

May 2023

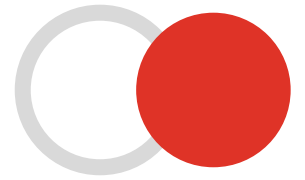
# A leadership agenda

Driving trust from the top



pwc





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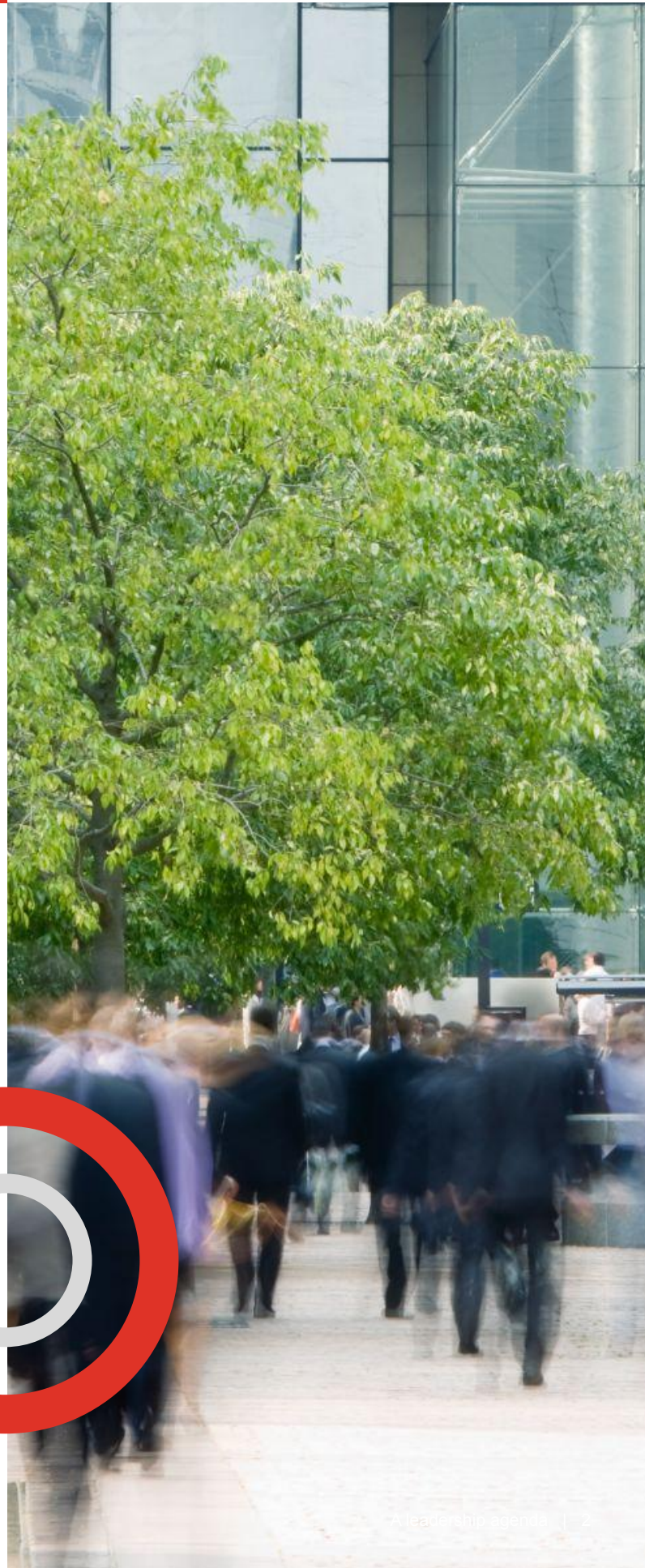
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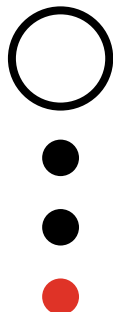
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# About the report



In developing this thought leadership publication, we wanted to find out if business leaders are aligned with their customers and employees on what moves the needle on trust. To do this, we surveyed members of the public between 27 March - 19 April 2023 through a poll distributed on social media. **521 responses** were received, with the majority of respondents in the Gen X and Millennial age groups, and are employed at work or active in the labour market. We considered these respondents to reflect both the customer and employee perspectives.

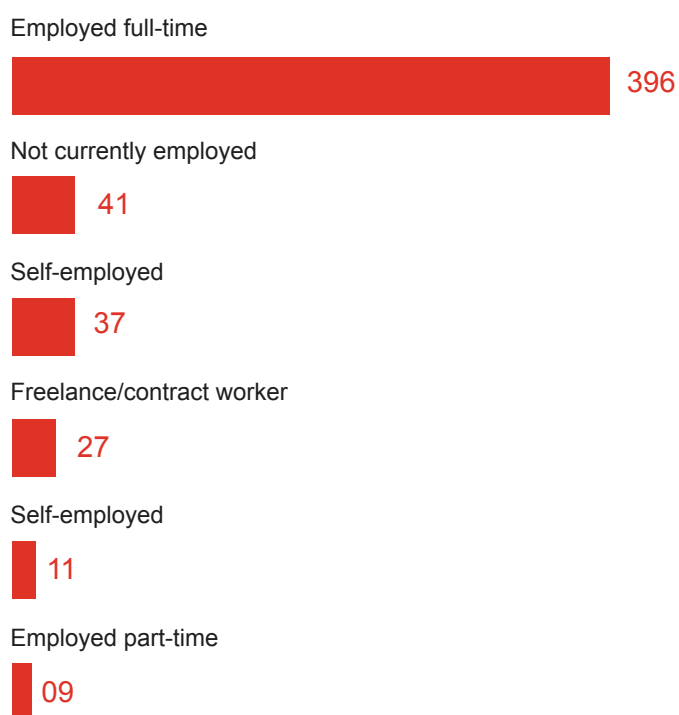
Business leaders' perspectives were obtained through interviews with 7 business leaders conducted between April and May 2023, supplemented by secondary research.

## We heard from:

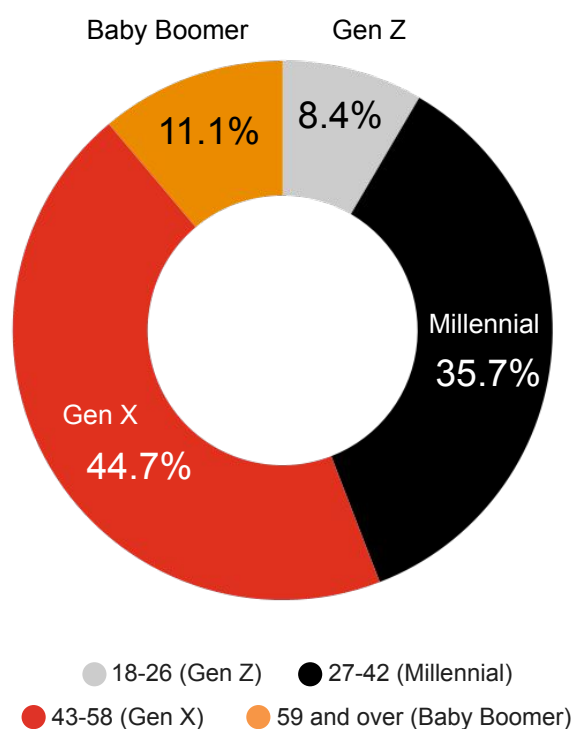
- **Alina Amir**, CEO and Co-founder, Arus Academy
- **Dato' Abdul Rahman Ahmad**, Group CEO, CIMB Group Holdings Berhad
- **Joe Sim**, Group Chief Operating Officer, IHH Healthcare
- **Kamarul A Muhamed**, Founder and Group CEO, Aerodyne Group
- **Lim Cheong Guan**, Managing Director, Top Glove Corporation Berhad
- **Lim Chern Yuan**, Group CEO, Yinson Holdings Berhad
- **Loi Tuan Ee**, Managing Director, Farm Fresh Berhad

## Demographics of survey respondents:

### Employment status



### Age





# Trust, today

Economic anxiety and prevailing societal challenges have resulted in a decline in overall trust levels in Malaysia's core institutions including government, business, non-governmental organisations (NGOs) and media, as measured in the 2023 Edelman Trust Barometer<sup>1</sup>. With the level of trust going from 66 points in 2022 to 62 in 2023, Malaysia's decline was one of the largest among the countries surveyed this year, although business remains one of the most trusted institutions among the four.



