

# Trust in Client-Vendor Relations: An Empirical Study of Collaboration Across National and Organizational Boundaries

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## ABSTRACT

In an ever more globalized world we are faced with the challenges of collaborating across geographical distance. This article examines how trust is established in an offshore outsourcing engagement of IT operations between a leading Danish media company and an Indian IT-service provider.

The findings presented in this paper are a subset of a larger ethnographic research project including more than four hundred hours of participant observation and twenty-nine semi-structured interviews. Thus, the article contributes with a empirical investigation of collaboration across national and organizational boundaries within the field of IT offshore outsourcing.

The article concludes that trust is primarily established when the teams are meeting face-to-face and in order to establish trust at a distance they are dependent on technology being readily available and on engaging in active trust building, by imitating the way they communicate face-to-face, when collaborating virtually.

## Author Keywords

Trust; Virtual Team; Offshore Outsourcing; Global Collaboration

## INTRODUCTION

One of the many manifestations of globalization is the increasing tendency for western firms to strategically outsource activities to Asia [30] and throughout the last two decades it has become increasingly popular to engage in offshore outsourcing [25] of IT activities. Success in such endeavors dependent significantly on the participants' abilities to work in distributed teams; and a large body of research within several academic fields has been devoted to understanding the inherent complexities of distributed

teamwork [16; 24]; and the role of culture in global collaboration [22]. Much of this research mentions the importance of trust in virtual teamwork, but without making much of it.

On the other hand, there exists a large body of research on trust [29], but within trust research only limited attention has been devoted to virtual collaboration.

In this paper I take upon me the challenge of investigating what the perceived challenges of distributed work is seen from the perspectives of the actors in the client organization as well as the supplier organization. Subsequently, I will enquire into how trust is established and maintained in the relationship between the actors from the two organizational entities, characterized, for the most part, by physical distance. Thus, in this chapter I seek to answer the two questions below:

- What are the perceived challenges of distributed collaboration?
- How is trust established in the collaboration between actors from the two organizational entities?

Additionally, I will – based on the empirical findings and the theoretical framework – discuss whether there are unexploited opportunities for advancing trustful relations between the actors from the two different organizational entities.

## LITERATURE REVIEW

Trust is “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” [27: p. 395]. This definition is widely accepted among trust scholars. It signifies that we can only speak about trust in cases where “some uncertainty and vulnerability that actors have to deal with by means other than pay-off calculations” [23: p. 32] is present.

Furthermore, there is a wide agreement among trust scholars that “trust in everyday life is a mix of feeling and rational thinking” [23: p. 44]. Thus, trust has a cognitive and an affective dimension and trust is based on assessments of the trustee's ability, integrity and benevolence [23], where and integrity relates to the cognitive dimension of trust, and

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benevolence relates to the affective dimension of trust. Thus, if one perceives another to be able and have integrity we say that that person has cognitive trust in the other and if one perceives another as benevolent we say that that person has affective trust in the other.

In order to cope with uncertainty actors need to take a ‘leap of faith’, which Bachmann [1] explains as a process in which “a trustor transforms fuzzy uncertainty (...) into a certain risk which a trustor is prepared to accept” [1: p. 207]. Möllering designates this as suspension, which he finds to be “the essence of trust, because trust as a state of positive expectation of others can only be reached when reason, routine and reflexivity are combined with suspension” [23: p. 110].

Trust is not a trivial research concept, despite (or I speculate, because) often unconsciously taken for granted highly unproblematic in everyday-life. Saunders et al. [29] have recently compiled a volume that highlights some of the complexities of trust across cultural contexts. The spatial dimension of such collaborations adds further complexity to the matter. Chung & Jackson [9] point out that “relationships cannot always be controlled by formal organisational procedures or policies and tasks inherently entail risk-taking” [9: p. 67] and Greenberg et al. [15] stress that “trust is critical to the cooperative behavior that leads to the success of all teams, but it is especially important in virtual teams” [15: p. 327].

Research has traditionally considered “the trustor as a rather passive figure who reaches (or fails to reach) the state of trust on the basis of “given” factors such as her/his own predisposition, the perceived trustworthiness of the trustee, and/or relevant institutional safeguards” [7: p. 70]. This passive path to trust is what Child & Möllering [7] calls *contextual confidence*. Child & Möllering criticizes this notion of the trustor as a passive figure as they are dissatisfied “with the notion that the trustor can only draw on “given” contextual variables” [7: p. 71] as the trustor “can play a more (pro)active role in trust production, perhaps especially where the contextual foundations for trust are weak”. [7: p. 71]. They claim that active trust development can be used as a strategy in cross-border collaboration in order to strengthen the basis for trust by for instance working actively on establishing personal rapport.

