



THE IMPACT OF DIGITAL COMMUNICATION ON THE EFFECTIVENESS OF BUSINESS NEGOTIATIONS

Srdjan Blagojevic

Higher Business School of Vocational Studies "Cacak", Belgrade, Serbia

Albina Kecman

Higher Business School of Vocational Studies "Cacak", Belgrade, Serbia



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Abstract

This paper explores the impact of digital communication on the effectiveness of business negotiations, emphasizing its advantages, challenges, and strategies for optimization. Digital platforms, such as Zoom, Microsoft Teams, and email, have transformed negotiations by overcoming geographical and logistical barriers, enabling time and cost savings, facilitating asynchronous communication, and promoting greater inclusivity. However, challenges such as reduced nonverbal cues, technical issues, cultural misunderstandings, and limited emotional connection can impede negotiation outcomes. Using descriptive scientific methods, including analysis, synthesis, induction, and deduction, the study integrates findings from literature and case studies to propose practical strategies. These include establishing clear communication protocols, prioritizing video calls, training staff on cultural sensitivity, combining synchronous and asynchronous channels, and leveraging emerging technologies such as artificial intelligence and virtual reality. The paper concludes that while digital communication offers significant opportunities, careful management of its limitations is crucial to maximizing the effectiveness of negotiation, with further research needed on cultural influences, AI applications, and long-term effects on business relationships.

Keywords: Digital Communication, Business Negotiations, Digital Platforms, Cultural Differences.

Address of the corresponding author:

Srdjan Blagojevic

 srdjan@hotmail.ca

1 INTRODUCTION

In the contemporary business environment, digital communication has become a cornerstone of business negotiations, enabling organizations to overcome geographical, temporal, and logistical



barriers. Platforms such as Zoom, Microsoft Teams, email, and instant messaging applications like Slack facilitate rapid and efficient information exchange, thereby altering the dynamics of negotiation. While traditional face-to-face negotiations offer a wealth of nonverbal cues and emotional manifestation, digital channels introduce flexibility but also challenges such as reduced trust, technical issues, and misunderstandings due to limited nonverbal communication (Gelfand & Brett, 2004). This paper examines the impact of digital communication on the effectiveness of business negotiations, highlighting its benefits, challenges, and strategies for enhancing the negotiation process.

The paper aims to provide a comprehensive insight into the impact of digital tools and applications on business negotiations, comparing them with traditional methods and identifying factors that contribute to or hinder communication effectiveness. Special attention is given to the cultural, psychological, and technical aspects of negotiations using digital communication, as well as the potential of emerging technologies, such as artificial intelligence and virtual reality, to enhance business effectiveness. By examining relevant literature and real-world case studies, this paper aims to provide actionable insights and strategic guidance for negotiators navigating the digital era.

2 RESEARCH METHODS

This paper employs descriptive scientific methods, including analysis, synthesis, induction, and deduction. Analysis was conducted to understand the complex aspects of digital communication, including its impact on nonverbal cues and emotions during negotiations. Synthesis was used to integrate findings from various sources, including scientific articles, books, and case studies, to form a coherent picture of the topic (Thompson, 2021). An inductive approach enabled the derivation of general conclusions based on specific examples, such as successful digital negotiations in global companies. Deduction was used to apply theoretical frameworks, such as negotiation principles from the literature to practical situations in a digital context.

The literature review encompasses a wide range of sources, from classic works on negotiation to contemporary studies on digital technologies, providing a solid foundation for analysis.

3 DIGITAL COMMUNICATION: TRANSFORMING THE NEGOTIATION PROCESS

Digital communication has enabled business negotiators to overcome traditional limitations, such as the need for physical presence and time-consuming traveling. Applications like Zoom and Microsoft Teams allow for instant meeting organization, regardless of participants' geographical distance. For instance, global companies such as IBM and Deloitte frequently utilize virtual platforms for discussions with clients and negotiations with partners, thereby saving significant costs and time (Fisher, 1981). This flexibility enables the inclusion of more diverse teams, including experts who might not be able to attend physical meetings, contributing to better business decisions.

However, negotiations using digital platforms are not without challenges. The lack of nonverbal cues, such as body language, facial expressions, and tone of voice, can significantly affect the understanding of intentions and emotions (Gelfand & Brett, 2004). For instance, a case study on negotiations between an American and a Japanese company showed that misunderstandings arose due to the inability of video calls to fully convey subtle signals stemming from different cultural customs, such as pauses in a speech that Japanese negotiators often use to express respect. Technical issues, such as interrupted connections or poor audio quality, further complicate the process, frequently causing frustration and even disrupting the flow of negotiations.