The reasons for economic pessimism are clear. Global economic recovery from the pandemic was tempered by an inflation and cost of living crisis in many countries globally. Business leaders are contemplating the viability of their companies<sup>2</sup>, and employees continue to confront fears around what cost-cutting by their employers may mean for their jobs. The man on the street contemplates a question both existential and practical: Will my family be better off in the future?

Our interactions with Malaysian organisations over the years have revealed one thing that business executives agree on - that trust in business is imperative. Trusted companies perform better, especially during times of crisis<sup>3</sup>, because customers<sup>4</sup> are willing to advocate for them and employees<sup>5</sup> want to go the extra mile for them.

Which is why the need for trusted leadership is more critical than before. Leaders set the tone for what the culture of trust looks like inside and outside the organisation. They empower their people to collaborate and innovate, articulate the organisation's strategies for growth and sustainability, and understand that there doesn't need to be economic trade-offs when it comes to building trust.

A new era of leadership is key in rising to the challenges of today and tomorrow. A leader who wins today's race while running tomorrow's, will need to put trust at the forefront of their relationships.

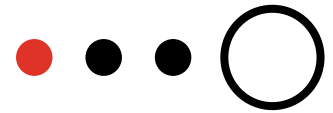
<sup>1</sup> [Edelman Trust Barometer Global Report, Edelman, 2023](#)

<sup>2</sup> [26th Annual Global CEO Survey - Malaysia, PwC Malaysia, January 2023](#)

<sup>3</sup> [Trust in Adversity, PwC Malaysia, November 2020](#)

<sup>4</sup> [Trust Survey, PwC US, March 2023](#)

<sup>5</sup> [Why Trust in Leaders Is Faltering and How to Gain It Back, Gallup, 17 April 2023](#)



# What drives trust in business?

As opinions vary among different stakeholders, is there alignment in what business leaders think drives trust and what consumers and employees say is most important? We see alignment, but as we explore in this publication, the way that companies go about achieving trust and what customers and employees expect to see may be slightly different.

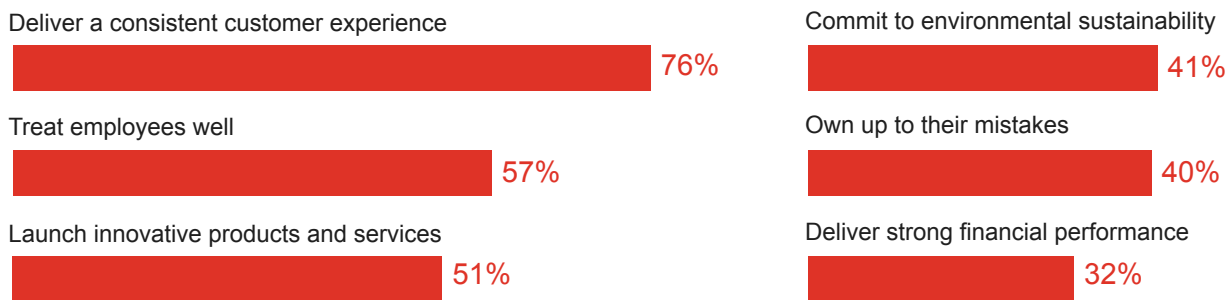
**Customers and employees want companies to deliver a consistent experience and treat them well**

Among members of the public, unsurprisingly, their experience with companies is a key driver of trust, and this is true across all age groups.

**CEOs are putting the customer and employee experience first to build trust, ahead of profit margins**

When asked how they're building trust with customers, leaders tell us they're using various feedback mechanisms to ensure that they're looking after these relationships. Tools like Net Promoter Score remain important to measure loyalty, and customer feedback helps determine the direction of innovation.

What stood out was the commitment to putting the customer first, even if it costs more. "What we convey to our team is this: if you are faced with a conflicting situation where you have to decide whether to act in the best interest of the customer



Q: Think of a company you trust. What are the top 3 things they do that build trust with you in the long term?

“

If what you do for your business comes from a sincere place, you build trust with your customers because they know that ‘If I were to drink this, I would be [consuming] a pure dairy product without any preservatives or additives’.

”

Loi Tuan Ee, Managing Director, Farm Fresh Berhad

versus the best interest of the company to generate immediate profit, customer centricity means you should always act in the best interest of the customer. And we explain to our people that if you end up mis-selling to a customer, they may never come back and do business with us ever again. So to us, that's basically not even a trade-off we want to accept.” says Dato’ Abdul Rahman Ahmad, Group CEO, CIMB Group Holdings Berhad.

Joe Sim, Group Chief Operating Officer, IHH Healthcare believes that building trust isn't mutually exclusive: “To provide excellent care and outcomes to our patients, we need to do right by our people and our planet. As long as we take care of our patients, I believe our business will grow sustainably and we can deliver good outcomes to our investors.”

# The trust direction

A culture of innovation and an appetite for exploring the unknown will require a high level of trust between leaders and their people. Leaders, especially, will have to consider how they can avoid stymying their organisations' transformation efforts.

## CEOs and employees agree that the trust direction is driven top-down

An overwhelming majority of respondents believe that trust should be driven top-down. CEOs generally believe this to be the case as well, noting that the tone should be set at the top, either by role modelling trustworthy behaviours or ensuring that organisational values are imbued throughout operations across different geographical regions.

75%  
Top-down

25%  
Bottom-up

Q: In a workplace, should trust be built from bottom up (customers/employees to lead) or top down (senior leadership to lead)?

On driving top-down trust, Kamarul A Muhamed, Founder and Group CEO, Aerodyne Group, shares, "It is very challenging, to be honest, and it's also a cultural thing as well. We are present in 45 countries, so the levels of trust and integrity are different across regions. But our core values are the same wherever we're located, so we inculcate these same values in our people."

We observe that the younger generation believe trust should be built from the bottom up, while the more experienced older generation believes otherwise, showing the willingness of both sides to shoulder the responsibility of building trust.

Alina Amir, CEO and Co-founder of Arus Academy, thinks that bottom-up trust will be important as the organisation's trust culture develops: "At the very beginning, I think it's very important for the leaders in the company to role model, and build that trust by getting to know and open up with the team.

