Two-Step Leverage: Managing Constraint in Organizational Politics

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INSEAD

This paper proposes an alternative to resource-dependence approaches to strategic behavior, which predict that actors seek direct cooptive relations to alleviate constraint. I propose that an actor can gain leverage on a limiting party by building a cooptive relation with a player that may control this party's behavior, thus using two-step leverage. Data on dependence relations, political alliances, and confidential discussion networks among decision makers in a cooperative agribusiness furnish evidence of both direct and two-step leverage and clarify the contexts in which these two strategies are used. As predicted by the resource-dependence approach, leaders build ties of interpersonal obligation with people directly affecting their performance in the organization. When policy divergences or personal frictions make these ties untenable, however, leaders build strong cooptive relations with people who may constrain the performance of the party on whom they depend. Based on these results, I discuss an extension of resource-dependence theory and explore the potential uses of two-step leverage mechanisms in organizational politics.•

Since the publication of March and Simon's (1958) influential book, the political image of the business firm has been a key component in organizational theory (Thompson, 1967; Zald, 1970; Pfeffer and Salancik, 1978; Pfeffer, 1981; Perrow, 1986; March, 1988). Like any political system, organizations are rife with conflict. Here the controversy focuses on the power to control resource allocation and the organization's goals. Organizational players differ in their ability to attain this control. Some positions carry high levels of discretion in determining organizational goals and resource allocation. Yet individuals in those positions are considerably interdependent, and their actual exercise of discretion must take this interdependence into account. According to Thompson (1967: 125), individuals in highly discretionary positions ". . . seek to maintain power equal to or greater than their dependence on others in the organization." Thus, a key issue in any organization is how decision makers overcome the constraints of interdependence on their ability to exercise discretion. To understand this issue, one must first understand how differences in power arise among organizational actors.

Organizational analysis has followed Emerson's (1962) exchange theory of power-dependence relations by stressing the control of key resources and decisions as an important basis of asymmetric interdependence between organizational players (see Pfeffer, 1981: 97–135, for a review). Network analysis has substantially clarified how the structure of interdependence affects the distribution of power in the system. A key intuition of exchange theory is that power is a positive function of the availability of alternatives (Emerson, 1962; Blau, 1964). This intuition has been confirmed in a series of experimental and simulation studies whose results show how power and influence accrue to players with access to several exchange partners who themselves lack

such alternatives (Cook and Emerson, 1978; Cook et al., 1983; Marsden, 1982, 1983).

A second line of research in network analysis has focused on how social structure affects an actor's actual control of resources and decisions, to determine the social conditions under which the actor must exercise discretionary control. Burt (1982, 1988, 1991) has proposed a network model based on the assumption that constraint results from dependence on coordinated actors. The more an actor depends on parties who can coordinate his or her behavior, the less ability he or she has to exercise discretionary control on the resources at his or her disposal. Conversely, lack of coordination among those parties enlarges the actor's span of discretionary behavior.

Strategic Responses to Constraint

If constrained dependence imposes limits on the actor's performance, it may equally confer advantages on the limiting party. Following Thompson (1967: 125), we should expect actors in highly discretionary positions to try to minimize the limits imposed on them by other players in the organization. When faced with constrained dependencies, the actors are likely to engage in "balancing operations" (Emerson, 1962: 34; Blau, 1964; Jacobs, 1974). In some cases, these operations may reduce the salience of the dependence by incorporating new players into the network, or actors may eliminate the constraint altogether by withdrawing from the troublesome relation. Choosing between these options, however, is not always feasible in organizational settings, where dependence is born of circumstances largely outside personal control, such as institutionalized rules or a technical division of labor. Short of quitting his or her job, withdrawal strategies are often impossible for the actor, while effective expansion requires the existence of players who have access to the same resources but are not coordinated by the limiting party. Although withdrawal and expansion maneuvers may be more feasible in flexible organizational structures, such as the so-called matrix firm (Davis and Lawrence, 1977), they ultimately have limits: People with a record of cutting ties make untrustworthy partners. Repeated withdrawal may make an actor autonomous but also resourceless. The key to success is not to reduce complexity artificially by minimizing the number of dependencies but to "make social complexity work for us, not against us" (Kotter, 1985: 31). When constraining dependencies are unavoidable, the question is no longer how to avoid constraint, but how to manage it, if it can be or needs to be managed.

In some cases, efforts to manage constraint might be superfluous, for potential constraint does not automatically result in actual control. To gain control, the dominant party must pursue his or her structural advantage, or at least he or she must maintain a credible threat to do so. Many things may undermine this advantage, ranging from the personality traits of the dominant party to societal norms that penalize exploitative behavior. Although these circumstances are mostly beyond the dependent actor's control, he or she may nevertheless benefit from these kinds of safeguards in the

situation. In such cases, strategic manipulation might be not only superfluous but also harmful. It may complicate a previously smooth functional relation, creating an overpoliticized and even more uncertain work environment (Kotter, 1978).

If no safeguards exist, managing the constraining relationship becomes crucial for the actor's performance: He or she should be able to dissuade the limiting party from realizing his or her advantage. One possible way to implement dissuasion strategies is to use psychological tactics to influence the behavior of the dominant party. In his comprehensive review of the influence research in social psychology, Cialdini (1985) discussed six principles grounded in what he described as automatic responses to certain social situations. Although most of the discussion revolves around one-shot transactions, some of the principles can also be used to handle more stable dependencies, as in the relationships Cialdini labeled "reciprocation" and "liking." When applied to a stable relationship, these principles can lead to a new, emotionally based tie within the existing dependence. In this sense, "reciprocation" and "liking" are directly related to Emerson's (1962) third balancing operation: They work by increasing the motivational investment of the powerful player in goals mediated by the weaker one. The efficacy of these techniques, however, lies in artificially creating the social situation that triggers automatic compliance, and it is difficult to imagine how such a situation can be endlessly fabricated between the same two people without, at some point, raising the awareness of the manipulated party. The very uncertainty about when this awareness may arise makes automatic response mechanisms an unreliable tool to manage stable dependencies, unless the weaker player uses these mechanisms to elicit an enduring motivational investment from the dominant player.

