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# Social Exchange Theory: An Interdisciplinary Review

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Social exchange theory (SET) is one the most influential conceptual paradigms in organizational behavior. Despite its usefulness, theoretical ambiguities within SET remain. As a consequence, tests of the model, as well as its applications, tend to rely on an incompletely specified set of ideas. The authors address conceptual difficulties and highlight areas in need of additional research. In so doing, they pay special attention to four issues: (a) the roots of the conceptual ambiguities, (b) norms and rules of exchange, (c) nature of the resources being exchanged, and (d) social exchange relationships.

Keywords: social exchange theory; reciprocity; workplace relationships

Social exchange theory (SET) is among the most influential conceptual paradigms for understanding workplace behavior. Its venerable roots can be traced back to at least the 1920s (e.g., Malinowski, 1922; Mauss, 1925), bridging such disciplines as anthropology (e.g., Firth, 1967; Sahlins, 1972), social psychology (e.g., Gouldner, 1960; Homans, 1958; Thibault & Kelley, 1959), and sociology (e.g., Blau, 1964). Although different views of social exchange have emerged, theorists agree that social exchange involves a series of interactions that generate obligations (Emerson, 1976). Within SET, these interactions are usually seen as *interdependent* and contingent on the actions of another person (Blau, 1964). SET also emphasizes

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that these interdependent transactions have the potential to generate high-quality relationships, although as we shall see this only will occur under certain circumstances.

SET's explanatory value has been felt in such diverse areas as social power (Molm, Peterson, & Takahashi, 1999), networks (Brass, Galaskiewicz, Greve, & Tsai, 2004; Cook, Molm, & Yamagishi, 1993), board independence (Westphal & Zajac, 1997), organizational justice (Konovsky, 2000), psychological contracts (Rousseau, 1995), and leadership (Liden, Sparrowe, & Wayne, 1997), among others. However, recent reviews have emphasized problems facing the theory. For example, Coyle-Shapiro and Conway (2004) discussed theoretical ambiguities and empirical needs, whereas Cropanzano, Rupp, Mohler, and Schminke (2001) lamented frequent misunderstandings of the general SET model.

The goal of this article is to trace the problems of SET back to their roots. Despite the usefulness of the SET framework, we believe the difficulties facing SET are systemic: *The core ideas that comprise SET have yet to be adequately articulated and integrated.* As a consequence, tests of the model, as well as its applications, tend to be using an incompletely specified set of ideas. This predicament creates at least two problems. First, SET constructs have not been fully identified. Many tests of SET leave out critical theoretical variables. Second, some formulations of SET are ambiguous, lending themselves to multiple interpretations. As a result, the presence of any vagueness renders a model difficult to test.

SET may well have the potential to provide a unitary framework for much of organizational behavior. Yet, even if this potential exists, it is unlikely to manifest itself given the current conceptual difficulties. Our review will return to the foundational ideas of SET's explanatory power: (a) rules and norms of exchange, (b) resources exchanged, and (c) relationships that emerge. Each of these ideas is of considerable importance, but each has lacked clear definition and/or has been the source of conceptual misunderstanding. Therefore, we close with discussions highlighting these conceptual uncertainties and provide suggestions for clarity.

### **Rules and Norms of Exchange**

One of the basic tenets of SET is that relationships evolve over time into trusting, loyal, and mutual commitments. To do so, parties must abide by certain "rules" of exchange. Rules of exchange form a "normative definition of the situation that forms among or is adopted by the participants in an exchange relation" (Emerson, 1976: 351). In this way, rules and norms of exchange are "the guidelines" of exchange processes. Thus, the use of SET in models of organizational behavior is framed on the basis of the exchange rule or principle the researcher relies on. Most of management research focuses on expectations of reciprocity; however, a number of other exchange rules have been outlined in SET. Thus, the majority of this section will outline principles of reciprocity, but we also introduce negotiated rules and lesser researched rules of exchange.

### Reciprocity Rules

Reciprocity or repayment in kind is probably the best known exchange rule. Gouldner (1960) provided an interdisciplinary review of what was then known of SET. Gouldner's

review makes clear that there is some ambiguity in the way in which reciprocity can be defined. The primary contribution of this review was outlining the nature of reciprocity within exchange and distinguishing three different types of reciprocity: (a) reciprocity as a transactional pattern of interdependent exchanges, (b) reciprocity as a folk belief, and (c) reciprocity as a moral norm. We review each of these traditions of reciprocity in terms of organizational research.

Reciprocity as interdependent exchanges. To understand interdependence, it is helpful to first consider what it is not. Generally speaking, a party can have at least three postures to another person (cf. Blau, 1964; Homans, 1961): (a) independence (outcomes are based entirely on one's solo effort), (b) dependence (outcomes are based entirely on the other's effort), and (c) interdependence (outcomes are based on a combination of parties' efforts). Notice that complete independence and complete dependence do not imply a social exchange, as such. This is because an exchange requires a bidirectional transaction—something has to be given and something returned. For this reason, interdependence, which involves mutual and complementary arrangements, is considered a defining characteristic of social exchange (Molm, 1994).

Although we consider a variety of exchanges later within this section, we now focus on how reciprocal interdependence is especially important within the social exchange literature. Reciprocal interdependence emphasizes contingent interpersonal transactions, whereby an action by one party leads to a response by another. If a person supplies a benefit, the receiving party should respond in kind (Gergen, 1969). Kelley and Thibaut (Kelley, 1968; Kelley & Thibault, 1978; Thibault & Kelley, 1959) explored patterns of exchange sequences. Generally, this research tends to be experimental, although field evidence is also consistent with the general findings (e.g., Farrell & Rusbult, 1981; Rusbult, Farrell, Rogers, & Mainous, 1988).

In this tradition, a "reciprocal exchange" is understood as one that does not include explicit bargaining (Molm, 2000, 2003). Rather, one party's actions are contingent on the other's behavior. Because of this, interdependence reduces risk and encourages cooperation (Molm, 1994). The process begins when at least one participant makes a "move," and if the other reciprocates, new rounds of exchange initiate. Once the process is in motion, each consequence can create a self-reinforcing cycle. The sequence is likely to be continuous, making it difficult to organize into discrete steps. A great deal of research has investigated the role of interdependence in exchange. Although a thorough review of this vast literature is beyond the scope of this article, it is noteworthy that evidence is consistent with Gouldner's model (e.g., Alge, Wiethoff, & Klein, 2003; Uhl-Bien & Maslyn, 2003).