Hinds & Bailey [18] conclude: “When trust is missing, team members are more likely to question others’ intentions and make attributions that do not adequately account for situational factors” [18: p. 618] as lack of close proximity is a hindrance to establishment of shared context, familiarity, friendship and homogeneity among the actors. Hinds & Bailey [18] argue that when teams are dispersed casual encounters and the amount of passive information about the distant colleagues is significantly less than with collocated ditto which results in actors being out of sync with their remote colleagues: They do not understand their concerns, work processes and personalities, which lead to task-related

and process conflicts; and furthermore to affective conflicts due to the reduced possibility of friendship formation. Rosen et. al. [26] sums up the trust challenges in distributed teams by rhetorically asking: “Does a failure to make a promised entry in the team’s web archive mean that a teammate is struggling with a complex issue, under pressure from on-site management to make other issues a priority, or just slacking off?” [26: p. 259]

From quite a different branch of academic literature Kimberly Elsbach and her colleagues [11] conclude that by “just being around” we tend to spontaneously and unconsciously draw positive conclusions about the character of our colleagues: We assign personal traits such as reliability, dedication, accountability merely based on co-presence. Elsbach et al. [11] furthermore demonstrate that employees that are not physically present miss out on promotions and salary increases, due to the lack of these spontaneous, positive conclusions. Being the virtual colleague can be quite challenging with regards to establishing a positive impression of one self and the work one performs and additionally a hindrance to one’s career.

Thus, it seems that distance indeed matters as Olson & Olson [24] concluded in their widely cited article from 2000. However, much has happened since Olson & Olson did their empirical studies some fifteen years ago. Communication technology has developed and matured drastically and Olson & Olson were definitely right when assessing the future of collaboration technologies: “Good design and more horsepower in the infrastructure will solve a number of the limitations of current distance technologies. Greater bandwidth will solve the disruptive influence of today’s delays in audio and video transmission. Greater bandwidth will allow for larger, smoother, more life-size displays of remote workers, making their interaction more similar to the flow of proximal interaction” [24: p. 143].

Today, high-quality video meetings with unnoticeable lack, cutting clear and undisrupted audio where groups of people can interact from different location are widely available. So are video-enabled chat services such as Skype, Microsoft Lync and IBM Sametime and a broad variety of web-conferencing software available. Thus, it is safe to say that Olson & Olson’s projection that “advances in technology suggest that with careful human factors in design, there may be technical ways to come closer to some aspects of the face-to-face work” [24: p. 143] have come true.

But even though the technical achievements over the past fifteen years are impressive does that mean that it has become *easy* to collaborate across distance? A vast body of literature [2] suggests that technological advancement in it self does not guarantee smooth, frictionless collaboration. Rather, we should – as Ceci & Prencipe [6] suggests – focus on *how* we collaborate. That is, we need to pay attention to how do we organize virtual teamwork. Ceci & Prencipe [6] identify two generic approaches, namely to “(a) decompose activities through the definition of standard and stable

interfaces among its components to reduce interdependencies; (b) create opportunity for ongoing communication for actors involved in the pursuit of interdependent activities” [6: p. 326]. However, as Brusoni et al. [4] point out, perfect decomposability requires perfect understanding of all interdependencies, which is a rare case. Consequently, actors have to communicate when collaborating in virtual teams in order to succeed in performing the tasks they are set out to do, which, as emphasized by Hinds & Bailey [18] is a challenge in distributed teams.

## RESEARCH DESIGN AND METHODOLOGY

The findings presented in this paper are a subset of a larger ethnographic research project investigating trust.

When conducting empirical research on a delicate and complex matter such as trust it is of utmost importance to gain insights into how trust is established, maintained, confirmed, repaired and broken, in situ, as opposed to a “bird’s eye view” [17: p. 16] where we are not only likely to “miss the more intimate sounds of people speaking, singing, or crying out to one another” (ibid.); but also confined to develop our understanding on the basis of retrospective interview data. Thus, in order to understand trust as it unfolds in reality I employ an ethnographic approach, defined as “participant observation plus any other appropriate methods” [13: p. 566].

The empirical foundation for this paper consists of participant observation to gain a deeper understanding of the phenomenon by investigating it within a real life context [5]. Additionally, semi-structured interviews have been conducted to gain in-depth understanding of the context of practices observed; and to grasp the “complex pattern of organizational, work-group, professional and interpersonal loyalties” [5: p. 21]. Finally, document analysis of company-internal documents as well as publicly available information has established a basic understanding of the organizational environment.

