Karen S. Cook:
Power in Exchange Networks

When was the last time you exchanged something? I don't mean exchanged in the sense of returning something to the store, I mean exchange as a simple trading of money, goods, or services. Chances are good that you exchanged something the last time you had a conversation with someone. In one way or another, exchange is a general characteristic of social interactions because all interactions are based on reciprocation (give and take).

So, you undoubtedly exchanged something the last time you talked with someone. And, if you live with another person (parents, friend, or spouse), you might have been in an exchange the last time you did a chore around the house. But how does exchange affect you? Of course there's the profit and loss issue: are you doing more chores around the house than the other person? But beyond that, how do exchange relations influence you? In order to answer this question, Karen Cook asks us to think about structures and power.

Social structures are seen in back of much of what sociologists study. Structures focus our attention on connections. For example, when your English professor refers to the structure of your paper, he or she is talking about the way in which the different paragraphs and ideas are connected one to another. Social structures are generally concerned with social connections. Social structures also carry with them two other ideas. First, people are usually seen as having very little control over the effects of social structures. Durkheim's (1895/1938) definition of social facts mirrors this idea: a social fact "consists of ways of acting, thinking, and feeling, external to the individual, and endowed with a power of coercion, by reason of which they control him" (p. 3). Second, the efficacy of social structures lies in their imperceptibility. In other words, social structures can have the effects they do upon people because people are by and large unaware of them.

Social structures are obviously powerful, but power itself is a much broader issue. The idea of power is a hotly contested issue in sociology. There isn't a general consensus about what power is or how it operates. For example, Michel Foucault argues that power exists in and is exercised through knowledge. Every historical era has its own peculiar way of knowing; in modernity it is science. Foucault argues that as we practice our knowledge we exercise power over ourselves. A good example of this is the "workout routine." As we use knowledge that comes from exercise and sport science, or place ourselves on a diet that originates in medical science, we simultaneously bring ourselves

under subjection to the knowledge of this age. In this way, we make our bodies objects to be controlled because that's what science does.

On the other hand, Randall Collins argues that power is seen in terms of order-taking and order-giving rituals. The practice of power here exists in the ritualized behaviors of people in face-to-face situations, notably in deference and demeanor rituals. These rituals not only have a social effect, they also influence the individual as well, through such things as the formation of the bureaucratic persona.

In contrast, Karen Cook (Cook & Emerson, 1978) sees power coming from exchange networks: "power is an attribute of position in a network structure observable in the occupant's behavior, even though the occupant does not know what position or what amount of power s/he possesses" (p. 721). Exchange networks are created through the regular exchanges in which a person engages. In other words, if there are ten people or organizations with whom you regularly exchange, they form your exchange network. This network functions as a kind of social structure through which power comes to exist and is exercised. Further, notice in Cook's statement that these networks structurally exert their influence "even though the occupant does not know."

Social exchange networks have five characteristics: 1) they are comprised of a set of actors, either individual people or collective units; 2) among these actors valued resources are distributed; 3) each actor has a set of exchange opportunities with others in the network; 4) there is some degree of commitment among the actors to use the exchange opportunities; and 5) the actors are connected and bounded in such a way as to form a single network.

Beyond these five basic properties, exchange networks are established anytime two or more exchange relations are connected (notice that we are now talking about relations and not actors). That is, if A and B are in an exchange relationship and A and C are in an exchange relationship, B-A-C form an exchange network when exchanges between (A and B) and (A and C) become connected either positively or negatively. A positive connection exists if exchange in one direction is contingent upon exchange in the other direction. In other words, if the exchange between (A and B) is contingent upon the exchange between (A and C), then the connection is positive. A clear example of this kind of connection is the one among suppliers, manufacturers, and buyers. The exchange between the manufacturer and the buyer can only take place if the exchange between the manufacturer and supplier takes place. The supplier, manufacturer, and buyer thus form an exchange network with positive connections. The other kind of connection is negative, which occurs when the exchange in one direction depends on non-exchange in the other. An example of this kind of connection exists among a buyer and two manufacturers, where the buyer can only purchase goods from one of the manufacturers at a time. These relations form a network in the sense that manufacturer B's sales are dependent on the level of exchange between buyer A and manufacturer C. I've depicted these two different kinds of connections in Figure C.1.