“

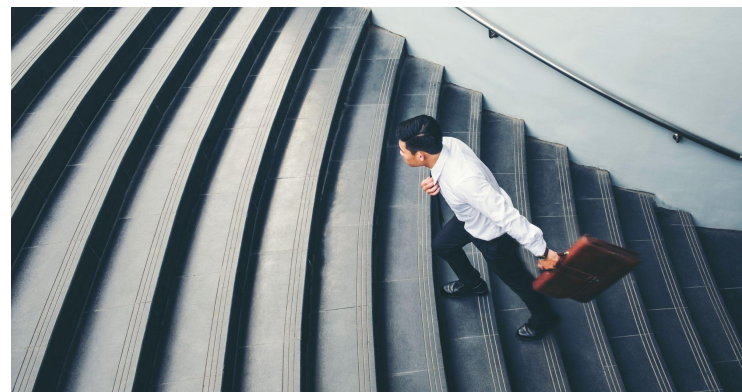
It has to be from the top. You have to lead, you cannot expect those under your care to be showing the example. As leaders, actions are important and we need to always 'say what you mean and mean what you say'

”

Lim Cheong Guan, Managing Director,  
Top Glove Corporation Berhad

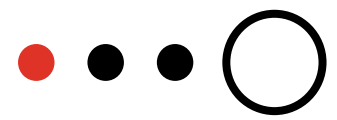
But as you mature as a team, I don't think it's top-down anymore. When the team comes to me to ask 'What is our culture?', I say, 'The culture is you; how you work, behave and respond is going to be the culture of Arus.'

Over the next three chapters, we explore how the drivers of trust, including customer experience, innovative products and employee wellbeing, impact organisational strategy in three areas - innovation, workforce and sustainability.





# Innovate to transform



Our 26th Annual Global CEO Survey<sup>6</sup> finds that one in two (51%) Malaysia CEOs believe that their companies are only economically viable for 10 years or less on their current path, highlighting the need to reinvent and transform. However, the priorities of CEOs and customers and employees tend to diverge.

**CEOs are concerned about changes in regulation and supply chain disruption while customers and employees think technological advancements will impact profitability**

It's likely that changes in regulation around employment and sustainability, which are recent developments, were more top of mind for CEOs during the 26th Annual Global CEO Survey period in October and November 2022. However, the impact of labour and/or skills shortages and changing customer preferences ranked within the top three selections of both groups when asked about the major events they foresee will impact company's survival in the next decade.

“

If you're only working towards meeting regulation, you'll end up behind the technology curve and at the same time, you won't be able to attract the talent pool you need. That's very important for businesses that want to grow.

”

Lim Chern Yuan, Group CEO, Yinson Holdings Berhad

## Top threats for businesses in the next 10 years

### Customers and employees



Technological advancements



Labour and/or skills shortages



Changing customer preferences



### CEOs



Changes in regulation



Supply chain disruption



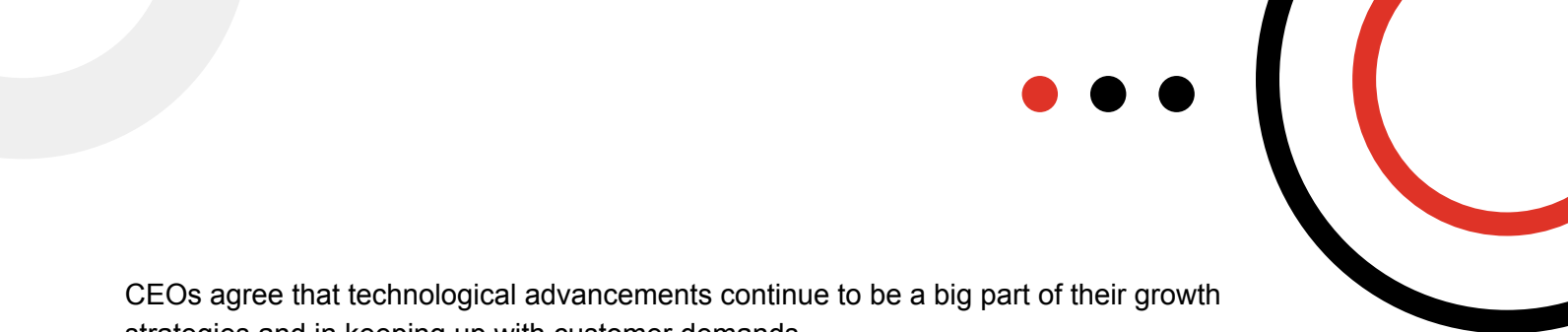
Technological advancements //  
Labour and/or skills shortages //  
Changing customer preferences

**Customers and employees** - Q: What major events do you think will impact companies' survival in the next decade?

**CEOs** - Q: To what extent do you believe the following will impact (i.e., either increase or decrease) profitability in your industry over the next ten years?

<sup>6</sup> 26th Annual Global CEO Survey - Malaysia. PwC Malaysia. January 2023





CEOs agree that technological advancements continue to be a big part of their growth strategies and in keeping up with customer demands.

### **Technological advancements combine with empathy to enhance the customer experience**

Some of the most successful businesses today are technology companies, and many organisations are embedding technologies such as automation, artificial intelligence, big data and 5G in delivering value to customers. Technology has increased customer accessibility to products and services, made products and services cheaper, and saved time in customer interactions, amongst other contributions.

As a big driver of trust is in the customer experience and innovative products, humanising technology can transform companies' relationships with customers<sup>7</sup>. By looking at how customers think of themselves (their goals, motivations and needs) instead of what they think of the product, technology can help deliver products and services that elevate customers' sense of self, allowing them to make more informed choices to achieve their personal goals in the area their product/service solves.

