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# Power Dependence in Collective Bargaining

## Abstract

[Excerpt] The purpose of this paper is to review and extend the implications of a dependence theory of bargaining power. This theory advances a much more complex conception of power than is typically found in either the general literature on power or the collective bargaining literature. The paper will identify certain paradoxes posed by dependence theory. These paradoxes help to illustrate the value of the theory in understanding the power relationships between labor and management, how these relationships can change over time, and how tactical action within particular contract negotiations can produce positive effects on the relationship that are not intended by actors. For example, Emerson (1972), who first delineated the general features of power-dependence theory, suggested one such paradox: "To use power is to lose it." This is a rather provocative - and to some, perhaps, a seemingly ludicrous - notion that actually makes sense if one considers the longer-term effects of tactical actions that take place in particular collective bargaining negotiations. In our earlier work, we modified power-dependence theory (Bacharach and Lawler, 1981a) and suggested that tactical efforts to change the power relationship can, under some conditions, have an integrative effect on labor-management relations, thus posing another paradox that the use of power does not necessarily have negative or disintegrative consequences.

## Keywords

bargaining power, dependence theory, collective bargaining, power relationships

## Disciplines

Collective Bargaining | Organizational Behavior and Theory | Social Psychology and Interaction

## Comments

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Power Dependence in Collective Bargaining

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Power-dependence theory begins with the proposition that the power of one actor is based on the opponent's dependence on that actor—that is, the power of actor A is based on actor B's dependence on the benefits that can be provided by A, while the power of actor B is based on A's dependence on the benefits that can be provided by B (Bacharach and Lawler, 1981a; Blau, 1964; Emerson, 1962 and 1972). A crucial aspect of this proposition is that each actor's power is based on the other's dependence rather than on his own. In labor-management relations, labor's power is based on management's dependence on the union and its members, while management's power is based on the union and its members' dependence on management.

The dependence theory of bargaining power is a worthy competitor of other theories of power in general or bargaining power in particular (Dunlop, 1950; Chamberlain, 1951 and 1955; French and Raven, 1959; Tedeschi, Schlenker, and Bonoma, 1973; Wrong, 1968). It offers a multidimensional conceptualization of power; it adopts a tactical approach to the bargaining process; and it treats the outcomes of bargaining, in part, as products of the tactics and countertactics that constitute the bargaining process. Overall, power-dependence theory allows for a more dynamic analysis of power than that offered by many other theories, one that can incorporate both the short-run and long-run effects of certain tactical patterns (Bacharach and Lawler, 1980, chap. 7; 1981a).<sup>1</sup>

The purpose of this paper is to review and extend the implications of a dependence theory of bargaining power. This theory advances a much more complex conception of power than is typically found in either the general literature on power or the collective bargaining literature. The paper will identify certain paradoxes posed by dependence theory. These paradoxes help to illustrate the value of the theory in understanding the power relationships between labor and management, how these relationships can change over time, and how tactical action within

particular contract negotiations can produce positive effects on the relationship that are not intended by actors. For example, Emerson (1972), who first delineated the general features of power-dependence theory, suggested one such paradox: “To use power is to lose it.” This is a rather provocative—and to some, perhaps, a seemingly ludicrous—notion that actually makes sense if one considers the longer-term effects of tactical actions that take place in particular collective bargaining negotiations. In our earlier work, we modified power-dependence theory (Bacharach and Lawler, 1981a) and suggested that tactical efforts to change the power relationship can, under some conditions, have an integrative effect on labor-management relations, thus posing another paradox that the use of power does not necessarily have negative or disintegrative consequences.

This paper portrays labor-management relations as a “power struggle” and, by examining several of the paradoxes, suggests that our conception of power-dependence theory (Bacharach and Lawler, 1981a; 1981b) offers a promising start toward an examination of this power struggle. Four basic paradoxes are suggested by a dependence theory of bargaining power. Each of these paradoxes demonstrates the potential of the dependence framework for understanding the longer-term implications of tactical action in a given set of negotiations. The paradoxes assume that the actors negotiating at a particular time have and expect to have a continuing, long-term relationship with each other. The four paradoxes are as follows:

1. Power is based on giving.
2. To use power is to lose it.
3. Power may have integrative rather than disintegrative effects on a labor-management relationship.

4. Inferior power can provide an actor a tactical advantage.

An elaboration of the paradoxes will show why such simplistic notions as “high-power actors invariably win in negotiations” are misleading if not inaccurate. In addition, the paradoxes serve to illustrate how the dependence framework can offer a better understanding of the effect of particular contract negotiations on the larger and continuing relationship between labor and management. Before examining the paradoxes, however, it is important to discuss our underlying assumptions about labor-management relations, the concept of power, and the bargaining actors.

## I. ASSUMPTIONS

### Labor-Management Relations as a Power Struggle

The longer-term relationship between labor and management is conceptualized in power-dependence theory as an ongoing power struggle in which the actors attempt to maneuver themselves into advantageous power positions. Much of what each side, either labor or management, does can be construed as efforts (at least in part) either to improve its own power position or to undermine the other's. To enhance its power, for example, the union attempts to create internal solidarity, maintain substantial strike funds, exercise influence over internal labor markets, and manipulate management's perceptions of the union, of workers' contribution to the organization, and of market conditions affecting workers in the bargaining unit. At the same time, to enhance its power, management may build inventories in preparation for a strike, subcontract for certain services, and manipulate workers' perceptions of the comparisons

appropriate for assessing pay levels and their perceptions of the intangible benefits provided by the firm's working conditions. The power relationship that is brought to, interpreted, and enacted at the bargaining table is initially established outside contract negotiations. This power relationship provides the context for the tactics employed by the parties at the bargaining table, and these tactics are usually designed by one party to alter the other's perception of the power relationship.

