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# Structural Power and Emotional Processes in Negotiation: A Social Exchange Approach

## Abstract

This chapter focuses in the abstract on when and how repeated negotiations between the same actors foster positive feelings or emotions and, in turn, an affective commitment to their relationship. However, we have in mind applications to pivotal dyads within organizations and also to the emergence of "friction" or "stickiness" in market relations. Implicit in the idea that negotiations in pivotal dyads shape institutional patterns is the notion that repeated negotiations between the same two actors are likely to become more than instrumental ways for the particular actors to get work done. We suggest a simple process by which dyadic negotiations give rise to incipient affective commitments that make the relationship an expressive object of attachment in its own right. When such transformations occur, future negotiations are not just efforts to solve yet another concrete issue or problem that the particular actors face; they come to symbolize or express the existence of a positive, productive relationship. Commitments that have an emotional/affective component tend to make the exchange relation an objective reality with intrinsic value to actors. In Berger and Luckmann's (1967) terms, the relation becomes a "third force."

## Keywords

structural power, emotional processes, dyadic negotiations, institutional patterns

## Disciplines

Industrial and Organizational Psychology | Labor Relations | Organizational Behavior and Theory | Social Psychology | Social Psychology and Interaction

## Comments

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Structural Power and Emotional Processes in  
Negotiation: A Social Exchange Approach

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When two individual actors negotiate repeatedly over time, some sort of social relationship is likely to develop. Sometimes the relationship is remote, distant, and hostile; sometimes it is open, close, and friendly; most often it falls somewhere between these possibilities. The relationship that develops is likely to be contingent on the social context giving rise to negotiations in the first place, the strategic action people adopt in response to that context, and the results they produce jointly. In this chapter, we suggest how one part of the social context—the structurally based power of individual actors—affects the relationship developed in repeated explicit negotiations.

The social context we assume is a network in which each of two focal actors has at least one alternative negotiation partner. This might be termed a minimal "exchange network" consisting of a four-position line. Each actor can exchange with only one of the others at any point in time, which makes it a negatively connected exchange network, in Cook and Emerson's (1978; Cook, Emerson, Gilmore, & Yamagishi, 1983; Emerson, 1972) terms. Many interorganizational buyer-seller relations, international trading relations, and even close personal relations have the properties of such an exchange network. Social exchange theory treats the nature (i.e., expected value) of prospective agreements from an alternative actor as a structural dimension of each actor's potential power or dependence on another (Emerson, 1972, 1981; Thibaut & Kelley, 1959). Previous research on exchange networks has documented purely structural effects of such power on action in negotiated exchange (Cook et al., 1983; Markovsky, Wilier, & Patton, 1988) by revealing that the effects of such power conditions are not contingent on an actor's awareness of the network-based power. The action produced by structural power, however, can alter the context for future negotiations, and this is our point of departure.

Structural power establishes the contextual conditions for negotiations between some pairs of actors in a network by providing incentives for them to negotiate repeatedly and to arrive at satisfactory agreements. The incentives are that the focal relation is likely to provide greater benefit (expected value) to each actor than is the relation with his or her respective alternative negotiation partner. We take such power and incentive conditions as a given and ask what happens to the resulting exchange relation. We argue that if people act on these power conditions and repeatedly negotiate satisfactory agreements with each other, they will develop an emotional/affective commitment to their relationship that, in turn, changes the context for future negotiations. Behaviorally, emotional/affective commitment should be manifest in a propensity (a) to give each other benefits without strings attached (e.g., gifts), (b) to stay in their relationship even if the expected payoff from an alternative actor becomes equal to or better than that of the focal relation, and (c) to invest in a joint venture that takes the form of a social dilemma. We propose a theory that treats mild, everyday emotions as mediators of such commitment behavior, making endogenous emotional processes in the dyad an integral part of the explanation for emergent commitment formation.

Theory and research on a focal dyad embedded in a larger network, though decidedly micro in emphasis, could have important broader implications for the role of "pivotal dyads" in organizations, that is, dyadic relations among persons at key junctures in the organizational structure. Negotiations between pairs of actors who represent different parts of the organization are often critical to "fill in the gaps" between or to bridge institutional and technical levels, organizational policies and everyday practices, or conflicting external pressures that have different impacts on subparts of the organization. These negotiations are especially important where institutionalized rules and procedures do not offer ready-made solutions to the varied

problems that confront actors representing different subunits in the organization (e.g., union and management, marketing and finance), and where there are incentives for two particular persons to deal with these matters repeatedly over time. In the course of responding to such problems, one-on-one negotiations between key actors may even change institutional patterns—that is, taken-for-granted ways of doing things.

This chapter focuses in the abstract on when and how repeated negotiations between the same actors foster positive feelings or emotions and, in turn, an affective commitment to their relationship. However, we have in mind applications to pivotal dyads within organizations and also to the emergence of "friction" or "stickiness" in market relations. Implicit in the idea that negotiations in pivotal dyads shape institutional patterns is the notion that repeated negotiations between the same two actors are likely to become more than instrumental ways for the particular actors to get work done. We suggest a simple process by which dyadic negotiations give rise to incipient affective commitments that make the relationship an expressive object of attachment in its own right. When such transformations occur, future negotiations are not just efforts to solve yet another concrete issue or problem that the particular actors face; they come to symbolize or express the existence of a positive, productive relationship. Commitments that have an emotional/affective component tend to make the exchange relation an objective reality with intrinsic value to actors. In Berger and Luckmann's (1967) terms, the relation becomes a "third force."

