

The role of digitalization in facilitating efficient negotiation

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ABSTRACT

This paper elaborates the role of digitalization in facilitating efficient negotiation. Digitalized negotiation is efficient in some aspects as it makes the negotiating process easier for both sides while lowering expenses and time constraints. Nevertheless, the impact of online negotiation varies according to the availability of medium and degree of information sharing based on space and time influence. By relating the online process of negotiation process with the right selection of digitalised medium and measuring the impacts of the space and time model, negotiators may facilitate the negotiation by ensuring that it fits inside the Zone of Possible Agreement. This conceptual paper also covers the negotiation strategies such as adaption of integrative strategy and Thomas-Kilmann's Conflict Mode of Instrument (TKI) that could enhance the digitalized negotiation process.

Key words: *negotiation, digitalization, ZOPA, TKI, integrative*

1.0 Introduction

The capacity of digital technology to collect data, develop patterns, and make better business decisions is referred to as digitalization (Gupta, 2020). Generally, digitalization provides several great impacts to incremental economic growth as nations at the most advanced stage of digitization get 20% more economic advantages than those at the beginning (Bloomberg, 2018). Besides, digitization has been shown to lower unemployment, improve quality of life, and increase citizens' access to government services.

Specifically, the emergence of global technology has caused the world to undergo digitalization which serves more specific benefits that include social connectivity which encourage people to communicate and exchange data and information which include photos, videos and audio messages despite the time, space and distance (Gupta, 2020). Hence, it provides versatile communication with increased connectivity, speed and faster bandwidth that allows huge volumes of data to be moved across the internet extremely instantly, granting for real-time streaming of video and audio. Besides, automation and large information storage which almost allows any gadgets to access to it just with the internet access.

Nevertheless, the emergence of IT and digitalization had obviously impacted the negotiation in specific to reach an agreement on things of mutual interest while optimising their own utility (Editor EBR, 2020). Negotiation is a process between two or more parties with the goal of reaching a mutually advantageous agreement. This

advantageous outcome of digitalization aid can benefit all people involved, or just one or a few of them in aspects which include to boost their prospects of closing agreements, avoiding disagreements, creating relationships with other negotiators, and gaining mutual benefits in which negotiators must understand the negotiating process and counterparty.

3.0 Literature Review

When corporate organisations meet to negotiate, it's understandable that everyone participating will be keenly focused on the topic of their conversations. What is maybe less obvious is the function and impact of the specific communication medium that may be used in this digital age (Editor EBR, 2020).

There is an existing case that discussed about a pharmaceutical company that is urged to source a material within a week (Shearwood, 2019). There is a lot of pressure to find a supplier, yet the only one available is in another nation. The contract is being negotiated by email, and the supplier is demanding a very high price. The procurement manager follows standard procedure and requests a reduction, but no counter-offers are forthcoming. Then, the negotiation process was conducted via video conference in which the supplier then agrees to lower his bargaining range to fall under the Zone of Possible Agreements (ZOPA) that falls between both party's reservation points which results in a win-win situation of both parties in the end.

Hence, negotiations can take several forms, including face-to-face, in a group, multilateral, with substantial multicultural aspects, and those in which modern communication technologies play a big role (Bloomberg, 2018). Negotiations are increasingly taking place online in businesses and other organisations as it explores the space and time despite distance between two parties. It generally, enhance the negotiation process in the ease of each parties while minimizing several costs which makes digitalized negotiation to be efficient in some ways (Editor EBR, 2020).

In this note, this paper observes the online negotiation process and the framework of social distance negotiation. The paper also explores the impacts of digitalization on negotiation, as well as the main biases that arise when they are used, as well as the negotiation strategies recommendations to achieve higher success.

3.1 The Online Negotiation Process

Online negotiation provides convenience, speed, and cost savings to negotiators and their companies. An executive receives more than 150 emails every day on average, covering everything from the most minor to the most serious concerns. Many people believe that their emails are not read thoroughly because of the frequent updating in the face of a large data flow, and they initially ascribe less to it (Shonk, 2020). As a result, trust is lower in the preparation phase of the negotiation and in the post-negotiation period than in face-to-face discussions, implying that long-term relationships are less likely. These decreased cooperation expectations are mostly due to a lack of nonverbal communication cues, such as movement, surroundings, touch, voice tone, and appearance, which establish the connection in the negotiation. The following examine the various stages of a negotiation process in light of the effects of digitalization and internet tools in their broadest meaning (Shearwood, 2019).