### **Customer feedback shapes innovative products and services**

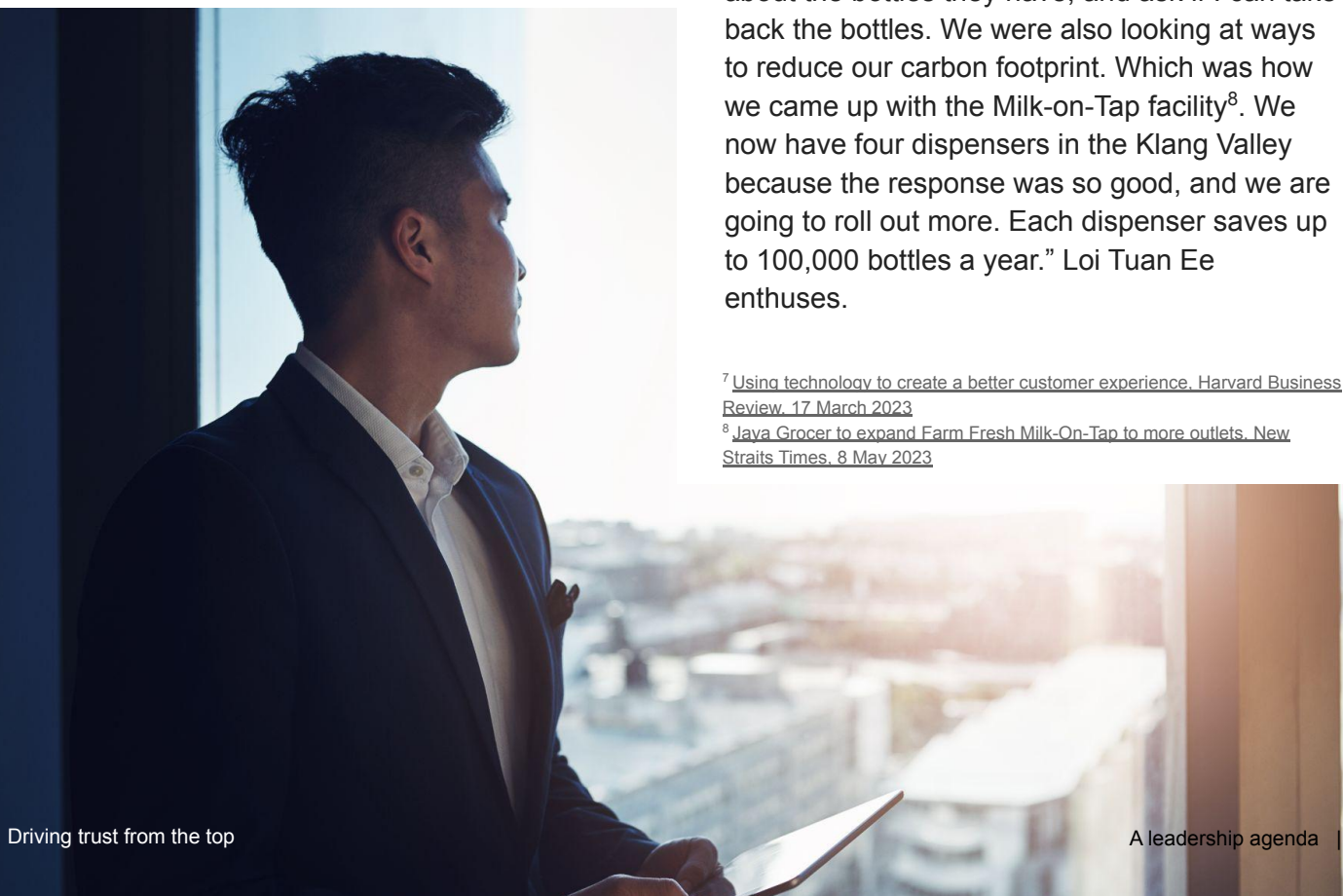
The ability of any organisation to adapt to, or even anticipate changing customer demands will be a key requirement to staying relevant in years to come. Gaining the trust of customers will make it easier to address ever-shifting customer needs. The integration of customer opinions in R&D can initiate open innovation and a two-way relationship that is valuable to both parties.

On how they're innovating based on customers' feedback, Loi Tuan Ee of Farm Fresh talks about how this has helped them address demand for reasonably priced, lactose-free milk, which used to be harder to find in local supermarkets. In another example of a customer-driven offering, he shares how feedback led to the idea to dispense fresh milk at supermarkets.

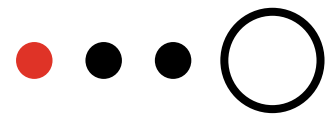
"Take our milk packaging for example. Customers would reach out to me to tell me about the bottles they have, and ask if I can take back the bottles. We were also looking at ways to reduce our carbon footprint. Which was how we came up with the Milk-on-Tap facility<sup>8</sup>. We now have four dispensers in the Klang Valley because the response was so good, and we are going to roll out more. Each dispenser saves up to 100,000 bottles a year." Loi Tuan Ee enthuses.

<sup>7</sup> [Using technology to create a better customer experience. Harvard Business Review. 17 March 2023](#)

<sup>8</sup> [Java Grocer to expand Farm Fresh Milk-On-Tap to more outlets. New Straits Times. 8 May 2023](#)







## Empowering innovation

In times of transformation, leaders need to be able to communicate the why and the how, and empower employees to run towards opportunities.

**CEOs believe that there is more room for empowering behaviour. Customers and employees agree**

Customers and employees believe that behaviours that encourage innovation and transformation do not happen often in their place of work. This trend is reflected in the CEO group<sup>9</sup>, as 51% of Malaysia CEOs said that leaders in their organisation often do not encourage debate and dissent, and 69% said their leaders often did not tolerate small-scale failures. However, both groups agree that leaders' behaviours often align with company values. What this suggests is that there's room to nurture organisational values to more explicitly encourage innovation.

Interestingly, amongst customer and employee respondents who believe that trust should be built from the top down, they tend to have better experiences of leaders demonstrating empowering behaviours.

In industries that experience a higher level of regulation, such as financial institutions and healthcare, innovation may look more incremental than radical. Dato' Abdul Rahman Ahmad of CIMB points out that banking is highly regulated, with a much lower tolerance for mistakes, saying that "Digitisation is our proxy for innovation. We innovate by digitising how the customer interacts with us and how we operate internally, to run our business better."

<sup>9</sup> 26th Annual Global CEO Survey - Malaysia. PwC Malaysia. January 2023

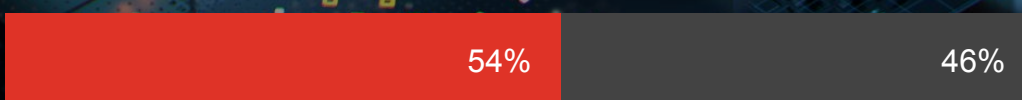
They tolerate small-scale failures



We can disagree/debate



Their behaviour aligns with company values



Q: Do leaders in your company drive these behaviours that encourage innovation and transformation for the future?



## How we use technology will make or break trust

With the developments around the rapidly evolving ChatGPT and other AI breakthroughs, trust in technology and its use will become increasingly important as it is set to change the way we work and how products and services are offered to customers<sup>10</sup>. These are issues that CEOs are grappling with too.

Data privacy will increasingly become a key driver of trust, as customers want to know that organisations are taking measures to protect their personal information from being accessed by external parties. Our 2023 Global Digital Trust Insights<sup>11</sup> survey indicates that while 86% of cybersecurity teams have embedded “security and privacy by design” into new products and services, nearly 25% of organisations indicate that cybersecurity risks associated with launching new products and/or services are not fully mitigated.

Speaking about a number of events that have impacted the customers’ confidence in CIMB’s technological reliability, Dato’ Abdul Rahman Ahmad shares, “We really wanted to tackle this issue once and for all and as such, over the last three years we have probably invested the highest amount within the industry, year on year, on technology CAPEX alone. The good news is that we can actually see the impact as the volume of complaints and system down time have come down significantly. I’m the last person to say that we have gotten it done perfectly. We fully recognise that we are still not perfect and have to (re)build the trust of the customers so we came out with transparent downtime data, which we publish online publicly, to actually show the progress we have made.”

<sup>10</sup> [Take on Tomorrow podcast series: How do we ensure humanity stays ahead of technology?](#)  
PwC

