

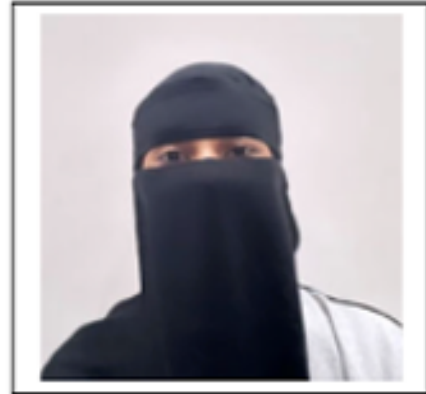
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*Operationalising Trust: A Framework for Risk Mitigation,
Sustainability and Resilience*

I am a candidate for the degree: *PhD in Engineering*

Department: *Department of Engineering, Institute for Manufacturing*

Biosketch

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Cambridge - McKinsey Risk Prize Declaration Form

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Operationalising Trust: A Framework for Risk Mitigation, Sustainability and Resilience

*Black Swan events – the term famously coined by Nicholas Taleb to describe sudden, unexpected events with large-scale impact – have been increasing in both severity and number in recent years. We may attempt to minimise the effects or occurrence of a Black Swan through our planning, forecasting and risk management strategies, but what happens when the event or impact is unprecedented, unusual or far too random for us to comprehend? Uncertainty is a complex phenomenon for which we sometimes simply cannot prepare adequately. However, although supply chains are vulnerable to the unpredictability of the future, we can develop what is arguably the most important element required to rise to the challenge: **trust**.*

COVID - 19 exposed the unequal risk distribution, fragility, and unsustainable nature of many supply chains. It also brought to light those supply chains that were robust enough to withstand disruption whilst operating sustainably. Clear insights from studying these instances indicate the limitations of contracts in delivering sustainability and resilience, despite widespread reliance on them. Considering the rapidly increasing number of companies incorporating sustainability clauses within their contracts as a form of protection, in addition to the increased frequency of disruptive events, understanding the reality of this insight, as well as its implications is critical.

The literature presents differing opinions on the relationship between trust and contracts (Nooteboom, 1996; Madhok et al., 2004). According to one view, contracts and trust are complementary (Handfield & Bechtel, 2002; Malhotra, 2014), implying that they work in conjunction to foster an efficient business environment. Conversely, another view posits that trust and contracts are substitutes (Poppo and Zenger, 2002), suggesting that they can fulfil similar roles and may be interchangeable in certain situations. The debate appears to be centred around the extent to which trust, or contracts are emphasised. If contracts are given more prominence, certain risks are likely to emerge as a result.

To better understand the implications and risks associated with our reliance on contracts, this essay discusses two case studies of supply chains that operated during COVID – 19. The first is garment supply chains, a prime example of the problems posed by contracts, their failure to effectively manage risks and protect the most vulnerable, their inability to deliver/enforce sustainability and their weak role in improving resilience. The second is an innovative, rapidly constructed supply chain established to produce ventilators in the UK, created without contracts and primarily on the basis of trust. Many others such as Darwood IP, Renault, Aston Martin, Diamedica, Plexus, Dyson, Cogent, Oxford University, KCL, Smith & Nephew, JFD, and Sagentia (Davies, 2020) tried to build a new ventilator supply chain but failed. The studied group was the only one to succeed. The case studies highlight the importance of operationalising trust to mitigate risk, tackle sustainability challenges and build business resilience. Finally, a novel framework that operationalises trust within supply chains is presented.

1. Case Study 1 – Garment Factories

The pandemic caused widespread global disruption with devastating knock-on effects at individual, institutional and societal levels. Amidst the confusion and uncertainty, many business leaders were faced with making quick decisions under unknown conditions in the attempt to manage and minimise the risks. In the case of South Asian garment factories, the decisions made were at the expense of the most vulnerable people in the supply chain. As lockdown was imposed in developed markets, the demand for clothing decreased, causing brands and retailers to cancel orders with many of them refusing to pay for clothing already produced. Factories were forced to shut down and over 1 million factory workers were sent home without legally mandated pay or severance (Mark, 2020) exacerbating the poverty crisis, and exposing the factory workers and their families to the impact of COVID – 19.

