

Group Support for Negotiating Change in a Global, Highly Politicized Inter-Organizational Network

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Abstract

The combined effects of information technology, deregulation and privatization are bringing about a fundamental change in the relationship between travel agents and airlines. Both parties need to develop a new basis for cooperation in order to redefine their contractual relationships in the face of a changing distribution infrastructure. In this research, GroupSystems™ was used together with other problem structuring techniques such as Nominal Group Technique, Causal Loop Diagramming and Electronic Workbooks to construct a qualitative system dynamics model of the rising tension in the relationship between airlines and agents. This was used to support an inter organizational network negotiation process. Following an analysis of electronic and face-to-face group meetings, this paper concludes with insights into the optimal mix of collaborative techniques required to support global and highly politicized inter organizational network negotiations.

1. Introduction

Group Model Building is conceptualized as a means of creating shared understanding of a problem in order to generate some form joint action. The use of electronic group meetings in order to facilitate the creation of shared mental models has also been prevalent in the work of Ackermann and Eden [1]. Taken a step further it is a tool to facilitate the learning process within the organization. Senge and Sterman [18], suggest that mapping mental models involve the explication and sharing of the managers' assumptions. Their context of modeling has to do with the development and improvement of the mental models to be used for strategic management. The challenge is to help decision-makers to re-conceptualize complex issues, design better operating procedures and guide organization-wide learning.

Verbraeck and de Vreede [20] use simulation models to support problem-solving processes and to analyze the effects of options for change. They view a model as a translation of the model builder's perception of reality. The main purpose of developing a model is to communicate knowledge of the key aspects of reality while at the same time maintaining a repository of the knowledge contained

within the model and studying this from different perspectives. In other words to create and keep a group memory running based on the input of the group [4,16].

When creating shared mental models, it is necessary to consider the phase at which decision making takes place when considering the effectiveness of electronically supported group meetings. De Vreede and de Bruijn [21] suggest that electronically supported groups go through an orientation phase, a separation phase resulting in winners and losers and a package deal phase whereby the losers are left aside and winners arrive at a result.

Relatively little attention has been paid to the fact that in practice a mix of methods, technologies and alternating virtual and face-to-face meetings is commonly used to accommodate the specific needs of the different phases in aforementioned process [13,14]. Additionally, Qureshi et. al. [15] identifies socio-cognitive conflict to be an important factor affecting the creation of shared mental models in electronically supported teams. They suggest that once socially represented, socio-cognitive conflict brings about learning. This may increase the effectiveness of the electronically supported group processes. Methodologies that may be employed to structure conflict are, for instance, dialectical inquiry or devil's advocate.

Two of the key assumptions [21] underlying GSS applications are that (1) meeting processes should be rational and (2) people are cooperative by nature with regard to furthering the process. Both assumptions seem to inhibit the use of conflict oriented approaches when using GSS applications. Furthermore, facilitator experience is also considered a key factor in affecting the success of electronic group meetings [12,19]. However, the more experienced a facilitator the more assumptions become tacit and it is likely that a preference for meetings aimed at achieving consensus will be chosen.

These observations have influenced a number of virtual and face-to-face meetings carried out in this study. The purpose of this paper is to uncover the group processes that took place as a response to the use of Group Model Building and associated facilitation techniques, in an inter organizational network negotiation process.

The negotiations at the group level are part of an embedded case study [22] that aims to link different variables at different levels of reality. Based on

preliminary interviews and the outcomes of the group facilitation a model is deduced and confronted with theory with the aim of constructing an empirically and theoretically grounded model that can be quantitatively tested. The paper concludes with insights into the value of the Group Model Building and Group Support Systems combined with other collaborative techniques to support an inter-organizational network negotiation process.

2. Research Setting

The distribution system for international travel is part of the International Air Transport Association (IATA). The organization represents the interests of the airlines. It constitutes a global¹ network connecting, approximately, 100,000 travel agents and 270 airlines. The network and processing the distribution of tickets and revenues derived therefrom are its three main reasons for existence. The airlines have integrated distribution into their value chain by locking their main partners in an a-symmetrical principal-agent relationship and control is exercised through a political governance mechanism. This governance mechanism is called the Passenger Agency Conference (PACConf) and it needs to decide unanimously.

