

1. Introduction and overview

Over the course of a 15-year period, a group of social exchange theorists (Blau 1964; Emerson 1962, 1972b; Homans [1961] 1974; Thibaut and Kelley 1959) developed a theory of power that differed markedly from prevailing conceptions in the social sciences. Their view of power derived from exchange theory's emphasis on the ties of mutual dependence that underlie all social structures. People depend on one another for much of what they value and need in social life, and they provide these benefits to each other through the process of social exchange – offering, for example, status in exchange for leadership, loyalty for friendship, patronage for political support, and esteem for advice.

Not only does mutual dependence bring people together, however; it also provides the structural basis for power: one actor's *dependence* is the source of another's *power*. To the extent that dependence is mutual, actors in social relations have power over each other. And, to the extent that their dependencies are unequal, their relation will also be unequal, in terms of the benefits that each contributes and receives. More powerful, less dependent actors will enjoy greater benefits at lower cost.

When compared with more traditional conceptions of power as coercive (e.g., Bierstedt 1950; Weber 1947), the exchange theorists' view of power is strikingly benign. Common stipulations in definitions of power, such as intentionally imposing one's will on another, overcoming resistance, and making others behave contrary to their own interests, are notably absent. Emerson (1962, 1972b), for example, argued that power exists in all social relations, even intimate ones; that its use involves no necessary intent to harm, coerce, or even influence; and that both parties in a power relation – the powerful and the weak – will act out their respective roles even if they have no awareness of power governing their interaction. The mechanism underlying this process is not coercion, but simply the same laws that govern economic exchange: when demand is high and supply is scarce

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(the conditions that create dependence), one pays more for the things one values.

Emerson's (1962, 1972b) development of the exchange conception of power, commonly referred to as "power-dependence theory," strongly influenced the way that sociologists and other social scientists think about power. Two of his central ideas are now widely accepted among those who study power: that dependency is the source of one actor's power over another, and that power is an attribute of a relation, not an actor. Although power-dependence theory has its roots in social psychology, this conception of power has been applied at virtually all levels of analysis and in diverse substantive areas. Research based explicitly on Emerson's theory or on other dependency theories has studied power in families (e.g., McDonald 1980; Scanzoni 1972), in communities (e.g., Galaskiewicz 1979; Marsden and Laumann 1977), in international relations (e.g., Keohane and Nye 1977), and both within and between organizations (e.g., Bacharach and Lawler 1980; Hickson, Hinings, Lee, Schneck, and Penning 1971; Jacobs 1974; Mindlin and Aldrich 1975; Pfeffer and Salancik 1978).

While exchange theory broadened the scope of power in one respect, however, it narrowed it in another. Rather than extending the more traditional conception of power as coercive to *include* power derived from dependence on others for rewards (what I will call "reward power"), exchange theorists instead excluded coercion from the theory and from its analysis of power. They argued (or sometimes simply assumed) that relations based on exchange were distinct from those based on coercion, and that a theory of exchange must be restricted to voluntary, mutually rewarding interactions. The study of coercive power was left to other theories – social psychological theories of conflict (e.g., Deutsch 1973; Tedeschi, Bonoma, and Schlenker 1972), political theories of deterrence (e.g., Morgan 1977; Schelling 1960), and macro theories of the state (e.g., Weber 1947).

Early on, however, Heath (1976) contended that the exclusion of coercion from exchange was an unnecessary restriction. He argued that voluntary (mutual reward) exchanges and coerced exchanges are fundamentally the same and that both could be explained by exchange principles. Actors give rewards to another in exchange for something they value, either reciprocal rewards or the removal of punishment or threat of harm. Those who control rewards or punishments for others have power over

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them, derived from others' dependence on them for obtaining things they desire or avoiding things they dislike. Thus, conceptually, the two bases of power are mirror images of each other.

Although numerous authors have distinguished between reward and coercive power and theorized about differences in their effects, systematic investigations comparing these two bases of power are almost nonexistent. Reward power and coercive power are typically addressed by different theories and studied in isolation from one another. Even when researchers study both, they usually measure or manipulate them in noncomparable ways.

As a result, many questions have not been answered, or even asked: Do structures of power that are comparable in all respects *except* the base of power have similar effects on exchange? What are the dynamics of their interaction with each other? Are their causal mechanisms similar, or must different theories be employed to explain their effects? Can any *single* theory explain both? In particular, can exchange theory's analysis of power-dependence relations be extended to include both?