What does it mean to say that labor-management relations should be viewed as a power struggle? This viewpoint is not necessarily new; in fact, it is probably implicit in most previous behavioral research on collective bargaining. What appears to be lacking in the previous literature, however, is the explicit and systematic development of a framework for grasping the power struggle that underlies labor-management relationships. If we take this conception of labor-management relations seriously, it suggests the following. First, the interaction of labor and management is best conceived as a sequence of tactics and countertactics in the context of a conflict of interest. The conflict of interest is inherent in the very nature of the relationship, and the tactical aspect of the interaction is the most crucial part of the bargaining process. Second, any given interaction (in other words, tactic-countertactic) sequence occurs in the context of an ongoing, longer-term power struggle. Individual contract negotiations must be placed in the context of this broader power struggle. Third, to understand the power struggle, one needs a conception of bargaining power designed not just to predict the outcome of particular negotiations but to analyze the effects of particular negotiations on the larger power struggle. Conversely, the effects of the larger power struggle on individual negotiations must also be analyzed. We contend that power-dependence theory provides the basis for such an analysis.

## The Concept of Power

The concept of power has a muddled and confusing history. Various conceptualizations of power have been offered in the bargaining literature (for example, Chamberlain, 1951; Dunlop, 1950; Stevens, 1963; Tedeschi and Bonoma, 1972) and in the broader social science literatures (for example, Bierstedt, 1950; Dahl, 1957; Gamson, 1968). Those who have presented their own theories about power have tended to ignore other formulations, and those who have conducted empirical research on power have tended to adopt an operational stance that obviates the need to consider the theoretical aspects of the concept. As a result, the net product of these various studies has been to show only loose connections between the concept of power and its operationalization in particular research studies. Variable and inconsistent uses of the term have led some authors to suggest that the concept is useless and others to ignore it altogether (see Lindblom, 1948, and Schelling, 1960 for two noteworthy examples).

Our approach to power differs from most other conceptualizations in three basic ways. First, we assume that power is best treated as a heuristic concept. Much of the other work on power assumes it can and should be a precise, well-defined term that can be operationalized in concrete terms. By contrast, we argue that the existing work on power prematurely attempts to impose a level of precision on the term *power* that is inappropriate (see Bacharach and Lawler, 1980, 10-26; 1981a, 41-103; Blumer, 1969; Hage, 1972; Stinchcombe, 1968). Despite the inherent ambiguity of heuristic terms, they often serve the following functions: they reveal the complexity of phenomena that might otherwise be treated in an oversimplified or unidimensional manner; they serve to integrate seemingly disparate ideas; and they eventually lead to more

precise, well-defined ideas. From our standpoint, the concept of power should be viewed as a heuristic device that serves to carry out these three functions.

The second difference between our approach to power and most others is that we assume that bargaining power is subjective in nature (Bacharach and Lawler, 1981a, 48-52). Research on power in collective bargaining is often based on an economic paradigm. Although the economic and behavioral paradigms differ in important respects, both stress the objective nature of power relationships (Lewin and Feuille, 1983). Our perspective assumes that conveying an impression of power will yield the same consequence as having “real” power; manipulating an opponent’s *perception* of the power relationship will have the same effect as an actual change in that relationship. The “objective” or “real” power relationship sets broad constraints or parameters within which actors attempt to manipulate each other’s perceptions. But given the ambiguity inherent in such information, as well as the tactical nature of bargaining, the cognitive use and manipulation of “objective” conditions is more important to an understanding of bargaining than the objective conditions themselves. In fact, we argue that the objective sources of labor’s and management’s power are important only to the degree that bargainers take account of, interpret, and use them at the bargaining table (Bacharach and Lawler, 1981a).

The third basic difference between our approach and others is that we draw a sharp distinction among potential power, the use of power, and the outcome or result of power usage. Rather than define power solely in terms of only one of these dimensions, we view power as a process through which actors intertwine power potential, usage, and outcomes. This approach avoids the tautological problem with conceptions of power based solely on outcomes (see Dahl, 1957; Dunlop, 1950); avoids the problems caused by neglecting tactics, problems that afflict conceptions of power based solely on potential (Bierstedt, 1950; Chamberlain, 1955; Wrong,

1968); and avoids ignoring the relationships between the tactical aspects of bargaining and the potential power embedded in the structural or environment<sup>^</sup> context. Our approach makes the links between potential power, tactical action, and the outcomes of bargaining a theoretical and empirical issue rather than a matter of definition. We believe it is inappropriate to assume that potential power will be used effectively or even used at all; it is inappropriate to assume that variations in outcomes of bargaining necessarily reflect variations in potential power; and it is inappropriate to assume that unused power has no influence on bargaining.