- 1) Approach: With the goal of speeding the process during the information sharing phase in attempt to understand the interests driving the other party while eliminating ambiguity, more and more negotiators are opting for phone conversations, video conferencing, or email or WhatsApp for shorter

information exchanges. However, the data is sent in an asynchronous fashion and could be inefficient. Hence, the negotiator must select the most appropriate communication channel based on the approach they wish to employ, as well as the one that best matches the stage of the process. If the goal is to demonstrate greater cordiality and gain the counterpart's trust, it's best to prioritise face-to-face or video conference negotiations, where the social distance is the shortest. On the other hand, if a competitive negotiation is aimed, negotiators are more likely to employ eminently logical reasoning in the presentation of data rather than emotional reasons. In this manner, attention is focused on the message, reactions are better managed, and a larger inclination to make ambitious proposals is documented.

- 2) **Contact:** It is critical to take use of the chances provided by various communication channels in every negotiation. If email will be used often, for example, it may be beneficial to have a face-to-face or video conference meeting before as it encourages loyalty and trust which directly influences the negotiation effectiveness. If a call is made, it is critical to determine when the negotiation should officially begin, which necessitates knowing where the other party will be at the time of the call. This is crucial to promote better result in gaining a good contact between both parties before the initiation of actual negotiation process.
- 3) **Exploratory phase:** In this phase, questions are asked in order to collect missing information or to compare it to what is already accessible. The goal is to decrease ambiguity and build the groundwork for a personal relationship that will serve as a foundation for the rest of the negotiating edifice. In the case of email, this step is frequently skipped, and it is normal to jump right into the launch of the opening offers, adding uncontrollable levels of danger. As a result, it is prudent not to pass up the opportunity to investigate the counterpart's interests.
- 4) **Choices and Concessions:** Since this counterpart is not visible and there are no social rules governing the discourse at this phase, some components of common decency may be overlooked, and replies may be rude, therefore careful care must be paid to how the message is understood. It is important to note that the medium is almost as important as the substance. Another factor to consider is the level of confidentiality necessary throughout the discussion. When typing in a document, for example, one has no idea who will get the message, or to whom it will be passed immediately, or whether the message will be utilised in future discussions, or even if it will be published. All of these factors appear to be self-evident, yet they are not always taken into account. Besides, just like regular negotiation one has to always recall the reservation point and the Zone of Possible Agreement which would allow efficient decision to be made.
- 5) **Closing:** Once the negotiation is closed, online negotiators' satisfaction with the outcome and performance is lower, with experience showing that the quality of the outcome and the opportunities to maximise the advantages are fewer than in a face-to-face negotiation. This is because the long-term relationship is not really preached in online negotiation. Besides, the use of electronic devices eliminates nonverbal communication signals and diminishes trust between

parties through the process, this will be amplified at the conclusion, which is already a highly competitive stage. As a result, one must enhance the parties' levels of self-control while also agreeing on strategies to reduce competitive tension when the time comes. This could prompt long-term relationship with parties as well as increase the success rate of future negotiations.

Hence, by referring to the online negotiation process, parties can aim to achieve a win-win negotiation beginning with a proper approach, contact, exploratory phase in accessing counterparty's interest, considering choices and concessions and finally to close the bargaining stage with a reduced competitive tension in encouraging good relationship.

3.2 The Framework of Social Distance Negotiation

Social distance is a factor to consider when selecting a medium. As mentioned, where the difference between the parties is negligible or near, as in a face-to-face negotiation, the vocabulary used would be more articulate. Conversely, if the gap between the parties is great, as it is for shared files, the level of contact would be significantly reduced (Shonk, 2020). According to a journal article published by Rao (2017), this is reason for social distance framework consideration as it broadens the knowledge of negotiators is choosing the right digitalized medium in negotiating. The figure below shows the framework of social distance.

Table 1 : Framework of social distance

Face to face	Video Conference	Voice call	E-mail/Text messages	Shared file
Contact, Body Language, Tone of Voice, Environment	Body Language, Tone of Voice, Environment	Tone of Voice	Written messages, Graphics, Images or Videos	Written messages, Graphics, Images or Videos
Social			Spatial	

Based on the framework above, several modes of negotiation have been classified in terms of its involvement and visibility aspects which include contact, language, tone of voice, environment, written messages and graphics, images or videos. Under each mode of negotiation which include face to face, video conference, voice call, email/text messages and shared file, the respective involvement and visibility has be categorised which allows negotiators to compare and choose the best option in terms of the negotiation aim on where to just win the negotiation or to social and also create a good term with counter party.

