

# The role of trust in business collaboration

An Economist Intelligence Unit briefing paper  
sponsored by Cisco Systems





## Preface

In 2007, the Economist Intelligence Unit published a paper entitled, *Collaboration: Transforming the way business works*, one of a family of papers produced since 2006 as a result of ongoing research sponsored by Cisco Systems.

The paper reported that there is a widespread imperative to adopt collaborative business models and noted that trust is a critical building block in collaboration. However, those seemingly simple conclusions can quickly become complicated in today's business world, where the forces of globalisation and the knowledge economy are converging with technology and demographics to change the face of business interactions.

The Economist Intelligence Unit and Cisco therefore decided to join forces again to explore the concept of trust in 21st Century business collaboration.

The Economist Intelligence Unit's editorial team executed the survey, conducted executive interviews, and wrote the report. The findings and views expressed here do not necessarily reflect the views of the sponsor; the Economist Intelligence Unit bears sole responsibility for this report.

Our thanks are due to all survey respondents and interviewees for their time and insights.



## Executive summary

**M**any businesses today extol the concept of collaboration, though few seem to define collaboration in exactly the same way. It is not without irony that the term “collaborators” has, at times, been used to describe both traitors and teammates. In current business vernacular, though, the focus is on partners.

Today, businesses have come to see the whole world as their domain, and technologies are converging to facilitate communication, so collaboration is seen as a way to glean new insights, reach new markets, outwit competitors, reduce costs and raise revenues.

Research shows the term “collaboration” is used to cover the gamut—from projects designed to cut costs, increase efficiency and improve compliance to those involving working with outsiders to develop new products. Most often, collaboration is achieved through the use of early-21st Century technology

to enable 20th Century processes. Collaboration is usually focused internally on producing derivatives of, or improvements in, existing activities. It is rarely seen as a total success.

While value can be derived from many different types of co-operative activities, the research suggests companies may be doing themselves a disservice by categorising every such initiative as collaboration.

In fact, the research indicates that companies might benefit from a more disciplined approach to defining and executing a collaboration strategy. Increased rigour could enable organisations to attain greater success and value from collaborative ventures—and better prepare them for the increased challenge of collaborating as the business environment becomes more globalised, communication becomes more virtualised, and the workforce absorbs an increasingly tech-savvy demographic.

Figure 1  
**“Collaboration” is often a misnomer**



Source: Economist Intelligence Unit



The research shows that few businesses adequately articulate the value and need for trust, or share and formalise the critical components of trust; rather, they have focused more generically on codes of corporate governance and ethics. Moreover, few companies give trust a paramount role in internal efforts, though the research suggests that trust is far from complete even among people in the same function or organisation.

Admittedly—and importantly—the need for trust varies among projects and depends on the make-up of the constituents and the goals of the project.

For example, people who co-ordinate on an internal cost-cutting initiative are unlikely to need to trust each other in the same way as collaborators in two separate companies, working together to develop a new product (see Figure 1).

The cost-cutting project will be helped by teamwork, but is essentially a “get-it-done” directive that is likely to be achieved regardless of who trusts whom. Product R&D with outsiders, however, requires each party to contribute (upfront and on an ongoing basis) time, money, and proprietary information to fulfil the question, “I wonder if we could...?” These partners must trust each other.

Somewhere in between these extremes lies much of what is currently deemed collaboration—the “we need to...” space in which the goals are mandated and driven by a clear business need and where trust between counterparts clearly helps get the job done. Trust in this domain needs to be higher than among co-ordinators working on one-time, short-term, finite goals, but not as high as in the R&D example.

The term “collaboration” is often used when individuals are merely involved in co-ordination or co-operation.

Why does it matter how these initiatives are categorised? The labels themselves are not important, but labelling every initiative as “collaboration” creates a misnomer that robs companies of the ability to deploy resources efficiently and effectively to create the most value. Understanding the difference between

collaboration and co-operation or co-ordination can help companies fashion effective collaborative partnerships and invest in building the requisite level of trust.

Businesses need to approach collaboration strategically, and—as with any business strategy—seek to align people (culture), processes and technology with the project goals. In the case of collaboration, that alignment must take adequate account of the level of trust required to improve the chances of success in each form of collaboration (see Figure 2).

The research shows that those who describe themselves as being very good at collaboration are more likely to report completely successful collaborations, tend to do more due diligence to verify whether potential partners are trustworthy, and have higher standards of trust than those who perceive themselves to be less capable at collaborating.

However, the dispersion of results suggests that few companies are focused on collaboration itself as a capability, or on instituting the kind of trust standards that can speed and ease collaboration, or on properly aligning corporate culture, processes and technology around the collaborative strategy.

### About the survey

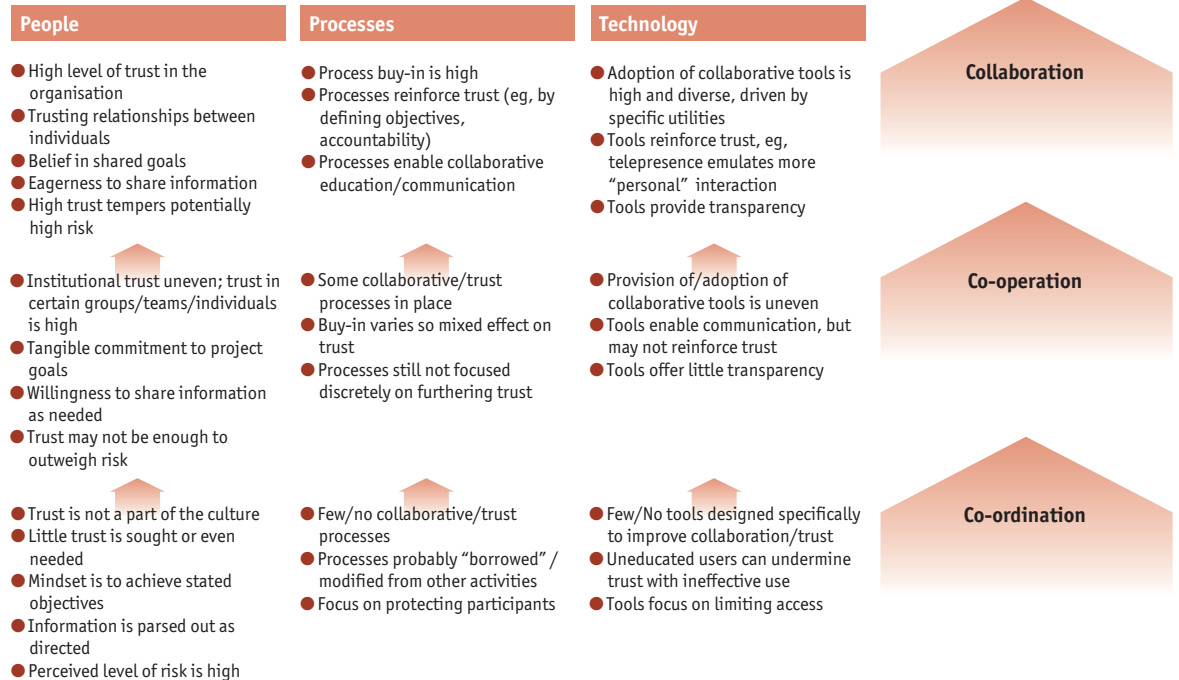
Of the 453 business executives surveyed, more than three-quarters were located in North America, Europe or the Asia-Pacific region. Just over one-half worked for companies that had annual global revenues of more than US\$1bn and about one quarter worked for companies with revenues of US\$10bn or more. The executives had a variety of formal titles and functional roles, but all had participated in a collaboration effort in the prior year, and nearly 80% described themselves as participants in formal or informal virtual collaboration efforts.



## The role of trust in business collaboration

Figure 2

### Excellence in collaboration requires trustworthy people, processes and technology



Source: Economist Intelligence Unit

Furthermore, few companies have built high trust levels even within their own organisations, or invested in creating trusted individuals—who can, as the research shows, be powerful agents of collaboration.

In short, despite the widespread desire to be “collaborative”, and the concomitant use of such buzzwords as “collaboration”, many companies are probably recreating the wheel on every collaborative

project they undertake.

This ad hoc approach not only wastes resources: It makes it difficult for organisations to sell themselves as collaborative partners, thereby limiting their ability to exploit the potential of collaboration to generate unique and discrete innovations, especially as the forces of globalisation, virtualisation, and demographics grow.



## Key findings

The survey yielded responses from 453 business executives who had recently participated in collaborative projects. Those respondents, in a variety of positions, companies and industries around the world, were asked about those projects and the people and organisations with which they collaborated. Below are the key findings on the state of collaboration and the role of trust.

In regards to collaboration:

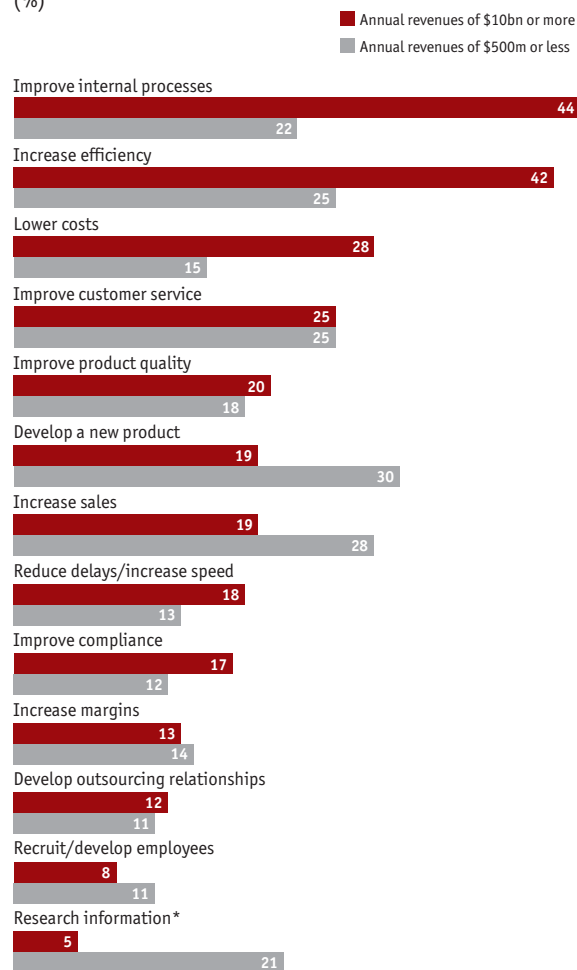
- **Collaboration has become an everyday activity.**

The only executives permitted to take the survey were those who had participated in a project during the past year to achieve a common objective working with individuals from outside their immediate group. These collaborators could be customers, suppliers, business partners, or colleagues serving other functions in their organisation. Of the 471 executives to whom we submitted the survey, 453 met the collaboration criterion (96%).

- **Collaboration is still used most often to improve internal processes and increase efficiency** (see Figure 3), especially at large companies. Collaboration is less often used to create value by developing new products or improving product quality. However, very good collaborators also worked more often than less capable collaborators on initiatives such as increasing margins and developing outsourcing relationships.

- **Collaboration is more often focused on working with other internal stakeholders** (within the function or organisation), but the smallest companies are more inclined to work with external customers and peers (see Figure 4), as are people at companies that see themselves as very good collaborators.

