

TRUST IS AN ASSET

Understanding the Trust on
Which Organisations Depend



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EVERY ORGANISATION DEPENDS ON TRUST

We trust people to make decisions, information to be accurate, systems to work, processes to operate as intended, and partners to meet their obligations. Increasingly, we also trust technology and artificial intelligence to act, decide and operate on our behalf.

Without trust, organisations would struggle to function.

Yet trust is rarely treated the same way as other organisational assets. It does not appear on an asset register because it cannot be seen or touched.

Responsibility for it is rarely assigned to a single function. Much of the trust on which an organisation depends simply becomes part of how the organisation operates.

This is important because trust leads to significant outcomes.

It can create value and exposure. It can increase speed or introduce friction. It can strengthen or weaken. It influences behaviour and is itself shaped by it. As trust becomes established, the assumptions underpinning it can become increasingly difficult to see.

This paper puts forward a simple proposition: **Trust is an Asset.**

If organisations depend on trust to function, then understanding trust, including where it exists, what it enables, what assumptions underpin it, and how it changes, should matter to leadership.

The leadership question is how well your organisation understands the trust it relies on.



TRUST IS AN ASSET VS. TRUST IS INTANGIBLE

**"EVERY
ORGANISATION
DEPENDS ON TRUST.
YET UNLIKE MOST
ASSETS, TRUST
CANNOT BE SEEN."**

Trust is an Asset

Organisations depend upon it

It enables organisations to
function

It influences relationships and
decisions

It can strengthen or weaken

It can create or protect value

VS.

Trust is Intangible

It cannot be physically seen

Its condition is difficult to
observe

It exists across relationships,
systems and processes

Changes may not be
immediately apparent

It rarely appears on an
organisational asset register



**Trust is an asset, but
it is one we cannot
simply see.**

WHAT THIS MEANS

Every organisation depends upon trust.

We trust people to perform their roles, leaders to make decisions, information to be accurate, systems to operate as intended, processes to function, and partners to meet their obligations. Trust underpins almost every organisational relationship and transaction.

That dependence is what makes trust an asset.

Yet trust is unlike the assets organisations are accustomed to identifying and managing. We can see a building, identify a system, locate information, count money, and assign responsibility to people. Trust is intangible.

This does not make it less important. It makes it different.

An organisation can depend heavily on trust without a clear view of where that trust exists, what it depends on, or whether its condition has changed.

The Central Idea

Trust is fundamental to how organisations function. Its intangible nature means organisations can rely on it extensively without necessarily recognising the extent of that dependence.

Trust has value

Trust is intangible

Trust can change



TRUST CREATES VALUE VS. TRUST CREATES EXPOSURE

**"THE SAME TRUST
THAT CREATES
OPPORTUNITY FOR
VALUE CAN
ALSO CREATE
OPPORTUNITY FOR
HARM."**

Trust Creates Value

Enables delegation

Allows information to be shared

Gives people autonomy

Enables partnerships

Allows organisations to scale

VS.

Trust Creates Exposure

Creates opportunity

Places information in the
hands of others

Creates discretion

Creates dependency

Extends reliance beyond direct control

WHAT THIS MEANS

Trust allows organisations to do things they otherwise could not do efficiently.

We give people responsibility because we trust them to exercise judgement. We share information because we trust others to use and protect it appropriately. We delegate authority because not all decisions can be made at the top. We work with suppliers, advisers and partners because organisations cannot do everything themselves.

Each of these decisions creates value. However, the same decision can also create exposure.

The employee entrusted with judgement has an opportunity to misuse that discretion.

The partner entrusted with sensitive information has an opportunity to mishandle or misuse it. The supplier relied upon to deliver an important service becomes a dependency. The person given authority can exercise it in ways the organisation did not intend.

The exposure does not mean the trust was wrong.

It exists because trust creates opportunity, and opportunity can lead to different outcomes.

This is particularly important in insider risk. Organisations must trust people to function. They must provide access, responsibility, discretion and authority. These conditions create enormous organisational value. They can also create an opportunity for harm if trust is abused, misplaced, or circumstances change.

