# POWER DYNAMICS IN NEGOTIATION

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Power is widely acknowledged to affect negotiator performance. Yet few efforts have been made to integrate the most prominent theories of power into a cohesive framework that can account for the results from a broad array of negotiation-relevant research. We address this limitation by proposing a dynamic integrative model that decouples power into four components: (1) potential power, (2) perceived power, (3) power tactics, and (4) realized power. Implications, propositions, and future directions are discussed.

Negotiation has been defined as "an interpersonal decision-making process by which two or more people agree how to allocate scarce resources" (Thompson, 2000: 2). As such, many view it as a central aspect of organizational life. The growing complexities of work relationships, the increased reliance on teams to make decisions, and the rise of new organizational forms have placed unprecedented pressure on managers to become effective negotiators. Thus, scholars and practitioners alike have focused on identifying the mechanisms that can improve negotiator performance (Lewicki, Saunders, & Minton, 1999).

One factor that is widely acknowledged to affect negotiator performance is power (e.g., Bacharach & Lawler, 1981). A negotiator's power may be critical for the quality of his or her success, because it can determine the allocation of rewards in an agreement (Kim, 1997; Mannix, 1993a; Pinkley, Neale, & Bennett, 1994). The greater one's power relative to the power of others, the more resources one should be able to claim. As a result, the negotiation literature is replete with recommendations to improve one's power position (e.g., Thompson, 2000).

Yet those who wish to improve their power should realize that power may be influenced by a wide range of factors, and they are likely to be overwhelmed by the varied and often inconsistent lists of characteristics, properties, strategies, and descriptions that have been offered with regard to this topic (Mooney, 1984). Although researchers have made many efforts to provide comprehensive, research-based frameworks on power (e.g., Bacharach & Lawler, 1980; Emerson, 1962; Weber, 1947), much work remains if we are to integrate these approaches into a cohesive framework that can account for the results from a broad array of negotiation-relevant research. Such a model should offer a clearly specified conceptual framework that describes what power is, where power comes from, how power is perceived, and how power can be used or changed. In this article we attempt to address these issues by proposing a dynamic model of negotiator power.

Our treatment of negotiator power begins with a review of some prominent theories of organizational power and a discussion of the potential benefits and limitations if we were to apply each to the context of negotiation. Next, we propose a dynamic model of negotiator power that integrates and extends these seemingly disparate theories to retain their respective benefits and address their respective limitations. This dynamic model decouples power into four distinct components—(1) potential

power (the underlying capacity of negotiators to obtain benefits from their agreement), (2) perceived power (negotiators' assessments of each party's potential power), (3) power tactics (behaviors designed to "use" or "change" the power relationship), and (4) realized power (the extent to which negotiators have claimed benefits from the interaction)—to enhance its generalizability to noisy, real-world environments where power-related information may be incomplete, inaccurate, or asymmetrical. Finally, throughout this analysis, we propose specific propositions that can be tested in future empirical research.

## PROMINENT CONCEPTIONS OF POWER

Most conceptions of power are founded on Weber's (1947) classic definition of power as the probability that a person can carry out his or her own will despite resistance. The majority of theorists who have written about power would express agreement with this broad definition (Bacharach & Lawler, 1980). However, there are many subtle and not-so-subtle differences among their various perspectives. Arguably, the most commonly referenced appraisals of power are (1) French and Raven's (1959) five bases of power; (2) Kipnis, Schmidt, and Wilkinson's (1980) typology of influence tactics; and (3) power-dependence theory, first proposed by Emerson (1962). We begin by briefly reviewing the major characteristics of these frameworks.

French and Raven (1959) suggest that there are five bases of power, which stem from different aspects of the relationship between an actor and the target of his influence attempts (see Table 1). Specifically, they argue that A's power over B is determined by (1) A's ability to provide benefits to B (reward power), (2) A's ability to punish B if B does not comply with A's wishes (coercive power), (3) A's possession of special knowledge or expertise (expert power), (4) A's legitimate right to prescribe behavior for B (legitimate power), and (5) the extent to which B identifies with A (referent power). Raven's (1974) later versions of this typology add information (i.e., knowledge regarding the inner workings of the organization or the relation of the organization to the environment) as a sixth base of power. Moreover, other scholars have distinguished these bases of power, which determine one's ability to manipulate the behavior of others, from the sources of power (e.g., personal

### TABLE 1
#### French and Raven's (1959) Typology of Power Bases

| Power Base | Description |
| --- | --- |
| Reward power | A's power over B is a function of how much B can be rewarded and the extent to which B believes that A controls these rewards. |
| Coercive power | A's power over B is a function of how much B can be punished by B and the extent to which B believes that this punishment can be avoided if B complies with A's wishes. |
| Expert power | A's power over B is a function of B's perception that A possesses some special knowledge or expertise. |
| Legitimate power | A's power over B is a function of how much B believes that A has the lawful authority to influence B. |
| Referent power | A's power over B is a function of how attracted B is to A and, thus, how much A can influence B's feelings of personal acceptance, approval, and self-esteem. |

characteristics), which determine how we come to control these power bases (Bacharach & Lawler, 1980).

Kipnis et al. (1980), with subsequent extensions by Kipnis and Schmidt (1983) and Yukl and Tracey (1992), in contrast, focus on identifying and categorizing the tactics commonly used by managers when attempting to get others to comply with a request. Taken together, these programs of research identify nine dimensions of influence—pressure, legitimation, exchange, coalition, ingratiation, rational persuasion, inspirational appeal, consultation, and personal appeal (see Table 2)—and consider how one's power relationship with others can influence the likelihood that these different influence tactics will be used. Yukl and Tracey (1992), for example, found that inspirational appeal, ingratiation, and pressure were used most in a downward direction; that personal appeal, exchange, and legitimation were used most in a lateral direction; that coalition was used most in lateral and upward directions; and that rational persuasion was used most in an upward direction. They also found that uses of rational persuasion, inspirational appeal, and consultation were most effective and that uses of pressure, coalition, and legitimation were least effective for exerting influence in organizations.

## TABLE 2
## Yukl and Tracey's (1992) Typology of Influence Tactics

| Influence Tactic | Description |
| --- | --- |
| Pressure | The actor uses demands, threats, or intimidation to increase the target's compliance. |
| Legitimation | The actor attempts to legitimize a request for compliance or claim the right to request it by referencing existing policy or tradition. |
| Exchange | The actor uses implicit or explicit promises to reciprocate if the target complies. |
| Coalition | The actor obtains the aid of others to help persuade or pressure the target to comply. |
| Ingratiation | The actor attempts to make a favorable impression and improve the target's mood before requesting compliance. |
| Rational persuasion | The actor uses logical arguments and factual information to support the viability of complying with the request. |
| Inspirational appeal | The actor makes an emotional appeal for compliance by appealing to the target's values and ideals. |
| Consultation | The actor seeks the target's participation in the decision-making process and the implementation of the request. |
| Personal appeal | The actor appeals to the target's sense of loyalty or friendship before requesting compliance. |

Finally, power-dependence theory (Blau, 1964; Emerson, 1962) provides a framework for conceptualizing relative and total power. More specifically, Emerson states, "The power of A over B is equal to and based upon the dependence of B upon A" (1962: 32–33). Dependence, in turn, is based on two dimensions: (1) it is directly proportional to the value attributed to the outcome at stake, and (2) it is inversely proportional to the availability of this outcome through alternative sources. Thus, A's power over B is directly related to the degree to which B is dependent on A (i.e., the extent to which B receives greater benefit from the relationship with A than B can get from alternative relationships). Similarly, B's power over A depends on the degree to which A receives greater benefit from the relationship with B than A can get from alternative relation-

ships. Furthermore, because this framework considers power to be non-zero sum in nature, an increase in A's power does not necessarily decrease B's power, and vice versa. Each party's power is independently determined by the other's dependence. Thus, power dependence distinguishes relative power from the total power (i.e., the sum of each party's power) in the relationship (Lawler & Bacharach, 1987).

Although each of these frameworks can inform our study of power, none of them is comprehensive enough to account for the others or to guide us in the dynamic context of negotiation. French and Raven (1959), for example, discuss the *bases* upon which power may be derived, but they pay little attention to how these power bases determine one's power relations with others or the implications of these power relations for the tactics that a powerholder might choose. Power-dependence theory conceptualizes relative and total power quite clearly, but it pays little attention to how one's *valuation* of a relationship or the valuation of one's alternative relationship is determined, or how one's power is likely to be used. Finally, Kipnis and colleagues (1980) discuss power use, but they focus on what people do only *after* a power relationship has been determined, without considering its antecedents or relational determinants.

Moreover, and most important for our present discussion, these theories were not necessarily intended to capture the specific kinds of power dynamics one might find in the negotiation context. Thus, none of these theories has adequately emphasized the interactive dynamics inherent in negotiation, the role of individuals' power perceptions, or the ways in which power relationships can change over time, all of which need to be incorporated into any comprehensive model of power in negotiation. As a consequence, prior power frameworks provide many important conceptual notions regarding power as a construct but do not fully explicate what power is, where power comes from, how power is perceived, or the ways in which power can be used or changed.