Figure 3  
**Collaboration is most often focused on internal improvements and efficiency—especially at the largest companies**  
(%)

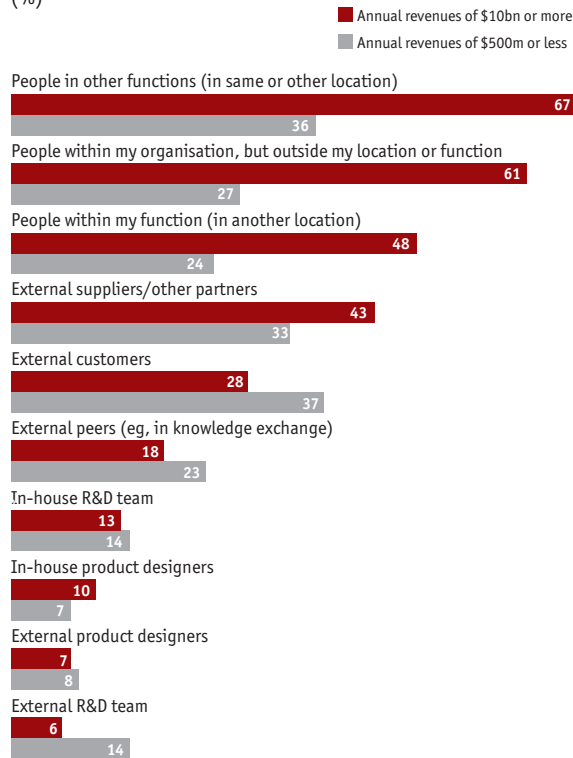


\* Research or exchange information about a market, products or customers  
Source: Economist Intelligence Unit



## The role of trust in business collaboration

Figure 4  
**Larger companies are far more likely to be “collaborating” with other internal stakeholders**  
 (%)



Source: Economist Intelligence Unit

- **Few people say their recent collaborations were completely successful**, though about half deemed their projects “fairly” successful”. Organisations that say they are very good at collaborating are more likely to report complete success (see Figure 5). Success is most often achieved in collaborations focused on increasing efficiency, improving customer service, and enhancing internal processes.

The key findings in regards to trust are as follows and are explored in more detail, with figures, in the ensuing text:

- **Most collaborators want first and foremost for their partners (individuals and organisations) to have integrity** (ie, be honest and ethical). They also want tangible demonstrations of good faith,

Figure 5  
**Very good collaborators are more likely to report total success in their collaborations. “How successful was your recent collaboration in meeting its goals?”**  
 (%)



Source: Economist Intelligence Unit

such as shared information. Those who are very good at collaborating are significantly more likely to say honesty, ethical behaviour, and a willingness to exchange information are critical (as opposed to just important) when deciding whom to trust.

- **Many executives are disappointed with their collaborators.** Qualities that survey respondents see as key to trustworthiness are rarely displayed—by organisations or individuals—to the degree that they had hoped. However, very good collaborators are more likely to report honesty and integrity in collaborative partners.

- **Complete trust is very rare—but it often doesn’t matter.** Very few collaborators totally trust their counterparties (people or organisations), and those who are poor at collaborating trust their counterparties even less. However, issues of trust rarely torpedo today’s collaborations. Most collaborators expect and forgive lapses in judgment, though they are less tolerant of malicious intent.



● **Companies have yet to find or embrace a consistent way to measure trust**, and “word-of-mouth” is still the most trusted currency for assessing trust in another person or organisation. However, those who are very good at collaborating are significantly more likely to conduct greater due diligence on trust.

● **Trust, as well as project success, appears to decline as collaboration becomes more virtual.**

● Few trends emerged in the survey results regarding collaboration or the role of trust in any one industry, company-size, or regional segment. Rather, the dispersion of the results suggests that approaches to collaboration and perceptions regarding the role of trust are fashioned on a case-by-case basis. In short, collaboration is far from becoming an institutionalised strategy with widely accepted standards of best practice.

### Confirming the role of trust in collaboration

Anyone involved in business interactions would say it is axiomatic that trust is a building block of collaboration, but trust is not easily defined.

John Dean is General Manager of Enterprise Connect, part of the Australian government’s Department of Innovation, Industry, Science and Research. Enterprise Connect collaborates with other governments to access their intellectual property or know-how and with other organisations in Australia in pursuing policy objectives. He says, “Collaboration

has become more important now that it’s a global world, and we have to take ever more account of what is happening in other places”.

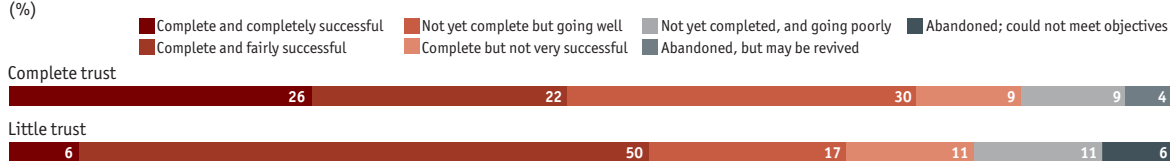
“The benefits of collaboration have become more obvious to people,” he says, but he concedes that the trust element is complex—even for government employees, who may be collaborating within the confines of mandated codes of conduct and who may collaborate, at the highest level, under the provisions of memoranda of understanding and other protocols.

He adds that trust stems, in part, “from understanding the other party’s position, and conceiving of whether there is a genuine opportunity for give-and-take”. He says it is also important to remember that collaboration may not always need a specific commercial imperative. In citing a collaborative venture with Norway that began in 1994, he says, “That initial collaboration has come and gone, but we’ve had lots of really good engagements in different ways since that time—and not all of them have been formal. Since Australia is geographically remote from North America and Europe, it is vital to tap into such relationships to keep abreast of new and developing business trends. And these ongoing interactions help to maintain trust and confidence in the relationship.”

The survey itself demonstrates the link between trust and collaboration—though not necessarily in a way one might expect.

Much of the collaboration pursued today endures even when the level of trust between collaborating parties is highly questionable. However, when trust is weak, failure is more common.

Figure 6  
Success of collaboration vs trust in partnering organisation (%)



Source: Economist Intelligence Unit





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Respondents who said they had “little” trust in an organisation with which they had recently collaborated were more likely to say their collaborations had failed to meet their goals, or had been abandoned (see Figure 6). Those who described their level of trust as complete were more likely to describe their collaborations as totally successful.

However, many collaborative ventures are successful to some degree without much trust between the parties involved. For example, 50% of people who said they had “little” trust in an organisation with which they had recently collaborated still described their collaboration as fairly successful in meeting its objectives. And 6% of those with little trust in their counterparties said that their collaborations were completely successful.

It is worth remembering, however, that few collaborators in the survey are yet collaborating far into the extended enterprise. In other words, most of those surveyed are, in fact, dealing with other teams within their own organisation, such as people outside their location or function but within the same company. It is likely that many of these collaborations are achieving their goals because the initiatives are mandated, not because the collaborations themselves are especially successful.

The role of trust is even clearer with regard to individuals. In cases where respondents said they had complete trust in a key individual with whom they had recently collaborated, 92% reported success in meeting the goals of their collaborative venture, compared to 45% among those who reported little trust (see Figure 7). In fact, among those who had

little trust in the person with whom they worked, more than half said their collaborations had not been very successful, or were going poorly.

These results show individuals are in a strong position to imbue confidence and trust in a collaborative effort. This suggests companies should invest in building a cadre of strongly trusted people to lead and enable their collaboration efforts.

Furthermore, while a trustworthy individual may or may not be able to counter wider concerns about the credibility of their organisation, it seems quite likely from these results that an individual who does not inspire trust has the power to erode trust in their entire organisation. That reality behoves companies to ensure that codes of conduct are drilled into the organisation right down to the individual level—and that people understand the need to communicate their own trustworthiness.

This imperative is especially strong because most of the collaborators surveyed are already working with people in their own company, sometimes in their own function, yet the level of trust is not complete.

### Collaborators are often disappointed on trust

It is important not to discount trust as a nebulous concept that is too difficult to pin down. The survey shows many people look for the same key qualities when deciding which individuals and organisations to trust, although in practice their collaborators do not always exhibit these qualities.

Ultimately, just 14% said they completely trusted a key person with whom they collaborated, though

Figure 7

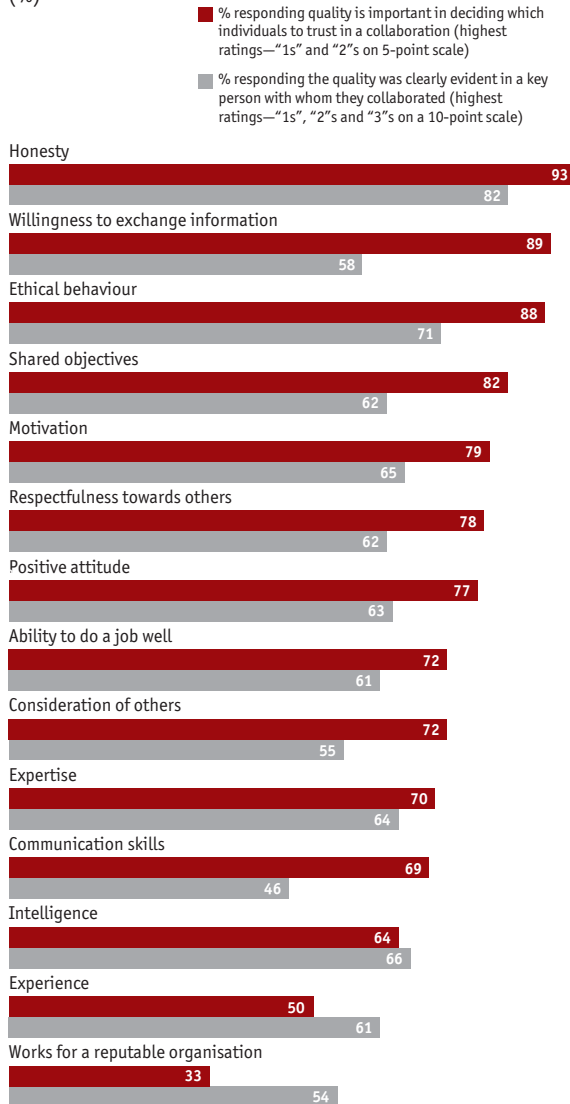
#### Success of collaboration vs trust in key individual in collaboration



Source: Economist Intelligence Unit



Figure 8  
**Qualities that suggest trustworthiness in people appear less often in practice than collaborators hope**  
 (%)

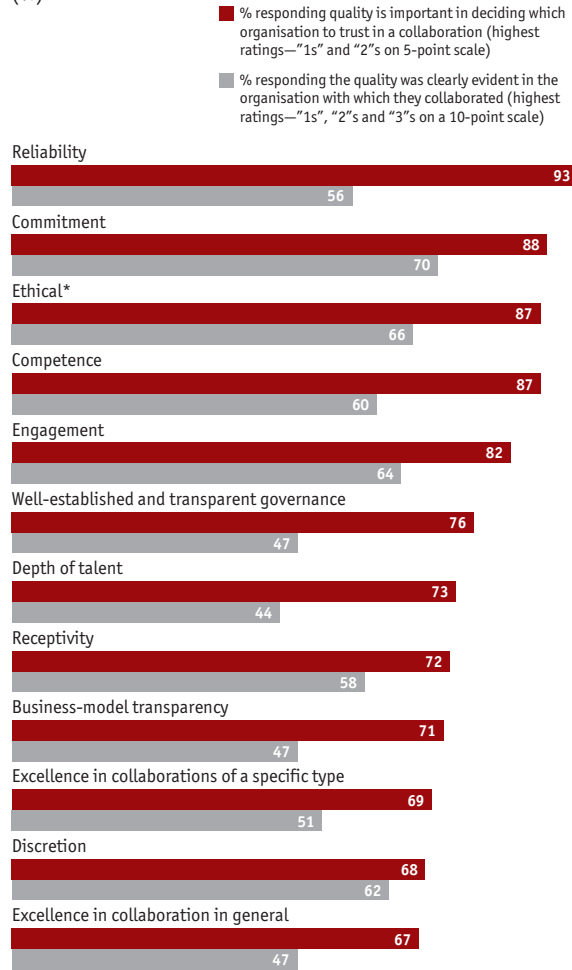


Source: Economist Intelligence Unit

many (58%) said they trusted them highly. A mere 7% said they trusted the organisation with which they had collaborated "completely", though again many said they trusted them "highly".