Reciprocity as a folk belief. Reciprocity as a "folk belief" involves the cultural expectation that people get what they deserve (Gouldner, 1960). Malinowski (1932) described this type of reciprocity in his descriptions of trade relationships between farming and fishing communities. Participants in these transactions accepted some combination of (a) a sense that over time all exchanges reach a fair equilibrium, (b) those who are unhelpful will be punished, and (c) those who are helpful will receive help in the future. In other words, everything works out in the end.

A well-known example of this expectation is provided by Lerner (1980) in his research on the "just world" perceptions. Just world beliefs act as a perceptual bias in that individuals maintain a belief in a universal justice, even when evidence to that effect is lacking. Some organizational research is suggestive of positive benefits to folk beliefs. For example, Bies and Tripp (1996) found one alternative to revenge seeking was "karma." These respondents indicated they chose not to seek revenge because they believed the perpetrators would eventually "get what was coming to them." This suggests folk beliefs may lessen the likelihood of destructive behaviors, at least in some situations. Unfortunately, organizational researchers have yet to explore reciprocity folk beliefs.

Reciprocity as a norm and individual orientation. Reciprocity has also been considered a cultural mandate, in which those who do not comply are punished (Malinowski, 1932; Mauss, 1967). The key difference between a norm and a folk belief is that norms involve a quality that philosophers sometimes term ought (e.g., Moore, 1903/2004). That is, a norm is a standard that describes how one *should* behave, and those who follow these norms are obligated to behave reciprocally. This logic led Gouldner (1960) to speculate that a norm of reciprocity is a universal principle, and this view is shared by others (e.g., Tsui & Wang, 2002; Wang, Tsui, Zhang, & Ma, 2003). Of course, even if reciprocity is a human universal, this is not to say that all individuals value reciprocity to the same degree. Indeed, as one might imagine, there is strong evidence supporting the existence of cultural and individual differences (Parker, 1998; Rousseau & Schalk, 2000; Shore & Coyle-Shapiro, 2003).

For example, some social psychologists have advanced the notion that individuals differ in the degree they endorse reciprocity (Clark & Mills, 1979; Murstein, Cerreto, & MacDonald, 1977). Those high in an exchange orientation carefully track obligations (score keeping). Those low in exchange orientation are less concerned about obligations and are less likely to care if exchanges are not reciprocated. Organizational researchers have begun to investigate reciprocity in this way. The results (summarized in the appendix) are quite promising.

Specifically, findings suggest that individuals with a strong exchange orientation are more likely to return a good deed than those low in exchange orientation. Eisenberger, Huntington, Hutchison, and Sowa (1986, Study 2) were first to explore exchange ideology. In their investigations of perceived organizational support (POS) and absenteeism, they found that the relationship was stronger for individuals with high exchange ideology than those with a low exchange ideology. Later explorations also suggest exchange ideology strengthens the relationship of POS with felt obligation (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001), citizenship behavior (Witt, 1991b), and effort and performance (Orpen, 1994). One exception should be noted. Sinclair and Tetrick (1995) adapted measures to examine exchange ideology, POS and union support, and found no moderation effects. They believed the results indicate that union relations are fundamentally different from those held with an employer.

The effects of exchange ideology are not limited to POS. Exchange beliefs also moderate the relationship between participative decision making and acceptance of group norms and satisfaction with promotion opportunities (Witt, 1992). Witt and colleagues found that strong exchange ideology significantly increased satisfaction with training (Witt & Broach, 1993) and manager-rated commitment (Witt, Kacmar, & Andrews, 2001). Exchange ideology also strengthens the effects of equal opportunity and attitudes (i.e., job satisfaction and procedural

justice) (Witt, 1991a), as well as individuals' sensitivity to organizational politics, which ultimately affected their intentions to stay in the organization (Andrews, Witt, & Kacmar, 2003). Last, Witt and Wilson (1999) found exchange ideology strengthened the relationship between perceptions of income sufficiency and employee attitudes (job satisfaction and commitment).

Researchers have also further delineated reciprocity norms (Eisenberger, Lynch, Aselage, & Rohdieck, 2004; Perugini & Gallucci, 2001; Uhl-Bien & Maslyn, 2003). They argue reciprocity represents quid pro quo propensities, whether positive or negative. A negative reciprocity orientation involves the tendency to return negative treatment for negative treatment; a positive reciprocity orientation involves the tendency to return positive treatment for positive treatment. Experimental research suggests an individual's reciprocity preference influences behavioral and informational choices (Gallucci & Perugini, 2003; Perugini, Gallucci, Presaghi, & Ercolani, 2003). Furthermore, findings from Eisenberger et al. (2004) show individuals high on negative reciprocity viewed others more malevolently and were angrier, which suggests a cathartic approach to exchange.

Overall, this research suggests that, although the norm of reciprocity may be a universally accepted principle (Gouldner, 1960), the degree to which people and cultures apply reciprocity principles varies. Clearly, further investigations of how exchange orientation influences organizational relationships is of great importance. By and large, organizational researchers have focused on the social relationships that develop between employees and their employing organization. Exchange orientation provides an interesting avenue for future research (e.g., relations with supervisors, coworkers, outsiders, and among groups).

### Negotiated Rules

Parties of exchange may also negotiate rules in the hope of reaching beneficial arrangements (e.g., Cook & Emerson, 1978; Cook, Emerson, & Gillmore, 1983). Negotiated agreements tend to be more explicit and quid pro quo than reciprocal exchanges. In addition, the duties and obligations exchanged are fairly detailed and understood. It is also noteworthy that negotiated elements of exchange differ in that they may continue beyond short-term agreements and may or may not be bound by legal or contractual sanctions. Negotiated exchanges are often a part of economic transactions. For example, when one accepts a job, he or she is likely to negotiate the pay level. However, individuals in close relationships (social exchange) also may feel the need to negotiate—such as when team members negotiate tasks and responsibilities.

