

Chapter X

Trust Building in E–Negotiation

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ABSTRACT

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. 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.

NEGOTIATION: 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, 2001). 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).¹ 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.²

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

resource he lacks and needs. The second level involves the process that the negotiator must go through in order to achieve that goal. On this level, the obstacles that need be overcome are process related obstacles such as communication difficulties or mutual lack of trust, which inhibit agreement and cause conflict to emerge and escalate.

In any negotiation, the medium through which the negotiation is conducted is also the medium through which these second level obstacles must be overcome. The medium itself, however, always poses obstacles that are inherent in its own nature. While the medium of e-communication certainly does possess certain characteristics potentially beneficial to the conduct of a negotiation, it is also rife with obstacles which need to be overcome in order for the process to succeed.

The most difficult challenge amongst all the second level, process-oriented obstacles to successful e-negotiation processes is that of trust. While creating, strengthening, and maintaining trust is certainly a challenge inherent in any negotiation framework, it is particularly challenging—and inestimably valuable—in the online environment. Before moving on to examine the particular challenges posed to trust-building by the e-communication channel, let us first define trust in the context of negotiation and examine the role trust plays in any negotiation process, whether face-to-face or online.

TRUST IN THE CONTEXT OF NEGOTIATION

While many attempts have been made to define trust, several authors have pointed out that there is no one way to define it and any definition that is offered has been affected by the particular perspective of the definer (Boyd, 2003; Koehn, 2003; Wang & Emurian, 2005). In the specific field of negotiation, there are also various definitions of trust. For the purposes of this chapter, we will

suggest combining three elements suggested in the literature:

- **Expectations:** One expects that his cooperation will be reciprocated by the other (Pruitt & Kimmel, 1977)
- **Risk:** Only when one is at risk, dependent or vulnerable, can his behavior or expectations demonstrate trust (Boyd, 2003)
- **Uncertainty:** Trust can manifest only when there is a degree of uncertainty regarding the other's future behavior; if his behavior is pre-programmed, trust becomes moot (Gambetta, 1988)

Building on these notions, we suggest that in the context of a negotiation process trust is an expectation that one's cooperation will be reciprocated, in a situation where one stands to lose if the other chooses not to cooperate. Or, practically speaking, we need our negotiation opposite to trust us every time we ask him to bet on our unguaranteed cooperation. We need our opposite to be willing to go out on a limb at various times during the process and at its culmination. Throughout the process, we need him to be willing to divulge information, despite the fact that he cannot be absolutely certain we will not use it to harm him. We need to have him be willing to invest time in discussing options for achieving our goals, even though he is not guaranteed we will reciprocate with matching efforts for searching for solutions to his own issues. At a negotiation's end, we often need the other to agree to a particular solution, in which he must make a concession without absolute certainty that we will stand by our own word and reciprocate. The leap of faith necessary for all these to happen is generated by trust.

The Role of Trust in Negotiation

Trust is essential for any success in negotiation. The professional and academic literature on nego-

tiation devotes enormous effort to understanding the concept of trust as well as to exploring methods for building, maintaining, and restoring it.³ Trust has been identified as an element playing a key role in enabling cooperation (Deutsch, 1962), problem solving (Pruitt, Rubin, & Kim, 1994) achieving integrative solutions (Lax & Sebenius, 1986; Lewicki & Litterer, 1985) and dispute resolution (Moore, 2003). Negotiators are trained and advised to seek out and create opportunities for trust building whenever possible, and as early as possible in the course of a negotiation process (Lewicki & Litterer). Trust is considered a vital precondition for sharing information, arousing generosity and empathy and reciprocating trust-building moves in a negotiation process. When trust in a negotiation opposite is lacking, negotiators fear that information imparted to the other might be used to one's own detriment (Nadler & Shestowsky, 2006). A trust-filled environment might enable negotiators to contemplate the worst outcome of the process as being a mutually agreed upon "no-deal," which holds promise of a continuing relationship and possible future interactions, dictating cooperative behavior patterns in the negotiation process. Distrust, on the other hand, causes parties to focus on how their cooperative behavior can be used against them by the other to cause them actual loss. This triggers defensive behavior—negotiators withhold information, attack the other's position and statements, threaten him, and lock themselves into positions from which they cannot easily withdraw (Lewicki & Litterer).

Routes to Establishing Trust in Negotiation

In negotiation, there are three primary routes for establishing trust:

Deterrence based trust, also called *calculus based trust*, is trust premised on our perception that our negotiation opposite will act as

he committed himself to as a result of a subjective cost/benefit analysis we conduct estimating our opposite's own self interest. As our negotiation opposite will always be on the lookout to benefit by breaking trust, he will keep trust only if his payoff is greater that way. If he will gain more by breaking trust—for example, if we lack the ability to punish him for violating trust—he will do so (Paulson & Naquin, 2004). We will trust our opposite only as long as we think he considers trustworthy behavior to be in his own self interest. This does not need to be abstract. Negotiators can introduce what Axelrod (1984) called "changes in the payoff structure" (p. 134)—enforceability schemes, punitive measures for breaking trust, or positive rewards for cooperation—into their negotiation processes (Schelling, 1980) and into their final agreements (Lewicki, Saunders, Minton, & Barry, 2002) so as to manipulate that "self interest."

Knowledge-based trust is grounded in the other's predictability. By knowing our negotiation opposite well enough to predict his responses and behaviors, we can estimate how far he can be trusted. The more information we have on his previous experiences and preferences, how he thinks, and what his value-system looks like, the better we can anticipate his behavior. This form of trust can result from in-depth study of our negotiation opposite; it can also develop over time, as a function of having a history of interactions through which our knowledge of him was obtained (Lewicki et al., 2002).