These are the questions that occupy this book. It is the product of nearly a decade of studying and theorizing about power in exchange relations. The research in this volume represents the first systematic, cumulative investigation of social exchange networks in which *all* actors have *parallel* forms of *both* reward and coercive power over one another. This feature of the project also provides its underlying rationale: reward power and coercive power do not exist in isolation, nor are they used in isolation. In virtually all social relations, actors have the potential to exercise both forms of power; social interaction is a mix of "carrots" and "sticks." This project takes account of that reality, by analyzing both forms of power within a single theoretical framework and systematically comparing their effects in social relations that are governed by both.

The theoretical framework

My analytical framework derives from Emerson's (1972a, 1972b) theory of power-dependence relations. His approach to social exchange, more than any other, has shaped contemporary work in the field for the past two decades. The earlier exchange theories stimulated lively debates and created interest in the approach, but it was Emerson's more rigorous formulation that provided the impetus for sustained, systematic research pro-

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grams, including many that focus primarily on the study of power in exchange networks (for reviews, see Berger and Zelditch 1993; Cook 1987; Emerson 1981; and Molm and Cook 1995).

The exchange tradition that Emerson initiated has three main characteristics. First, its objective is the continued development and test of an *abstract theory* of power and exchange. Power-dependence theory encompasses exchange at different levels of analysis and in different substantive settings. The actors who exchange valued resources can be individuals, groups, or organizations (but only when those collective entities act as a single actor, in exchange with other actors external to the collectivity), and their exchanges might occur in families, work settings, international relations, and the like. Rather than developing separate theories of exchange and power in each of these settings, exchange theory abstracts their common, theoretically relevant elements and addresses the relations among those elements.

Second, exchange theory is based on an *instrumentalist model of human behavior*. Its focus is the benefits that people obtain from and contribute to social interaction, and the costs they pay and impose in the process. Assumptions about actors' behavior are derived from either learning or rational choice theories. Emerson chose the former because it required fewer assumptions about actors' cognitions or motivations. I also use a learning model, but extend it to include assumptions about strategic action. The focus of exchange theory is not the choices that individuals make, however, but the relations between actors and the patterns of social interaction that develop.

Third, although there are many applications of exchange principles in natural settings such as families and corporations, *basic research using experimental methods* to test and extend the theory dominates the field. Experiments on social exchange are typically conducted in standardized laboratory settings that aid the cumulation of results across experiments and facilitate theory development.

This work is part of that tradition and it shares all three characteristics. My analysis of power and exchange is abstract (although I use numerous examples of exchange in substantive settings to illustrate my points), I test theoretical predictions in laboratory experiments, and I assume that actors are motivated by the costs and benefits of their actions and relations.

My work differs from most current research on power in exchange relations in two respects, however. First, while many researchers study

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exchange in bargaining settings in which actors formally negotiate agreements (e.g., Cook, Emerson, Gillmore, and Yamagishi 1983; Lawler 1992; Markovsky, Willer, and Patton 1988), I study exchanges that are non-negotiated – exchanges in which actors do not bargain about the terms of the exchange, and do not know whether or when others will reciprocate their rewarding acts. Their relations develop gradually, as actors respond to each other's sequential actions and, over time, form patterns of exchange that are mutually beneficial. Second, because of my assumption that such processes take time and require learning, I study exchange relations over a more extended period than do most bargaining researchers. Actors in my experimental networks interact with the same partners over the course of several hundred exchange opportunities, rather than several dozen. Altogether, the experimental data for this project represent 1,800 hours of interaction, recorded over nearly 200,000 exchange opportunities.

This work also departs, in an important way, from most approaches to the study of coercive power. Coercion is often conceptualized as a political tool whose strength rests on either the legitimate authority of the state or the physical might of the military. In contrast, I study coercive power as part of everyday life. Its use is not restricted to actors in particular positions of power or authority, nor does it necessarily involve the use of physical force or extreme deprivation. People can coerce with angry silences and cutting words, with opposing votes and unpleasant work assignments, as well as with weapons and prisons. In this research, coercive power is used – or not used – by actors seeking to improve their outcomes in social relations that offer the potential for both reward and punishment.

The research program

Although this book is primarily a study of exchange and power, it has an underlying subtext: the value of systematic, cumulative experimental research. The theoretical story it tells is the product of a lengthy series of experiments, conducted over many years, and the inductive and deductive theory construction that they facilitated.

Because most experimental research is published in journal articles, it is difficult to get a sense of how experimentation is used to build and test theory (see, however, Berger and Zelditch 1993). The systematic cumulation of knowledge that is the hallmark of basic experimental research is apparent only in a program of research, not a single experiment. One aim

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of this book is to show the progression of such a program. The five empirical chapters in the book (Chapters 5 through 9) present results from 15 experiments, conducted over an 8-year period, at two different universities. In the course of this research, I studied over 900 exchange networks and nearly 100 different experimental conditions. All of the experiments were conducted in a standardized laboratory setting specifically designed for the project.