A good deal of research has compared negotiated with reciprocal exchanges. This literature is nicely summarized in two articles by Molm (2000, 2003). Generally, reciprocity produces better work relationships than negotiations and allows for individuals to be more trusting of, and committed to, one another (Molm, Takahashi, & Peterson, 2000). Furthermore, negotiated exchanges incite more unhelpful power use and less equality (Molm, 1997; Molm et al., 1999). The work of Molm and her colleagues is very important for organizational behavior. Organizational science has produced an impressive literature on workplace negotiation (cf. Bazerman & Neale, 1992; Brett, 2001). However, this work has generally not been considered in the light of SET. Molm's (2000, 2003) work provides an avenue for possible integration.

### Beyond Reciprocity and Negotiated Rules

Although much of the SET literature has focused on reciprocity and negotiated agreements, other exchange rules are viable as well. These have received more attention from sociologists and anthropologists than from management scientists (for a thorough review, see Fiske, 1991). This is unfortunate, as these models provide fertile ground for theory development. Although various alternative frameworks exist, one well-known and influential model was proposed by Meeker (1971). Meeker argues that interpersonal exchanges can be treated as individual decisions. As such, they require some rule or rules to guide the choices made. Meeker posits six: reciprocity, rationality, altruism, group gain, status consistency, and competition. Because reciprocity has already been discussed in detail, we shall limit ourselves to a consideration of the other five.

In Meeker's (1971) scheme, *rationality* refers to the use of logic to ascertain likely consequences (ends) and how one should achieve those things that are valued (means). Weber termed this rule *zweckrationalität* (1947:115). Thus, a rational action has two parts—an end of value maximization and a means of logic. Of course, Meeker explicitly recognizes that people do not always behave rationally (cf. Shafir & LeBoeuf, 2002) and therefore adds additional exchange rules.

Altruism is a rule whereby we seek to benefit another person even at an absolute cost to ourselves. Over the years, much debate has been held in social psychology as to whether such a phenomenon is even possible (e.g., Batson, 1991). However, contemporary research seems to support Meeker's (1971) contention that altruistic motives share a place beside other exchange rules (for reviews, see Batson, 1995).

In *group gain*, the benefits are put into a single common "pot" (the word can be understood figuratively or literally). Individuals take what they need from this common pool regardless of their particular contribution. Likewise, they contribute to this cache when they are able. Notice that the exchange is not directly transacted from individual to individual. Rather, all things are held in common. Group gain does not involve dyadic or interpersonal exchanges; rather, all things are held in common.

Status consistency or rank equilibration is the allocation of benefits based on one's station within a social group. Some people benefit from an attribute that yields standing, such as race, aristocratic status, and so forth. Although explicit status consistency is often discussed within the content of preindustrial cultures (e.g., Mauss, 1967), it exists in modern nations as well. Consider, for example, the case of preferential admissions to prestigious Ivy League universities. In making their decisions, these schools sometimes rely on legacy status. That is, one is more likely to be admitted if one's parents attended the university in question (for a discussion of these issues, see Lind, 1995). Legacy status, then, is a status consideration.

Competition can be thought of as the diametric opposite of altruism. Where altruism is assisting others even when it potentially hurts oneself, competition is harming others even when it risks one's own earnings (Meeker, 1971). Economically speaking, such situations seem to be irrational, and in a sense they are. However, Meeker is correct in arguing that they do exist in real-world social exchanges. A well-known example is revenge seeking. Individuals will sometimes seek to "get even" even when doing so is financially costly (e.g.,

### Rules of Exchange: Concluding Thoughts

Earlier, we observed that the basic concepts underlying social exchange theory have not been fully identified in many research programs. Nowhere is this more evident than in the study of exchange rules. As noted by Liden and colleagues (1997), very few studies directly examine exchange processes—or the "black box" of social exchange. As a result, we really know little about the processes of social exchange.

As alluded to in our earlier discussions, the majority of the models of SET in the organizational sciences focus primarily on principles of reciprocity, rather than altruism, group gain, and so on. To be sure, reciprocity is important. However, other exchange rules matter as well, and we neglect them at the risk of our own understanding. Moreover, little attention has been given to the possibility that multiple rules are employed simultaneously. For instance, people may compete with an out-group to obtain resources for an in-group. Future research needs to uncover this black box to investigate decision principles because, ultimately, it is those underlying assumptions that become the deciding factors of whether individuals engage in a particular type of exchange relationship.

### The Resources of Exchange

Key insights on the nature of SET resources originated from classic anthropology studies (e.g., Malinowski 1922, 1932; Mauss, 1967). From this work, it was common to view exchange in terms of economic value. However, exchanges were also shown to have symbolic relevance. That is, exchange stood for something beyond plain material properties. These ideas are still a part of SET and are embraced by contemporary scholars in this area.

### Six Exchange Resources

Foa and Foa's (1974, 1980) resource theory presents six types of resources in exchange: love, status, information, money, goods, and services. These benefits are organized into a two-dimensional matrix. One dimension refers to a resource's *particularism* (vs. universalism), meaning the resource's worth varies based on its source. Money is relatively low in particularism—its monetary value is constant regardless who provides it. Love, however, is highly particularistic, and its importance depends on its source. The second dimension refers to the resource's *concreteness*, meaning how tangible or specific the resource is. Most services and goods are at least somewhat concrete. Less concrete resources provide *symbolic* benefit. Symbolic resources convey a meaning that goes beyond objective worth.

Although resource theory primarily identifies *what* is exchanged, Foa and Foa (1974, 1980) also maintained that certain types of benefits are likely to be exchanged in different

ways. Generally speaking, the less particularistic and the more concrete a benefit is, the more likely it is to be exchanged in a short-term, quid pro quo fashion. In contrast, benefits that are highly particularistic and symbolic are exchanged in a more open-ended manner. It is not uncommon to expect monetary payment for a specific good, but less likely to be true for love or status.