Notably, while honesty and ethics were high on the list when people assessed which individuals to trust,

Figure 9  
**Reliability and commitment are even more likely than ethics to drive trust in corporations, but the reality is disappointing for many**  
 (%)



\* Average of rankings assigned to the "ethics of the employees I deal with" and "ethics of the organisation's leaders"  
 Source: Economist Intelligence Unit

qualities pertaining to business risk and value, such as the willingness to exchange information, were also much sought after and were most often the source of disappointment when reality set in.

For example, 89% of respondents said a willingness to share information was important in deciding whom to trust in a collaborative project, but only 58% said a key person with whom they had collaborated had



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shared interesting or useful information in practice (see Figure 8).

Moreover, only 17% said that key person had been willing to share such information “very much so” (the top rating). Similarly, 82% said shared objectives were important when deciding who to trust, but only 62% said objectives proved to be clearly aligned in their collaborative experience.

When deciding which organisations to trust, most people (87%) said it was very important that the counterparty be ethical, but even more people (93%) said the organisation had to be reliable, and just as many said the organisation had to be committed and competent (see Figure 9).

However, many people said the reality proved to be disappointing. For example, only 56% said the organisation with which they had collaborated proved to be very reliable and only 66% said it proved to be very ethical.

The disappointment in both people and individuals is especially vexing considering so many people in the survey, especially in the largest companies, are actually describing their experiences in working with other people in their own function. Even those working with people in the same organisation rarely described their trust in counterparties as complete (see Figure 10).

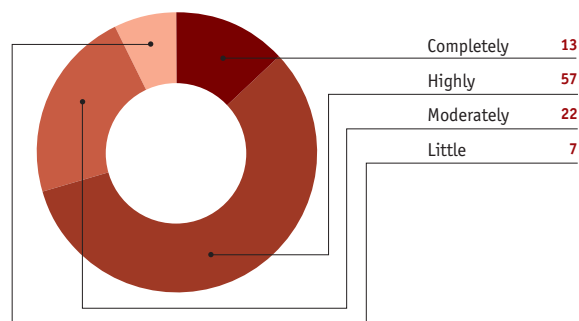
Peter Sheahan, an author and expert in workforce trends and generational change ([petersheahan.com](http://petersheahan.com)), notes that lack of trust within the organisation could cause knowledge and intellect to lie fallow in a global company. In multi-company collaborations, Mr Sheahan says businesses want to “control” their existing ideas and intellectual property as a source of competitive advantage, which is consistent with our finding that collaborators found few people wanted to share information as much as they had hoped they would. The fear of losing control can prevent the organisation from forming effective connections and leveraging institutional knowledge, according to Mr Sheahan.

In his latest book, titled “FL!P”, Mr Sheahan

Figure 10

**Few collaborators completely trust even those within their own organisation.**

**“How much did you trust the key person with whom you collaborated?”** Responses from those working with people in the same organisation, but different location or function (% respondents)



Source: Economist Intelligence Unit survey

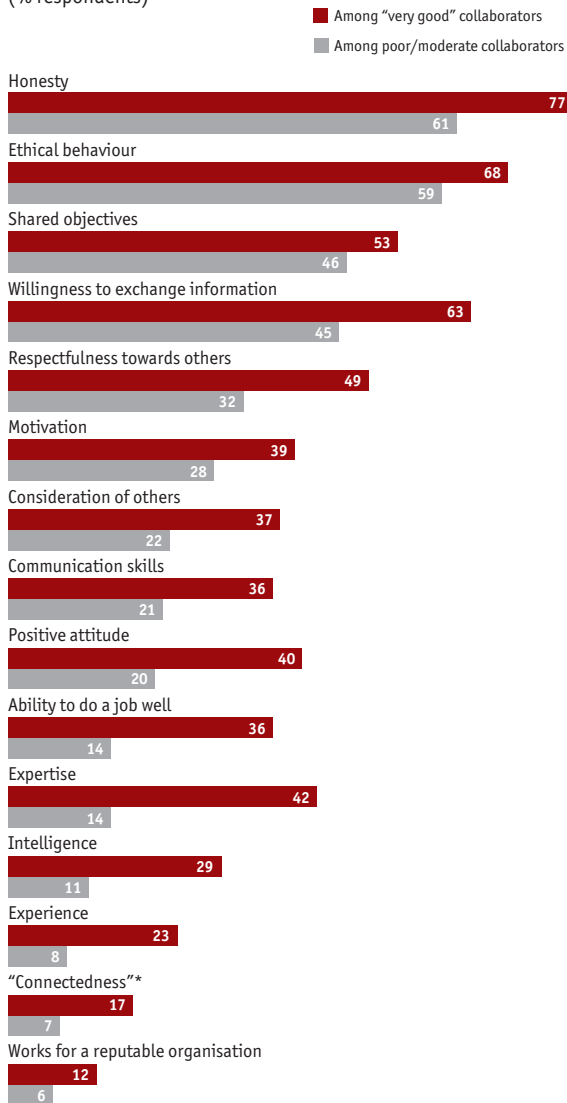
notes that knowledge networks like Innocentive and InnovationXchange (IXC) appeal to participants in part because they offer codes of conduct (eg, on confidentiality and ethics) that help them to feel protected (whether or not that protection is illusory), as they tap into non-traditional sources of information, expertise and talent.

Paul Saunders, Textron’s Director of Enterprise Collaboration, notes Textron employs Six Sigma tools when teams are first organised. For example, GRPIs (goals, roles, processes, interpersonal relationships) “make sure we know what our goals are, who is responsible for what, what processes we are going to use, and with whom the stakeholders are going to communicate.” On an ongoing basis, the “RACI” tool—Responsible, Accountable, Consulted or Informed—helps to define the role of project participants.

“Most collaboration falls apart when people aren’t sure of what their role is, or feel that someone else is overstepping their boundaries, or not pulling their weight—and those situations create conflict, and make it difficult for people to communicate,” says Mr Saunders. Tools like GRPIs and RACI help to formalise and set boundaries for collaborative projects and establish how the collaborative group will work together.



Figure 11  
**Very good collaborators are more likely to say qualities are “critical” when choosing who to trust.**  
**“When deciding which individuals to trust, how important are these qualities?”** Responses from those citing the quality as “critical” (rating the quality “1”) (% respondents)



\* Knows many people across functions, and across various levels  
 Source: Economist Intelligence Unit

## Very good collaborators are more exacting and less frustrated

This survey suggests a link between rigorous processes and collaborative success: Those describing themselves as “very good” collaborators set higher standards of trust at the outset and are more likely to say their collaborative counterparties deliver against those standards.

Admittedly, the “very good” descriptor is a self-assessment, but as a survey population, this cluster shows some distinct behaviours that cannot be ignored. For example, these “very good” collaborators are more likely than those who describe themselves as poor/moderate collaborators to make a variety of demands when choosing someone to trust in a collaborative venture (see Figure 11). Moreover, they are more demanding not only in terms of ethics and honesty, but in terms of capabilities (eg, expertise, intelligence and experience), motivation, and “softer” qualities, like respect and consideration for others.

Textron, notes Mr Saunders, “has got a very, very high ethics culture, so it’s made clear to us from Day 1—as it should be—profit is second, ethics is first, whether you collaborate with someone in the same office or across the world”.

Very good collaborators are also far more likely than poor/moderate collaborators to say that the willingness to share information is critical to collaboration—the ideal in which so many respondents were disappointed.

Across the board, very good collaborators expect more from their partners. Very good collaborators are also far more likely to say people they worked with exhibited in practice the kind of qualities that are important when selecting a person to trust in a collaborative venture (see Figure 12).

For example, 72% of very good collaborators said a key person with whom they had collaborated had absolutely behaved ethically in practice (ie, the respondent rated them “1” or “2” on a 10-point

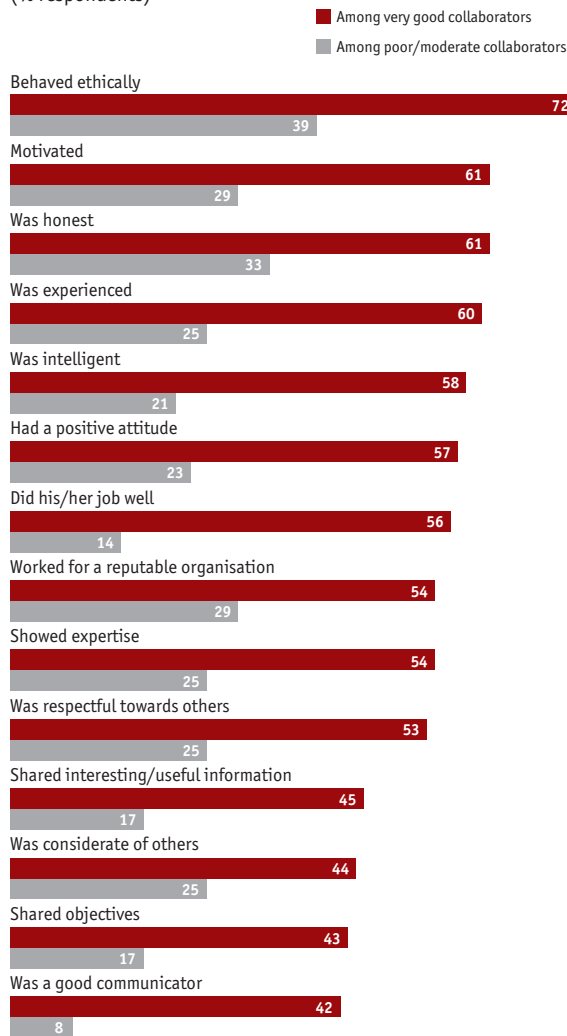


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Figure 12

### Very good collaborators are far more likely to say people they partnered with clearly exhibited the qualities they relate to trustworthiness

“Rate a key person with whom you collaborated”; top ratings—“1s” and “2s” on a 10-point scale (% respondents)



Source: Economist Intelligence Unit

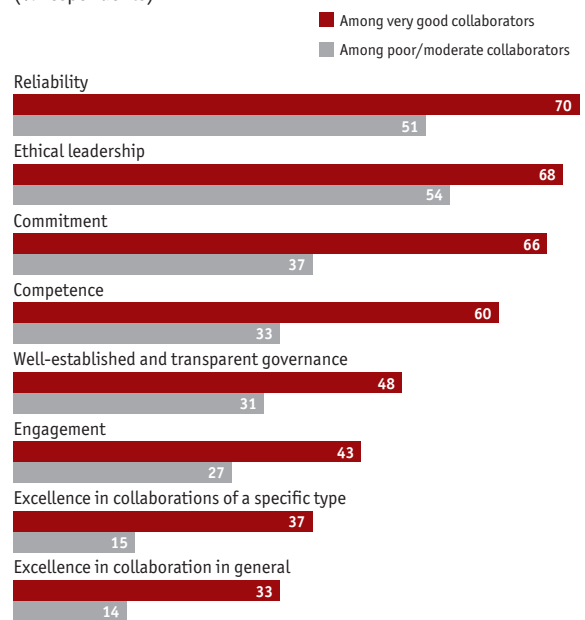
scale), compared to just 39% among the poor/moderate collaborators. Similarly, 45% said their counterparty had most definitely shared interesting or useful information, compared to just 17% among the less capable collaborators.