In this book, I attempt to show both the puzzle-posing and puzzle-solving aspects of experimental research. Although experiments must be conducted within a setting that meets certain conditions assumed by a particular theoretical tradition, their value is not confined to the important role of testing deductively derived hypotheses. Experiments also contribute inductively, to the modification and extension of theory, by challenging theoretical assumptions and posing empirical puzzles. These must be solved theoretically before new hypotheses can be tested, deductively, in subsequent experiments.

This project depended vitally on that kind of interplay between deduction and induction. I began deductively, by testing whether power-dependence theory could be extended to coercive power without modification. I compared the effects of equivalent variations in structures of reward and coercive power, operationalized by actors' dependence on each other for monetary gains or losses. Some differences were expected, but the actual results were highly surprising: the structure of coercive power had almost no effect on exchange. Actors with greater power to coerce obtained no advantage in exchange, nor did coercion lead to mutual aggression and the escalation of conflict. Even when coercion offered a means to balance an unequal exchange relation, punishment was rarely used and its use declined over time. Successive experiments repeatedly confirmed these findings. Some variations in the structure of power had small effects, but the dominant finding was the robustness of the original results: coercive power simply made little difference.

These puzzling results provided the impetus for the next phase of the project, in which I developed and tested a theory to explain why the two bases of power have such different effects in exchange relations. At stake were two major questions. First, do reward power and coercive power operate in fundamentally different ways, and, if so, what principles explain those differences? Second, what are the implications of those differences for the objective of incorporating coercive power within the scope of

exchange theory? Were the exchange theorists right, after all, in excluding coercion from exchange?

The pattern of results of the first experiments, while weak and inconsistent, offered some theoretical clues. First, they suggested that the weak effects of coercive power do not stem from the ineffectiveness of coercion *per se*, but from actors' infrequent use of their power to coerce. The link that Emerson assumed, between the structural potential for power and the actual use of that power, was failing to hold for coercive power. Second, they suggested that the key to understanding the infrequent use of coercion lay in analyzing the costs and benefits of power for the *power user*.

The theory development of the second phase unfolded in several stages: first, showing that some of the fundamental principles of Emerson's theory do not apply to coercive power; second, incorporating assumptions from theories of choice and decision making to explain the strategic use of power; third, analyzing how the structure of power encourages or constrains strategic power use through its effects on risk and fear of retaliation; and, fourth, examining how norms of fair exchange contribute to, and reinforce, structural determinants of risk. The fifth and final task of this phase consisted of testing the effects of coercive power when it is used, consistently and contingently.

Contributions

The outcome of this work is a theory of coercion in exchange that has important implications for both exchange theory and theories of coercive power. First, it provides a new understanding of the limitations of exchange theory's structural approach to power. I show that the use of coercive power is not structurally induced in the same way as reward power, and I explain, more generally, the conditions that limit the scope of a purely structural theory of power.

Second, I extend exchange theory beyond these boundaries, to the analysis of strategic power use – power that is used purposively, to influence an exchange partner's behavior, and that can be constrained by risk and fear of loss. That task requires introducing theoretical topics that exchange theory has traditionally ignored: the decision-making processes of actors, cognitive biases such as loss aversion that affect perceptions of actual and potential costs and benefits, and the risks of power use by dependent actors. Cook (1991) has suggested that no theory can attempt to bridge

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the “micro–macro gap” unless it contains both a full conception of agency and a fully developed model of social structure. For the past 15 years, exchange theorists have concentrated on the latter, extending and refining the theory’s model of structure while largely ignoring the role of agency. As my work shows, a broader conception of agency can inform our understanding of structure without negating its importance.

Third, the work provides a detailed comparative analysis of the two bases of power that dominate the power literature and social life: reward power and coercive power. I analyze the similarities and differences in their relations between structure and behavior, the conditions that motivate and constrain their use, and their behavioral and affective consequences.

Finally, this book offers a rather different view of coercive power than most previous analyses. I show that in exchange relations, coercive power has significant limitations, imposed by the structure of dependence. It does not dominate interaction, or lead to escalating cycles of conflict, or help powerful actors to subjugate the weak. Reward dependence, not coercive power, emerges as the primary force in exchange relations. Reward dependence motivates exchange in the first place, and it determines the use of *both* reward power and coercive power, albeit through different mechanisms.