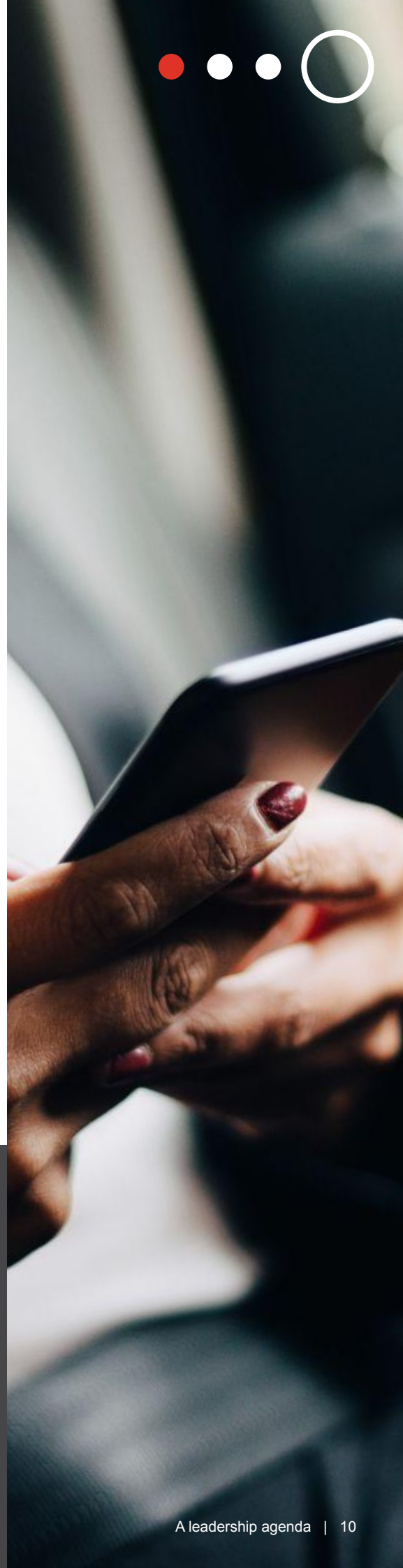
<sup>11</sup> [2023 Global Digital Trust Insights \(Malaysia findings\). PwC Malaysia. May 2023](#)

“

We are at the iPhone moment for AI. Artificial general intelligence is here, and it’s going to change how people do work, make decisions, and create new solutions. As we adopt this technology, how do we then trust this technology?

”

Kamarul A Muhamed, Founder and Group  
CEO, Aerodyne Group





# Building a competitive workforce

Although layoffs are taking place in the technology industry in the United States and Europe, labour and skills shortage remain a concern in key industries such as palm oil, construction, services and manufacturing in Malaysia.

Retention is likely to contribute to the labour and skills shortage issue as 37% of Malaysia CEOs<sup>12</sup> also think attrition rates are likely to remain unchanged in the next 12 months.

## Employees are looking for pay and progression, opening up opportunities for them to deliver greater value

Considering the decisions that influence employees' decision to stay or leave their current employer, there appears to be a diminished level of employee trust in the areas that matter to them.

Opportunities for advancement and financial rewards are typically bestowed in return for employees taking on greater responsibilities or bringing in more business for the company. The top factors in employees' decisions to switch employers, including advancement and pay, suggests a desire to deliver greater value at work.

## CEOs recognise the need to readjust salaries

As of Q4 2022, CEOs were considering salary increments up to 7%<sup>13</sup>, and bonus payouts of up to two months, for both managers and non-managers. It's also expected that salaries will adjust between 3-20%<sup>14</sup> in response to the rising cost of living especially in high-growth industries like technology and manufacturing. Clearly, leaders also see a need to revise their pay and benefits structure to remain competitive.

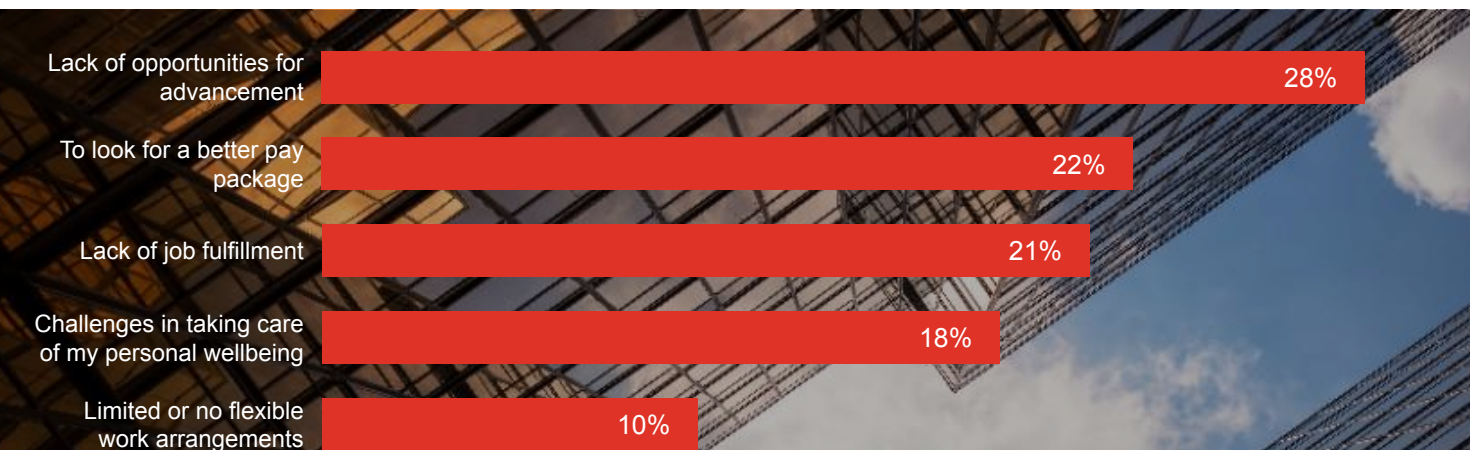
Rebuilding trust with the workforce will require careful consideration of what people want from their careers and their employers. While pay and progression is important, we cannot discount the 21% who say job fulfilment is a factor in their employment decisions. This consideration was also the second most important factor in their decision to change their work environment when Malaysians were asked in our Workforce Hopes and Fears survey<sup>15</sup> last year, only behind financial reward. Helping your people find meaningful work and feel like they're making a difference should not be overlooked.

<sup>12</sup> 26th Annual Global CEO Survey - Malaysia. PwC Malaysia, January 2023

<sup>13</sup> CEO Confidence Index 4Q2022. Vistage-MIER, November 2022

<sup>14</sup> 2023 Talent and Salary Outlook report. Randstad Malaysia, January 2023

<sup>15</sup> PwC's Workforce Hopes and Fears Survey 2022 (Malaysia report). PwC Malaysia, July 2022



Q: What is/will be your main factor for switching employers?

## CEOs accept that employee turnover is set to continue

Business leaders we spoke to appear quite adjusted to the realities of the increased rate of attrition of the past years.

Kamarul A Muamed of Aerodyne shared how their hires from the aviation industry during the pandemic gave rise to a mutually beneficial outcome: “We helped put food on the table for them. They, in return, provided the knowledge to uplift our capabilities in safety and regulation. It’s understandable that they went back to their ‘first love’ the moment the industry reopened. Which is why we don’t count this in our attrition rate.”

Some business leaders displayed a more magnanimous outlook. Lim Cheong Guan of Top Glove believes that “We can’t expect people to stay with us forever, but we are happy that as long as they are with us, they have gained something.”

Social enterprises, too, have been affected by attrition, “As an employer, I completely understand when people leave. Back then, I used to feel dejected, but now I understand that it’s okay to have different purposes in life, it’s okay to chase better pay packages, nothing wrong with that,” Alina Amir of Arus Academy reflects.

“

It's really important that the team understands why we're doing what we're doing. On the surface if you read what Arus is doing and think it's really inspiring and you join us, you'll find that you don't immediately see the impact. It takes years to see growth happen and sometimes people get jaded along the way and it doesn't meet expectations.