Global uproar followed. Remake, a non-profit organisation advocating for fair, safe & environmentally friendly practices in the fashion industry started the viral #PayUp movement, which demanded that brands fulfil their contractual obligations and pay garment workers without delay (Thomas, 2023). With the help of social media, the public had the power to put pressure on brands to honour their contracts and bring attention to the exploitation prevalent within garment supply chains, ultimately driving change towards sustainability. Although some brands gave in to public pressure and agreed to #PayUp (~\$23B of the \$40B worth of wages estimated to be owed to garment workers was recovered through the #PayUp movement (Remake. World, 2020), other brands remain on the #PayUp list – the ‘naughty’ list of brands who still had not promised to pay suppliers for all orders that were cancelled or paused due to coronavirus. They also failed to agree to pay for these cancelled and in-production orders in full and without extending payment terms (Remake.world, 2020), many of them, instead, avoided liability through citing force majeure clauses in their contracts (Frenkel and Schuessler, 2021). Such force majeure claims have been described as dubious (Mark, 2020) and fashion Lawyer Alan Behr has taken a critical stance on the issue. He mentions how reference to force majeure may be unjustified “since most force majeure clauses do not cite pandemics for a reason for non-payment” (Gruhnwld, S et al, 2020).

Some may view the partial recovery of wages as some sort of success, but the reality is that the damage had already been done, revealing the fragility of the supply chain and the risks involved. Therefore, there are valuable lessons to be learned. A study conducted by Majumdar et al. (2020) cited power dominance of clothing brands, unauthorised subcontracting of clothing manufacturing, and use of contract labour by suppliers as the primary causes of social instability, unsustainability, and vulnerability of the garment supply chain (Majumdar et al. 2020). The common theme across all three causes is that the relationship that existed was very much reliant on a contract. Contracts cannot deliver sustainability since it is a complex phenomenon (DeTombe, 2008) that requires behaviours and practices to be embedded within an organisation. It is not enough to state sustainability clauses and expect compliance (Cummins, 2016). Contracts may only offer partial resilience for the dominant player in a business relationship because they are more likely to have the resources, expertise, size, switching costs, dependence and contract structure to give them access to a degree of stability (Nyaga, 2013) during disruption, although as witnessed in this case study it may be at the expense of weaker partner, causing fragility and unsustainability in the supply chain. A report published by Accenture in 2019 stated that “[b]rands and suppliers must invest in strategic cross-tier relationships in the extended supply chain and commit to greater transparency in order to build trust and develop more open communication.” (Accenture, 2019, p.11). The report also makes the following practical suggestions to actualise this (Accenture, 2019, p.12):

1. Incentivize better relationships through community initiatives around education, grants, and fair trade.
2. Improve payment terms and access to financial and other services as a response to full transparency.
3. Initiate collaborative planning and the use of value-added services from these partners.

This is complemented by the findings of Majumdar et al, who suggest that “As a mitigation strategy, brands, suppliers, industry bodies, and NGOs must work in unison following the COVID-19 crisis to address the lack of social security in the clothing supply chain (Majumdar et al, 2020, p.154). They also call for a new sourcing model which would see risk shared between all parties involved in a contract as well as the elimination of unauthorised subcontracting of clothing manufacturing. Finally, they suggest that those suppliers with a permanent workforce should be selected and prioritised as suppliers of choice (Majumdar et al, 2020). This is further supported by (Frenkel and Schuessler, 2021) who in response to the failure of garment supply chains during COVID-19, suggest that “new public and

private institutions need to prioritize industrial growth based on fairness in relationships between buyers and suppliers, efficient suppliers committed to social and environmental sustainability, and strengthening worker voice” (Frenkel and Schuessler, 2021, p.19).