The ethnographic study was conducted over a twelve-month period starting in February 2013. Approximately five hundred hours of participant observation has been conducted. I have observed “office-life” at the client-side IT-department in Copenhagen, Denmark as well as in the Operations Management Center (OMC) at the suppliers premises in Chennai, India, including numerous virtual meetings mediated through phone or Skype between representatives of the organizations; physical meetings related to the outsourcing collaboration; local staff meetings; and substantial number of informal conversations with the staff.

Additionally, I have conducted twenty-nine formal semi-structured interviews, each approximately lasting one hour, with employees and managers from the client organization as well as the supplier organization. All interviews have subsequently been transcribed and coded into various themes and sub-themes. This paper presents one of these themes,

namely ‘Establishing Trust in Virtual Teams’. Additionally three major themes have been identified: ‘Intercultural and Interorganizational Trust’, ‘Trust and Control’ and ‘Boundary Spanning’.

The semi-structured form allowed the interviewees to elaborate and steer the discussion into areas they perceived as relevant [14]. Though my primary interest is to study trust I have made a point of not directly asking about trust during interviews, in order not to force an agenda of trust onto the interviewees. The actors themselves have started to talk about trust when asked about collaboration and relationships, and I have merely used the opportunity to explore the topic deeper.

All interviewed people were informed that their contribution and identity would remain anonymous to ensure a high level of confidentiality and pave the way for open and honest accounts. This was furthermore sought via my at-length ethnographic engagement, where I initially presented my overall research agenda and personal as well as professional background to all staff-members in the IT-department.

## THE CASE

The case is an offshore outsourcing engagement between the IT-organization in a leading media company in Denmark (from here: ‘the client’) and an Indian-owned IT-service provider with more than 80.000 employees worldwide (from here: ‘the vendor’) embarked on in the second half of 2011.

The client’s internal IT-organization is comprised of sixteen people of which four are dedicated to IT operations and the remainders are focused at development, project management and higher-level management, for example the CIO. The client has engaged with an outsourcing partner in Ukraine for web and mobile development and with the vendor in India for IT operations. The latter cooperation is the sole focus of this paper.

At the vendor’s premises in India the client has an Operations Management Center (OMC) comprised of approximately 80 consultants dedicated to servicing the client. The OMC provides a broad range of services including application management; technical infrastructure; and data center management and is exclusively responsible for all of the client’s IT-operations.

The OMC is essentially interfacing with employees from The client in two different ways: In cases where changes to applications managed by the OMC need to be introduced to cater for new web or mobile development or changed requirements within the client organization, they are interfacing with the client’s project managers; and on operational aspects they are connected to the four employees in the IT-operations department. These four people have, like the project managers, managerial responsibilities; thus, all “hands-on” work is done at the OMC.

## ANALYSIS

### The Value of Face-to-Face Interaction and Collocation

Throughout my fieldwork it has been clear that the actors from both organizations value face-to-face interaction with their counterparts immensely. The value of collocation has repeatedly been brought up during interviews and furthermore substantiated by the means of my observation studies, where I have had ample opportunity to observe how the actors repeatedly turn to collocated counterparts – to the familiar faces conveniently present.

Actors from both organizational entities explain that collocation makes communication and collaboration easier. One vendor employee claims that being “somewhere near to them [the Danes], it is always easy for me to go and interact” while another elaborates that it may also be “more effective in a way. That is the reason we have a guy over here [in Denmark] all the time”. The notion of collocated work being easier and more convenient is supported by the client’s employees, who find it more convenient to interact “directly with them instead of writing short messages on instant messenger and [sending] emails” as one puts it.

“What is it that is easier when being collocated?” I ask them. Predominantly the answers are: *‘being available’* and *‘understanding’*. The first, *‘being available’* is perceived as a value in itself as eases communication, while the latter, *‘understanding’*, is twofold: On one hand it is about the ease of communicating and learning about technical and domain specific issues. One the other hand collocation and face-to-face interaction are seen as means to gaining understanding of the people who constitute their client-side counterpart.

### Communicating at a Distance: Three Challenges

While collocation of the actors from the two organizations results in the actors being available and understanding each other this is not the case when the actors have not had a chance to work in close physical proximity. Lack of collocation leads to three challenges that will be elaborated below by comparing the characteristics of collocated and non-collocated work as it unfolds in practice.