## A DYNAMIC MODEL OF NEGOTIATOR POWER

Below we build a model that combines potential power, power in use, and realized power in the negotiation context (see Figure 1). In general, we argue that potential power is determined by the

**FIGURE 1**
**A Dynamic Model of Negotiator Power**
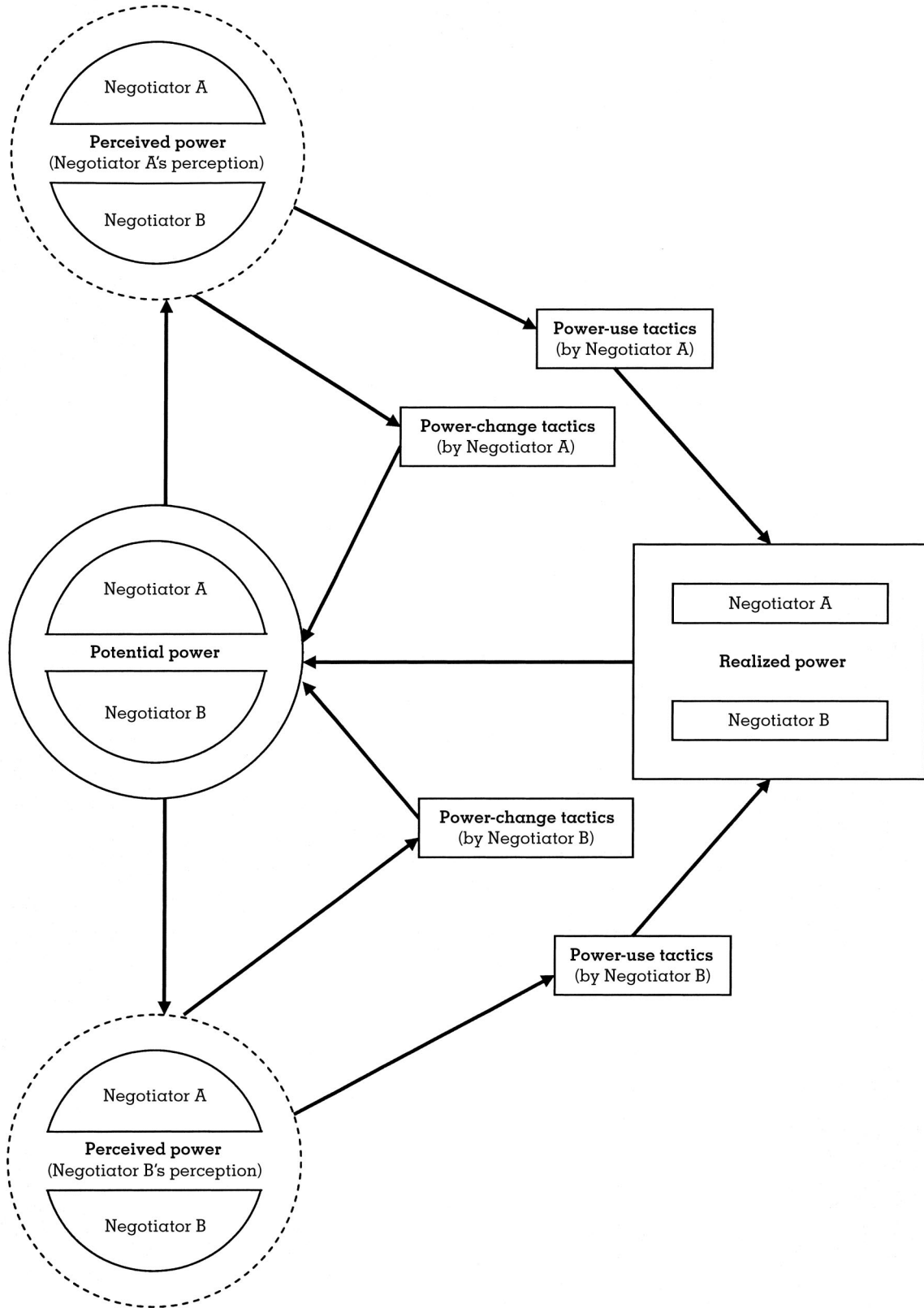
two-dimensional mutual dependence configuration developed in power-dependence theory and that French and Raven's (1959) typology of power bases can help inform how these dimensions are derived. We further contend that negotiators' perceptions of these dimensions may diverge from their potential values in a variety of ways owing to imperfect information and negotiators' bounded rationality. As a result, we propose that power perceptions will drive tactical decisions, which can influence negotiators' mutual dependence and mediate the relationship between potential and realized power. In doing so, we consider a number of power-use and power-change tactics and their implications for the loss and accumulation of power. Finally, we argue that the extent to which negotiators realize power from the focal interaction will affect their potential power in future interactions. Taken together, these arguments emphasize the dynamic nature of power relations and highlight numerous implications for those seeking to manage such relations effectively in negotiation.

## Potential Power

Potential power is defined as the underlying capacity of negotiators to obtain benefits from their agreement. Thus, we follow the guidance of Bierstedt (1950), Wrong (1968), and other researchers who distinguish between potential power and its use. Consistent with power-dependence theory, we argue that a negotiator's potential power is a function of the counterpart's dependence and that dependence is, in turn, based on two dimensions: (1) the counterpart's valuation of the negotiation and (2) the value of the counterpart's best alternative if an agreement in the focal negotiation is not reached. This conceptualization of potential power allows us to incorporate prior negotiation research, which has typically operationalized power in terms of power-dependence theory's two dimensions. Negotiation researchers typically have altered the power relationship between negotiators by manipulating either (1) the benefits negotiators can bring to the bargaining table (i.e., their contributions) and, hence, their counterparts' valuations of the negotiation (Kim, 1997; Mannix, 1993a) or (2) the value of negotiators' best alternatives to the negotiated agreement (i.e., their BATNAs; Pinkley et al., 1994).

We can, furthermore, draw on French and Raven's (1959) typology of power bases to understand how these valuations of the negotiation and its best alternatives may be formed. The power-dependence framework is based on the principles of social exchange (Blau, 1964), which are, in turn, rooted in economic theory. Thus, the values a negotiator attributes to these two dimensions of potential power refer to the economic notion of utility—the general psychological assessment of the benefit the negotiator would obtain from each of these options (i.e., the negotiation and its best alternative). Although each negotiator is likely to derive these utilities differently, owing to the idiosyncratic nature of their preferences, the French and Raven typology identifies at least some of the reasons why such utility may be derived (Bacharach & Lawler, 1980).

Specifically, we argue that negotiators' valuations of a negotiation are determined by their assessments of its implications for such factors as rewards, punishments, knowledge, legitimacy, and identification (e.g., its potential to offer more financial gains, entail fewer legal liabilities, provide more useful information, etc.). Likewise, we contend that negotiators' valuations of their alternatives are based on their assessments of whether, and the degree to which, these benefits could be obtained through other means. Thus, rather than having to discuss the implications of these myriad bases of power individually, this conceptualization allows us to pursue a higher level of analysis that can encompass these power bases, integrate them into a coherent framework, and thereby present a more parsimonious depiction of power relations.

**Limitation.** The problem with this conceptualization of potential power, however, is that it is ultimately hindered by power-dependence theory's inherent lack of specification. Based on Emerson (1962) and Blau's (1964) discussions of power dependence, one might infer a variety of relationships between its two dimensions—the value of the relationship and the value of its best alternative (e.g., an additive, multiplicative, or more elaborate function). More formally, for any two negotiators A and B, if we use $U_{a(b)}$ to depict A's valuation of the negotiation with B, $U_{a(alt)}$ to depict A's valuation of his or her best alternative to that negotiation, $U_{b(a)}$ to depict B's valuation of the negotiation with A, and $U_{b(alt)}$ to

depict B's valuation of his or her best alternative to that negotiation, these discussions of power dependence at best suggest that we can depict each negotiator's potential power with the following equations:

A's Potential Power = B's Dependence

$$= f(U_{b(a)}, U_{b(alt)})$$

B's Potential Power = A's Dependence

$$= f(U_{a(b)}, U_{a(alt)})$$

where B's dependence is positively and monotonically related to $U_{b(a)}$ and negatively and monotonically related to $U_{b(alt)}$, and A's dependence is positively and monotonically related to $U_{a(b)}$ and negatively and monotonically related to $U_{a(alt)}$.

That is, if

B's Dependence = $D_b$ and A's Dependence = $D_a$

then

$$\frac{\partial D_b}{\partial U_{b(a)}} > 0$$

$$\frac{\partial D_b}{\partial U_{b(alt)}} < 0$$

$$\frac{\partial D_a}{\partial U_{a(b)}} > 0$$

$$\frac{\partial D_a}{\partial U_{a(alt)}} < 0$$

As one might imagine, the enormous range of possible relationships encompassed by this formulation severely limits this theory's predictive capability (i.e., given that it is unclear which of these relationships to use for these calculations). For this reason, at least one subsequent treatment of power-dependence theory that has gained prominence has been more specific, by positing the relationship between its two dimensions explicitly as a ratio (Bacharach & Lawler, 1980: 147). Specifically, these researchers contend that

$$\text{A's Potential Power = B's Dependence} = \frac{U_{b(a)}}{U_{b(alt)}}$$

$$\text{B's Potential Power = A's Dependence} = \frac{U_{a(b)}}{U_{a(alt)}}$$

Our review of the power literature reveals, however, that few efforts have been made to assess this claim, let alone present a competing formulation. We next attempt to address these limitations to develop a more refined and accurate conceptualization of potential power in negotiation.