At the centre of all suggestions on how to tackle fragile garment supply chains and improve sustainability is improving relationships. Brett and Mitchell state that “Trust is the social glue that holds business relationships together. Business partners who trust each other spend less time and energy protecting themselves from being exploited, and both sides achieve better economic outcomes in negotiations” (Brett and Mitchell, 2021). Although contracts may play a role in facilitating a business relationship, they are not a strong enough glue as witnessed in this case study. Even when Majumdar et al mentioned a contract for risk mitigation purposes, their focus was on risk sharing which increases the vulnerability of all parties involved in the agreement and therefore requires a greater degree of trust and collaboration to deal with uncertainty.

This case study outlines some of the key risks involved in building supply chain relationships reliant on contracts and evidence how contracts are weak in delivering sustainability and resilience. The next case study further supports the idea that contracts are ineffective for building sustainability and resilience and highlights how building trust is a more effective approach.

2. Case Study 2 - VentilatorChallengeUK (VCUK)

In early March 2020, government modelling predicted that the need for ventilators would significantly exceed availability, exposing patients to increased risk. UK Prime Minister, Boris Johnson, called upon industry to help support new ventilator design projects and significantly upscale existing ventilator production (NAO, 2020). Over 5000 offers of help were received and various efforts to meet demand were made but the only group to succeed were those involved in the VentilatorChallengeUK project led by CEO of High Value Manufacturing Catapult, Dick Elsy. The consortium consisted of major UK industrial, technology and engineering businesses from a range of sectors including aerospace and automotive (von Behr et al., 2021) who put their normal operations on hold to produce ventilators for the UK (Cook, 2020). Specific companies included Microsoft, PTC, Ford, Rolls-Royce, Airbus, GKN, Thales, BAE Systems, McLaren, Meggitt and Renishaw amongst others (Cook, 2020). Despite these companies’ lack of prior experience in manufacturing ventilators, they succeeded in collaborating under extreme pressure & uncertainty to ensure that every patient who required a ventilator had access to one. This involved sourcing & shipping over 40 million ventilator parts from 21 countries, putting ventilators through clinical trials, gaining approval by regulators, distribution to hospitals across the UK where demand levels changed hourly and training thousands of medical professionals on new ventilator use (PA Consulting, 2022). A team of ~ 8000 people - many of whom did not previously know each other - accomplished scaling ventilator production from 150 per year pre-pandemic to 400 *per day* during the pandemic (PA Consulting, 2022).

In this time-sensitive and life-saving case, contract negotiation was too slow – things had to be done before agreements were confirmed. Von Behr, Semple & Minshall mention a few project enablers in their paper: *Rapid setup and management of medical device design and manufacturing consortia: experiences from the COVID – 19 crisis in the UK*, one of which was having a common goal that had the power to override “many of the more normal commercial, selfish behaviours” (Von Behr, Semple & Minshall, 2022, p.228). Indeed, during the pandemic many people who would usually compete with one another, came together for a common purpose. For example, supermarkets in the UK shared stock data, staff, and delivery vans with one another to help ‘feed the nation’ (Department for Environment, 2020). However, in this very case study it is evident that having a common goal is not enough to ensure the success of a project. Various other efforts to meet ventilator demand in the UK were made, such as Dyson, but failed (Davies, 2020). Although reports on why they failed are conflicting, it can be said of all of them that a common goal was insufficient for success.