In summary, the power relationship is not a static structural phenomenon, even though some features of it are relatively stable. Instead, the power relationship is a cognitive construction that evolves and changes in the course of actual bargaining. The changes are a function of tactical action so that the power relationship is, in part, an outgrowth of bargaining. An existing power relationship, as perceived by the actors, serves as a context for current negotiations, which in turn modify and adjust the power relationship.

### Bargaining Actors as Imperfect Calculators

The basic thrust of the power-dependence framework can be illustrated with reference to the standard distinction between the bargaining environment, the bargaining process, and bargaining outcomes. These three facets of the collective bargaining relationship have provided the foundation for a variety of research strategies. Game theorists and economists, however, generally neglect the process and focus on the prediction of outcomes based on simplified assumptions about the parties' utility functions (see, for example, Bacharach and Lawler, 1981a; Harsanyi, 1977; Young, 1975). Scholars in the collective bargaining field, on the other hand,

have typically attempted to relate the environment to outcomes and, in some cases, to the bargaining process (Kochan, 1980). There have been few attempts, however, to develop analytical frameworks that integrate all three dimensions of the bargaining relationship.

In our earliest work, we attempted to provide an integrated framework (Bacharach and Lawler, 1981a). We argued that although the three dimensions of the bargaining relationship are distinct, the task the bargaining actors face is to cognitively link the environment, the process, and outcomes» For example, the bargaining relationship between labor and management occurs within specific external constraints. It is the role of bargained to interpret the external constraints and translate them into tactics that can be used at the bargaining table. Through the bargaining process (whether it takes place within formal contract negotiations or in less formal discussions between contract negotiations), the parties translate the larger environment surrounding the negotiations into tactical actions designed to produce specific bargaining outcomes.

The bargaining actors themselves, therefore, forge the links between the environment, the process (or tactics), and outcomes. They develop tactical options, link those options to opportunities embedded in the environmental conditions, and elect options that they believe will have the greatest positive impact on their outcomes. Actors must be calculative because of the ambiguity and uncertainty that intrinsically pervade a bargaining relationship (Bacharach and Lawler, 1981a; 1981b). But the fact that they are calculative does not mean that they are “rational” in the strict sense. It would be better to say that they are decision makers who search for and process information imperfectly and who utilize a “rational” process, namely, means-ends thinking, without necessarily reaching a “rational” result.<sup>2</sup>

It is our contention that an examination of bargaining outcomes should not deal exclusively with the economic or institutional environment, but should also stress the motives

and intentions—that is, the calculative processes—of the bargaining actors as well as the evolving character of the power relationship. We take this broad view because we believe bargaining power must be the focal variable of any theory of bargaining that seeks to intertwine environment, process, and outcomes. Bargaining power must be examined in terms of its micro behavioral manifestations rather than in terms of its macro environmental antecedents. Thus, although aggregate economic measures (such as the unemployment rate and the percentage of employees who are members of a union) may be good indicators of bargaining power, they must be understood in terms of the tactical actions undertaken by actors in bargaining.

Tactical action may be (1) based on the power relationship implied by such macro indicators; (2) designed to overcome the disadvantages inherent in the macro indicators; or (3) designed to modify the power relationship. These alternative means of responding to a power advantage or disadvantage created by the same environmental or structural conditions suggest that the relationship between power and tactical action is quite complex. A bargainer with little power will not necessarily engage in tactical action that is consistent with that power but may attempt to overcome it by clever tactical manipulations; by the same token, a party with great power may sacrifice favorable outcomes in the short run (and appear to lose in current negotiations) to preserve a long-term power advantage. The clearest lesson of our previous work (Bacharach and Lawler, 1976; 1981a; 1981b; Lawler and Bacharach, 1976; 1979; 1983) is the importance of rejecting oversimplified, unidimensional, structurally based conceptions of power that neglect the dynamic, tactical quality of power processes.

## II. THE DEPENDENCE FRAMEWORK

Chamberlain (1951; 1955) and Pen (1959) based their theories of bargaining power on the proposition that bargaining is a social-exchange relationship in which each actor needs resources controlled by the other. Consistent with related work by social psychologists (Blau, 1964; Emerson, 1962; Thibaut and Kelley, 1959; Cook and Emerson, 1978 and 1984), they specifically suggested that a bargaining relationship is grounded in two conditions: a scarcity of resources that fosters competition among those who need them; and an uneven allocation of resources that makes it possible and potentially profitable for actors in competition to exchange the different resources they each need. Labor and management are likely to maintain a bargaining relationship if each perceives that the other is able to provide benefits more readily and completely than other potential actors with whom they might negotiate. In other words, bargaining is based on the dependence of each actor on resources controlled by the other. For Chamberlain and Pen, dependence is essentially a defining characteristic of a bargaining relationship; for us, it is a dimension along which there is a substantial variation within and across bargaining relationships, and it is the foundation for bargaining power.

Dependence theory further stipulates that dependence is grounded in two basic conditions: the availability of alternative sources of outcomes; and the degree of commitment to the outcomes at stake in the bargaining. Actor A's power, therefore, is greater than B's to the degree that B is highly committed to the outcomes at stake and has poor alternative outcome sources outside of A; conversely, B's power is based on A's commitment and A's alternative providers. Each dimension of dependence (alternatives and commitment) is elaborated below.

