

Article

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How boards are nurturing and measuring stakeholder trust

In the Deloitte Global Boardroom Program's latest Frontier survey, both board members and executives agree trust is important and think it's their responsibility. But few include stakeholder trust-building in their corporate governance strategy. What's stopping them?



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Trust is at the core of all great human relationships. For businesses, earning and protecting stakeholder trust is fundamental to ongoing viability and success, not just in terms of reputation, but as an important driver of financial performance. Recent Deloitte research revealed that trustworthy companies outperform their peers in market value by up to four times, and that 88% of customers will return to buy from a brand they trust.¹ Our research also found that customer perceptions can sour when companies fail to build trust, negatively impacting brand value.² Workforce research uncovers the powerful link between trust and employee engagement: We found that 79% of employees who highly trust their employer feel motivated to work.³

To better understand how companies—and boards, in particular—are addressing trust as a critical agenda item, the Deloitte Global Boardroom Program surveyed 177 directors and C-suite executives across 30 countries (see Methodology). We also spoke with business and academic leaders and subject matter specialists to get their insights on what is being done in boardrooms around the world, where the obstacles lie, and where boards could do more to help build and nurture stakeholder trust.

What does trust management entail?

Deloitte's research on trust shows one of the first challenges in managing stakeholder trust is trying to understand what stakeholder trust actually means in the context of the company.

Organizational trust is the byproduct of a company doing everything it can to get things right for its various stakeholder groups. Trust is built and nurtured when a company demonstrates a high degree of competence and the right intent; meets capability expectations; reliably delivers on promises made; transparently shares information and motives; and displays humanity in caring for the experience and well-being of others.

To meet that high bar, companies should embrace two key principles:

1. *Every stakeholder counts.* Shareholders matter, for sure, but so do customers, employees, vendors, regulators, the media, and the communities in which the company operates.
2. *Talk is cheap.* Trust is demonstrated through promises kept and standards upheld. As Sandra Sucher, professor of management practice at Harvard Business School notes, “Trust is not just a feeling—it is created through actions.”

Operationalizing trust as a business priority

All respondents agree that trust impacts performance: 94% say it's “important” and only 6% say it's “somewhat important” to their organization's performance. Mike Towers, chief digital trust officer at Takeda Pharmaceuticals International, explains that in his industry, trust is woven into the core mission of serving patients. “These

things are personal and deeply emotional,” Towers says. “Trust matters to everybody, and everybody understands this. Trust is not just needed—it’s what’s expected from us.”

Digging a level deeper, responses varied more around where, specifically, trust matters most, around who’s actually responsible for it, and also whether—and to what extent—formal processes are needed to build and maintain trust across the organization.

While respondents recognized, for example, that stakeholder trust has a pervasive impact across their operations, some categories stood out as especially vital. Overall, four out of five respondents (81%, the top answer) indicate that trust directly affects their business relationships. Employee engagement and customer loyalty were a close second and third, at 79% and 76%, respectively (figure 1).

Respondents see trust as a tangible, working component of an organization’s ability to compete and thrive.

Explaining the trust gap

At Jacobs, “The CEO and full executive leadership team own the trust agenda, along with our board,” says Jaramillo. “The board gives guidance, inspires, and asks questions, but ultimately, they trust the leadership team to cascade that trust through to employees, clients, and stakeholders.”

Yet not all boards take such a sustained, active role. “Trust often becomes an agenda item in the boardroom as a result of trust breach,” says Harvard Business School’s Sucher. This reactive stance amounts to what Sucher calls “the downside of trust”—where trust is viewed purely in the context of risk management, or where a lack of trust is attributed to stakeholder misperceptions. She points to a reflexive, defensive posture some boards take: “We have this situation, we know this is true, [but] we may not agree with all the judgments people are making about us.”