Another project enabler was trust (von Behr, Semple and Minshall, 2022). Ian Quest, director of Quick Release – a consulting firm that supported VCUK – mentions how trust was deployed and contributed to the VCUK success: “We each knew our own limitations and pulled in the right experts. Perhaps aided by lockdown, but led by the needs of each specific task, an ‘A team’ was created, then trusted and empowered to deliver with little by way of hierarchy. As Andrew Brumley, Ford’s director of powertrain & vehicle architecture engineering, recalls, “Being humble enough to go and find the right person or organisation makes the overall outcome better.” (Quest, 2023). Being humble enough in this context was synonymous with taking a risk & letting go of control – which requires significant trust – but demonstrating that trust and showing a degree of vulnerability empowered those that needed to be empowered and gave them a sense of responsibility which contributed to the success of the project. Trust turned out to be an immensely potent force. The ventilators supplied by VCUK were rapidly built under uncertainty to the required specification and quality, saving thousands of lives and increasing the UK’s resilience to the impact of COVID-19. Some individuals who collaborated with one another in the VCUK efforts were strangers prior to the project. Very little, or no trust existed in such relationships – but that trust was quickly established, laying the groundwork for a durable system that ultimately led to the project’s success.

Reflecting on this case study, Ian Quest highlights how Covid was a threat to human life & required urgent action. He mentions how as a nation, we collaborated with one another and came together to address the issue and minimise the impact of the disease. He argues that climate change is an even bigger threat to human life which also requires urgent action and the success of VCUK proved that we have the capability to address unfamiliar, uncertain circumstances. He suggests that these capabilities can be applied to achieving net zero (Quest, 2023). Trust is a core capability which, if taken advantage of would result in more resilient and sustainable supply chains. Sharfman, Shaft and Anex, found that trust facilitates a firm’s engagement in sustainable supply chain practices (Sharfman, Shaft and Anex, 2009) and trust was identified by Gimenez and Tachizawa as an enabler of successful sustainable supply chain initiative implementation (Gimenez and Tachizawa, 2012). If there is no trust in a supply chain, its resilience is compromised and a claim to environmental or social sustainability is likely to be a stretch.

3. You Can Run, But You Cannot Hide

The ability of a supply chain to thrive & survive whilst being sustainable is dependent on the relationships upon which it is built. Trust was a central element in both case studies. It was rapidly built in the VentilatorChallengeUK example and deteriorated just as quickly in garment supply chains. The consequences were either lifesaving or life threatening. The clear distinction between the two scenarios lies in the extent to which contracts were relied upon. The ineffectiveness of contracts in delivering sustainability and resilience, and therefore increasing vulnerability to risks, was made visible in the garment supply chain case & the impact of those broken contracts was vast. Gambetta remarked that “scholars tend to mention [trust] in passing, to allude to it as a fundamental ingredient or lubricant, an unavoidable dimension of social interaction, only to move on to deal with less intractable matters” (Gambetta, 1988, ix). It is almost as if the importance and power of trust is hidden in plain sight. Instead of investing resources in understanding *how* trust can be operationalised for stronger relationships, more effective sustainability, and robust resilience, we are signing contracts with the hope of gaining the same benefits.

Our reliance on contracts might relate to their tangibility: they can be enforced (sometimes through litigation, which is not conducive to trust), managed, and measured but as Dasgupta mentioned in his *Trust as a commodity* paper: “A contract can be vague. In fact, no contract, even if it is scrutinized by sharp lawyers, can detail every eventuality, if for no other reason than that no language can cope with unlimited refinement in distinguishing contingencies. Thus, trust covers expectations about what others will do or have done (or what messages they will transmit) in circumstances that are not

explicitly covered in the agreement” (Dasgupta, 1988, pp 52 - 53). ‘Circumstances that are not explicitly covered in the agreement’ is a great way to sum up everything that could ever potentially happen - those that we have predicted as well as those that we really did not see coming. ‘Circumstances that are not explicitly covered in the agreement’ is exactly where risk is located. When a black swan event happens, we can incorporate new clauses in new contracts to try and mitigate the challenges... but it is simply not possible to anticipate every potential outcome. Good relationships will help overcome supply chain challenges and those relationships cannot be reliant on contracts, instead they must be built upon trust - the key to surviving disruption and being sustainable. We can run, but we cannot hide. Operationalising trust for sustainable & resilient supply chains is necessary & some may say inevitable.