#### Challenge I: Going Directly

During my interviews several people have used the term “putting a face” to the other’s, when asked to elaborate on why it is more cumbersome to collaborate with people they have met face-to-face as opposed to people they have only interacted with via mediated communication. For instance, one of the client employees explain that “it is important to put face on” as she feels “closer to them – and they feel closer too” One of the vendor employees, and one who performs a role that requires a lot of client interaction, recollects the how the collaboration changed after meeting her Danish counterparts: “I started feeling free to call in for any issues. Before I met them I used to have a fear [...] so after meeting there is a change”. Another vendor employee, also with substantial interaction with some of the Danish employees explains that she used to think “what are they

going to think about me, why is this girl so much pestering”, But after she met with her client-side counterpart, she realized that “he was a really cool guy” and that meeting in person was “definitely really important. And after he left from here I really did not hesitate to call him for any issues”.

Thus, the actors perceived a challenge related to ‘going directly’, which is caused by lack of adequate social interaction. First, as elaborated above, there seems to be a mental barrier, where the actors maintain a depersonalized mode of communication as long as they have not met. Consequently, *physical distance becomes mental distance*.

Secondly, the actors also refer to another hindrance related to their ability to be ‘going directly’: The availability of technology. In order to conduct video-based meetings or to have phone conferences, meeting rooms “have to be book[ed] and it’s very cumbersome” as the rooms need to be booked well in advance. Thus, impromptu video meetings are not an option – unless there is an operational crisis, in which case other bookings will be overruled.

This is in stark contrast to the interaction with collocated actors. A vendor employee explains that: “if it is in our team anytime we can talk to them and we can make them understand what actually we are going to convey. So that thing is very easy here, but whereas with the client we have to schedule a meeting”. Therefore, as he continues: “First we’ll initiate with the mail trails and if this getting continuous mail trails then we’ll go for a meeting”. Thus, emails are the default way of collaborating. At least up to the point where the actors realize that the complexity of the matter inhibits successful collaboration via emails.

To sum up, the actors find it difficult to approach their counterparts from the other organizational entity, when they have not met face-to-face, as encounters in physical proximity facilitates communication that allow the actors to get to know each other. Furthermore, going directly is a challenge due to scarce technological resources in the form of meeting rooms with video equipment and phone conferencing systems.

#### Challenge II: Knowledge Gaps

In line with other studies [e.g. 10; 20] asymmetric knowledge across the geographical and organizational boundaries poses a significant challenge to the collaboration between the client and vendor employees in the context of the offshore outsourcing collaboration that constitutes the empirical foundation for this paper.

During my observation studies as well as in interviews it has repeatedly been brought to my attention that the client employees believe that the vendor employees working from offshore lack important knowledge about the client’s business and the impact that technological changes and failures have on the business. One of the client employees explain that: “Even though we have executed a giant knowledge transfer [...] there is still a lack of overview of

what they [the IT-systems] do and how they are interconnected. I don't think anyone has that now, except for myself and a few other people in our department [in Denmark]. It is not easy to communicate via these channels. I think here is a big difference". Consequently, he has "given up on getting them [the vendor employees] to understand how things are connected" and he furthermore states that he is repeatedly consulted on things that he had expected that the vendor employees would be able to figure out themselves, which he attributes to the distance, as "one has another kind of dialogue when one is sitting next to people and talking directly to them compared to writing short messages on instant messenger or email".

This point of view is widely shared among the client employees, though some express it in a softer tone. On the other hand, several of the vendor employees are exclaiming that they see themselves as what Markus [21] labels *expertise-seeking novices* – as someone who are who are in need of knowledge possessed by others to be able to perform their work – when asked to reflect on the collaboration with the client employees. One vendor employee explains: "I do learn from them. So my mistakes will be spoken to me so that I also improve" and furthermore he assumes that learning is not bi-directional, as the client employees do not seem to learn from her or her colleagues.

Interestingly, the notion of lack of knowledge among the vendor employees only applies to the one's who have not been stationed *onsite*, in Denmark: The vendor employees who have been working in close physical proximity with the client employees are repeatedly acknowledged for the abilities to understand the core business of the client company – during interviews and informal conversations where I was told that "these two guys [onsite vendor employees] are among the best [...] They are really easy to work with and highly intelligent"; but also during a client visit to India, where the two aforementioned as well as other vendor employees working onsite were praised in front of their Indian colleagues for their business knowledge.

