

## EXERCISE 17

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# Coalition Bargaining

### INTRODUCTION

The word *coalition* may be loosely defined as a group of individuals or subgroups who assemble to *collectively* exert influence on another group or individual. In an environment where there are many individuals, there are often many different points of view. Each individual views things differently, and each individual would like to have the “system” represent his or her views. In a dictatorship, the system usually represents the views of the dictator; but in a democratic environment, the views that are represented are usually those of a subgroup who have agreed to work together and collectively support one another’s views in exchange for having a stronger impact on the system than each individual could have alone. Many of us are familiar with the work of coalitions. The patterns of influence in national politics, governments, and communities provide us with some excellent examples. Whether it be the coalitions that are formed along traditional party ties (Democrats or Republicans) or along the concerns of special interest groups (Common Cause, the Sierra Club, the AFL-CIO, the National Rifle Association, the National Organization for Women, or hundreds of others), each group is attempting to influence the direction of the larger system by effectively pooling its resources, working together as a team, and persuading those who have control of the current system.

Coalitions are a *common* phenomenon in organizations as well. The 1990s have seen a significant emergence of coalitions in the business sector. In earlier times, these may have been no more than cooperative agreements and licensing between companies, or efforts to work together to influence political and economic policy. But the demands for increased competitiveness in the 1990s have spawned a significant number of mergers, partnerships, and strategic alliances between companies, as they attempt to remain competitive in the international marketplace or move into new markets, product lines, and spin-off businesses. Organizations are a complex web of cross-pressures among various subgroups, each one striving to have its own priorities adopted as the primary

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Adapted from Roy J. Lewicki and Joseph Litterer, *Negotiation: Readings, Exercises and Cases*, 1st ed., (Homewood, IL: Richard D. Irwin, 1985) and from Donald D. Bowen, Roy J. Lewicki, D. T. Hall, and F. Hall, *Experiences in Management and Organizational Behavior*, 2nd and 4th eds., (New York: John Wiley, 1996). Copyright © 1981 by John Wiley & Sons, Inc. Reprinted by permission of John Wiley & Sons, Inc.

goals of the total organization. Those who are initiating and leading these efforts must have excellent strategic skills to assess the “power dynamics” that each party brings to this game and sophisticated negotiating skills to forge and manage the relationships between the parties.

The purpose of this exercise is to help you understand the different sources and expressions of power, or *leverage*, that individuals and groups can use in multiparty decision making. In this exercise, you will see people use power and influence in a variety of different ways. See if you can determine what kind of power is being used, and how effective it is at gaining the other’s compliance or cooperation. In addition, this exercise will help you explore the dynamics of trust and cooperation in a strongly competitive situation.

## RULES OF THE GAME

### Objective

To form a coalition with another team, in order to divide the stake. The coalition must also decide on a way of dividing the stake so as to satisfy both parties.

### The Stake

Each team has *unequal* resources. In spite of the fact that you each contributed \$1.00, you will receive a different stake, depending on the coalition you form. The following table should be filled in with information provided by the group leader (the individual payoffs are determined by the number of participants in the activity):

If an AB coalition forms, it will receive a stake of \$\_\_\_\_\_.

If an AC coalition forms, it will receive a stake of \$\_\_\_\_\_.

If a BC coalition forms, it will receive a stake of \$\_\_\_\_\_.

### The Strategy

Each team will meet separately to develop a strategy before the negotiations. You should also select a negotiator.

### Rules for Negotiation

1. All members on a team may be present for negotiations; however, only the negotiator may speak.
2. Notes may be passed to negotiators if desired.
3. A team may change its negotiator between conversations.
4. At the termination of the game, the stake will be allocated only if a coalition has been formed.
5. Only one formal coalition is permitted.

6. A coalition will be recognized by the group leader only if (a) no two teams are permitted to receive the same amount of money, and (b) neither team in the coalition is allowed to receive zero.
7. If no coalition is reached, no funds are allocated.
8. Negotiations will be conducted in the following fixed order, and for the following fixed periods of time:

<i>Order of Negotiation</i>	<i>Time for First Round of Negotiation</i>	<i>Time for Second and Third Rounds of Negotiation</i>
Teams A and B	5 minutes	4 minutes
Teams A and C	5 minutes	4 minutes
Teams B and C	5 minutes	4 minutes

9. The team *not* in negotiations—that is, while the other two teams are negotiating—must leave the negotiation room. Other members of the companies who are *not* in the negotiating teams may not speak with any of the negotiators.
10. There cannot be any conversation between team members and observers at any time.

### Valid Coalitions

1. A coalition will be recognized by the group leader only if (a) no teams are permitted to receive the same amount of money, and (b) neither team in the coalition is allowed to receive zero.
2. After negotiations, all three teams are given the opportunity to submit a written statement in the following form: “Team X has a coalition with Team Y, whereby Team X gets \$X.xx and Y gets \$Y.yy.” When written statements meeting the above requirements from any two teams agree, a valid coalition has been formed.

### END OF THE GAME

The group leader will ask each team to meet separately, and to submit a ballot stating the coalition that they believe was formed. A blank ballot may be distributed by the referee, or should be written on a blank sheet of paper, in the following format:

Team (your team) has a coalition with Team \_\_\_\_\_, whereby Team \_\_\_\_\_ receives \_\_\_\_\_ (dollars or points) and Team \_\_\_\_\_ receives \_\_\_\_\_ (dollars or points).

Put your own team letter (A, B, or C) on the ballot.

Each team brings its written statement to the negotiating room. The group leader will announce whether a valid coalition has been formed (two ballots agree); the money is then distributed as specified on the ballots. If a coalition has not been formed, or if the coalition that has formed does not use up all of the initial stake, a problem will arise as to what to do with the funds.