## The Role of Everyday Emotions in Negotiations

Social exchange theorists, like theorists of bargaining and negotiation, have relegated emotions to a subsidiary position. Behaviorism and cognitivism have been the dominant theoretical guides for explaining how aspects of the social context affect negotiation behavior and outcomes (e.g., Emerson, 1981; Neale & Bazerman, 1991). These emphases are understandable given the *Zeitgeist* of the larger disciplines of psychology, sociology, and organizational behavior. Emotions are soft, vague, elusive phenomena to theorize and research. Also, the pathways to making emotional processes more central to analyses of bargaining and negotiation are likely to have several potholes and unexpected twists and turns, because there are several fundamental unanswered questions about emotion as a phenomenon, including the distinctiveness—physiologically and psychologically—of different emotions, their involuntariness, and the interrelationship of cognition and emotion (e.g., Forgas, 1992; Izard, 1977, 1992; Kemper, 1978; Lazarus, 1984; Zajonc, 1984).

However, this is an appropriate time to think more systematically about the role of emotions in negotiations. In the larger social psychological literature, there is a rapidly growing body of research on emotion with applications to phenomena such as social judgment, prosocial behavior, persuasion, identity, self-presentation, and affective group attachment, to mention just a few (see Forgas, 1992; Hochschild, 1983; Isen & Baron, 1991; Kemper, 1978; Lawler, 1992a; Smith-Lovin & Heise, 1988). One important feature of this literature is a rejection of the historic sharp distinction between cognition and emotion in favor of the view that the two are intertwined in a variety of important ways. A second important feature is a focus on mild, everyday emotions, feelings, or moods rather than on "hot" or extreme emotions such as fear and anger.

Feeling good or happy, feeling sad or unhappy, feeling excited or energized, feeling tired or unmotivated—all exemplify mild emotions we experience regularly in social contexts (see Isen, 1987). Mild, everyday emotions can be a positive motivating force in or a subtle hindrance to successful negotiations.

Consider a few examples of the impact of emotion on phenomena of relevance to negotiation. In a review of affect in social judgment, Forgas (1992) makes the general point that positive emotion leads to more heuristic information processing. For example, Schwarz and associates have found that targets of a persuasive communication who are in a positive mood process the information received in less systematic ways than do targets who are in a neutral or mildly depressed mood (Schwarz & Bless, 1991; Schwarz, Bless, & Bohner, 1991; Schwarz & Clore, 1988). In a study of how mood affects subjective probability judgments, Wright and Bower (1992) found that positive moods produce higher subjective probabilities for positive consequences of a choice and lower for negative consequences; negative moods produce the opposite effects. Apparently, mood affects the positivity of what is retrieved from memory (mood-consistent retrieval). Finally, Isen and Daubman (1984) have shown that a mild positive mood increases the degree to which persons categorize as similar items (e.g., colors) that are only marginally similar or even dissimilar; and Kraiger, Billings, and Isen (1989) have demonstrated that positive emotion, generated independent of a task, fosters more satisfaction upon completion of the task, suggesting that reports of satisfaction are mood congruent. Overall, research shows that mild positive emotions generate more global and heuristic information processing, a tendency to group together objects or elements of the situation and to make mood-congruent inferences about future events. These sorts of processes should occur on negotiation contexts as well, and should bear on the relationships that evolve in repeated negotiations.



A few studies have examined the effects of emotion in negotiations. For example, Carnevale and Isen (1986) tested the hypothesis that positive emotion or mood would increase the degree to which actors in bargaining would find and arrive at better integrative solutions. The rationale for this hypothesis was that mild positive emotion leads people to view a situation more broadly and to attempt to pull together or interrelate more elements of it; that is, positive mood leads to more heuristic information processing. The researchers found that when subjects in a positive mood bargained face-to-face, they reached higher joint outcomes (more integrative solutions) and used fewer contentious tactics; both findings support their hypothesis. Kramer, Newton, and Pommerenke (1993) replicated these results and also found that people experiencing positive emotion are more optimistic about future negotiations. More generally, Isen's (1987) review of work on mild feelings or moods suggests that positive emotion promotes cooperation and helping of others. One can extrapolate from such effects and argue that mild positive emotions, regardless of their source, lead people in negotiations to see more similarity among themselves and to develop a "dual concern" about their own and others' payoffs or outcomes. An emergent dual concern maybe integral to commitment formation.

Clearly, there is a need for more research on how mild, everyday emotions and feelings come about in negotiations and what impact these have on negotiation tactics and on future negotiations in the case of ongoing exchanges. Our theory and research constitute a modest step in that direction. The following sections present a social exchange framework, incorporate some basic forms of everyday emotion, offer a theoretical model explaining the role of emotional/affective processes in negotiation, and summarize recent evidence on that role. Finally, we point to some broader implications for networks, group formation, and commitment in organizations.

## A Social Exchange Framework

### Dimensions of Structural Power

Social exchange theory portrays all social relationships, not just negotiation ones, as having an instrumental foundation. People ostensibly form and remain in relationships of whatever sort as long as they receive individual rewards better than those available elsewhere (Blau, 1964; Emerson, 1962; Homans, 1961; Thibaut & Kelley, 1959). Richard Emerson (1962, 1972, 1981), in his seminal theoretical work, has developed a comprehensive theory of power from these basic ideas and assumptions of exchange theory. He has formulated an explicitly structural theory of power in which power capabilities are based on the dependencies or interdependencies within a network of more than two actors. The concept of structural power communicates not only that power is conceived of as a potential but that it is grounded in a network of dyadic relations. Emerson's concept of power as dependence captures some of the important features of negotiation contexts.

