



BOARD STUDY:

# The Worth of Trust - Part 3: Considerations for the Board and for Corporate Affairs

---

BASIL TOWERS, 2022

# Considerations for the Board

The following actions should help a board adopt an explicit approach to addressing foundational and competitive trustworthiness and trust. The proposed actions can be incorporated into an existing board mandate, agenda, and ways of working.

**01** Agree a set of practical principles that explain the mechanics of trust, trustworthiness and trusting behaviour. Establish a definition that is broad enough to prevent overly simple black and white conversations.

---

**02** Debate what the business could do better if it were trusted more/or in another way/ more than its competition including:

- the impact on revenues, costs, and strategic aims if the business becomes more trustworthy or less untrustworthy than the competition and the costs if it doesn't
- the factors - the business's choices, character and behaviour, capabilities, and performance - that earn, sustain, or lose foundational or competitive trustworthiness
- what win/wins look and feel like to both sides in valuable two-way trusting relationships

---

**03** Assess and address the extent to which the board and leaders are blind to stakeholders' contexts and realities - the things that inform beliefs, expectations, and trusting behaviour.

---

**04** Help leaders to:

- prioritise earning specific valuable trustworthiness
- balance the investment of time and resources with short and long-term impacts
- understand the potential for levels of trustworthiness to change and therefore the vulnerabilities and consequent mitigation strategies
- reconcile the trade-offs between economic returns, values, and trustworthiness
- address conflicts that need resolution
- agree the indicators to monitor, track and verify trust performance

---

**05** Scrutinise and test the extent to which:

- the business has the trust and therefore the freedom to make choices and execute the strategy it chooses
- the corporate purpose, values, and culture shape trustworthy behaviour
- short-term pressures are not undermining longer-term trust
- leaders and managers are crystallising the value of trust
- trust considerations are embedded within the existing strategies, plans, processes, and performance reporting
- there are appropriate levels of mutual trust between people in the business
- codes of conduct, policies, controls, and governance are effective

---

**06** Set the tone from the top to signal the importance of an explicit and active approach to earning material trustworthiness and trust:

- monitor and report on trust's impact on the execution of the strategy (and vice versa)
- emphasise the organisational and individual capabilities required to earn material trust
- set a risk appetite for losing trustworthiness
- hold leaders to account and reward trustworthy behaviour and outcomes

SEE PART 1: [Board Study, The Worth of Trust, Making the Implicit, Explicit](#)

SEE PART 2: [Board Study, The Worth of Trust, What the Chairs Said](#)

# Considerations for Corporate Affairs

The following Corporate Affairs contributions will help a board adopt an informed and explicit approach to debating and making decisions about trustworthiness and trust.

These actions are underpinned by the core activities, capabilities, and resources of the function.

## ENABLE THE BOARD'S UNDERSTANDING AND FOCUS

---

- 01** Provide the perspectives, insights and advice that strengthen the board's understanding of:
- whose trust, beliefs and relationships are material
  - the business model's sensitivity to trust
  - how trustworthiness in valuable trusting relationships is earned, sustained, lost, and recovered
  - the common factors – the choices, character and behaviour, capabilities, and performance that will earn, sustain, or lose these levels of trustworthiness/trust in critical relationships
  - what win/wins look and feels like to both sides in valuable two-way trusting relationships

- 02** Help the board focus on both the positive impacts of trustworthiness and trust as well as the negative impacts of not having it or losing it – specifically the extent to which:
- it is viable to differentiate on trustworthiness
  - the business has the trust therefore the freedom to make choices and execute strategy
  - how the business is doing on trust – the impact of business decisions, actions, and behaviour on trusting relationships
  - there are effective levels of mutual trust in the business

- 03** Highlight the potential for levels of trustworthiness to change and therefore the vulnerabilities, then advise on the consequent mitigation strategies

- 04** Help the board set the tone from the top and signal the importance of an active, explicit approach to earning trustworthiness and trust

## INFORM BOARD DEBATE AND DECISIONS

---

- 05** Map and inform the prioritisation of valuable trusting relationships and perceptions for trustworthiness