Very good collaborators are similarly exacting in

Figure 13

### Very good collaborators also require more of partnering organisations

“In deciding which organisations to trust, how important are these qualities?” Selected responses from those citing quality as “critical” (rating the quality “1” on a 5-point scale) (% respondents)



Source: Economist Intelligence Unit

judging which organisations to trust and are more likely to say collaboration itself is a critical quality in partnering organisations (see Figure 13). Once again, those higher standards pay off: Very good collaborators are significantly more likely than others to say that organisations with which they collaborated lived up to many of their expectations about key qualities (see Figure 14).

## Due diligence can mitigate disappointment

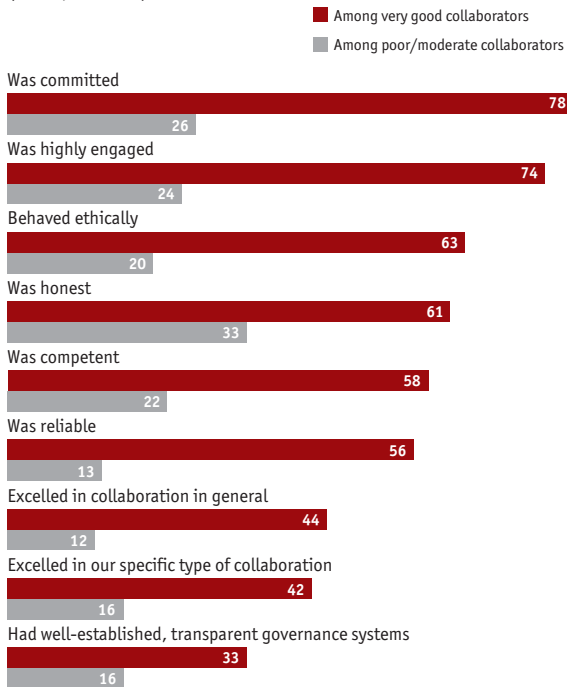
So what are “very good” collaborators? They seem to be individuals who demand much of other people and organisations—yet are rather generous in their assessments of these others. In short, they seem to be at once more vigilant in choosing collaborators and more trusting in their actual collaborations. One



Figure 14

**Very good collaborators are more likely to say organisations they worked with exhibited qualities related to trust**

“Rate the organisation with which you collaborated”; top ratings (“1s” and “2s” on a 10-point scale) (% respondents)



Source: Economist Intelligence Unit

thing is clear from the survey: Very good collaborators cannot be easily categorised using descriptors like company size, industry or nationality. The approach to collaboration and trust is highly dependent on the organisation and individual—bad news and good news for companies.

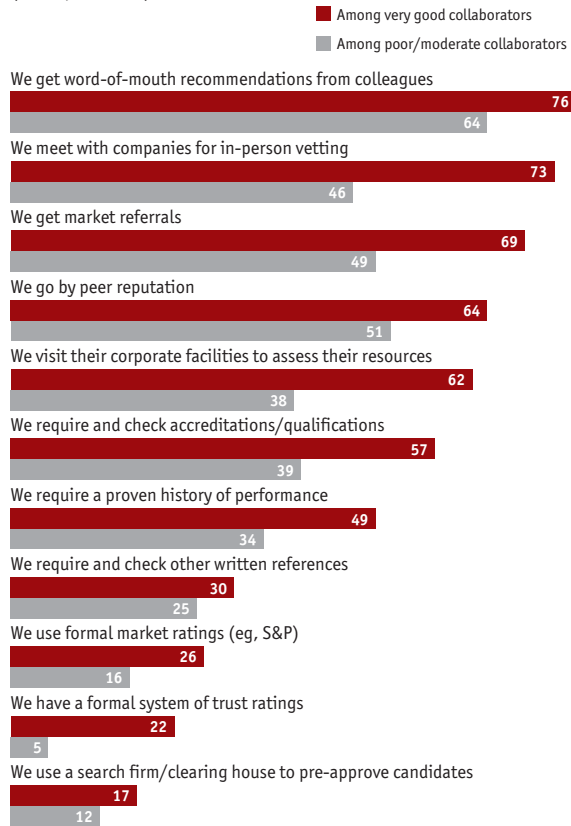
The bad news is that companies cannot expect trust and collaboration to exist and grow organically, even among those who work at the same function or organisation. The good news is that this is apparently an area in which companies can get results from being proactive.

Among survey respondents as a whole, there was no universally used approach to evaluating the trustworthiness of either individuals or organisations, although there are more mechanisms in place to

Figure 15

**Very good collaborators are more likely to use a variety of processes to verify the trustworthiness of other organisations**

(% respondents)



Source: Economist Intelligence Unit

assess organisations. Overall:

- Getting word of mouth recommendations is still the most widely used policy for verifying trustworthiness. For example, 72% of respondents say they use word-of-mouth from colleagues in verify the trustworthiness of individuals from outside the organisation with whom they collaborate; 64% say they use word of mouth to assess other organisations.
- Only 5% say they have a formal system of trust ratings for individuals; 10% say they have formal trust ratings for companies.



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- Policies to verify trust are not, as a whole, widely followed. A few (17%) said all available practices were followed in picking an individual to collaborate with recently; 48% said most were followed. Only 23% of respondents said all the available practices were followed in picking an organisation to collaborate with; 50% said most were followed.

By contrast, very good collaborators are more likely than average—and significantly more likely than poor/moderate collaborators—to employ a wider variety of policies to verify the trustworthiness of outside individuals and organisations (see Figure 15).

Furthermore, those policies are more likely to include actual contact, such as meeting with people/companies for in-person vetting and visiting corporate facilities to assess the resources available to potential partnering organisations.

Notably, very good collaborators are also more likely to actually follow the policies that are available to them for verifying trust. For example, 30% of very good collaborators said all available mechanisms (formal and informal) were followed in verifying the trustworthiness of an organisation with which they recently collaborated. That compares to just 12% of poor/moderate collaborators.

### Many fail to act on trust concerns

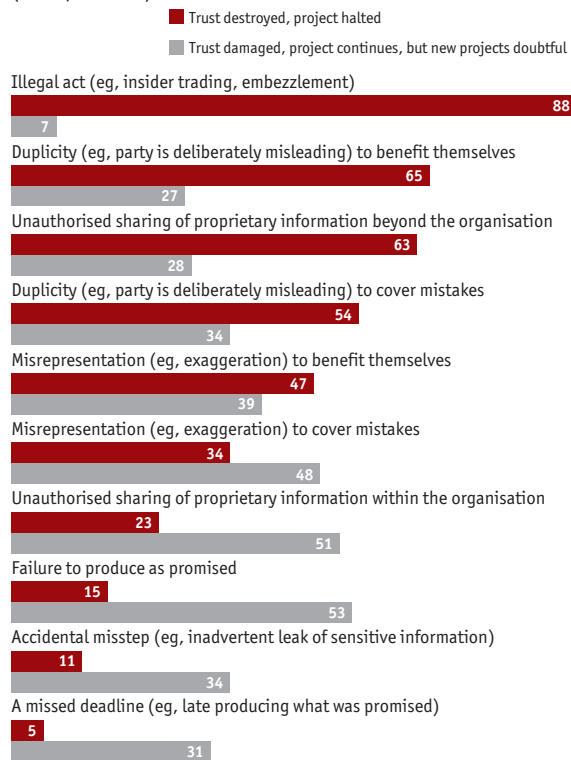
It is striking that many people cannot trust their collaborative partners (people or companies) as much as they had hoped, but it is even more surprising that many people believe collaboration can survive a variety of trust breaches.

For example, only 5% of respondents said a missed deadline (ie, a partner’s failure to produce what they had promised) would destroy their trust, and prompt the project to be halted immediately. However, 31% did say that their trust would be damaged, putting future projects in jeopardy (see Figure 16).

Clear-cut breaches of trust, such as an illicit

Figure 16

### Breaches of trust rarely end a collaboration immediately (% respondents)



Source: Economist Intelligence Unit

act, were more widely, although not universally, condemned. Though one might reasonably expect 100% of respondents to say an act such as embezzlement would torpedo collaboration, the actual number was only 88%.

In between these extremes, there are breaches of trust—such as duplicity and the unauthorised sharing of proprietary information—which elicit varying degrees of immediate reprisal.

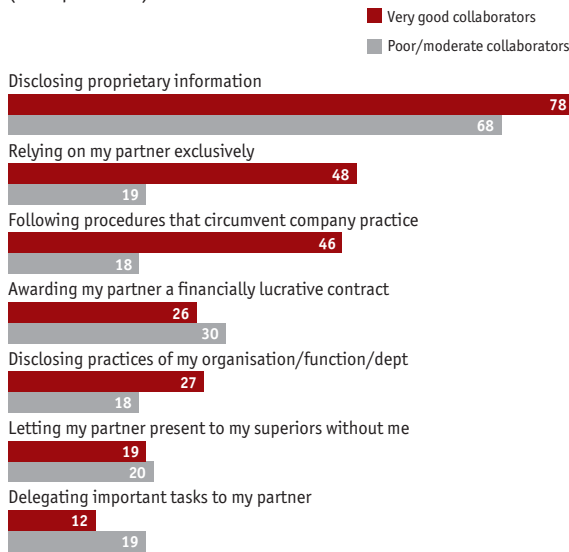
Again, the individual responses were not clearly aligned to any one sector, region or company type, suggesting breaches of trust are very much “in the eye of the beholder”. Very good collaborators tend to be more likely than average to end a collaboration immediately when trust is breached. For example, 72% of very good collaborators say the unauthorised sharing



Figure 17

**Very good collaborators are most fearful of the business risks in collaboration (eg, disclosing proprietary information)**

“Which of the following actions would pose the most risk to you in a collaborative venture?”  
(% respondents)



Source: Economist Intelligence Unit

of proprietary information beyond the organisation would destroy trust in a collaborative partner, and prompt them to halt the collaboration. That compares to just 63% overall who would act immediately.

Even very good collaborators do not respond to a breach of trust as aggressively as one might expect. However, given the pervasiveness of internal collaboration (the locus of collaboration for much of the survey population), it is possible that collaborators lack the option to exit collaborative projects, even when they feel their counterparties cannot be trusted.

This again suggests companies could benefit from more rigorous processes for evaluating the level of trust required for a collaborative project—and for fostering a culture of trust internally. Furthermore, companies need to plot a path of recourse and formulate exit strategies to deal with abuses of trust.

**Discerning when trust is needed most**

The unauthorised sharing of proprietary information beyond the organisation is almost as likely to jeopardise current and future collaboration as an illegal act. Sixty-five percent of respondents overall—and 78% of very good collaborators—say “disclosing proprietary information” is among the greatest risks posed to them by a collaborative venture. Beyond this, the actions that pose the most risk seem to depend in part on the capability of the collaborator.

Other breaches are almost as heinous, such as duplicity to benefit the perpetrator, but the information issue is an important one, as it reflects one of the key elements in collaboration: The power struggle among stakeholders, which in turn often reflects issues of risk and reward.

Very good collaborators are very concerned about other business risks, such as relying exclusively on a partner (limiting opportunity) and following procedures that circumvent company practice (see Figure 17). Poor/moderate collaborators are less likely to be concerned about those issues, but are more likely to be insecure about their position—for example, seeing more risk in delegating important tasks to a partner.

The perceptions of risk, not surprisingly, have an effect on the actions collaborators are willing to take themselves. For example, the actions perceived as high-risk among respondents overall (see Figure 18) were low on the list of actions collaborators were willing to take themselves—and most would be deemed only slightly more palatable if the potential value of the collaboration were to double.