### Economic and Socioemotional Outcomes

Within the organizational sciences, we generally see Foa and Foa's (1974, 1980) resources collapsed into two forms: economic and socioemotional outcomes. Economic outcomes are those that address financial needs and tend to be tangible. Socioemotional outcomes are those that address one's social and esteem needs (and are often symbolic and particularistic). Moreover, socioemotional outcomes send the message that a person is valued and/or treated with dignity (Shore, Tetrick, & Barksdale, 2001).

Tsui, Pearce, Porter, and Tripoli (1997) developed a  $2 \times 2$  typology of employee-employer relationship strategies based on the types of resources exchanged. Employer resources are broken down by short-term versus long-term rewards, and employee resources are broken down by specific, short-term contributions versus unspecified, broad, and open-ended contributions. Four types of relationships emerge: (a) quasi-spot (resembling pure economic exchange), (b) mutual investment (resembling social exchange), (c) underinvestment (where the employee provides symbolic resources, but is awarded short-term rewards), and (d) overinvestment (where the employee provides particular resources, but is awarded long-term rewards).

These different models of exchange resources infer that economic and socioemotional outcomes are likely to be influenced based on different exchange rules. For example, Martin and Harder (1994) found that Americans tend to assign socioemotional resources equally. Economic benefits, in contrast, were assigned in proportion to performance. These findings have not always been replicated, however. Chen (1995) found that Chinese managers assigned both economic and socioemotional outcomes in proportion to performance.

### Resources Exchanged: Concluding Thoughts

Once again, we see the identification and specification problems noted earlier. SET suggests that there are as many as six different resources (love, status, information, money, goods, and services), but most of these have not been fully appreciated by organizational scientists. Consequently, our theoretical tests, which compare only economic and socioemotional resources, are potentially limited. For example, we do not know which exchange rules apply to each resource. It is likely goods are exchanged in different ways and at different times (for evidence, see Chen, 1995; Martin & Harder, 1994). It would be worthwhile to devote more research to this topic. It would also be useful to consider the types of resources that are exchanged in different types of relationships. We will take up this issue later, after we have discussed the different sorts of interpersonal attachments predicted by SET.

### **Social Exchange Relationships**

Within contemporary management research, the aspect of SET that has garnered by far the most research attention has been the notion of workplace relationships (e.g., Shore, Tetrick, & Barksdale, 1999; Shore et al., 2004). This model of SET stipulates that certain workplace antecedents lead to interpersonal connections, referred to as *social exchange relationships* (Cropanzano, Byrne, Bobocel, & Rupp, 2001). Social exchange relationships evolve when employers "take care of employees," which thereby engenders beneficial consequences. In other words, the social exchange relationship is a mediator or intervening variable: Advantageous and fair transactions between strong relationships, and these relationships produce effective work behavior and positive employee attitudes. This line of reasoning has received much attention—most of which uses Blau's (1964) framework to describe social exchange relationships.

Blau's contribution to SET was his comparison of economic and social exchanges. He maintained that "the basic and most crucial distinction is that social exchange entails *unspecified* obligations" (1964: 93). He argued that only social exchange "involves favors that create diffuse future obligations . . . and the nature of the return cannot be bargained" (p. 93) and "only social exchange tends to engender feelings of personal obligations, gratitude, and trust; purely economic exchange as such does not" (p. 94). He also argued that "the benefits involved in social exchange do not have an exact price in terms of a single quantitative medium of exchange" (p. 94), implying social exchanges create enduring social patterns.

Blau (1964) also outlined exchange relations as causally related, although the direction of the causal arrow is somewhat ambiguous. For example, he argued that "the character of the relationship between exchange partners" might "affect the process of social exchange" (p. 97), meaning that the relationship influences the type of exchange. Yet, he also indicated that successful exchanges can cause one individual to become committed to another (p. 101), suggesting that an exchange may sometimes affect a relationship.

There is another noteworthy feature of Blau's (1964) observations. Notice that in neither of the aforementioned examples does he use the word *exchange* to denote a type of relationship. Instead, *relationship* and *exchange* are distinguishable, although causally connected, constructs. Given these comments, it is not clear whether Blau (1964) understood the social exchange relationships to be an intervening variable, as it is commonly conceptualized within organizational research. Specifically, Blau seems to have been treating social and economic exchanges as types of *transactions*, rather than as types of *relationships*. To be sure, there is some ambiguity in his language. For example, at one point, he argues that social exchange involves "trusting others" and "personal obligations" (Blau, 1964: 94). However, he does not explicitly discuss the properties of social exchange relationships as mediators. Instead, Blau primarily referred to social and economic exchanges as forms or varieties of transactions.

The work of Mills and Clark (1982; Clark & Mills, 1979) is more in line with the concept of social exchange relationships, although their nomenclature is a bit different. They argued that the term exchange relationship was more appropriate than economic exchange and that communal relationship was more appropriate than social exchange. Exchange relationships demand repayment within a particular time period, involve exchanges of economic or quasi-economic goods, and are motivated by personal self-interest. Communal relationships are

open-ended and less time specific, involve the exchange of socioemotional benefits, and place greater emphasis on the needs of the other party.

On its face, this subtle distinction seems significant. Consistent with the work of Mills and Clark (1982), recent conceptual thinking has placed a greater emphasis on relationship formation than was present in earlier research. Indeed, these ideas are reiterated in the work of Organ and colleagues (Organ, 1988, 1990; Organ & Konovsky, 1989). For instance, Organ maintained that an "exchange *relationship* [italics added] binding an individual to a collective body can take on the quality of covenant" (1988: 69). In addition, Organ and Konovsky distinguished between "social exchange and economic exchange *relationships* [italics added]" (p. 162). For Organ et al., SET is more than simply a set of rules for transacting benefits. Rather, these authors rearticulated concepts to focus on the interpersonal attachment between two or more individuals. These, then, opened the door to a host of relational constructs, which we discuss further below.

