Chapter 5.5
The Effect of Level of Negotiation Support Systems and Cultural Diversity on Coalition Formation:
A Content Analysis

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ABSTRACT

This article is an attempt to investigate the role of negotiation support systems (NSSs) in supporting inter-team negotiations, which have become commonplace for today's business negotiations. Inter-team negotiations differ from simple dyadic negotiations, and are associated with enormous complexity introduced by the negotiating team dynamics. When there are three or more members in a negotiating team, coalition formation by team members stands out as an intriguing phenomenon, of which cultural diversity is a primary antecedent. NSSs through altering coalition formation dynamics have important impacts on various negotiation outcomes. An experiment was conducted to test our research model and hypotheses. A content analysis was undertaken to measure the extent of coalition formation. Besides the quantitative approach, a qualitative analysis was also conducted to further enhance our exploratory efforts in examining the phenomenon. The results provide initial evidence of the usefulness of NSSs in supporting inter-team negotiations and have both theoretical and practical implications.

INTRODUCTION

Negotiation has been treated as persuasive social processes, involving dyads, small groups, organizations, or governments in an attempt to "define or redefine the terms of their interdependence" (Walton & McKersie, 1965, p. 3). Much research on cognitive and social processes of negotiation has been conducted in the context of dyadic interpersonal negotiations. However, today's organizations are increasingly relying on teams as the prevalent mode for negotiations. In line with Lewicki, Saunders, Minton, and Barry (2003), we adopt the term *inter-team negotiation* to describe the situations where two or more co-negotiators sharing interests and priorities negotiate with two or more co-negotiators on the other side who share their own interests and priorities. A few negotiation researchers have looked into inter-team negotiations (see Lewicki et al., 2003 for a review). Nonetheless, there is an absence of the examination into the *intra*-team dynamics, which constitute an important level of analysis in the study of inter-team negotiations. When there are three or more members in a negotiating team, the phenomenon of coalition formation could easily arise. In terms of group structure, coalition formation can be seen as a step upward from individual controls to integrated preferences, which if consistently occurs between a subset of members, is conceivably detrimental to the inter-team negotiation process and outcomes.

Negotiations are seen as complex, ill-structured, and evolving tasks that require sophisticated decision support. NSSs have thus been materialized as a special class of group support systems catered towards bargaining, consensus seeking, and conflict resolution (Bui, Jelassi, & Shakun, 1992). As NSSs have been mostly studied in dyadic interpersonal settings, it is necessary to examine their potential in supporting inter-*team* negotiations. An array of research issues would need to be addressed. Among these, coalition formation is a phenomenon unique to the team

setting. This article focuses on how NSSs alter the extent of coalition formation in a negotiating team and in turn impact upon various negotiation outcomes.

Globalization has increased cultural diversity in organizations. Diverse culture introduces diverse perspectives that are conducive to organizational innovation. Notwithstanding the previous, cultural diversity also introduces anxieties and conflicts. Cultural differences in negotiation have received considerable attention from researchers. However, cultural diversity and its consequences for inter-team negotiation have not yet been explored. We posit that cultural diversity in a negotiating team has a profound impact on the extent of coalition formation. Such postulation will be examined theoretically and empirically in this article.

CONCEPTUAL BACKGROUND

Coalition Formation

A coalition is defined as two or more parties who cooperate to obtain a mutually desired outcome that satisfies the interests of the coalition rather than those of the entire group within which it is embedded (Murnighan, 1986). Lau and Murnighan (1998) posit that faultlines and coalition formation are closely connected. Group faultlines can be conceived as hypothetical dividing lines that may split a group into subgroups based on one or more attributes. Depending on the similarity and saliency of group members' attributes, groups may have many potential faultlines, each of which may activate or increase the potential for particular subgroupings. Lau and Murnighan suggest that task characteristics moderate how faultlines exaggerate or mitigate subgroup formations; especially at early stages of group development, task type may exacerbate perceived differences among subgroups.

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