The fact that perceptions of risk and reward clearly play into the way collaboration is executed suggests companies will need to consider how to formalise their own guidelines for what actions their collaborators are allowed to take.

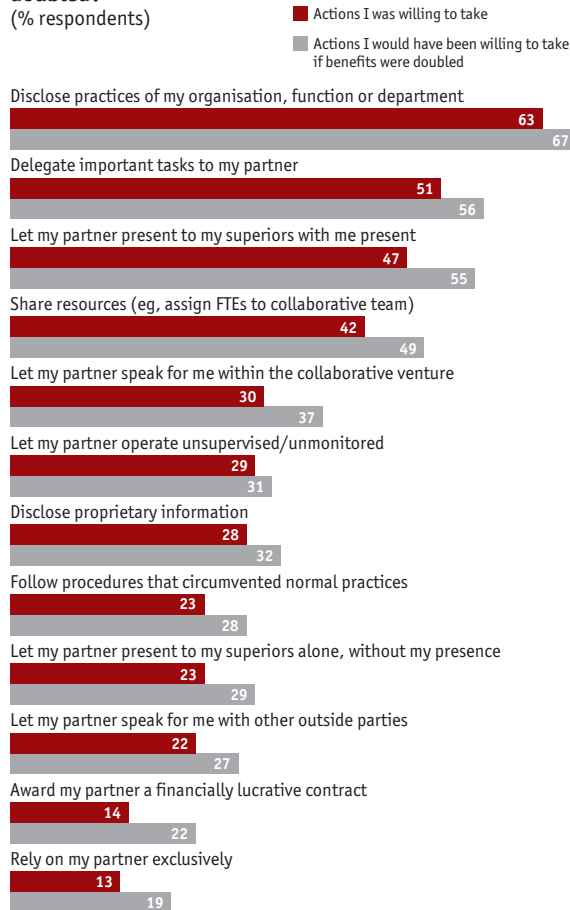
The growing ranks of Generation Y workers offer special challenges in this regard, particularly in terms





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Figure 18  
**What actions were you willing to take in your collaboration? What if the potential benefits were doubled?**



Source: Economist Intelligence Unit

of their handling of proprietary information. Mr Sheahan says the Gen-Y approach to digital property rights may not seem to be in an organisation's best interests, but it is simplistic to write off the Gen-Y'er approach without examining the underlying reasoning.

Consider the much-trumpeted tendency of Gen-Y'ers to dismiss and abuse digital property rights, such as their music downloads. Says Mr Sheahan, "Gen-Y'ers just don't want unrealistic demands and restrictions placed on what they do with what they buy, and they would perhaps be more respectful if

they felt the cost better matched the value."

In a knowledge economy, says Mr Sheahan, "intellectual property (IP) rights are as important as land ownership in the industrial world, and companies will need to be more explicit in setting their expectations of their employees, especially Gen-Y'ers, if their IP is to be protected—at least for long enough for them to obtain some sort of competitive advantage from it."

In other words, Gen-Y attitudes create an even greater imperative for companies to align people, processes and technology when it comes to proprietary information.

Mr Saunders of Textron adds, "You need to reach out to people within the entire organisation and explain to them: 'This is sensitive data: It's what keeps the company going; it's what keeps you employed; and so on'. Moreover, education and communication—on the accountability of the end-user and the underlying business risks—is far more important than IT fixes. As he says, "It's far more effective to train people on the danger of sending their social security number in an email than it is to insert a filter system that blocks social security number patterns."

### Face-to-face collaboration is superior to virtual collaboration

Most collaboration is taking place internally, but the survey results provide thought-provoking insights about how well (or poorly) companies are positioned to deal with the onslaught of globalisation—where the need to collaborate virtually will only increase.

The survey shows virtual collaboration is on the radar at almost every company in some form, but very few have embraced "next generation" collaborative tools, such as Wikis, blogs, and social networking tools.

In fact, face-to-face vs. virtual collaboration varies greatly. Overall, 17% of respondents said they worked face-to-face for 70% or more of their recent collaboration, and 37% used face-to-face for 50% or more of their collaboration.

However, no single segment (eg, industry, size,



region) is more prone to one approach than another, debunking the notion that any one profile has a tendency to collaborate virtually rather than actually.

Those who describe themselves as very good collaborators most often assess their collaborations as “moderately virtual”. Thirty-eight percent of the moderately virtual cluster said their collaborative projects are a mix of in-person and virtual initiatives, and they regularly use established Web- and other IT-based tools to help their efforts. However, 26% of the very good collaborators say they are “not at all virtual”—ie, they find, manage, and communicate with most collaborative business partners via face-to-face and telephone interactions and rarely experiment with Web and other IT tools.

It is face-to-face interactions that typically decline when a company’s collaborative projects become more virtual, while phone interactions tend to remain a mainstay.

Our survey suggests that face-to-face collaborations are most likely to yield success (see Figure 19). The correlation between face-to-face communication and successful collaboration outcomes is significant at the 0.2% level, and this finding is consistent with other studies which highlight the challenges of virtual projects. The negative correlation between virtual collaboration and project success is not very significant, but this finding, too, is consistent with other studies on virtual collaboration.

In short, companies positioning themselves to deal with globalisation and virtualisation should keep in mind the benefits of face-to-face interaction and the potential pitfalls of virtual interaction.

John Dean of Enterprise Connect maintains, “I really need to know who it is I’m dealing with—and whether I want to engage with them or not. There are a lot of things [such as shared values] that I couldn’t assess without in-person contact.” Actually meeting the person catalyses the interaction and helps to turn a transaction into a relationship. Nevertheless, Mr

Figure 19

**Project success vs. mode of communication**

	Pearson correlation	Significance level (1-tailed)
Project success vs. face-to-face	0.155	.002
Project success vs. phone	-0.117	.014
Project success vs. virtual	-0.049	.179
Project success vs. next-generational virtual	-0.071	.091
Project success vs. virtual+next-generational virtual	-0.070	.092

Source: Economist Intelligence Unit

Dean notes, technology has certainly made it easier to conduct a collaborative initiative once it is underway.

Mr Saunders says Textron “recommends that there are face-to-face meetings, initially or very early on, in which the collaborative group can set goals and make sure everyone is on the same page”. “At Textron, we say, ‘If you can walk over to someone’s desk first, do that; if you can’t, give them a call; if you can’t do that, send them an instant message; and only then email them’. There are some wonderful technologies out there, but basic human interactions have been developed over a far longer period”. The organisation can also facilitate human connection with initiatives like bubble assignments, where people are temporarily assigned to another environment—enabling people to “put the face to the name” and helping overcome basic communication issues such as differing accents.

Nevertheless, Mr Saunders feels the new technologies can be very supportive. “For example, telepresence is a live medium, so it can help collaborators to feel more like they are interacting in a human sense, and goes a long way toward keeping a group together once the collaboration is under way.” Instant messaging is another effective tool, he says: “IM is invaluable, as it enables a quick, effective conversation. You can just ping someone and get an immediate response.”

But technology can also undermine collaboration. Mr Saunders cites potential problems with email as an example. “You tend to read email in the mindset



## The role of trust in business collaboration

you are in at the time. If you are in a foul mood when you read it, you assume the sender was in a foul mood when they wrote it.” Things can quickly spiral out of control, he says, noting that “situations get more and more inflamed, as people get more and more angry, and the cc list gets longer and longer”.

However, he is quick to say that even then, the technology itself is not the problem. “You can set email etiquette and so on, but it is most effective to first set goals, boundaries and open communication, so the technology part can just help you get it done.”

This report should act as a reminder to companies that they cannot assume trust will exist and grow naturally within any collaboration—even within their

own organisation, and even if the collaborative IT is in place. Instilling trust takes specific effort and may require much “face-time” among the collaborators.

Workforce demographics are changing, and while most companies are already dealing with technology in the workplace, few are prepared to deal with tech-savvy Generation-Y employees, who may be technically prepared for virtual collaboration, but no more psychologically prepared to build trusted relationships than their predecessors.

Is collaboration among distant partners growing? Absolutely. Will IT make it easy? Perhaps not. Trust is a delicate matter, and it must be nourished with conversations and smiles, not just emails.

### Intellipedia: Trusted collaboration in practice

Governments have a greater reputation for bureaucracy than for innovation, but the US intelligence community is certainly bucking that trend with its use of Intellipedia – an agency-neutral wiki hosted by the Office of the Director of National Intelligence Chief Information Office. Intellipedia allows security-cleared intelligence officials from the 16 US intelligence agencies to research and share knowledge and ideas. In short, it’s the wiki for spooks.

Admittedly, this venture is unique in many ways: All the participants are highly vetted, and transparency is paramount in the small and elite community of users. Nevertheless, the lessons learned for commercial operations are myriad—especially the way in which people and processes can be aligned to reinforce the power of the enabling technology.

The National Geospatial-Intelligence Agency is a large contributor to this new wiki space. At the agency, Chris Rasmussen has designated himself “Social Software

Knowledge Manager/Trainer” – a title he concedes he made up. The social software modifier is necessary, he says, because of the “Rorschach test” that knowledge management has become: “You ask three different people what knowledge management is, and you’ll get three different answers. I believe it’s the social software emergent free-form tools that are the best way to speed up learning and connect people”.

But despite his commitment to the tools, Mr Rasmussen knows widespread adoption requires that the technology deliver tangible benefits to users. “Top-down edicts to collaborate don’t work,” he says. “You need grassroots support”. In the case of Intellipedia, “It saves people time. It takes less time to learn something, not least because the most up-to-date information is always in the wiki, and it saves time getting people up and running when they join the organisation. If your mentor before you was a real social bookmark, all you have to do is hit a button, and read up on things.”

Trust in Intellipedia is built by people developing their social network of colleagues. “Every edit, every blog, every

social bookmark has your name on it. If we are going to shift from a collection of organisations to a collection of users, it starts with a first name—your name, your brand.”

The system also tracks participation. For each user ID, “The system tells you how many edits you have made, lists all your social bookmarks, every page you’ve made comments on, and every file you’ve uploaded.” That information is transparent to all users—and to management. Soon, the system will also be able to display a form of “reputational ranking based on participation”—a “badge” based on a 5-star ranking system of how many people voted on and tagged content.

All this information is also feeding into the performance-evaluation system—and not just driven by management. There is already a, ‘How well do you collaborate?’ section in regular employee feedback, and some people have asked management to interpret that part of the appraisal to measure how they contribute to content. The tracking tools provide the back-up, and the evaluation criteria are now starting to make their way into job descriptions.

Mr Rasmussen knows that “Whatever you reward, you get more of.”



## Conclusion

**A**s is the case in domestic life, trust in business reflects a complex interplay of factors, including integrity (honesty, ethics), competence (intelligence, capabilities), commitment (often supported by demonstrations of good faith), and perceptions (“gut instincts” and fears).

Even though best-practice corporate governance has been on the corporate radar for some time now, it seems that the trust element of governance, despite being so closely linked to ethics, has yet to become a business standard.

In fact, many collaborators are not as demanding of trustworthiness in partners as one might expect—nor as they should be. Notably, though, those that describe themselves as very good collaborators are indeed discerning about assessing the trustworthiness

of potential collaborative partners, and this results in more fruitful relationships.

As globalisation and virtual communications move collaboration further into the extended enterprise, and as the goals of collaboration become more extensive, it will become essential for companies to have well-established trust protocols: Setting high collaboration standards, instilling those standards in the corporate culture, supporting that culture with aligned processes, and enabling the collaborative process with technology.

A rigorous approach to establishing trust and positioning collaboration as a critical capability will enable companies to reap the full benefits of our globalised, high technology environment.

