

# Media, affect, concession, and agreement in negotiation: IM versus telephone

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## ABSTRACT

The communication of affect, the exchange of offers, and the goal of reaching agreement are factors that play key roles in negotiation processes. Although instant messaging (IM) and phone are used for these processes, not much is known about how they influence these key factors. The present study is focused on this issue. By examining natural communication between negotiators who use these media, we find that computer mediation reduces both the amount of affect communicated and concession, which in turn decreases the likelihood of agreement. We also find that the efficacy of affect communicated is significantly reduced by computer mediation.

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## 1. Introduction

A recent trend, being driven by the increase in online transactions enabled by the Internet is for negotiations to occur over computer media [43,59], such as email and instant messaging [27,43,88]. For example, in December 2007 over 6 million listings were added per day and over 2 thousand dollars worth of goods were traded every second on eBay [26]. Many of these transactions took place between buyers and sellers with conflicting interests, and as result there was a need for negotiations [88]. Online dispute resolution services, such as Square Trade, handle a large number of these negotiations in over 120 countries [82]. By allowing buyers and sellers to engage in “direct negotiation” via computer media, this type of service can lower the cost of negotiation, increase its speed, make it more informal, and reduce the need for third parties [43]. Indeed, researchers have long suggested that, in electronic commerce, most negotiators would use such a service [51].

However, computer-mediated negotiation is not without challenge [20], because, for example, it can make agreement more difficult to reach [85,89]. Given the potential gains from conducting negotiations over computer media, it would be helpful to have a better understanding of the associated challenges in order to apply this understanding to inform potential negotiation strategies [61,62]. We therefore investigate the research question “What influences do

media have on the negotiation process?” by specifically examining the kind of relationships that might exist among different media (instant messaging versus telephone), communicated affect, concession making, and agreement. Our interest in these relationships is motivated by the following reasons. (1) Agreement is the primary goal of negotiation [31]. (2) Concession making is the process by which agreement is reached. (3) The likelihood of concession making increases when negotiators are cooperative [69], and cooperation is influenced by the communication of positive affect [10,38]. (4) The different media we employ enables a comparison of a medium (instant messaging) in which negotiators begin with a less cooperative orientation [62,94] and which makes the communication of positive affect more difficult [89] to a medium (telephone) in which negotiators' orientations are more cooperative and positive affect is easier to communicate. Our work extends negotiation research in the following ways.

Current findings associated with affect in computer mediated negotiation typically come from communication allowed prior to, but not during, negotiation. In addition, the communication is typically structured such that topics discussed are unrelated to the negotiation, such as participants relating positive past experiences to each other (e.g., [2,59]). But during negotiation many unexpected things, such as surprisingly low offers, can occur that dramatically change the situation [83]. Also, there are moments in the negotiation when parties reach new understandings of their situation, such that the nature of the conflict and the relationship among the parties is redefined [47,70]. Our work therefore extends negotiation research by looking beyond the strict give-and-take exchanges of offers upon which most scholars have focused (e.g., [50,55,92]), and including an examination of the unstructured communication process. This is in contrast to much negotiation research, and enables natural interactive

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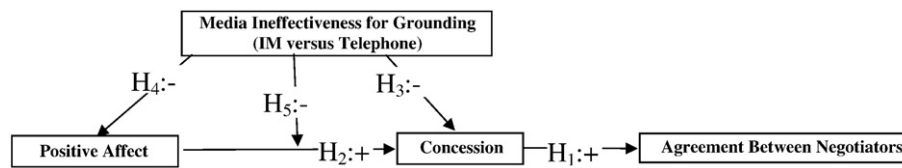


Fig. 1. Research model.

dynamics, which makes our study more relevant to real-world negotiations [25].

Our work also extends research on media and negotiation by enhancing our understanding of how communication media influence the negotiation process and associated outcomes.<sup>2</sup> For example, past studies typically assume that different media vary in their abilities to convey certain cues, such as affect, and they then examine the impacts that different media have on negotiation outcomes (e.g., [33,77]). In contrast, we specifically examine the degree to which affect is conveyed by different media, and then the influence that these differences in affect have on negotiation outcomes. Also, past studies have examined group process variables, such as the cognitive limitation, the degree of structure, and the use of anonymity, as well as outcome variables, such as satisfaction and negotiation time (e.g., [21,33]). Our work adds to the scope of these studies by including the process variable – concession, as it relates to the outcome variable – agreement. In addition, though not typically examined, our measurement of concession includes that associated with first offers. This can be important, for example, when a seller's first offer is relatively low because he/she wants to increase the likelihood that the buyer will reciprocate with a concession of his/her own, as reflected by a relatively high counter offer. If the buyer does in fact come back with a high counter offer, then the initial offers for both the seller and buyer would include concession that should be measured.