**Power dependence revisited.** Power-dependence theory suggests that parties will possess the same levels of dependence, and hence potential power, when each party's preference for the relationship relative to its alternative is the same. Thus, Bacharach and Lawler's (1980) depiction of dependence as a ratio of its two dimensions would imply that any two negotiators, A and B, will have equal potential power when

A's Potential Power = B's Dependence

$$= \frac{U_{b(a)}}{U_{b(alt)}} = \frac{U_{a(b)}}{U_{a(alt)}} = \text{A's Dependence}$$

= B's Potential Power

The details of such a scenario can be communicated through a 2 × 2 matrix for each pair of actors in a negotiation (see Figure 2a). We can observe that any two negotiators possess the same potential power when each negotiator's valuation of the relationship and each negotiator's valuation of his or her best alternative are the same (see Figure 2b). However, this formulation also suggests that negotiators can possess the same potential power when they differ on their valuations of these two dimensions, so long as the ratio between one's valuation of the relationship and one's valuation of alternatives is the same for each negotiator (see Figure 2c). Thus, by this logic, the two parties depicted in Figure 2c should be equally capable of receiving benefits from the negotiation.

Although this conclusion may sound plausible at first glance, research on the implications of a negotiator's BATNA suggests that this is an untenable solution (e.g., Pinkley et al., 1994). This research suggests that negotiators would not accept an agreement that would make them worse off than they would be with their BATNAs. Yet, if we consider the values depicted in Figure 2c and assume that negotiators' contributions (i.e., the benefits each negotiator can bring to the negotiation table) may be added to determine the total value of the potential agreement ($U_{total} = 110 + 220 = 330$), the equal distribution

## FIGURE 2
## Potential Power

### (a) Generalized Formulation of Potential Power

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | $U_{a(b)}$ | $U_{b(a)}$ |
| Utility from alternative | $U_{a(alt)}$ | $U_{b(alt)}$ |

Ratio formulation: A's Potential Power = B's Dependence = $U_{b(a)}/U_{b(alt)}$; B's Potential Power = A's Dependence = $U_{a(b)}/U_{a(alt)}$; Total Power = $U_{b(a)}/U_{b(alt)} + U_{a(b)}/U_{a(alt)}$.

Revised two-stage formulation: A's Potential Power = $U_{a(alt)} + (U_{b(a)} - U_{b(alt)})$; B's Potential Power = $U_{b(alt)} + (U_{a(b)} - U_{a(alt)})$; Total Power = $U_{a(alt)} + (U_{b(a)} - U_{b(alt)}) + U_{b(alt)} + (U_{a(b)} - U_{a(alt)})$.

### (b) Negotiators with Equal Valuations of Dimensions

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | 110 | 110 |
| Utility from alternative | 100 | 100 |

Ratio formulation: A's Potential Power = B's Dependence = 110/100 = 1.1; B's Potential Power = A's Dependence = 110/100 = 1.1; Total Power = 1.1 + 1.1 = 2.2.

Revised two-stage formulation: A's Potential Power = 100 + (110 − 100) = 110; B's Potential Power = 100 + (110 − 100) = 110; Total Power = 110 + 110 = 220.

### (c) Negotiators with Unequal Valuations of Dimensions

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | 110 | 220 |
| Utility from alternative | 100 | 200 |

Ratio formulation: A's Potential Power = B's Dependence = 220/200 = 1.1; B's Potential Power = A's Dependence = 110/100 = 1.1; Total Power = 1.1 + 1.1 = 2.2.

Revised two-stage formulation: A's Potential Power = 100 + (220 − 200) = 120; B's Potential Power = 200 + (110 − 100) = 210; Total Power = 120 + 210 = 330.

### (d) Considerations Underlying Each Dimension

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | $U_{a(b)} = Q_{a(b)} \times P_{a(b)} \times W_{a(b)}$ | $U_{b(a)} = Q_{b(a)} \times P_{b(a)} \times W_{b(a)}$ |
| Utility from alternative | $U_{a(alt)} = Q_{a(alt)} \times P_{a(alt)} \times W_{a(alt)}$ | $U_{b(alt)} = Q_{b(alt)} \times P_{b(alt)} \times W_{b(alt)}$ |

Q = quantity = amount of resources; P = probability = likelihood of obtaining resources; W = weight = importance of resources.

of these benefits (i.e., the distribution that would be implied if both negotiators are viewed as equally powerful) would mean that A's share would exceed his or her BATNA by 65 points (i.e., 165 − 100), but B's share would fall short of his or her BATNA by 35 points (i.e., 165 − 200). Since B is unlikely to accept an agreement with A that would make him/her worse off than just accept-

ing his/her BATNA (Pinkley et al., 1994), this distribution should result in an impasse, despite the fact that $U_{total}$ was large enough to allow both parties to obtain benefits that would have exceeded their BATNAs. Thus, the assumption that the two negotiators depicted in Figure 2c possess equal potential power, and therefore should obtain equal outcomes from the negoti-

ation, is unlikely to hold true. This suggests that an alternative formulation (i.e., something other than the depiction of dependence as a simple ratio of its two dimensions) is needed to determine the potential power of these two negotiators. We propose such an alternative formulation below.

One conclusion we can draw, given the notion that negotiators must obtain benefits that are at least equivalent to their BATNAs if an agreement is to be reached, is that A must obtain at least $U_{a(alt)}$ or 100 points and B must obtain at least $U_{b(alt)}$ or 200 points of utility from their negotiation. However, once the potential benefits from the association exceed the value of a negotiator's BATNA, the threat of departure (i.e., utilizing this BATNA by walking away from the negotiation rather than reaching an agreement) loses its credibility, given that such a departure would now reduce the benefits received by the negotiator. Thus, whereas negotiators' BATNAs establish the minimum level of benefits they have the potential to obtain, the potential to acquire benefits that remain after this criterion is satisfied (i.e., $U_{total} - (U_{a(alt)} + U_{b(alt)})$ or $330 - (100 + 200) = 30$), which we call "surplus utility," is likely to be determined in other ways. Indeed, research suggests that once the benefits from a negotiation exceed the values of negotiators' BATNAs, negotiators tend to distribute rewards in direct proportion to their contributions (Kim, 1997; Kim & Fragale, 2005; Mannix, 1993a).

Negotiator contributions affect the potential to acquire this surplus utility via the threat that these contributions might be withdrawn if they are inadequately reciprocated (Blau, 1964). Indeed, evidence indicates that negotiators tend to reciprocate such benefits explicitly and to the degree that they have been provided by their counterpart (Smith, Pruitt, & Carnevale, 1982; Thompson, 1990). Since a negotiator can reduce these benefits up to the point where they barely exceed the counterpart's BATNA, while still making it worthwhile for that counterpart to remain in the negotiation, the benefits a negotiator can contribute beyond the value of the counterpart's BATNA should affect the negotiator's potential to obtain this surplus utility. In Figure 2c we can determine the benefits A can contribute to the negotiation beyond the value of B's BATNA, and hence A's potential to obtain surplus utility, by subtracting the value of B's BATNA from the utility he or she associates with

the negotiation (i.e., $U_{b(a)} - U_{b(alt)}$ or $220 - 200 = 20$). Similarly, we can determine the benefits B can contribute to the negotiation beyond the value of A's BATNA, and hence B's potential to obtain surplus utility, by subtracting the value of A's BATNA from the utility he or she associates with the negotiation (i.e., $U_{a(b)} - U_{a(alt)}$ or $110 - 100 = 10$).

Thus, whereas Bacharach and Lawler (1980) depict potential power as a simple ratio of its two dimensions, our analysis suggests that potential power may be more accurately assessed through a two-stage process whereby negotiators' BATNAs determine the potential to obtain presurplus utility and negotiators' contributions that are in excess of their counterparts' BATNAs determine the potential to acquire the surplus. We can, therefore, calculate A's potential power by combining the utility A could obtain from his or BATNA with the surplus utility A could obtain from his or her contribution (i.e., $U_{a(alt)} + (U_{b(a)} - U_{b(alt)})$ or $100 + (220 - 200) = 120$). In the same vein, we can calculate B's potential power by combining the utility B could obtain from his or her BATNA with the surplus utility B could obtain from his or her contribution (i.e., $U_{b(alt)} + (U_{a(b)} - U_{a(alt)})$ or $200 + (110 - 100) = 210$). These results also indicate that B's potential power would be substantially larger than A's, since B would have the potential to obtain 210 units, or 63.6 percent of the total value of the agreement ($U_{total} = 330$), versus A's 120 units, or 36.4 percent of $U_{total}$. Our analysis, therefore, offers predictions that differ dramatically from Bacharach and Lawler's (1980) depiction of dependence as a ratio, which suggests that the potential power of A and B would be the same.