This difference in understanding of the business of the client is also recognized by the onsite vendor staff. One explains that: "If anyone sends a mail from the client they [the offshore team in India] will not be understanding the exact criticality of that issue, how the client is facing over there. [...] So the website is down; [...] so they [the offshore team in India] will consider this is as low criticality. So we [the onsite vendor employees] need to tell them that the entire Europe is using this. If this website is not working, then it's the credibility of [the client] and their name is going to lose in the market"

### **Challenge III: Lack of Transparency**

The vendor employees who are deployed onsite and thus working in close physical proximity with the client employees are repeatedly praised for their commitment to adding value by following through on the issues that are

raised by the client employees by "making sure that it actually works" as one client employee phrases it. In contrast his experience is that when collaborating with the offshore vendor staff "things are just hidden or 'forgotten' if they [the vendor staff] don't know how to solve them" and sometimes he feels that he cannot be sure if the offshore vendor employees take responsibility.

The collaboration between the client employees and the onsite vendor employees is characterized by ongoing interaction, where the vendor employees are very conscious about 'proving themselves' both in terms of the quality of work they are doing but also, to a large extent about making sure that all enquiries from the client employees are responded to as fast as possible – as one of the vendor employees emphasizes: "your service should be effective and your response time should be very quick".

On the other hand, the interaction between the client employees and the offshore vendor staff is based on a so-called service management system, Remedy, where status and progress on tasks is communicated. In contrast to collaborating in close physical proximity, where there is an ongoing dialogue about tasks between employees from the two organizational entities, the client employees perceive the virtual collaboration as difficult, because "it is sometimes hard to understand why things take so long time – even simple tasks".

In order to cope with this lack of transparency the client employees have changed the way they specify assignments. One of the client employees explains that he used to assign tasks that were abstract, but as that did not work out he now has to "be more specific and split the tasks so they matches the siloes [functional areas]" in order to make sure that they are completed satisfactory, which he has realized after he has visited the OMC and "seen how they work [...] which makes it easier to understand why things are happening the way they are"

Thus, one consequence of virtual collaboration mediated by a service management system is that the client employees perceive that they lack transparency. That is, until they have had the chance to visit the OMC and gain understanding of how the vendor staff works, which they can use to change the way they specify tasks. Another dimension of lack of transparency has to do with the faceless communication, where some of the client employees are unsure who are working on the tasks they have submitted in the service management system, which is further complicated because they – as one puts it – "can't separate one name from the other" when it comes to working with the offshore vendor employees, whose Indian names are difficult to remember for the client employees of Danish origin.

### **Establishing Trust in Offshore Outsourcing**

In this section I will address the second research question, namely: *How is trust established in the collaboration between actors from the two organizational entities?* In order

to investigate how trust is established we need to understand how the three pillars of trust; ability, integrity and benevolence (see literature review) are perceived by the actors from the two organizational entities.

#### *Assessments of Benevolence*

Actors from both organizational entities find ‘going directly’ challenging, when they have not had the opportunity to meet their counterparts face-to-face. However, even short face-to-face encounters – such as the client employees’ week-long visits to India, where the face-to-face interaction with individual Indian consultants is limited to one or two meeting, not lasting more than 45 minutes each, increases the actor’s comfort-level with regards to making direct contact via e.g. phone. This is repeatedly attributed to getting to know each other on a more personal level or, as one Indian consultant puts it to “understand their characters well”.

In each their way, the actors from both organizational entities all emphasize that meeting their counterparts cater for a more humanized image. As one Indian recollect about her image of one particular Danish employee – who has a very direct approach and usually talks rather hard, as I have observed repeatedly myself – before meeting him: “I thought he will be somewhat huge. Tall. Intimidating”, whereas he is in fact quite small. Thus, she projects an image of him based on his hard, direct and somewhat confrontational virtual communication style, as being huge and intimidating. After meeting him she “feel[s] free to dial him and dial him anytime if there is an issue. I don’t have second thought”.

Even though no one specifically mentions the word ‘benevolence’ when referring to the change in perception, that happens when meeting face-to-face with their other-organizational counterparts, I argue that this word, benevolence, very well describes the change in perception that physical proximity leads to.

While the collaboration among actors who have met in person is characterized by positive assessments benevolence the same is not the case for actors who have not met face-to-face. In this scenario the collaboration is characterized primarily by the absence of assessments of the counterpart’s benevolence.

It is important to stress the distinction between negative assessments of benevolence and the absence of such assessments: I have not observed a single incident where an actor has expressed that virtual communication has led to negative assessments. Rather, it seems that in cases where the actors have not met physically they refrain from assessing their counterpart’s benevolence; and as a consequence they refrain from engaging in ‘direct’ communication, such as talking on the phone. Thus, it seems that *when positive assessments of benevolence is missing, the actors act as if they had assessed benevolence negatively.*

#### *Assessments of Ability*

With regards to *ability*, we have seen how vendor employees with onsite experience are praised for their ability to understand the client’s business and use this to provide high quality in their work. Seen from the client employee’s perspective the vendor employees with onsite experience are considered both technically savvy and knowledgeable about the client’s business environment.