But when leaders take a more active approach to building trust equity, Sucher says, one that asks: “What could we do if people actually really trusted us?” this “opens up an opportunity for innovation and collaboration.” Another key benefit: “Building

FIGURE 1

How stakeholder trust impacts business performance

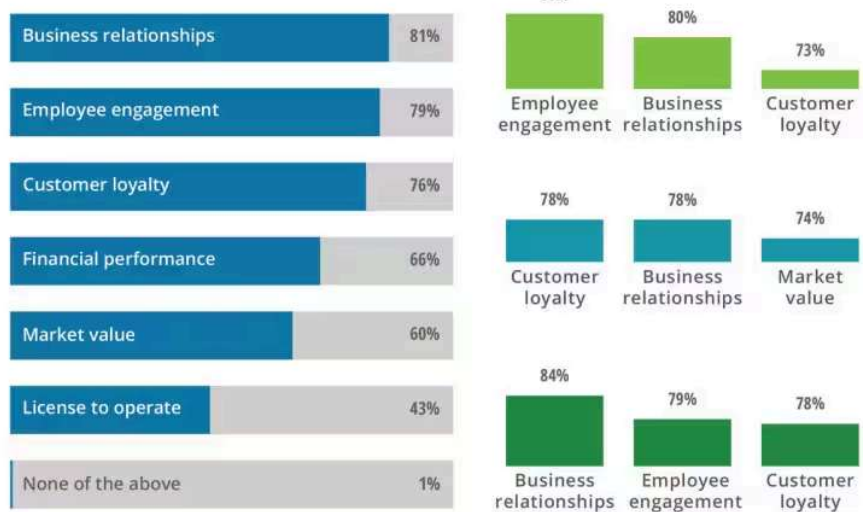
Does the level of trust you have with your stakeholders affect any of the following?

(Multiple choice)

Top three impacts, by region

■ Americas ■ Asia-Pacific ■ EMEA

Percentage of respondents citing an impact



Note: N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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About two-thirds (67%) of respondents say their organization approaches trust proactively, and that trust is built into their ongoing operations. The remaining one-third of respondents report a more reactive stance: 22% say they have no consistent approach and 8% only prioritize trust in the wake of a crisis.

Organizations that formally address trust as a regular issue to nurture and develop suggest that a concerted, strategic approach is one of the only ways to ensure it remains top-of-mind (figure 2). “We invest actively in trust because it does not happen on its own,” says Claudia Jaramillo, EVP for strategy and corporate development at Jacobs, an engineering services company. “Within the leadership team, we talk about the way we should talk with our teams, in trainings, during client interactions, and shareholder engagements. This is practiced across the board.”

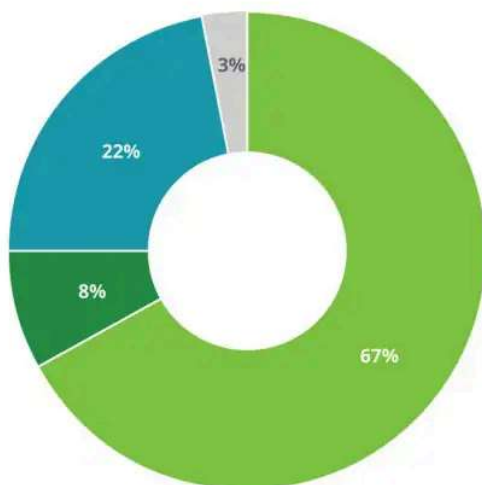
trust equity proactively enables organizations to become more resilient in times of

FIGURE 2

One-third of respondent organizations lack consistent trust management strategies

What is your organization's approach to nurturing or rebuilding trust?

- Proactive: Trust is built into our ongoing operations
- Reactive: Trust is only prioritized after a crisis occurs
- We do not have a consistent approach to managing trust
- Not sure



Note: N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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Getting to “trust maturity.” While the majority of respondents say their companies build trust proactively, many organizations still appear to have a way to go. After all, just 39% categorize their organization as achieving a high level of *trust maturity*: having well-defined trust objectives and related metrics, taking consistent actions across all parts of the organization, and regularly discussing trust in board and executive meetings (figure 3).

