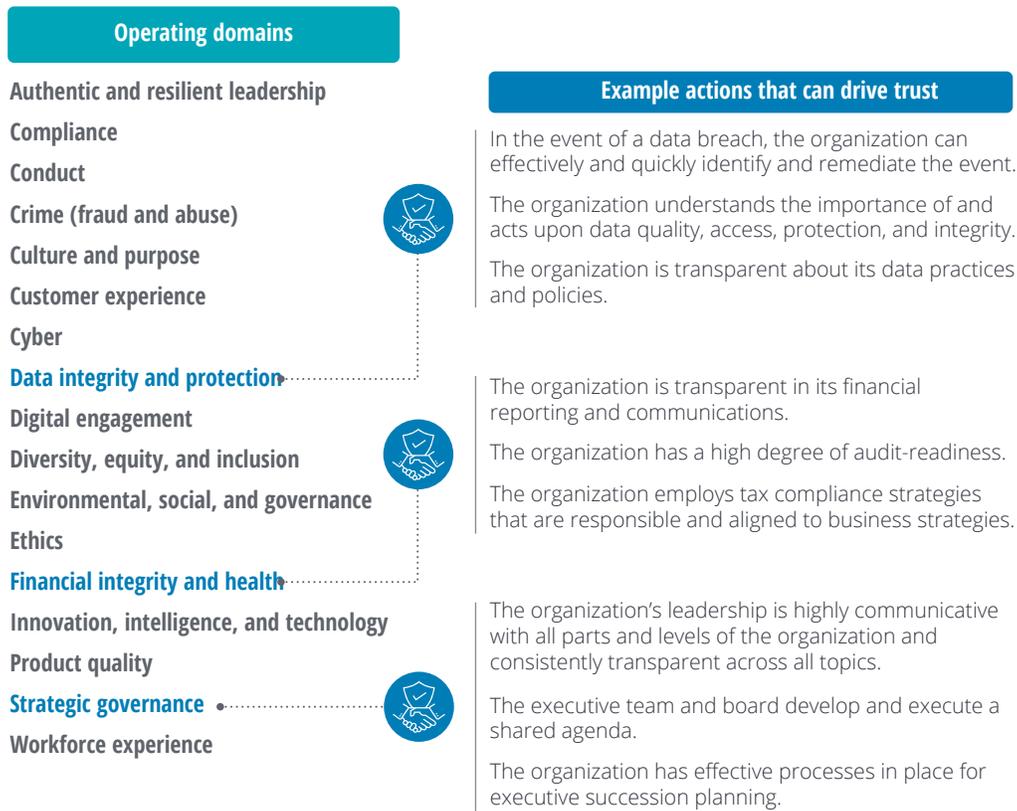
A trust questionnaire was then built from this analysis and fielded in October 2020, April 2021, and again in September 2021. Nearly 3,000 executives across the globe representing a wide range of industries and sectors were surveyed to understand what actions and operating domains are most important to driving trust in their organizations and sectors, and to measure how their organizations are performing relative to peers. Statistical tests indicated a high reliability of these measures,¹⁴ meaning that the trusted actions indeed reflect the domains being measured.

“What gets measured gets done ... If you know the impact you want to create and how much of it has already taken place, then half the battle is knowing what further changes need to be made.”

— Sandra Sucher and Shalene Gupta¹²

FIGURE 1

Trust can be evaluated at deeper levels within the organization



Source: Deloitte analysis.

Given the fluid and dynamic nature of business, actions taken in these areas may overlap and complement each other at the same time. For example, cybersecurity actions can be closely linked with data privacy and protection, whereas ethics can be reflected in an organization's culture, values, and mission statement. Some domains are more customer-facing and front-office-oriented, such as customer experience; while others are more back-office/operationally focused, such as compliance, strategic governance, and financial integrity and health. All domains are important, but, as would be expected, some will be more important than others for different stakeholders, depending on the business and its sector. In our research, we asked senior executives to rate which areas are more important for their business,