Thus, in the aim of creating good relationship, the mode of negotiation under social could be picked as the best option as it provides more visibility to counter party which could prompt loyalty and trust despite the negotiation win. On the other hand, with the direct aim of winning the bargain, one could first go with the spatial negotiation modes as it goes straight to the fact. However, in case of failure in reaching to a win agreement, one can then consider social mode of negotiation as it is more encouraged.

It is undeniable that the method of contact and engagement used has an effect on the efficiency of the negotiation and, as a result, the outcome. The success of the agreements is becoming increasingly dependent on technology and on the effect of

digitalisation it generates. Hence, by referring to the social distance framework, one has to pick the wise mode of negotiation in proportion to the aim.

4.0 The Impact of Digitalization in Negotiation

The digitalization and technology have obviously brought many benefits that could enhance a negotiation. However, space and time dimensions have collided on a single plane with new technical tools that are accelerating an unstoppable tide of digitalisation. Below is a figure to show the integration between space and time that influence the impact of digitalization in negotiation (Tasa et al., 2013).

Table 2 : The integration between space and time

	Same place	Different place
Same time	Face to face	Video conference, voice call, email/text messages
Different time	Shared files	Email/text messages, shared files

The table above shows the mode of negotiation in respective to space and time. Based on these modes, the ability of the medium to communicate with a greater or lesser degree of information, depending on the signals it includes, can be used to organise online communication channels according to the extent of expressivity that the language achieves in them. For instance, the contact is synchronised in face-to-face negotiations, phone calls, video conferences, and emails/text messages so the coordination between the two sides is synchronous. Conversely, communicating through email is asynchronous so one can respond later or whenever it is convenient.

Hence, according to Shearwood (2019), the impact of digitalization in same time and place negotiation include:

- i. The parties rely on direct and immediate contact as well as a variety of signals that enable them to quickly understand facts, recognise priorities, and respond to the offers made.
- ii. The confusion that all talks entails can be better handled than in other situations when the designated plan can be executed more efficiently by keeping all parties' reactions into account.
- iii. The establishment of degree of confidence required for a successful agreement could be attained through this which prompt an effective negotiation.
- iv. The interpretations tend to be more precise while reducing the likelihood of a disagreement, which may add a lot more noise to a win-win agreement.

However, according to Shearwood (2019), the impact of digitalization in same time, different place negotiation include:

- i. The lack of freshness and richness in which calls or video conferences may provide a sense of proximity with the other side.
- ii. The participants are not acquainted, the process would be on schedule.
- iii. It is not the best way to begin a negotiation, nor is it the best way to end one, particularly if there is a level of mistrust and confusion that physical presence would help to handle better.

On the other hand, according to Shearwood (2019), the impact of digitalization in different time, same place negotiation include:

- i. The occurrence of unsynchronized negotiation.

- ii. The lack on ambiguity in shared files could result in misinterpretation and conflict.
- iii. The providence of graphics, images and videos could however provide a better image on the negotiation idea and to engage in it.

Nevertheless, according to Shearwood (2019), the impact of digitalization in different time and place of negotiation include:

- i. Clear creation of idea with rational and deductive rigour while proper define on back-up claims. In email/text messages and shared file the information should be well elaborated to address the evidence and evidence that justify them to turn into an asset when it comes to negotiation.
- ii. The interpretation of communications of the other side often seems to be better because of the time and sequencing flexibility of the information shared.
- iii. It is a suitable atmosphere for contributing to the process of mutual interpretation of what is being agreed which include the production of packages and the parallel review of equivalent deals as the files may provide even informed details.

Just like how every negotiation has its respective influence and aspects, the digitalized negotiation has both in terms of either facilitation a negotiation or refraining a negotiation. However, with the proper study of online negotiation process, social distance framework and the space & time model, one can facilitate the negotiation in turning it to be a success in making sure that it falls under the Zone of Possible Agreement (Tasa et al., 2013).