Whatever the psychological vehicle used, the foundation of this type of balancing operation is a new tie that may serve to abate the influence of the limiting party. The new tie is precisely the analytical focus of structural analysis. From this perspective, the essence of leverage strategies consists of embedding in the ongoing dependence relationship a new tie over which the weaker player has more control. The embedded tie changes the terms of the negotiation between the actors in a way that favors the constrained party. The phenomenon is the same as that discussed by Granovetter (1985), who stressed how economic transactions are actually embedded in ongoing social relations. In the context of this paper, social ties are the mechanism through which the actor manages the uncertainty created by such transactions. If actors could choose from a menu of equally constraining transactions, they would prefer transactions with trusted partners to reduce uncertainty.

In the organizational literature, embedding maneuvers are often discussed as cooptive strategies (Pfeffer, 1981: 166–177). Research has shown that resource dependence between organizations triggers cooptive ties—such as interlocking directorates, vertical integration, and business alliances between the organizations (Pfeffer and Salancik,

1978; Burt 1983). Analyses of intraorganizational power strategies have pointed out the cooptive role of maneuvers such as integrating special committees to reduce the actual constraint imposed by powerful outsiders on the strategic player (Pfeffer, 1972; Selznick, 1980). The upshot of these studies is that the actor seeks strategic alliances in proportion to the intensity of constraint in a specific sector of his or her environment. Thus, the distribution of cooptive ties should be positively correlated with the distribution of constraint. By implication, the standard operationalization of resource-dependence theory has neglected cooptive relations with actors on whom one has no direct dependence, since such ties are strategically inconsequential. If actors were only using these relations strategically, we would observe a monotonic decline of cooptive efforts as the level of dependence dwindles. Yet people may use similar relations variously: One may go out for drinks with the boss because he is the boss and with friends from work because they are friends. The latter allows for cooptive-like relations in the absence of constraint, that is, in situations not predicted by the theory. Yet such occurrences should be randomly distributed at all levels of dependence. Although they may have some effect on the strength of the association between cooptive ties and constraint, they should not affect the predicted direction.

The key intuition behind the network model of structural constraint may render this last prediction inaccurate, however, and suggests an important extension of resource-dependence theory. Because coordination between two actors may curtail the autonomy of a limiting party, a strategic option for the dependent player is to gain leverage over a limiting party by coopting actors who constrain this party: An actor A can gain leverage on a limiting party B by coopting player C who, in turn, constrains B's performance. Far from being inconsequential, the tie that results between A and C resourcefully curtails the autonomy of B. The alliance with C enables the strategic player A to gain leverage over B, his or her source of constraint, without having to engage in direct cooptive maneuvers that may be very costly or, worse still, ineffectual. Figure 1 illustrates the direct and the two-step forms of leverage.

At first glance, two-step strategies look strikingly similar to the coalition maneuvers discussed in social psychology (Gamson, 1961, 1964; Caplow, 1956, 1968) and political science (Riker, 1962) and often cited in organizational studies (see Stevenson, Pearce, and Porter, 1985, for a general review). Although similarities do exist, the perspective adopted in this paper differs from the literature of coalition maneuvers in two respects. First, in both the sociopsychological and the political science analyses, players' goals and resources have been seen as the driving forces behind coalition making. This is clearly so in Riker's (1962) theory of "minimum winning coalitions," in which the outcome is solely dependent on the interests and on the resources controlled by the participants—in this case, the size of the voting blocs. The structural approach, in turn, grounds causal force in the relations of interdependence among the players, whatever the sources of this

Figure 1. Types of strategic leverage.

Direct | Two-step

→ Dependence ties

◄--► Cooptive ties
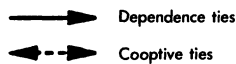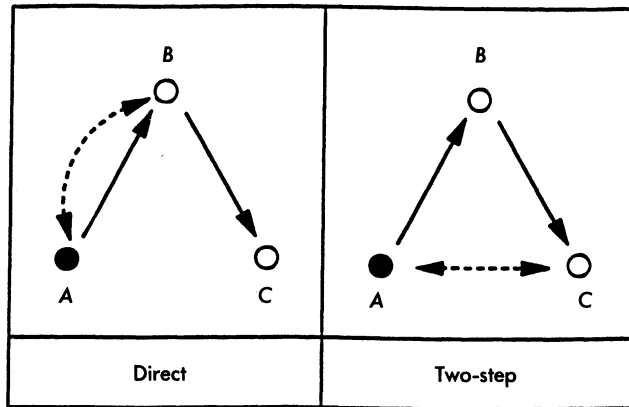
interdependence. The analytical focus is not on resources and goals but on interdependence and constraint. Second, the literature on coalition maneuvers has often revolved around the weak-against-strong theme. This approach typically assumes that the motive behind the members of the coalition is to join forces against a powerful third party. Two-step maneuvers do not need such an assumption. Although A's cooptive tie with C is aimed at neutralizing the power of a strong party (i.e., B), the theory makes no assumption about C's "goals" or "weakness." It would therefore be inaccurate to say that A and C have formed a coalition against B, at least in the usual sense given to this term. Thus, although coalitions may take the form of two-step maneuvers, not all two-step maneuvers can be properly discussed as coalitions.