In negotiations, structural power concerns the objective relations of dependence and interdependence of the two actors (Bacharach & Lawler, 1981; Emerson, 1981). The power of A is based on the dependence of B on A, and vice versa. The degree of dependence varies positively with the value actors ascribe to the outcomes, resources, or issues at stake, and negatively with the availability of such outcomes or resources from elsewhere (Bacharach & Lawler, 1981). This is a fairly standard rendition of Emerson's power dependence theory that also dovetails with the larger social exchange tradition (e.g., Blau, 1964; Thibaut & Kelley, 1959). Thus in an exchange situation in which two parties, A and B, can provide rewards  $x$  and  $y$

to each other, A's power over B is equal to B's dependence on A for x and B's power over A is equal to A's dependence on B for y. Each party's dependence in turn has a positive relation with the value of x and y to B and A, respectively, and a negative relation with the availability of x and y from alternatives. Like others who examine exchange networks (e.g., Cook et al., 1983; Cook & Yamagishi, 1992; Markovsky et al., 1988), we focus on the “alternatives” dimension of dependence and essentially assume that value is constant.

Implicitly, Emerson's theory treats power in “absolute” terms, because each actor's power is based only on the other's dependence and not on his or her own. Bacharach and Lawler (1981) develop this idea further and propose a nonzero-sum theory of power dependence (see also Lawler 1992b; Lawler & Ford, 1993). A non-zero-sum theory allows for variation in the total (or average) amount of power potential in an exchange relation, whereas a zero-sum conception assumes a fixed total. With a non-zero-sum conception, both the total power (or mutual dependence) and relative power (dependence difference) are important structural dimensions of the relation—thus an increase in the power of one does not necessarily imply a decrease in the power of the other. Both actors can experience an increase in power without a change in their relative power (see Bacharach & Lawler, 1981; Lawler, 1992a; Lawler & Bacharach, 1987). We suggest that in combination these dimensions of power grasp in a simple and parsimonious way the fundamental underpinning of an exchange relation such as that found in dyadic negotiations.

The broader import of a non-zero-sum approach to power is illustrated in Kanter's (1977) analysis of “empowerment” in organizations. She shows, for example, that if middle managers are “empowered” by becoming more involved in strategic planning and other activities external to their subunits, their subordinates also are “empowered” by having greater discretion and autonomy over day-to-day activities. The power of both middle and lower managers may change

in the same direction. Tannenbaum (1968) makes a similar point, suggesting that if the participation of employees in organizational decision making increases, their “control” over managers is enhanced, but so is the managers' control over them.

### Repetitive Negotiations in Exchange Relations

Mutual (total) and relative dependence should have an important effect on negotiations and the development of an ongoing “exchange relation.” Previous research on one-shot negotiations shows that greater mutual or total dependence and more equal dependence increase the likelihood of an agreement (Bacharach & Lawler, 1981; Lawler, 1992b, 1993; Lawler & Bacharach, 1987). Mutual dependence reflects the opportunity costs of failing to reach agreement with a particular other, and relative dependence bears on the prospects of mutually satisfactory agreements (Lawler, 1992b). In repeated negotiations, the objective power dependence context that brings actors together to negotiate in the first place will bring them together time and time again to resolve problems through negotiation (see Cook & Whitmeyer, 1992; Lawler & Yoon, 1993).

To infer or argue that stable structural-power conditions produce commitment in ongoing, repeated encounters is not a new idea. The classic position of Emerson's exchange theory takes the form of a simple causal chain in which structural power is linked to commitment through the frequency of exchange (Cook & Emerson, 1984), as portrayed in Figure 7.1.<sup>1</sup> Frequent exchange among the same actors produces commitment by reducing uncertainty (Cook & Emerson, 1984) or increasing interpersonal attraction (Tallman, Gray, & Leik, 1991). Thus two additional intervening mechanisms ostensibly can explain the link of repetitive exchange and

commitment—the actors come to know each other better (uncertainty reduction) or they come to like each other more (interpersonal attraction). In both, the explanation for commitment formation is still that the rewards within the relationship are better than elsewhere—that is, *people stay because it pays*.

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Insert Figure 1 Here

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Our approach recasts and elaborates the causal chain proposed by the classic social exchange model by incorporating the emotional/affective dimension of commitment suggested in theory and research on organizational commitment (Kanter, 1972; Lincoln & Kalleberg, 1985; Meyer, Allen, & Gellatly, 1990; Mowday, Porter, & Steers, 1982; Mueller, Wallace, & Price, 1992). Whereas Emerson (1972, 1981) assumes that exchange relations are formed from repeated instrumental encounters, we go further by suggesting that, in the process, exchange relations become partly expressive owing to emotional processes endogenous to the dyadic negotiations (Lawler & Yoon, 1993; Lawler, Yoon, Baker, & Large, in press). Our analysis of this phenomenon is inspired by Homans's (1950) classic notion that frequent exchange among the same actors is sufficient to produce sentiment relations among them if two conditions are met: (a) They have alternative relations and (b) these are not likely to provide benefits as good as the focal ones. These conditions are integral to select dyads within most any network and are assumed as given by our theory.<sup>2</sup>

Our theory contends that under the conditions put forth by Homans, the emotional/affective consequences of "doing things jointly with others" warrant particular attention (see Lawler & Yoon, 1993, p. 467). If a network gets the same two people together to

do something jointly and they repeatedly accomplish their joint task, they are likely to feel good about this. Adapting Berger and Luckmann's (1967) ideas about "incipient institutionalization," more frequent exchange therefore should lead actors to perceive themselves as linked and as constituting a "unit" somewhat distinct from other dyads or relations in the situation. This is tantamount to the "objectification" of the exchange relation (Berger & Luckmann, 1967), that is, the perception of it as an objective reality apart from the actors composing it. Once objectified, the relation is likely to be perceived as partly responsible for the positive emotion, and therefore it becomes somewhat expressive (Lawler, 1992b; Lawler & Yoon, 1993). Objectification can be construed as "psychological group formation," in Tajfel and Turner's terms (Tajfel, 1982; Tajfel & Turner, 1986; Turner, 1987), and "expressiveness" as an emotional result of perceived interdependence (Gaertner, Mann, Murrell, & Dovidio, 1989; Kramer, 1991, 1993; Rabbie & Horowitz, 1988).