> *Proposition 1: Potential power is derived through a two-stage process whereby negotiators' BATNAs determine their potential to obtain presurplus utility and negotiators' contributions that are in excess of their counterparts' BATNAs determine their potential to obtain surplus utility.*

We should emphasize, however, that the realization of this potential power is not automatic but, rather, depends on negotiators' perceptions of this potential (i.e., perceived power), their efforts to change these perceptions (i.e., power-change tactics), and both the manner and extent to which they attempt to extract benefits from

the negotiation (i.e., power-use tactics). Each of these factors, furthermore, should exert a distinct set of influences on the 2 × 2 dependence matrix depicted in Figure 2a (i.e., affect potential power). The values depicted in this potential power matrix are, therefore, not fixed; they are likely to be altered at multiple stages throughout a negotiation. Thus, we will discuss how these changes can occur.

### Perceived Power

We define perceived power as negotiators' assessments of a party's potential power in the relationship. Thus, each negotiator is presumed to develop perceptions of his or her own potential power and the potential power of his or her counterpart. To the extent that a negotiator obtains information about the BATNAs and contributions of the negotiating parties, his or her potential power should positively influence each party's perception of the negotiator's potential power in the interaction. This effect of potential power and perceived power is depicted by the arrows leading from potential power to A and B's perceptions of potential power in Figure 1.

> *Proposition 2: A negotiator's potential power will positively influence each party's perception of that negotiator's potential power in the relationship.*

However, given substantial evidence that people actively work to interpret and construe their social environments (e.g., Kim, Diekmann, & Tenbrunsel, 2003; Neale & Bazerman, 1991), negotiators' perceptions of each party's BATNA and contribution may also depend on the situation. Although the number of ways in which these perceptions may be influenced is likely to be substantial and their comprehensive portrayal is beyond the scope of this paper, we can attempt to classify these influences by considering how perceptions of negotiators' BATNAs and contributions are assessed in greater detail. Specifically, we argue that the values negotiators attribute to their BATNAs and contributions are based on considerations of quantity (i.e., the amount of resources), probability (i.e., the likelihood of obtaining those resources), and weight (i.e., the importance of those resources; see Figure 2d), and that inferences regarding each of these criteria can affect the link between po-

tential and perceived power, as we describe below.[1]

**Quantity.** In general, the objective amount of resources available from a BATNA or contribution should positively influence a negotiator's valuation of that dimension. However, there are many occasions where negotiators have incomplete information about the resources these BATNAs and contributions would provide. Negotiators are often instructed not to reveal their BATNAs (Lax & Sebinius, 1986), for example, to limit their counterparts' knowledge of the resources afforded by that dimension (e.g., a job candidate may not tell a potential employer about the salary offered by another employer). Negotiators may also fail to evaluate their own BATNAs carefully and, hence, may possess only a limited sense of the resources that option would provide (e.g., a job candidate may agree to a salary level with an employer without knowing the salary that could be obtained from a comparable employer). Similarly, negotiators may be relative strangers and, therefore, possess incomplete knowledge of the resources represented by their counterpart's potential contribution (e.g., an employer may have little knowledge of the technical expertise that a job candidate would bring to the job, if hired). This lack of familiarity may also prevent negotiators from conveying details of their own contribution (e.g., a job candidate may not realize that his or her knowledge of foreign languages could be seen as an asset and, hence, may fail to mention this competency on his/her application). Thus, knowledge about these resource quantities should strengthen the relationship between the potential and perceived values of these dimensions.

> *Proposition 3: Knowledge of the quantity of resources afforded by a BATNA or contribution will positively influence the link between the potential and perceived values of these dimensions.*

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[1] These considerations of quantity, probability, and weight correspond to the recognition in the economics literature that value is determined, respectively, by the supply of goods— that is, an objective component; the assessed likelihood of obtaining these goods—that is, an expected component; and one's psychological assessment of these goods—that is, a subjective component (Nicholson, 1989).

Lack of information about the objective quantity of resources offered by these dimensions, in contrast, may cause perceived power to diverge from potential power in systematic ways. Research on the false consensus effect, for example, suggests that people tend to believe that their own views are widely shared and that this effect is particularly likely when there is greater latitude for subjective construal (Gilovich, 1990). Thus, if a negotiator is unaware of the quantity of resources afforded by the counterpart's BATNA (e.g., a job candidate does not know who else is being interviewed by the employer) but considers this party's contribution to be strong (e.g., there would be substantial benefits afforded by this employment opportunity), the focal negotiator is likely to assume that others will be interested in reaching an agreement with this counterpart and, hence, attribute higher value to the counterpart's BATNA (e.g., the job candidate is likely to think that the employer has several other qualified applicants interested in the position) than if the counterpart's contribution were weak.

Along similar lines, research suggests that since items that are difficult to obtain are often better than those that are easy to obtain, people often infer the value of a good based on its scarcity (Cialdini, 1984). Thus, if a negotiator is unaware of the quantity of resources afforded by the counterpart's contribution (e.g., a job candidate knows little about the benefits afforded by a given employment opportunity) but knows that the counterpart's BATNA is strong (e.g., there have been many highly qualified applicants for this position), the focal negotiator is likely to infer that it will be harder to reach an agreement with that counterpart (i.e., infer greater scarcity) and, hence, attribute higher value to the counterpart's contribution (e.g., the job candidate is likely to assume there will be great employment benefits) than if that counterpart's BATNA were weak. These considerations suggest that, in the absence of perfect information about the quantity of resources provided by a party's contribution or BATNA, respectively, the perceived value of a negotiator's BATNA will positively influence the perceived value of that party's contribution, and vice versa.

> *Proposition 4: The perceived value of a negotiator's BATNA (contribution) will positively influence the perceived*

value of that party's contribution (BATNA).

**Probability.** The values of these BATNAs and contributions should be determined, however, not only by the objective quantity of resources they have the potential to afford but also by the likelihood that these resources will be obtained. This notion underlies the economic principle of "expected value," which assesses the value of an uncertain outcome by multiplying the value of an outcome by the probability that outcome will occur (Nicholson, 1989). The expected value for a BATNA or contribution that may provide $100,000 but only has a 50 percent chance of doing so, for example, would be $50,000 (i.e., 0.50 × 100,000).

There are many occasions, however, in which the probabilities for such outcomes are relatively unknown. These ambiguities can arise, for example, because of uncertainties in the environment, lack of familiarity, and the difficulty of writing perfect contracts (Williamson, 1975). For this reason, knowledge about these probabilities should strengthen the relationship between the potential and perceived values of these dimensions.

> *Proposition 5: Knowledge of the likelihood resources will be obtained from a BATNA or contribution will positively influence the link between the potential and perceived values of these dimensions.*

Lack of information about these probabilities, in contrast, may lead the potential and perceived values of these dimensions to diverge in systematic ways. Specifically, we suggest that one important factor that may influence the inferences negotiators make about these probabilities is the amount of trust they have in their counterparts. Negotiators with low trust in their counterparts should believe that there is a higher likelihood, compared to those with high trust, that their counterparts will fail to contribute the resources that were promised or that their counterparts may have artificially inflated the resources that would be afforded by the counterparts' BATNAs. For this reason, a lack of trust is likely to lead negotiators to lower their assessments of their counterparts' contributions or BATNAs, respectively, even in cases where

these suspicions may be unfounded (e.g., Kim, Ferrin, Cooper, & Dirks, 2004).

For example, a skeptical consumer purchasing a used car may question the seller's claim that the car is reliable and therefore perceive the salesman's contribution to be relatively low, whereas a more trusting consumer, who fully believes the salesman's claim, may perceive the salesman's contribution to be relatively high. Thus, in the absence of perfect information about the likelihood of obtaining resources from a negotiation or its best alternative, respectively, the level of trust negotiators place in their counterparts should positively influence the perceived value of their counterparts' BATNAs and contributions.

> *Proposition 6: The level of trust negotiators place in their counterparts will positively influence the perceived value of their counterparts' BATNAs and contributions.*

**Weight.** Finally, the values of negotiators' BATNAs and contributions should be determined not only by the objective quantity of resources they entail and the probability of receiving those resources but also by the subjective importance of those resources for the negotiator. The negotiations literature distinguishes the quantity of resources from the importance of those resources, in particular, by discussing the difference between negotiator interests and priorities (Lax & Sebinius, 1986). Whereas a negotiator's interests concern any resource that would offer a benefit to the negotiator, a negotiator's priorities concern which of these resources would provide a larger benefit than others. Thus, negotiators may offer substantial concessions on an issue and a reliable guarantee that those benefits would be provided and yet fail to increase the value of their contribution significantly if this issue is of minor importance to the counterpart (e.g., offering a business owner exclusive access to a proprietary technology and guaranteeing this offer with an enforceable contract may do little to improve one's contribution if this technology fails to serve the business owner's primary strategic goals).

To avoid such mistakes, negotiators should seek to identify the importance each party places on the issues under discussion. However, false assumptions (e.g., the fixed-pie bias), miscommunication, and a variety of other factors

may prevent the importance each negotiator places on these issues from being completely known. For this reason, knowledge about these weights should strengthen the relationship between the potential and perceived values of these dimensions.

