Negotiation is a process in which a joint decision is made by two or more parties, who perceive that their interests conflict (Pruitt 1981; Thompson and Hrebec 1996). A recent trend, being driven by the increase in online transactions enabled by the Internet is for negotiations to occur over computer media (Katsh and Rifkin 2001; Moore et al. 1999), such as email and instant messaging (Dorado et al. 2002; Katsh and Rifkin 2001; Tyler 2004). However, computer-mediated negotiation is not without challenge. For example, this media can make it more difficult for negotiators to reach agreement (Valley et al. 1998; Thompson and Nadler 2002), which is the primary goal of negotiation (Fisher and Ury 1991; Lax and Sebenius 1986). Though media effects are recognized to be of theoretical and practical importance (Naquin and Paulson 2003; Thompson and Nadler 2002), researchers have yet to pay them significant attention (Barry and Fulmer 2004). In this research study, we investigate these effects, specifically examining links among different media (instant messaging versus telephone), communicated affect, concession making, and agreement. Our specific focus is on a two-party (dyadic) negotiation that occurs between strangers. We did a lab experiment with students, who acted as negotiators and used two media. Our results are as follows.

First, we found that IM reduces concession making (a process of exchanging of offers). We explain this outcome in terms of the anonymity and reduced social presence that this medium gives to negotiators. We argue that as a result of such anonymity, negotiators are less concerned about equity and reciprocity, which drives the exchange of offers. As such, they are less willing to engage in concession making. This result leads to an interesting question: How can strangers use IM and avoid the risk of reduced concession making? Answers might involve the negotiators initially exchanging information that could reduce the level of their anonymity.

Second, we found that negotiators, who use IM, rather than telephone, have a reduced preponderance of communicated positive affect. We explain this outcome in terms of IM’s lack of audibility, simultaneity, and sequentiality coupled with the reduced salience of group norms among strangers. The question then arises: Can these limitations of IM be overcome? Recent advances in IM software indicate that two of these limitations might be overcome. For example, Trillian is multiprotocol IM software that provides audio communication, which can eliminate the lack of audibility of traditional IM. It also records the time stamp for messages and so it can also reduce the lack of sequentiality associated with traditional IM.

Third, we found that media differences moderate the influence of affective communication on concession making. Specifically, we found that, while a preponderance of positive communicated affect increased concession with telephone, there was no significant relationship with IM. This runs counter to traditional wisdom, which suggests that, though IM may reduce the level of positive communicated affect, the relationship between positive communicated affect and concession will still hold. We hypothesized that this lack of influence was the result of
individuals’ fears of being exploited by their opponents because IM increases depersonalization and provides fewer cues on which to evaluate their opponents’ trustworthiness. The fact that negotiators were strangers further exacerbated these feelings. As a result, individuals may have attributed positive communicated affect as part of a manipulation strategy.

Our final result is particularly because it suggests that attempts to increase the conveyance of positive affect without increasing individuals’ abilities to determine opponent trustworthiness may be wasted. While the suggestion that negotiators be trained to communicate positive affect may work to increase concession for telephone negotiations, this is less appropriate with IM. However, the Trillian software described above, which adds audio to IM text, may be more effective, since the transfer of audio cues may increase individuals’ perceptions that they can determine their opponents’ trustworthiness. Another alternative is to have negotiators engage in positive affective communication over the phone prior to, or concurrent with, negotiation via IM. This suggestion is in line with that recommended by Morris et al (2002).

Our results indicate that organizations will be faced with some challenges as they use IM for negotiations. But there are ways that they can overcome these challenges. First, though IM can lower the cost of negotiation and increase its speed (Katsh and Rifkin 2001), this type of communication decreases concession. To overcome this problem, efforts must be directed at reducing the anonymity and depersonalization enabled by IM. Such efforts include setting aside time for negotiators to focus on getting to know each other. Second, since the communication of positive affect over IM tends not to increase individuals’ positive affective states, it may be helpful if individuals are encouraged to communicate positive affect prior to, or concurrent with, negotiations via a richer medium, such as telephone. Third, organizations should increase their use of multiprotocol IM applications (such as Trillian) that are equipped with features, such as audio communication, that bring the characteristics of IM closer to that of telephone.