"Expressiveness" of the relation is different from the liking or interpersonal attraction of the actors for each other (Hogg & Turner, 1985; Lawler, 1992b; Markovsky & Lawler, 1994; Parsons, 1951). Both the other actor and the social relation can be distinct social objects for actors, just as the "generalized other" and specific others are distinct social objects in George Herbert Mead's (1934) theorizing and "the organization" is a distinct object of attachment in research on organizational commitment (Lincoln & Kalleberg, 1985; Meyer et al., 1990; Mowday et al., 1982; Price & Mueller, 1986). Thus instrumental exchange relations, created and maintained by structural-power conditions, can become distinct targets of affective attachment regardless of the interpersonal attraction between the particular actors. Hogg and Turner (1985) make a similar distinction and provide some supporting evidence for the idea that interpersonal liking is not sufficient to foster group formation.<sup>3</sup>

Thus, compared with the standard exchange viewpoint, our theory inserts an intervening emotional/affective process between repetitive exchange (agreements) and commitment behavior. In this framework, uncertainty reduction and liking for the other stem from the emotional/affective consequences of reaching agreements, consequences that also make the relation a social object for actors and a potential target of attachment; these other interpretations are subsumed by the collective impact of the emotional/affective process. To examine this emotional process further in the context of an exchange relation, we now turn to some recent work on mild, everyday emotions or feelings.

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Insert Figure 2 Here

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#### Mild Emotions/Moods/Feelings

We adopt an approach to emotion heavily informed by the circumplex model and some sociological theorizing about everyday emotions (Kemper, 1978, 1987; Larsen & Diener, 1992; Watson & Tellegen, 1985). The emotions produced by negotiations are treated as normal, mild feelings that we all feel in our daily lives and that we can generally report and describe with accuracy. Such emotions include, for example, mild sensations of feeling happy, unhappy, elated, sad, excited, bored, enthusiastic, and unenthusiastic.

An emotion is defined as a transitory positive or negative evaluative state that involves neurophysiological, neuromuscular, and often cognitive components (Izard, 1992). Given relatively little consensus in the psychological and sociological literatures on the meanings of obviously related terms such as mood, emotion, affect, and feeling, we adopt a simple framework

useful for our particular concerns. Following Kemper (1978) and Gordon (1981), we define emotion as a transitory feeling and affect as an enduring sentiment; emotions are relatively diffuse feelings emerging from negotiations, whereas affect is a sentiment attached to the relation as an object. We focus solely on normal, mild, self-reportable feelings and sentiments. Although this necessarily skirts many fundamental theoretical and empirical issues about emotion, such an approach to emotions and affect has been used with substantial success by Isen and her colleagues (Isen, 1987; Isen & Baron, 1991) and by those who work with the circumplex model (Larsen & Diener, 1992).

The circumplex approach to emotion identifies pleasure and arousal as the main dimensions of emotion (Larsen & Diener, 1992). Pleasure is most basic and the emotion treated by Isen and her colleagues; the arousal dimension has been a theoretical and empirical problem in the literature because of its diffuseness and its potential to take either negative or positive forms. Arousal has varied positive forms, one of the most important of which is what Izard terms "interest/excitement." Interest/excitement is a distinct and separate positive emotion, defined as a motivating state of curiosity and fascination (Izard, 1992; MacDowell & Mandler, 1989). Interest/excitement is "feeling energized," whereas pleasure is "feeling satisfied." We focus on these two forms of positive emotion.

As Izard (1992) indicates, interest/excitement is anticipatory or oriented to future events and involves an "awareness of potential satisfaction" (see also Deci, 1980). Pleasure/satisfaction, narrowly construed, is oriented to the past, a response to outcomes already received rather than those anticipated or hoped for in the future. This implies a distinction between emotions that stem from "looking backward" and those that stem from "looking forward" (see Lawler & Yoon, 1993). Such a distinction could help capture a fundamental aspect of social interaction in general



and negotiation in particular. Actors tend to look both backward and forward, to think about what has happened recently and what might come next, to orient themselves to the past and to the future. When negotiations occur in ongoing relations, the salience of and attention to past and future obviously increase (Axelrod, 1984), and actors more vigilantly monitor and interpret the meaning of past events and the prospects of positive future events. Thus treating pleasure/satisfaction and interest/excitement as basic, everyday emotions of particular importance to bargaining and negotiation makes considerable sense and could lead to important insights.

### The Theoretical Model

The theory takes the form of a theoretical (causal) model that specifies the series of *indirect* paths through which structural power fosters commitment behavior (Figure 7.3). There are two exogenous variables, representing the zero-sum (differential dependence) and non-zero-sum (mutual dependence) dimensions of power. *Total power* or mutual dependence is the sum of each actor's absolute power over the other; *relative power* is the difference between the two actors' power. The first endogenous variable is the *frequency of agreement* across repetitive and independent instances of negotiation; the next is *positive emotion*, taking the form of mild, everyday feelings of pleasure/satisfaction or interest/excitement. Satisfactory agreements or exchanges ostensibly produce such emotion, with *satisfactory* defined as an agreement better than likely from the alternative partner. Given the structural-power conditions, it is reasonable to assume that conditions producing more agreements are also producing more satisfactory ones.

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Insert Figure 3 Here

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Objectification refers to actors' perceptions of being linked to one another and constituting a unit distinct from other potential or actual relations in the context (Lawler & Yoon, 1993). Based on the work of Berger and Luckmann (1967), when relations become objects unto themselves, they become a "third force" impinging on actors (see also Markovsky & Lawler, 1994; Parsons, 1951). *Commitment* is the tie of an individual to a collective social object, such as a relationship, group, or organization. Affective commitments are individual-to-group ties that are emotional or cathectic (Kanter, 1972), rather than instrumental.