A cursory examination of familiar organizational contexts furnishes many examples of two-step leverage. It is the case of the subordinate whose old friendship with his boss's supervisor prevents the boss from effectively controlling his behavior (Thurman, 1979), or the local leader who builds political contacts in higher circles to deal with a troublesome local official (Tarrow, 1977), or the manager who seeks a mentor-protégé relation with senior players to bypass the authority of his or her immediate supervisor (Kram, 1985; Burt, 1992), or, more vividly, Harold McGraw's mobilization of the banking committee of the U.S. House of Representatives against American Express to neutralize the latter's hostile takeover bid for McGraw-Hill in the late seventies (Kotter, 1985: 73–75). The irritation that such maneuvers breed in the bypassed actor attest to their potential effectiveness.

Although examples abound, presenting systematic evidence of two-step leverage is a complicated task. If all three actors represented in Figure 1 were linked by dependence ties, A may still use a cooptive relation with C as a way to obtain leverage over B. Even so, such a situation would not furnish clear evidence of two-step leverage, because the cooptive

tie between A and C is also a form of direct leverage. Conclusive evidence of indirect leverage requires that cooptive ties occur between actors who are separated by two steps in the dependence network (that is, one step from A to B and one step from B to C). The lack of a constraint-generating relationship between A and C makes a cooptive tie spurious from the viewpoint of standard resource-dependence theory. If such ties do exist, they should be the result of random errors in selecting the strategic target. If actors use two-step leverage to alleviate constraint, however, there should be a positive association between cooptive ties and two-step dependencies.

The Context of Strategic Choices

The previous discussion suggests the need for a conceptual and theoretical reassessment of strategic cooptation. Conceptually, the notion of strategic cooptation should be expanded to encompass both the direct and the indirect mechanisms as well as their interaction. Theoretically, a promising direction for the inquiry is to analyze the possible connections between different forms of cooptive maneuvers and specific features of the dependencies that these forms are intended to manage. The last issue is crucial to understanding why (and when) actors would substitute two-step leverage for the direct cooptive maneuver. In this section I identify four forms of strategic cooptation and explore differences in the use of these forms as a function of the level of conflict that characterizes the constraint-generating relationship.

The combination of direct and two-step leverage mechanisms define four different forms of strategic cooptation. When dealing with a specific dependence, the strategic player may use direct cooptive ties, indirect ties, or both ties simultaneously. Alternatively, he or she may avoid strategic behavior altogether and perform his or her role under the conditions posed by the existing network of interdependencies. As I argued before, this need not imply failure in building cooptive ties. Such ties may be superfluous if, for whatever reason, the dependence does not put actual constraint on the actor's performance. These four forms are graphically depicted in Figure 2, where actor A is the strategic player.

When indirect leverage coexists with the direct maneuver (i.e., when A has a cooptive tie with both B and C), the indirect maneuver can be regarded as a supplementary way to obtain leverage: Although A does entertain a cooptive relation with B, he or she also cultivates a tie with C, as a way of further securing B's restraint. I refer to this form as *complex* cooptation. The *two-step* form occurs when the strategic player (A) avoids the limiting party (B) and builds cooptive ties with someone who constrains this party's performance (C). In this case, the indirect strategy substitutes for direct cooptation. Rather than seeking an embedded relation with B, A secures B's restraint by manipulating the social structure around B through the cooptive tie with C. The *direct* form occurs when A limits him- or herself to an embedded relationship with B and avoids cooptive ties with C. Finally, the *avoidance* form (or

Figure 2. Forms of strategic cooptation.

DIRECT LEVERAGE

Dependence ties

Cooptive ties
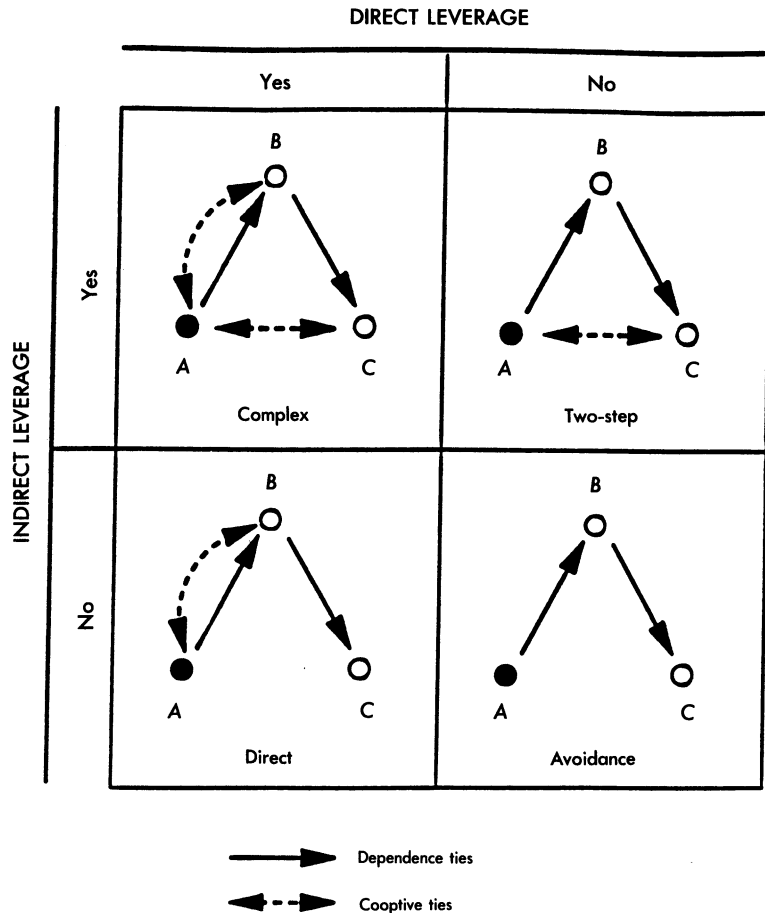
lack of cooptation) occurs when A performs his or her role without building cooptive relations either with or around his or her source of dependence.

