Self-Fulfilling Prophecy in e-Negotiations:
Myth or Reality?

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ABSTRACT

The purpose of this study is to gain insight into the question of whether the phenomenon of self-fulfilling prophecy present in face-to-face interactions can also be identified in electronic negotiation processes. In a 2x2 experiment with 116 subjects the authors found that beliefs about both the climate (conflict intensity and social relationship) and the individual negotiation style with their particular impact on negotiation outcomes came true – irrespective of the controlled context variables or negotiation partner. They confirmed the dynamics of self-fulfilling prophecy in computer-based communication. Based on the authors' results they recommend that negotiators create a pleasant ambiance in order to support positive expectations and try to understand the partner's negotiation style in order to (re-)act appropriately.

Keywords: Agreement, Electronic Negotiations, Perception, Self-Evaluation, Self-Fulfilling Prophecy

INTRODUCTION

"If men define situations as real, they are real in their consequences." (Thomas, 1928, p. 572)

Actors react less to the objective reality of a specific situation but rather to the individual and perceived meaning. In other words, the subjective starting point is more influential upon an interaction than the objective variables of the interaction partner and the situation. This is true within and outside of organizations. This phenomenon was subsumed to the concept of self-fulfilling prophecy (SFP) by the sociologist Robert Merton in 1948. In his essay he explains the breakdown of the Last National Bank, which was a solvent institution at the beginning of a day. During the day people spread a rumour of a bank crash. The clients withdrew their deposits, and finally the bank collapsed. This phenomenon can be identified in different areas of everyday life. For example, teachers having information about the past performance of pupils tend to act differently based on their expecta-

tions, e.g., engage with "successful" pupils more often. In the long run, the "successful" pupils often showed enhanced learning even though the information about their performance was manipulated and not true, as demonstrated in a study by Eden and Shani (1982). Likewise, consider the placebo effects in medicine where inert medication may help a patient because she expects a therapeutic effect. With regard to interpersonal negotiations, research found that beliefs and expectations are significant determinants of success and profits (see, e.g., Huber & Neale, 1986).

In the examples and in literature SFP is a three-stage process. The first stage is a person's belief that a certain event will occur in the future. Thus, the first stage of the process-model comprises the elements of prognosis, expectancy and prediction. As a result of this expectation, the person is led to some new behaviour. This describes the second step of the model of SFP. In the third stage the expected event occurs – the prophecy is fulfilled. A prophecy is fulfilled if the prediction is a causal element in the chain of the events which have generated the result. SFP indicates that an event only occurs in a predicted manner because of the corresponding prediction and the resulting expectations of this prediction. Without the communication of the predictions the phenomenon of SFP would not occur, even though the behaviour in reference to this event may be unconscious and not intentional (Tauber, 1997). However, the likelihood of SFP is higher if a person tries to effectuate his or her own expectations (Jussim, 1990).

Currently the SFP concept is a widely recognized topic in everyday life based on extensive empirical research literature. Overviews are presented in the publications of Darley and Fazio (1980, p. 868) and Jussim (1986, p. 429, 2005). Indeed, there are multiple areas in which the effect of SFP has been identified. In the organizational context, the influence of SFP was found in management referring to an organizations' productivity (Eden, 1990), in high-potential programs in organizations related to future careers of the subjects (Larsen, 1998),

and in marketplace ups and downs (Sargent & Wallace, 1976).

Over the years, SFP has been reported to be a significant variable in the experimenter effect in general (Rosenthal, 1969), the placebo-effect in medicine and psychotherapy (Critelli & Neumann, 1984; Shapiro, 1971), teacher-expectations (Harris and Rosenthal, 1985), effects of mothers' beliefs about children's alcohol use (Madon, 2006), and the development of war and peace (Allport, 1950; Klineberg, 1984).

In the context of a negotiation expectations and attitudes have a significant impact on face-to-face negotiations as found in multiple studies (Rubin, Kim, & Peretz, 1990; Sullivan, O'Connor, & Burris, 2006). A meta-analysis by Harris and Rosenthal (1985), based on the four-factor theory by Rosenthal (1973), confirmed that individuals have different expectancies concerning a subsequent interaction (so called interpersonal expectancy effects) consisting of four dimensions: 1. The climate which refers to the socio-emotional atmosphere that a person tends to create for the interaction partner. Examples of this span range from warmth (positive climate) to emotional distance or hostility (negative climate). The climate can be communicated both verbally and nonverbally in face-to-face contacts. A positive/negative climate consists of general positive or negative attitudes, statements, or behaviors. 2. The feedback which includes praise, criticism, acceptance statements and ignoring behaviors. 3. The input of information and facts. 4. The output which refers to the offered opportunity to respond, such as asking questions.

The changes in information and communication technology have created an environment in which managers have to solve difficult situations and conflicts via e-mail, chat, or more sophisticated communication technologies in their daily business. The topic of expectations and personal attitudes of individuals negotiating electronically has thus far not attracted attention from research, although the significance of electronic interaction in organizations has increased substantially (Huang, Watson, & Tan,

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