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Long Live Social Exchange Theory

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Chernyak-Hai and Rabenu (2018) argue that social exchange theory (SET) should be revised to accommodate work relationships in the “new era” of work, characterized by a more diverse workforce with changing expectations for relationships between themselves and their organizational representatives. To account for the modern workplace, Chernyak-Hai and Rabenu introduce “new” or “modern exchange variables” that capture modern workplace conditions and employee characteristics or preferences, which they expect to indirectly influence *whether* and *how* employees develop high-quality work relationships with organizational representatives.

Although workplace conditions and employee characteristics are changing, I argue that SET is a flexible theory that does not need to be altered to account for the “new exchange variables” introduced by Chernyak-Hai and Rabenu. That is, SET remains a practical and useful theoretical framework that can accommodate the modern workplace conditions and employee characteristics that influence whether and how work relationships are developed and sustained. I suggest that, rather than extending the boundaries of SET, organizations (and leaders) should more carefully consider the changing workplace conditions and employee characteristics identified by Chernyak-Hai and Rabenu when implementing the principles of SET to develop high-quality (social exchange) work relationships (also see Shore et al., 2004).

In this commentary, I first provide a brief overview of SET in which I clarify the full scope and flexibility of this theory. Then, I discuss how the “new exchange variables” identified by Chernyak-Hai and Rabenu are consistent with the conceptualization of SET and applications of SET to work relationships. I note that my discussion is centered around a more circum-

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scribed set of variables than those discussed in Chernyak-Hai and Rabenu. I discuss SET in reference to the employee–organization relationship (EOR) and leader–member exchange (LMX) relationships, as SET is the theoretical basis for these relationships; I view organizational politics as a contextual factor that may impact how exchanges are made, and I conceptualize employee performance (e.g., organizational citizenship behaviors, counterproductive work behaviors) as resources provided by the employee to the organization or leader.

A Brief Overview of SET

SET is among the most influential theories in organizational psychology (and other social sciences) because it offers a flexible framework for understanding how two entities develop a (potentially high-quality) relationship through repeated interactions (i.e., exchanges of resources) that generate obligations (Blau, 1964; Gouldner, 1960). To provide a comprehensive and integrative understanding of SET, Cropanzano and Mitchell (2005) identified and discussed three characteristics of SET: rules of exchange, resources exchanged, and exchange relationships.

The *rules of exchange* primarily refer to negotiated rules and reciprocity rules. Negotiated rules are used to specify what resources will be exchanged by whom and when; they typically characterize quid pro quo or economic exchange transactions. Reciprocity refers to interdependent exchanges, wherein one party provides a resource and the other party returns the favor due to felt obligation, which initiates another cycle of exchange. Reciprocity rules more often characterize social exchange transactions, wherein the resources exchanged and when they are exchanged are not clearly specified prior to the exchange transaction; such transactions are more characteristic of high-quality, or social exchange relationships. Work relationships (EOR and LMX) are based upon a series of exchanges that may take the form of either economic or social exchange arrangements.

The *resources exchanged* during exchange transactions are varied, and they depend upon the needs of the parties involved. Cropanzano and Mitchell (2005) used Foa's (1971) interpersonal resources framework to classify exchange resources, which consist of six categories of resources (i.e., money, goods, services, information, status, love). Foa (1971) also notes that some resources are more universalistic (i.e., could be exchanged with anyone; e.g., money), whereas others are more particularistic (i.e., are useful for a specific person or circumstance; e.g., flexible work arrangement for a new parent). Within the organizational psychology literature, these six categories are often collapsed into economic (money, goods) and socioemotional resources (status, love). Overall, SET acknowledges that the resources

exchanged within relationships are varied and can be tailored to a specific person or relationship.

Finally, *exchange relationships* are the outcomes of a series of ongoing exchanges. These relationships are often discussed as either social exchange relationships or economic exchange relationships. Social exchange relationships typically follow the norm of reciprocity in which resources are exchanged in an ongoing relationship of mutual obligation (Blau, 1964; Gouldner, 1960), whereas economic exchange relationships typically follow negotiated rules. Social exchange relationships are typically considered to be higher quality than economic exchange relationships because the exchange parties trust one another to return the favor or continue the exchange without being explicitly told to do so, whereas in economic exchange relationships, these obligations are explicitly outlined so each party is held accountable to one another (Molm, 2003). As such, SET recognizes that work relationships can be of varying quality or take different forms.