What factors affect the choice among these different forms of strategic cooptation? More specifically, why would someone substitute two-step leverage for the direct cooptive maneuver? Intuitively, the two-step form seems a more elaborated and uncertain mechanism. In fact, two-step maneuvers leave A's fate largely contingent upon C's willingness (and ability) to neutralize B, the player who actually restricts A's span of discretion. Other things being equal, it is difficult to imagine why someone would engage in such a complicated maneuver instead of focusing on crafting direct cooptive ties with the source of constraint. Yet other things may not be equal. Building cooptive ties always carries a cost for the strategic player, which may differ across potential allies. This cost may encompass a variety of factors, from the energy required to maintain the relationship to the kind of compromises that this relationship may impose on the actor's performance. In some cases, paying this cost may be beyond the capacity or the willingness of the strategic player, who will then have an incentive to resort to alternative two-step mechanisms to handle the dependence. Conflictive dependencies may be one such case.

A strained relationship between the strategic player and the limiting party is likely to raise the cost of building a direct cooptive tie, when not making it altogether impossible. In organizational settings, conflictive dependencies may arise for a variety of reasons, from the clash between opposite interests or views on organizational policies to simple interpersonal conflict. In these situations, the appeal of the two-step form is that it may enable the strategic player to gain leverage on the limiting party without having to engage in direct cooptive maneuvers that he or she may regard as too costly or as ultimately ineffectual. If this is the case, we should expect two-step maneuvers to be more frequent in cases of conflictive dependencies. By the same token, the direct form of cooptation should be preferred in relations characterized by the lack of tension between the players.

The theoretical discussion of the previous sections yields the two hypotheses tested in this paper, which can be stated as follows:

Hypothesis 1: Actors confronted with constraining dependencies build direct cooptive ties with their sources of dependence or two-step cooptive ties with actors who constrain their sources of dependence.

Hypothesis 2: Actors use direct cooptive strategies to manage constraining dependencies that are free from conflict and two-step cooptive strategies to manage conflictive dependencies.

The first hypothesis expands the current formulation of resource-dependence theory to include both direct and two-step-leverage maneuvers. The second hypothesis specifies the contexts in which each of these maneuvers are used.

METHOD

I tested the two-step leverage hypothesis using data on dependence relations, political alliances, and confidential discussion networks among decision makers in an agro-industrial firm. I obtained data in a comprehensive field study of a cooperative group located in the northwest region of Uruguay, using daily observation over a period of nine months, examination of the firm's records, informal interviews, and a survey of top cooperative leaders, key managers, and regular advisors to the firms.

The Firm

The Northwestern Agribusiness Group (a pseudonym) originated in the early sixties out of the successful efforts of local sugarcane farmers who took advantage of favorable governmental policies aimed at achieving a domestically sufficient sugar supply. The core of the group is a cooperatively owned firm devoted to the industrial processing of sugarcane. Most of the 430 farmers who own the firm are also affiliated with one or more of three smaller cooperatives that provide irrigation and agronomic services. The few without outside affiliations rely on their own facilities for these services.

The development of the Northwestern Group has depended from the outset on its vigorous sugar industry. By the end of the eighties the group had seized 60 percent of the

domestic market and was also an active exporter when international prices were favorable. Intensive technological advances in both agricultural and industrial processing have been responsible for this continued success. Because the climate for growing sugarcane is suboptimal in the region, however, profit is still largely contingent on the dwindling tariffs that protect the domestic market. In response to this situation, the Group launched a major development project to update its irrigation system and diversify its production; besides sugar, the Group will produce grapes, wine, and frozen vegetables for regional and international markets. Although this development project was originally planned as joint ventures between two of the smaller cooperatives and the core firm, capital shortcomings made it necessary to convert the new firms into corporations. The Northwestern Group controls the majority of the stock in these firms, however, and has priority to acquire the remaining shares, which are currently held by the state-owned Corporation for Development.

The growing role of the core firm as the economic and political motor of the Group has prompted an important concentration of decision-making power in its board of directors and in the chief executive officer (CEO). As a consequence of the participative style fostered by the cooperative institutional framework, however, each major policy decision requires an impressive task of consensus building, which has to operate within the constraints posed by the existing structure of interdependencies in the organization. Strong cleavages among the farmers, especially on their orientations toward the design and the implementation of the development project, make consensus building a difficult task. Several large growers have been consistently opposed to this project, questioning its appropriateness and feasibility.

The combination of strong interdependencies among top decision makers and different policy orientations makes cooptation a necessary strategy to avoid organizational stalemate. The different organized political factions that exist among the farmers play a major role in cooptive maneuvers. These factions originated in the institutionalized electoral competition for directorate positions in the different cooperatives and in the Association of Sugarcane Growers, a lobbying group largely controlled by a cluster of wealthy farmers. According to Uruguayan legislation (Rodriguez-Olivera, 1986), cooperatives are ruled by a board of directors. The members of this board are periodically chosen in secret elections in which each member of the cooperative may cast a single vote, regardless of his or her share of the total production. The regime is different for the growers' association, in which voting power is proportional to the member's total production of sugarcane. In both cases, complete lists of candidates and their alternates have to be registered prior to the election. These lists typically represent the factions, or alliances among factions, that exist in the cooperative. The political factions crosscut the different socioeconomic clusters that compose the Northwestern Group, operating as real coalitions that seek to

control key organizational resources and events. Explicit alliances between factions, and more concealed cooptive ties between cooperative leaders and top managers, are a common feature in the organization's politics.