> *Proposition 7: Knowledge of the importance of resources offered by a BATNA or contribution will positively influence the link between the potential and perceived values of these dimensions.*

Lack of information about these weights, in contrast, may lead the potential and perceived values of these dimensions to diverge in systematic ways. Specifically, we suggest that one important factor that may affect the importance negotiators place on the resources afforded by these BATNAs and contributions may be their focus of attention. This focus is significant because evidence suggests that our evaluations of a given option can be directly influenced by its salience (e.g., Ensari & Miller, 2002). Thus, any factor that increases the salience of these BATNAs or contributions should increase the assessed importance of the resources afforded by these respective dimensions. Negotiators who consider an impasse to be likely, for example, should focus greater attention on their BATNAs (given their expectation that these BATNAs will need to be used) and, hence, weigh the resources afforded by these BATNAs more heavily in their subjective appraisals than the resources afforded by their counterparts' contributions. In contrast, negotiators who expect to reach an agreement should consider the use of their BATNAs to be less likely and, hence, weigh the resources afforded by the counterparts' contribution more heavily in their subjective appraisals than the resources afforded by their BATNAs.

Research suggests, furthermore, that a key factor that affects the likelihood of reaching an agreement is the amount of surplus utility available in the negotiation (i.e., the amount of resources remaining after all parties have claimed resources equivalent to their BATNAs). The greater the surplus utility, the more opportunities that exist for negotiators to reach an agreement and, thus, the greater the likelihood that the negotiating parties will avoid an impasse (Lax & Sebinius, 1986). Thus, we expect factors that affect the likelihood of reaching an

agreement, such as the amount of surplus utility, to exert opposing effects on the perceived values of negotiators' BATNAs and contributions.

> *Proposition 8: The amount of surplus utility will positively (negatively) influence the perceived value of negotiators' contributions (BATNAs).*

This discussion illustrates how the link between negotiators' inherent valuations of their BATNAs and contributions (i.e., potential power) and their perceptions of those dimensions (i.e., perceived power) may diverge in a variety of ways, owing to potentially fallible inferences concerning quantity, probability, and weight. Indeed, in subsequent research scholars may identify additional ways in which such considerations may lead these potential and perceived values to diverge. These influences suggest that negotiators' potential power is likely to be transformed, as it is being perceived, from Figure 3a to Figure 3b, and that it is ultimately this perceived power that will drive negotiators' tactical decisions.

## Power Tactics

Power tactics concern negotiators' efforts to use or change the power relationship. Whereas power-use tactics concern the ways in which negotiators may attempt to leverage existing power capabilities, power-change tactics concern the ways in which negotiators may attempt to alter the power relationship, typically to improve their own power relative to that of the other party (Lawler, 1992). Since the efforts entailed by power-change and power-use tactics inherently differ, we discuss each type of power tactic in turn.

**Power-change tactics.** One conclusion negotiators may draw on perceiving their power relationship is that they do not possess enough potential power, relative to that of their counterpart, to obtain desired outcomes. As a result, negotiators may attempt to improve their potential power. We expect that negotiators will be more likely to initiate power-change tactics when they perceive their own potential power, relative to that of their counterpart, to be low rather than high. Thus, as indicated in Figure 1, we suggest that negotiators' perceptions of their potential power will drive their implementation of power-change tactics.

> *Proposition 9: Negotiators will be more likely to initiate power-change tactics when they perceive their own potential power, relative to that of their counterpart, to be low rather than high.*

We can furthermore draw on our prior conceptualization of potential power to identify the kinds of power-change tactics that can be used. Specifically, in efforts to discuss the implications of power-dependence theory for tactical choice, scholars have identified four basic power-change tactics (Bacharach & Lawler, 1980; Blau, 1964; Emerson, 1962; Lawler & Bacharach, 1976; Pfeffer & Salancik, 1978): in their attempts to alter the power relationship, negotiators may (1) improve the quality of their BATNA (e.g., obtain a job offer from another employer), (2) decrease the quality of the counterpart's BATNA (e.g., dissuade others from applying for the position), (3) decrease their valuation of the counterpart's contribution (e.g., reduce their interest in the employment opportunity), or (4) increase the counterpart's valuation of their own contribution (e.g., take classes to improve their technical skills).

These tactics involve changes to the two dimensions of dependence identified in power-dependence theory. Tactics 1 and 3 seek to reduce a negotiator's dependence on his or her counterpart and, hence, to alter the power relationship by reducing the counterpart's power. Tactics 2 and 4 seek to increase the counterpart's dependence on the negotiator and, hence, alter the power relationship by increasing the focal negotiator's power. Thus, power-dependence theory not only offers a foundation for evaluating negotiators' potential power, as discussed earlier in this article, but also provides a basis for understanding how this power relationship can be changed (i.e., by altering these BATNAs or contributions).

The problem with this conceptualization of power-change tactics, however, is that it does not consider whether, or when, any of them should be preferred. Researchers have recognized that particular aspects of the bargaining situation can limit the "feasibility" of using some of these tactics to change the power relationship (e.g., Jacobson & Cohen, 1986). Negotiators' abilities to improve their BATNAs may be constrained, for example, by their organization's

## FIGURE 3
## Transformations of the Potential Power Matrix

**(a) Potential Power**

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | $U_{a(b)}$ | $U_{b(a)}$ |
| Utility from alternative | $U_{a(alt)}$ | $U_{b(alt)}$ |

**(b) Perceived Power**

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | $U_{a(b)} \pm PI_1$ | $U_{b(a)} \pm PI_2$ |
| Utility from alternative | $U_{a(alt)} \pm PI_3$ | $U_{b(alt)} \pm PI_4$ |

PI = perceptual influences.

**(c) Perceived Power After Power-Change Tactics**

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | $U_{a(b)} \pm PI_1 \pm PC_1$ | $U_{b(a)} \pm PI_2 \pm PC_2$ |
| Utility from alternative | $U_{a(alt)} \pm PI_3 \pm PC_3$ | $U_{b(alt)} \pm PI_4 \pm PC_4$ |

PC = Adjustments due to power-change tactics.

**(d) Potential Power After Power-Use Tactics**

| | Negotiator A | Negotiator B |
|---|---|---|
| Utility from relationship | $U_{a(b)} \pm PI_1 \pm PC_1 \pm PU_1$ | $U_{b(a)} \pm PI_2 \pm PC_2 + PU_2$ |
| Utility from alternative | $U_{a(alt)} \pm PI_3 \pm PC_3 \pm PU_3$ | $U_{b(alt)} \pm PI_4 \pm PC_4 \pm PU_4$ |

PU = Adjustments due to power-use tactics.

lines of communication, rules, or traditions (Bacharach & Lawler, 1980), and their abilities to improve their contributions may be constrained by such factors as inadequate talent, opportunity, or time. But the primary question of whether or when, beyond these idiosyncratic constraints, certain power-change tactics may be more effective at altering the power relationship than others remains largely unexplored (see Kim & Fragale, 2005, for an exception). We examine these issues by drawing on our prior analysis of power perceptions.

In our discussion of perceived power, we suggested that (1) the perceived value of negotiators' BATNAs will positively influence the perceived value of their contributions, and vice versa (derived from our discussion of *quantity*); (2) the level of trust in the relationship will pos-

itively influence the perceived value of negotiator contributions and BATNAs (derived from our discussion of *probability*); and (3) the amount of surplus utility will positively influence the perceived value of negotiators' contributions and negatively influence the perceived value of their BATNAs (derived from our discussion of *weight*). We suggest that each of these considerations should affect the relative benefits of power-change tactics that target one dimension of dependence rather than the other.

On the one hand, the potential for the perceived value of negotiators' BATNAs to positively influence the perceived value of their contributions, and vice versa (i.e., Proposition 4), should reduce the significance of choosing between power-change tactics that target BATNAs versus contributions to some degree.

*Proposition 10: Power-change tactics designed to increase (decrease) the value of negotiator BATNAs will also increase (decrease) the value of negotiator contributions, and power-change tactics designed to increase (decrease) the value of negotiator contributions will also increase (decrease) the value of negotiator BATNAs.*

On the other hand, insofar as these effects are likely to be only partial rather than complete, the choice between power-change tactics that target negotiators' BATNAs versus contributions should still be significant, and the other perceptual influences we have identified may illustrate how their implications may diverge.

To the extent that the perceived values of negotiator contributions and BATNAs are diminished by a lack of trust (i.e., Proposition 6), the perceived value of a given change in each of these dimensions should be smaller when trust is low rather than high. However, beyond this general observation, we might also expect that the susceptibility of these perceptions to the lack of trust would be smaller for BATNAs than contributions, since the implementation of one's BATNA does not depend on whether this dimension is perceived accurately by the counterpart (e.g., an employee's ability to take a job offer with another firm is not affected by whether his current employer actually believes that the employee possesses this alternative offer). Increasing one's contribution, in contrast, is of little avail if the counterpart does not believe that these resources will be provided and, hence, discounts the perceived value of this dimension (e.g., an employee's offer to work longer hours will not improve the employer's perception of the employee's contribution if the employer believes the employee is unlikely to follow through with his promise). As a result, we expect that the level of trust will increase the effectiveness of power-change tactics that target negotiator contributions to a greater degree than the effectiveness of power-change tactics that target negotiator BATNAs.