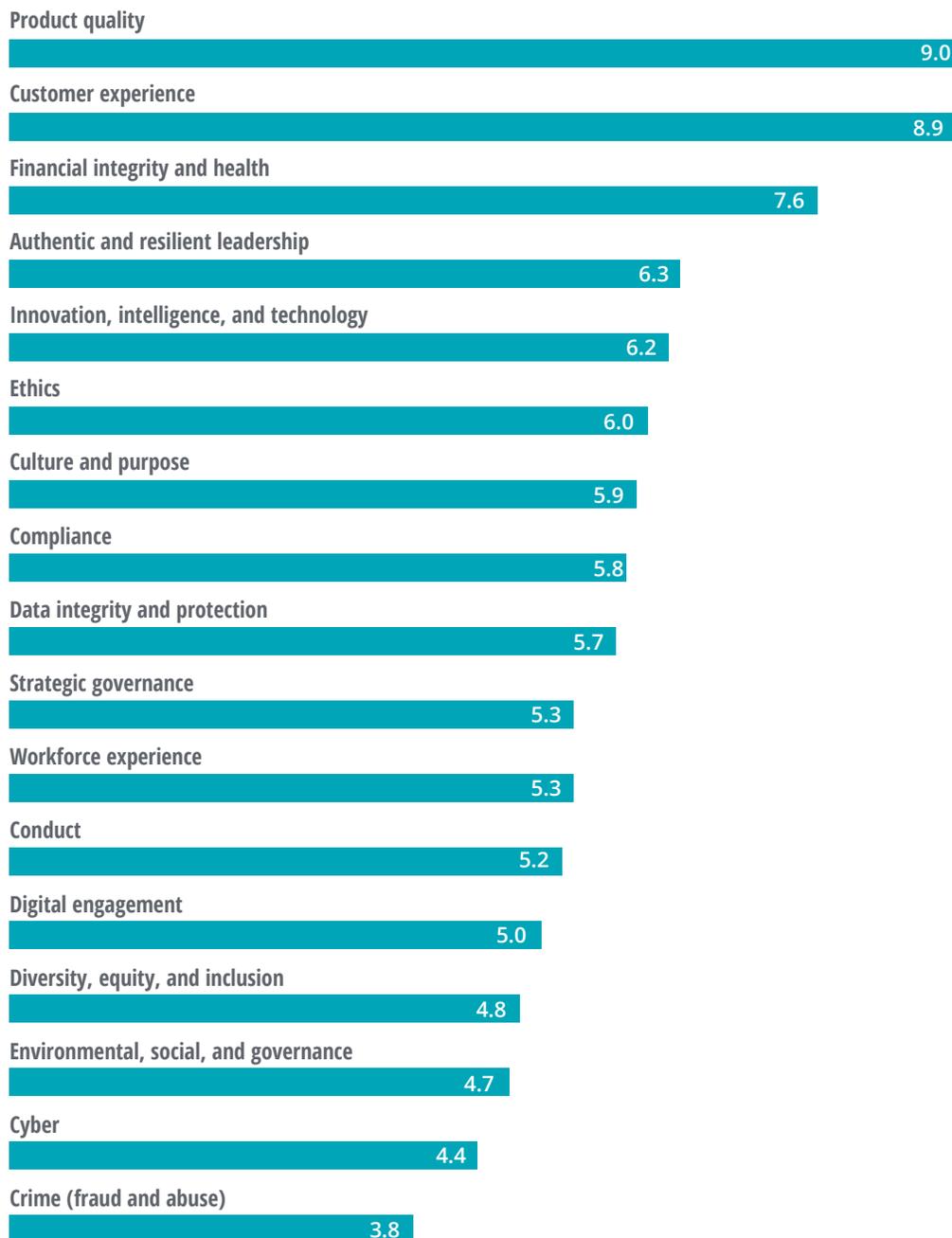
relative to other areas, in maintaining stakeholder trust (figure 2). For example, executives in the consumer industry in our study are more likely to consider customer experience to be the most important contributor to trusted relationships, in contrast to executives from the energy, resources, and industrials industry, who rank product quality to be most important.

As the rankings in figure 2 reveal, organizations recognize the relative importance of trust across these different operating areas, and yet their performance levels in building trust across domains may differ. Specifically, in our research, we measured *trust performance* by asking executives to indicate the extent to which their organization performs a series of trusted actions

FIGURE 2

All domains are important to building stakeholder trust, but some may be more so

Average domain importance scores (cross-industry) from the perspective of executives



Note: A group of global executives were asked to allocate 100 points across the following operating domains based on the relative importance of each to building trust with stakeholders in their sector. Each domain had to receive at least one point.
Source: Deloitte surveys conducted over October 2020–September 2021.

related to each operating domain. Consider, for example, the measurement of trust performance in customer experience where we asked respondents the extent to which their organizations prioritize providing superior customer service, including digitally driven experiences.

Trust performance scores for each domain as measured by executives at large global organizations are presented in figure 3. The results indicate that most companies are taking some action in all areas, but there is still room for improvement, and thus room to build trust. Interestingly, these trust performance scores suggest businesses are more likely to be better at building trust in areas where they have more experience developing capabilities and taking action. For example, trust performance measures in operating domains such as *crime, culture and purpose, compliance, and product quality* were higher than for domains such as *DEI, ESG, or innovation, intelligence, and technology*. This may indicate that the large organizations that these executives lead have more experience building trust in areas that are essentially table stakes for running a business, such as preventing fraud and crime, developing a supportive organizational culture, and improving product quality.