Figure C.1 Exchange Network Connections
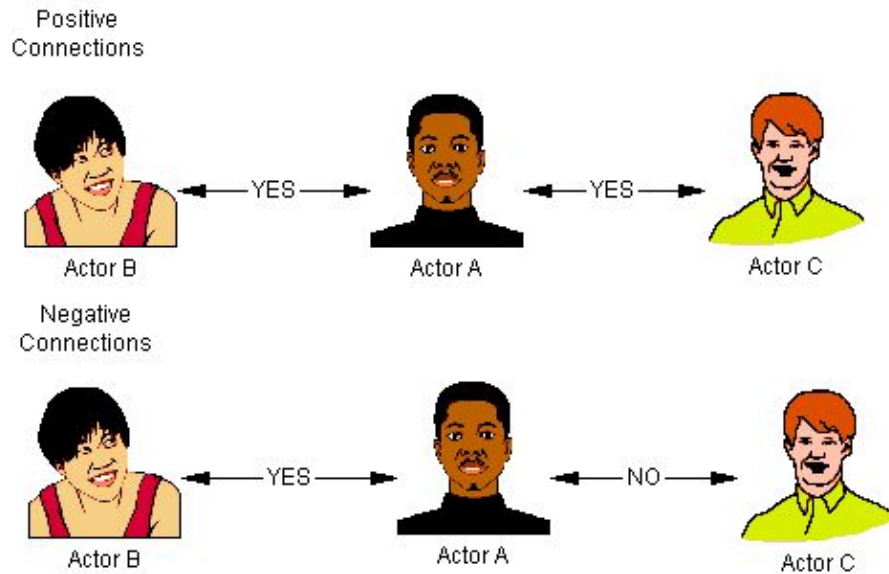
You'll notice that I've represented the social actors as people. These kinds of relationships hold whether we are talking about companies or individuals—the important issue is the position within the network, not the actual actor. In the case of people, we can think of a music band as an example of positive connections. In order to make music, the members all have to work cooperatively and exchange with one another. On the other hand, friendship or dating networks often have negative connections. For example, in order to watch horror movies with a friend, Actor A has to get together with Actor B rather than getting together with Actor C to smoke cigars. An important thing to notice here is that Actor B and C may not even be aware of one another yet they would still experience the effects of the network. Additionally, Actor A may not have any idea of the other connections that Actor B has.

One of the main determinates of power in exchanges is the absence of alternatives (or, dependency). Exchange networks with negative connections are obviously ones where alternatives exist, which is why "large networks completely positive in form are probably very rare because of the frequent existence of alternative sources" (Cook, Emerson, Gillmore, & Yamagishi, 1983, p. 278). Cook and Emerson look at alternatives within exchange networks, which means that they are concerned with negatively related structures. In Figure C.2 we have a diagram of such an exchange network. This diagram depicts a network that exchanges the same kind of goods and/or services. Again, let me point out that the nature of the structure "transcends the occupants' knowledge" (Cook, Emerson, Gillmore, & Yamagishi, 1983, p. 280). So, for example, A.3 is aware of its own connections (A.1, A.8, A.9, and A.10) but may be completely unaware of A.1's connections, though they have direct impacts on A.3 exchanges.

