Chapter X

Trust Building in E-Negotiation

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ABSTRACT

As the use of e-communication proliferates, more and more types and subtypes of relationships are taking place online. Within the general framework of this book, this chapter focuses on one specific type of relationship: the relationship between people negotiating online via the communication channels offered by information technology. As the global market expands and business and personal relationships are increasingly taking place online, it is common to conduct negotiation processes in the online venue. This chapter focuses on the challenges to inter-party trust in e-negotiation, and on means for overcoming these challenges. It explains the critical role trust plays in negotiation and portrays the ways in which the communication medium through which a negotiation is conducted affects the dynamics of trust-building and trust-breaking. The author lists eight major obstacles to trust formation in e-negotiation and suggests methods not only for avoiding or defusing trust-breaking situations, but for engaging in proactive trust-building.

NEGO T IAT I O N: IT IS EVERYWHERE AND ONLINE, TOO

The literature of negotiation grants a broad definition to the term negotiation, encompassing many different types of interpersonal interactions and relationships. Far from limiting the negotiation process to the activity of people in pin-striped suits sitting in a board room, negotiation is defined so as to include any interaction in which two or more people attempt to decide on the allocation of scarce resources (Thompson, 2004). A “scarce resource” might be stocks, oil, or territory, but it might just as easily be time, money, attention, affection, pleasure, or any other concept to which parties attach value. Any back and forth communication aimed at reaching an agreement is considered to be within the realm of negotiation activity (Fisher & Ury, 1991). In short, we all negotiate all the time—with our employers and employees, our
colleagues and friends, our spouses and children, and with many, many others.

As e-communication becomes an increasingly natural medium through which to conduct business and personal relationships, we find that many of the varied interactions occurring in the e-world actually fall into the category of negotiation activity. In the organizational venue, a sales manager writes a memo to the Human Resources Department in an attempt to influence the hiring of a particularly promising field representative; two board members exchange e-mail messages with the goal of trying to form a voting coalition before a board meeting; and a manager sends out a group message to everyone on his staff list in an attempt to get them all to come in to work over the weekend. All these people are engaging in e-negotiation. On the interorganizational level, a purchaser in New York negotiates terms with a supplier in Singapore whom he is likely never to meet face to face. Increasingly, the same holds true for more “local” interactions. Attorneys representing rival corporations located in the same city might attempt to work out a settlement on a patent infringement dispute completely through e-mail exchanges. On the interpersonal level, one of these attorneys might negotiate with her travel agent through e-mail for a better price on a vacation deal she is considering or with her husband regarding her preferred travel destination. There is a great deal of experiential spill-over between the “personal” and “business” negotiations one takes part in, providing a wide range of settings for gaining experience, practicing and improving.

This chapter focuses on one major aspect of e-negotiation: the challenge of building trust in a negotiation relationship that is formed and maintained online. As interpersonal trust is both a relational and a contextual construct (Naquin & Paulson, 2003), we will be focusing on trust-building in negotiation processes which are conducted via any text-based channel that allows, to some extent, for both contextual and relational communication. This includes communication methods such as e-mail exchange, posting on a bulletin board or uploading text messages onto a negotiation support system (NSS). Two other hallmarks of the negotiation process discussed in this chapter are that it takes place entirely online, through asynchronous communication. This focus makes our conclusions and suggestions particularly suited to negotiations conducted via e-mail, the most commonly used (and most widely researched) form of online communication.

Our approach is a “theory-to-practice” one: after reviewing the literature on the ways that trust is developed and affected in e-negotiation, we will translate the theories proposed into practical, prescriptive suggestions for how to behave so as to generate trust for ourselves in our online negotiation opposite. The goal of this chapter is to enable readers, in their role as e-negotiators:

1. To understand the vital role that trust plays in these interactions
2. To identify negotiation process-moments which are pregnant with potential for trust building (or trust breaking)
3. To apply, at these critical junctures, tested methods for trust building which facilitate negotiation processes and improve their outcomes

TRUST AND THE COMMUNICATION CHANNEL

Literally, the term negotiation does not only connote two people exchanging knowledge and resources, it also conveys the meaning of successfully overcoming obstacles. One negotiates a river or a sharp turn or negotiates his way through a difficult period. When negotiating with another person, there are two distinct levels on which a negotiator needs to overcome obstacles. The first level involves achieving the goal, or solving the problem that brought him to the table in the first place; the “obstacle” is the scarceness of the
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