*Proposition 11: The level of trust will increase the effectiveness of power-change tactics that target negotiator contributions to a greater degree than the effectiveness of power-change tactics that target negotiator BATNAs.*

Moreover, we have argued that the amount of surplus utility, which influences the likelihood of reaching an agreement, positively influences the perceived value of negotiators' contributions and negatively influences the perceived value of negotiators' BATNAs (i.e., Proposition 8). As a result, a given change in negotiators' BATNAs will be perceived to be larger when the likelihood of reaching an agreement is low rather than high (i.e., surplus utility is small rather than large), and a given change in negotiators' contributions will be perceived to be larger when the likelihood of reaching an agreement is high rather than low (i.e., surplus utility is large rather than small). Thus, we expect that the amount of surplus utility will positively influence the effectiveness of power-change tactics that target negotiators' contributions, and negatively influence the effectiveness of power-change tactics that target negotiators' BATNAs, for altering the perceived power relationship. Indeed, this proposition is supported by recent empirical evidence, which suggests that the benefits of improving one's contribution increase, and the benefits of improving one's BATNA diminish, as the amount of surplus utility grows (Kim & Fragale, 2005).

*Proposition 12: The amount of surplus utility will positively (negatively) influence the effectiveness of power-change tactics that target contributions (BATNAs) for altering the perceived power relationship.*

We should also note that although we have focused on power-change tactics that target the dimensions of potential power (i.e., BATNAs and contributions) and their implications for negotiators' perceptions of the power relationship (i.e., perceived power), it is also possible for power-change tactics to target these perceptions directly (Ikle, 1964). A negotiator may work to improve his or her BATNA, for example, or simply mislead the counterpart into believing that his or her BATNA is better than it actually is. Alternatively, a negotiator may believe that the counterpart's perception of the counterpart's BATNA is inflated and, thus, attempt to improve the accuracy of this perception, rather than lower the counterpart's BATNA itself. However, to the extent that power-change tactics that directly target perceptions are intended to shift these perceptions further from (rather than closer to)

negotiators' inherent valuations of these BATNAs and contributions, the implications of such efforts are likely to be unstable and, hence, relatively short-lived (i.e., given Proposition 2).

These power-change tactics, furthermore, are not restricted to a specific moment in a given power relation but, rather, can be initiated on multiple occasions throughout the course of a relationship. Negotiators may implement power-change tactics in anticipation of an upcoming negotiation, they may utilize such tactics during the course of the negotiation (e.g., as they strive to identify issues that may be of worth to the other party), and they may even interrupt the negotiation midcourse to initiate power-change tactics before the negotiation is concluded.

These power-change tactics can also be pursued in an iterative fashion, whereby negotiators initially conclude that they possess insufficient power to obtain desired outcomes, attempt to increase this power with one or more of these power-change tactics, evaluate the effects of such attempts on their perceived power relationship, and then initiate additional power-change tactics if the desired increase in power has not yet been obtained. Indeed, the need to initiate additional power-change tactics may be quite likely, given that each negotiator may have attempted to shift the power balance in their favor, thereby canceling out some of the effects of their initial efforts (Diamantopoulos, 1987). Thus, the links among potential power, perceived power, and power-change tactics establish a feedback loop (as depicted by the arrow leading from Negotiators A's and B's power-change tactics back to potential power in Figure 1) that may be frequently repeated, in order to transform the dependence matrix (from Figure 3b to Figure 3c), before a given attempt at power use.

**Power-use tactics.** Once sufficient power has been achieved in the minds of negotiators, those negotiators should be inclined to use this power to obtain desired outcomes. And, given that perceptions of greater potential power, relative to that of one's counterpart, should increase the likelihood of obtaining these rewards, negotiators should be more likely to employ power-use tactics when they perceive their own power, relative to that of their counterpart, to be high than low. Thus, as indicated in Figure 1, we suggest that negotiators' perceptions of their potential power will drive their implementation of power-use tactics.

*Proposition 13: Negotiators will be more likely to initiate power-use tactics when they perceive their own potential power, relative to that of their counterpart, to be high rather than low.*

Researchers have identified a variety of power-use tactics negotiators may employ. As previously mentioned, Kipnis et al. (1980), with subsequent extensions by Kipnis and Schmidt (1983) and Yukl and Tracey (1992), identify nine dimensions of influence—pressure, legitimation, exchange, coalition, ingratiation, rational persuasion, inspirational appeal, consultation, and personal appeal (see Table 2)—and consider how one's power relationship with others can influence the likelihood that these different tactics will be used. Yet the presentation of this overwhelming number of tactics without the concomitant provision of an organizing framework ultimately renders such efforts too cumbersome as a basis for theory.

Lawler (1992) offers a more helpful starting point for a theoretical analysis of power-use tactics, making a broad distinction between conciliatory and hostile power-use tactics and considering when they are likely to be employed. Whereas conciliatory tactics refer to positive acts, such as communicating a willingness to coordinate or collaborate, hostile tactics refer to negative acts, such as communicating an inclination toward competition, intimidation, or resistance. By drawing on power-dependence theory and research on punitive power, Lawler develops two propositions concerning how the power relationship affects the incidence of these conciliatory and hostile behaviors. First, because the existence of unequal power should cause negotiators to disagree over the legitimacy of power differences and how such differences should affect the negotiated solution, each negotiator will employ more hostile and fewer conciliatory power-use tactics when their *relative power* is unequal than when it is equal. Second, because higher *total power* (i.e., the sum of each negotiator's potential power) increases negotiators' stakes in reaching a reasonable solution, they will employ fewer hostile and more conciliatory power-use tactics when total power is high than when it is low. Each of these propositions has received empirical support (Bacharach & Lawler, 1981; Lawler &

Bacharach, 1987). Thus, we can observe that this analysis offers a parsimonious and empirically defensible conceptualization of power-use tactics that can complement our prior discussions of potential and perceived power.

Yet this analysis also has some important limitations. Research on power-use tactics is justified by the notion that the realization of one's potential power is not automatic. Some efforts to extract benefits can be more effective than others. However, because Lawler's (1992) analysis is primarily descriptive in nature, it considers neither the relative effectiveness of hostile versus conciliatory tactics nor the reasons why differences in the effectiveness of such tactics might occur. As a result, this analysis offers little prescriptive guidance on how to use one's power effectively in the context of negotiation. We attempt to address these concerns by considering more closely the implications of efforts to extract benefits from a relationship.

The difficulty of power use arises from the fact that one negotiator's gain in benefits typically entails some loss in benefits for the other (Lawler, 1992). Indeed, a comparison of the kinds of power-use tactics that have been identified in the literature reveals that their differences arise not from the benefits they would offer the initiator, given that the initiator's benefits are essentially kept constant for the purposes of those analyses, but rather from the implications of such actions for the target. Specifically, we can observe that the magnitude of the target's loss from a power-use tactic can either be exacerbated or mitigated depending on the type of tactic employed. Whereas conciliatory power-use tactics, such as communicating a willingness to coordinate or collaborate, are designed to extract benefits in ways that mitigate the harm to a target, hostile power-use tactics, such as communicating an inclination toward competition, intimidation, or resistance, are designed to extract benefits in ways that actually exacerbate the target's harm.

The costs incurred by a target through an initiator's use of power can be influenced in a variety of ways, which we can illustrate by considering the tactics identified by Kipnis and his colleagues (see Table 2). A negotiator may reduce these costs (1) by consulting with the target to identify differences in their preferences that would offer opportunities for mutual gain (see Lax & Sebinius, 1986, Chapter 5, for a review), (2)

by making inspirational appeals that would leverage the target's own preferences so the target would find making these concessions less distasteful, or (3) by using rational persuasion to give the target the satisfaction of believing that the concessions were at least appropriate and fair (see Pruitt & Carnevale, 1993, for a review). In contrast, a negotiator may increase these costs (1) by pressuring the target, through demands, threats, or intimidation, so the target not only loses the benefits of the extracted concessions but also suffers the additional costs of negative emotions, the loss of control, and damaged self-esteem; (2) by enlisting the aid of others to magnify this pressure, and thereby increase these psychological costs to the target; or (3) by referencing existing policies to impose many of these same kinds of psychological costs without enlisting the explicit aid of others. Finally, power-use tactics such as exchange, ingratiation, and personal appeal may neither increase nor reduce the costs incurred by the target in any significant way and may therefore be considered more neutral.

These differences between the implications of hostile and conciliatory tactics provide the basis for several conclusions. First, we can observe that whereas hostile power-use tactics do not require attention to addressing the specific needs of the target, conciliatory power-use tactics require efforts to understand the target's preferences and satisfy at least some of those interests in order to cause the target less harm. This suggests that power-use tactics generally will require more effort to implement when they are conciliatory than when they are hostile, because conciliatory tactics require negotiators to understand their counterparts' needs and wants.

> *Proposition 14: Power-use tactics will require more effort to implement when they are conciliatory than when they are hostile.*

However, to the extent that negotiators seek agreements that would maximize their own benefits, targets should exert greater efforts to resist power-use tactics that would cause them greater harm. This resistance should, in turn, reduce the likelihood that such power-use tactics will be successful. Thus, given that conciliatory power-use tactics are designed to inflict less harm on the target than hostile power-use tactics, and hence incite less resistance, we ex-

pect that power-use tactics will be more successful for extracting benefits from a negotiation when they are conciliatory than when they are hostile.