By the term *alternatives*, we mean similar or substitutable outcomes from other relationships. In applying the concept of alternative outcome sources to collective bargaining, it is important that we distinguish between the macro and the micro level. At the macro or organizational level, unions and firms normally are highly dependent on each other, given the institutional structures that govern and regulate union-management relationships; furthermore, the level of dependence at the organizational level may be relatively constant. If the level is constant for each party in the collective bargaining relationship, dependence theory would not be helpful in analyzing macro qua macro features of collective bargaining. Of course, the perceptions of union dependence on a firm may still vary, and some variation may occur across issues. The dependence of the union on the firm, however, is likely to be affected mainly by the dependence of its workers on the firm (and the firm's dependence on the union will be based mainly on its dependence on the union's members). In other words, the dependence of the macro entities is essentially determined at the micro level.

It should be obvious that the individual members of a union typically have more alternative sources of outcomes than does the union itself. It is easier for a worker to quit his job than for a union to sever its relationship with a firm. The potential for manipulating perceptions of power is also greater at the individual level. Even if the job market for workers is poor, for example, union representatives may still be able to persuade management that highly skilled workers are irreplaceable and that they will leave unless management makes certain concessions. Similarly, management may threaten to reduce its demand for workers with particular skills by introducing technological changes or by modifying production priorities. Despite the macro level dependencies that are intrinsic to union-management relationships, it is clear that alternative outcomes sources can and do exist, primarily at the micro level.

By the term *commitment*, we mean the subjective importance the actor attaches to the outcomes at issue. The concept of commitment has been given several different labels over the years, from “motivational investment” in the early work of Emerson (1962) and the “value of a reinforcer” in later operant conditioning theories (Emerson, 1972) to the “value of the outcomes” in our earlier work (Bacharach and Lawler, 1976; 1980; Lawler and Bacharach, 1976; 1979). The term commitment is designed to eliminate some of the misleading connotations of those other terms, but it is important to distinguish it from Schelling’s (1960) notion of commitment. To Schelling, commitment refers to a specific behavior that conveys an irrevocable determination to pursue a larger line of action (such as “burning bridges behind you”). Commitment in our dependence framework simply refers to an actor’s perception of the importance of the outcomes at issue in the relationship.

Dependence theory treats a party’s alternative outcome sources and its commitment to the outcomes as analytically distinct phenomena. Although that is a theoretically reasonable position, these dimensions of dependence clearly can be interrelated in empirical instances. This interrelationship is suggested by both classical economic and operant conditioning interpretations of these dimensions. The operant conditioning interpretation, for example, takes commitment to mean the value of the reinforcer and stipulates that this value is a function of the scarcity of the reinforcement. The potential relationships between alternatives and commitment, however, does not appear to be much of a problem for dependence theory. The theory is not concerned with the relationship between alternatives and value per se; moreover, the analytic distinction has important tactical implications. The most crucial question posed by dependence theory is how actors use the dimensions of dependence to develop plans of action and select among tactical options. It is clear from our research that in answering this question it is critical to distinguish

between alternative outcome sources and commitment (Bacharach and Lawler, 1976; 1981a; Lawler and Bacharach, 1976; 1979). More specifically, we have demonstrated empirically that actors in bargaining behave as if these are distinct dimensions of power.

The fundamental proposition of dependence theory is quite simple: an actor's bargaining power should be greater, the poorer the opponent's alternative outcomes sources and the greater the opponent's commitment to the outcomes at stake. Applied to labor-management relationships, this proposition translates into four hypotheses (Bacharach and Lawler, 1981a, 63):

1. If the quality of a union's (or its members') alternative outcome sources decreases, management's bargaining power increases.
2. If the quality of management's alternative outcome sources decreases, the union's bargaining power increases.
3. If the union's (or its members') commitment to the outcomes at issue in the relationship increases, management's bargaining power increases.
4. If management's commitment to the outcomes at issue increases, the union's bargaining power increases.

Previous empirical work in laboratory experiments has provided support for these hypotheses. The results for the alternatives dimension, however, are stronger and more consistent than those for commitment. The primary reason for this difference is that an actor's high commitment to the outcomes controlled by an opponent has tactical implications that sometimes overcome the power disadvantage implied by that commitment. In accordance with dependence theory, high commitment by A means that B controls A's access to outcomes that are quite

important to A, thereby giving<sup>3</sup> more power than A. High commitment by A, however, may also motivate A to exert more tactical effort and, other things being equal, to achieve greater influence than would be suggested by A's power position (see, especially, Bacharach and Lawler, 1981a, 80-103; Lawler and Bacharach, 1979). These serendipitous findings for commitment document the importance of analyzing separately the tactical implications of the two power dimensions. Moreover, they call into question the commonsense view that high power necessarily yields concomitantly high influence in negotiations.

One of the unique features of dependence theory is that it adopts a variable-sum conception of power (Bacharach and Lawler, 1981a), rather than the zero-sum conception found in most of the previous literature. Whereas a zero-sum conception assumes that when a union increases its own bargaining power, it decreases management's bargaining power to an equal degree (and vice versa), a variable-sum conception makes no assumption about the effect of an increase or decrease in one actor's bargaining power on the other's power. A variable-sum approach transforms the question of the relationship of one actor's power to the other's into an empirical one. There may be a negative relationship, consistent with a zero-sum approach, or the power of both actors may increase or decrease. The major difference between the zero-sum and variable-sum approaches is that the former assumes a fixed level of total power in the relationship and a perfect negative relationship between the power of labor and the power of management, whereas the latter assumes that the total power in the relationship can change because of changes in the environment or changes in the tactical actions pursued by the two actors over time (see Bacharach and Lawler, 1981, 64-68).