Giving every airline a right to veto any proposal that runs counter to its interest. Inertia and slow reactions to exogenous change are the rule rather than the exception. The rules, coming forth from this PACConf, to which both parties have to adhere, are laid down in the Passenger Sales Agency Agreement (PSAA) in the form of resolutions. The PSAA is part of the Agency Program. Which is largely a legislative framework stipulating minimum requirements that agents and airlines must perform vis-à-vis one another. The minimum requirements are laid down in resolutions and cover administrative, economic and other formal aspects of the airline-agency relationship. Adjustments to local or regional idiosyncrasies are laid down in the Sales Agency Rules. Consider the PSAA the constitution of the 'airline-nation'. Resolutions are amendments and Sales Agency Rules, federal laws. The PSAA further specifies the network of contractual relationships and regulations IATA maintains on behalf of the airlines with agents. It details the technical operations agents have to perform and the resources they have to possess in order to be allowed to operate for the global airline community.

From a product based or industrial logic, prevalent in the '40s and '50s of the last century, a principal-agent agreement made sense. In an economy where services and information are the main engines of growth and

change and change is more rapid and profound value-chain logic for highly commoditized articles like tickets does not hold. Direct exchange via the market is more logical. The Internet has made this direct exchange possible. If the market is chosen as the governance mechanism of the relationship and agents should earn their living by adding service fees then it is logical to change the relationship from a principal agent one into a supplier-merchant one.

The organizational transformation of the distribution system, from a vertically integrated administrative unit within IATA to a firm that has to provide services for agents as well as airlines, is embedded in this larger transformation. At the same time the organizational transformation and global changes are causes of increasing tension in the relationship between airlines and agents. The International Distribution System (IDS) must maintain good relationships with airlines, agents and other 3rd party suppliers who want and do increasingly make use of the network such as car-rental companies and hotels. Ideally, management has to ensure that all organizations they provide services for are effectively committed in order to reap maximum benefit of the transformation in terms of performance [11]. This reinforces the notion that vertical integration as a means to control the value chain. The value chain will increasingly be controlled through the management of a network of a diverse set of distinct relationships. Changes in the environment and the organizational transformation are treated as contextual factors impinging on the redefinition of the relationship.

In this paper, we redefine the relationship. This is because the attempt to rejuvenate the relationship between travel agents and airlines is seen to be of paramount importance. If the transformation of the relationship between agents and the IDS fails, the whole transformation will fail. Good relationships, contractually defined or not, are important pre-requisites for performance of individual businesses and allows for capitalization of the relationship [15].

The relationship between agents and airlines has been the subject of debate since the inception of the Agency Program (AP). For a number of reasons, the tension is structural and therefore hard to change. The cause of this is structural, as follows:

- Institutionalized power imbalance (PACConf in its current form).
- Interdependency of both parties (airlines and agents are bound together because both parties derive their main income from selling tickets).
- There is no real alternative distribution system (agents and airlines are linked whether they like it or not).
- The AP and PSAA set global standards. An optimal fit between local conditions and rules is thus hard to establish.

¹ The only country not participating is the USA which has its own distribution system the Airline Reporting Corporation and governance mechanism in the form of IATAN.

In addition to these structural causes, the situation was aggravated when interlining agreements caused an open market. This forced the airlines to use Revenue Management Systems and complex fare structures. In addition, the privatization of airlines forced the airlines to shift their attention from satisfying their stakeholders to satisfying their shareholders. Taken together these reasons led to a cost-cutting focus in which control over the value creating process is imperative in order to give shareholders more dividends. The result was a short-term view and a sole focus on profitability measured in financial terms. Hinthorne [10] concludes that airlines have accordingly developed a management style characterized by a pragmatic attitude and a focus on short-term (financial) gains.

Then environmental variables in the form of information technology (WWW) and deregulation kicked in. An unintended consequence of the regulators was that deregulation legitimized commission cuts while it did not dismantle or change the rules the agents had to abide by. The cuts themselves together with the way in which they were introduced increased tension substantially. In addition, direct marketing has meant that agents are still caught in a principal-agent relationship as competitors and collaborators. Given these changes, a co-operative attitude between all parties concerned is something IATA would do well to bring about. IATA is one of the main actors who will benefit directly from a better relationship between its two main customers.

2.1 Research Approach

People select information that confirms their beliefs. Disconfirmatory evidence is neglected. Every person has a unique history and therefore a unique set of information filters in the form of an already existing set of ideas and opinions. In addition to the bias in information selection: "... humans employ a large number of simplifying heuristics to process information. ... for instance by ignoring potential dynamic effects of selected strategies." [19]. People can actively create their own models of reality. Consequently the interventionist is typically confronted with a situation in which the participants of a group all possess their own (limited) model of reality [3,17 in: 19].