In testing the theoretical model, *indirect* effects of power and repetitive agreements through positive emotion indicate affectively based commitments, whereas direct effects for power or agreements suggest instrumentally based commitments. The following subsections discuss each step or link in the theoretical model, moving from left to right.

### Structural Power and Repetitive Agreements

Total power (mutual dependence) is a primary facilitator of exchange because dyads containing greater mutual dependence entail more "relational cohesion," that is, a structural push toward cooperative action (Emerson, 1972; Lawler & Yoon, 1993; Lawler et al., in press). A negotiation relation with greater total power provides each actor more flexibility to adapt to the vicissitudes of the other's behavior and to the larger network because such contexts entail a larger number and range of negotiated agreements that meet a "sufficiency" criterion. Mutual power or

dependence in negotiations reflects the extent to which an ongoing relationship is susceptible to disruption by misjudgment, miscalculation, or changes in the larger network.

Research applying power dependence to negotiations has shown that greater total power makes agreement more likely in one-shot negotiations where parties are aware of each other's alternatives (Bacharach & Lawler, 1981; Lawler, 1992b; Lawler & Bacharach, 1987). In recent work on repeated negotiations (Lawler et al., in press), a similar effect was observed where actors know the nature of their own, but not the other's, alternative. This suggests a purely structural effect for total power, attributable to the conjoint effects of each person acting on his or her own power position without being aware of the other's.

Turning to unequal power, the problem actors face shifts to what is a fair and reasonable agreement. The theory predicts that equal power will produce more frequent agreements than unequal power, despite the fact that more benefits accrue to both actors from agreement. It is well known that those with more power tend to argue for agreements that treat power as an appropriate input in an equity equation and that therefore favor themselves, whereas those with lower power argue for agreements that are equal (see, e.g., Bacharach & Lawler, 1981; Hegtvedt & Cook, 1987; Komorita, 1984). Unequal power complicates the bargaining agenda by bringing the meaning and implication of the power difference under dispute.

Various studies of two-party bargaining have suggested that unequal power tends to produce fewer agreements or make conflict resolution more difficult (Lawler, 1992b; Lawler & Bacharach, 1987; Lawler, Ford, & Blegen, 1988). In a recent study of unequal power in a multiparty social dilemma situation, Mannix (1993) also found that larger groups with unequal (compared with equal) power produced more focus on individual gain and generated poorer

outcomes overall. It seems clear that unequal, compared with equal, power creates additional obstacles for actors in negotiations.

### Repetitive Agreements and Positive Emotion

Our theory predicts that more frequent agreements (exchange) between the same actors produce and crystallize mild positive emotions or feelings. These emotions may involve pleasure/satisfaction with agreements that have already been negotiated and/or interest/excitement about the prospects of future negotiations. The strength of each emotion should depend on the degree to which the context stimulates actors to attend more to the past or to the future of their negotiations with each other. Both the past and the future "cast shadows" over current negotiations, and one question not yet addressed by the theory is what conditions determine the relative size of these shadows.

As we indicated earlier, our argument is that people also feel good as a result of accomplishing joint tasks with other people. This means that doing something jointly with another produces positive feelings (e.g., an "emotional buzz") beyond those generated by the instrumental rewards. The overall strength of the emotions, of course, will likely vary with the task and a number of other aspects of the situation, but, in general, more challenging tasks should produce stronger emotional buzz. Negotiation contexts are particularly challenging, because actors have conflicting interests (or believe they do) and typically face considerable uncertainty and ambiguity. Such situations induce "cognitive work." For these reasons, the emotions actors experience as a result of their joint activity should be somewhat stronger, more salient, and more easily self-reportable than those they experience in many other types of social situations. More

important, actors should be prone to give these emotions larger meanings by making inferences about their relationship to the other.

### Positive Emotion, Objectification, and Commitment Behavior

The theory stipulates that positive emotions produced by negotiations, if repetitive or frequent, make the people involved perceive a relationship with one another. They become more aware of their interdependence, as manifest in the social structure, and as their perceptions of interdependence grow, so does their sense of having a relationship. This is comparable to the "psychological group formation" process specified by Rabbie and associates, who argue and show empirically that perceptions of interdependence are the key foundation for group formation (Rabbie & Horowitz, 1988; Rabbie, Schot, & Visser, 1989). The mild positive feelings engendered in negotiations should strengthen this group formation process in a dyad within a larger network by enhancing mutual perceptions of interdependence.

The emergence of the relation as a distinct object makes it a likely target for emotions to the degree that the relation is perceived as a cause of these feelings. Lawler (1992a) recently developed a general theory of affective attachments that suggests an explanation for the objectification-to-commitment links in the theory. If a relation or group provides actors a sense of control over their situation—in this case, the uncertainty of the negotiation context—then the relation or group is likely to be a target for the positive feeling produced in the relation or group. The result is stronger affective attachment to that relation or group (Lawler, 1992a) and a propensity to treat it as valuable in its own right or as an end in itself (i.e., as an expressive object). The theory of affective attachments (Lawler, 1993) identifies a general process by which

persons form affective ties to collectivities, whether a dyadic relation in a network, a small group in a larger organization, or an organization in a society.

Given the actors' interdependence, reaching agreement in negotiations should enhance each actor's sense of control over the uncertainty of the situation; and the fact that actors jointly accomplish agreements should lead them to credit their relationship, at least in part, for the sense of control and related positive feeling. Thus the relationship should take on intrinsic value, and the actors should be more willing to do things to nurture and maintain the relationship. Continuing to negotiate agreements with the same other maintains the sense of control and enables each actor to reproduce the positive feelings.