### What Is the Social Exchange Relationship in Work Settings?

Generally speaking, when researchers discuss relationships, they are referring to an association between two interacting partners (whether individuals or institutions). As reviewed earlier, management research has extensively examined different forms of interpersonal exchange. Of special interest to social exchange theorists are differences in the parties involved in the relationships. The general presumption is that workers can form distinguishable social exchange relationships, however operationalized, with their immediate supervisor (e.g., Liden et al., 1997), coworkers (e.g., Cox, 1999; Deckop, Cirka, & Andersson, 2003; Ensher, Thomas, & Murphy, 2001; Flynn, 2003), employing organizations (e.g., Moorman, Blakely, & Niehoff, 1998), customers (e.g., Houston, Gassenheimer, & Moskulka, 1992; Sheth, 1996), and suppliers (e.g., Perrone, Zaheer, & McEvily, 2003). These distinct relationships have implications for behavior. Specifically, because individuals return the benefits they receive, they are likely to match goodwill and helpfulness toward the party with whom they have a social exchange relationship (e.g., Malatesta, 1995; Malatesta & Byrne, 1997; Masterson, Lewis, Goldman, & Taylor, 2000). The evidence for this contention is generally strong, although the theories are somewhat ambiguous as to the best operationalization of SET. We review the specific models employed by researchers.

Model 1: Perceived organizational support and leader-member exchange. POS has long been conceptualized in SET terms (Eisenberger et al., 1986; Eisenberger, Fasolo, & Davis-LaMastro, 1990; Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002). The benefits of POS often are understood in reciprocal terms—an employee who sees the employer as supportive is likely to return the gesture. When POS is high, workers are (under some conditions) more likely to engage in organizational citizenship behavior (OCB; Lynch, Eisenberger, & Armeli, 1999; Moorman et al., 1998), higher job performance (Eisenberger et al., 2001; Randall, Cropanzano, Bormann, & Birjulin, 1999), and reduced absenteeism (Eisenberger et al., 1986, Study 2). In this way, researchers have often conceptualized POS as the "quality" of the social exchange that takes place between an employee and the employer as

a whole; leader-member exchange (LMX) has also been viewed as the exchange relationship that takes place between an employee and the supervisor (e.g., Settoon, Bennett, & Liden, 1996; Wayne, Shore, & Liden, 1997).

Settoon and his colleagues (1996) provided evidence of LMX as the basis of the exchange between an employee and supervisor. These authors found that POS predicted organizational commitment, but not job performance ratings. LMX, however, predicted performance ratings and OCB. (Parenthetically, we should note that the OCB measure employed herein focused on actions beneficial to the supervisor and the immediate work team rather than to the organization as a whole; see Settoon et al., 1996: 222.) This might explain the closer link between LMX and OCB when compared with that between POS and OCB.

Extending this work, Wayne et al. (1997) specifically examined the differential effects of POS and LMX. They found that POS predicted OCB, turnover intentions, and organizational commitment. LMX predicted OCB, job performance, and doing favors for the supervisor. This work is notable for two reasons. First, neither doing favors for the boss nor job performance ratings were predicted by POS. These two criterion variables seem to be more closely associated with the supervisory focus (for comparable results, see Cropanzano, Prehar, & Chen, 2002; Rupp & Cropanzano, 2002; Settoon et al., 1996). Second, Wayne et al. employed a composite measure of OCB that included behaviors beneficial to the supervisor and to the organization. When OCB is broken down by target of the exchange, the results are somewhat different. This issue was taken up in a third POS/LMX study conducted by Masterson et al. (2000).

Masterson and her colleagues (2000) measured many of the same criterion variables examined in previous research. However, these authors subdivided OCB into two components: OCB-O (citizenship beneficial to the organization) and OCB-S (citizenship beneficial to the supervisor). POS was a more efficacious predictor of OCB-O, turnover intentions, and organizational commitment. LMX was the more efficacious predictor of OCB-S, job satisfaction, and job performance ratings. Notice, of course, that when OCB was separated into its different beneficiaries, the results are consistent with the multifoci model of SET. Also, consistent with other research, the supervisory focus was more closely related to job performance ratings than an organizational focus (see also Cropanzano et al., 2002; Wayne et al., 1997; Rupp & Cropanzano, 2002; Settoon et al., 1996).

Model 2: Support to commitment. Organizational commitment is a widely researched and extremely promising relational construct (Meyer, 1997; Meyer & Allen, 1997). Research has shown that commitment predicts a wide range of workplace outcomes (Mathieu & Zajac, 1990). Although statistically distinguishable (Shore & Wayne, 1993), POS and organizational commitment are conceptually similar. Indeed, POS is somewhat akin to an organization's commitment to an employee (cf. Eisenberger et al., 1986; Shore & Shore, 1995).

Given these considerations, social exchanges theorists have proposed that employees are prone to exchange their commitment for an employer's support (Eisenberger et al., 1986; Eisenberger et al., 1990). Hence, POS has been a widely examined antecedent of, and it is a consistent strong predictor of, commitment (e.g., Cropanzano, Howes, Grandey, & Toth, 1997; Eisenberger et al., 2001; Masterson et al., 2000; Randall et al., 1999; Settoon et al., 1996; Wayne et al., 1997). A meta-analysis by Rhoades and Eisenberger (2002) estimates the

overall association between POS and commitment to be r = .60 (climbing to .67 when corrected for measurement error).

Building on this literature, Deckop, Mangel, and Cirka (1999) examined the exchange properties of commitment and found that characteristics of a pay-for-performance plan affected commitment; commitment, in turn, affected OCB. The study raised questions about the relationship between POS and commitment. To address this issue, Rhoades, Eisenberger, and Armeli (2001) investigated the interrelationships of work experience, POS, affective commitment, and employee turnover in a longitudinal design. The findings are consistent with relational models of SET, demonstrating that perceived support generates greater commitment from employees, which then positively influences performance. In sum, the results provide convergent evidence that POS plays an important role in building commitment, which ultimately influences important organizational outcomes.

Model 3: Adding team support to organizational support. Bishop, Scott, and Burroughs (2000) set out to integrate the literatures of social support and organizational commitment within a team setting. Consistent with Eisenberger et al. (1986; Eisenberger et al., 2001), Settoon et al. (1996), and Wayne et al. (1997), Bishop et al. maintained POS would engender organizational commitment, and organizational commitment would, in turn, predict turnover intentions and OCB. Perceived team support was expected to predict team commitment, and team commitment, in turn, was hypothesized to result in OCB and higher job performance. Findings supported this model, suggesting that both support and commitment are important, with support acting as a distal cause and commitment mediating its effects on work behavior. (Portions of this model were later replicated in a study by Bishop, Scott, Goldsby, & Cropanzano, in press.)