> *Proposition 15: Power-use tactics will be more successful for extracting benefits from a negotiation when they are conciliatory than when they are hostile.*

Yet hostile power-use tactics may offer an advantage over conciliatory power-use tactics with regard to their likelihood of encouraging targets to make preemptive concessions, if the targets expect these power-use tactics to be successful. For example, in any negotiation there is likely to be a subset of issues that one or more parties consider to be "deal-breakers"—issues that all parties to the negotiation need to agree on if an agreement is to be reached. When encountering such an issue during the course of a negotiation, a negotiator may realize that resisting a power-use tactic is futile, because the negotiator will ultimately have to concede on the issue anyway. In such a case, making preemptive concessions to prevent the successful implementation of a hostile power-use tactic would be worthwhile, because the cost to the target of making those concessions would only be increased if the hostile tactic were employed (i.e., owing to the additional psychological costs imposed). However, it makes little sense to make preemptive concessions to prevent the successful implementation of a conciliatory power-use tactic, because such tactics are designed to decrease the cost to the target of making those concessions. Thus, we predict that when targets expect a power-use tactic to be successful, they will be more likely to make preemptive concessions when that tactic would have been hostile than when that tactic would have been conciliatory.

> *Proposition 16: When targets expect a power-use tactic to be successful, they will be more likely to make preemptive concessions when that tactic would have been hostile than when that tactic would have been conciliatory.*

These conclusions contribute to research on power use in several ways. First, these insights extend Lawler's (1992) descriptive analysis of power-use tactics not only by explaining why

negotiators may be inclined to use some power-use tactics more frequently in certain situations than others, but also by offering prescriptive suggestions for those who may want to implement these power-use tactics more effectively. Second, this discussion of hostile and conciliatory power-use tactics presents a parsimonious organizing framework that can encompass the myriad tactics that have been identified by Kipnis and his colleagues (Kipnis & Schmidt, 1983; Kipnis et al., 1980; see also Yukl & Tracey, 1992). Finally, this analysis helps justify and elaborate Wrong's (1968) assertion that the compliance of targets is often based simply on their subjective expectation that potential power can and will be used and that this can, in turn, make actual power use unnecessary. Our analysis not only explains why such preemptive compliance may occur but also identifies the kinds of power-use tactics that would be more likely to elicit such compliance than others. By doing so, this analysis helps expand current conceptions of power use from that of a simple one-way relationship, whereby an actor extracts benefits from its target, to that of a bilateral process, whereby each party can initiate such tactics in an offensive or defensive manner to maximize or preserve the benefits, respectively, it might obtain.

### Realized Power

Realized power refers to the extent to which negotiators claim benefits from their interaction. Given that this extraction of benefits is achieved through the implementation of power-use tactics, the type, frequency, and magnitude of a negotiator's power-use efforts should directly influence the extent to which that party has realized power from the relationship. Thus, as indicated in Figure 1, we suggest that negotiators' power-use tactics will affect their realized power in the negotiation.

> *Proposition 17: The type, frequency, and magnitude of a negotiator's power-use tactics will directly influence that party's realized power.*

The constraint on such actions, however, arises from the fact that this realization of power can subsequently alter the power relationship. Lawler (1992) has observed, for example, that the extraction of benefits from a relationship inflicts some cost on the target, which will reduce the

target's valuation of the relationship (see our prior discussion of power-change tactics) and, hence, lower the target's dependence. This notion also provides the basis for the conclusion drawn by many power researchers that extracting benefits from a relationship reduces one's potential power in future interactions (Emerson, 1962; Lawler, 1992), as embodied by the well-known adage "to use power is to lose it."[2]

Yet this conclusion is based on only a narrow assessment of the implications, for the target, of having these benefits extracted, rather than the implications of such actions for the relationship as a whole. We can acknowledge that the extraction of benefits from a relationship may reduce the target's valuation of the relationship and lower that target's dependence. However, we can also observe that, by extracting these benefits, the initiator of a given power-use tactic no longer relies on the target for those valued rewards and, hence, becomes less dependent on the target. As a result, the clearest implication of these combined influences is that the extraction of benefits from a negotiation (i.e., realized power) will negatively influence the *total power* (i.e., the sum of each negotiator's potential power) in the relationship.[3] Thus, as indicated in Figure 1, we suggest that negotiators' realized power will affect their potential power in future negotiations.

> *Proposition 18: Realized power will negatively influence the total power in the relationship.*

This conclusion does not imply that negotiators' relative power is unaffected by power use. Rather, we expect that the implications of power use for relative power will depend on the type of power-use tactic employed. Specifically, given that conciliatory power-use tactics are designed to extract benefits in ways that reduce costs to

the target, initiators of such tactics may realize power in ways that reduce their own dependence on the target (i.e., because of the acquisition of desired rewards) to a *greater* degree than the reduction in the target's dependence on the initiator (i.e., given the mitigated costs to the target of the foregone benefits).

In contrast, given that hostile power-use tactics are designed to extract benefits in ways that magnify costs to the target, initiators of such tactics may extract benefits in ways that reduce the initiator's dependence on the target (i.e., because of the acquisition of desired rewards) to a *lesser* degree than the reduction in the target's dependence on the initiator (i.e., given the magnified costs to the target from having benefits extracted in a hostile way). Thus, we expect that whereas conciliatory power-use tactics will shift relative power in favor of the initiator, hostile power-use tactics will shift relative power in favor of the target.

> *Proposition 19: Whereas conciliatory power-use tactics will shift relative power in favor of the initiator, hostile power-use tactics will shift relative power in favor of the target.*

These conclusions offer several insights for an analysis of realized power in the context of negotiation. First, given the loss in total power that power-use tactics entail, negotiators may not necessarily want to realize as much power as they can from a negotiation. Their decisions to do so should depend on their expectations for the relationship, given that such actions will affect their counterpart's subsequent valuation of the relationship and, hence, the focal negotiator's potential power in future interactions (from Figure 3c to Figure 3d). Thus, our analysis is not limited to one-shot agreements but also has implications for relationships of longer duration. In one-shot agreements, negotiators are likely to realize as much power as they can in negotiation, whereas in ongoing relationships, negotiators will be less likely to maximize realized power because of the negative effects this will have on their potential power in future negotiations.

> *Proposition 20: The extent to which negotiators realize power will be negatively influenced by expectations of future interaction.*

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[2] Although the extraction of benefits may also make clear to the target that the initiator is willing and able to employ a power-use tactic and in this sense increase, to some extent, the perceived level of the initiator's potential power (March, 1966), this effect is expected to be outweighed by the decrease in the initiator's perceived power from having reduced the supply of benefits available from, and hence the target's valuation of, the relationship.

[3] This implication holds irrespective of whether the benefits from the relationship are fixed or replenishing, "so long as additions to the power supply are independent of the exercise of power" (March, 1966: 64).

Second, this analysis offers an explanation for why Yukl and Tracey (1992) found some power-use tactics (i.e., rational persuasion, inspirational appeal, and consultation) to be more effective than others (i.e., pressure, coalition, and legitimation). In our prior discussion of power-use tactics, we actually drew on these examples to illustrate how such tactics can be conciliatory or hostile, respectively, and explained why the former methods would be more successful for extracting benefits than the latter. We now extend these conclusions by illustrating how such efforts can also affect negotiators' power relationships in future interactions and how one's relative power can be maintained more effectively through long-term relationships by implementing power-use tactics that are conciliatory rather than hostile.

> *Proposition 21: Power-use tactics will be more effective for maintaining one's relative power through long-term relationships when they are conciliatory than when they are hostile.*

Finally, this discussion may help explain and extend an emerging body of research on the effects of power on those who possess it (Keltner, Gruenfeld, & Anderson, 2003), which suggests that power may exert a disinhibiting influence on social behavior. According to that perspective, the powerful become less restrained in satisfying their desires, less attentive to the interests of others, and more likely to indulge in personal motives than those without power. The present analysis may help explain why this may occur. If negotiators possess greater relative power, they can afford to use hostile power-use tactics without completely eroding their power advantage for the future. Thus, powerful negotiators may possess greater liberty to implement a wider range of power-use tactics and, hence, face greater temptations to use those that are hostile (i.e., given the lower effort hostile tactics would require to initiate) than negotiators with less power. This reasoning also suggests that this disinhibition is not merely dichotomous (i.e., negotiators either use hostile tactics or they don't) but, rather, may be more accurately portrayed as a continuous relationship whereby negotiators will be more likely to behave in disinhibited ways (i.e., by increasing the frequency, magnitude, and hostility of their power-use tactics) as the size of their power advantage grows.

> *Proposition 22: The size of a negotiator's power advantage will be positively related to the frequency, magnitude, and hostility of their power-use tactics (i.e., efforts to realize power).*

### Illustration

This range of dynamics that may arise in power relations can be illustrated through an example. Imagine a context in which two parties, A and B, are negotiating the terms of a potential joint venture. Because of differences in their preferences and their alternatives to this opportunity, each negotiator's valuation of the relationship (i.e., due to the counterpart's potential contribution) and his or her best alternative (i.e., his or her own BATNA) can be represented by Figure 4a. These values provide the basis for calculating each negotiator's potential power so that, based on our prior analysis, the potential power for A and B would be 190 and 140, respectively.

These valuations are likely to be transformed, however, as the negotiators form perceptions of this power relationship. The potential for a negotiator to infer the value of the counterpart's contribution from the value of the counterpart's BATNA and vice versa may decrease, to some extent, differences in the negotiators' valuations of these dimensions. Lack of trust may lead each negotiator to discount the value of the counterpart's BATNA and contribution. Moreover, the relatively large amount of surplus utility (i.e., $330 - 90 = 240$) may lead the negotiators to discount the possibility of an impasse and, thus, increase their valuations of the relationship and decrease their valuations of their BATNAs. Such influences should transform the power matrix as it is perceived from Figure 4a to Figure 4b, for example.