To summarize, there are two main parts to the theory that reflect the two sides of the context- action relationship. The first specifies how social contexts initiate commitment processes by generating repetitive agreements among the same actors. Social contexts with high total power and equal power produce the most frequent or repetitive agreements. This is the context-to-action aspect of the theory. The second part of the theory specifies an endogenous process through which repetitive agreements lead to commitment behavior. Repetitive agreement increases positive emotions in the form of mild pleasure/satisfaction and interest/excitement, and positive emotions in turn produce a perceived relationship that leads the actors to engage in behavior that contributes to the relationship. This is the action-to- context aspect of the theory, indicating that commitment formation changes the context for future negotiations.

## Evidence for the Theory

We tested several key parts of the theoretical model in two recent studies (Lawler & Yoon, 1993; Lawler et al., in press). The first focused on the impact of equal versus unequal power, and the second on low versus high mutual dependence (total power). In both studies, two actors representing organizations negotiated over the price of a product, and each had one alternative. Negotiation with the alternative was likely to give a lower payoff than negotiation with the focal relation (i.e., it had a lower expected value). The actors engaged in explicit negotiations across 8 to 10 episodes of negotiation (which varied by study), with a maximum of 5 rounds in each year. Each episode set the terms of an exchange for a year, and the negotiations started anew in the next year.

After several episodes (years) of negotiation, actors had the option to give each other unilateral gifts; this was the form of commitment behavior common across the two studies. Actors did not receive information on the number of gifts given by each other until the experiment was over (see Lawler & Yoon, 1993; Lawler et al., in press), so they could not implicitly negotiate reciprocal gifts.<sup>4</sup>

The results of these studies support some key parts of the theoretical model (Figure 7.3). As predicted, the impact of structural power on commitment was mediated by emotional/affective processes in both studies. In the first study, we found that equal, compared with unequal, power produced more commitment behavior, indirectly, through the emotional effects of more frequent agreements under equal power (Lawler & Yoon, 1993). In other words, equal power increased the frequency of agreement, which in turn increased positive emotion, which in turn increased commitment behavior (e.g., gift giving). It is important to note that at

each step, the direct effects of antecedent variables were nonexistent or relatively small. The second study revealed that greater mutual dependence produced more frequent agreements, which in turn produced more positive emotion and commitment behavior (Lawler et al., in press). Although neither study could test the role of objectification, the results were consistent with an "objectification-to-expressiveness" interpretation. Moreover, the second study showed that higher mutual dependence produced perceptions of a closer relationship on a postexperimental questionnaire, and that this effect was mediated by the frequency of agreement. In sum, initial evidence supports the theoretical model displayed in Figure 7.3.

The evidence also suggests that the forward-looking emotion, interest/ excitement, may have more to do with the commitment process than the backward-looking emotion, pleasure/satisfaction. We found that the impact of repetitive agreements on commitment behavior was mediated by interest/excitement rather than pleasure/satisfaction; the degree of pleasure/satisfaction was determined primarily by the payoffs from actual (past) agreements (Lawler & Yoon, 1993). Pleasure/satisfaction maybe a function of the nature of agreement, whereas interest/excitement is a function of the frequency of agreement. More frequent agreements may yield hope and an expectation of better things to come, which could account for a greater impact on affectively based commitments (for more discussion, see Lawler & Yoon, 1993). This interpretation is made more plausible by the fact that some research on organizational commitment similarly indicates that interesting and challenging work has a stronger impact on organizational commitment than tangible rewards, such as pay, fringe benefits, promotions, and security (see Mottaz, 1988). Clearly, pleasure/satisfaction and interest/excitement are not mutually exclusive emotional responses, and future work should



determine whether and when these backward-looking and forward-looking emotions have different effects on commitment formation.

### Some Broader Implications

We interpret the development of commitment in a relationship within a network as a "group formation" process driven by the positive feelings of pleasure/satisfaction or interest/excitement that result from solving problems (reaching agreements) with the same other over time. Positive emotions are individual-level phenomena that make salient to actors their interdependence and common fate, a key condition for group formation (Brewer & Kramer, 1986; Kramer, 1991, 1993; Kramer & Brewer, 1984; Rabbie & Horowitz, 1988; Rabbie et al., 1989). If group formation is a result of perceptions of interdependence (Kramer, 1991, 1993; Kramer & Brewer, 1984; Rabbie & Horowitz, 1988) rather than the mere sharing of a social category (Tajfel & Turner, 1986), it becomes important to integrate power dependence theory with extant notions about group formation. The two dimensions of power dependence, relative and total power, are social-structural conditions that should foster incipient perceptions of interdependence at the outset, but then shape and solidify them by virtue of the interactions these power conditions produce in the actual negotiations. Our theory of commitment offers an emotional/affective explanation for such group formation that reaches beyond the cognitive accounts of previous work. The general processes suggested by our theory also should apply beyond the dyadic relations that are of primary concern in this chapter. We next consider some implications for networks, transaction-costs economics, and organizational commitment.

Applied to networks, the process of group formation in dyadic negotiations poses a dilemma. In networks of exchange, such as those studied by Cook and associates (Cook & Emerson, 1978; Cook et al., 1983) and Markovsky and associates (Markovsky et al., 1988; Wilier, Markovsky, & Patton, 1989), dyadic negotiations among the same pairs of actors over time should create pockets of “relational cohesion” that satisfy individual actors but also fragment the network. Over time, ties within a subset of dyads become stronger and more resilient, whereas ties in other potential or actual relations become weaker to nonexistent or virtually impossible. Such processes are readily visible in almost any organization, as people come and go and relations strengthen and weaken accordingly. If our theory is correct, structural theories of exchange cannot account for the ebb and flow of relational strength. Endogenous emotional processes will make some dyads more resilient and less vulnerable to changes of the larger network than structural theories would predict, even with the addition of strategic and cognitive principles.