To some extent, factions correspond to policy cleavages among the farmers, either regarding some of the main goals of the Group or the style and means through which these goals should be pursued. Yet factions mainly reflect control struggles between leaders having different but often overlapping constituencies. These constituencies are based on a complex blend of representation and clientelistic ties embedded in the existing geographical, familial, and economic relations among the farmers. None of these relations, however, is a strong predictor of political loyalties. Factors like town of origin or political affiliations at the national level are not associated with faction membership (p values are .40 and .33, respectively). Although kins do tend to join the same faction, any single family group only accounts for a small proportion of a faction. More important, the ties between the leaders of these kin groups are not constant. Leaders may and do shift alliances, often with important consequences for the political stability of the system.

Data

The analysis reported here uses sociometric and political ties among decision makers to explore patterns of cooptive strategies in the Northwestern Group. The respondents were asked to name the three or four people whose support or acquiescence they considered crucial to pursue their initiatives. Seventy-eight percent of the elicited names were people included in the target group and were actually interviewed. All 54 farmers who occupied an executive seat on the board or a top managerial position in any of the four cooperatives, the newly created vinery, or on the board of the Association of Sugarcane Growers between 1985 and 1989 were included in the target group. This group also included 11 salaried managers and main advisors who were not members of the cooperatives and two state officials directly supervising the execution of the diversification project. Between May and July 1990, I personally interviewed 59 of the 67 people in the target group (88 percent). Three of the eight missing respondents were managers no longer with the firm; one was a legal advisor; the other four were farmers, but only one of them had actually occupied an important position.

The dependence network defines the relations that are expected to generate cooptive responses. Using path distances, and assuming that constraint is a negative function of the number of steps between ego and alter, four levels of dependence were defined: One-step or direct dependence (6.40 percent of all possible ties), two-step (15.08 percent), three or more steps (35.53 percent), and no dependence (42.99 percent). The longest observed chain was eight steps. This discrete measurement of dependence relations is essential for testing the two-step-leverage hypothesis, for it specifically predicts that cooptive ties will

occur between players separated by two steps in the dependence network.

I used two indicators of cooptive relations. The first one was self-reported confidential discussion ties. Data on these ties were elicited by a sociometric question in which respondents were asked to name the people with whom they regularly have "confidential discussions" on topics affecting their performance as decision makers. For the purposes of this analysis, I have assumed that a confidential tie exists if either member of the dyad cited the other in response to the sociometric question. Lack of reciprocation, which typically occurs between leaders of different rank, may simply reflect differences in the importance attached to the discussion. Competition between factions compels top leaders to be receptive to the problems of their lower-rank peers. My own sense from extensive observation of these types of contacts is that they are extremely frequent, both in formal meetings and in occasional encounters, although the importance each party attaches to the contacts is different.

The second type of cooptive relation is political ties. These were identified through joint membership in one of the three groups that participated in the 1990 elections to the board of the core firm. Each farmer-leader was assigned to one of these groups, using a combination of indicators. My main source was the electoral ballots listing candidate names. I supplemented this with a comprehensive list of "followers" provided by the main leader of each faction. Whenever discrepancy between these two sources existed, I gave primacy to the ballot criterion. Besides the three political groups thus identified, I distinguish two other political clusters based on my field observation. One is made up of the CEO and several salaried managers and advisors politically close to him. The other is formed by the two state officials supervising the project. Players with unclear political loyalties were not included in any cluster. Only one actor—significantly, the external auditor to the firm—fell into this category.

The cooptive role of political ties was apparent among top leaders, as well as in the leader-follower relationships. Political ties both rely upon and reproduce a set of clientelistic and strategic bonds among Northwestern farmers. Although there is a strong tendency for farmers to confide in people of the same faction, almost 50 percent of the existing confidential ties involved a leader outside their own political group. This suggests that the two ties may correspond to different kinds of cooptive strategies. Combining the two indicators, I created four categories of cooptive efforts. An actor facing constraint may use a confidential tie, a political tie, or both kinds of ties simultaneously. Alternatively, the actor could make no effort to manage constraint. Although these categories are seemingly ordered in decreasing strength, I have no conclusive evidence to treat cooptation as an ordinal variable, and my discussion does not rely on such an assumption. While the joint occurrence does reveal a "stronger" effort, the relative position of confidential and political ties is not clear.

RESULTS

Leverage Strategies

Table 1 reports row percentages and totals for the cross-tabulation of dependence levels and cooptive ties in the 3,422 dyads that compose the 59-actor network. There is a strong association between dependence and cooptive efforts ($p < .001$). A comparison of the row percentages with the marginals at the bottom of the table shows that joint and confidential ties with people a leader directly depends upon are more than twice the value expected under the null hypothesis of independence. Conversely, actors on whom one depends are much less likely to be left unattended. The association is rather weak for political ties, although the direction is still as predicted.

Table 1

Cooptive Efforts by Levels of Dependence*

Dependence	Cooptive Efforts				%	N
	Joint %	Confide %	Politics %	None %		
One step	9.59	10.04	30.14	50.23	6.40	219
	(3.30)	(3.68)	(0.63)	(−2.33)		
Two steps	6.59	3.10	22.29	68.02	15.08	516
	(1.94)	(−1.65)	(−2.41)	(1.52)		
Three steps or more	3.95	5.10	28.78	62.17	35.53	1216
	(−1.26)	(0.68)	(0.60)	(−0.24)		
No dependence	4.01	4.08	28.76	63.15	42.99	1471
	(−1.27)	(−1.06)	(0.64)	(0.21)		
	4.73	4.68	27.88	62.71	100.00	3422

Chi-square = 50.52, 9 d.f.; $p < .001$

* Standardized residuals are in parentheses.