In this research group model building is used not to build the model of the system. This process is used to get a group engaged in building a system dynamics model of a problem. This serves to illustrate the extent that an understanding of the problem has increased and to devise courses of action to which team members feel committed [19]. In this research, building a system dynamics model of the increase in tension in the relationship was used to elicit and share mental models in group and individual interviews. The exchange of the models and communication about them was intended to initiate

learning about the relationship. The use of Group Model Building aimed to give individual members the insights that would allow them to rise above their individual (organizationally biased) level where people tend to think in simple causal chains rather than networks of related variables. The construction of a qualitative model that represented the views of all team members involved (i.e. the group memory) was considered to be helpful, during the face-to-face meetings, to remain focussed and defuse conflict.

2.2 The Step-by-step Project Plan

May 1999: Content analysis IATA documents & additional literature was used to prepare background report. This involved constructing a (group-) interview method.

June, July: Literature review & Content Analysis, Causal Loop Diagrams (CLD) and Nominal Group Technique (NGT) were used to prepare a background report, carry out expert and team member interviews and facilitate group interviews. The background report was sent out as Workbook I. Data to construct CLDs for mental model building was collected through interviews. This is illustrated in table 1.

Interviews agents	Countries	No
London	Canada, Australia, New Zealand, South Africa	5
Sydney	Australia, New Zealand	12
Amsterdam	Portugal, France, the Netherlands, UK, Belgium, Germany, Norway	13
Mexico-City	Mexico, Panama	20
Singapore	Thailand, Malaysia, the Philippines, Singapore	8
Stockholm	Sweden	1
Total		59
Interviews airlines	Firms	No
Paris	Air France	1
Stockholm	SAS	1
Derby, Donington	British Midland	2
Geneva	JAL	1
Mexico-city	Aero Mexico	1
Sydney	Qantas	5
Total		11

Table 1: Collection of Interview Data

August: Content analysis workbooks were analyzed and the GSS-session was prepared with the facilitation team

September: Interactive GSS sessions with both parties were conducted. Electronic Brainstorming, Topic Commenter, Idea organizer, Vote (ranking and rating), were used to formulate policy recommendations

October: Output from the GSS sessions was analyzed and Workbook II written up. The recommendations and conclusions were also substantiated.

November: The final report and recommendations evaluated and added to Workbook II that was sent out. The following meeting was prepared.

December 1999 till May 2000: Policy formation took place without GSS through two facilitated meetings to refine the recommendations. Recommendations were finalized and the final report was produced.

3. The Group Process in Detail

3.1 Brussels, May 1999: Problem formulation

The positions both parties occupy in the system and the (re)-actions taken as measures to adjust to the environment added significantly to the tension. The multiple realities of both parties were felt to be divergent and the result was that the parties were losing trust in each other and commitment levels were accordingly affected. The negative spiral of declining trust and commitment caused in its turn a lack of cooperation. Cooperation was and is deemed necessary to confront the changing task environment and adjust the relationship and business procedures. If a new platform for cooperation cannot be created the danger of new market entrants or 'third dogs' [3] and the associated fear of not being able to keep up with the speed of the changes could become a reality. The major problems and issues are summarized in Figure 1

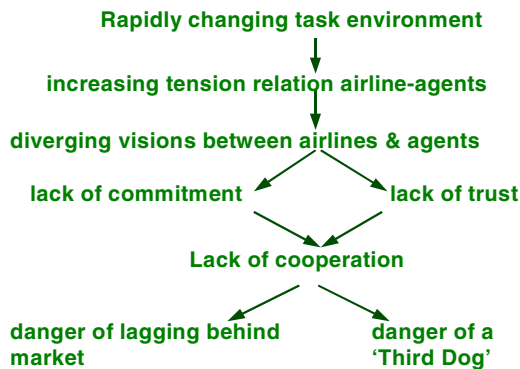


Figure 1: Initial Problem Formulation

This rudimentary problem definition was presented by members of the research team and endorsed by a group of agent and airline representatives on the 6th of May 1999 in Brussels. Members of this group would continue to participate in the process and are referred to as the Millennium Task Force (MTF). This group was supposed to reflect the global airline industry and agents worldwide. Agent members of the group either

represented six associations from the major tourist generating regions or owned and operated a travel company.

The airline group consisted of the vice president Industry affairs and Interline marketing of an Asian airline, a member and the chairwoman of an important conference (tariff and services conference) within IATA who also held management positions within two European airlines. At a slightly later stage, the chairman of the governance mechanism (PAConf) was added to the group. One of the airline members, a general manager industry affairs and pricing, bowed out indicating that he did not possess sufficient time. The chairman of the group was one of the senior managers of a Latin American airline.