A similar model of team and organizational commitment was proposed and tested by Howes, Cropanzano, Grandey, and Mohler (2000). Howes surveyed 136 state workers organized into 25 quality teams, allowing them to identify three types of support: organizational support for the individual, team support for the individual, and organizational support for the team. Of these three relational constructs, organizational support for the individual was the best predictor of organizational commitment and intentions to leave the organization. Team support for the individual was the best predictor of team commitment, intentions to leave the team, and team cohesion. In the main, these findings are consistent with Bishop et al. (2000), with one difference. Howes and colleagues found that organizational support for the team was the best predictor of team performance.

*Model 4: Adding supervisory support.* Model 2, which posits that support leads to commitment, raises interest in a supervisory focus as a manifestation of the exchange process. Although evidence is sparse, this dynamic does seem likely. Supervisory support and POS are consistently related. A meta-analysis by Rhoades and Eisenberger (2002) found that the average correlation was r = .51 (corrected, it rose to r = .64). Yet, evidence suggests that these two constructs are conceptually distinct (George, Reed, Ballard, Colin, & Fielding, 1993; Kottke & Sharafinski, 1988).

Eisenberger et al. (2002), however, suggested a simplified multifoci model does not easily address the relationship of organizational and supervisor support. They present evidence sug-

gesting that supervisory support is one cause of organization support (Study 1). They also discovered that this relationship is stronger when the supervisor has high status (Study 2) and that organizational support mediates the (negative) relationship between supervisory support and turnover. In sum, the effects of supervisory support might be mediated by organizational support. At the present time, the evidence is too limited to say whether these findings will apply to other important criterion variables. It may be that, relative to organizational support, supervisory support is the better predictor of leader-relevant constructs, such as commitment to the supervisor, OCB beneficial to the supervisor, and so on (e.g., Masterson et al., 2000; Rupp & Cropanzano, 2002).

Model 5: Trust. Another promising relational construct is trust (Dirks & Ferrin, 2002). Both Blau (1964) and Holmes (1981) identified trust as an identifying outcome of favorable social exchanges. Therefore, trust is seemingly important to understanding exchange. Unfortunately, although evidence to date has been promising, it also has been sparse. Konovsky and Pugh (1994) found that trust in one's supervisor mediated between procedural justice and OCB. From this framework, Aryee, Budhwar, and Chen (2002) examined the effects of both trust in the supervisor and trust in the organization and found that trust in the organization mediated the relationship of justice (distributive, procedural, and interactional) on job satisfaction, turnover intentions, and organizational commitment. At the same time, trust in the supervisor mediated the relationship between only interactional justice and performance and two forms of OCB (organizational and supervisor directed).

A slightly different approach to presenting the mediational properties of trust was presented by Pillai, Scandura, and Williams (1999). Pillai and colleagues were concerned with the impact of transformational and transactional leadership (for reviews, see Avoilio, 1999; Bass, 1998). These scholars maintained that transformational leadership causes procedural justice, whereas transactional leadership causes distributive justice. Both types of justice increase employee trust. Trust, as the critical social exchange mediator, was posited to cause job satisfaction, commitment, and OCB. There were some nonsupportive findings, but, overall, the model fit the data reasonably well.

### A Typology of Transactions and Relationships

We now find ourselves at a critical definitional point: What is an exchange? Everyone seems to agree that a series of interdependent transactions can produce some sort of interpersonal attachment—this notion is fundamental to SET. However, there is some theoretical vagueness regarding the concept of *relationships*. Specifically, the current literature admits two different conceptualizations of relationship. On one hand, a relationship might be interpreted as the series of interdependent exchanges. On the other hand, it might alternatively be interpreted as the interpersonal attachments *that result* from a series of interdependent exchanges. This distinction between relationships-as-transactions and relationship-as-interpersonal-attachment has been fully appreciated.

When relationships are not distinguished from the transaction process, there is a danger of defining one in terms of the other. Stated differently, two parties might be understood to be

Figure 1
Transactions and Relationships in Social Exchanges

## Type of Transaction

	Social Exchange	Economic Exchange
Social Exchange	Cell 1: Match Social Transaction in a Social Relationship	Cell 2: Mismatch Economic Transaction in a Social Relationship
Type of Relationship		
Economic Exchange	Cell 3: Mismatch Social Transaction in an Economic Relationship	Cell 4: Match Economic Transaction in an Economic Relationship

"related" based on how they make exchanges or based on what benefit is exchanged. This raises a rather serious problem. Many relationships involve exchanges that are myriad and at least somewhat independent of one another. If a series of transactions *are* the relationship, then which of these arrangements *define* exchange? More to the point: Why should we have to make such a choice? It seems reasonable to suppose that two parties can exchange different things in different ways, which calls for a good deal more theoretical precision.

Separating the exchange relationship from the form of exchange allows us to consider the four cells illustrated in Figure 1. Cell 1 displays a social exchange transaction within the context of a social exchange relationship. Cell 4 displays an economic exchange transaction within the context of an economic exchange relationship. These cells can be termed *matches*, in that the form of the contingent transaction is consistent with the type of relationship. From this, we can see that if the form of the transaction were isomorphic with the type of relationship, then Cell 1 and Cell 4 would comprehensively summarize the conceptual space.

Of course, as Figure 1 delineates, other circumstances do exist, and these could provide fertile theoretical ground. Let us begin with Cell 2, where a social exchange relationship is paired with an economic transaction. This situation presumably could offer both rewards and risks. For one thing, a failure to discharge economic obligations could be seen as betrayal, which

would likely result in far greater psychological injury and perhaps permanent damage to the relationship. However, there are advantages to social exchange relations, such as greater trust and, perhaps cognizant of the risks, a diminished likelihood of duplicity. Consequently, we would anticipate that in Cell 2, relative to Cell 4, there would be less perfidy and more negative emotion when unfaithfulness occurs.