I have no conclusive way to establish the true artificiality of such ties, yet one piece of evidence suggests that my interpretation is correct. If political ties between noninterdependent people are just an artifact of the joint-membership measure, we should observe a systematic decline in the prominence of the dyads linked by political alliances as the number of dependence steps that separate the two players increases, which is the case. Mean prominence is similar for dyads in the direct and two-step categories (.98 and 1.02, respectively); then it sharply declines for three or more steps (.68) and no dependency dyads (.32). With the sole exception of the scores for direct and two-step dependence, differences between one level and the next are significant beyond the .001 level. Prominence scores in the dependence network were computed using the POWER algorithm of STRUCTURE (Burt, 1991). The measure varies from a maximum of 1, for the most powerful actor(s), to near 0, for the weakest actors. It reflects the actor's tendency to be cited by people who are themselves the object of citations (see Bonacich, 1987). Dyad prominence is computed as the sum of the score for each component and, hence, may vary from 2 to near 0.

The lack of association between political ties alone and dependence may suggest that these ties do not perform a definite cooptive role unless the political bond is supplemented with a confidential tie. This interpretation, however, is misleading. Two actors depending on the same leader and joining his or her faction also become allies themselves, although this last tie may serve no strategic purpose. The result is a large number of political bonds among noninterdependent people who are nevertheless tied by their being followers of leaders from the same faction. This artifact creates an excess of cooptive ties between lower-rank, noninterdependent leaders that distorts the correlation between political ties and dependence by artificially increasing the total number of cases in the lower cells of the column, at the expense of the "none" category.[1] In fact, political ties is the largest set of cooptive relations among directly dependent dyads, accounting for 30.14 percent of the cases. This figure climbs to 39.73 percent when both political and joint ties are considered. By contrast, all confidential ties account for 19.63 percent of the cases. The probability of having a political tie with a constraining party is thus twice the probability of confiding in him or her.

The distribution of cooptive efforts limited to confidential ties across levels of constraint can be accounted for by

resource-dependence theory. The association is strong and positive for direct dependency, with more than twice the expected number of cases in the cell, and either gets reversed or becomes random as dependency dwindles.[2] Confidential ties with people in the same faction are also associated with levels of dependence, but the pattern of this association cannot be explained as easily. While resource-dependence theory would predict a random or negative association beyond the level of direct dependence, joint cooptive ties between people separated by two steps in the network are substantially more than expected under the randomness assumption (6.59 percent versus 4.73 percent).[3] The anomaly is more noticeable when compared with the figures for single confidential or political ties in two-step dependencies, which follow the expected pattern. This finding is inconsistent with some of the implications of the usual formulation of resource-dependence theory but is fully coherent with the extension of this theory presented in this paper.

As predicted by hypothesis 1, Northwestern leaders tend to have confidential relations with people they directly depend upon, even when these people do not belong to their political faction. They also build confidential ties with people on whom their sources of constraint depend, providing that such people are their political allies. Assuming that the simultaneous occurrence of both ties reveals a "stronger" cooptive effort, the observed association is particularly striking: It implies that leaders are making a special effort to coopt players who may control the performance of the actors on whom they depend, instead of focusing exclusively on the latter actors themselves. The theory presented here suggests that these ties may allow a player to gain indirect leverage on people with whom he or she has no direct cooptive tie and yet whom he or she identifies as sources of constraint. Building direct cooptive ties with the source of dependence is not the only way in which actors can manage constraint. By manipulating the social structure around the limiting party, an actor may create conditions that indirectly curtail the effective capacity of this party to control his or her behavior. The next section explores how and when this mechanism operates.

Strategic Cooptation and Conflict

My second hypothesis predicted an association between the form of strategic cooptation and conflict. To test this hypothesis, each of the 219 dyads directly connected in the dependence network was coded as a function of the form of strategic cooptation associated with the relationship (see Figure 2). I consider the presence of either a political or a confidential tie between ego and alter as evidence of direct cooptive efforts, while the joint occurrence of political and confidential ties between ego and actors on whom alter depends is taken as an indicator of two-step strategies. The use of the joint tie as an indicator of two-step linkages eliminates potentially spurious cases by requiring a strong, definite bond between the parties. At the same time, by relaxing the requirements for direct cooptive ties to exist, I make sure that the cases of two-step linkages correspond to

2
The corresponding z-score for the log-linear (lambda) parameter associated with this interaction is 2.823. Standard errors for the log-linear parameters were estimated according to Goodman (1972).

3
Z-scores for the respective log-linear parameter of the interaction between joint cooptation and dependence are 1.753 for direct dependence and 2.116 for two steps.

a true absence of any cooptive relation directly embedded in the dependence.

The complex form of cooptation—i.e., the simultaneous occurrence of direct and indirect leverage ties—is present in 5.93 percent of the direct dependencies (13 cases), whereas the two-step form accounts for 11.87 percent of the ties (26 cases). The majority of the dependence relations are managed through the direct form, which is used in 43.84 percent of the ties (96 cases). Finally, 38.36 percent of the reported dependencies (84 cases) are not subjected to either direct or indirect leverage maneuvers. Two sociometric indicators measuring tension between decision makers were used to assess the substance of the ongoing dependence relations. Ties were coded as conflictive if either ego or alter cited the other party as someone who had troubled him or her in the performance of his or her role or as someone whose influence on a key issue he or she actively tried to neutralize. My concern was to capture ongoing friction in the relation and not the direction of the conflict. I used two different indicators to maximize the reliability of the coding by simultaneously considering alternative bases for antagonism. Although the two measures are correlated ($r = .30$; $p < .001$), the strength of the correlation suggests that they are tapping different sources of conflict in the system.