Identification based trust is based on a perceived sharing of characteristics, traits, plights and backgrounds. People tend to trust negotiation opposites who seem to have elements in common with them. Even when other factors in the negotiation process may cause our negotiation opposite misgivings regarding our trustworthiness, what he perceives as

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our shared elements might tip his people-judgment scales in favor of trusting us. Of course, this is all a matter of degree; two negotiators discovering that they attended the same school breeds one level of connection, whereas two negotiators realizing they completely empathize or identify with the other party's needs and desires will experience wider and more robust trust (Lewicki et al., 2002). As we shall see, this route to trust is the one most severely affected by the e-communication medium.⁴

These three routes to establishing trust can also be viewed as pillars, each of which can support the negotiation process on its own or can be shored up by the others. At any given moment, the measure of faith needed by our negotiation opposite might be most suitably supported by a particular type of trust.⁵

Who Do Negotiators Trust?

Breaking the above down into practical terms, in seeking a normative answer to the practical question of how to encourage our negotiation opposite to trust us, we can posit that a negotiation opposite is more likely to trust us if:

1. We appear similar to the negotiation opposite in various ways
2. We show a positive attitude towards the negotiation opposite
3. We are dependent upon the negotiation opposite, who holds some power of reward or punishment over us
4. We ourselves initiate trusting, cooperative behavior, which invites reciprocation
5. We make concessions, thereby signifying our willingness to pay a price in order to find a joint solution (Lewicki & Litterer, 1985)
6. The negotiation opposite is likely to have a future interaction with us (Thompson, 2001)
7. We have been helped by the negotiation opposite in the past (therefore laying the groundwork for expectations that we will reciprocate)
8. We are known to have been helpful and cooperative in the past—towards others or, more particularly, towards our current negotiation opposite himself (Pruitt et al., 1994)
9. The negotiation opposite feels he knows and understands us to a degree granting him insight into our system of needs, norms, and values

This is not an abstract menu of conditions that might arise; this is a prescriptive guide to actions that can gain us our negotiation opposite's trust. Of course, some of these elements are counterintuitive and include putting ourselves at a certain degree of risk. That is the nature of trust-building in negotiation: it is a cyclic, dynamic of risk-taking, where small risks taken can result in great rewards.

TRUST IN THE ONLINE ENVIRONMENT

The Internet, in general, has developed into an environment fraught with distrust. No matter for what a person uses the Internet, he is likely to encounter a situation in which he must place his trust in a software platform, a Web site, an e-vendor or another individual. Since all of these interactions have been used exploitatively in the past, users approach the Internet with a large degree of distrust (Wallace, 1999). Future development of the Internet, from a financial perspective, depends to no small extent on the success of e-commerce, which is *absolutely* dependent—perhaps more than on any other element—on trust (Wang & Emurian, 2005). As Rule (2002) summarized the problem, “Transactions require trust, and the Internet is woefully lacking in trust” (p. 98).

Communication Media, Interpersonal Behavior, and Trust

Even before the advent of Internet-based e-communication, research showed that people using technology to communicate at a distance tend to experience low levels of interpersonal trust. Communication between physically distant parties is more susceptible to disruption and deterioration than face-to-face dialogue. Comparing telephone-based communication with face-to-face communication has shown that whereas face-to-face interactions foster rapport, trusting behavior, and cooperation, their absence leads to more distrustful, competitive, and contentious behavior (Drolet & Morris, 2000).

In the trust-devoid environment of the Internet, these findings do not only hold true, they are intensified. Research on e-communication has shown that the e-channel is conducive to people developing a sense of disinhibition; parties ignore the possible adverse consequences of negative online interactions because of physical distance, reduced accountability, and a sense of anonymity (Wallace, 1999). People attempting to work together utilizing e-communication tend to act more contentiously than face-to-face counterparts, which results in more frequent occurrences of swearing, name calling, insults, and hostile behavior (Kiesler & Sproull, 1992). Viewed through the perspective of trust, it would seem that online communicators find it difficult to build the trust necessary for their opposites to perceive them, and construe their intentions, positively. As a result, they often lose control of the process and of the relationship.

Trust Reduction in E-Negotiation

Unsurprisingly, research conducted from a negotiation perspective found that these findings on communication-at-a-distance also hold true when the relationship between the communicators is that of negotiators. Early research showed

that negotiators are apt to act tough and choose contentious tactics when negotiating with people at a distance (Raiffa, 1982). As researchers began to focus on e-negotiation, it became apparent that e-negotiators feel less bound by normatively appropriate behavior than face-to-face negotiators. This results in an increased tendency to make threats and issue ultimata (Morris, Nadler, Kurtzberg, & Thompson, 2002), to adopt contentious, “squeaky wheel” behavior, to confront each other negatively and to engage in flaming (Thompson & Nadler, 2002).

Viewing these findings through the perspective of trust, it would seem that e-negotiators work through a communication channel which makes trust-building particularly challenging. This insight (which may ring true intuitively for many readers and, for others, tap into their own practical experience) is supported both by indirect and direct measurements of trust in e-negotiation processes.