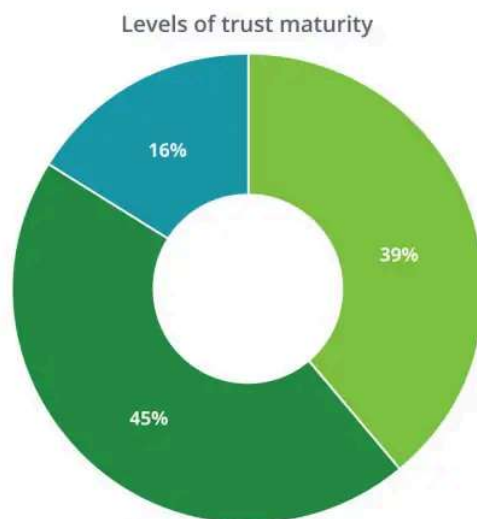
A greater number of respondents (45%) report a moderate level of trust maturity. At their organizations, they say trust is acknowledged as a business imperative and discussed periodically at board and executive meetings, but trust has yet to be enacted formally throughout the organization. And 16% of respondents, one in eight companies, say their organizations have a low level of trust maturity. These organizations lack a solid definition for trust, leaders have occasional and reactive discussions, and they haven't yet put processes in place for measuring or operationalizing trust. Regionally, 44% of Asia-Pacific and Americas respondents

report a high level of maturity, compared with 31% of Europe/Middle East/Africa (EMEA) countries.

FIGURE 3

Where do you think your organization is on the scale of trust maturity?

- High: Trust objectives and related metrics are well-defined, consistently actioned across all parts of the organization, and regularly discussed at board and executive meetings
- Moderate: Trust is acknowledged as a key business imperative, and sometimes is discussed at board and executive meetings, but it is not yet operationalized across all functional areas
- Low: Trust is not well-defined, measured, or operationalized; discussions are opportunistic and infrequent, not proactive or strategic



Note: N = 177.

Source: The Deloitte Global Boardroom Program Trust Survey.

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The CEO—and the board—own the trust agenda

Who, specifically, is responsible for managing trust? The vast majority—82% of respondents—say the CEO is ultimately responsible for trust leadership at the company. The most important task for the CEO is to set the tone and be clear about what’s expected from the leadership team, according to Michael Bondar, Advisory principal and Enterprise Trust leader at Deloitte Consulting LLP.

CEO leadership on trust can be most effective when “the next level of responsibilities are properly cascaded, articulated, and activated,” Bondar says. “Senior leaders and their respective teams have to play their part in executing trust building actions.”

While organizations may or may not name a formal chief trust officer (recent research shows less than 10% have),⁴ they need clear ownership of day-to-day systems and processes to manage and enhance trust. Follow-up is essential, Bondar believes, as this ensures trust is action-oriented. The CEO should regularly report to the board, which would help board members steer the trust agenda and provide effective oversight.

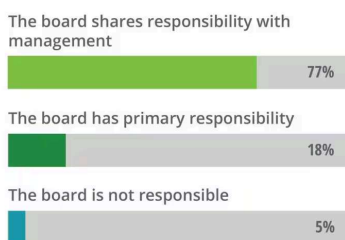
Respondents also almost universally (95%) believe the board should play a key part in building and protecting stakeholder trust (figure 4). More than three quarters (77%) say the board shares responsibility with management, while 18% believe the board has primary responsibility.

“Our board drives a lot of activities within the organization, particularly with respect to feedback, such as formal employee surveys and direct and indirect engagement, including internal audit reports on cultural and behavioral issues,” says Simon Henry, independent non-executive director and audit committee chair at metals and mining company Rio Tinto. “We have many touchpoints to build up a holistic picture of trust. Some of these are based on anecdotes, others are based on structured, measurable feedback. This feedback loop is absolutely essential.”

FIGURE 4

95% of respondents say the board either owns or co-owns the trust agenda

Is the board responsible for managing stakeholder trust?



Note: N = 177.

Source: The Deloitte Global Boardroom Program Trust Survey.

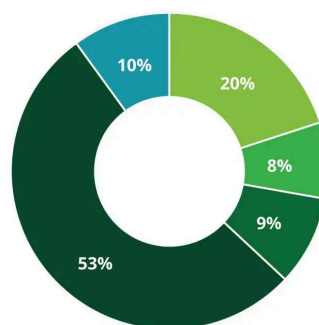
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FIGURE 5

Most respondents say trust isn't discussed regularly at board meetings

How frequently do you have trust as a specific item on the board agenda?

- Quarterly or more frequently
- Twice a year
- Annually
- No fixed cadence—only when a major issue arises
- We do not discuss it



Note: N = 177.