Table 2

Forms of Strategic Cooptation by Type of Dependence*

| Form of cooptation | Conflict | | % | N |
	Yes %	No %		
Complex	23.08	76.92	5.93	13
	(0.20)	(−0.10)		
Two-step	38.46	61.54	11.87	26
	(2.02)	(−1.02)		
Direct	8.33	91.66	43.84	96
	(−2.64)	(1.34)		
Avoidance	28.57	71.43	38.36	84
	(1.62)	(−0.82)		
	20.55	79.45	100.00	219

Chi-square = 17.24; 3 d.f.; $p < .001$

* Standardized residuals are in parentheses.

4
Z-scores for log-linear parameters of the association between cooptive forms and conflict are as follows: complex: .083; two-step: 2.150; direct: −3.356; and avoidance: 1.180. These results are stable across alternative operationalizations of direct cooptive ties, although the parameters are somewhat weaker. Using confidential ties as the sole evidence of direct cooptation yields lower z-scores for two-step (1.180) and for the direct form (−1.208). When direct cooptive efforts are operationalized through political ties, the respective z-scores are 2.529 for two-step and −3.273 for direct cooptation. In both cases, the association of the complex and the avoidance forms with conflict has similar direction and magnitude.

Table 2 displays row percentages and totals for the cross-tabulation between forms of cooptation and the substance of the related dependence. The associated chi-square statistic is significant at the .001 level, allowing for the rejection of the null hypothesis of no association between chosen strategy and the substance of the dependence. The comparison of the row percentages with the marginals at the bottom shows that the use of single two-step maneuvers is the preferred mechanism to handle conflictive dependencies. Conversely, decision makers seldom restricted themselves to direct cooptation when faced with conflict. Use of the complex form is not clearly associated with the conflictiveness of the dependence. Finally, in more than half of the cases (53 percent) leaders seemed to avoid troublesome players altogether.[4] This last

statement, however, should be qualified, for some of these dependencies may be handled indirectly through cooptive ties with players on which ego directly depends, as discussed below.

DISCUSSION

Taken together, the results reported in Tables 1 and 2 provide a comprehensive picture of how Northwestern leaders manage their dependencies in the firm. As predicted by the direct cooptation hypothesis, the leaders build cooptive ties with people who are in a position to affect their performance in the firm directly. When policy divergences or personal frictions make these ties untenable, leaders build strong cooptive relations with people who may constrain the performance of the party limiting their own behavior. They avoid the two-step form in nonconflictive dependencies, which are overwhelmingly managed through direct cooptive ties with the dominant party. Neither the complex nor the avoidance forms are as strongly associated with conflictive dependence, although there is a tendency to avoid constraining players one has conflict with. Dependent players, however, may well be using a hidden indirect leverage to handle seemingly avoided dependencies, and some of the direct maneuvers may well serve a dual purpose: to handle the source of constraint being coopted and to gain indirect leverage on a third party whom the strategic player avoids but who is controlled by the coopted ally. My conservative operationalization of the strategic forms treats direct cooptive strategies as if they were only intended to manage the constraint posed by the specific alter being coopted and thus fails to account for dual-purpose direct ties.

The cases of complex form are more puzzling. Although Northwestern decision makers overwhelmingly resorted to the direct maneuver to handle nonconflictive dependences, some of them used the complex form in cases that could conceivably be managed through the simpler, less costly direct form. Why are these leaders simultaneously using both direct and indirect leverage, instead of limiting themselves to the established direct tie? From the theoretical viewpoint of this article, the relevant question is whether this behavior is associated with the positions they occupy in the social structure. The small number of dyads in which the complex cooptation occurs prevents me from proposing any conclusive solution to this puzzle, but I may be able to offer some insights on it. An examination of these dyads reveals that the complex form often involves ties between prominent leaders. Out of the nine dependent players using the complex form, four are among the ten most prominent leaders in the dependence network. This also holds for the targets: Eight of the nine leaders targeted with complex cooptation are in the top-ten group. This suggests that the use of the complex form may be associated with the prominence of the players.

An analysis of the difference in the mean levels of prominence between the cases of complex cooptation and those in which the direct form is used support this speculation. There is a significant difference between the

mean prominence of the dyads with complex cooptation and those in which dependence is handled through the direct form (2.89 t-test; 107 d.f.; $p = .005$). This difference also holds for the comparison between mean prominence scores of both the egos and the alters in those dyads.[5] The complex form is mostly used by prominent leaders when dealing with other prominent leaders. Less prominent leaders limit themselves to the loyal direct tie. When this is infeasible, they resort to the patronage of a powerful player who may control the behavior of that source of dependence.

This finding allows some further speculations about complex cooptation. The simultaneous use of direct and indirect leverage suggests that the strategic player feels that limiting him- or herself to the direct maneuver may curtail his or her autonomy to pursue alternative alliances in the system, which could be readily mobilized if the direct tie goes awry. Yet the complex form also entails risk. The dominant party may regard the indirect tie as a threat, which is likely to jeopardize the good standing of the direct tie with the subordinate player. The latter player must have a position of relative strength to run the risk entailed by complex cooptation. Prominent leaders qualify on both counts. Their alliances are likely to be less bounded by loyal ties of interpersonal obligation than those sought by weaker players, and their position gives them enough power that they can run the risk of an indirect maneuver. The stakes are also higher, and they may reasonably try to maximize their leverage on potentially constraining allies.