The two cannot always be separated.

The same trust that enables an organisation to function can also create its exposure

The Central Idea

Trust creates opportunity. That opportunity enables people, organisations and relationships to create value. The same opportunity can create exposure when trust is misplaced or abused, or when the conditions that support it change.

Trust creates opportunity.

Opportunity creates value.

Opportunity can create exposure.



TRUST CREATES SPEED VS. TRUST CREATES FRICTION

"TRUST REDUCES THE NEED TO CONTINUALLY PROVE. WHEN TRUST DECLINES, THE COST OF PROVING INCREASES."

Trust Creates Speed

Fewer checks

Faster decisions

Easier delegation

Simpler transactions

Lower transaction costs

VS.

Trust Creates Friction

More verification

More approvals

Greater oversight

More safeguards

Higher transaction costs

WHAT THIS MEANS

Trust allows organisations to move.

When we trust someone, we do not verify every decision they make. When we trust information, we can use it without continually checking its accuracy. When we trust a supplier, colleague or business partner, every interaction need not begin with proving that the other party will do what they said they would do.

For example, consider an airline pilot. We don't check the pilot's credentials each time we board the plane, and the same applies to a doctor.

This reduces friction.

Decisions can be made faster. Authority can be delegated. Information can flow more freely.

Trust delivers an efficiency dividend. When trust declines, that dividend can disappear.

Transactions require fewer checks, approvals and safeguards. People can spend more time on the work and less time proving it is trustworthy.

When trust declines, the opposite can occur.

More questions are asked. Decisions require further approval. Information is verified. Contracts become more detailed. Oversight increases. Evidence is requested. People become more cautious about what they share, accept or authorise.

These actions may be entirely appropriate. If trust has been weakened, greater verification may be necessary. However, verification has a cost. It consumes time, resources and attention, and can slow the organisation down.

This is why trust has economic and operational value. It allows organisations to reduce the cost of continually demonstrating that people, information, relationships and systems are reliable.

The Central Idea

Trust reduces the need for continual verification. This enables organisations to make decisions, delegate, collaborate and transact more efficiently. When trust declines, additional verification may be necessary, creating friction, cost and delay.

Trust creates speed.

Verification creates friction.

Friction has a cost.



TRUST STRENGTHENS VS. TRUST WEAKENS

**"TRUST IS NEVER
FIXED. WHAT
STRENGTHENS IT
TODAY CAN
CHANGE BY WHAT
HAPPENS
TOMORROW."**

Trust Strengthens

Actions match expectations

Commitments are honoured

Decisions are transparent

Problems are addressed

Experience support trust

VS.

Trust Weakens

Actions contradict expectations

Commitments are broken

Decisions create uncertainty

Problems are ignored

Experience challenges trust

WHAT THIS MEANS

Trust is built on what we know, what we experience, and what we come to expect.

A person who consistently demonstrates sound judgement may become more trusted. A supplier that repeatedly delivers on its commitments can strengthen trust in that relationship. Leaders who act consistently with what they say can strengthen the trust of their people.

The reverse is also true.

A poor decision, a broken commitment, unexpected behaviour, or failure to address a problem can call trust into question. Sometimes the effect is minor. Sometimes a single event can fundamentally change a relationship that took years to build.

Every significant organisational change has the potential to alter the conditions on which trust rests.

But behaviour is only part of the picture. The circumstances surrounding trust can also change.

People move into new roles. Organisations restructure. Suppliers take on new responsibilities. Technology becomes more capable. Artificial intelligence is granted greater authority. Leadership changes. Organisations merge. Relationships that began with a single purpose evolve into something much larger.

The trust may remain, even though the circumstances under which it was originally established have changed.

This creates an important distinction. Trust can be strengthened or weakened by events, but it can also become “outdated” as the conditions around it change.

The objective is therefore not simply to build more trust. It is to assess whether the trust being placed remains appropriate to the circumstances today.