4. Operationalising Trust - The Framework

Overview of Expert Opinions

To guide the development of a new framework that operationalises trust within supply chains, extensive in-depth interviews were conducted. Details of interviewees can be found in Table 1, all interviewees had between 15- and 45-years supply chain experience. Many interviewees admitted that the rising pressure to become more sustainable has caused their companies to adopt sustainability clauses within contracts to show their commitment to people and the planet. However, not a single expert claimed that this was an effective approach towards delivering true sustainability and resilience when asked:

“the contract is not the place where you're doing sustainability and putting empty KPIs...I used to do contracts at one point in my career and I put in locusts and rabid bunnies more times as language in this contract, just to make sure anybody on the other side was reading it - so I am highly cynical about how these things work in practice” - Global Head of Sustainability & Risk at a leading pharmaceutical company

This reinforces the findings of EcoVadis who stated in their 2019 *Sustainability Clauses in Commercial Contracts: The Key to Corporate Responsibility Report* that “as many as 100 per cent of the suppliers we had in-depth conversations with stated that they do not read codes of conduct from all their customers because the process is too time-consuming” (EcoVadis, 2019, p 38). If suppliers are not interested in reading the code of conduct, then the product was most likely not produced as claimed which is problematic in itself, but the negative impact goes well beyond a false claim: innocent people suffer both directly through working in an unethical supply chain and indirectly by experiencing the negative environmental impacts of a supply chain such as air or water pollution, loss of biodiversity and long-term damage to ecosystems. Others highlighted the dangers of relying on contracts, explaining that if you have reached that point in a partnership “something's gone very, very wrong”. As witnessed in the garment supply chain study the impact of “something's gone very, very wrong” extends well beyond the partners. Sustainability is compromised, supply chains are weakened, trust is lost and risks surge. Another expert agreed with this by stating: “when you have trust, and something goes wrong - it's a conversation. It's what happened here? Is it something we can prevent? when there's no trust, that is when that contract gets called into place”.

Table 1 - Interviewees

Job Role	Number of interviewees
Senior Business Leader/ Supply Chain Lead	9
Procurement Lead	4
Risk Management Lead	1
Sustainability Lead	7
Academic - Research Area; Resilience	1

This overview emphasises the importance of trust and reinforces the findings of the case studies that suggest that the greater the reliance on contracts, the greater the risks involved. It is trust that can help to mitigate these risks. However, trust is an abstract concept. One may be convinced at this point, that trust levels within supply chains need to be improved to reduce vulnerability and mitigate risks, but how? Transcripts were analysed using the thematic analysis technique (Braun and Clarke, 2006) and as a result, four main themes were identified as factors that build trust for supply chain sustainability and resilience. The first, **Technical Competence**. Technical Competence refers to trust built through high performance, which includes high quality, repeatability, and predictability. The second, **Alignment of Purpose**. Purpose was found to be specific to a transaction, a solution to a problem or an overall business aim, for instance, sustainability. The third, **Authentic Leadership**. This included factors such as being able to build interpersonal relationships with all those in the business ecosystem, making an active effort to maintain employee safety and wellbeing as well as showing a clear commitment to sustainable, environmentally friendly business practice. The fourth and final factor, **Employee Sincerity**. This included elements such as showing a willingness to learn and improve, having values and ethos that are aligned to those of the business and, being honest in failure. These four factors alongside some of the complementary sub-factors identified are visualised in Figure 1.