Source: The Deloitte Global Boardroom Program Trust Survey.

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crisis,” Bondar explains.

Putting trust on the board agenda

Despite broad acknowledgment of their responsibility, survey results suggest that boards have more work to do to embed trust as a prominent

feature on the agenda (figure 5). Nearly two-thirds (53%) say they have no fixed cadence for such discussions—being guided instead by events as they arise. Fewer than one-third (28%) of respondents say their boards put trust on the agenda twice a year or more, and 10% report that they do not discuss trust at all as a board.

Explaining the trust gap

Our survey shows directors around the world clearly recognize the importance of managing stakeholder trust. Then why isn't trust management a more regular agenda item at board meetings? Prior Deloitte research shows leaders can be challenged by the complexity of trust as a topic. Many also tend to view trust as an organic byproduct of organizations doing what they are supposed to do.⁵

Another explanation may be more personal: People tend to impose their own ideas about trust onto a corporation. "At a personal level, we make an intuitive judgment on trustworthiness of others fairly fast," says Bondar. "This leads us to think that trust is an easy and instinctive concept. In reality, businesses cannot expect that such an evaluation mechanism exists within an organization," he adds. "Businesses need to conceptualize trust and build trust systematically."

SHOW LESS

Building trust hinges on evolving stakeholder concerns

How an organization responds to events can play an outsized role in determining the level of trust stakeholders place in that organization. Crises call on corporations to address immediate challenges, but leaders also should look beyond the moment and make changes to policies and communications that support customers, communities, and the workforce.

Over the past 18 months, for example, about two-thirds (67%) of respondents say overcoming pandemic-related challenges was the main area of focus for building stakeholder trust (figure 6). But as the COVID-19 pandemic becomes less of a

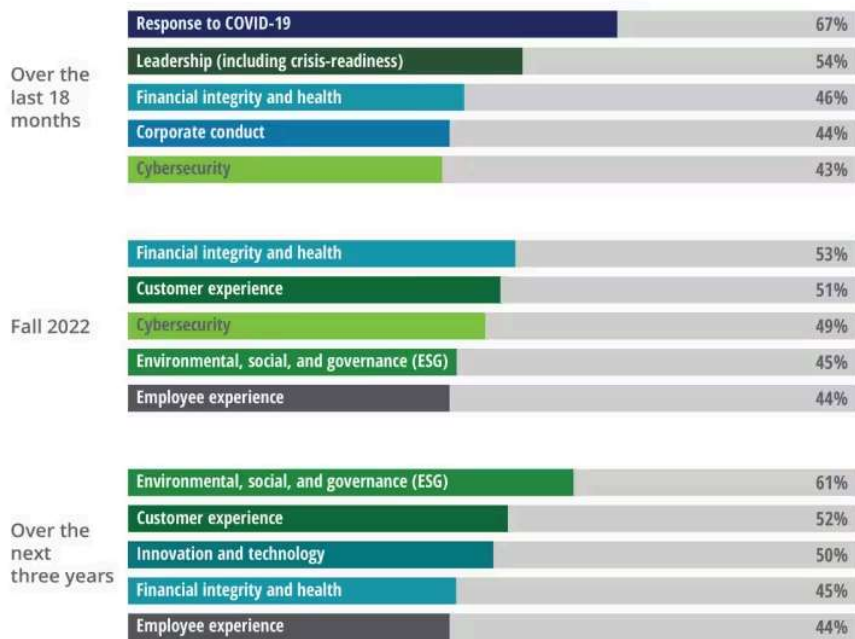
pressing concern in many regions, Environmental, Social and Governance (ESG) and climate issues are quickly becoming some of the issues most likely to impact corporate trust building.

Our survey shows this trend is accelerating: While just 45% of respondents say ESG is a key driver of trust for their company right now, that number leaps to 61% when respondents point to priorities over the next three years. They envision ESG and climate change becoming even more of a priority than other vital trust areas as customer experience (52%), innovation (50%), and cybersecurity (49%).