Additionally, digital communication can lead to misperceptions of authority and power. In traditional negotiations, physical presence and spatial dynamics (e.g., seating arrangements) often play a role in presenting hierarchy. In a digital environment, these signals are less prominent,

which can lead to a more egalitarian but sometimes less structured dialogue. This can be an advantage in collaborative negotiations but may be confusing in situations where a clear hierarchy is important (Kolb, 2015).

4 ADVANTAGES OF DIGITAL COMMUNICATION

Digital communication brings a range of advantages that significantly enhance the effectiveness of business negotiations. Time and cost savings are substantial. Virtual meetings eliminate the need for travel, enabling faster decision-making and reducing logistical costs (Lewicki, 2024). For example, a study on global supply chains showed that companies using digital platforms for negotiations with suppliers reduced coordination costs by 30% compared to those using traditional methods.

The ability to record and archive meetings improves project tracking. Platforms like Zoom allow negotiators to record discussions, facilitating follow-up and reducing the risk of misunderstandings. This is particularly useful in complex negotiations involving numerous details, such as partnership agreements or company mergers and integrations.

Digital communication also enables asynchronous information exchange, which can be crucial in negotiations between parties in different time zones. Email and applications like Trello or Asana allow negotiators to send and review messages at their convenience, reducing pressure on employees (Patton, 1999). This facilitates better-prepared and more thoughtful responses, enhancing the quality of agreements while minimizing the risk of future issues or questions.

Ultimately, digital tools facilitate broader participation, allowing experts from diverse fields to contribute seamlessly to the negotiation process. For example, in negotiations about a technical project, engineers, lawyers, and financial analysts can easily join via video calls, providing diverse perspectives and reducing the risk of overlooking key details. This inclusivity can lead to more innovative solutions and stronger partnerships.

5 CHALLENGES OF DIGITAL COMMUNICATION

Despite its numerous advantages, digital communication presents significant challenges that may undermine the effectiveness of negotiations. One of the most pressing issues is the markedly diminished emotional connection. The absence of physical presence complicates the process of building trust, which is fundamental to negotiations involving collaboration or conflict resolution—especially in cultural contexts where interpersonal rapport plays a critical role in decision-making (Ury, 1999). For instance, a study on virtual negotiations between European and Asian companies found that participants frequently perceived a lack of empathy in digital interactions, which consequently prolonged negotiations and led to less favorable outcomes. (Gelfand & Brett, 2004).

Ambiguous communication is also possible and poses a potential for misunderstandings. Text-based communication, such as email or messaging, is prone to misinterpretation due to the absence of nonverbal cues and emotional context (tone or intent). For instance, a hastily written message may appear overly direct or even offensive, despite the sender's intentions (Thompson, 2021). This is particularly problematic in negotiations involving participants from different cultures, where varying communication norms can lead to misunderstanding.

Technical issues present an additional obstacle. Disrupted connections, poor audio quality, or faulty equipment can interrupt the flow of negotiations, causing frustration and loss of focus. For example, during negotiations, technical problems can create an impression of unprofessionalism, which may undermine trust between parties. These issues require greater attention to preparation, equipment testing, and securing backup communication channels.

Psychological factors also play a significant role in digital communication. Such negotiations can evoke feelings of isolation or reduced motivation, especially if meetings are prolonged or participants are not fully engaged. The difference lies in whether the negotiator's income depends on the outcome or

if that is not their primary motivation. This phenomenon, referred to as 'Zoom fatigue,' became widespread during the COVID-19 pandemic when virtual meetings became increasingly intensive. This diminishes negotiators' focus, leading to unproductive discussions.

6 STRATEGIES FOR ENHANCING EFFECTIVENESS

To overcome the challenges posed by digital communication, negotiators can adopt a range of strategies, including:

- *Establishing clear communication rules at the start of negotiations.* This is crucial for avoiding misunderstandings. It involves agreeing on the use of specific tools (e.g., Zoom for meetings and email for formal proposals) and protocols for addressing technical issues, such as switching to an alternative platform in case of failure (Zartman, 2007).
- *Using video calls instead of relying solely on text-based communication.* This can help preserve nonverbal cues. While video calls cannot fully replace physical presence, they enable participants to see each other's facial expressions and gestures, which aids in building trust (Ury, 1999). For example, companies like Google use video calls for partnership negotiations and training employees to maximize visual and verbal communication.
- *Training employees on the use of digital tools and understanding cultural differences.* Cultural sensitivity is crucial in international negotiations, where different norms can affect message perception. For instance, in some cultures, such as Japanese, a pause during conversation may signal respect, while in Western cultures, it may be interpreted as uncertainty (Gelfand & Brett, 2004). For example, companies like Meta are developing VR-based collaboration tools for business meetings, which could transform the way professionals interact in the future.
- *Combining synchronous and asynchronous communication channels.* This increases flexibility. Participants can use video calls for critical discussions, while email should be used

for exchanging contract drafts or detailed proposals. This strategy enables negotiators to tailor their approach to specific needs, reducing pressure for immediate responses and ultimately leading to better preparation (Malhotra, 2020).