Finally, the group was complemented by a secretary who was also manager of the distribution policy of the transforming distribution system and chairman of the governance mechanism of an equivalent distribution system in the USA. He did not participate actively in the first three meetings but his influence over the process was considerable because of his positional power and responsibilities and the fact that he served as a gatekeeper for the researchers. The original process steps as they were proposed in Brussels are depicted in Figure 2.

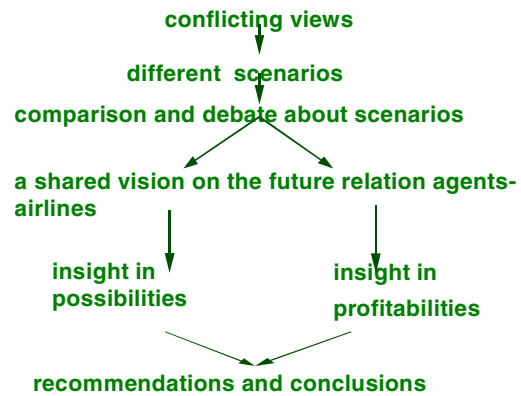


Figure 2: Steps towards a solution

A preliminary qualitative dynamic model depicting the causes and consequences of the rising tension in the relationship between agents and airlines was deemed an appropriate approach for a number of reasons. Firstly, because the problem under investigation belonged to the category of divergent messy problems of a strategic nature. The second reason for choosing a preliminary model was that the facilitator had low experience. Third, the subject itself was politically sensitive and the participants had little time available. Fourth, Causal Loop Diagramming delivers revealed mental maps representing a concise group memory. A fifth point advocating the use of a model was that the problem had

to be solved in the context of an inter organizational network negotiation.

De Vreede & de Bruin [21] propose that in such negotiations decision making is a matter of negotiation. Organizations will try to solve their problems in a process of wheeling and dealing. Usually resulting in sub-optimal solutions. In addition, organizations will behave strategically. In this case, agents have to be aware that airlines are trying to maximize their interests and they will develop a strategy to cope with accepted and experienced strategic behavior and vice versa. Furthermore, there is a danger of losing. The result of the transformation process in distribution and, accordingly the relationship, of which the first steps are set, will in all likelihood have winners and losers.

These reasons advocated the use of a preliminary model and, in order to mitigate low ownership, multiple face-to-face sessions were scheduled and preparatory interviews were done with all team members. By means of Causal Loop Diagramming (CLD) their initial mental model was obtained and then combined into two System Dynamic (SD) models representing the vision of agents and airlines respectively. Interviews around the world were conducted to ensure that the models reflected a global perspective as we are talking about a global distribution system. Additionally, cultural and historical factors had to be taken into account. For instance, it was hypothesized that clientilistic cultures are more amenable to the current principal-agent relationship. This would mean that the evaluation of the relationship could be different. This also enabled the research team to obtain sense as to what extent the relationship had been damaged in terms of commitment and trust² on the global level. The interviews were done individually with the airlines (except Australia) and used causal loop diagramming. Group interviews using a Nominal Group Technique to enable Causal Loop Diagramming were employed on the agent side.

The Group model building sessions aimed to understand the evolution and increase in tension of the principal-agent relationship airlines and travel agents maintain with each other. The face-to-face meetings provided the platform for intense exchange of information and negotiation.

During the time the interviews were conducted an experienced group and GSS facilitator were hired. The use of a GSS was meant to assist the creation of a shared vision and building consensus after the problem was described satisfactorily by the system dynamics model with regard to the direction of the problem solving meetings. The approach was discussed several times and mental models were presented at the meeting where the two-day meeting in Amsterdam was prepared.

² These are known to be antecedents for excellent performance of a relationship (Geyskens & Steenkamp, 1995, Kumar, 1995)

The face-to face meetings: The first day would begin with a dialectical enquiry approach/work shop. Models would be provided that reflected the positions of both parties and the expected result was a shared model on the causes and consequences of a deteriorating relationship between airlines and agents. This model would serve as input for a GSS session the next day to initiate the problem solving phase. The use of the GSS was chosen to speed up this process, because the participants could not meet frequently nor for an extended period. Additionally, after consultation with GSS and Group Model Building experts it was also assumed that the use of GSS would help the group members in rising above the subject and thus stimulate impartial, more rational decision making and diffuse tension. After a day of simulated dispute, this seemed a most welcome side effect of the use of a GSS.

However, the initial conflict centered approach was abandoned in favor of an approach that focussed on the most desirable and likely to occur results. Generating consensus and shared understanding in order to generate forms of joint action was preferred to creating conflict. The hired facilitators suggested this approach for a number of reasons:

1. Respondents in the field indicated that the relationship was on the verge of a virtual breakdown and manifest conflict could erupt any minute, reinforcing the need to show some cooperative results quickly.