- 06** Inform board reflection, dialogue and debate that support:
- prioritising specific valuable trust (foundational and competitive)
  - balancing the investment of time and resources with short and long-term impacts
  - reconciling the trade-offs between economic returns, values, and trustworthiness
  - reconciling the conflicts that need resolution
  - the business doing something better as a result

**07** Advise on the extent to which leaders and managers are crystallising the value of trust

---

**08** Advise on the extent to which the corporate purpose, values, culture, and standards shape trustworthy behaviour

---

**09** Highlight where and why trustworthiness may or is breaking down due to:

- practices that are not central to the purpose and beliefs of the business
- exaggeration, over promising and under-delivering
- the disconnects between internal and external realities
- short-term pressures and actions overriding longer-term benefits
- human or systemic mistakes

---

**10** Provide perspectives, insights, and foresight that support a timely understanding of:

- stakeholders' contexts (i.e., geopolitical, and societal), realities, and agendas
- the extent to which the business is trusted by those who matter, what earns or might lose this trust (vulnerabilities)
- the things that inform trusting relationships and behaviour
- evidence that supports verification

---

## HELP BUILD CAPABILITIES

---

**11** Agree on trust earning strategies and the most effective arguments and evidence that will persuade people to trust the business more

---

**12** Advise on the leadership and management capabilities needed to earn trusting outcomes

---

**13** Advise on and support embedding trust considerations within existing strategies, plans and performance reporting and the wiring of the business

---

**14** Advise on the trust risk appetite statement

---

**15** Advise on the indicators to track and verify trust performance and provide honest score keeping on how the business is performing on reputation, trustworthiness, and trust

---

**16** Advise on and support the development of effective codes of conduct, policies, controls, and governance

---

## SOME USEFUL GUIDING PRINCIPLES

---

**01** Trusting relationships are one of the foundations of business success. Trust is placed in an organisation. It can be misplaced. Businesses need

*“well directed trust, trust in the trustworthy and mistrust of the untrustworthy. Competency, honesty, and reliability are key to trustworthiness”*

- BARONESS ONORA O’NEILL

---

**02** Different trusting relationships and reputations for trustworthiness have different levels of relevance and value. They have the potential to create advantage.

Valuable trust is granted by being worthy of trust. A perception of trust indicates a low level of risk. It allows the partner in a trusting relationship to be more willing to grant trust and to undertake the risk.

---

**03** Businesses are human institutions. Trustworthiness, a very human and social characteristic, is generated from within the organisation. It is shaped by context.

Reciprocity and mutual dependence are critical to earning trustworthiness and sustaining effective two-way trusting relationships.

---

**04** To be perceived to be worthy of trust a business needs to share a purpose, values and interests with the people who are critical to its success.

Trustworthiness is judged on an organisation’s reputation for integrity and competence – specifically:

- choosing to act in stakeholders’ interests – understanding and demonstrating to its partners it is on their side at critical moments
- doing what it says it will do – reliably delivering on the promises it makes
- signalling trustworthiness – providing the evidence that it is worthy of trust

## SOME USEFUL DEFINITIONS

---

### TRUST:

*“The willingness of a party (the trustor) to be vulnerable to the actions of another party (the trustee) based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party.”*

Mayer et al., 1995

### TRUST:

*“Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another.”*

Rousseau, Burt and Camerra, 1998

### TRUSTWORTHINESS:

*“An exchange partner is trustworthy when it is worthy of the trust of others. An exchange partner worthy of trust is one that will not exploit other’s exchange vulnerabilities.”*

Barney & Hansen, 1994

### REPUTATION:

*“Expectations about an organisation’s future behaviour or performance based on perceptions of past behaviour or performance.”*

Rupert Younger, Centre for Corporate Reputation,  
Saïd Business School, University of Oxford

For further information please contact [advice@tie-stone.com](mailto:advice@tie-stone.com)  
or visit our website [tie-stone.com](https://www.tie-stone.com)