Cell 3 provides another interesting situation. Here the parties are in an economic relationship but are engaged in a social exchange transaction. For example, in some settings, one might be exchanging money for a sort of closeness or relatively open-ended support. Such situations are not uncommon. For example, mental health workers have professional obligations to attend to the emotional needs of their clients. Likewise, employees of service organizations are typically encouraged to show friendliness. This mismatch between taking money for benefits that one might prefer to reserve for family and close friends can be stressful, perhaps engendering a stressful sense of emotional labor (for reviews, see Cropanzano, Weiss, & Elias, 2004; Grandey, 2000).

Please note that these ideas could easily be integrated with different exchange rules, such as those in Meeker's (1971) model. We believe this is an important issue for future scholarship. Nevertheless, doing so requires the explicit separation of the *form of the exchange* from the *type of relationship*. We will try to address this theoretical ambiguity in our next section.

### **Toward Resolving Conceptual Uncertainty**

The Causal Issue of Transactions and Relationships

If a transaction *is* a relationship, then it is defined to include constructs that we might otherwise view as consequences of successful exchanges (e.g., trust, commitment). To understand the causal order, it is useful to take these two ideas apart. Of course, doing so brings us back to the ambiguity in Blau's (1964: 97, 101) comments: What is the direction of the causal arrow? One could plausibly argue that a series of contingent exchanges alter the interpersonal relationship or that an interpersonal relationship alters the series of contingent exchanges. We explore both models in more detail.

Model 1: Exchanges alter the nature of relationships. Earlier we reviewed Molm's (2000, 2003) work suggesting that one type of exchange process (i.e., reciprocity) tends to engender stronger interpersonal bonds than another (i.e., negotiation). Graen and colleagues (Graen & Scandura, 1987; Graen & Uhl-Bein, 1995) have made similar arguments in their models of LMX. They argue that leaders provide the first signal of a desire for a closer relationship to subordinates, such as a direct communication or implicit offer (e.g., desirable task). The leader waits for the worker's response and, if the employee responds favorably, then the leader can begin another episode. Through such signal-response incidents (or testing patterns), high-quality LMX relationships can develop (Graen & Uhl-Bein, 1995).

*Model 2: Relationships alter the nature of exchanges*. Although the form of the transaction seems capable of altering a relationship, the reverse also can be the case. Here, we turn to LMX

models. As we have seen, a leader's offers and a subordinate's responses can generate high-quality LMX (Graen & Scandura, 1987; Graen & Uhl-Bien, 1995). However, once a high-quality LMX is realized, the relationship itself alters the nature of future transactions (Erdogan & Liden, 2002; Uhl-Bien, Graen, & Scandura, 2000). For example, the leader may then seek the employee's advice or provide him or her with more opportunities.

Similarly, Bishop and his colleagues (2000) found that workers returned support with commitment, which then generated more OCB. In this regard, the work of Eisenberger and colleagues (e.g., Eisenberger et al., 1986; Eisenberger et al., 1990; Eisenberger et al., 2001) and Bishop et al. (2000; Bishop et al., in press) is especially informative. These authors found evidence of commitment as repayment for support. They further demonstrated that commitment can lower turnover intentions and increase OCB. Although this kind of evidence may not be definitive, it is certainly strongly evocative. It hints that a so-called social exchange relationship, once generated, alters the manner in which people treat one another. This possibility leaves us with two possible models: (a) one whereby the exchange causes the relationship and (b) one whereby the relationship causes the exchange.

A potential resolution. Intuitively, it seems that under certain conditions either causal order makes sense, but such an observation is theoretically ambiguous unless we can provide at least tentative guidelines as to what these conditions may be. Fortunately, Foa and Foa (1974, 1980) may provide a solution. Foa and Foa's model allows for different sorts of resources to be exchanged in different sorts of relationships. Universal resources are likely to be emphasized in casual associations, whereas particularistic resources are likely to be emphasized in closer relationships. These arguments are consistent with Tsui et al.'s (1997) model.

Experimental research also provides support for these arguments. Molm (2000, 2003) investigated social exchange as a series of interdependent transactions. Universal resources were operationalized using money or some other benefit with an obvious pecuniary value (e.g., Gergen, 1969; Molm, 2003). Trust (a particularistic benefit) developed as a result of successful reciprocal exchanges (Molm, 2000). Therefore, a benefit that is universal and concrete (e.g., dollars) facilitates the development of a relational benefit that is particularistic and perhaps symbolic. Here, the exchange has seemed to cause the relationship.

Furthermore, Eisenberger et al. (2001) and Bishop et al. (2000) suggested a similar reciprocal process. They argued that employees may exchange commitment in return for organizational support. Commitment is both particularistic (commitment to the organization) and symbolic (it is not a tangible commodity). Committed workers are more desirous of maintaining their associations and will become more motivated on behalf of their employers. As with the work of Molm (2000, 2003), it seems that a reciprocal exchange has caused a closer relationship.

A solution appears by looking at each of the two research programs in light of each other. Usual tests of SET focus on relatively discrete sets of contingent transactions. But, when researchers study a transaction series within work settings, the possibility exists that the transaction series has gone on for some time and/or could continue into the future. As a result of this continuity, the *output* from a past transaction can be the *resource* exchanged in a future transaction. Researchers must necessarily snip a small number of exchanges out of their context (Eisenberger et al. and Bishop et al.'s approach) or simulate a similarly small number in a labo-

ratory (Molm's approach). This is necessary for empirical study, but these scholars certainly do not claim that real-world exchanges are necessarily so discrete.

Therefore, relationship development is not a matter of a single stimulus-response. It is more analogous to climbing a ladder. As one ascends, the rung for which one was originally reaching becomes a foothold for one's next step. The goal achieved at one step (successfully grasping the next rung) provides the foundation for an even higher climb. In this way, it could be that Molm (2000, 2003) emphasized the early stage of relationship development, whereas Eisenberger et al. (1986; Eisenberger et al., 2001; Eisenberger et al., 2002) and Bishop et al. (2000) emphasized mature relationships. If Molm had run her experiments indefinitely (a practical impossibility), then some of her participants may have begun exchanging intangibles, like trust, support, and commitment. If Bishop and his colleagues had entered the firm at the time the employees were first hired, they might have observed more examples of the tangible exchanges observed by Molm. Because the outcome from one stage becomes the input for the next, cause and effect are determined by where in the sequence the researcher elects to examine the process. Indeed, these arguments are consistent with Uhl-Bien and colleagues' (2000; Graen & Uhl-Bien, 1995) model of LMX development. In this model, both leaders and members initially test each other in terms of obligations exchanged. If reciprocated, the quality of the relationship improves, enabling more socioemotional exchanges.