Trust in negotiation is not only a difficult notion to grasp and define; it is also quite difficult to measure. One way to indirectly assess the degree to which an e-medium is conducive to trust is to measure the degree to which parties negotiating through it behave cooperatively throughout the negotiation process; cooperation is viewed as behavior manifesting *only* in trust-filled environments. Another indirect assessment method is to measure the degree to which parties are able to achieve integrative, win/win outcomes; such outcomes being viewed as possible only when parties trust each other enough to discuss their true needs, preferences, and priorities (Lax & Sebenius, 1986). The majority of experiments measuring these two indicators have shown that in e-negotiation, as opposed to face-to-face negotiation, one is less likely to encounter cooperation in the process, and less likely to achieve integrative outcomes. These results support the notion that the e-channel reduces trust between negotiators (Nadler & Shestowsky, 2006).⁶

These indirect measurements are reinforced by findings that e-negotiators, when questioned directly about the degree of trust they felt in negotiation processes, reported lower levels of trust than did face-to-face negotiators (Naquin & Paulson, 2003).

THE CHALLENGE OF TRUST BUILDING IN E-NEGOTIATION

Why is trust especially difficult to build in e-negotiation processes? A review of the research conducted so far points to eight major obstacles. While some of these obstacles also manifest in face-to-face negotiations, it is the way they reinforce each other in e-negotiation that makes trust-building in that process such a challenge. After introducing the obstacles briefly, we will elaborate on how each of them manifests in e-negotiation, and make suggestions for how negotiators can counter them in an effort to enable trust to emerge despite the channel-imposed obstacles. The obstacles are:

1. **Lack of contextual cues:** E-negotiators are denied many of the non-verbal cues that we rely on in interpersonal communication for assessing another person's trustworthiness.
2. **Sinister attribution effect:** The tendency to put the worst possible face on another's intentions and meanings increases in e-communication. As a result, e-negotiators will perceive the other's intentions through the most distrusting lens possible.
3. **Low expectations of trust:** E-negotiators have low expectations regarding the other's trustworthiness walking into the process, and this becomes a self-fulfilling prophecy.
4. **Anonymity and the faceless other:** The mutual invisibility inherent in e-negotiation facilitates trust-breaking behavior. It is

easier to cause damage to a faceless other, particularly when we feel protected by a shield of anonymity and physical distance.

5. **Confusing physical distance with interpersonal distance:** The feeling of distance and separation inherent to e-negotiation results in a sense of non-identification with the other, posing challenges to identity-based trust.
6. **The challenge of e-empathy:** Building trust by showing empathy for a negotiating opposite is a challenge even in a rich communication channel; in e-negotiation, it is an even greater challenge and therefore is often ignored.
7. **Pace problems:** The challenge of asynchronous communication: The Internet incorporates two clashing characteristics: instant access to anything and anyone, and asynchronous communication. This duality gives rise to expectations between negotiators that cannot be met, which breeds distrust.
8. **Negotiating in a new landscape:** The Internet itself, still a novelty to many, is viewed with distrust even by its most fervent advocates. Additionally, many lay and professional negotiators may be inexperienced at e-negotiation, not yet adept at trust-building through the e-channel.

We will proceed to examine these obstacles one by one:

1. Lack of Contextual Cues

Human beings rely on contextual cues (such as another person's facial expressions, body language, tone of voice, etc.) to interpret messages. In fact, most of a message's meaning is perceived through these cues, rather than through the words actually spoken (Thompson, 2001). When communicating through any channel, we actively, if unconsciously, seek out such cues. For example, because we cannot see the face of the person on

the telephone with us, we strain to infer meaning from the tone of his voice. Text-based online communication is a very lean channel for contextual cues to pass through, rendering valueless most of the methods we instinctively use to transmit our trustworthiness to others, and neutralizing the senses we have developed to analyze cues from the other so as to assess his credibility. E-negotiators are denied many of the cues that have been found to inspire trust in face-to-face settings, including facial expressions, vocal inflections, physical proximity and touch.⁷ Experiments comparing interactions through face-to-face, audio, video and text-based communication, found the last to be the *least* supportive of trust-building (Bos, Olson, Gergle, Olson, & Wright, 2002).

Alertness to this obstacle helps avoid many pitfalls, primarily the sinister attribution effect (See 2. The Sinister Attribution Effect). It encourages negotiators to strive for a friendly level of relationship in which emoticons as well as very open, direct and exact language can be used. When limited to text-only communication, we must bear in mind that sarcasm, cynicism, and humor can easily be misconstrued. If the meaning of a sentence we write is ambiguous, we need to provide the reader with the proper tone of voice to “hear” it in by adding in pointers such as “Forgive my sarcasm, but ...” or “Isn’t it funny that ...,” even though we would not do this in a face-to-face setting.

2. The Sinister Attribution Effect

The absence of contextual cues causes the e-negotiator to focus on the actual content of the communicator’s message. While this is certainly useful, it may also have negative effects. For even if the message we communicated was not designed to insult or inflame our negotiation opposite, it can sometimes seem to convey negativity from his point of view. For instance, he might easily perceive any answer but “yes” to be threatening, an implication that “I will withhold from you that very thing you need.” The combination of a negative predisposition towards anything but

“yes” and the lack of the contextual cues that help give messages their intended meaning, causes message-readers to remain uncertain regarding the writer’s behavior and intentions. In such situations, the sinister attribution effect—the tendency to interpret another’s behavior in the least positive way possible, and to infer his bad intentions from the negative way we perceive his behavior—may come to dominate the relationship (Kramer, 1995; Thompson, 2001). As a result, our opposite will view just about anything we say or do as being a negative, trust-breaking action arising from our negative, untrustworthy character or intentions. This is reinforced by the negotiation medium’s characteristic of being recorded and reaccessible; our opposite can read and reread our e-mail message, ruminate on it over time and enter consecutive, spiraling, anger cycles—all before forming a devastating reply to our now-sinister message (Nadler & Shestowsky, 2006). A simple “Sorry, that’s not enough for me” message can be perceived as treacherous and threatening, resulting in deep distrust.