”

Alina Amir, CEO and Co-founder, Arus Academy





**Employees see upskilling as the main initiative deployed by employers to overcome skills shortage. CEOs also say upskilling is their top investment in the next year**

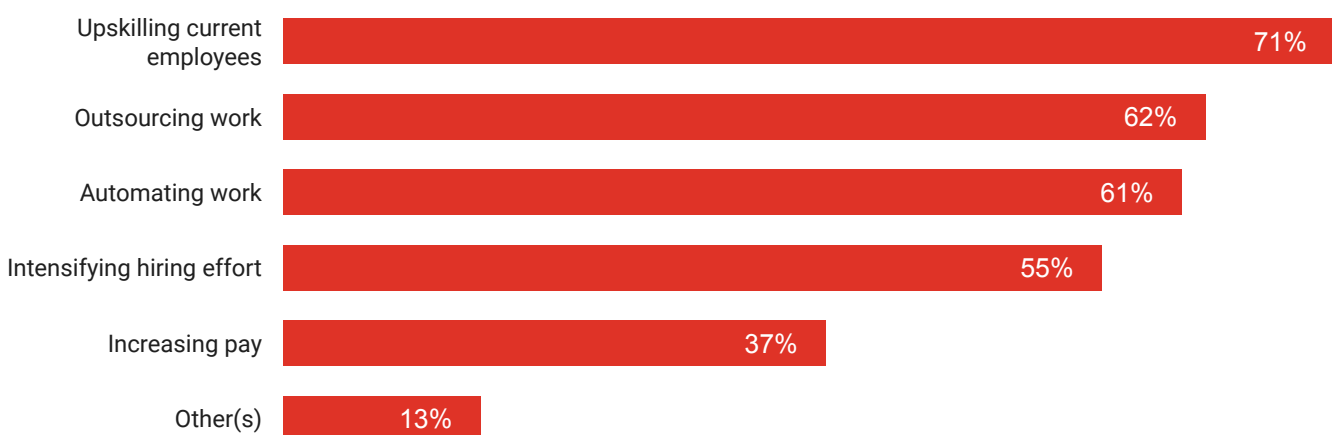
Employers appear to be making the right kind of investments in plugging the labour and/or skills gap that allow them to redistribute work and free up their people's time to do work of greater value.

86% of CEOs<sup>16</sup> plan to make investments in upskilling the company's workforce over the next 12 months, and 60% of this investment is geared towards reinventing the business for the future as opposed to preserving the current business.

However, when we take a closer look at those who say they are likely to leave due to lack of advancement, these same people are most likely to also report that their employers are initiating upskilling programmes, outsourcing or automating work.

There is possibly a disconnect between how these workforce strategies are translating to the outcomes that employees are seeking. It's also equally likely that having been upskilled, employees become more attractive to competitors, or believe themselves to be more deserving of advancement or pay and are now seeking this elsewhere.

<sup>16</sup> [Building a winning workforce: Insights from CEOs, PwC Malaysia, April 2023](#)



Q: How is your employer addressing the labour and/or skills shortage? (select top 3)

Is there still merit in upskilling? We think so. There is great value for both employers and employees in growing an upskilled workforce that takes ownership over their own personal goals as well as that of their employers. Both groups need to know why they're upskilling. From the employers' perspectives, upskilling should align with the company's direction of growth and what skills are needed to get there. Employees, too, need to understand how their upskilling efforts are tied to priorities such as advancement and pay.



## Where reskilling can also play a role

Although the prospect of a slowing economy may continue to put pressure on CEOs to drive down costs, Malaysia CEOs don't appear to be reducing headcount<sup>17</sup> in response. However, in reprioritising their operational costs, there is an opportunity for leaders to execute effective leadership and build trust by continuing to invest in their people. This means not cutting back on maintaining or growing a high-performing team and not downsizing investments in their professional development.

Dato' Abdul Rahman Ahmad of CIMB shared how they were able to reskill and repurpose their bank tellers to enhance customer support for online banking: "Banking used to be a branch-heavy business. And today, in a world where services are largely delivered online, one of our biggest successes is the call centre. As footfall in the branches have come down, we've been able to redeploy our excess branch employees to become call centre operators. And that to me is extremely powerful, because while we can now do most things online, people still need to reach us if they are not happy with their digital experience. So our call centre and our customer resolution team have become so pivotal, which is also why we've chosen to do this in-house rather than to outsource because we think it's a core function that all banks need to have in order to make sure we service our customers well."

In redesigning new workforce models where employees' roles and responsibilities look different from their previous job description, companies can consider how new ways of working can help employees achieve job fulfilment either by giving new meaning to their work, or helping them work towards their own goals for advancement.

In the nursing profession where shortages are prevalent, Joe Sim of IHH Healthcare shares how they strengthened nursing leadership on the floor and introduced new roles to help increase retention, "Surveys have shown that 70% of the work done by nurses do not require them to use their nursing skills or clinical reasoning. For instance, filling up forms, assisting patients in their daily activities such as going to the toilet, etc. We've introduced patient care assistants in Malaysia and Singapore to offload certain routine non-clinical tasks from nurses. This enables our nurses to focus on direct patient care and other meaningful work that utilises their professional skills. It also helps to alleviate the supply shortage of registered nurses."

The workforce is not a monolith, and recognising that each employee is unique in what they value<sup>18</sup> and what motivates them will be increasingly important for an engaged and productive workforce. Preference analytics<sup>19</sup> can help bring this clarity and track changes in what your people are prioritising over time.

<sup>17</sup> [26th Annual Global CEO Survey - Malaysia, PwC Malaysia, January 2023](#)

<sup>18</sup> [Growing your organisational value with competitive rewards, PwC Malaysia, 3 May 2023](#)

<sup>19</sup> [Improving employee retention with real-time rewards, PwC Malaysia, 19 January 2023](#)



## The value of making mistakes

The upskilling journey can be a slower process than organisations expect. Training employees to develop new skills to a high standard not only takes time, but the learning process means that people will make more mistakes and projects may not yield results immediately on the first try.

Business leaders see the value of making mistakes, within reason.

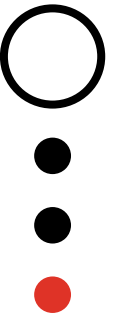
“To be able to innovate, we need to also have a culture that does not penalise mistakes. In fact, we tolerate, or even celebrate, mistakes because we learn one more way of how not to do something. Of course, this doesn’t mean repeating the same mistakes. Nonetheless, it is crucial to create an environment where people are encouraged to think of bigger and better ways of doing things.” Kamarul A Muhamed of Aerodyne says.

While risk appetites may vary across organisations, there are learning opportunities that come from making mistakes – especially in greenfield business where competition is less fierce. Taking these iterative, incremental steps could nudge the company towards creating something new and gaining early competitive advantage.

On failing fast, and failing forward, Lim Chern Yuan of Yinson believes, “The green tech business is still small and growing, and there are things we’re willing to make mistakes on. In fact, we need to make mistakes early so we don’t do the wrong thing later.”



# Sustainability matters



If we cannot say that sustainability is the foremost concern on people's minds, then it certainly hovers on the periphery. All the same, it remains a critical trust driver for companies and its stakeholders as regulators and investors continue to ask companies about their environmental, social and governance (ESG) efforts and credentials. While day-to-day realities, including the rising prices for essential goods, see Malaysians pull back on non-essential spending, PwC's Global Consumer Insights Pulse Survey (February 2023) finds that they are likely to pay more for ESG-centric products<sup>20</sup>.

Apart from products, customers and employees are looking at other sustainability cues to help determine whether they trust a company and its leadership.

## Customers and employees prioritise the social aspects of sustainability

Malaysians are not likely to consider ESG reporting and how companies are managing their carbon emissions as a key driver of trust. We see this even in respondents who select 'Adverse climate impact' as a factor that will affect companies' survival in the next decade.