Dependence theory's variable-sum conception of power allows a distinction between relative power (the power difference between the actors) and total power (mutual dependence) in

the bargaining relationship. The *relative power* of A can be expressed as the ratio of A's dependence on B to B's dependence on A. *Total power* refers to the sum of A's dependence on B and B's dependence on A. Although total power and relative power in any given relationship are probably interrelated, it is important to recognize that the same degree of relative power can occur with different degrees of total power, and the same degree of total power may occur with different degrees of relative power. The concept of total power and the related variable-sum assumption about the connection between the levels of power of the two actors is crucial to an application of dependence theory to the power struggle, as our subsequent discussion will demonstrate.

### III. IMPLICATIONS OF THE DEPENDENCE FRAMEWORK

The remainder of this paper will examine several paradoxes that are posed by power-dependence theory. Each paradox illustrates the uniqueness of dependence theory while also suggesting how the theory helps to explain the power struggle over time. Our previous work emphasized the shortterm uses and effects of power dependence (Bacharach and Lawler, 1981a; Lawler and Bacharach, 1976); our discussion here will elucidate the implications of the theory for the analysis of ongoing power struggles.

Paradox 1: *Power is Based on Giving*

The broadest practical implication of dependence theory is that to gain power, a party must make his opponent dependent on him. How does a party accomplish this? By providing benefits to the opponent. Thus, on the most basic level, the power of labor is based on the benefits it provides to management, and the power of management is based on the benefits it provides to labor. The major challenge confronting both labor and management, of course, is that each wants to use the benefits it provides the other to extract more benefits in return; that is, each wants to give the other something it does not value (but which the other values highly) and receive in return something it does value highly.

From the standpoint of theory, power maximization means that labor or management maximizes the difference between what it provides the other party and what the other party can acquire from alternative outcome sources. To illustrate, let us simplify the dependence relationship and assume that there are four basic types of benefits: the benefit labor obtains from management ( $L$ ), the benefit management obtains from labor ( $M$ ), the prospective benefit that labor can obtain from alternative outcome sources ( $Lalt$ ), and the prospective benefit that management can obtain from alternative sources ( $Malt$ ). Labor's dependence on management is simply a function of the difference between the benefit labor receives from management and that which it can acquire from alternative outcome sources ( $L - Lalt$ ); management's dependence on labor is similarly a function of the difference between the benefit management receives from the union (and its workers) and the benefit it can acquire from alternative outcome sources ( $M - Malt$ ). If each actor in an ongoing bargaining relationship seeks to improve its power position *in the long run*, it has an incentive to provide significantly greater benefits than the prospective

benefits its opponent can obtain from alternative outcome sources. If the union (management) seeks to maximize its power, it should attempt to maximize the difference between  $M$  and  $Malt$  ( $L$  and  $Lalt$ ). But to the degree that  $M(L)$  is valued by labor (management), the motivation to maximize this difference should diminish and the motivation to optimize, or reach a difference that would produce the maximum power at the minimum costs, should increase.

There are two ways for a party to maximize the opponent's dependence (and hence the party's own power): by providing more benefits to the opponent or by decreasing the benefits the opponent can obtain from alternative sources. The provision of more benefits is the most feasible method because it is clearly under the party's control. Cutting off the opponent from alternatives can be time consuming and costly, but over the long run it is a tactic that is often adopted by both labor and management. For example, unions and employers frequently vie for control over the supply of workers. Unions may attempt to impose strict union security arrangements (the closed shop) and rigid hiring standards on employers, while employers may resist such demands. If management accedes to such demands, its opportunity to hire nonunion workers is restricted and consequently its dependence on the union is increased. In general, however, providing benefits rather than restricting alternatives is the most readily available tactic for maximizing the dependence of an opponent. The trick, of course, is for the party to identify benefits that are not costly to supply.

One of the major implications of this first paradox is that there are circumstances in which a short-run loss will increase the power an actor can wield in future encounters with his opponent. Paradoxically, a party's accepting a disadvantageous agreement in one set of contract negotiations may not necessarily render the party weak in the next contract negotiations and beyond. Capitulation, or at least making significant concessions, may be a strategic move

whereby short-term losses that enhance the opponents dependence on the capitulator lead to long-term benefits for the capitulator. In fact, one might argue that the wage concessions made by unions in recent years (other things equal) were designed to enhance their power in the future, or at least to stem the rate of decline in their power. Thus, if labor and management view their relationship as an ongoing power struggle, “winning” in particular contract negotiations may actually weaken the winner’s future power position, and “losing” in particular contract negotiations may enhance the loser’s future power position. Our purpose is not to give labor or management such advice, but to suggest that, in theory, the dependence framework yields some implications that are counterintuitive to a more simplistic view of the ongoing power struggle.