2. The models were considered sufficiently saturated because the returned workbooks did not yield additional information and allowed for the development of a complete model of causes and consequences.³

3. The focus of the MTF was to reduce tension via the stimulation of cooperation that would benefit all stakeholders involved;

4. It was highly relevant for the MTF to show they could cooperate successfully because the tension and stakes were so high. Successful cooperation was considered a signal to other parties that they could be doing the same in their domain.

5. Persuasion was also important because of the fact the airline community needed to unanimously endorse the report.

6. For implementation to occur those individuals that have the power to act should have been included. Which was clearly impossible in this case, as it would have meant including thousands of decision-makers from around the world. This point emphasizes the need for a persuasive and clear report.

³ This point was introduced and suggested in the workbook as follows: "Due to the quality of the input you have delivered in the interviews we are able to move ahead a bit more quickly than anticipated." This will now be the goal of the workbook, enabling us to devote more time to think about the consequences and fields of common interest that should surface from this analysis

The description of the history and current situation of the relationship needed to be comprehensive and to the point, as it is too often the case that reports tend to get so bulky that no one reads it thoroughly. Secondly, the report would be distributed worldwide and had to reach very diverse audiences. A concise problem description and succinct substantiation of the recommendations was thus deemed important. We will see in the conclusions that the focus on consensus, cooperation and persuasiveness proved to be a decision that had a profound impact on the sessions that followed. In the sense that some causes of disagreement kept resurfacing and learning at the group level did not come about thus hindering progress considerably.

3.3 Amsterdam, Sept. 1999: First steps

This meeting did not get off to a good start because the extensive preliminary interviews created an expectation (especially), on the agent side that we could begin with problem solving right away. An alternate who had not participated in the interviews and had not read the first workbook replaced one of the members. A lot of time was spent in explaining to this member where we were in the process. Especially so, because he frequently returned to the same points. He proved to be indifferent to questions such as: in what ways does your remark contribute to the problem at hand? How does your statement fit into the model?

The group did however endorse a fundamental change in the aim to be achieved. The original goal of this session was altered and became: "to propose principles and recommendations that should lead to the creation of a platform for change in both communities." This statement was meant to replace the Terms of Reference. It was thought that this would free the group from the burden of detailed rewriting of a contractual relationship that had evolved for more than half century. A truly daunting task, especially so, because the group could not formulate a unified position on the kind of relationship they would like to have with each other in the future. Although they felt they had formulated a consistent and unified position. Without consensus on this particular point it became almost impossible to agree on other matters that are in multifarious ways related to the process of change. Instead of detailing changes in the form of a manual that needed to be approved and then implemented a strategy of persuasion was chosen. Even though the group agreed to the change, it was only at the end of the third session in London that the ramifications of the choice began to sink in. Change would not be as quick, detailed and decisive as, especially, the agents would like to see it come about.

The second day of the meeting was equally disconcerting because the introduction, given by one of the team members, created more confusion than clarity.

Considerable time was spent explaining what was meant and what we were going to do during this day after the introduction was given. It also became clear that both parties were still assessing the other's intentions and considerable cognitive dissonance arose even though both parties agreed that the model reflected both positions and mutual positions very well.

The GSS-sessions did give a good foundation to structure the next meeting in London. The research team was better able to understand the different positions, interest and perceptions of the participants. Allowing them to formulate the recommendations more precisely and re-writing the report on the causes of the current tension in the relationship.

3.4 London Dec. 1999: The package deal

In contrast the meeting in London was very successful. The group members had received a well-structured workbook that gave them, for the first time, an impression of what the final report would look like. It gave a summary of the progress that was made in Amsterdam; the ranked recommendations and arguments supporting the recommendations based on an analysis of the GSS records and literature. The questions in the workbook were aimed at filling the last holes in the argumentation.

The meeting was carried out as follows:

- Presentation by the consultants on aspects to be discussed and additional explanation of the document the MTF-members have received in advance;
- Attempt to reach consensus on the level of the group on the final wordings of the recommendations and the report.
- Suggestions on cooperation scrutinized with the aim of selecting those that contributed most to improving and restructuring of the relationship. These would be included in the final report. The rest of the suggestions would be added to the final document as an appendix.

A back-up plan was devised in case the group could not reach a consensus. The group would then be divided into five pairs. Each pair would discuss two recommendations and present their findings. The meeting followed this pattern with two slight modifications. The chairman set a positive tone by introducing a Christmas raffle and after the presentations and review of the recommendations the group was split up according to problems still to be tackled. One group reviewed the contract and specified items that needed modification or things that should be added.