Figure 1 - Trust Framework

In addition to the identification of these four factors, it was evident that the extent to which each factor was emphasised within a partnership resulted in various types of partnerships with distinct implications for both sustainability and resilience. For instance, partnerships that had high levels of technical competence but lower levels of the other three factors were found to be transactional in nature. In contrast, dominance of alignment of purpose, authentic leadership and employee sincerity demonstrated trust building through strong behavioural qualities. This suggests that a combination of both technical and behavioural qualities gives rise to a potent form of trust within supply chain partnerships for sustainability and resilience. This is visualised in Figure 2

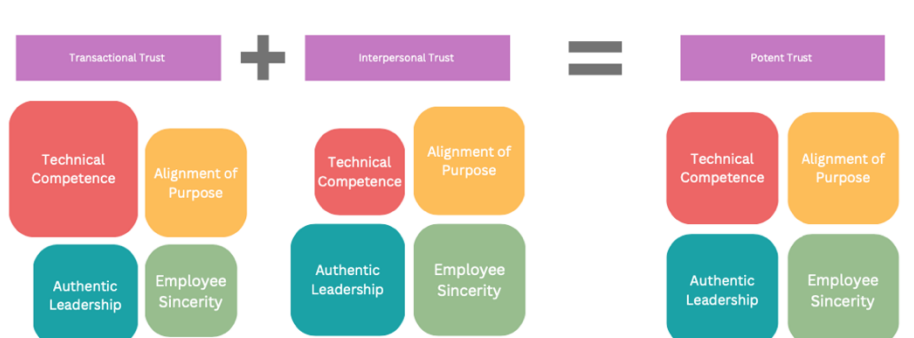


Figure 2 - Potent Trust

The analysis also revealed that organisations often exhibited one of six types of trust with one of three implications for sustainability and resilience, this is visualised in Figure 3. Organisations that lacked in either alignment of purpose, authentic leadership or employee sincerity were found to be at the most risk of unsustainable operations and disruption, they often exhibited short – term business continuity. This means that they were able to overcome a specific disruption often at a high cost to both their pockets and the environment. For instance, shipping a product via air freight due to a supply chain disruption to ensure that the product arrives as planned. These are referred to as *Transactional Partners* who often operated in *lower trust* environments. Organisations that lacked technical competence, for instance start-ups, were found to have high levels of the behavioural trust building mechanisms alongside the creativity and flexibility to innovate and co-create. These organisations, referred to as *Amateur Partners* demonstrated long-term business continuity - the ability to survive and thrive following disruption. They enjoyed higher levels of behavioural and interpersonal trust allowing them to collaborate and find cost-effective solutions to mitigate risks. Finally, organisations that had all four factors could often uphold their sustainability commitments during disruption and therefore enjoyed more robust and sustainable supply chains. However, these organisations reported to have low levels of flexibility due to established systems that were not easy to bypass. Therefore, flexibility was identified as a factor that can help improve trust levels even if they were already very strong. These organisations are referred to as *Dominant Partners*.

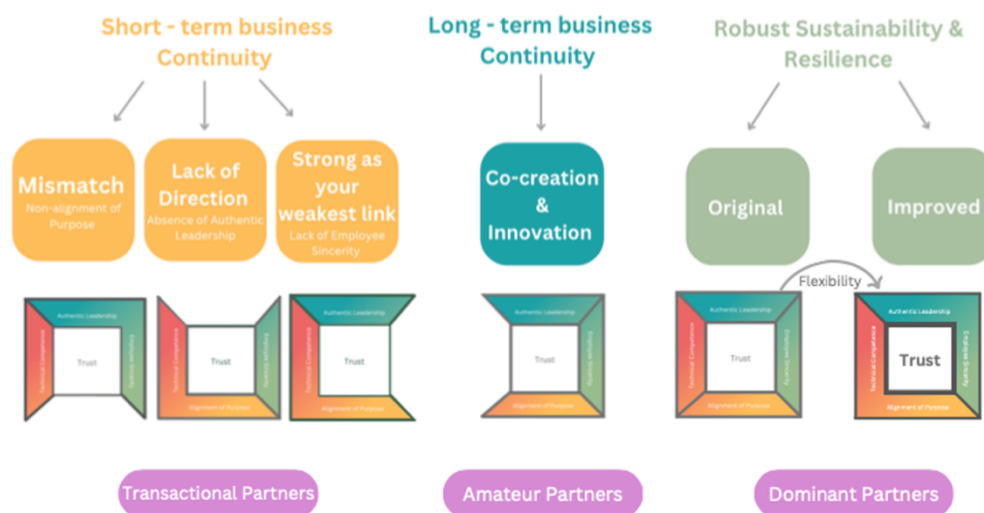


Figure 3 - Six types of trust giving rise to varying levels of sustainability and resilience.