While “table-stakes” domains are indeed crucial for the business, research suggests that areas such as data protection, DEI, and ESG are becoming increasingly important to a growing number of stakeholder groups—so it’s likely that businesses will start paying more attention to these domains going forward. Organizations should prioritize earning trust with stakeholders in areas that go beyond their comfort zone, with which they’re not as familiar and where capabilities are still maturing. Otherwise, companies risk leaving themselves exposed to a loss in trust if issues arise.

FIGURE 3

Opportunity exists to improve trust across domains

Trust measurement performance by operating domain; average scores from the perspective of global executives

Domain	Trust performance score
Crime (fraud and abuse)	81
Culture and purpose	79
Compliance	78
Product quality	77
Conduct	77
Authentic and resilient leadership	76
Ethics	76
Cyber	76
Financial integrity and health	75
Data integrity and protection	75
Customer experience	73
Digital engagement	73
Strategic governance	71
Workforce experience	70
Diversity, equity, and inclusion	68
Environmental, social, and governance	68
Innovation, intelligence, and technology	67

Note: For each operating domain, a group of global executives was asked to evaluate the extent to which their organization executes specific activities that drive trust in that area, using a five-point Likert scale + “not sure.” Anywhere from three to eight different trust actions were evaluated for each domain. These responses, exclusive of “not sure” answers, were converted to a 100-point scale to calculate a trust score for each domain.

Source: Deloitte surveys conducted over October 2020–September 2021.

How trust actions can impact stakeholder behaviors and organization performance

Specific, tangible actions within a given operating domain that demonstrate an organization's competence and intent can arguably make a positive impression on stakeholders, impacting their behaviors and ultimately generating value for an organization. For instance, an organization can offer specific training to mitigate unconscious bias and prioritize DEI in its hiring and retention methods, policies, and programs, which can then create a more inclusive workplace and foster innovation.¹⁵ For ESG, organizations can set meaningful goals and targets, review their ESG impact, and effectively embed this into financial decisions, all of which can drive "social credibility" and positively impact areas such as talent retention and investment returns.¹⁶ The following examples show specific actions that well-known organizations have taken that build trust in different operating areas, and the improved performance metrics they have experienced as a result.

TRUST-BUILDING IN ACTION

Tommy Hilfiger

In 2017, Tommy Hilfiger launched Tommy Adaptive, a line of clothing for people with disabilities. The new line was designed to meet an unmet market need, but, perhaps more significantly, it signaled to stakeholders the company's intent to help others in a unique way. This helped employees develop a sense of purpose in their jobs, encouraging them to feel that they are making a meaningful, positive contribution to society. Customers also noticed. The feedback captured the success of their campaign:

"Usually, customer service centers for retailers can expect at least some complaints, along with customer inquiries.

However, the customer service team for Tommy Hilfiger had the opposite experience with Tommy Adaptive: People called to say thank you and share stories about how the product had helped them."¹⁷

OPERATING DOMAINS IN WHICH TRUST INCREASES

- Culture and purpose
- DEI
- Customer experience

Patagonia

Patagonia was one of the first clothing companies to use recycled materials such as plastic bottles for its products. It further aimed to reduce its environmental footprint by switching to more sustainable materials such as organic cotton, despite the increased cost of production; it also worked to teach customers how to repair and reuse their gear instead of buying new products. Patagonia encouraged transparency in its supply chain and cut relationships with suppliers using forced labor. Its actions helped enhance trust in multiple ways, particularly through transparency and a commitment to the well-being of its stakeholders. All of these actions translated into increased profits: In 2012, Patagonia's sales increased by 30% to US\$540 million, after running its "Don't buy this jacket" campaign.¹⁸ Today, Patagonia has a reputation of "shirking profits in favor of doing the right thing."¹⁹

OPERATING DOMAINS IN WHICH TRUST INCREASES

- ESG
- Ethics
- Customer experience

The Ritz-Carlton

The Ritz-Carlton shows a powerful example of how an organizational culture that promotes purpose and performance can help improve workforce experience and earn stakeholder trust. Its motto, “We are ladies and gentlemen serving ladies and gentlemen,” instills respect and a sense of purpose in all employees at the hotel.²⁰ Hotel managers also invite and expect employees to participate in continuous improvement programs, giving these workers a voice in the operations of the hotel chain. Enhanced employee involvement increases the trust that employees have in their leaders as they can see the value that their participation offers. And by being invited to participate in continuous improvement, the organization hopes employees are given “a sense of equality and purpose to their jobs.” All of these benefits translate into annual turnover rates (20%) significantly lower than the industry average (78.8%), numerous quality awards, and an improved bottom line.²¹