## Appendix: Survey results

### The role of trust in business collaboration

# Appendix

In February 2008, The Economist Intelligence Unit surveyed 453 business executives from around the world. Our sincere thanks go to all those who took part in the survey. Please note that not all answers add up to 100%, because of rounding or because respondents were able to provide multiple answers to some questions.

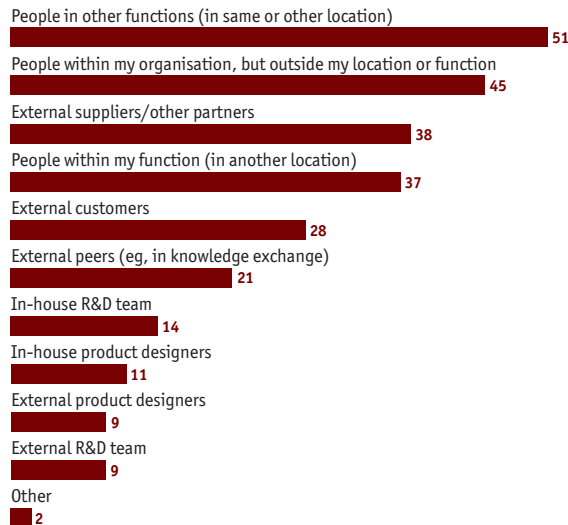
**Can you think of one instance during the past year when you worked on a project with other individuals from outside your immediate group—customers, suppliers, business partners, or other functions in your organisation—in order to achieve some common objective?**

(% respondents)



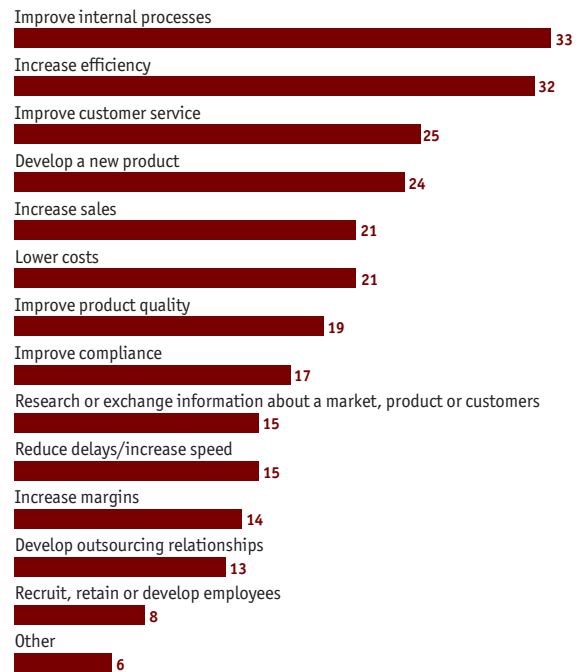
**With whom did you collaborate?** Select all that apply.

(% respondents)



**What was the purpose of the collaboration?** Select all that apply.

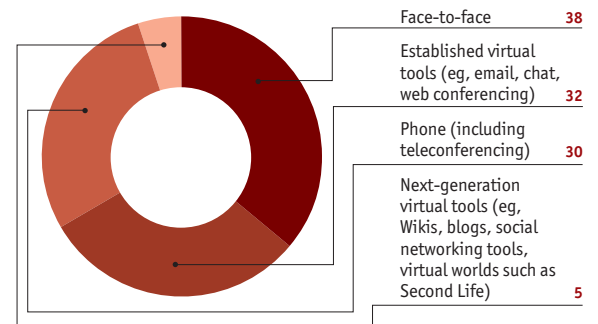
(% respondents)



**Approximately what percentage of this collaboration was face-to-face, over the phone, and via virtual tools?**

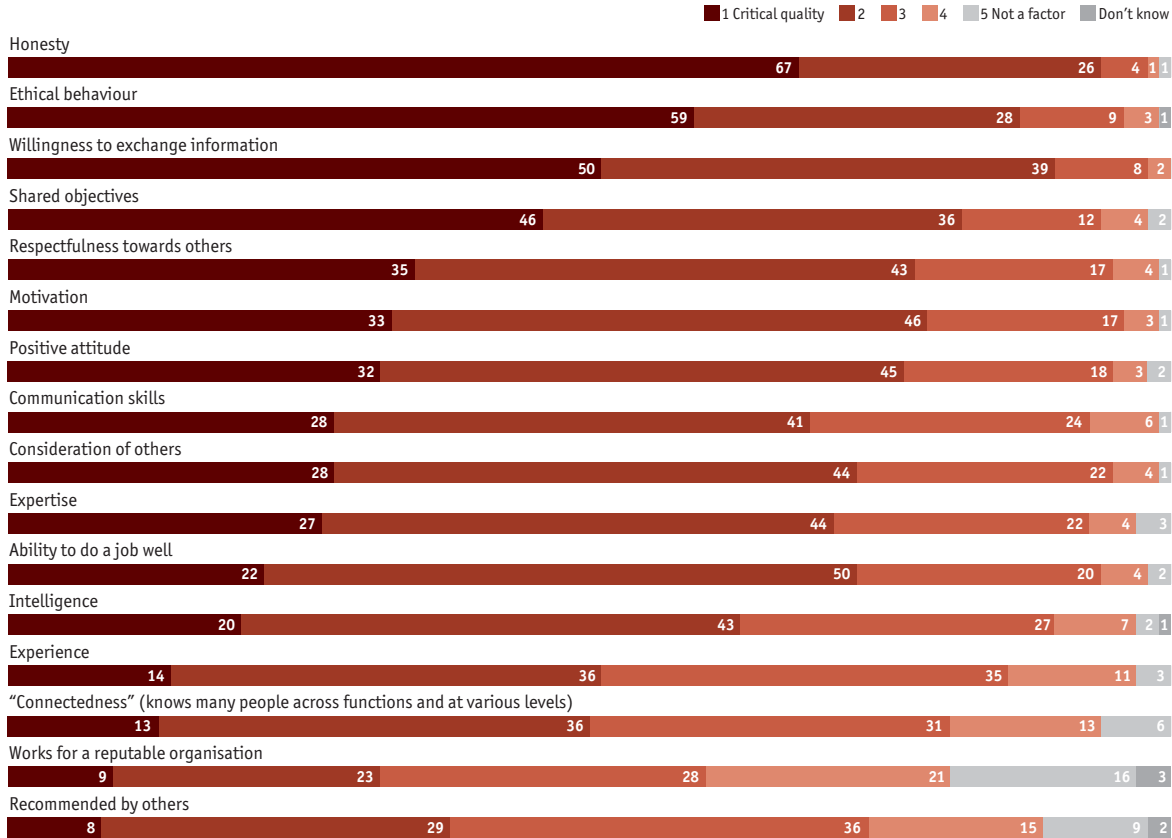
Total should equal 100%.

(Average)



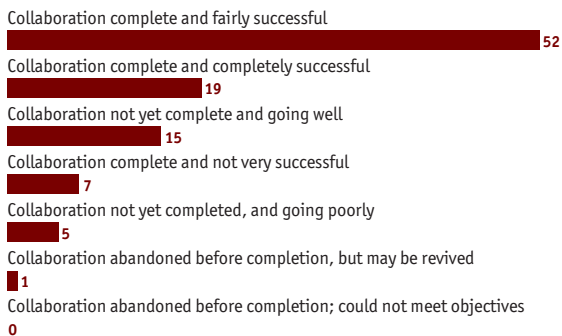
**In deciding which people to trust, how important is each of the following qualities?**

Rate on a scale of 1 to 5, where 1=Critical quality in deciding which people to trust and 5=Not a factor in deciding which people to trust.  
(% respondents)



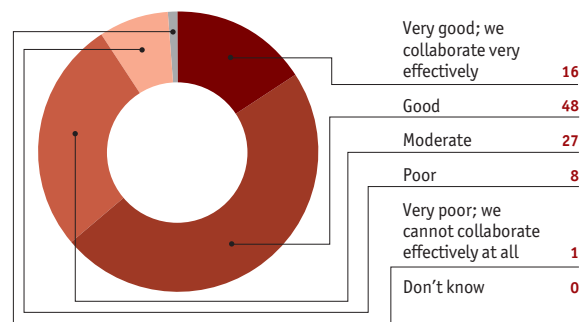
**How successful was this collaboration in meeting its objectives?**

(% respondents)



**In general, how good do you think your organisation is at collaborating?**

(% respondents)



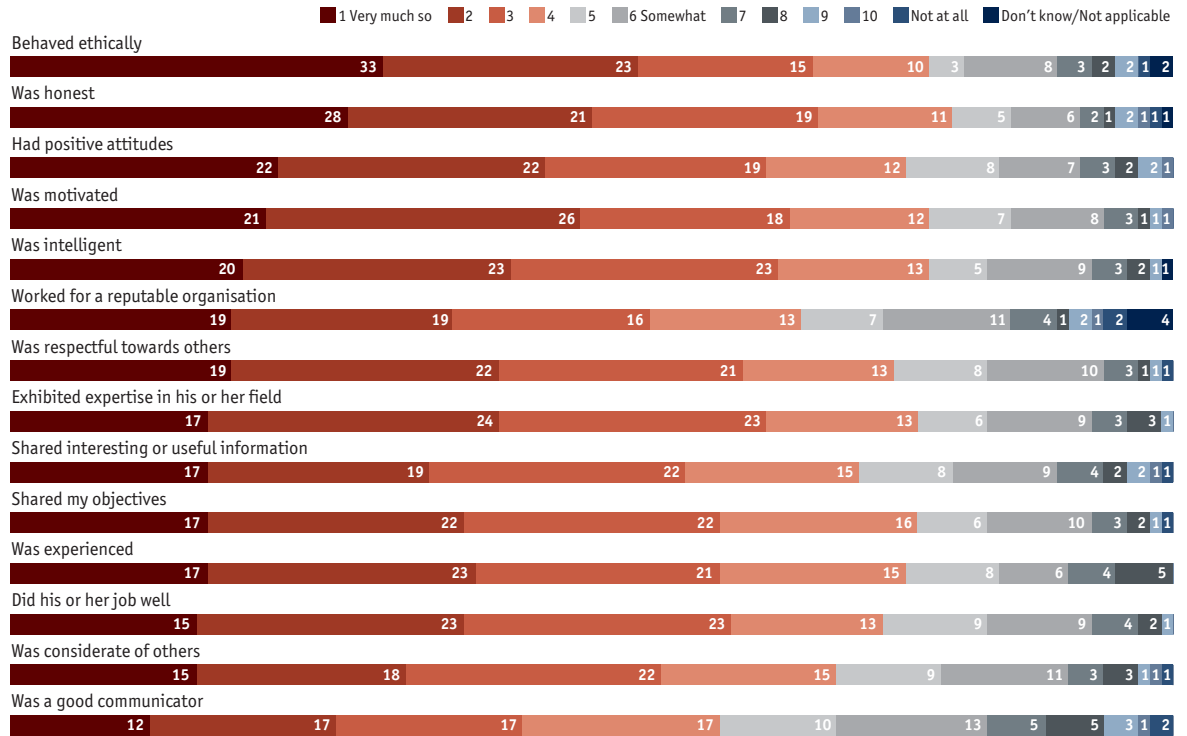
## Appendix: Survey results

### The role of trust in business collaboration

#### Now think of a key person with whom you collaborated on your recent project.

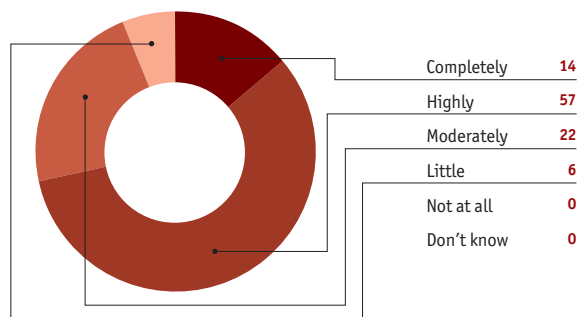
Please rate the person in terms of each of the following qualities.