The analysis established Trust as a phenomenon that is built both by technical and behavioural means, each reinforcing the other over time (visualised in Figure 4). However, differences were observed in how trust was built relative to business context. During BaU, technical competence and alignment of purpose (predominantly at transaction level) were observed to dominate trust building, this is visualised in Figure 5. The focus appeared to be on efficient, cost-effective operations that ensured high quality of service. This is referred to as trust building through the ‘operational flow’. On the other hand, during disruption, authentic leadership and employee sincerity were emphasised more strongly, where trust was fostered through behavioural mechanisms, or the ‘behavioural flow’ (Figure 6). Recognising the nuances of trust-building within different contexts empowers practitioners to strategically tailor their actions to cultivate trust, based on their context. Considering the trust-building model for sustainability and resilience, alongside the six types of trust correlating to the three partner types (transactional, amateur, and dominant), in addition to the associated implications previously identified,

a tool has been developed to help practitioners better understand their own behaviour, as well as that of other organisations based on the trust framework. Seven characteristics were observed to be influenced depending on the business context and type of trust exhibited. Synthesis of the data resulted in the following labels and definitions of the characteristics: **Robustness** – likelihood of withstanding disruption (low vulnerability), **Dominance** – ability to influence, leverage power and acquire resources, **Flexibility** – the ability to rapidly change with fluidity, when and if required, **Opportunity for Innovation** – likelihood of innovation, **Opportunity for co-creation** – likelihood of co-creation, **Sustainability** – the extent to which people and the planet are protected, and **resilience** – the ability of the organisation to survive and thrive whilst not compromising the wider system in which it operates, instead, reinforcing and supporting it. In Table 2 and Table 3 each of these seven characteristics are given a score of 1 to 5 (1= very low, 2 = low, 3 = medium, 4 = high and 5 = very high) based on findings from the study¹. Once a company has identified their partner type (transactional, amateur, or dominant), Table 2 can be used to identify what the implication of the partnership is likely to be like, alongside how the partnership would manifest in contrasting (BaU/Disruptive) business environments in addition to the type of trust environment they are operating in. Organisations can subsequently strategize for sustainability and resilience in addition to use findings from the analysis for risk mitigation planning. Alternatively, organisations can use Table 3 which offers an alternative method of identification, where the process starts with business context. This may enable organisations to gauge how a prospective or current partner is likely to behave relative to context and therefore, how the partnership is likely to impact their business.