The message-exchange dynamic of e-negotiation also contributes to the sinister attribution effect. In e-communication there are fewer opportunities to ask for a quick clarification or to make a snap correction. Research shows that e-negotiators ask fewer clarifying questions than face-to-face negotiators. The blanks get filled in by assumptions (Thompson & Nadler, 2002), never a good idea. The collapse of assumptions later on will be perceived, through the filter of the sinister attribution effect, as a breaking of trust. The power of the sinister attribution effect in e-negotiation is clearly demonstrated by experiments showing that e-negotiators are more likely to suspect their opposite of lying than are face-to-face negotiators, even when no actual deception took place (Thompson & Nadler, 2002).

As negotiators, we need to constantly remember the power of the sinister attribution effect. If we fail to achieve something we need to, our ability to blame it on our negotiation opposite’s

misperception will be of little consolation. We need to actively help our opposite avoid misunderstanding or misinterpreting our meaning and intentions. The more ambiguous our messages are, the more opportunities we provide our opposite for sinister attribution. Analysis of failed e-negotiations shows that they tended to include unclear messages, long general statements and irrelevancies (Thompson, 2001). Each of these provide ample breeding ground for the sinister attribution effect; by avoiding them, we are assisting our opposite to understand our message as we intend him to. We need to add on “just to clarify” statements even when these would seem superfluous in face-to-face interactions. We might relate to the sinister attribution effect head on, by writing something such as “We both know how things get misunderstood in e-mail communication, so let me be as clear as possible on this point” Finally, our basic message, offer or statement must be kept clear. Even if we elaborate in hopes of being understood better, of humanizing the conversation, or of forming rapport, every message should end with a very clear “to summarize” paragraph.

3. Low Expectations of Trust

E-negotiators enter the process with a lower level of pre-negotiation trust in their opposite than do participants in face-to-face negotiations (Naquin & Paulson, 2003). This initial low expectation regarding interpersonal trust ties into the sinister attribution effect by reinforcing the tendency to seek out reasons to distrust rather than to recognize trustworthy actions. This becomes a self-fulfilling prophecy: expecting to find us untrustworthy, our negotiation opposite indeed finds us to be so. As a result, participants in e-negotiation also experience lower levels of *post*negotiation trust than participants in face-to-face negotiations (Naquin & Paulson, 2003). This continues the cycle by lowering our trust expectations even further in anticipation of our next e-negotiation process. Participants in e-negotiation show less desire for future interactions with their negotia-

tion opposite than do participants in face-to-face negotiations, partially due to a negative perception of post-negotiation trust (Naquin & Paulson, 2003).⁸ These findings are particularly important when one takes into account that they hold true even when there is no objective difference in the negotiation outcome. In other words, while a particular outcome, achieved through face to face negotiation, will build a degree of trust causing negotiators to look favorably on the possibility of future negotiation interaction with their opposite, the same outcome will achieve less in terms of inter-party trust-building and desire for future interaction if reached through e-negotiation (Naquin & Paulson, 2003). These findings demonstrate how difficult it is to build and maintain trust in e-negotiation: e-negotiators’ initial trust levels are low, and they tend to remain low, relative to those of face-to-face negotiators. Of course, this is not to say that an individual e-negotiator, having concluded a successful negotiation in which any degree of trust was built, will not carry this trust over into a subsequent negotiation with the same opposite. However, the effects of this carry-over will be weak relatively to a comparable face-to-face negotiation process

It would seem that the best way to decrease the effects of diminished prenegotiation trust is, first and foremost, to recognize that the initial misgivings we may feel walking into an e-negotiation process are normal. They are a part of the playing field, and *not*, as we usually tell ourselves, an intuitive insight into our opposite’s true nature or intentions. We should also pay attention to the other’s behavior. If we sense that he seems to be affected by a case of prenegotiation distrust, we needn’t be offended. We might even consider raising the issue head-on, empathizing with the way he feels and asking what we can do to dispel his doubts.

4. Anonymity and the Faceless Other

A major challenge to the e-negotiator’s wish to generate trust in his opposite arises from the nature of the encounter itself. Each party senses a

degree of anonymity and distance, sitting behind his computer screen far away from his faceless opposite. This feeling of remote detachment leads both to assumptions that he can get away with trust-breaking behavior and to a lowering of moral inhibitions against doing so. While many e-negotiations take place between identifiable and accountable parties, it is as if something in the e-medium induces negotiators to forget this. Given a state of negotiating parties with no previous relationship or immediately perceived common ground, a no trust/no cooperation atmosphere is quick to evolve, with spirals of escalation likely as the sinister attribution effect kicks in (Nadler & Shestowsky, 2006).

However, one should keep in mind that small efforts can change this state of affairs substantially. The more one works at “unmasking” the other—or, more proactively, unmasking oneself towards the other—the more likely one is to find opportunities for trust-building. The more our opposite perceives us as an *identifiable other*, as opposed to an anonymous, faceless e-mail address, the more likely he is to share information, rely on us and trust in us (Nadler & Shestowsky, 2006). As a result, we need to take special care to incorporate an unmasking process into our e-negotiation processes.