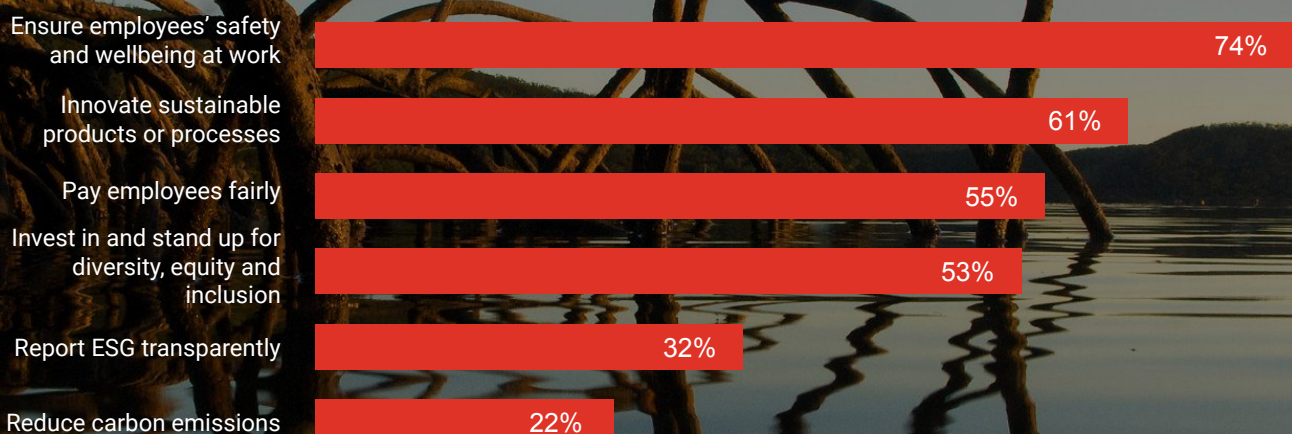
So while consumers may appreciate that companies are making an effort in these areas, they're less likely to say that these actions are helping to build their trust right now.

Instead, they're paying closer attention to behaviours that directly impact their lives –

how companies treat their employees, deliver sustainable products (including a sustainable supply chain) and do good for the communities they operate in.

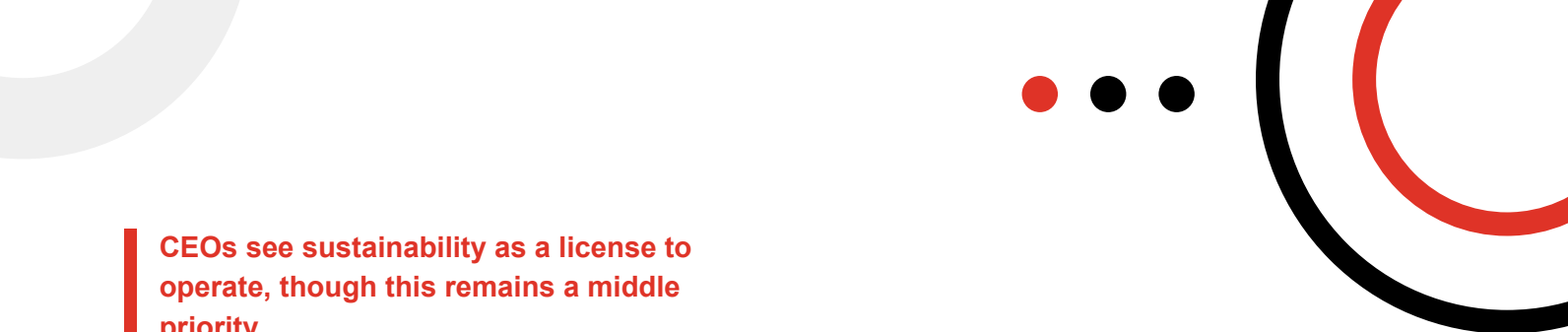
As Farm Fresh has grown over the years from a small company to over 900 employees today, the value of caring for employees can easily get lost in the shuffle. Loi Tuan Ee, however, believes that growth should not come at the expense of protecting human values, and shares Farm Fresh's experiences with extending loans to their people for major life events, such as weddings, university tuition fees, and caring for elderly parents. He says, "If it is a very deserving case that needs help, we tend to be very flexible. I make sure that this kind of value cascades down. I told everybody, 'I can't hold everyone. So you guys have to uphold the same value to ensure that we let them know that we care for them.'"

<sup>20</sup> Global Consumer Insights Pulse Survey: Malaysia cut, PwC Malaysia, February 2023



Q: What do companies do that earn your trust in their sustainability commitments? (select top 3)





**CEOs see sustainability as a license to operate, though this remains a middle priority**

An authentic commitment to sustainability goes beyond a compliance exercise. Increasingly, sustainability is becoming integral to the business strategies of many companies, and is embedded in companies' purpose. In fact, business leaders tell us that sustainability lends not only a competitive advantage, but is becoming the easier choice to make.

“Being a global exporter, our customers are spread globally. In fact, Malaysia makes up less than 5% of our market. In the past we used to comply with Malaysia’s regulation because that’s where our operations are. But expectations from external parties are different. If we want to continue to be a global player, we have to meet global requirements.” says Lim Cheong Guan of Top Glove on the organisation’s emphasis on sustainability.

Dato’ Abdul Rahman Ahmad of CIMB also believes that the demand for transition financing will grow significantly, an area in which they see opportunities to expand and grow their offerings. As organisations’ sustainability efforts extend into their supply chain, Kamarul of Aerodyne believes that, “Apart from our own sustainability efforts, our work impacts the ESG agenda of our clients as well. For example, we are replacing the use of helicopters which are fuel intensive.”

“

There is no U-turn for the world in going to Net Zero. And if we don’t get to Net Zero, we will still have to carry out climate adaptation.

”

Lim Chern Yuan, Group CEO, Yinson Holdings Berhad

Sustainable alternatives such as renewable energy are becoming less costly as well. Lim Chern Yuan of Yinson shares that, “10 years ago, I wasn’t as optimistic about energy transition. Today, I’m more optimistic because it’s just cheaper. As corporates, the energy transition is also the most commercially viable option. If you’re not using solar, your cost goes up. Three to four years from now, if you don’t use an electric vehicle – with oil prices being where they are – it’ll be too expensive to get around. Because there’s so much investment going into improving technology – with electric vehicles (EV) for example – you’re going to get far better products in time to come.”

Compared to other key threats in the coming year, however, climate change remains a middle priority, with CEOs ranking this fourth<sup>21</sup>, after inflation, macroeconomic volatility and geopolitical risk. Social inequality was only a key threat for a handful of CEOs.

But we see that around half of CEOs say they are in progress or have completed actions to mitigate the risk of climate change, including implementing initiatives to reduce emissions, protect physical assets and the workforce from the physical impacts of climate change, and innovating climate-friendly products and processes. Organisations who are able to communicate their progress in these areas in a way that is meaningful to customers and employees, in areas that matter to them like employee safety and wellbeing or in the products and services offered to them, will find an audience for their sustainability efforts.

<sup>21</sup> [26th Annual Global CEO Survey - Malaysia, PwC Malaysia, January 2023](#)

## Communicating your sustainability efforts with all stakeholders

Customers and employees are becoming increasingly discerning. In a crowded marketplace, they want to make better choices and do the right thing. Equipping them with information will help build trust in the product or service they're purchasing, or in the knowledge that their wellbeing will be taken care of, which enhances trust with the organisation. Which is why sustainability is also about communicating what their values, goals and achievements mean to customers and employees, whether their products help uplift the earning potential of small-scale suppliers in rural areas, or if financial products go towards funding climate-friendly initiatives, for example.

