
Why Negotiators Should Be on Social Networks



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The mere presence of a Facebook connection increases trust and forgiveness in negotiations.

Although social networks can mine people's data and invade personal privacy, the debate about potentially nefarious aspects of online platforms has not deterred most people from joining them. As it turns out, for all the mistrust surrounding social networks, they can increase their users' mutual trust levels and forgiveness, according to new research.

Social ties encourage “best behaviour” in negotiations. If there is a high likelihood you will encounter someone another time in the future, you will naturally be less inclined to deceive them. But since no human is perfect, “bad behaviour” may still happen, even if by mistake. Are people more forgiving when the culprit is a network friend? Ravi Bapna (University of Minnesota), Liangfei Qiu (University of Florida) and Sarah Rice (Texas A&M University) examined this question in their paper “**Repeated Interactions vs. Social Ties: Quantifying the Economic Value of Trust, Forgiveness, and Reputation Using a Field Experiment**”.

Earlier studies on the link between trust and social ties relied on questionnaires or self-reporting, methods prone to bias as answers may merely reflect what is socially desirable. Instead, the researchers conducted a natural experiment. They asked 200 Facebook users working or studying at a large US university to play an investment game involving real money.

Trusting our social network

Playing remotely, each pair of participants included a “sender” and a “receiver” of tokens. The senders were issued tokens and could choose to pass any amount to their partner, knowing that an experimenter would triple it. The receiver could then return part of the bonanza to the sender, building trust as the game went on. Since players didn’t know when the game would end, the temptation to “cheat” and keep all tokens (each representing a payoff of US\$1) increased as the stakes got higher.

It is worth emphasising that the researchers examined a specific kind of trust called “instrumental trust”. It is a calculative type of trust that comes with the full knowledge that it will be possible to reward or punish the person who is trusted. It has nothing to do with sheer kindness or altruism, or what researchers refer to as “intrinsic trust”.

Participants either played anonymously or were informed of the identity of their partner, in which case it was one of their Facebook friends. In addition, they were invited to play either a single game or repeated ones with that partner. To gauge the strength of social ties between a pair of players, the researchers tallied the number of their common friends, shared wall posts and photos in which both were tagged.

As expected, the level of trust was highest between partners who knew each other and played repeated games with one another. The second highest level of trust was seen between anonymous players who played repeatedly together. Trust was lowest among anonymous players who partnered only once.

More crucially, researchers found that the strength of social ties was closely linked to forgiveness, a critical element of negotiations. As we mentioned earlier, even when humans want to be cooperative, there will be instances when they may fail to be perfect trading partners, for a variety of reasons including the jitters. In game theory, the concept of the “trembling hand”, or accidental deviations from perfectly cooperative behaviour, represents the

inevitable mistakes bound to happen in any negotiation. Indeed, most “cheat moves” in the study were attributed to this trembling hand. When the gaming partners were aware of their social ties, they were less likely to retaliate.

How does this help a negotiator?

A novel finding of the study was that the mere presence of a Facebook social tie was sufficient to increase trust among participants and to influence their behaviour. Furthermore, the closer the social tie, the more participants were willing to look past any momentary lapse of cooperation. Researchers found that participants who had shared their partners’ Facebook posts or who were tagged in the same photos (thus indicating closer ties) were more forgiving than participants who merely had friends in common.

In 1973, a **highly cited study** by Mark Granovetter (Johns Hopkins University) revealed the “strength of weak ties”, suggesting that loose connections are more important than close ties for information diffusion (e.g. job hunting). While your close friends may be more willing to help, they also tend to possess the same information as you. They may thus be less useful than the people at the periphery of your network. Taken together, this study and the new one discussed above highlight the importance of having both strong and weak social ties. Strong ties enhance collaboration in repeat games (or negotiations), while weak ties boost information-gathering success.

Trust as defined in the gaming study is very similar to the concept of mutualism in **value negotiation**. Mutualism is based on the recognition by both parties that working together will help them achieve their own separate goals better than competing or going it alone. **Trust can arise later as the parties interact and learn more about each other’s behavioural patterns, values and intentions.**

In addition, the gaming study showed that when players with social ties showed forgiveness in the face of a “cheat move”, they deterred their counterpart from repeating it. As noted above, social ties inspire parties to give each other the benefit of the doubt in case of mistakes. Conversely, the absence of a social connection increases the risk that an accidental lack of cooperation be mistaken for an intentional cheat and ruin the negotiation. Social ties motivate people to protect their reputation as a trustworthy partner, which pays off in the long term.

Commercial applications

Companies negotiating sales of their products should note the importance of social ties in smoothing over transactions. For example, when Huawei Technologies released its new smartphone in 2014, it chose to use the popular social platform WeChat as its main channel for sales and customer communications. Other firms routinely advertise their products and services on Facebook and LinkedIn – or run contests to boost their “likes” and “followers” – as the resulting social proof may sway potential customers.

Given the demonstrated benefits of social ties, it seems wise to nurture relationships *before* you need something from someone. Hence, if you are part of a network or just joined one, it would be prudent to start forming social ties, even weak ones, with individuals who may help you or negotiate with you at a later stage. Build social ties up, down and sideways in your organisation and your business ecosystem so that you maximise the trust foundation that can facilitate your future negotiations.

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