The concept of using pre-negotiation social interaction to create a positive and unmasked environment for an upcoming negotiation process is widely discussed and advocated in negotiation literature. Negotiators are advised to create “instant relationships,” absent a past relationship with one’s negotiating partner. This process might be dubbed bonding (Shapiro & Jankowski, 1998) or building rapport (Drolet & Morris, 2000; Thompson & Nadler, 2002). Negotiators are advised to seek out and create opportunities to build a positive rhythm of interaction before reaching the table—indeed, even as they are walking to it. The more parties are “in sync” with each other before the negotiation process starts, and the more this improves throughout its course, the more likely

they are to work together, coordinate and trust each other.

Holding preliminary face-to-face meetings has proven to be a highly effective means for building trust that carries over into e-negotiations (Rocco, 1998); even the most effective means (Olson & Olson, 2002; Zheng, Veinott, Bos). It has also been suggested that adding face-to-face interactions as a support measure in the middle of an ongoing e-negotiation can have a positive effect (Cellich & Jain, 2003). Prescriptively speaking, this would suggest that when e-negotiating with a total stranger one should try to incorporate one face-to-face meeting into the negotiation dynamics. This might take the form of an informal, out-of-context encounter, such as stopping by your opposite’s office to introduce yourself when you are in his physical location for other purposes. Notwithstanding the value of doing so, this will often be impossible to do with e-negotiation opposites; special effort must therefore be dedicated to an online unmasking process.

While in face-to-face encounters making introductions and light, social conversation comes naturally, in e-negotiation this tendency diminishes somewhat. This might be due to the semi-formal nature of written communication; to the asynchronous nature of e-mail exchanges; to the fact that writing is not as easy as talking; or to geographical and cultural distance between parties (someone in another hemisphere might not share our weather or our affinity for a particular sports team). As a result, e-negotiators need to consciously dedicate time and effort to the unmasking process. Experiments have indicated that even minimal prenegotiation contact, at the most basic level of “schmoozing” via preliminary e-mail introductory messages or brief telephone exchanges, has the potential for building trust, improving mutual impressions and encouraging the reaching of integrative outcomes (Nadler & Shestowsky, 2006). The easiest way to start this off is to send our negotiation opposite a short introductory letter before the negotiation process

begins or at its initiation, letting him know, in brief, who we are, where we are and—depending on the context—a bit about ourselves. More likely than not, he will reciprocate with a note of his own, or incorporate his own introduction into the first substantive message he sends. By relating to this in the next message we send, we can create a cycle of unmasking. By looking for excuses to drop a small piece of personal information into the process, we give our opposite an opportunity to recognize the person behind the e-mail address and to reciprocate. By saying “I know what you mean” about something he shared and adding on something new about ourselves, we recognize his situation, disclose personal information of our own and invite reciprocal recognition. If our opposite mentioned children, we can mention our own. If our opposite talked about a pressure-period at work, we can mention our own 80-hour week. This allows the unmasking process to continue, and also moves the process towards empathy and identification-based trust.

Negotiators are constantly reminded of the value of turning a negotiation process into an ongoing relationship. This is particularly pertinent in protracted or recurring negotiation processes, such as between a purchaser and a supplier who negotiate price before each shipment. By dropping the other a line between negotiation rounds, we remind him that we share an ongoing relationship. By keeping a promise we made to get back to him with something, or sending him an article we think he will be interested in, we can reinforce this new ongoing relationship narrative. We can seek out opportunities to later “touch base” ahead of time, during pre-negotiation schmoozing, or during the course of the negotiation itself.

5. Confusing Physical Distance with Interpersonal Distance

Another challenge to trust-building in e-negotiation is that online communication causes a perception of difference, of otherness between the two parties. We feel anonymous and distant from the other, and that he is anonymous and distant from

us. We know nothing about him, other than that we need something from him. This perception of otherness leads us to subconsciously assume that the other is nothing like us, and that his attitudes, personality and interests conflict with ours. While the unmasking process described above can potentially begin to dispel this, we suggest creating stronger identification-based trust and closing perceived distances between ourselves and the other by searching for shared group membership. When individuals perceive themselves as belonging to the same group as another, their perceptions of the other become more positive and their level of trust in him increases. While in-group members appreciate each other more and intuitively assume they share positive traits and attributes, they perceive out-group members, as “others”, assuming that if they differ in one attribute, they surely must have inferior qualities and negative intentions. The power of in-group fraternity is impressive, even when the shared attribute of the in-group is something trivial or innocuous such as “coffee drinkers.” The development of positive attitudes and identification-based trust towards in-group members plays out online much as it does in face-to-face encounters (Wallace, 1999). This results in a greater likelihood of agreement between in-group members (Moore, Kurtzberg, Thompson, & Morris, 1999).

In face-to-face encounters we can learn about our opposite from a variety of cues and then use the knowledge to form an in-group affiliation (a nonpolitically-correct example might be noticing our negotiation opposite patting his pockets absentmindedly, and seeing that as our cue to ask if he would like to join us for a cigarette break). However, in online exchanges this is a more challenging prospect. E-negotiators need to be carefully attuned to the other’s messages in order to discover things to connect to. We must glean all the information we can from our opposite’s introductory e-mail and any personal information he may have included in later messages. We should note issues he stresses as having

particular importance to him. For example, if our opposite writes “I think sticking to schedule is very important” (as opposed to “let’s get this done on time”), we should see that as our cue to state that we also see dedication to promptness as a positive attribute; this gives him the opportunity to perceive the two of us as belonging to the “punctual” group. If we do not have a clear enough picture of our opposite’s traits or values to build on, we can proactively ask questions seeking out identity-based similarities (Nadler & Shestowsky, 2006).