*Paradox 2: To Use Power Is to Lose It*

According to dependence theory, the “use” of power inherently involves coercion (Emerson, 1972; Bacharach and Lawler, 1980, chap. 8). Coercion is behavior that increases the opponent’s costs, and two forms of coercion are specifically suggested by the theory: increasing the benefits received from the opponent, and reducing the benefits provided to the opponent. If labor, for example, has the capacity to provide management with benefits, then it also has the capacity to withhold those benefits, or at least to make the provision of those benefits more costly to management. In this sense, labor’s provision of benefits intrinsically implies a threat to management of withholding those benefits. This implied threat may enable management to extract substantial wage concessions from a union at a particular time, just as it might enable the union to extract substantial wage increases at another time. If giving is the foundation of dependence and power, however, there are serious limitations on each actor’s ability to coerce

the other—not in the short run, but in the long run. A union that extracts large wage increases over time may cause management to reduce labor costs by means of layoffs or mechanization. By losing, its power to achieve short-term goals, therefore, labor runs the risk of undermining its ability to extract substantial concessions in future bargaining.

Analytically, the effect of the two forms of coercion—increasing the benefits received from the opponent and reducing the benefits provided to the opponent—can be explained with the simplified formulation used in the previous subsection. The coercive capability of labor is the equivalent of management's dependence on labor ( $M - Malt$ ); and conversely, the coercive capability of management is equivalent to the union's dependence on management ( $L - Lalt$ ). The use of coercion by labor involves either a reduction in  $M$  (the benefits labor provides to management) or an increase in  $L$  (the benefits labor obtains from management).

Now consider the effect of these two forms of coercion on the power relationship. First, if labor reduces the benefits it gives to management ( $M$ ) in a set of contract negotiations, labor's power diminishes because managements' dependence on the union declines (that is, the difference between  $M$  and  $Malt$  declines). Second, if labor increases the amount of benefits it receives from management (that is, the difference between  $L$  and  $Lalt$  increases), labor's dependence on management increases and, hence, management's power increases. Both means of coercion thus actually undermine labor's power vis-a-vis management's over time (assuming, of course, that the alternative outcome sources available to both actors remain constant). Coercion, therefore, may be a very useful strategy for achieving short-term benefits; but in a bargaining relationship that continues over time, it can have serious long-term effects on an actor's power.

The most extreme scenario is one in which labor reduces  $M$  to the point that it is equal to or less than  $Malt$ . In our formulation of dependence theory, such a scenario would destroy the relationship. A union that extracts outcomes from management that are so large that plant closings and massive layoffs result has obviously overlooked the longer-term implications of its coercive tactics. The same tactical error on management's part would be to force the union to accept a contract so unfavorable that it results in such losses to management as wildcat strikes, contract enforcement problems, theft, damaged products, absenteeism, or turnover. Dependence theory suggests that the development and maintenance of harmonious relations between labor and management may require that both actors recognize their strong mutual dependence on each other.

Dependence theory predicts that strikes will be most effective when the union and its members have made themselves indispensable to management, that is, when management is highly dependent on the union. Extrapolating from the foregoing analysis, however, leads to the prediction that strikes are likely to be a two-edged sword. On the one hand, a strike may force management to realize that it is dependent on the union. On the other hand, if a firm manages to maintain a certain level of production during the course of a strike<sup>^</sup> its managers may come to believe that they are less dependent on the union than they had previously thought. A strike can affect the long-term power relationship between labor and management in two general ways: first, by "testing" and modifying the perceptions of power each of them uses to guide their tactical action in the immediate situation and beyond; and second, by modifying the flow of benefits to each of them in the short run. In both cases, the longer-run dependence of the parties is affected.

Our analysis of the paradox “To use power is to lose it” warrants an important caveat. Although this paradox is a defensible theoretical implication of dependence theory, it is not an inevitable consequence of the actual use of power. First, the term *use of power* in this context refers only to coercive action, namely, reducing the benefits given to or increasing the benefits taken from the other actor. Second, for power use to lead to a deterioration of the user’s power, we must assume that there is no change in the prospective benefits from alternative outcome sources. Recall that the dependence of management on the union is based not only on the benefits provided to management but on the comparison of those benefits with alternatives. Third, environmental changes (in government regulations or the economy, for example) may counteract the effect of power use on an actor’s future power. Despite these qualifications, however, dependence theory suggests that the high mutual dependence that is probably essential to integrative labor-management relationships is likely to be undermined by frequent resort to coercive action.

*Paradox 3: Power Can Have Integrative Effects on Labor-Management Relations*

Most of the actions taken at the bargaining table can be construed as attempts to manipulate the opponent’s perceptions of the power relationship. Given the time constraints faced by negotiators, each is likely to operate on the assumption that the power relationship between the two parties is relatively fixed and attempt to manipulate the other’s interpretation of information on the nature of the power relationship. In contrast, during the term of the contract, both the union and management are likely to undertake tactical actions that engender real changes in the power relationship—changes that will be perceived as such by the opponent.

Producing changes in the actual power relationship will typically require more time than is available at the bargaining table. Overall, however, the perceptual or cognitive aspects of power remain critical. The primary difference between tactical action during contract negotiations and during the contract term is the means employed to manipulate the other party's perceptions of the power relationship: an actor can attempt to produce real changes that will then be reflected in power perceptions; or an actor can attempt to induce shifts in an opponent's interpretations of an existing power relationship. These options, of course, are not mutually exclusive.