Furthermore, the contradiction between the two causal models may be only a matter of perspective. Molm's (2000, 2003) work demonstrates that relationships characterized by trust and commitment develop from successful reciprocal exchanges. Bishop et al. (2000) and Eisenberger et al. (1986; Eisenberger et al., 2001; Eisenberger et al., 2002) added to this by arguing that these relational variables then become benefits for use in later transactions. As such, relationships with others have the potential to become ever stronger, and that potential is fostered in reciprocal transactions.

Although the theoretical mechanisms underpinning SET models certainly have different emphases, it is worth asking whether they deviate in a fundamental way. Stating the matter starkly, we might ask, Are relationships a goal to be achieved or a valuable benefit that one can bestow? On the basis of our analysis here, we would argue that relationships may provide both, but only as long as the transaction process is allowed time to do so. Under such circumstances, it is reasonable for relational benefits to be both a result and a resource for exchange. Consequently, there is no necessary contradiction between these seemingly distinct perspectives.

### **Conclusion**

Nearly a half a century ago, Homans (1958) presented a concept of social behavior that was based on exchange. Essentially, he introduced the notion that exchanges are not limited to material goods but also include symbolic value (e.g., approval and prestige). His writings bridged a variety of disciplines and sparked differing theories of social exchange. Although theorists diverge on particulars, they do converge on the central "essence" of SET: Social exchange comprises actions contingent on the rewarding reactions of others, which over time provide for mutually and rewarding transactions and relationships.

Unfortunately, differing theories of SET have led to misconceived or pragmatic applications. We believe this review provides an important contribution in addressing this issue by tracing SET back to its roots, thereby clarifying key components of the theory. In doing so, we outlined various formulations of SET and their application within the organizational behavior literature. Not discounting the importance of this research, we attempt to shed light on the conceptual discrepancies and outline future paths for discovery. An additional benefit of this review is to reacquaint (or acquaint) SET principles into the management science. We believe many important components of SET have been overlooked, or simply neglected, that may shed light on organizational phenomena—and at different levels of exchange. Therefore, we hope that this review provides possible avenues for revisiting old concepts and introducing new ones.

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# APPENDIX Studies Examining Individual Differences in Reciprocity

Author(s)	Exchange Orientation	Independent Variable(s) Examined <sup>a</sup>	Dependent Variable(s) Examined
Andrews, Witt, and Kacmar (2003)	Exchange ideology (Eisenberger, Huntington, Hutchison, & Sowa, 1986)	Organizational politics Exchange ideology (M)	Manager-rated retention
Cotterell, Eisenberger, and Speicher (1992)	Reciprocation wariness (Eisenberger, Cotterell, & Marvel, 1987) Creditor ideology (Eisenberger et al., 1987)	Helpfulness Approachability Social goal orientation Machiavellianism Reciprocation wariness (M)	Cooperativeness Expectations of future interaction
Coyle-Shapiro (2002)	Reciprocity norm acceptance (Eisenberger et al., 1987)	Perceptions of employer inducements Perceptions of employer obligations Acceptance of norm of reciprocity (M) Procedural justice (M) Interactional justice (M) Trust in the employer (M)	Organizational citizenship behavior
Coyle-Shapiro and Neuman (2004)	Exchange ideology (Eisenberger et al., 1986) Creditor ideology (Eisenberger et al., 1987)	Perceptions of employer obligations Perceptions of employer fulfillment of obligations Exchange ideology (M) Creditor ideology (M)	Employee obligations to employer Employee fulfillment of obligations to employer
de Ruyter and Wetzels (2000)	Relational exchange orientation	Resource dependence Procedural justice Communication difficulties Interfunctional rivalry Interfunctional distance	Relational exchange orientation
Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001)	Exchange ideology (adapted version from Eisenberger et al., 1986)	Perceived organizational support Felt obligation (I) Exchange ideology (M) Positive mood (I)	Affective commitment Organizational spontaneity In-role performance Withdrawal behavior

l support Absenteeism	Resources exchanged (M)			Selfish behavior  y ty (M)  Coworker-directed citizenship		In-role performance al support (M) Extra-role performance al support Employee effort Job performance	ocity Prosociality of behavior (negative, neutral, positive)  Payoffs
Perceived organizational support Exchange ideology (M)	Bargaining resources Reciprocation ideology (M)	Need for dominance Impulsivity Dispositional anger Expectational trust	Favorable/unfavorable treatment Positive norm of reciprocity Negative norm of reciprocity (M) Personal norm of reciprocity	<ul> <li>Positive reciprocity</li> <li>Negative reciprocity</li> <li>Beliefs in reciprocity (M)</li> <li>Perceived coworker support</li> </ul>	Perceived organizational support Exchange ideology (M) Conscientiousness Empathy	Reciprocation wariness Perceived organizational support (M) Perceived organizational support Exchange ideology (M)	Personal norm of reciprocity Cooperation Hostility
Exchange ideology	Reciprocation ideology  - Reciprocity norm acceptance  - Creditor ideology  - Reciprocation warness	Positive norm of reciprocity Negative norm of reciprocity	Personal norm of reciprocity	<ul> <li>Positive reciprocity</li> <li>Negative reciprocity</li> <li>Beliefs in reciprocity</li> <li>Exchange ideology (Eisenberger</li> </ul>	et al., 1986)	Reciprocation wariness (Eisenberger et al., 1987) Exchange ideology	Personal norm of reciprocity  - Positive reciprocity  - Negative reciprocity
Eisenberger et al. (1986)	Eisenberger et al. (1987)	Eisenberger, Lynch, Aselage, and Rohdieck (2004)	Gallucci and Perugini (2003)	Ladd and Henry (2000)		Lynch, Eisenberger, and Armeli (1999) Orpen (1994)	Perugini and Gallucci (2001)

a. I = intervening or mediating variable; M = moderator variable.

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