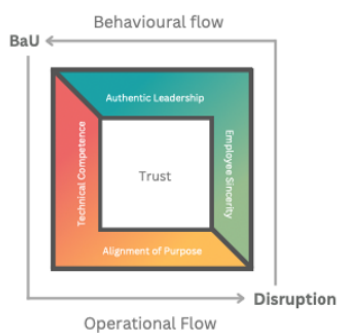


Figure 4 - Trust Model - Trust building over time

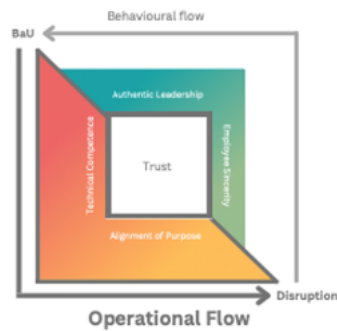


Figure 5 – Trust building in the Operational Flow



Figure 6 - Trust building in the Behavioural Flow

Table 2 -Understanding partner behaviour starting with partner type

Partner Type		Implication of Partnership	Business Context	Trust Environment	Nature of Trust	Robustness	Dominance	Flexibility	Opportunity for Innovation	Opportunity for co-creation	Sustainability	Resilience	
Transactional	Mismatch	Short-term Business Continuity	BaU	Low	Transactional	2	2	2	2	2	2	2	
			Disruption			3	2	3	3	1	1	2	
	Weakest Link		BaU			3	3	3	3	3	3	3	
			Disruption			2	3	4	4	4	2	3	
	No Direction		BaU			1	1	1	1	1	1	1	2
			Disruption			2	1	2	2	2	1	2	
Amateur	Innovation & Co-creation	Long-term Business Continuity	BaU	High	Interpersonal	3	3	5	5	5	5	5	
Disruption	4	4	5			5	5	5	5				
Dominant	Original	Robust Sustainability & Resilience	BaU	High	Reputational	4	5	2	3	3	4	4	
			Disruption			4	5	4	5	5	5	5	
	Improved		BaU			5	5	4	4	5	5	5	
			Disruption			5	5	5	5	5	5	5	

¹ for full methodology and findings please contact ssas3@cam.ac.uk

Table 3 - Understanding partner behaviour starting with business context

Context	Partner Type		Implication of Partnership	Trust Environment	Nature of Trust	Robustness	Dominance	Flexibility	Opportunity for Innovation	Opportunity for co-creation	Sustainability	Resilience
BaU	Transactional	Mismatch	Short-term Business Continuity	Low	Transactional	2	2	2	2	2	2	2
		Weakest Link				3	3	3	3	3	3	3
		No Direction				1	1	1	1	1	1	2
	Amateur	Innovation & Co-creation	Long-term Business Continuity	High	Interpersonal	3	3	5	5	5	5	5
	Dominant	Original	Robust Sustainability & Resilience		Reputational	4	5	2	3	3	4	4
		Improved			5	5	4	4	5	5	5	
Disruption	Transactional	Mismatch	Short-term Business Continuity	Low	Transactional	3	2	3	3	1	1	2
		Weakest Link				2	3	4	4	4	2	3
		No Direction				1	1	2	2	2	1	2
	Amateur	Innovation & co-creation	Long-term Business Continuity	High	Interpersonal	4	4	5	5	5	5	5
	Dominant	Original	Robust Sustainability & Resilience		Reputational	4	5	4	5	5	5	5
		Improved			5	5	5	5	5	5	5	

Conclusion

In today's complex global landscape, over reliance on contracts poses significant risks. As evidenced by the garment supply chain case study, relationships built solely on contracts offer little in terms of sustainability and resilience, and hinder innovation and collaborative opportunities. Conversely, trust-based relationships, exemplified by the VentilatorChallengeUK initiative, demonstrate the potential for innovation and greater resilience. During times of disruption, the process of negotiating or renegotiating contracts is too slow. Swift action is necessary, and trust lies at the heart. This essay presented a comprehensive framework based on extensive interviews with supply chain experts. The framework yields an enhanced understanding of trust within the supply chains for improved sustainability and resilience and therefore, less vulnerability to risks. It provides insights into how trust operates in both BaU and disruptive contexts, highlighting different forms of trust and how they manifest depending on the nature of the organisations involved in the partnership. This synthesis of real-world insights and expert perspectives makes trust tangible and practical, enabling businesses to devise new strategies for cultivating trust-based relationships giving rise to more sustainable, resilient supply chains, less vulnerable to risk.

"We have studied trust for more than 20 years and believe that it is the ultimate currency in the relationship that all institutions – business, governments, NGOs and media – build with their stakeholders. Trust defines an organization's license to operate, lead and succeed. Trust is the foundation that allows an organization to take responsible risk, and, if it makes mistakes, to rebound from them. For a business, especially, lasting trust is the strongest insurance against competitive disruption, the antidote to consumer indifference, and the best path to continued growth. Without trust, credibility is lost, and reputation can be threatened." – Edelman, 2023.

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