Although ESG reporting ranked lower among customers and employees, reporting and engagement continue to have a place with:

- **Investors** - Only 3% of respondents in MICPA-PwC's investor survey<sup>22</sup> feel that the current quality of ESG reporting is good, pointing to an opportunity to build greater trust between investors and investee companies. Direct engagement helps align their expectations for each other and corroborate other sources of information, while assurance allays concerns on the reliability of ESG reporting.
- **Supply chain partners** - Sustainability in the supply chain is a key lever<sup>23</sup> for companies in achieving sustainability goals. For many companies, up to 80% of their supply chain emissions come from as few as 20% of their suppliers. As carbon emission reporting becomes more widely adopted, procurement influence and incentives will be necessary to shift suppliers in sustainable directions and enable their decarbonisation effort.

<sup>22</sup> [Embracing the ESG revolution: Zeroing in on investor expectations. MICPA and PwC Malaysia. September 2022. pg.15](#)

<sup>23</sup> [Corporate Malaysia's journey towards a sustainable supply chain. CMM and PwC Malaysia. April 2023](#)

<sup>24</sup> [Embracing the ESG revolution: Zeroing in on investor expectations. MICPA and PwC Malaysia. September 2022. pg.17](#)

On getting shareholders to take a long-term view on returns from investments into sustainable projects, Lim Chern Yuan of Yinson says, "As we are a business that is set up for long-term returns, we need to communicate our business model accordingly so that we attract investors that understand that their investments with us may be realised over a longer horizon, not just, say, three months."

Greater awareness and adoption of sustainable practices brings with it greater scrutiny of greenwashing activities. Accidental greenwashing can take place as the definitions of ESG issues vary across stakeholders.

In talking about your organisation's sustainability efforts, clearly define each material issue, and be specific about targets and timelines so stakeholders are clear about your sustainability practices. Education and training on what constitutes greenwashing will be useful across the organisation, as marketing departments must be made equally aware as manufacturing departments to drive transparency at each stage of production or service delivery. And finally, adopting commonly-used reporting frameworks<sup>24</sup> can help organisations further enhance transparency in their communications on sustainability efforts.

“

For the average small business, adopting sustainability is not an easy task to undertake. So the onus is on corporate leaders, corporate organisations like ourselves, to figure out how we help businesses and individuals and make it easier for them to embrace and prioritise sustainability.

”

Dato' Abdul Rahman Ahmad, Group CEO,  
CIMB Group Holdings Berhad



## Sustainability on the CEO agenda

Sustainability has been around for long enough to see how the ownership for companies' sustainability initiatives have evolved. Initially relegated to the heads of investor relations or corporate communications, a basic fundamental ESG framework was designed to satisfy internal and external questions as they arose. More often than not, sustainability was perceived as a corporate social responsibility (CSR) exercise. As ESG measurement and reporting became more sophisticated, leaders with ESG expertise and industry experience became necessary.

Sustainability cuts across most functions of any organisation, for example, product development that reduces emissions, financial reporting that meets regulatory standards, procurement initiatives that aligns supply chain partners' sustainability commitments to the organisation's, and policies that puts the safety and wellbeing of employees first. For sustainability to drive the business, it has to become a strategy by which to evaluate new opportunities. Where decisions need to be made for the kind of overhaul that's needed to make operations more sustainable, the leader needs to be in the driver's seat, supported by the C-suite, championed by the board, for sustainability to be owned by the full organisation. Delegating can keep organisations from taking bold action today.

"It's a very conscious effort. As a leader, you have to consider 'How do I create impact for someone else and how will I do that while conducting my business in a sustainable manner?'" says Loi Tuan Ee of Farm Fresh. On their stance to never shortchange customers with cheaper or harmful ingredients, "We wanted to consider the fact that Malaysia's future generation has to eat right. So, someone has to do it. It is not easy, of course. But, we believe in it, and I believe in it. With the kind of strength of conviction, you want to charge ahead."

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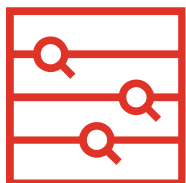
Antimicrobial resistance is posing an increasing threat to our ability to deliver safe, quality care. Regrettably, some of these targets we have set [to implement antimicrobial resistance interventions, reduce disease burden etc.] are not recognised as part of sustainability yet. But that will not stop us because we know they are important and we have a duty of care as a responsible healthcare provider to fulfil these obligations. We hope our efforts and pace in sustainable healthcare will push the sector to adopt these as standards across the healthcare industry.

”

Joe Sim, Group Chief Operating Officer, IHH Healthcare



# Trust, tomorrow

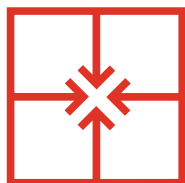


## Take ownership of trust by measuring it

Business leaders agree that trust is good for the bottom line. Measuring it, though, may be easier said than done.

What business leaders agree on, is having different ways to engage stakeholders. For example, employee engagement surveys, and social media platforms or the company website, where customers interact most with companies. Frequent, but brief, check-ins<sup>25</sup> can serve as a more realistic temperature check of customer and employee trust levels.

It is worth embedding trust drivers in your metrics for business success. By understanding the aspirations and motivations of your customers and workforce, you'll be better able to align your offerings with what they value in their touchpoints with your organisations.



## Stay agile, but consistent, in times of change

Everyone in the organisation has a role to play in earning and building trust. But this might look a little different for different groups of employees.

As we've seen, our survey respondents believe that leaders enable a culture where employees feel trusted – by encouraging people to share their views and disagree openly, or by turning mistakes into a learning opportunity instead of penalising them for it. This sets the foundation for trust in the company. And where strategic, transformative efforts need to happen, the trust you've built with your middle managers will be the fuel that power innovation, work streams and projects that deliver the change you envision.

Your role, as leaders<sup>26</sup>, is to be clear about the outcome you want to achieve, set realistic expectations on timelines and costs, and be consistent in your messages around the transformative effort.



## Personalise your trust story for each stakeholder

While sustainability is not highest on the list of priorities at the moment, and critical action steps like reducing carbon emissions are not key trust drivers presently, it's practical to keep in mind that expectations and needs will shift. What's not critical for customers now, may be material much sooner for another group of stakeholders, like investors and financial institutions.

You won't be all things to everyone, but what matters is being able to understand what's important to them and customise your message accordingly.

<sup>25</sup> [4 questions to measure — and boost — customer trust, Harvard Business Review, 1 November 2022](#)

<sup>26</sup> [Lazy leaders and heroic managers, Strategy+Business, 10 December 2020](#)



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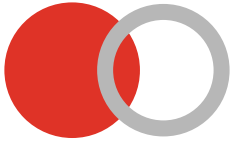
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## About PwC Malaysia's Building Trust Programme

Since 2015, PwC Malaysia has set out to encourage various groups in Malaysian society to make trust-building a priority. Through our Building Trust Programme, we bring the trust conversation to students to young professionals, startups and businesses. Our bi-ennial Building Trust Awards, the feather in our cap, was conceived to shine a light on companies that have been making efforts to build trust with their stakeholders.

For more information, please visit:

[pwc.com/my/trust](https://www.pwc.com/my/trust)

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