(% respondents)

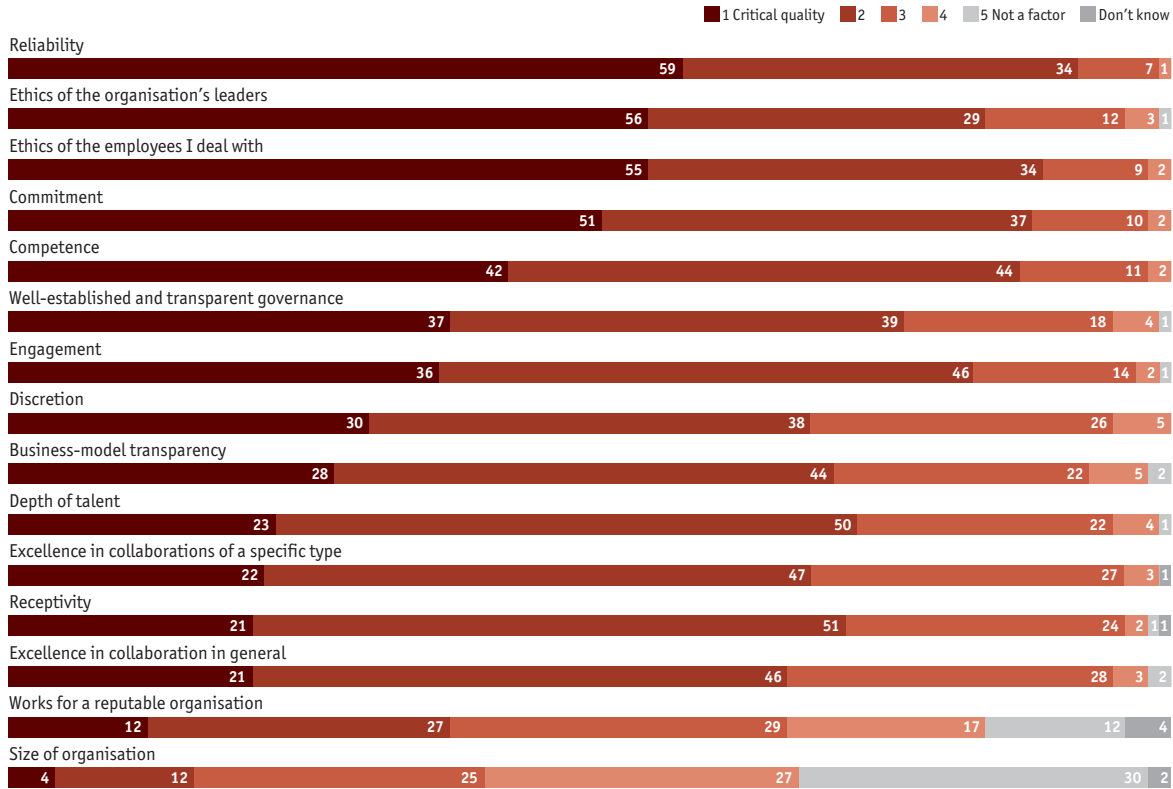


#### How much did you trust that person?

(% respondents)



**In deciding which organisations to trust, how important is each of the following qualities?** Rate on a scale of 1 to 5, where 1=A critical quality in deciding which organisations to trust and 5=Not a factor in deciding which organisations to trust.  
(% respondents)

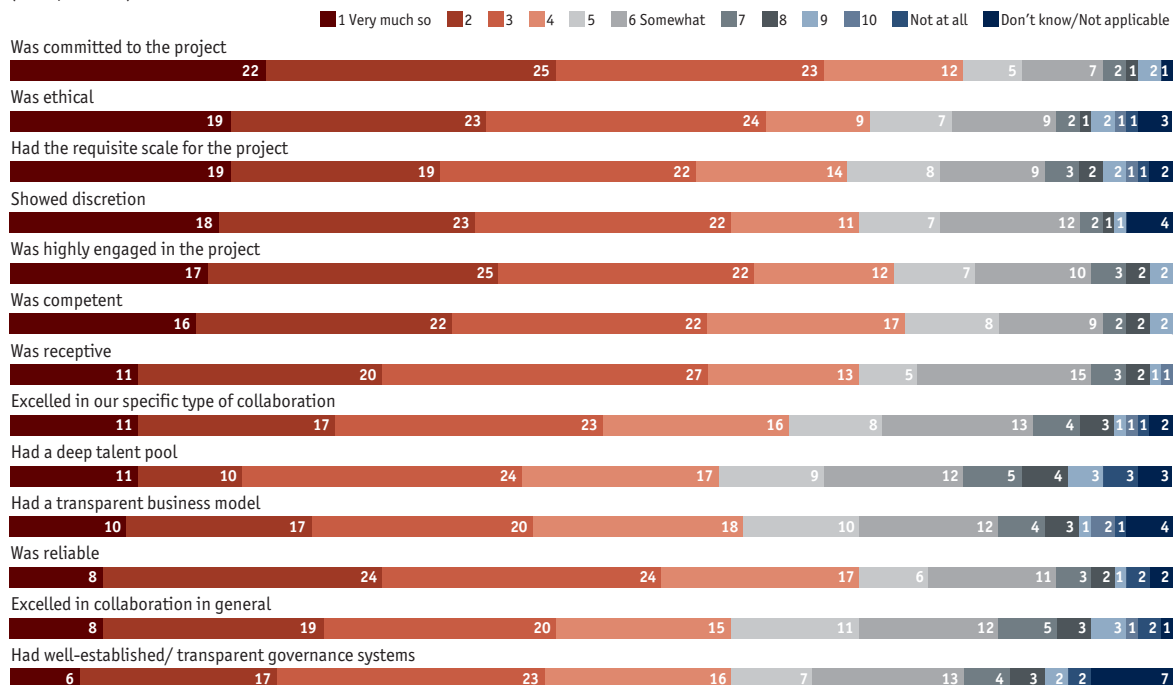




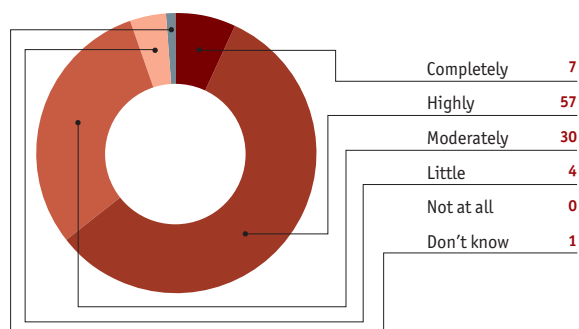
## Appendix: Survey results

### The role of trust in business collaboration

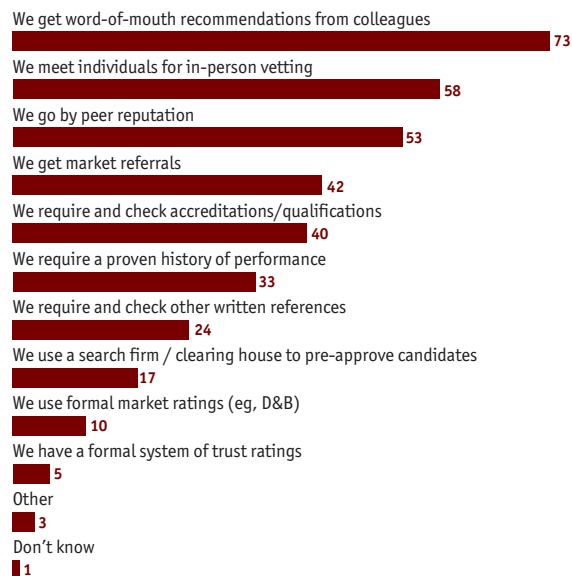
**Now think of the organisation with which you collaborated on your recent project. Please rate the organisation in terms of each of the following qualities. The organisation:**  
(% respondents)



**How much did you trust that organisation?**  
(% respondents)

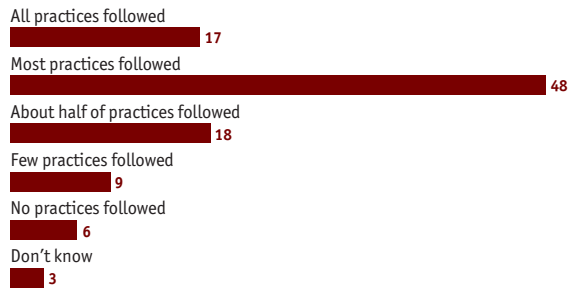


**What formal or informal practices exist in your organisation to verify the trustworthiness of individuals from outside the organisation with whom you collaborate? Select all that apply.**  
(% respondents)



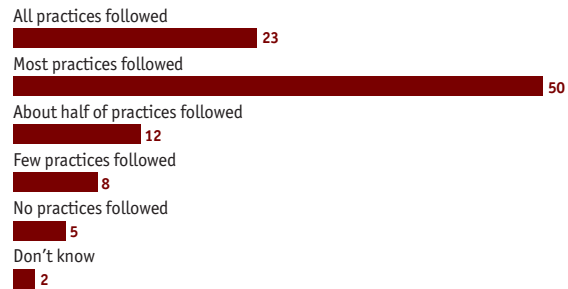
**Now think of the same key person with whom you collaborated on your recent project. To what extent did you follow the formal or informal trust-verification practices that exist in your organisation?**

(% respondents)



**Now think of the organisation with which you collaborated on your recent project. To what extent did you follow the formal or informal trust-verification practices that exist in your organisation?**

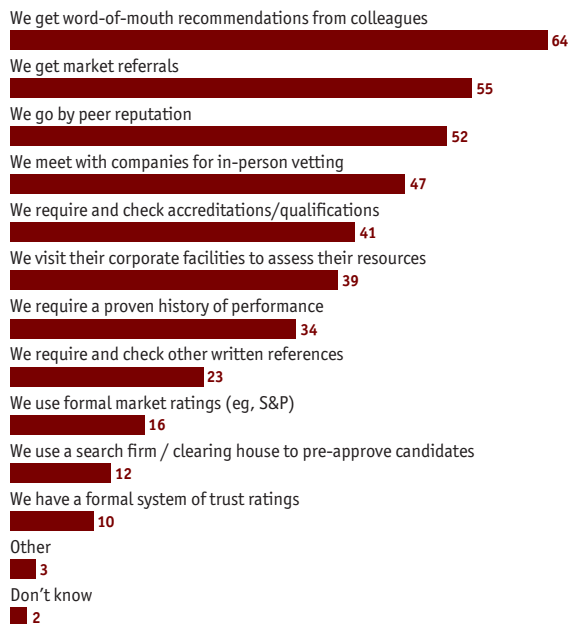
(% respondents)



**What formal or informal practices exist in your organisation to verify the trustworthiness of other organisations—partners, suppliers and consultants—with whom you collaborate?**

Select all that apply.