As these examples show, improved performance around these trusted actions can drive positive stakeholder behaviors such as increased employee engagement, higher employee and customer retention rates, and customer loyalty. In fact, data suggests that nearly 80% of employees who highly trust their employer feel motivated to work.²² Nearly 90% of customers who highly trust a brand have bought again from that brand, and 62% of customers who report highly trusting a brand buy almost exclusively from that brand.²³ Significantly, these improved stakeholder behaviors can contribute to firm operating metrics as well. Employees who are more satisfied in their job tend to be more engaged, delivering greater productivity, lower costs via lower turnover, and greater innovation.²⁴ Customers who are more loyal to their brand are more likely to try new products and to spend more, on average, than new customers, resulting in higher margins.²⁵

OPERATING DOMAINS IN WHICH TRUST INCREASES

- Culture and purpose
- Workforce experience
- Customer experience

Making trust actionable: What organizations can do now to start measuring trust at deeper levels of the organization

In order to manage the expectations of a growing ecosystem of stakeholders, organizations should make trust a strategic priority. While organizations know this, moving from knowledge to action can often be a struggle given the complex nature of trust. There are a number of relatively straightforward steps leaders can take to manage trust as a strategic asset comparable with other critical organizational assets:

- **Explore trust levels in your organization:** Develop an understanding, and get an initial sense, of what trust expectations exist in the eyes of an organization's various stakeholders. Be mindful of the fact that different groups may have different priority areas. Surveys of different stakeholder groups such as employees, customers, or investors can be a helpful tool, as can automated sensing platforms, which are becoming increasingly effective through advances in artificial intelligence and other technologies.
- **Diagnose critical gaps:** Leverage data, industry benchmarking studies, and output from the initial exploration phase to identify the areas within the organization that may be experiencing trust gaps.
- **Prioritize:** It is probably not practical or feasible to address all trust gaps across the entire enterprise at one time, so leaders can prioritize focus areas by looking at the implications of each trust driver relative to the strategic priorities of the organization. Leaders can also consider how their organization compares with others within their sector or industry, or set their own goals relative to leading indicators of trust-related performance from other industries or sectors.
- **Activate:** By focusing on the areas that are the most critical to driving trust through specific strategic initiatives, over time, organizations can see an elevation in levels of trust and the corresponding impact on stakeholder behavior.
- **Protect for the future, and build trust equity:** Because the organization is constantly evolving as part of a complex ecosystem, trust across operating domains should be measured on an ongoing basis to anticipate and proactively address issues before they could lead to significant trust gaps. This ongoing focus on trust-building can eventually earn trust equity to aid the organization when/if negative trust events occur.

Following these steps, organizations can be in a position to make trust a strategic asset rather than a potential risk should problems arise. However challenging managing trust may be, it is an effort

worth taking if organizations are to continue to meet their strategic objectives and serve the needs of a growing list of stakeholders in an increasingly complex world.



Endnotes

1. Deloitte, *The chemistry of trust—Part 1: The future of trust*, accessed January 2022.
2. Lawrence A. Cunningham, "Opinion: Why high-quality, trustworthy companies have beaten the S&P 500 by 30%-50%," *Market Watch*, July 3, 2021. The companies in the studies referenced were deemed "trustworthy" based on both quantitative and qualitative indicators including the company's financial integrity and stability, employee reviews, and news-related sentiment.
3. Sandra Sucher and Shalene Gupta, *The Power of Trust, How Companies Build It, Lose It, Regain It* (Public Affairs, 2021), p. 20.
4. Deloitte 2022 Consumer Products Outlook (publishing January 11, 2022).
5. Thomas C. Redman and Robert M. Waitman, "Do you care about privacy as much as your customers do?," *Harvard Business Review*, January 28, 2020.
6. Sonia Thompson, "Your customers want to know the progress you've made in diversity, inclusion and belonging," *Forbes*, May 30, 2021; QualtricsXM, *Digital customer experience: Everything to know in 2022*, accessed Jan 18, 2022.
7. Adam Butler, "Do customers really care about your environmental impact?," *Forbes*, November 21, 2018.
8. Jeffery Weirens et al., *Building credible climate commitments: A road map to earning stakeholder trust*, Deloitte Insights, June 14, 2021.
9. Edelman, *Institutional investors: US results*, 2020.
10. Ibid.
11. Edelman, *2021 Edelman Trust Barometer special report: The belief-driven employee*, 2021.
12. Sandra Sucher and Shalene Gupta, *The Power of Trust, How Companies Build It, Lose It, Regain It* (Public Affairs, 2021), p. 136.
13. Deloitte, *The Future of Trust: How Trust in your organization can drive performance*, report, 2021.
14. The Cronbach alpha coefficients for each operating domain met the minimum recommended threshold of 0.7, showing evidence of strong internal reliability.
15. Ilana Redstone, "How DEI training can promote innovation by fostering respect for diverse perspectives," *Forbes*, August 29, 2021.
16. *McKinsey Quarterly*, "Five ways that ESG creates value," November 14, 2019.
17. Examples taken from Sucher and Gupta, *The Power of Trust*.
18. Sucher and Gupta, *The Power of Trust*, p. 134.
19. Will Yakowicz, "At billionaire-owned Patagonia outdoor clothing chain, employees to be paid despite store closures amid coronavirus," *Forbes*, May 16, 2020.
20. Ritz Carlton, "Gold standards," accessed January 2022.
21. Sucher and Gupta, *The Power of Trust*.
22. Deloitte HX TrustID survey, May 2020.