5.0 Negotiation Strategies Recommendation

There are two common strategies in negotiation which include distributive strategy which focus on individual gain in which only one-party wins (Coburn, 2020). On the other hand, integrative strategy is a systemic analysis which focus on joint gain in which a win-win outcome in preached (Yuzov, 2020). It is more effective to seek integrative strategy in negotiation as it could enhance long-term relationship while increasing the positive gain of both party's negotiation aim (Coburn, 2020).

However, Thomas-Kilmann's Conflict Mode of Instrument (TKI) is the most often used indicator of conflict-resolution strategies. The TKI enables people to recognise the importance of their own conflict styles while also learning about the importance of other types (Psychometrics Canada, 2021). People who use the Thomas-Kilmann evaluation can focus on their strengths and develop on them.

Hence, below is the further explanation of the two effective strategies recommended in facilitating digitalized negotiation.

5.1 Adopting Integrative Strategy

Integrative strategy is a negotiation technique that is also known as (pie-expansion strategy) is a strategy for negotiating a mutually beneficial agreement by producing benefit for all parties involved (Yuzov, 2020). This methodology, often referred to as integrative bargaining, collaborative negotiation, or the generating value method, incorporates each negotiator in the problem-solving and decision-making process (Zhang et al., 2013). Participants that adopt this method work together to come up with mutually beneficial ideas.

Bridge solutions are preached under this strategy in stimulating creative thinking that could enhance both parties' long-term relationship (Yuzov, 2020).

Negotiators from opposite sides cooperate to develop new positions that connects their dissimilarity in order to obtain a bridge solution. For instance, finance wants to keep expenses low for a product marketing effort, while marketing team wants a huge budget to complete an innovative project. They collaborate to create a list of cost effective, innovative ideas that can boost participation. Then they make a choice as a group to pick the best option.

However, to make sure this strategy is effective in a digitalised negotiation, one should be clear about their interest and objectives. Through a digitalized platform negotiation, one should emphasise on the purpose and interest as well as to understand counterparty's purpose and interest to come up with a creative solution that could benefit both parties. This is highly crucial to make a negotiation success as negotiators high likely prefer winning over losing. Hence, a win-lose bargain should be avoided through digitalized bargaining and focus on mutual win-loss.

According to Zhang et al. (2013), there are obviously several benefits in using this strategy in a digitalized negotiation such as:

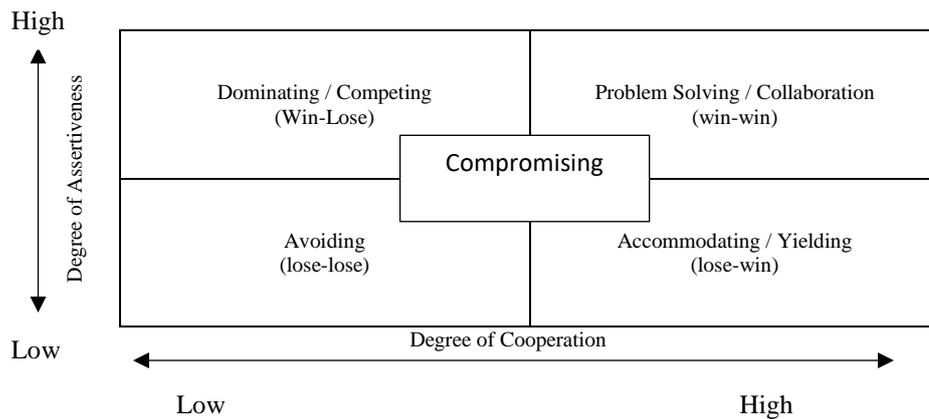
- i. It has the potential to improve the bargaining process. When employing integrative negotiation, each negotiator takes into account the wants and goals of the others in order to reach a mutually acceptable agreement. This technique does not generate an antagonistic climate since it is collaborative. Instead, it smooths the process of obtaining an agreement by limiting or avoiding disagreements between negotiators.
- ii. It has the potential to improve professional relationships. Integrative negotiation may strengthen the connection between negotiators by reducing disagreements throughout the process of achieving an agreement. Essentially, decision-makers believe that their interests and objectives were acknowledged by their peers after a successful negotiation. This improves the relationship between the parties and may lead to more future business possibilities and triumphs.

Hence, integrative negotiation strategy is an efficient strategy to be adopted by negotiators in bargaining through a digitalized platform in increasing the success rate in parallel to goals.