Applied to transaction-costs economics (Williamson, 1975, 1981), our theory shows how exchange relations can become objects of intrinsic value in their own right, or ends in themselves. The emergence of the relationship as a positive object can be construed as an incipient “governance” structure or a form of “internal organization” that responds to the uncertainty of the negotiation setting (bounded rationality condition), the options both actors have to go elsewhere at any time (potential for opportunism), and the small number of exchanges involved (small-numbers bargaining). The important point of our theory is that the mere frequency of exchange is sufficient to unleash a commitment process, and the resulting “relational cohesion” is based on the emotional/affective consequences of such frequent exchange. Commitment, in our theory, signifies the development of relationship-specific assets

that enhance the social costs of exchanging with alternative partners. Asset specificity with such an emotional foundation should have an even more pronounced effect on contracting than predicted by Williamson (1981).

Commitments developed as our theory predicts would involve strong ties between the actors. In organizations, such strong ties can be a double-edged sword. On the one hand, strong ties between key actors are likely to help get the work of the organization done; in fact, as long as actors maintain a focus on organizational tasks, such ties should improve efficiency and performance. Our theory implicitly highlights the importance of one-on-one relations to getting things done. On the other hand, the fragmenting effects of pockets of “relational cohesion” are a problem if these become vehicles of opposition to organizational goals and procedures. Those with strong personal ties may provide each other mutual affirmation and support for action that reduces organizational performance and efficiency. Network theories offer a possible solution: If weak ties are maintained among dyads with strong ties, the contribution of strong ties to getting the work done may proceed without excessive insulation, and the weak ties (see Granovetter, 1973) may provide informal “oversight” for each of the pivotal or key dyads. This is one way that networks may be a viable alternative to both markets and hierarchies as a method of organizing dyadic transactions (Powell, 1990).

One overall result of dyadic relations with strong expressive links within them and weak instrumental links between them could be more widespread “organizational citizenship” behavior—that is, a tendency to do such things as taking on additional organizational tasks voluntarily, without compensation (Bateman & Organ, 1983; Organ, 1990). Such “citizenship” in an organizational member could be motivated by a strong tie with another with whom the member works repeatedly on organizational tasks rather than loyalty to the organization per se,

but it may appear to be “organizational” because of the coordination induced by weak ties to others in the organization. Some organizational citizenship behavior may in fact be “relational citizenship behavior.”

If one accepts this network imagery for viewing dyadic negotiations, it also is reasonable to suggest that organizational commitments are mediated in part by the formation of expressive relations among actors, something that organizations often attempt to prevent. If such relations emerge from instrumental ones fostered by the organizational structure and remain focused on the joint activity involved in getting the work of the organization done, they can be quite helpful to organizations. Homans's (1961) classic analysis of 10 cash postmen working at a utility company illustrates the organizational benefits of expressive relations in the workplace. The cash postmen's duty was to record customers' payments on ledger cards at the time of receipt. The company's standard was 300 postings per hour, and detailed records of the speed of work were kept. Homans observed that the employees significantly exceeded the standard, even though pay was not yoked to production, promotions were rare, and working below the standard resulted in only a "mild rebuke" from the supervisor. Over time, faster workers did not reduce their speed to the standard, and the company did not raise the standard to fit the faster workers' speed. Homans argues that it was not salary, promotion, or other extrinsic benefits that produced the additional production of the workers, but the positive sentiment that developed among the workers and between the workers and the larger organization. One interpretation is that affectively based commitments to the organization developed in part from the frequent positive interaction of the cash postmen with each other and the mutual sharing of positive experiences with the larger organization. Although there are certainly other interpretations for Homans's observations (see, e.g., Kelley, 1979), this example at least serves to suggest how affectively based commitments to

relations and groups in the workplace might be relevant to organizational commitment (see also Lincoln & Kalleberg, 1985; Mowday et al., 1982; Mueller et al., 1992).

## Conclusions

In this chapter we have put forth and modified the classic social exchange approach to power and commitment behavior. The classic view is that structural power produces commitments by laying the foundation for repetitive exchange among the same actors. Our theory elaborates this process by arguing that repetitive exchange arouses positive feelings that are attributed to the relation. This introduces an emotional/affective component to the commitment process. Whereas exchange theory can explain only instrumental forms of commitment, our theory explains how and why affective commitments to an exchange relation can develop and thereby transform an instrumental exchange relation to an expressive relation.

Emotional processes, in our view, forge a link between the existing social context and subsequent changes in that social context. The initial push toward change is embedded in the structural power and associated potentials and tendencies in the social context. People respond to the context with behaviors that produce emotions at the individual level; these individual emotions change how people perceive their relationships to one another, strengthening in particular their sense of interdependence. This makes the relation a salient "social object" and a target of affective commitment, which is manifest in stay behavior, a propensity to give things to each other without strings attached, and an inclination to contribute to a joint venture (i.e., a public good).

In a larger sense, the reciprocal connections of context and behavior involve macro-to-micro effects (structure to action) and subsequent micro-to-macro effects (action to structure). Neither set of effects can be subsumed under the other; both are essential to understanding the role of context in negotiations. Applying a recently published framework for micro-macro linkages (see Lawler, Ridgeway, & Markovsky, 1993), negotiations involve *encounters* that are produced by a *macro structure* (the minimal network, in this case). In these encounters, actors are purposive (have instrumental goals) and are responsive to each other (take account of each other). Their interaction produces a *micro structure*, which takes the form of a dyadic relation that is viewed and treated by the actors and others as an objective reality or unit unto itself. This relationship, once developed, shapes the actors' future encounters with each other but also limits their encounters with others in the larger network. Thus the connections among structurally based power, repetitive exchange, and commitment formation in dyadic negotiation relationships reflect an intertwining of micro-to-macro and macro-to-micro processes.