The types of tactical options available; to labor and management are identical both within and outside of contract negotiations. More specifically, there are two broad classes of tactics available to the parties: those that increase the opponent's dependence, and those that decrease the actor's own dependence. Each category can subsume a wide variety of specific tactics, but what is important to our discussion is the extent to which the actor employs one category of tactics versus the other. A union can engage primarily in tactics to increase management's dependence or primarily in tactics to decrease its own dependence, and this choice will have a bearing on the long-term consequences of the tactical action. Examples of the former are union efforts to control the supply of workers to the employer or to control the training of workers already on the job. Examples of the latter are union efforts to build internal solidarity, accumulate strike funds, and provide job referral services to its members. Management has a similar choice of emphasis, and it is the conjoint tactical emphases of both labor and management that determine whether the power struggle has long-term integrative or disintegrative effects on the relationship. We will examine some tactic-countertactic sequences that are possible, assuming that both labor and management have these two options.

When labor engages in an action that falls into one of these two categories, management is likely to respond with a tactical action that also fits into one of the two categories, and vice versa. In earlier work (Bacharach and Lawler, 1980, 141-73), we proposed that two types of responses are possible: blockage and matching. A blockage tactic attempts to forestall or prevent the action taken by the opponent. A union, for example, may attempt to prevent management from subcontracting; or an employer may fight the inclusion in the bargaining unit of highly skilled workers who are difficult to replace. If successful, blockage tactics maintain the existing power relationship or restore the status quo. An actor adopting matching tactics reciprocates the tactical action of its opponent, that is, the actor's tactic falls into the same broad category as the opponent's. For example, a union that adopts tactics that increase management's dependence on the union might be confronted with reciprocal management actions that increase the union's dependence on management. We have observed a tendency toward tactical reciprocation in our previous work on dependence theory (Bacharach and Lawler, 1981b); it has also been observed in the larger social psychological literature on tactics (Pruitt, 1981). Keep in mind that we are concerned here only with the emphasis actors place on one or the other of these two types of tactical action rather than with the specific tactics or with the multitude of ways in which actors might in fact use a combination of different tactics. We assume there is a dominant pattern of tactical action and seek to analyze the consequence of different dominant patterns.

The nature of the tactic-countertactic patterns and the effect of these patterns on the power relationship is presented in Figure 1. If the union attempts to increase management's dependence and management responds with actions designed to decrease its dependence to a comparable degree, there is no change in the mutual dependence or "total power" in the relationship. If the union uses tactics designed to decrease its dependence on management and

management matches this action with tactics that decrease its dependence on the union, there is a decrease in mutual dependence (and total power). Finally, if the union uses tactics that increase management's dependence on the union and management matches this action with tactics that increase the union's dependence on management, there is an increase in the mutual dependence (and total power) of the actors. This discussion of tactical patterns assumes, of course, that over time both actors are equally effective in producing the predicted changes in dependence.

Differences in the success of tactics used by the actors would produce shifts not just in the total power in the relationship, but also in the relative power of the union and management.

It should be clear from Figure 1 that-the dominant tactical patterns will determine the level of mutual dependence in the relationship over time. If both labor and management rely on tactics that increase the other's dependence, mutual dependence will grow. We argue that the growth of mutual dependence will increase the potential for a more cooperative integrative bargaining relationship. On the other hand, if labor and management rely on tactics that decrease their dependence on each other, mutual dependence will decline over time, as will the ease of reaching agreements in contract negotiations. The ongoing power struggle between labor and management, therefore, can have either integrative or disintegrative effects on collective bargaining. Tactical action designed to achieve a power advantage can actually lay the foundation for more congenial labor-management relationships.

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Insert Figure 1 Here

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Our discussion of tactical patterns illustrates how dependence theory offers a general framework for analyzing labor-management relations as a power struggle. A power struggle is the result of the parties' attempts to change the existing power relationship, and in a labor-management context such attempts are virtually inevitable. The tactic-countertactic sequence can take one of several general forms, each of which has a different effect on the mutual dependence of the actors. Dependence theory posits that the continual manipulation and maneuvering for position inherent in a power struggle need not have disintegrative effects on the relationship between the parties—in fact, certain patterns will create a greater sense of common interest.

#### Paradox 4: Inferior Power Can Provide a Tactical Advantage

The commitment dimension of dependence theory has contradictory implications for the power and tactical actions of the actors. The theory stipulates that an actor who faces an opponent who is highly committed to the outcomes at issue will have more potential power than an actor who faces an opponent who is less committed. This proposition is quite consistent with common sense because the opponent's high commitment reflects the fact that the actor controls outcomes of substantial value or importance to the opponent. The paradox is that high levels of commitment may also lead the opponent to expend more tactical effort to manipulate the actor and thereby to acquire the highly valued outcomes. An opponent with low power because of high commitment has every reason to engage in strenuous bargaining whereas an actor with less commitment to the outcomes may be more inclined to yield to the opponent who has a stronger commitment. Thus, a party with low power because of high commitment may yield less than

might be suggested by his inferior power, and a party with high power because of low commitment may yield more than would be predicted by his superior power.

Our previous research provides fairly consistent evidence in support of the effects of commitment on tactical effort. We have observed, for example, that when actors are highly committed to the outcomes at issue, they anticipate greater tactical success (Lawler and Bacharach, 1976; 1979) and offer smaller concessions in actual bargaining (Bacharach and Lawler, 1981a) than would otherwise be the case.