This is true for the top leaders of the Northwestern cooperatives. Political alliances between top leaders are unstable. Leaders actively seek to secure and maintain some crucial political ties that can be mobilized if the relationship with their main allies goes awry. Political alliances between top leaders do not fully eliminate competition for the support of the rank and file. Although this competition does not take the form of running on different ballots in the cooperative elections, the position that a player would have on the ballot—and hence his or her likelihood of being actually elected—is up for negotiation. Leaders limited to direct, loyal cooptive maneuvers would conceivably have less bargaining power at the time of the ballot decisions. Thus, the use of the complex form seems to work as a kind of insurance policy in an environment in which the joint occurrence of cooperation and competition makes alliances unstable. Complex cooptation may be, at the same time, an available alternative to the direct leverage tie and a veiled, almost amicable warning to a potentially defecting ally.

TWO-STEP LEVERAGE IN ORGANIZATIONAL POLITICS

The discussion of two-step leverage mechanisms and the theoretical reassessment of strategic cooptation raises several issues for the analysis of complex organizations, in particular, how leverage relates to the effectiveness of dominant coalitions and the impact of different organizational contexts on the use of two-step maneuvers.

The literature on dominant coalitions implicitly assumes that the effectiveness of a coalition can be seriously thwarted by

5
The mean prominence of dyads with the complex form is 1.41, whereas that of the direct form is .99. The mean prominence of the strategic players (weighted by the number of times they used the specific maneuver) is .56 for cases of the complex form and .32 for cases of direct cooptation (2.58 t-test; 107 d.f.; $p = .011$). For the targets, mean prominence figures are .85 and .67, respectively (3.92 t-test; 51 d.f.; $p < .001$). Significant differences in mean prominence scores also exist between the complex form and both two-step or avoidance strategies (see note 1 for discussion of the prominence measures).

the failure to incorporate some key players in the organization (Cyert and March, 1963; Stevenson, Pearce, and Porter, 1985; March, 1988). The two-step leverage mechanism discussed here suggests that the coalition may still be effective if it encompasses members who directly constrain the performance of those key players. In this way, a dominant coalition can afford to leave aside players who could be regarded as important allies but whose policy orientations are at odds with those of the coalition. Although two-step leverage is unlikely to obtain the active support of the dissident players, it may suffice to block their capacity to oppose actively the coalition's policies. Coalitions that make use of two-step leverage mechanisms should be more effective in advancing their agendas than those that fail to incorporate recalcitrant powerful players.

The second issue has to do with the organizational contexts in which two-step strategies are likely to be observed, both in terms of timing and organizational forms. My discussion suggests that such strategies might be more frequent in conflictive periods of the organization's life, such as those marked by important policy changes and resource reallocations. In such cases, the cost of the two-step maneuvers in terms of the quality of the interpersonal relations in the firm is likely to be high, for they would create a conflictive and uncertain environment for decision makers. But they may be unavoidable: Once interdependent players in highly discretionary positions start expressing conflicting views on crucial policy decisions, a smooth cooptive relationship between them is unlikely to arise (or to endure) unless one of the two players gives up on his or her position or unless a workable middle-of-the-road agreement is attained. Although organizational values and even efficiency considerations may make this last option attractive, its cost is usually high. In the extreme, it implies a continuous negotiation in which everybody's perspective is effectively incorporated so as to avoid confrontation. As the distance separating the different perspectives increases, the outcome of such a process is likely to be faltering policy decisions, if not sheer organizational stalemate. Both outcomes will further expand organizational crisis, which in turn is likely to increase policy differences—and conflict—between the players.

The second part of the contextual issue concerns the type of organization in which two-step leverage strategies are likely to occur. Although I have not restricted the hypothesis to any particular organizational form, the reader could reasonably ask to what extent this type of maneuvering is not just an idiosyncratic phenomenon of a rather peculiar type of business organization—namely, cooperatives—characterized by a high degree of institutionalized internal politics and relatively democratic decision-making procedures (Stryjan, 1989), in which a large number of high-discretion and managerially active players are not bound by hierarchical structures. My answer to this is twofold. First, although the Northwestern Group was indeed highly political, a substantial body of literature has recognized that political maneuvering is a constant feature of all organizations. In this sense, the specificity of the

Northwestern Group would not be its politics but, rather, the peculiar institutionalization of these politics. Different organizations may display disparate forms of political maneuvering, in which strategic ties are better concealed behind the formal structure than they are in the open political factions observed in the Northwestern cooperatives. I have pointed out that this concealment was one of the main features that distinguished alliances among farmers from those involving salaried managers in the cooperatives. In addition, large publicly owned corporations may have more in common with the cooperatives than is apparent at first glance. The growing ownership role of the institutional investors in large publicly owned corporations has promoted a renewed debate on the forms and mechanisms of corporate governance (Brancato and Gaughan, 1988). Classical political themes such as shareholders' democracy and collective action are increasingly common in this debate (Taylor, 1990).

Second, claiming that two-step leverage strategies may well be a general organizational phenomenon does not imply that all organizational forms are equally likely to host these kinds of maneuvers. One could easily imagine that the more the formal hierarchy has an impact in determining interdependencies, the less room there is for effective two-step leverage. Some evidence on strategic networking within matrix firms seems to confirm this prediction (Burt, 1992: chap. 4). Yet even hierarchies contain highly discretionary positions whose interdependence does not originate in, nor is regulated by hierarchical rules. This is usually the realm in which organizational politics is more pervasive and, consequently, where two-step leverage strategies are likely to appear. In addition, the growing importance of small and medium-size firms, as well as of the so-called hybrid arrangements (Powell, 1987), is clearly transforming both the span and the importance of the traditional hierarchical form. I expect two-step leverage strategies to be a pervasive phenomenon in organizational life, although its intensity may vary across types of organizations and levels of decision making and over different periods in the organizational life.

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