Thus, on one hand, the Danish employees assess the abilities of the Indian consultants they have been collaborating with in close physical proximity for period of time on the grounds of their perceived business understanding and in a more “holistic” manner. That is, their abilities are subjectively assessed as the perceived quality of their individual contributions. This stands in contrast to the assessment of the abilities of the Indian consultant with whom the Danish employees have not collaborated with in physical proximity: These actors are not individually assessed, but rather assessed as a part of the functional group they belong to and based on performance measurements derived from the monthly reporting as well as reports from the service management system. In some cases, systems have been running smoothly for a long period of time. This is reflected in the reporting and during the client’s visit to the OMC such teams are praised for doing a good and competent job. Other teams, that cannot display equally good results, are questioned in terms of their abilities. These are the teams that are referred to when a client employee says that “there is still a lack of overview” despite a huge effort in transferring knowledge throughout the transition period.

On the other hand, the abilities of the Danish employees are assessed quite similar by the Indian employees who have had a chance to work in Denmark and the ones who have solely been working from India: Actors from both sub-groups acknowledge the Danish employees’ business knowledge and in a similar vein they position themselves as *expertise-seeking novices* [21], who early in the collaboration are dependent on the Danish employees to understand the business. Though, the Danish employees’ business knowledge is never challenged by the Indian consultants it is worth noticing that the Indian consultants with onsite experience express a level of reservation when it comes to readily accepting the needs and requirements expressed by their Danish counterparts. Whereas the Indian consultants that have not been exposed to collaboration in physical proximity with their Danish counterparts seems to accept the business knowledge of the Danish employees without any hesitation, the group of Indian consultants who are – or has been – working in Denmark are more reluctant and are deliberately challenging their Danish counterparts. As one Indian consultant says: “when you get requirements you have to be sure that he is absolutely sure about the requirement”. This suggests that the Indian consultants with onsite experience are comfortable questioning their Danish counterparts, which corresponds very well to the positive assessment of benevolence.

### Assessments of Integrity

Finally, with regards to *integrity*, we have seen how client employees are counting on the vendor employees who are deployed onsite to “making sure that it actually works” and how the vendor employees working from onsite manage to prove themselves and as a consequence are given the freedom to plan their work without having to justify how they spend their time in detail. On the other hand, the lack of transparency, seen from the perspective of the client employees, lead the client employees to question the integrity of the offshore vendor staff. However, this only applies to offshore vendor employees who have not had exposure to working onsite – vendor employees returning to India after an onsite allocation continue to enjoy positive assessments of their integrity. From the client employees perspective they experience that the offshore vendor employees without onsite experience do not take responsibility. Thus, the client employees assess the onsite vendor employees’ integrity positively and the offshore vendor employees negatively.

On the other side the Indian consultants draw positive conclusions about the integrity of their Danish counterparts, regardless of having onsite experience or not. This difference, I speculate, may relate to the nature of the collaboration, where the Danish employees are dependent on the Indian consultants to provide solutions that are critical to their business, i.e. the nature of the client-supplier relationship.

### Collocation Facilitates Trust – Distance Inhibits Trust

As elaborated above the actors perceive collocation as beneficial as it makes ‘being available’ and ‘understanding’ easier. However, beyond these immediate values of collocation another benefit of collocation – one that is indeed subtler, more long-term oriented – surfaces: Collocation and face-to-face interaction are catalysts for building *trust* among the actors.

When the actors are collocated they engage in what Bjørn & Christensen [3] have labeled *relation work*. That is, the interaction necessary to establish “technical and social connections that are critical for the everyday interaction within organizations” [8: p. 2). Through collocated relation work the actor’s build interpersonal trust via positive assessments of the other’s *abilities, integrity and benevolence* – the cornerstones of trust. Interestingly, this relation work has a positive impact on the collaboration that goes beyond

the period of time where the actors are collocated; its effect lasts when the actors are no longer working in close physical proximity, when they are engaging in distributed collaboration. Thus, vendor employees who return to India after onsite deployment still enjoy positive assessments of their ability, integrity and benevolence by their client-side counterparts; collocation facilitates trust.