- *Investing in new technologies.* Platforms using artificial intelligence, such as tools for tone analysis or real-time automatic translation, can help overcome linguistic and emotional barriers. Augmented reality (AR) and virtual reality (VR) also offer the potential for realistic virtual meetings, where participants can simulate physical presence. For example, companies like Meta are developing virtual reality solutions for business meetings, which could revolutionize future collaboration.
- Culture shapes negotiation processes and outcomes by influencing how negotiators perceive interests, power, and acceptable behaviors. (Gelfand & Brett, 2004).
- Effective global negotiation strategies require leaders to adapt their approaches to diverse cultural norms while maintaining a focus on mutual value creation. (Saeed, 2008).

Finally, organizations should establish regular evaluations of their digital communication and negotiation policies, with an emphasis on corporate information security. This may include feedback from participants, analysis of negotiation performance, and identification of areas for improvement. For instance, companies can use anonymous post-communication surveys to determine whether technical or communication issues affect outcomes.

7 CASE: BUSINESS NEGOTIATION AT DM DROGERIE D.O.O.

The work of Sara Vrbat (2021) provides a comprehensive analysis of the role of successful business negotiation, using DM Drogerie d.o.o.'s operations in Croatia as a case study. As one of the leading retail chains, DM prioritizes the development of its employees' negotiation skills to achieve optimal business outcomes amid intensifying market competition. This case study provides insight into how a strategic approach to

negotiation can contribute to a company's success, with a particular emphasis on the flexibility of negotiation strategies in a hybrid environment.

DM Drogerie d.o.o. in Croatia has established a negotiation principle based on the individual contributions of each organizational unit. According to the study, every department within the company, from procurement to marketing, conducts independent negotiations with suppliers, partners, and other departments. These negotiations aim to secure the best possible terms, whether related to prices, delivery timelines, or collaboration conditions. The key element of success lies in the employee's ability to adapt their negotiation strategies to specific needs.

For example, the procurement department negotiates with suppliers to secure competitive prices and required delivery timelines. These negotiations require a combination of analytical skills, including assessing market trends and costs, and interpersonal skills, such as building trust with business partners. On the other hand, the marketing department may negotiate with media houses or influencers regarding advertising terms, which requires a different approach focused on creativity and distinctiveness.

Flexibility is a fundamental element of DM's negotiation strategy. Although the study does not explicitly mention a hybrid environment, it emphasizes the importance of adapting to different communication channels and contexts. This flexibility allows employees to conduct negotiations effectively, whether in person, via email, or through digital platforms such as video calls.

Successful negotiation at DM also requires technical readiness, and the company invests in providing the necessary technological tools, such as reliable internet connections, high-quality webcams, and video conferencing software, as well as employee training.

8 CONCLUSIONS

Digital communication has profoundly transformed business negotiations, bringing unprecedented

flexibility, resource savings, and global connectivity. Advantages such as reduced costs, asynchronous negotiation, and inclusivity enable organizations to manage complex business relationships more efficiently. However, challenges such as reduced emotional connection, misunderstandings due to text-based communication, technical difficulties, and psychological factors like digital communication fatigue (e.g., Zoom communication fatigue) require careful management.

To overcome these challenges, several strategies can be implemented. Clear communication protocols, video conferencing, and cultural sensitivity training help bridge gaps in digital negotiations. Additionally, combining synchronous and asynchronous channels, along with investments in emerging technologies, ensures greater efficiency and adaptability in the negotiation process. It is imperative to invest in developing tools that enhance emotional and nonverbal communication, such as AI and VR platforms, which have the potential to bridge the gap between digital and traditional.

Future research should focus on several key areas: First, further study of the impact of cultural differences on digital negotiations, particularly in the context of new technologies, is needed. Second, research should explore how AI tools can improve the analysis of emotions and tone in negotiations. Third, it is essential to examine the long-term implications of utilizing digital platforms in business negotiations, with a particular emphasis on factors such as trust and loyalty. In conclusion, organizations should establish standardized frameworks for training negotiators in digital environments, ensuring they are adequately equipped to handle future challenges.

As digital communication continues to shape the business world, the human element—trust, empathy, and collaboration—remains the core of every successful negotiation. By combining technological innovations with a strategic approach, negotiators can harness the full potential of digital platforms while preserving the key aspects of human communication.

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