Figure C.2: Exchange Network Positions
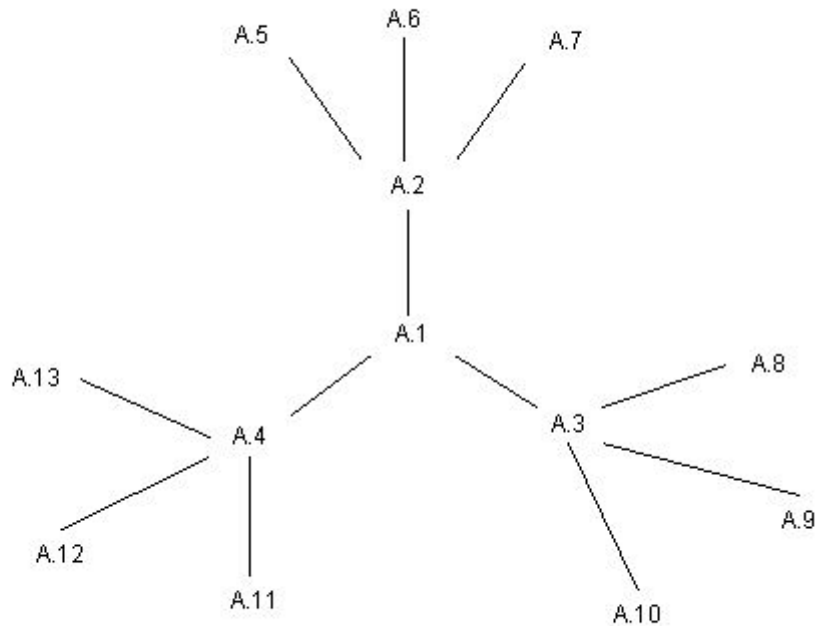
Adapted from Cook, Emerson, and Gillmore, 1983, p.280

The network appears to be centralized around A.1, as all connections are directly or indirectly related to it. Yet, such networks are subject to a "decentralization" principle. Take a close look at Figure 6.4. Which positions structurally have the greatest number of alternatives? A.2, A.3, and A.4 have the greatest number of alternatives and, thus, have more powerful positions than A.1. Let's use our band example again. Say A.1, A.2, A.3, and A.4 are all members of the same music group. A.1 is the lead singer and brought the other members together. She thus appears to be the central character in the band. However, because the rest of the band mates have alternatives and A.1 does not, A.1 is the least powerful of the members.

This situation changes if the network is positively related rather than negatively. Remember, in positive relationships the different positions in the network represent contingent or reciprocal exchanges. In such a scenario, A.1 becomes the most important and powerful position, because it serves as the only resource link for the entire network. One of the basic ideas that Cook works with is the balance principle. In the long run, exchange relations tend to balance themselves out. If you'll think back to our discussion of Blau, when we initially talked about power in exchange relations, we also talked about responses to inequality in exchanges. There are five of them and the first four deal with balancing out the power. One of the theoretical benefits of seeing power related to dependence is that it allows for the "specification of ways in which dependencies can be altered to affect the balance of power in the exchange relation and in the network of connected exchange relations" (Cook & Rice, 2001, p. 705).

In terms of networks of exchange, power is primarily balanced through alliances. Power differences in an exchange network prompt the formation of coalitions. Alliances

that incorporate all weak actors balance out and add stability to the network. Unbalanced networks that do not form coalitions or do not include all weak members in the association tend to participate in fewer and fewer exchanges over time. The network, then, will tend to dissipate or reconfigure around different exchange relations. Cook (Cook & Gillmore, 1984) also argues that changing the division of labor within a network can also balance out power, since it changes the distribution of resources. And, as between individuals, power differences can be mitigated by extending the network (thus increasing alternatives) and/or devaluing the good or service coming from the more powerful members. On the other hand, increasing competition among network members decreases the probability of coalition formation, because there will be fewer and fewer ways in which to align interests.

Summary

The work of Karen S. Cook moves us from considering exchanges as relations to exchange networks. This move is theoretically powerful in that it attunes us to effects over which the individual has little control. Exchange networks contain two or more exchange relations that are positively or negatively linked. Negative connections between relations are ones wherein the exchange moves in one direction only; positive connections are those where the exchange in one direction is dependent upon exchange in the other direction. Power in negatively related networks structurally falls on the position with the greatest number of alternatives; power in positively related networks falls to the central position. In all exchange relations, power tends to balance. Power in exchange networks may be balanced through coalitions of weak members, changes in the division of labor, extensions to the network, and reevaluation of resources. Increasing competition within the network tends to lessen the probability that coalitions will form.

References

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