On the other hand it seems that distance inhibits trust. However, while the conclusion about the exposure to collocation is clear cut as it facilitates positive assessments of both ability, integrity and benevolence for the actors from both organizational entities and thus creates both affective and cognitive trust, this is not the case when the actors have not met face-to-face. In such cases the client employees refrain from assessing the vendor employees’ abilities on an individual level, they assess integrity negatively when the expected performance criteria are not met and they refrain from assessing the benevolence which leads to negative conclusions insofar they are reluctant to approach the employees directly. Thus, the client employees do not display any form of trust in the vendor employees they have not met in person.

The vendor employees’ also refrain from assessing the client employees’ benevolence when they have not met face-to-face, which also result in reluctance to approach their face-less counterparts directly. However, even though the actors have not met in person, the vendor employees assess both the ability and the integrity of the client employees positively. Thus, they display cognitive trust in their other-organizational counterparts.

The second research question reads: *How is trust established in the collaboration between actors from the two organizational entities?* In this section I have answered this question by investigating first the three challenges that the actors’ face when collaborating virtually and afterwards by relating these challenges to the cornerstones of trust, namely ability, integrity and benevolence. The findings are summarized in Table 1.

### DISCUSSION

What defines a virtual team? On one hand there are teams that are always working in close physical proximity. On the other side there are teams that never meet, where all communication is mediated by technology. Thus, we have a

	Exposure to Collocation		No Exposure to Collocation	
	Vendor's assessment of client counterparts	Client's assessment of vendor counterparts	Vendor's assessment of client counterparts	Client's assessment of vendor counterparts
Ability	Positive assessment	Positive assessment	Positive assessment	No individual assessment
Integrity	Positive assessment	Positive assessment	Positive assessment	Negative assessment
Benevolence	Positive assessment	Positive assessment	No assessment, negative conclusion	No assessment, negative conclusion

Table 1

continuum where it is difficult to clearly define when a team is indeed a virtual team.

In the specific empirical settings we are dealing with here we have team members that hardly ever meet. Over the course of the collaboration that has lasted more than one and a half year, they have met once or twice and seldom more than a few hours. It is safe to say that the collaboration between these actors can be characterized as a virtual team structure.

On the other hand we have team members who have been working in close physical proximity for a longer period of time. During the course of time where they are actually collocated, when the Indian consultants are working at the client-side office in Denmark, the team structure cannot be characterized as virtual. However, we have seen how collocation has a positive effect on the assessments of ability, integrity and benevolence, which lasts even after the actors are not working together in a collocated environment. That is, when the collaboration structure is changed to a virtual one, the positive assessments stemming from collocation are preserved. Thus, we can conclude that while trust is created when the actors are collocated it can be maintained at a distance.

#### Noteworthy Difference in the Creation of Cognitive Trust

With regards to cognitive trust we see that the vendor employees are assessing the ability and integrity of the client employees positively despite not working with them in a collocated manner. This is not the case for the client employees who only assess the vendor employees' ability and integrity positively when they have been working with them in close physical proximity for a period of time. What causes this difference? From the body of literature on trust we know that assessments of ability, integrity and benevolence are dependent on the trustor's propensity to trust; that is, a predisposition [15] that can be caused by a number of things such as culture [31] or macro factors, such as national wealth, income equality and education [12]. I speculate that two such factors may influence this difference in trust development between the client employees and the vendor employees: First, the vendor employees are working in an IT industry in India, where more than ninety percent of the employees are delivering outsourcing services to non-Indian companies. This means that the vendor employees are highly accustomed to working in virtual teams with people from the other side of the globe, which gives them an advantage: They are simply used to work with and build rapport and trust with counterparts they have not met.

Secondly, the difference in team sizes may have an influence. That is, on the vendor side approximately eighty people are servicing the client, who are represented by less than ten people that engage with the vendor staff – and in practice the vast majority of communication with the vendor staff is done by a group of four client employees. As mentioned in the literature review trust is a psychological state where one is prepared to accept vulnerability and in order to do so one has

to take a 'leap of faith', where fuzzy uncertainty, as Bachmann [1] calls it is transformed into an accepted risk. Given the organizational setup and the team sizes I speculate that taking such a leap of faith is easier for the vendor employees as they can make use of *referral trust* [19]: By the means of a colleague's trust in a client employee, the vendor employee can more easily establish trust in the specific client employee – the basis for trust is so to say transferred from one vendor employee to another. As the client employees have are significantly fewer and all vendor employees presumably know their names finding a colleague among the vendor employees who is able to vouch for the client employee in question is undoubtedly easier than finding a colleague among the client employees who can vouch for a specific vendor employee, knowing that the client employees are challenged by the Indian names and "can't separate one name from the other" as one of the client employees told me.