23. Deloitte HX TrustID survey, May 2020.
24. John Baldoni, “Employee engagement does more than boost productivity,” *Harvard Business Review*, July 4, 2013; CIPD, *Employee engagement and motivation*, January 27, 2021.
25. Jessica Huhn, “Why your existing customers are your best customers,” Business 2 Community, May 16, 2019.

Acknowledgments

The authors wish to thank **Don Fancher**, **David Levin**, **Anahita Panthaky**, and **Brenna Sniderman** for contributing their insights. The authors would also like to thank **Saurabh Rijhwani**, **Julia Rutherford**, and **Lisa Carlton** for their marketing support and **Negina Rood** for her research support.

About the authors

Michael Bondar | mbondar@deloitte.com

Michael Bondar is a principal in the Risk & Financial Advisory business leading Deloitte's Future of Trust offering. He focuses on helping clients improve organizational performance by building, protecting, and enhancing levels of trust for companies across a wide range of stakeholder groups. Bondar leads the firm's Global Innovation efforts focused on the development, scaling, and commercialization of our various technology-based solutions.

Roxana Corduneanu | rcorduneanu@deloitte.co.uk

Roxana Corduneanu is a manager with Deloitte LLP's Center for Integrated Research where she specializes in trust and future of work thought leadership. Prior to joining Deloitte, she completed her PhD in management at the University of Glasgow and was a visiting researcher at the University of Sydney. Her work has been published in top-tier academic journals, covering themes such as rewards management, work motivation, and public sector management.

Natasha Buckley | nbuckley@deloitte.com

Natasha Buckley is a senior manager with Deloitte Services LP and part of Deloitte's Center for Integrated Research where she leads research projects exploring the evolution of organizational trust, digital transformation, and the future of work. Her current research focuses on trust measurement and earning trust across the enterprise with different stakeholder groups.

Contact us

Our insights can help you take advantage of change. If you're looking for fresh ideas to address your challenges, we should talk.

Industry leadership

Michael Bondar

Future of Trust leader | Principal | Deloitte Risk & Financial Advisory
+1 404 220 1992 | mbondar@deloitte.com

Michael Bondar is a principal in the Risk & Financial Advisory business leading Deloitte's Future of Trust offering. He focuses on helping clients improve organizational performance by building, protecting, and enhancing levels of trust for companies across a wide range of stakeholder groups.

Center for Integrated Research

Roxana Corduneanu

Manager | Deloitte LLP
+44 20 7007 1172 | rcorduneanu@deloitte.co.uk

Roxana Corduneanu is a manager with Deloitte LLP's Center for Integrated Research where she specializes in trust and future of work thought leadership.

Natasha Buckley

Senior manager | Deloitte Services LP
+1 617 437 2585 | nbuckley@deloitte.com

Natasha Buckley is a senior manager with Deloitte Services LP and part of Deloitte's Center for Integrated Research where she leads research projects exploring organizational trust, digital transformation, and the future of work.

Deloitte.

Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.



Follow @DeloitteInsight

Deloitte Insights contributors

Editorial: Aditi Rao, Rupesh Bhat, Emma Downey, and Arpan Kumar Saha

Creative: Steffanie Lorig, Govindh Raj

Audience development: Nikita Garia, Hannah Rapp

Cover artwork: Steffanie Lorig

About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector, and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.