Research suggests that, compared to telephone communication, computer-mediation will reduce the level of positive communicated affect. However, prior research has not addressed whether this mediation will influence the efficacy of that affect actually communicated. Because computer mediation increases depersonalization, provides fewer cues on which to evaluate their opponents' trustworthiness, and increases the potential for sinister attributions [85], individuals negotiating over computer media may interpret positive communicated affect as part of a manipulation strategy, rather than, e.g., a sign of cooperation. We therefore specifically investigate whether computer mediation decreases the efficacy of communicated affect. This investigation is important because, if true, it suggests that efforts to facilitate the communication of affect over computer media may be wasted.

The remainder of this paper is organized as follows. The theoretical background is first offered and the research model described. Construct operationalization and a description of the experiment then follow. Experimental results and a discussion, which include implications for research and practice, are provided last.

## 2. Theory and research model

In this section, we start with a description of negotiation and the context that are the focus of our study. Our concern is with negotiation

that occurs between two people who are strangers to each other. We also describe constructs that are the foundation for our research model. The constructs of interest are: (1) concession, (2), communicated affect and (3) agreement. The media of interest are instant messaging (IM) versus telephone. We propose several hypotheses that explain the ways in which these media and constructs are linked together as depicted by our research model in Fig. 1.

**Negotiation.** Negotiation is a process that involves group decision-making, and that has specific kinds of goals and relationships [58]. Negotiating parties perceive each other's goals to conflict with their own [84]. However, the parties also believe that they can reach an agreement which makes each better off, and that they must cooperate to reach that agreement [40,60]. This results in a mixed-motive relationship in which the parties cooperate as well as compete for divergent ends [71]. We focus on distributive negotiations, in which parties negotiate over a fixed resource, with each party competing to claim a larger portion of the resource for himself/herself.<sup>3</sup> However, this competition is tempered by the realization that as one party claims more of the resource, the likelihood of the other party cooperating (i.e., agreeing to the resource distribution) decreases; and lack of agreement (or impasse) decreases the potential utility of the negotiation for both parties [63].

**Dyadic negotiation between strangers.** Our specific concern is with two-party (dyadic) negotiation. This case of negotiation is the subject of vastly more empirical research than the multiparty case [69]. In addition, information about two-party negotiation can be useful, for example, to mediators in their attempts to help with the negotiation process [5]. Two-party negotiations are also common in online settings today. For example, Cybersettle, an online dispute resolution service that facilitates two-party negotiations regarding a single issue, has completed more than \$1.2 billion in settlements and has more than a 100,000 registered attorneys as users.<sup>4</sup>

We focus on negotiating parties who are strangers (i.e., unfamiliar with each other), since many parties who transact online do not know their opponents, at least for initial encounters and associated agreements [97]. This is especially true in online environments, such as eBay, when online resolutions take place as a result of disputes arising between buyers and sellers [88,97]. An important implication of this focus on strangers is that the potential effects of media on negotiation are heightened. This can occur because when individuals are not strangers they may be able to overcome many communication restrictions imposed by various media [8,13,94].

**Concession.** Negotiation differs from the general notion of group decision-making in terms of concession. Concession is said to occur

<sup>3</sup> In general, negotiation may be concerned with a single issue, involving strategies for claiming resources (termed distributive negotiation), or with multiple issues, involving strategies for reaching win-win agreements (termed integrative negotiation) [85]. Our focus is on a distributive negotiation, involving a single issue, for two reasons. First, this type of negotiation has received less attention in the extant literature [48], though there are many negotiations that are centered solely on claiming resources [80]. Second, even when a negotiation involves multiple issues, it tends to progress on an issue-by-issue basis [61], with a single issue (such as price) often dominating while other substantive issues are considered tangential [48].

<sup>4</sup> Source: [www.cybersettle.com/info/about/factsheet](http://www.cybersettle.com/info/about/factsheet) visited August 2007.

<sup>2</sup> Though we examine how different communication media can influence the negotiation process, we do not focus on the choice of media by negotiators. Though such choices will be informed by our research, the choices also result from social processes such as sponsorship, socialization, and social control, as well as differences in features offered by the media alternatives [30,56].

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