This furthermore corresponds well with Tsai & Ghoshal's findings that "individuals who enjoy more central positions within a network are likely to be perceived as more trustworthy" [28: p. 283].

#### Opportunities for advancing trustful relations

In the analysis above I have answered the two research questions. For the remainder of this article I will discuss if there are *unexploited opportunities for advancing trustful relations between the actors from the two organizational entities*? As we have seen throughout this paper building trust when the actors from the two organizational entities are collocated happens simply by the means of collocation itself. However, establishing trust in virtual teams is by no means a trivial matter. Berry [2] concludes that "Creating trust between coworkers and between employees and managers may be the greatest challenge in building successful virtual teams" [2: p. 10] But does this mean that trust cannot be created in such scenarios?

In the case that constitutes the empirical foundation for this paper we see that developing rapport, in the sense of a close and harmonious relationship where people understand each other's feelings or ideas and communicate well, is in fact achievable, when the actors are collocated. The question is whether this can be done *without* physical co-presence as well. Arguably, there are two barriers to this. One has to do with availability of (Information and Communication Technology) ICT and the other has to do with technology utilization.

First, with regards to availability of ICT the challenge is not the quality of the technologies, but rather the fact that video conferencing facilities are not instantly available (as elaborated in 'Challenge I: Going directly') Thus, impromptu video meetings are not an option, which is in stark contrast to the interaction with collocated actors, where one can easily move to another person's desk or office to talk. One can, of course, claim that there are other means of 'going directly' and thus paving the way for positive assessments of



benevolence, such as instant messengers or phones. However, this leads us to the second barrier: *technology utilization*.

In quite a few interviews – sixteen to be specific – I have asked what the difference between meeting one another in person and communicating via video, phone or chat. The actors all agree that there is a difference as “virtual meetings are more straight to the point” as one puts it. The actors report that there is no small talk before or after meetings. Thus, the way the actors interact when using technology is substantially different from interacting face-to-face. Additionally, some are reluctant to use the technologies available. For instance one of the client employees exclaim that “I don’t do stuff like that” when I ask him if he is communicating via instant messengers.

In order to advance trustful relations in the specific context of this virtual collaboration the actors cannot depend on what Child & Möllering [7] calls contextual confidence, as this is weak. Thus, in order to build trust in the virtual team they must actively engage in trust building by – as Child & Möllering [7] would put it – applying *active trust*. However, active trust development in virtual teams requires that technology is readily available and used; and that they actively seek to imitate the form of dialogue that occurs when they are collocated.

How can this be done? I believe there is ample opportunity. One technique is to raise awareness of each other’s presence by imitating how the collocated team members greet each other when they arrive at the office, when they break for lunch and when they leave again at night. In the collocated environment they walk through the open office and with a few words or gestures they signal their presence to their colleagues.

This can be imitated by actively engaging with remote actors in the same situations, by a simple ‘hi’, ‘good morning’ or ‘goodbye’ conveyed through instant messenger. I speculate, that this would eventually lead to a situation where a short greeting on the way in or out of office would remind the actors of something that needs to be discussed, just as it happens between collocated actors when one sees another on the move in or out of the office. In other words, it would improve the ability to be going directly in virtual teams. Furthermore, such greetings would improve transparency as to the availability of remote counterparts.

There are several other techniques, such as leaving webcams and sound on for a longer period of time without necessarily having to speak to each other all the time or booking calendar time, where it is agreed that remote colleagues have first priority and can make contact at any point in time. Such techniques also aid help the actors to be going directly and increases transparency by the means of active trust building.

Undoubtedly, such techniques will feel odd in the beginning. Some will work and some will not. However, in order to advance trustful relations in virtual teams we need to,

somehow, engage in active trust building that may challenge our habitual way of collaborating.

## CONCLUSION

The aim of this paper has been to answer two research questions, namely (a) What are the perceived challenges of distributed collaboration? and (b) How is trust established in the collaboration between actors from the two organizational entities?

We have seen that the actors perceive difficulties in going directly, knowledge gaps and lack of transparency; and I have argued how this leads to a situation where mutual trust is created only when the actors are collocated. However, I have also argued that the vendor employees are able to build cognitive trust in their counterparts even when not being collocated and I have argued that this may be explained by them being more used to work in virtual teams due to the characteristics of the IT industry in India; and furthermore that referral trust may contribute positively to trust building.

Finally, I have, in the discussion, argued that in order to advance trustful relations in virtual collaboration the actors are dependent on technology being readily available but also on engaging in active trust building, by actively imitating the way they communicate face-to-face, when they are collaborating virtually.

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