They could not reach a consensus. The group dealing with the recommendation on E-commerce and IT felt ill equipped to do the task but their contribution remains important as it a central environmental variable.

Another group focussed on remuneration levels. It was agreed that a report on paid for by a European Commission Ensure would render a clear definition of activities undertaken by agents and the value they add to airlines and consumers, adjusted to particular market and country conditions.

A body to be installed would deal with the findings of the report called the Global Consultative Committee (GCC). The Agents suggested the GCC and revised consultative structure, giving them equal influence in the preparation of policy-documents informing final decision making body (PACConf) and they also proposed the possibility of a joint insurance plan against defaults.

The crucial problem, the restructuring or transformation of the relationship remained unaddressed. It was fully acknowledged by the airlines that there is a fundamental need to adjust the relationship to the new competitive environment, but they only pointed out that agents had to change their businesses. They wanted to have the advantages of deregulation that is the freedom to negotiate commissions/remuneration paid to agents and keep the agents locked in a principal-agent relationship giving them the advantage of a structural power base. So they would remain the ultimate decision-maker in the system and satisfy the 'parliament' of airlines. PACConf would never allow great changes to be made in one time; the unanimity clause prevents such drastic decision making.

Agents were more ambiguous they said wanted to have a principal-agent relationship but the contract should be adjusted to a 'normal' commercial agreement. Agents think they can do that by rewriting the Passenger Sales Agency Agreement (PSAA). It was decided in the London meeting that the most delicate or technically complex matters including the rewriting of the PSAA would be relegated to the new consultative body.

So everything was postponed and the question of what form the relationship should take and the effects this might have on the different levels was not addressed. Notwithstanding this analytical remark, the group was very pleased with the results of the meeting and the facilitator was complimented on having performed an excellent job by most of the group members and the secretary. All in all the feeling was that we were almost there but it was also decided that a last meeting should be held to approve the final report.

3.5 Rome, Feb. 2000: Return of conflict

The agenda was planned in close co-operation with the secretary of the group, because it was the last face-to-face meeting and the secretary would re-assume the responsibility for the process of relationship improvement. A lot of time, on the agenda, was reserved for procedural matters and defining the audiences that the report or its summary should be communicated too. The

researcher, who would have started the meeting with the progress report in order to give the members a contextual perspective, a feeling of the progress being made and the implications the recommendations might have for both parties and the relationship they maintain with each other, was late. An improvised introduction emphasizing the complexity of the issue at hand and that implementing the proposed changes will consume a lot of time was delivered by the facilitator. The facilitator had prepared a timetable depicting the implementation path of the recommendations the group agreed to in London.

The timetable displayed the order and speed of implementation, because both the secretary and the facilitator thought that, besides all kinds of procedural decisions that needed to be made, the attention of the group would focus on the sequence of the different recommendations. This did not happen at all the group was not interested in such an approach.

The group had taken over and a logic of give and take developed. Both sides saw this meeting as a last chance to influence the outcomes. Positional negotiating techniques and attitudes took over. For example, lengthy and drawn-out discussions ensued over the semantic implications of translating a recommendation⁴. This reminded the members that it would prove virtually impossible to reach agreement on a lot of points if they could not achieve a consensus on what kind of relationship they would prefer to have with one another was confirmed and then disregarded. The pressure to come up with something everybody could agree to and would be accepted by the 'constituencies' that were represented took over and they became a freely interacting group. The fact that we had a meeting room that lacked facilities to represent a visual group memory constrained the options of re-directing the group toward a more productive way of negotiating.

The whole report was scrutinized sentence by sentence and the initial problems that had been discussed in the interviews and first Amsterdam meeting resurfaced. Some of the recommendations had to be thoroughly re-written and a lot of time was consumed in doing so. The report lost value in terms of persuasiveness but the major problems remained unresolved although ways were found to circumnavigate this problem. Firstly, most of the thorny issues were deferred to the new consultative structure called the GCC (Global Consultative Committee). All recommendations that were deferred needed a re-conceptualization of the relationship. Secondly, the facilitator, secretary and a very experienced outsider agreeable to all people were given the task of re-writing the report in such a way that

⁴ Recommendation :6 "The PSAA must be reviewed and amended to reflect current business practises and then be implemented without delay"

it did not lose the group consensus but gained in persuasiveness and clarity. Thirdly, appendices to the final report that were written at the request of the group were neglected because of the need to present a concise and unambiguous report was felt to be of paramount importance. All in all it was a different kind of meeting aimed at closing a package deal. This result is in line with the expectations of de Vreede and de Bruijn [21] with regard to the process (electronically) supported groups go through.