We have mentioned the danger of being perceived by our negotiation opposite as a member of an out-group, and how online communication can cause this perception to form almost automatically. However, mindful use of online communication can actually help us protect ourselves against the forming of such perceptions. This is because e-communication renders invisible many of the stereotypes upon which people base instant group-affiliation judgment, such as age, gender, race and status (Wallace, 1999). Additionally, while carefully reading our opposite’s messages to seek out shared in-group affiliation, we can also identify whom he might perceive as belonging to an out-group. This will allow us to avoid divulging details that may paint us as belonging to that group.

6. The Challenge of E-Empathy

One of the basic directives of any book or course focusing on negotiation is that a negotiator should show empathy for his opposite (Mnookin, Peppet, & Tulumellow, 2000; Ury, 1991) Showing empathy is counterintuitive for most negotiators, who worry that showing *any* concern for the other’s predicament or emotions will necessitate making a concession to him. They therefore prefer sweeping the other’s predicament under the carpet and keeping a poker face. But in truth, empathizing with another does not require giving anything up; it does, on the other hand, show the other our understanding and recognition. This can have the effect of eliciting reciprocation, increasing the

other’s willingness to listen, and lessening his tension and potential contentiousness. Moreover, it goes a long way towards building trust. In order to have these effects, empathy must be accurate (infer the specific contents of the other’s experiences and emotions) and include a supportive response (some form of constructive or empowering input related to the other’s needs).

The important role of empathy in negotiation has been shown to hold true in the online environment as well. E-negotiators showing empathy are trusted by their negotiation opposites more than those who do not (Feng, Lazar, & Preece, 2004). Nonetheless, showing empathy for another person via a communication channel with limited contextual cues is quite a challenge. We cannot nod understandingly, or smile and lay a supportive hand on our opposite’s own. The e-channel necessitates special methods for showing e-empathy.

Many of the most basic communication tools negotiators are advised to employ are especially valuable for their facilitating the showing of empathy to one’s negotiation opposite. Three good examples are:

- Active listening: Listening to our opposite carefully, in a manner demonstrating our absolute focus on him and our ability to contain everything he has to say
- Reflecting: Paraphrasing or repeating the content of our opposite’s message, showing him that we understand his factual input, appreciate the emotional importance he attaches to what he said or to the situation and offering him the chance to correct misunderstandings on our part
- Asking pertinent, productive and to-the-point questions showing interest in our opposite, his needs and concerns (Ury, 1991)

While some aspects of these tools might be difficult to transfer to the online medium, this does not mean that showing empathy is impossible or inhibitably clumsy. Additionally, the fact that our

opposite's message is recorded by the channel or indeed included in the message we send back to him (such as an original e-mail being automatically quoted when we answer a message by clicking reply) does not mean that applying the tools of listening or reflecting is superfluous. Showing empathy in e-negotiation is as necessary as it is in face-to-face encounters—we just need to find suitable methods for it.

A good way to demonstrate online listening is to stress, in replying to our opposite's messages, that we have read what he sent. For example, "I read your message carefully" or "Reading your letter last night, I realized ..." might seem like casual opening lines, but they convey a powerful message to your opposite: you have been heard. Similarly, other messages touching on the way we handle our opposite's message, such as "I showed your letter to my boss" or "I waited till I was in the office to read your e-mail, in order to give it my full attention" transmit an attentive intake process for his messages. Yet another method for online active "listening" is to relate to parts of our opposite's message specifically, in a manner that shows we read it carefully. Writing "I know you wrote that you'd be out of the office for a couple of days, but I wanted you to get this as soon as possible" transmits that in reading his message we took note even of noncentral details. Alternatively, you might choose to insert your reply text into the original text of your opposite's message, signifying that you are relating to every point he made.

While demonstrating listening in e-negotiation may take some creativity, two characteristics of e-communication can actually make reflecting simple: messages are recorded, and word processing can be used to use the original message in a new way. If we don't want to invest time or physical effort paraphrasing or rewriting what our opposite wrote in your own words, we can easily go over his message and create a paraphrased summary to send back to him through cutting, pasting, and editing.

When using questions to further understand the other's position and needs, we can utilize the benefits of recorded messages and of word processing to connect our question to specific parts of our opposite's message. This not only makes the question more to the point and part of the flow of conversation, it also incorporates elements of active listening and reflecting. For example, instead of writing "When do you need the computers delivered?" we might write "In your last e-mail you wrote 'I'm pressed for time and need these units ASAP.' I appreciate that you're in a real rush, however, I know it will take a while to get the computers organized for delivery. Can you tell me a bit more about our time frame?"

Word processing abilities also help us avoid perceived trust-breaking behavior based on misunderstandings. If a message is ambiguous, we can copy and paste it right back to our opposite, highlight what we don't understand and ask him to clear things up. This will not only help us avoid mistakes and breaking trust, it actually builds trust as our message conveys the subtext of "I'm listening to you, and it is very important for me to make sure I'm not misunderstanding you".