The Central Idea

Trust is dynamic. It strengthens and weakens as behaviour, experience and organisational conditions change. The challenge is recognising when the conditions that originally supported trust no longer align with those that exist today.

Trust has a condition.

Conditions change.

Trust must change with them.



TRUST SHAPES BEHAVIOUR VS. BEHAVIOUR SHAPES TRUST

**"HOW WE TRUST
SHAPES HOW WE
BEHAVE. HOW WE
BEHAVE
DETERMINES
WHETHER OTHERS
TRUST US."**

Trust Shapes Behaviour

Actions match expectations

Commitments are honoured

Decisions are transparent

Problems are addressed

Experience support trust

VS.

Behaviour Shapes Trust

Actions contradict expectations

Commitments are broken

Decisions create uncertainty

Problems are ignored

Experience challenges trust

WHAT THIS MEANS

Trust influences behaviour.

When people trust their leaders, colleagues or organisation, they may be more willing to share information, raise concerns, ask for help, collaborate and accept decisions they may not fully understand or agree with.

When trust weakens, behaviour can change. People may become more cautious about what they say. They may withhold information, seek additional assurance, protect themselves, avoid difficult conversations, or become less willing to rely on others. In some circumstances, these behaviours may be entirely reasonable responses to their experiences.

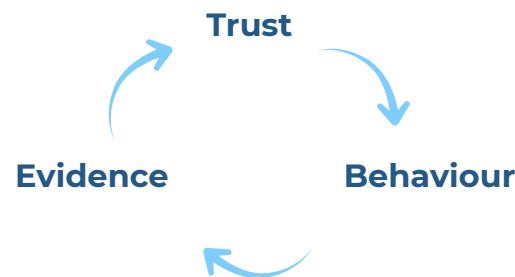
But the relationship also works in the other direction.

Therefore, trust is a factor in organisational behaviour, and organisational behaviour continually influences and redefines trust.

Behaviour provides the evidence on which trust is built. When leaders do what they say, managers respond fairly to concerns, colleagues share information appropriately, and organisations address problems rather than ignore them, these behaviours can strengthen trust.

When behaviour contradicts what people have been told to expect, trust can weaken.

This creates a continuing relationship:



The significance for organisations is considerable. A policy may encourage people to speak up, but whether they do so can depend on what they expect to happen next. Functions may be expected to share information, but their willingness to do so can be influenced by the level of trust between them. Leaders may encourage openness, but people will also observe how previous challenges, mistakes and bad news were handled.

The Central Idea

Trust and behaviour reinforce one another. Trust influences how people act, communicate, collaborate and respond. Those behaviours then provide new evidence that can strengthen, weaken or change trust.

Trust influences behaviour.

Behaviour provides evidence.

Evidence reshapes trust.



TRUST BY DEFAULT VS. TRUST WE CANNOT SEE

**"THE TRUST WE
RELY ON MOST
MAY BE THE
TRUST WE HAVE
STOPPED
THINKING
ABOUT."**

Trust By Default

Allows us to rely without continually checking

Builds on established experience

Reduces the need for repeated verification

Allows routine decisions to happen quickly

Makes organisations easier to operate

VS.

Trust We Cannot See

Assumptions can become difficult to see

Past experience may no longer reflect current conditions

Changes may go unnoticed

Reliance can continue without being reconsidered

Trust can persist after its foundations have changed

WHAT THIS MEANS

Organisations cannot continually verify everything.

We do not repeatedly check whether every employee remains suitable for every role before they start work each morning. We do not independently validate every piece of information before using it. We do not continually reassess every supplier, process, system or relationship before relying on them.

Instead, much of organisational life operates on trust by default.

A person has performed reliably, so we continue to rely on them. A supplier has delivered for years, so we maintain the relationship. A system has consistently produced the expected result, so we accept its output. A process has worked before, so we assume it will work again.

This is not necessarily a weakness. It is one reason trust is valuable. Without it, organisations would spend enormous amounts of time continually verifying what they already have reason to believe.

But something important happens as trust becomes established.

We stop thinking about it.