These perceptions may, in turn, lead the negotiators to conclude that they possess inadequate power to obtain desired outcomes and, therefore, to implement power-change tactics. Negotiator A may choose to improve his or her BATNA (e.g., by identifying an alternative joint venture opportunity), for example, whereas negotiator B may choose to improve his or her contribution (e.g., by investing in skills that would help market the joint venture's product). And although each party may achieve the same magnitude change in his or her chosen dimen-

## FIGURE 4
## Illustration

### (a) Potential Power

|                            | Negotiator A | Negotiator B |
|----------------------------|:------------:|:------------:|
| Utility from relationship  | 110          | 220          |
| Utility from alternative   | 30           | 60           |

A's potential power = 30 + (220 − 60) = 190; B's potential power = 60 + (110 − 30) = 140; total power = 190 + 140 = 330.

### (b) Perceived Power

|                            | Negotiator A | Negotiator B |
|----------------------------|:------------:|:------------:|
| Utility from relationship  | 50           | 160          |
| Utility from alternative   | 20           | 40           |

A's perceived power = 20 + (160 − 40) = 140; B's perceived power = 40 + (50 − 20) = 70; perceived total power = 140 + 70 = 210.

### (c) Perceived Power After Power-Change Tactics

|                            | Negotiator A | Negotiator B |
|----------------------------|:------------:|:------------:|
| Utility from relationship  | 80           | 160          |
| Utility from alternative   | 60           | 40           |

A's perceived power = 60 + (160 − 40) = 180; B's perceived power = 40 + (80 − 60) = 60; perceived total power = 180 + 60 = 240.

### (d) Potential Power After Power-Use Tactics

|                            | Negotiator A | Negotiator B |
|----------------------------|:------------:|:------------:|
| Utility from relationship  | 70           | 100          |
| Utility from alternative   | 60           | 40           |

A's potential power = 60 + (100 − 40) = 120; B's potential power = 40 + (70 − 60) = 50; total power = 120 + 50 = 170.

sion, the implications for the perceived power relationship are likely to differ. Whereas the lack of trust may make A's efforts to improve his or her BATNA more effective for changing the perceived power relationship than B's efforts to improve his or her contribution, this advantage may be counteracted to some degree by the abundant surplus utility, which should lead them to discount the value of any change to their BATNAs and magnify the value of any change to their contributions. The nature of these perceptual influences, the extent to which they operate, and the types, magnitude, and frequency of these power-change efforts should, therefore, transform the negotiators' perceptions of their

potential power from Figure 4b to Figure 4c, for example, before any attempt at power use.

The characteristics of these power-use efforts should, furthermore, depend on the negotiators' assessment of and goals for the relationship. To the extent that the negotiators do not care about the future and also possess a relative power advantage, they may use more hostile tactics and extract the maximum amount of benefits from the agreement. However, to the extent that these negotiators expect a longer-term relationship (as would be likely for those who plan a joint venture) and seek to manage this relationship effectively, they may use more conciliatory tactics and avoid extracting all possible bene-

fits so as to retain some potential power for their future interactions, and thereby transform the power matrix from Figure 4c to Figure 4d, for example, which, in turn, provides the basis for the next iteration of this dynamic cycle.

## CONCLUSION

Our purpose in this article has been to develop a comprehensive theoretical model that can integrate the most prominent theories of power, account for the wide range of results found in negotiation research, and offer novel propositions that can be tested in future empirical work. Our efforts to do so have led us to decouple power into four distinct components—(1) potential power, (2) perceived power, (3) power tactics, and (4) realized power—and to assess their implications for those who wish to manage power effectively in the context of negotiation. Through these endeavors, we have emphasized the dynamic nature of power relations and examined each phase in this dynamic process with added depth and precision. As a result, this analysis may help address numerous limitations that have persisted in the power literature.

By integrating the wide array of approaches researchers have taken in their discussions of power, this analysis helps reconcile the myriad lists of characteristics, properties, strategies, and descriptions that have been offered with regard to this topic and consolidate them into a more coherent, parsimonious, and accessible framework. By depicting power relations as a dynamic process, this analysis helps address the criticisms that have been raised concerning the static nature of existing power theories and the failure of such static conceptions to capture the complexities of power relations that arise in real-world environments (Astley & Sachdeva, 1984; Neale & Northcraft, 1991). Finally, by delving into the components of power that we have differentiated, this inquiry extends conceptualizations of each of these components.

Our analysis of potential power suggests that prior formulations of this concept may be inadequate, and it offers a revised formulation that seems better justified by empirical research. Our discussion of perceived power draws on power theorists' recognition that assessments of power are inherently subjective in nature (Bacharach & Lawler, 1976), but it then extends

this notion by discussing how these potential and perceived values may diverge. Our assessment of power tactics begins by emphasizing a fundamental, but too often overlooked, distinction between power-change and power-use tactics, and then extends prior discussions of such tactics in fundamental ways—considering when some power-change tactics may be more effective for altering the power relationship than others and then consolidating the wide array of power-use tactics that have been identified in the literature into a parsimonious framework that offers clear, prescriptive recommendations for their use. Finally, our analysis of realized power draws on the common adage that "to use power is to lose it" but then offers a more precise assessment of the implications of power use for total and relative power, and through such considerations offers much needed insight into the reasons why negotiators may vary in both the manner and extent to which they attempt to extract benefits from their relationship.

This inquiry, therefore, acknowledges the enormous complexity of power relations, their dynamic transformations, and how power-related behaviors may be influenced by both short- and long-term considerations. We also seek to address these issues in a parsimonious, logically coherent way. However, we recognize this framework's limitations. Although our analysis of perceived power identifies several perceptual influences, others may exist that we have failed to mention. We briefly noted that situational constraints could affect the feasibility of power-related behaviors, but the importance of these constraints should not be discounted, given that all behaviors are restricted at least in part by the surrounding social structure (e.g., Brass, 1984; Lawler, 1992). Moreover, although we have implicitly acknowledged the influence of parties outside the focal negotiation, given that they ultimately determine negotiators' BATNAs, benefits may be gained through more explicit treatments of the roles such outside parties play in determining the nature of the focal negotiation and the ways in which negotiator BATNAs may be changed (e.g., Komorita & Hamilton, 1984; Mannix, 1993b). Although the demands of presenting a clear and concise analysis of the enormous literature on power that would be relevant for negotiation were great, we have done our best to convey the elements of this research that would be most

important for the reader. However, as these limitations should illustrate, there is room for much more work in this area.

It would also be appropriate to place our dynamic model of power in negotiation within the context of the broader power literature. By restricting our analysis to negotiation, we have focused on cases where the focal parties are initiating discrete, strategic acts (e.g., making offers, issuing threats, and selectively disclosing information). Yet there are many cases where power operates in a more routine and prosaic fashion—for example, socialization and accreditation processes, technological systems, and insurance and tax regimes (Covaleski, Dirsmith, Heian, & Samuel, 1998; Noble, 1984; Shaiken, 1984; Simon, 1988)—reflecting a mode of power that is more systemic, rather than episodic, in form (Clegg, 1989; Foucault, 1977; Giddens, 1984). The interdependent process of negotiation, furthermore, is based on the notion that the targets of power are capable of agency or choice (e.g., whether to accept a proposal, make a counterproposal, or abandon the negotiation in favor of one's BATNA). However, there are many cases where the use of power does not require the target to "do" anything—for example, physical violence, punishment, and actuarial practices (Hearn, 1994; Milgram, 1974; Simon, 1988); in such cases, targets are treated more as objects than as subjects (i.e., actors capable of agency) in the power relationship (Simon, 1988).

These mode (episodic versus systemic) and target (subject versus object) dimensions are useful to consider because their intersection creates four quadrants that provide the basis for a broader typology of power forms (Lawrence, Winn, & Jennings, 2001). Our focus on power in negotiation, and its emphasis on an *episodic* form of power that treats targets as *subjects,* falls within the quadrant that these researchers term *influence.* Thus, one might wonder whether the propositions that have been developed in this quadrant would hold under conditions of *force* (i.e., when power is episodic and targets are treated as objects), *discipline* (i.e., when power is systemic and targets are treated as subjects), or *domination* (i.e., when power is systemic and targets are treated as objects). It is possible, for example, that the episodic use of power, particularly hostile tactics, may not necessarily reduce one's potential power in future interactions when a target's agency is removed (i.e., the conditions of force).

Notwithstanding these limitations, we still feel that our power model extends past work to integrate new research on negotiation. One key difference from earlier work in the area of power is that research on negotiation has a high level of validation and testing (e.g., see Bazerman, Curhan, Moore, & Valley, 2000; Kramer & Messick, 1995; Murnighan, 1993, for reviews). We think our examples and the citations in the articles above should provide a good foundation for joint empirical testing of many of our propositions. Indeed, if negotiation is as central as it appears to be in building realized power, it may be that the various quadrants of power (influence, force, discipline, and domination) may all rely in some fundamental fashion on the power dynamics of negotiation.

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