Structure of the book

The next three chapters lay the theoretical and methodological foundations for the research. Chapter 2 introduces the basic concepts and assumptions of social exchange theory and its analysis of reward-based power. Emerson’s theory of power-dependence relations receives primary emphasis, but I also draw on the contributions of Blau, Homans, and Thibaut and Kelley. I begin by discussing the “building blocks” of exchange theory – actors, resources, exchange process, and exchange structure – and then describe the analysis of power-dependence relations in some detail. I conclude by comparing power-dependence theory’s position with the views of other theorists on some of the historical debates over power.

Chapter 3 examines exchange theory’s exclusion of punishment and coercive power. I argue that this scope assumption is unnecessarily restrictive, that it ignores much of everyday social interaction, and that it prevents the comparison of power based on both rewards and punishments. I then examine how other theoretical and research traditions – including

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macro theories of political power, social psychological theories of conflict and bargaining, and psychological studies of punishment – have conceptualized and studied coercive power. Finally, I apply the exchange framework introduced in Chapter 2 to coercive power and analyze the implications of this extension. I conclude by outlining the objectives and scope conditions of the project.

Chapter 4 describes how these theoretical concepts and scope conditions were operationalized in an experimental laboratory designed specifically for the study of exchange and power. I discuss the purpose of experimental research, its use as a tool for building and testing theory, and the advantages of a standardized setting for cumulating knowledge across a series of experiments. I then show in detail the logic that underlies various aspects of the experimental setting I use and their relation to the concepts and assumptions of exchange theory.

Chapter 5 summarizes the results and implications of the five experiments that comprise the first phase of the research. These experiments addressed the basic question with which the project began: can exchange theory's analysis of power-dependence relations be extended, without modification, to coercive power? Can we predict the distribution of exchange from the structure of coercive power in a relation, just as we can predict it from the structure of reward power? The results show that the answer to that question is clearly no. Not only does coercive power fail to produce effects comparable with those of reward power, it has few effects of any kind.

The next four chapters (6 through 9) build and test a theory that explains why reward power and coercive power have such different effects and predicts when their effects should be more comparable. Chapters 6 through 8 examine constraints on actors' use of coercive power; Chapter 9 studies the effects of coercion when it is used, with varying contingency and frequency.

In Chapter 6 I make two arguments: first, that the weak effects of coercive power result from its low use, not from the ineffectiveness of coercion per se; and, second, that the primary reason why coercive power is used so infrequently is that its use is not induced by structural power alone. I show that Emerson's well-known phrase, "to have a power advantage is to use it" (1972b:67), holds only for reward power. The chapter explains why the use of reward power, but not coercive power, is inherent in structural power, and describes an experimental test of that explanation.

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Chapter 7 takes up the next question: if the use of coercive power is not structurally induced, but must be used strategically to create contingencies that influence other actors' behaviors, then what conditions constrain or encourage its use? I draw on assumptions about behavior under risk and uncertainty, particularly from the work of Axelrod (1984, 1986) and Kahneman and Tversky (1979), to answer that question. By taking account of principles of loss aversion and preference for the status quo, I show that the use of power in relations of mutual dependence is risky, and that risk constrains strategic power use – particularly coercive power. Coercion increases only when experimental manipulations reduce the risk of losing the partner's reward exchange.

Whereas the theory and experiments in Chapter 7 focus on structural conditions that affect risk, Chapter 8 examines how norms of justice increase risk by prompting affective and behavioral reactions to partners whose use of power violates norms of fair exchange. I compare actors' perceptions of the just use of the two bases of power under different structures of power. The results offer further support for the conclusions of Chapter 7. The use of coercive power is perceived as more unjust than the use of reward power, it is more likely to provoke retaliation and resistance, and these effects are greatest for actors with the strongest incentive to use coercion.

Chapter 9 addresses the final question in the theoretical puzzle: if coercive power were used consistently and contingently, would it be effective? Would the partner's reward exchange increase, or would coercion lead to a cycle of retaliation and mutual conflict that would ultimately lower *both* actors' exchange outcomes? The analyses and experiments in this chapter show clearly that the effectiveness of coercion increases with the consistency and intensity of its use. These findings, which refute the predictions of many theories, support my argument that the weak effects of coercion in exchange are due primarily to actors' failure to use it.

Chapters 10 and 11 summarize the conclusions of the project. Chapter 10 offers a more formal statement of the theory of coercive exchange developed in Chapters 6–9, reviews the logic of its development, and discusses its implications for social exchange theory. Chapter 11 considers the implications of the core empirical findings for social relationships and for structures and settings outside the scope of the project.