FIGURE 6

ESG is quickly becoming the No. 1 concern impacting trust

Respondent organizations' primary areas of focus in building stakeholder trust, 2020-2025



Note: Respondents asked to order concerns based on importance; N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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Simon Henry of Rio Tinto believes his company’s ESG agenda will enhance trust with new generations of customers who view a commitment to environmental and social sustainability not as nice-to-have qualities, but as an inherent part of doing business. “Trust,” he says, “comes from sharing our customers’ ESG journey: our ability to

work with them through technology innovation, for example, to reduce the carbon footprint in the value chain.”

Towers, of Takeda Pharmaceuticals International, similarly views trust and ESG as inextricably linked. “Going forward, when building trust in our industry, we need to focus on three areas: sustainability, the focus on value and outcomes, and social responsibility. Our key stakeholders are health care practitioners, patients, and donors, and they pay attention to the company’s position on the sustainability agenda and our reputation.”

Putting ESG reporting at the center of trust. Respondents also made clear that for stakeholders to gain trust, ESG needs to be backed up by data showing clear progress toward sustainability goals. Most respondents (80%) believe this substantiation of progress is needed across major stakeholder groups, from regulators to customers to employers, investors and society-at-large, including the media.

Making ESG a priority for building trust across stakeholder groups requires discipline and “multiple data points” to speak to the varied concerns of customers, shareholders, employees, community leaders, and others,” notes Henry. “With each stakeholder, you need to spend time and listen to them. No part of our business agenda can succeed without a significant level of trust.”

Overcoming reporting challenges. As essential as ESG reporting has become, methodologies are still evolving. Many companies are still finding their way (figure 7). While 70% of respondents say that the board has approved an ESG policy, nearly 80% believe their organization has not fully addressed the ESG reporting challenge, either because they have not finalized all metrics or have not finished building the data set. Only 23% of respondent organizations have fully defined metrics and data across all measures.

When asked what actions their organization needs to take to earn trust over the next six months, 58% of respondents cite performing an ongoing, consistent, and objective trust assessment and measurement to get a clear and quantified view of trust for the organization.

FIGURE 7

Most respondent organizations have work to do to meet ESG reporting requirements

Are ESG strategy metrics defined across all areas?



Note: N = 124.

Source: Deloitte Global Boardroom Program Trust Survey.

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Trust and climate change. Some 70% of respondents confirm that creating a strategy and measurable action plan for climate change is critical (figure 8). Other priorities included “understanding stakeholder viewpoints” (40%), “transparency and clear communication” (38%), “level of commitment and urgency to address climate change as a priority” (37%), “board oversight and governance” (31%), and “sufficiency and reliability of information” (29%).

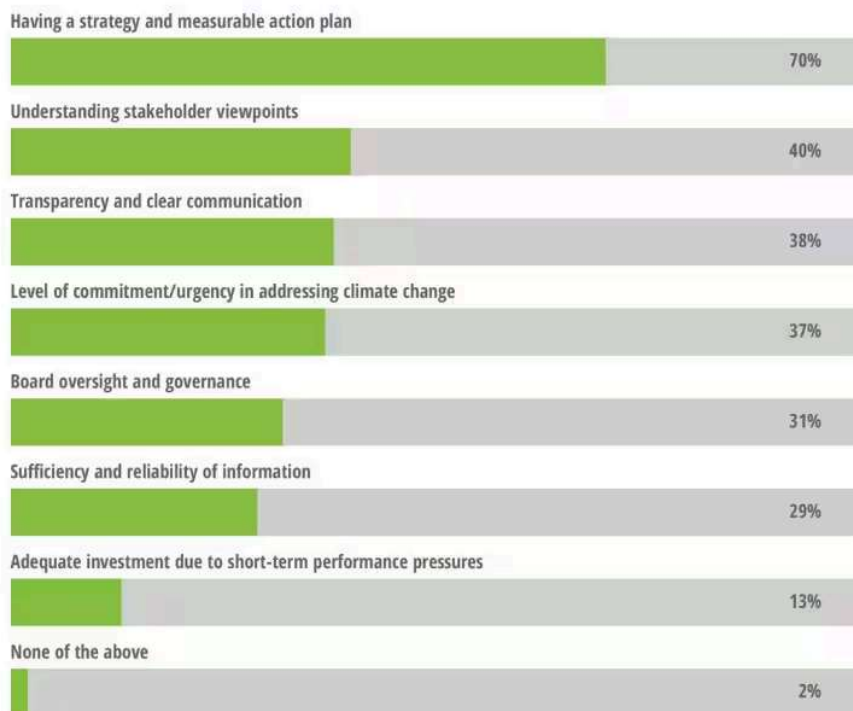
For many organizations, next steps involve creating a solid foundation to build on (figure 11). The majority of board members (83%) believe action on trust is needed within six months. Nearly half (45%) cite the need to develop a comprehensive and accurate definition and framework of trust across the organization, while 42% of respondents note that they intend to regularly include trust in board and management agendas as an action item in the near future.