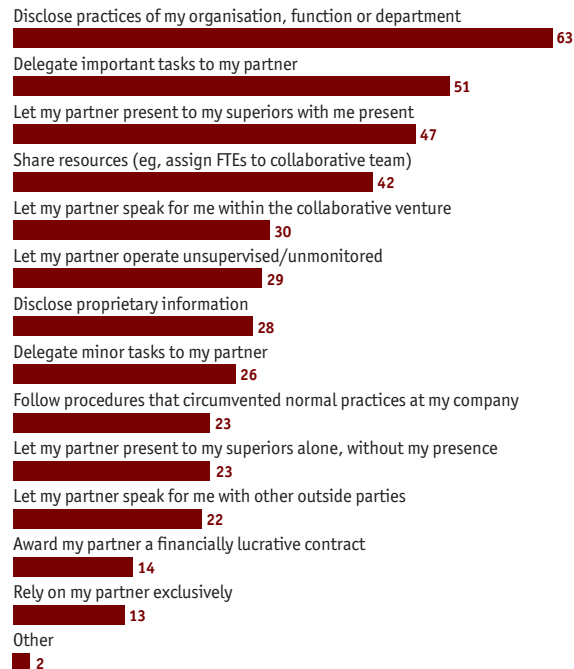
(% respondents)



**In your recent project, what actions were you willing to take—even if you didn't need to for this particular collaboration—with your collaborative partner?**

Select all that apply.

(% respondents)

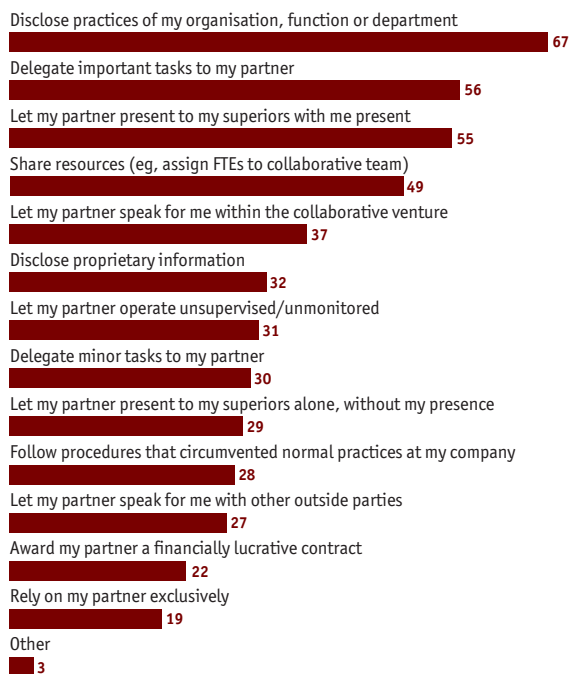


## Appendix: Survey results

### The role of trust in business collaboration

Suppose the potential benefits of the collaboration were twice what you expected. What additional actions, if any, would you be willing to take? Select all that apply.

(% respondents)



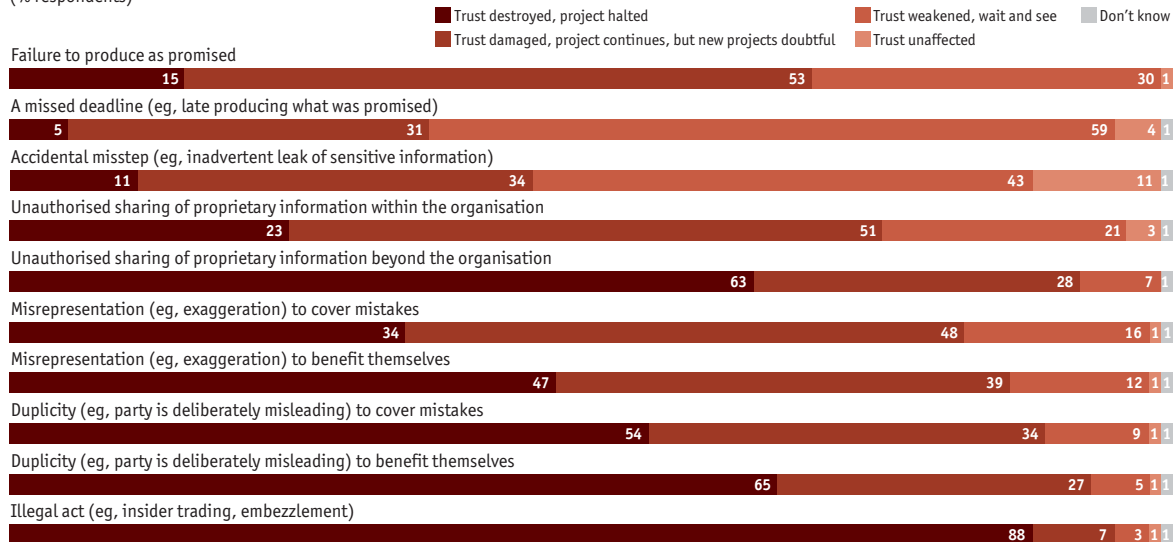
Which of the following actions would pose the most risk to you in a collaborative venture? Select up to four.

(% respondents)



To what degree do you believe the following actions would degrade your trust in a collaborative partner?

(% respondents)



**In general, how much do you collaborate virtually?**  
(% respondents)

Our collaborations are not at all virtual (We find, manage, and communicate with most of our collaborative business partners via face-to-face and telephone interactions, and rarely experiment with Web and other IT tools to help our efforts)



Our collaborations are minimally virtual (We still find, manage, and communicate with most of our collaborative partnerships by face-to-face and telephone contact, though we have experimented with Web and other IT tools to help our efforts)



Our collaborations are moderately virtual (Our collaborative projects are a mix of in-person and virtual initiatives, and we regularly use established Web- and other IT-based tools to communicate with partners, and to find, expand, manage, and sustain our network of collaborative partners)



Our collaborations are highly virtual (We rarely meet collaborative partners in person, and are fast-followers in adopting virtual tools to communicate with, and to find, expand, manage, and sustain our network of collaborative partners)



Our collaborations are totally virtual (We never meet collaborative partners in person, and we are early-adopters of virtual tools to communicate with, and to find, expand, manage, and sustain our network of collaborative partners)



**Which of the following best describes your involvement in your company's virtual collaboration efforts?**  
(% respondents)

I am required to participate in virtual collaboration efforts continually (eg, job description requires it)



I sometimes participate in informal online collaborations (eg, participate in knowledge-sharing effort), but it is not required



Our company has no real strategy to pursue virtual collaboration



I am trying to spearhead a virtual collaboration effort now (eg, start up a peer network)



I choose to participate regularly in virtual collaboration efforts (eg, edit a wiki)



I head the company's strategic efforts to foster virtual collaboration



I lead a virtual collaboration effort (eg, head a peer network)

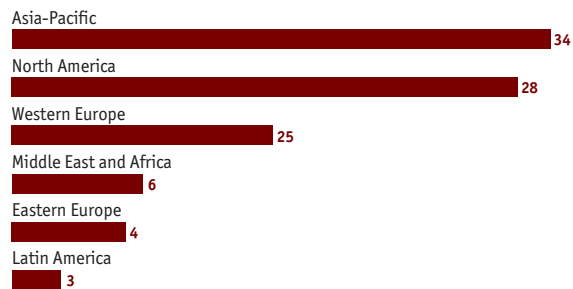


I don't participate in the company's virtual collaboration efforts

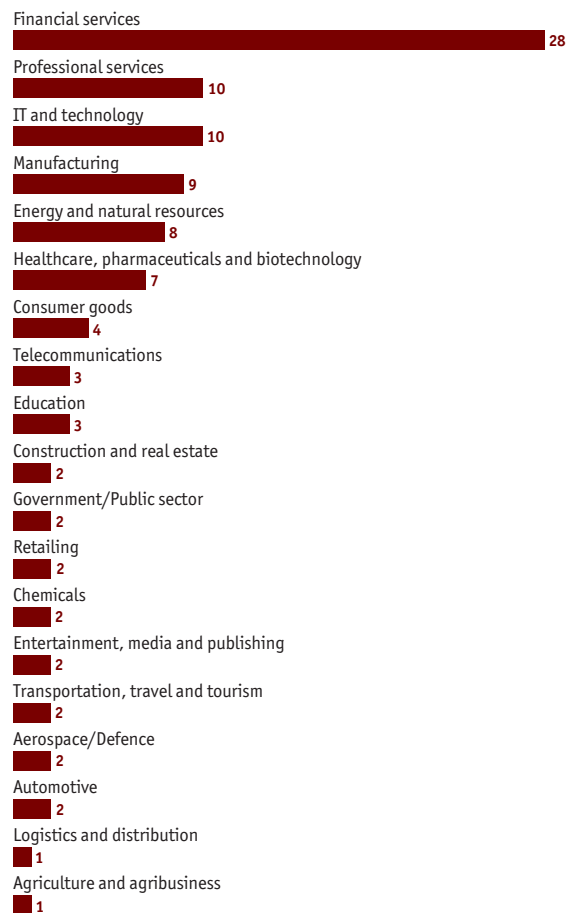


**About the respondents**

**In which region are you personally based?**  
(% respondents)



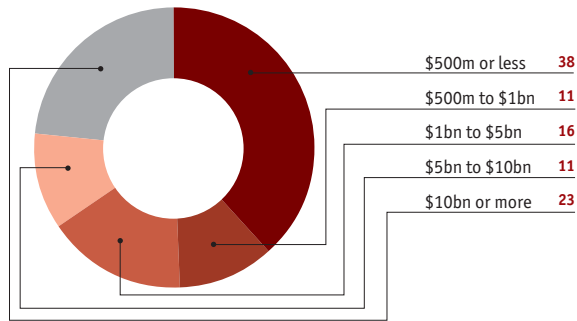
**What is your primary industry?**  
(% respondents)



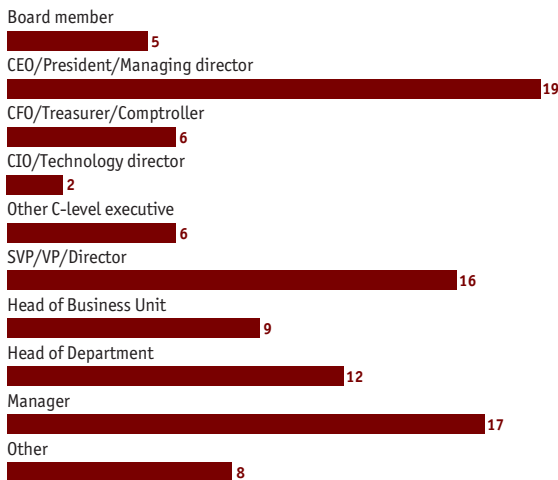
## Appendix: Survey results

### The role of trust in business collaboration

#### What are your company's annual global revenues in US dollars? (% respondents)

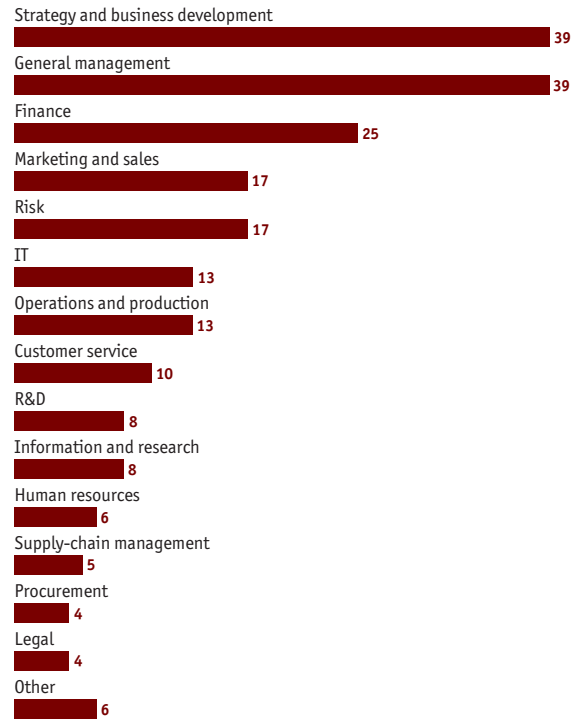


#### What is your title? (% respondents)



#### What are your main functional roles? Please choose no more than three functions.

(% respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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