5.2 Acquiring Thomas-Kilmann's Conflict Mode of Instrument (TKI)

When choosing a course of action in a conflict scenario, the Thomas Kilmann model specifies two dimensions: assertiveness and cooperativeness (Walden University, 2021). The degree to which you endeavour to meet your own demands is referred to as assertiveness. The degree to which you strive to address the other person's issues is referred to as cooperativeness.

The TKI evaluation reveals a person's normal approach to conflict situations, which may be classified into one of five conflict-handling modes which include competing, accommodating, avoiding, collaborating, and compromising. Below is the figure of TKI in accordance to the degree of assertiveness against cooperation (Shell, 2001).

Figure 1 : **Thomas-Kilmann's Conflict Mode of Instrument (TKI)**

- i. **Competing:** Is abrasive and unwilling to cooperate. In this mode, you strive to meet your own needs at the expense of the other person. In this a win-lose situation is to be expected.
- ii. **Accommodating:** Is unassertive and willing to work with others. In this mode, you strive to meet the needs of the other person at the expense of your own. In this a lose-win situation is to be expected.
- iii. **Avoiding:** Is unassertive as well as uncooperative. In this strategy, you try to avoid the dispute by addressing neither of the parties' concerns. In this a lose-lose situation is to be expected.
- iv. **Collaborating:** Is assertive and cooperative at the same time. In this mode, you endeavour to come up with a win-win solution that fully addresses both parties' issues. In this a win-win situation is high likely to be expected.
- v. **Compromising:** Has a balance of assertiveness and cooperation. In this mode, you strive to come up with a workable solution that only partially addresses both parties' concerns. In this situation a middle ground is to be expected in which both parties experience partial win and lose.

By acquiring Thomas-Kilmann's Conflict Mode of Instrument (TKI), negotiators can relatively study the counterparty's degree of assertiveness and cooperation in determining the right approach to handle the conflicts in negotiations (Shell, 2001). This is because almost every negotiation goes through various conflicts in succeeding and so acquiring TKI would help negotiators in determining the right action according to the meet of one's demand and counterparty's issues.

Hence, this strategy would be effective in a digitalized bargaining process which could help the negotiators study the assertiveness and cooperation towards a win-win collaboration or at least to fall into a compromise. Collaboration is highly expected in every negotiation in solving joint problems and identifying counterparty's underlying concern. Upon brainstorming both parties' issues, concern and goal, one can aim for a win-win negotiation even through a digitalized platform such as video conference or mails (Shearwood, 2019). On the other hand, compromise is best suited for topics that are important enough to matter but not crucial to one. If the negotiator decides to use the compromise approach, it is important to make sure both parties take turns suffering

minimal expenses. If one person begins to do multiple favours in a sequence, it might cause resentment and even hatred. As a result, it's critical to ensure that one reciprocate each other's favours in a similar manner.

Nevertheless, by measuring the assertiveness and cooperation of both parties, a negotiation process could be conducted efficiently through digital platform while reducing the consumption of time and effort in a negotiation process.

6.0 Conclusion

In this conceptual writing, the role of digitalization in facilitating efficient negotiation is studied in relative to its background, the negotiation process and framework, impact of digitalization in negotiation and negotiation strategies recommendation. However, the rise of IT and digitalization had clearly influenced the negotiating process in general, particularly in terms of reaching an agreement on issues of mutual interest while maximising their own value.

The online negotiation process, could prompt both parties in achieving a win-win negotiation that begins with a proper approach, contact, an exploratory phase in ascertaining the counterparty's interests, consideration of options and concessions, and finally, a reduced competitive tension in encouraging good relationships to close the bargaining stage. Nevertheless, the framework of social distance negotiation has all been categorised as modalities of negotiation in terms of their engagement and visible elements such as contact, language, tone of voice, surroundings, textual communications and graphics, pictures or videos. The success of agreements is becoming increasingly reliant on technology and the effects of digitalization that it produces. As a result, using the social distance framework, one must select the most appropriate form of negotiation in proportion to the goal.

However, the impact of online negotiation has respective output according to the choice of mode based on the time and space consideration in relative to the degree of expressivity. Hence, the variance in time and space each provide relative impact to the negotiation.

The two effective negotiation strategies recommended are adopting integrative negotiation as it helps to improve negotiation process and relationships whereas acquiring Thomas-Kilmann's Conflict Mode of Instrument (TKI) helps to lower the time and effort spent in negotiation process through digital platform by assessing the assertiveness and cooperation of both parties.

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