Only 17%, fewer than one in five companies, say they see no need for further action because their organization is already where it wants to be on trust.

FIGURE 8

Climate change and trust focus areas and priorities

When it comes to addressing climate change, what areas are most critical to gaining stakeholder trust? (Multiple choice)



Note: N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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Barriers to proactive trust management

When asked to consider barriers to building or rebuilding trust, 46% of respondents indicate there is a lack of clarity over which actions to take and how to measure progress (figure 9). Twenty-one percent point to the lack of a designated owner of trust management, while 18% highlight complacency as the main challenge. Meanwhile, one-third of respondents believe there are no barriers to building or rebuilding trust.

FIGURE 9

Lack of process steps and measurement protocols top the list of leadership challenges

What barriers does your organization face in building or rebuilding stakeholder trust?
(Multiple choice)



Note: N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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“We need to work with changing expectations. What was good enough yesterday may not be good enough tomorrow,” Henry says. “If we do not lead and shape this change, our bottom line will suffer. Ultimately, it will affect our people's reputation and their feeling of self-worth and purpose.”

In some cases, the journey of constant challenge and discovery to increase trust may be hindered by fear of the unknown. In fact, 11% of respondents said a key barrier is concern over what might be revealed. “Trust can be scary because it sometimes means we must let go,” Jaramillo, of Jacobs, notes. “When we recruit new people and develop talent, we need to let them try different things and loosen control. Then there is the fear of failure. One of Jacob’s core values is to challenge the accepted. In real terms, this means that we do not know what is going to come out of it, but we need to embrace the unknown. The more we do that, the more comfortable we will be.”

Building a solid foundation to earn—and measure—trust

As previous Deloitte research has shown, not only do organizations struggle with how to measure and quantify trust as an essential performance indicator, but many don’t

try to do it at all. Less than half (43%) of respondents say their organization measures stakeholder trust (figure 10). Among the rest, 45% report their company does not measure trust and 12% say they didn't know whether or not they do.

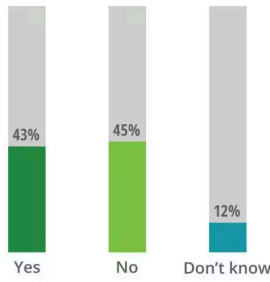
This is not surprising. “Measuring trust is not a core competency for most organizations,” Bondar explains, “But multiple approaches to trust measurement are emerging, from the very tactical to the highly strategic.” Bondar says tactical approaches include deploying voice analytics to better understand human emotions in customer or employee interactions. Among more strategic approaches being implemented, some companies are using 360 degree organizational assessments to determine whether enterprise domains, such as product quality, are perceived to be trustworthy by employees, customers, and other stakeholders.

For some organizations, one barrier to measuring trust may be the daunting prospect of having to establish complex new data collection processes. But this may not be necessary—at least to start. Sucher explains how companies can use existing programs to better understand stakeholder trust: “A robust Net Promoter Score program that phones customers to understand why they gave the company a low score is one example. Another is employee exit interviews that can be analyzed for patterns in why, and from where, employees are leaving. Work harder with the programs and data you already have at your disposal for insights into trust,” Sucher recommends.

FIGURE 10

Only 43% of respondent organizations measure stakeholder trust

Does your organization measure how trusted it is by its various stakeholders?



Note: N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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FIGURE 11

Measuring and developing frameworks around trust top near-term priorities

What actions does your organization need to take in the next six months to earn stakeholder trust? (Multiple choice)



Note: N = 177.