4. Results and Analysis

The major result that was achieved was that the report has been unanimously endorsed by the airline world. This has opened up the way to further re-arrange the relationship and business processes of both parties and to align the redefinition of the relationship with the internal transformation of the business processes of the distribution system.

The GSS supported meeting proved to be very helpful in generating recommendations, projecting and ranking them according to the dimensions of (1) likely to occur and (2) desirable to occur. The session was evaluated positively by the airlines (7.7 on a scale from one to ten) and less positive by the agents (4.5 on a scale of 1 to 10). Some members halted progress and it was not possible to use their resistance on minor points in a constructive way. It was also very helpful in giving both sides the time and information to sound each other out.

Use of a GSS, electronic workbooks and the stimulation of the exchange of information via e-mail were used in the orientation phase and delivered a huge input from the agents and a smaller one from the airlines. It was not enough to create a sense of ownership of the problem and the consequences that followed from it. A separation phase resulting in winners and losers was postponed by deferring all the decisions that could potentially seriously alter the relationship between airlines and agents to the GCC. In this way the package deal could be closed because it held the promise for further change and an improved bargaining position for the agents.

There was no way of adequately representing group memory in Rome. This made it difficult for the group to remain focussed. Verbal interruptions, displays of emotions, clique-formation, issue related coalitions, not letting the other finish and restating the revised sentences (because of a lack of the possibility to represent a group memory) occurred frequently. Secondly, the presentation delivered by a member of the research team, after some of the points of the agenda had been dealt with, did not provide the kind of information the members were looking for. They felt lost without a common frame of reference that needed to be delivered by the researcher and not see it represented in a group memory as was the

case, in one form or the other, in Brussels, London and Amsterdam.

Phases in the negotiation process: The orientation phase was successfully facilitated all members expressed in workbook 1 that the models and accompanying text reflected reality as they saw it. Minor modifications still needed to be made as the insights of the members changed. The Vreede and Bruin's [21] second phase of separation could not occur, because both parties were highly interdependent in terms of income and decision makers vested with decision making power were not present.

Similarly, the package deal phase could not show a clear winner or loser because both parties recognized they were economically interdependent and possessed a mutually shared competitive advantage of two interconnected global networks. So it was emphasized that all measures should be to the benefit of the consumer, the airlines and the agents. In conclusion, the proposed model does not hold in the context of highly politicized interorganizational network negotiations.

Strategies of both parties: From the point of view of the agents, it made good sense to agree on the package deal and defer important decisions. Re-negotiating in a consultative structure in which they would have equal power does make sense. The recommendation on equal influence with regard to consultation gained the status of resolution of a permanent nature. In other words they gained more voice in the system and had installed a safeguard against opportunism in the form of a mutual insurance scheme. Being able to influence the preparation of resolutions that are usually rubber-stamped by the PACConf was a substantial gain. The airlines were happy with the results because actual change to the relationship was very little and delayed and they would remain in control of the value-creating network that the IDS aims to transform into.

This became clear when the final report was presented to the PACConf. The secretary complimented the airline members of the group of achieving very little real change. They had, in hindsight, an agenda or strategy of reducing the demands of agents whom were far more interested in drastically reviewing the relationship. However, some of the group members on both sides were disappointed as they had hoped to achieve a more fundamental re-structuring of the relationship. But the predisposition to behave in a strategic interest maximizing way is one of the main reasons why the group was either not willing or able to rise above the subject level and become 'owner' of the problem. This was exacerbated by the fact that the relationship was very tense and on the verge of collapsing. They could/did not function as a virtual management team that needed to work toward a common goal but as interest representatives.

5. User Experience

5.1 Facilitation

- The airline industry is a complex industry and the relationship between agents and airlines is old and systemically induced to be confrontational. The political sensitivity and complexity made it hard for the hired facilitator to keep track of the discussions although several briefings and preparation meetings had preceded the GSS-assisted meeting.

- Off all the tools that a facilitator has at its disposal, maintaining a group memory stands out as the most important one. The meeting (Rome) that lacked a good group memory led to feelings of disappointment and high levels of conflict and irritation.

5.2 GSS-assisted meeting

- Team members told the facilitator the electronically supported meeting gave them the feeling that they got to know the position of the other side. In the words of two respondents: “we needed this to get started. It was necessary but let’s move on to more dialogue ” (own interviews, 22-9-99).

- Some members really liked the meeting. An Asian airline representative specifically asked if such systems are available in the Japanese or Chinese language. He wanted to see if he could use it in his own company and seriously contemplated developing a version in his language if it were not available.

- All members also felt that the GSS system prevented them from clashing but some members did not think this was positive.