There appear to be two factors underlying the willingness of the actor with higher power to yield in these situations. First, the lower-power actor will exert strong pressure for outcomes that are not valued highly by the higher-power actor; second, and related to the first, the higher-power actor can yield with the expectation (tacit or otherwise) that the other actor will yield on other issues that are more important to the higher-power actor (that is, in negotiations over multiple issues, trade-offs are possible). Moreover, by yielding, the higher-power actor may convey an image of benevolence that improves the long-term relationship (and also the future power of the high-power actor, in light of our earlier discussion). Overall\* under conditions of unequal commitments to the outcomes at issue, unmitigated pressure by the lower-power actor has some prospect of success simply because yielding by the higher-power actor is a low-cost act that may produce some long-term benefit.

Empirical evidence on the implications of commitment for tactical effort suggests that the two dimensions of dependence (alternatives and commitment) represent qualitatively distinct bases for power. Although high power on the alternatives dimension is clearly an advantage, and one that is likely to be manifested in the tactical success of the actors, high power on the commitment dimension is not inevitably an advantage. In sum, this paradox implies that it is a

fallacy to assume a perfect correspondence between the power relationship, tactical action, and bargaining outcomes. It also suggests the importance of placing the short-term aspects of bargaining in the context of the ongoing power struggle.

#### IV. CONCLUSION

In the 1950s Chamberlain (1951; 1955) argued that power is the “effective force” underlying the collective bargaining relationship. His conception implies that collective bargaining relationships are best characterized as power struggles. Both within and outside of actual contract negotiations, labor and management engage in relatively persistent efforts to enhance their own power and reduce the power of the other. The successful acquisition of a favorable power position at one particular time, however, does not assure its continuation. If one of the actors (either management or the union) has a power advantage, that advantage motivates the other to expend even greater effort to modify the power relationship. The nature of the power relationship is likely to fluctuate substantially over time because of such tactical maneuvering and because inherent ambiguity about the nature of the “true” power relationship makes cognitive manipulations likely.

This paper and our larger program of work can be construed as efforts to revive and develop further some of the basic assumptions found in the classic work of Chamberlain. The uniqueness of our work lies in its tactical emphasis, its view of power as a cognitive phenomenon, and its adaptation of dependence theory. The primary object of this paper was to show that dependence theory can and should transcend the usual focus on contract negotiations

and instead analyze the ongoing power struggle. The theory provided a framework for examining the connection between particular contract negotiations and the continuing power struggle.

Each of the paradoxes discussed in this paper suggests that tactical action within contract negotiations can have unintended effects on the ongoing power relationships: A union that makes substantial concessions at time 1 will increase its power at time 2 if the concessions at time 1 increase management's dependence on the union; a union that adopts coercive tactics over time may in the process gradually erode its power by making alternative outcome sources (such as subcontracting) more viable for management; if both union and management stress tactical efforts to increase the other's dependence, mutual dependence will increase over time and, other things equal, relations between the actors should become more harmonious; and finally, actors who have less power may exercise tactics to develop more influence than is indicated by their inferior power, in part because the higher-power actor can increase his future power by yielding in the short run. Because dependence theory raises such issues and provides general theoretical answers, it is a useful framework for analyzing the tactical processes of bargaining.

The core ideas of dependence theory are not new. They are implicit or explicit in both the social psychological (Rubin and Brown, 1975; Thibaut and Kelley, 1959; Cook and Emerson, 1978) and collective bargaining (Chamberlain, 1951; Walton and McKersie, 1965) literatures, and some can be traced to or couched in terms of elementary economics or psychology. We hope this paper demonstrates, however, that the simple ideas of dependence theory have a wide range of applications and are particularly useful for a tactical analysis of the power struggle between labor and management.

## NOTES

1. Our approach adopts a tactical emphasis, but it does not really distinguish strategy from tactics. The term *tactics* refers to actions that are designed to influence the other party, namely, the moves and countermoves intended to manipulate the opposition. The tactics of primary concern to dependence theory are those that modify the power relationship or the opponent's perception of it. (See Bacharach and Lawler, 1980, chap. 7, for a classification of tactics.) \*

2. To say that bargainers are "imperfect calculators" is to say that their thought process is one of "bounded rationality" (see Allison, 1971; Simon, 1961). Nevertheless, we treat rationality as a form of thinking (namely, means-ends calculation) divorced from any particular content (see Lawler and Bacharach, 1983). This treatment suggests that the primary difference between "bounded" and "comprehensive" (unbounded) rationality is the content to which the form of thinking is applied rather than the degree of "rationality."

Figure 1

<i>Tactical Emphasis of the Union</i>	<i>Tactical Emphasis of Management</i>	
	<i>Decrease Own Dependence</i>	<i>Increase Union's Dependence</i>
<i>Decrease Own Dependence</i>	<b>MATCHING</b> (Over time, a reduction in mutual dependence)	<b>BLOCKAGE</b> (Over time, no change in mutual dependence)
<i>Increase Management's Dependence</i>	<b>BLOCKAGE</b> (Over time, no change in mutual dependence)	<b>MATCHING</b> (Over time, an increase in mutual dependence)

*Figure 1.* The Impact of Tactical Patterns on Mutual Dependence Over Time

Source: Adapted from Bacharach and Lawler (1980, 170).

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