7. Pace Problems: The Challenge of Asynchronous Communication

The art of negotiating solely by exchanging written messages through postal mail is a long-forgotten one. We have become accustomed to exchanging opinions through synchronous communication, either face-to-face or over the telephone. Even in cases where there are time-gaps between actual offers—such as when lawyers exchange drafts of a contract back and forth over the course of a few months—much of the actual discussion of the issues takes place synchronously. E-negotiators need to relearn the art of asynchronous communication. This is not intuitive, for one of the Internet's promises which many have become used to and even reliant upon is instant access to anything and anyone. Our synchronous-communication upbringing, combined with our expectations of instant access, clash with the basic

nature of asynchronous communication. As a result, e-mail communication often involves an anxiety that blends distrust of the channel with distrust of the other. When we send a message and do not receive a response promptly, not only do we question whether the other received the message, we begin to wonder why (if indeed he *has* received it) he is taking so long to respond? E-negotiators often forget, or at least disregard, the asynchronous nature of e-communication, and build expectations based on an assumption that they can control the rate of message exchange. When the other fails to live up to those expectations, frustration and sinister attribution are quick to follow (Thompson & Nadler, 2002).

Even when there is no sense or expectation of immediacy, the rule that frequent message exchanges, as opposed to communication broken by intervals, is conducive to trust-building within groups (Wallace, 1999; Walther & Bunz, 2005) holds true for the dyadic group two people negotiating as well. Unresponsiveness or lengthy breaks between messages foster anxiety, a fertile breeding ground for distrust. As Billy Joel put it: "To insure yourself, you've got to provide communication constantly." A good rule of thumb to follow in order to avoid allowing time-gaps to develop is to always respond to an e-mail within 24 hours, even if only to say that we are working on, or considering, what our negotiation opposite has written, and will get back to him shortly (Katsh & Rifkin, 2001)

Once the trust-threatening elements of asynchronous communication are neutralized, it can actually be a very conducive channel for trust building. It can help control our response time—to our own advantage. Synchronous communication necessitates responding to our opposite's behavior on the spot, whereas asynchronous communication allows us to avoid knee-jerk reactions or escalatory cycles and to think proactively. The slower pace allows us to fashion and frame our response thoughtfully and productively. It enables us to verify details instead of giving off-the-cuff

responses that may later turn out to be inaccurate. The ability to read over a message, or to ask a friend or colleague to take a look at it and tell us what he thinks, can help us avoid the pitfall of perceiving our opposite negatively due to the sinister attribution effect. These potentialities, unique to asynchronous e-communication, hold the promise of enabling trust building in e-negotiation in ways denied face-to-face negotiators.

8. Negotiating in a New Landscape

One of the primary problems for creating trust in online communication is, as Boyd (2003) put it, the medium's "novelty, and its attendant mystery" (p. 394). He suggests that a user's distrust of the medium due to inexperience can spill over to harboring suspicions towards a Web site's credibility or an e-negotiation opposite's trustworthiness. A successful experience with e-negotiation will therefore lead to a progressively lower trust threshold, and the spillover between trust towards the channel and trust towards a negotiation opposite might actually begin to work the other way around: a successful e-negotiation experience can cause a negotiator to feel optimism, which may facilitate the forming of trust during his next e-negotiation experience. This would suggest that trust-building might become easier as the medium's novelty declines over the course of the next generation.

Attempts have been made to provide structural solutions to the distrust caused by a disparity of negotiating skill and power, as well as by distance and anonymity, on the Internet. For example, eBay's rating system provides potential clients the opportunity to view the degree to which previous clients were satisfied with a particular vendor. While this system has been very successful in creating an environment of trust sufficient to hold the eBay community together, attempts to build a Web-wide rating system have not yet succeeded to the degree of being seen as an integral part of the Internet's commercial infrastructure (Rule, 2002). In the context of one-on-one e-negotiation, structural solutions are even harder to envisage.

Trust Building in E-Negotiation

E-negotiation is a growing and evolving phenomenon. We believe we are now suffering the birth pangs of the start-up phase, after which experience, adeptness, and trust in the medium will become factors positively affecting interpersonal trust. In the meantime, the best we can do is to choose our negotiation channel carefully. Our degree of comfort with the medium is something to consider seriously—we are more likely to take mis-steps and to arouse our negotiation opposite's suspicions if we are not adept at e-communication. However, we must also take into account our opposite's comfort and skill with the medium. The more the opposite distrusts the medium or feels insecure negotiating through it, the more this is likely to be transferred into distrust of us. If we sense this is affecting the negotiation process adversely, we might suggest utilizing an alternate means of communication.

FUTURE TRENDS: MORE AND MORE

Increasingly, negotiation relationships are taking place online. The growth of e-commerce from isolated transactions into a multitrillion dollar marketplace in which every inhabitant of the globe is a potential participant guarantees the future conduct of countless e-negotiation processes. The increasing use of virtual workplaces, as supplementary venues for group interaction or as the major venue for a business' internal activity, reinforces this trend. This is further supported by the rapidly rising degree to which people feel comfortable moving other types of relationships online, which, while non-transactional in the traditional sense, certainly incorporate elements of negotiation activity.

As the scope of e-negotiation widens, the need for trust-building tools and abilities will become more acute. Some tools will probably develop on their own, while others need to be initiated and directed. Richer language and contextual

cues such as abbreviations, emoticons and other enhancements are constantly developing. Already colloquial, they will gradually spill over into more formal communication, providing a richer channel for e-negotiation, one which is able to convey meaning in a familiar, emotionally accurate, and trust building manner.

We have seen that one fundamental way to affect trust-building in e-negotiation is to thoroughly familiarize negotiators with the e-medium as a negotiation channel and to train them to be adept at its use. As negotiators improve in using the medium, they will achieve better results, and their increased trust in the medium will spill over to facilitate building interpersonal trust. We believe that this practice-based improvement of the field will be complemented by the teaching of e-negotiation as an important part of the professional skill-set imparted in business and law schools, as well as in the training programs of other disciplines.

