



## Chapter V

# A Comparison of Audio-Conferencing and Computer Conferencing in a Dispersed Negotiation Setting: Efficiency Matters!

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## Abstract

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*The growing globalization of business is making face-to-face communications, decision-making, and negotiations more the exception than the rule. Internet communication in text-only, audio, and video form are all becoming feasible methods of communication between distantly located parties. However, in order for these new technologies to be used*

*most effectively, more investigation is needed into the impact of various media on decision-making, such as that in negotiation. In particular, negotiators need to have a means of choosing the most appropriate communication medium, based on the amount of richness inherent in the medium, for the particular task at hand. This paper presents the results of an empirical study to examine the effectiveness of a computerized negotiation support system (NSS) in supporting bargaining carried out in a dispersed, but synchronous setting. In the study, pairs of college students, using the NSS, participated in a simulated industrial bargaining scenario that tested the impact of communication media employed and level of conflict on contract outcomes and negotiator attitudes. The subjects, located in separate rooms, played the roles of buyer and seller engaged in negotiations either by telephone (audio-conferencing) or Lotus Notes (computer conferencing). In both low and high conflict, the efficiency aspects of audio-conferencing — a richer medium in which more communication can take place more quickly — overshadowed any negative social cues transmitted.*

## **Introduction**

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Business collaboration is now possible anywhere in real-time, making it location independent. This trend has brought the management of dispersed decision-making activities to the forefront as a crucial managerial function (Chidambaram & Jones, 1993). Dispersed meetings can now be facilitated by a variety of electronic communication media, such as audio-conferencing, video-conferencing, computer conferencing, and electronic mail. What is the impact of various types of electronic communication in different task environments? Previous communication research has already shown the dramatic effects that electronic media can have on communication in general (Bazerman & Carroll, 1987) and on mixed-motive tasks such as negotiation in particular (McGrath, 1984). Furthermore, the amount of richness inherent in a communication medium is also crucial to understanding its impact on negotiation outcomes (Daft & Lengel, 1986).

## **Purpose**

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This chapter presents the results of an experiment that examined the effectiveness of a computerized negotiation support system (NSS) in supporting bargaining carried out in a dispersed, but synchronous setting. The focus of the study was

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