## Notes

1. An assumption of interdependent actors who engage in repetitive exchange helps distinguish exchange theory from neoclassical economic theory (Emerson, 1972, 1981), which assumes a frictionless market and focuses exclusively on discrete and interchangeable transactions. In the classical market, a buyer and a seller will not enter into repeated transactions with each other unless the price is the best each time, and if this occurs, repetitive exchanges will not have any effects per se. Social exchange theory (Blau, 1964; Emerson, 1962, 1972; Homans, 1961; Thibaut & Kelley, 1959) contends that repetitive transactions engender social effects that cannot be explained by economic theory and require a social-structural explanation (Emerson, 1981).

2. We analyze the frequency of agreement in repeated negotiations and take for granted that negotiated exchange will not occur with much frequency in focal relations unless those relations are perceived as providing more benefits than alternative relations. Suboptimal agreements are enough to produce an emotional/affective commitment process as long as the agreements yield payoffs greater than the expected value of the alternative.

3. The transformation of instrumental exchange or negotiation into an expressive relation does not imply that the original instrumental foundation of the relationship has disappeared, only that expressiveness has been superimposed on the instrumental base. In markets, expressive relations are an emotional/affective form of stickiness or friction.

4. Gift giving is defined by actors as a unilateral, noncontingent benefit from a different value domain than that under negotiation (Ekeh, 1974; Heath, 1975; Lawler & Yoon, 1993). Gifts are often small, token gestures such as "showing interest" in new employees, volunteering to help a friend with a difficult task, or putting extra effort into a collective task (Lawler & Yoon,

1993, p. 486). Various "organizational citizenship behaviors" essentially represent gift giving of this sort (see Bateman & Organ, 1983; Organ, 1990). Organ (1990) defines organizational citizenship as "organizationally beneficial behaviors and symbolic gestures that can neither be enforced on the basis of formal role obligations nor elicited by contractual guarantee of recompense" (p. 46). Included are constructive statements about a department, expression of personal interest in the work of others, and suggestions for improvement.



Figure 1

Figure 7.1. Classic Social Exchange Model of Commitment

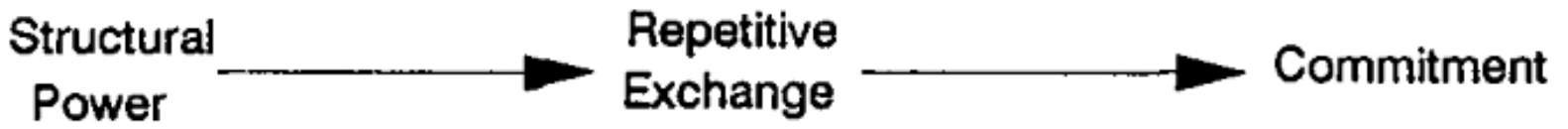


Figure 2

Figure 7.2. Modification of the Social Exchange Model

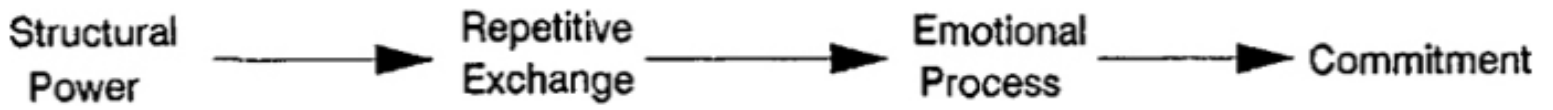
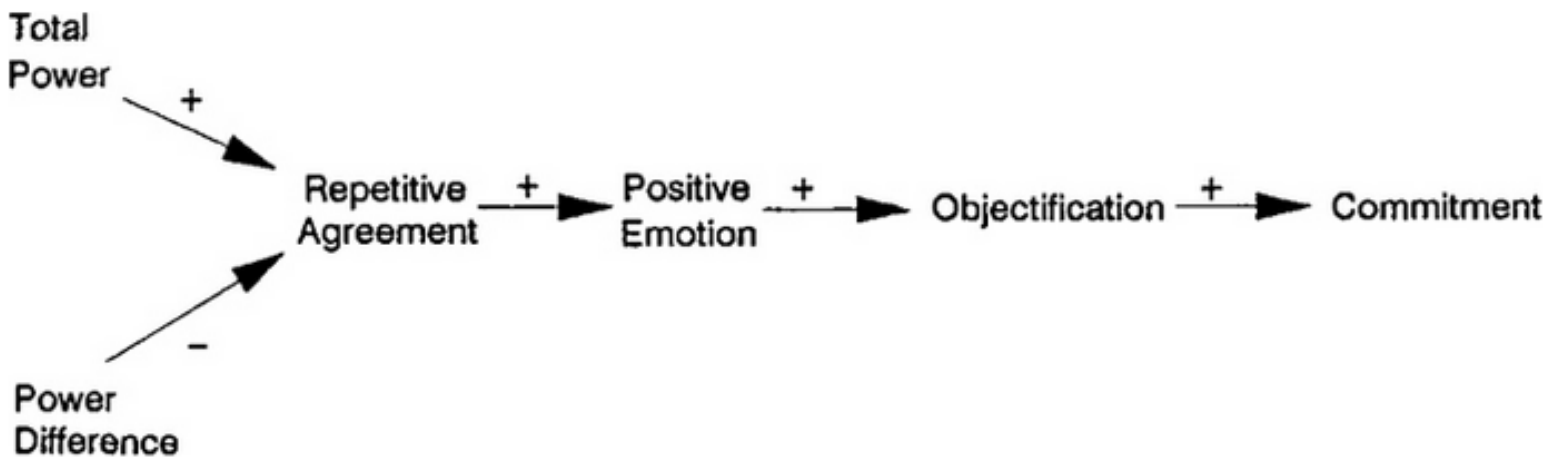


Figure 3

Figure 7.3. The Theory of Relational Commitment



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