The employee remains trusted. The supplier remains trusted. The system remains trusted.

The process remains trusted. The assumptions underpinning that trust recede into the background.

Meanwhile, circumstances can change.

Responsibilities grow. Access accumulates. Relationships evolve. Suppliers become more deeply embedded. Technology gains new capabilities. People change roles. Organisations restructure. What began as limited reliance can become a significant dependency.

The trust may continue even though the conditions surrounding it are no longer the same.

As trust becomes part of normal operations, it can be harder to see.

The challenge is to preserve the value of trust while recognising when the assumptions underpinning it require reconsideration.

The Central Idea

Trust by default allows organisations to function without continually verifying everything and everyone. But as trust becomes established, the assumptions underpinning it can become less visible, even as the surrounding circumstances change.

Trust becomes established.

Established trust becomes assumed.

Assumptions can outlive the conditions that created them.



LEADERSHIP SHAPES TRUST VS. TRUST SHAPES LEADERSHIP

"LEADERS CANNOT DEMAND TRUST. THEIR ACTIONS CONTINUALLY GIVE PEOPLE REASONS TO STRENGTHEN, QUESTION OR WITHDRAW IT."

Leadership Shapes Trust

What leaders reward

What leaders tolerate

How leaders respond to problems

How leaders make decisions

How leaders communicate

VS.

Trust Shapes Leadership

What behaviours become accepted

What people believe is acceptable

Whether people raise concerns

How people engage with decisions

How much confidence people place in leadership

WHAT THIS MEANS

Leadership has a significant impact on trust.

People observe not only what leaders say but also what they do. They see which behaviours are rewarded, which are tolerated, how difficult issues are handled, whether commitments are honoured, and what happens when someone raises a concern.

These experiences provide evidence of whether leadership, and ultimately the organisation, can be trusted.

This influence extends beyond the relationship between leaders and employees.

Leadership decisions shape how functions work together, how information is shared, how mistakes are handled, how much challenge is welcomed,

and how organisations respond when things go wrong. Over time, these behaviours can strengthen trust across an organisation or weaken it.

Trust then begins to shape the organisation itself.

Where trust is strong and well-founded, people may be more willing to share information, collaborate, raise concerns, exercise judgement and accept decisions. Where trust has weakened, people may become more cautious, seek greater assurance, protect themselves, or be less inclined to rely on others.

These behaviours can influence how effectively an organisation communicates, makes decisions, manages problems and responds to change.

Leadership therefore has a powerful relationship with trust. Leaders continually provide evidence through their decisions and behaviour. That evidence influences trust, and the resulting trust, in turn, influences how the organisation behaves.

Leadership shapes trust, and trust shapes the organisation that leadership seeks to lead.

The Central Idea

Leadership plays a significant role in shaping organisational trust through decisions, behaviour and the standards it sets. The resulting trust then influences how people interact, communicate, collaborate and respond throughout the organisation.

Leadership provides the evidence.

Evidence shapes trust.

Trust shapes the organisation.



THE LEADERSHIP CHALLENGE

"HOW WELL DO YOU UNDERSTAND THE TRUST YOUR ORGANISATION DEPENDS ON?"

If trust is an asset, leaders should understand the trust their organisation depends on.

THAT BEGINS WITH A FEW FUNDAMENTAL QUESTIONS:

- 01** Where does our organisation rely most heavily on trust?
- 02** What assumptions underlie that trust?
- 03** Have the conditions supporting that trust changed?
- 04** What are we doing as leaders that strengthens or weakens it?

Organisations already pay close attention to the assets they consider important. They seek to understand their value, what they depend on, what could affect them, and when their condition changes.

Trust deserves the same attention.

When trust persists after the original conditions that justified it have changed, organisations might continue to rely on people, relationships, processes, or technology based on outdated assumptions. This misplaced trust can lead to decisions and opportunities that expose the organisation to unnecessary risks.

The objective is to assess the current level of trust, determine whether it remains suitable, and evaluate its impact on the organisation.

If Trust is an Asset, the leadership challenge is simple: Do we understand it?



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