- The last two hours of the GSS-meeting was spent on a different matter. The consensus building phase with regard to the recommendations was abruptly broken off by the content-coach. This was done because both parties stressed the need to cooperate in order to understand each other better as a strategy to improve and maintain the relationship in the longer run. A focus on cooperation proved to be premature because both parties, as we said before, first needed to focus on defining how they related to each other and regain some of the lost trust.

- The Amsterdam meeting, in which a GSS was employed, did deliver a huge amount of data. The most important result was that the group had almost reached agreement on the formulation and ranking of the 10 most desirable and likely to happen results. Nine out of 10 recommendations were agreed to and the last one only seemed a matter of wording (see appendix B). However, later on this proved to be a superficial kind of consensus.

- During the evaluation all members expressed that they found this a necessary exercise but they now wanted more verbal interaction with each other.

5.3 Model building

- Although the team members did respond to the electronic workbooks and infrequent e-mail questions about the model and serious attention had been paid to the question of ownership of the problem the group did not use the model as a way to communicate about the problem nor did they assume ownership. As one of the members wrote in the workbook: “Overall, frustrated and disappointed. You appear to be leading us on a path that continues to study the problem...My expectation was that this workbook would provide this leadership.” In other words you are the consultant solve our problems! I personally felt very frustrated when I read this because every meeting it was emphasized that they should try to determine what they would like to see changed, as they were the experts.

6. Lessons Learned

6.1 Facilitation

- The lack of an appropriate facilitation technique, suitable to the last phase in Rome, did not hinder the group arriving at a package deal that has been unanimously endorsed by the airline community. It suggests that appropriate facilitation at the beginning of the process is most effective. At the end of the process the group considered it-self capable or the facilitators incapable and started to determine its own course. A facilitator should then focus on adequately representing the group memory.

- If you cannot check if there is equipment (although you requested it) to adequately represent group memory refuse to facilitate.

- The lesson to be learned is that facilitation of parties that do not possess decision making power, are interest representatives and feel they are dancing on relational volcano are not apt to lean back and reflect. They want actions and solutions that get them out the mess they feel they are in. When people feel hostile towards each other hostility must first be vented. The choice by the facilitation team to focus immediately on the most likely and desirable results was not a good one. A conflict-oriented methodology like devil’s advocate or dialectical inquiry would have been more helpful and constructive.

- Social presence for an extended period of time would have been helpful in keeping the actors focussed. This could have been achieved if the facilitator was allowed to design and influence the meetings by stimulating informal discussions in which conflict would

be allowed to emerge and not stifled only to become more intense at a later stage.

6.2 Group Support System

- The last meeting would have greatly profited from the use of a GSS. It would have helped in bringing down the tension because a GSS can show a concise group memory and could have given the group a sense of achievement. Additionally, the lengthy discussions on semantics and other minor points could probably have been minimized if a group memory could have been provided. The group would probably have felt less lost in all kinds of papers that were constantly copied and distributed as an alternative to the group memory. This method of providing some form of group memory seriously fuelled feelings of dis-orientation, confusion and irritation.

- When trying to reconcile two parties as in this case study and increase ownership of the problem a distributed system facilitating virtual meetings could have made a difference in that the members would have communicated more frequently and frankly. It would have been a lot harder to maintain a positional negotiation strategy opening up possibilities to really communicate and learn from each other. Additionally such a system would stimulate more emotional distance diminishing the chances of detrimental conflict.

6.3. Model building

- Although all team members were interviewed in advance, and the aggregated models of both parties were circulated via electronic workbooks, ownership remained low. Research that would deliver a typology of settings and relate the typology to the question of how to stimulate ownership e.g. interorganizational teams, R&D-teams, politicized negotiations, etc. is needed.

7. Conclusions

The issue of whether the relationship should become a merchant-supplier relationship, stays a principal-agent relationship or become a portfolio of different contracts arranged around a global legislative core-contract, was not addressed. Hiring experienced GSS and Group Model Building facilitators is sound advice. However, in this case, the fact that they were submerged in the assumptions of group systems especially the fact that they focussed on achieving consensus contributed to the decision to abandon a conflict oriented method.

GSS and Group Model Building assumptions need to be brought in line in order to incorporate conflict and power differentials. While Group Model Building,

with its system-dynamics background is capable of modeling conflict the problem solving routines in GSS are not well suited to handle conflict and we also established that cognitive conflict is sometimes necessary as a step in facilitating constructive dialogue [15]. In retrospect it appears that sticking with a conflict-oriented methodology would have revealed that both parties wanted to improve the current principal-agent relationship by rewriting the contract that governs this relationship. Agents wanted to review it drastically the airlines marginally.

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