Source: Deloitte Global Boardroom Program Trust Survey.

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Respondents say they plan to intensify efforts to maintain and build stakeholder trust. The key, according to Sucher, is that companies should keep fighting for it, even (or especially) when adversity strikes. Some leaders believe that “once lost, trust can never be regained,” she notes. But, in fact, “many companies are so well capitalized that

they're unlikely to go down as a result of a trust breach. There are also companies that have done an excellent job overcoming lost trust.”

Talking about trust: Five topic areas for board discussion

As directors seek to nurture and build trust among their stakeholders, here are some topic areas they can use to foster productive conversations:

1. *Defining trust.* What is our working definition of trust as it relates to the organization and our relationships with stakeholders?
2. *Delineating the board's role in trust management.* What are the board's responsibilities for earning trust with stakeholders and how do these differ from or align with management responsibilities?
3. *Measuring trust.* What metrics is our organization using to measure stakeholder trust? What could we do to improve the quality and accuracy of these metrics?
4. *Evaluating current priorities and anticipating shifts.* What are our current trust-building priorities and how will these evolve over the next few years?
5. *Evaluating the impact of ESG strategy and progress on trust.* To what extent does our commitment to sustainability and broader ESG factors support and reflect our broader commitment to building and maintaining stakeholder trust?

Methodology

The Deloitte Global Boardroom Program surveyed 177 board members and C-suite executives in more than 30 countries in October 2022. Among the 89% of respondents who serve as board members, 39% serve as audit committee chairs or members and 19% serve as board chairs. Note that some respondents may serve multiple organizations, as both executives and board members.

Responses are distributed across the Americas, Asia-Pacific (APAC), and Europe, Middle East, and Africa (EMEA) (31%, 31%, and 38% respectively). More than half of respondents (58%) serve at publicly listed companies, while 34% serve at privately owned companies, including family businesses.

Industries represented include financial services (28%), manufacturing (12%), energy and resources (11%), retail and wholesale (10%), business and professional services (8%), technology (7%), health care and pharmaceuticals (5%), and telecommunications, media, and entertainment (3%).

Company size: 24% of respondents represent organizations with equity market values of US\$10 billion or more, followed by those with values between US\$1 billion and US\$10 billion (32%) and those with values less than US\$1 billion (44%).

+ Endnotes

1. The Deloitte HX TrustID™ Survey, May 2020 (n=7,500). See: Ashley Reichheld and Amelia Dunlop, *The Four Factors of Trust: How organizations can earn lifelong loyalty*, (New York: Wiley, 2022). [View in Article](#)
2. Michael Bondar, Natasha Buckley, Roxana Corduneanu, David Levin, [How enterprise capabilities influence customer trust behavior](#), Deloitte Insights, June 28, 2022. [View in Article](#)
3. Ibid. [View in Article](#)
4. Approximately 6% of organizations have named a chief trust officer. See: Deloitte, “[Many C-suite executives say their organizations want to build trust in year ahead, yet few have leadership and tracking capabilities in place](#),” press release, October 19, 2022. [View in Article](#)
5. Michael Bondar, Natasha Buckley, Roxana Corduneanu, David Levin, [How enterprise capabilities influence customer trust behavior](#); Frances X. Frei and Anne Morriss, “[Begin with trust](#),” *Harvard Business Review*, May–June 2020; Paul J. Zak, “[The neuroscience of trust](#),” *Harvard Business Review*, January–February 2017. [View in Article](#)
6. Michael Bondar, Natasha Buckley, Roxana Corduneanu, [Can you measure trust within your organization?](#), Deloitte Insights, February 9, 2022. [View in Article](#)

+ Acknowledgments

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About the Deloitte Global Boardroom Program

The Deloitte Global Boardroom Program brings together the knowledge and experience of Deloitte member firms around the world to address critical topics of universal interest to company boards and the C-suite. Supplementing geography programs, its mission is to promote dialogue among Deloitte practitioners, corporations and their boards and management, investors, the accounting profession, academia, and government. In addition to the publication of thought-pieces on critical topics, the Deloitte Global Boardroom Program hosts a series of must-see webinar discussions with eminent panelists to enable boards and management of global companies to challenge perceived wisdom.



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