CONCLUSION

Trust plays a crucial role in all negotiation processes. The degree to which parties trust each other often delineates the degree to which they will cooperate with each other in the process, share information, and search for integrative agreements. A negotiator's ability to inspire his opposite's trust in him can be considered one of his greatest assets. However, many factors at work in the negotiation process tend to affect trust negatively, causing trust-building and -maintenance to be an uphill battle in the best of cases.

As human interactions take place online with increasing frequency, negotiators find themselves dealing with each other in the online environment. Not only are most of the recognized challenges to trust development in face-to-face communication manifest in e-communication, these are often magnified due to particular characteristics of e-negotiation. In addition, negotiators find

themselves dealing with new, unique challenges to trust development and maintenance particular to the communication medium used for these processes. Online communication, like any other communication channel, contains inherent channel-related obstacles to trust-building and trust-maintenance. Awareness of the role trust plays in negotiation and of the challenges posed to it by the e-communication channel will help the e-negotiator steer clear of most of these pitfalls. This awareness is also the starting point for wider adeptness in building trust in e-negotiation processes. By supplementing it with the increased familiarity, training, and experience in e-negotiation that the future promises, we anticipate that the e-negotiator will be provided with an enhanced skill-set, suitable for allowing him to actively create an atmosphere of trust between himself and his negotiation opposite, resulting in a more cooperative process as well as a more integrative and beneficial outcome.

ACKNOWLEDGMENT

The author wishes to thank Rochi Ebner for her assistance and insightful comments.

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ENDNOTES

¹ Notes

The past 20 years have seen the development of many different means for communication via information technology media, and negotiation processes utilize them all. Besides commonly used methods such as e-mail, instant messaging, and message posting, a variety of software platforms known as negotiation support systems (NSS) have been developed, designed to assist negotiators communication, exchange offers and consider them. NSS differ in nature, ranging from simple communication channels through which negotiators post e-mail-type messages to each other, to sophisticated optimization-algorithm-based software capable of analyzing input from two negotiators and suggesting solutions designed to meet their preferences in a manner they might not be able to come up with on their own (Koeszegi, Srnka, & Pesendorfer, in press; Rule, 2002). Some commonly used NSS cut out the need for communication altogether by engaging

parties in a “blind bidding” process in which they only communicate with the software platform, which compares their offers and then lets them know whether they have reached a deal or not. It could be argued that through these NSS a negotiation process has been created in which interpersonal trust is circumvented—so long as parties trust the platform, they do not need to trust each other and do not need to engage in any trust-building communication or activities.

² Most of the conclusions reached in this chapter hold true for synchronous communication as well; with other conclusions, suggestions for adaptations will be provided. Similarly, they hold true for negotiation processes utilizing multiple mediums, where online communication, face-to-face meetings, instant messaging, or phone conversations complement each other to form hybrid processes. We will touch on the value of creating such interactions. Once aware of the potentialities and challenges inherent to “pure” e-negotiation, negotiators will be able to make informed and conscious choices regarding the medium suitable for any particular part of a negotiation process.

³ Most of the negotiation literature focuses on face-to-face settings, even assuming that this is the default method in which negotiation occurs, and that knowledge of all other communication channels used for negotiation can be extrapolated from face-to-face findings by making marginal adaptations. In short, as Nadler and Shestowsky (2006) comment, “Traditional approaches to research on negotiation do not typically consider the possibility that the type of communication media used by negotiators could be a factor affecting the negotiation itself” (p. 145). As a result, much of the research conducted showing the positive benefits of trust-building in negotiation is based on experiments conducted in face-to-face settings. Most of

the writing about e-negotiation seems to take for granted that trust plays the same crucial role in the online environment as it does in face-to-face settings, although this may not have been decisively proven. Working under this assumption, the main thrust of research and writing goes on to explore the considerable challenges to building and maintaining trust over such a tenuous medium. Having provided this caveat, this chapter goes the same route.

⁴ That is not to say that the other routes are not hampered by the medium. Distance from our negotiation opposite inhibits our ability to observe him and learn about him, challenging the development of knowledge-based trust. The difficulty to monitor and enforce agreements at a distance poses challenges to developing deterrence-based trust.

⁵ Lewicki et al. (2002) suggest that these three paths to trust are often taken sequentially. Typically, deterrence-based trust forms first. As parties gain knowledge and experience of each other, knowledge-based trust forms. Identification-based trust, at least in its more extreme forms of complete empathy and identification, will typically be the last to form. Of course, in many relationships only one type of trust—usually deterrence-based trust—is manifest.

⁶ As a result, most practitioners and researchers have adopted the assumption that e-negotiation, as a rule, involves less inter-party trust and results in fewer integrative agreements. Others have noted experiments challenging these findings (Conley, Tyler, & Raines, 2006; Nadler & Shestowsky, 2006), indicating that more careful examination needs to be done, which might differentiate between different e-communication platforms or examine e-negotiation's suitability to specific types of disputes (Conley et al., 2006).

⁷ These cues are at best replaced with a limited range of emoticons. It is unclear whether this may help or interfere, much as with "real" terms, people use and interpret emoticons differently, paving the way for misunderstanding. In formal communication, the use of emoticons has not yet become the norm, leaving communicators with only the text-based channel.

⁸ This trust-downgrading cycle manifests not only vis-à-vis one's negotiation opposite, it also ties into one's own negotiation satisfaction and self-trusting: online negotiators tend to feel less satisfied with their outcomes and less confident in the quality of their performance than face-to-face negotiators (Naquin & Paulson, 2003).