SET Remains Relevant to Work Relationships in the New Era

Chernyak-Hai and Rabenu (2018) claim that changes in the modern workplace necessitate an adaptation of SET to account for “modern exchange variables.” In contrast, I argue that SET is a flexible theoretical framework that accounts for the contingencies identified by Chernyak-Hai and Rabenu. Specifically, I argue that the rules of exchange, resources exchanged, and exchange relationships remain consistent in the new era. Rather, the changing nature of the workplace (as discussed by Chernyak-Hai and Rabenu) suggests that organizational representatives should be more mindful of how they forge relationships with their employees while still using the tenants of SET to guide their understanding of how to develop high-quality relationships with them. To elaborate on my argument, I briefly discuss how the three dimensions of SET operate in the modern workplace in light of the arguments of Chernyak-Hai and Rabenu.

Rules of Exchange

My reading of Chernyak-Hai and Rabenu’s arguments suggests that they recognize that exchange processes (or the rules of exchange) have remained consistent. Indeed, they acknowledge that employees likely follow the rules of exchange as they always have, but that modern employees’ expectations for what is exchanged (i.e., resources exchanged) are changing.

Resources Exchanged

I argue that the “modern exchange variables” identified by Chernyak-Hai and Rabenu should not be considered extensions or elaborations of SET. Adding a new set of variables unnecessarily complicates an already complex

(and comprehensive) theory. Rather, these variables would be better conceptualized as contextual factors that influence what types of resources should be exchanged in the new era. Indeed, as noted above, SET acknowledges that entities exchange a wide variety of resources as a basis for relationship development and maintenance.

I expound on this point by discussing how current applications of SET to the EOR and LMX are flexible enough to account for modern conditions. First, according to organizational support theory, perceived organizational support (POS) can be conceptualized as an indication of the quality of an employee–organization relationship. Organizations promote perceptions of support by providing employees resources (e.g., rewards, flexible work arrangements) that engender obligations, which are returned in the form of organizational commitment (loyalty) and performance (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). How the organization conveys support to the employee is (and has always been) idiosyncratic. That is, an organization may take any number of approaches to conveying support, leading to a high-quality EOR. Thus, organizations may consider both workplace conditions and employee characteristics when determining how best to convey support to the employee. Indeed, organizations are doing so already by implementing idiosyncratic deals, or individually negotiated work arrangements that accommodate employees' personal situations (Rousseau, Ho, & Greenberg, 2006).

Second, similar to the argument above, LMX is also conceptualized as an indication of the quality of the relationship between a leader and his or her follower. Leader–member exchange relationships are developed through a series of exchanges between the leader and his or her follower, wherein the leader provides resources (e.g., visible work assignment) to the follower, and the follower reciprocates by offering resources to the leader (e.g., high task performance; Bauer & Green, 1996). It is through these series of interdependent exchanges that the leader and employee develop a relationship (Graen & Uhl-Bien, 1995; Uhl-Bien & Maslyn, 2003), which may or may not be characterized by trust, support, liking, loyalty, and respect (Ferris, Liden, Munyon, Summers, Basik, & Buckley, 2009). The resources exchanged between leaders and followers are (and always have been) variable. As such, leaders and followers may offer and receive resources from one another that are appropriate for each party, taking into account workplace conditions and employee characteristics (see Wilson, Sin, & Conlon, 2010).

Work (Exchange) Relationships

Finally, Chernyak-Hai and Rabenu assert that workplace conditions and employee characteristics negatively impact the opportunity to develop high-quality work relationships. Although I agree that these conditions may

impact the opportunity to develop a high-quality work relationship, I argue that the degree to which the changing nature of the workplace influences work relationship quality may be overstated for two reasons. First, work relationships have always varied in quality. As mentioned previously, SET suggests that relationships can take the form of economic exchange or social exchange relationships (Molm, 2003). Economic exchange relationships rely on negotiated exchange of resources over a specified period of time, whereas social exchange relationships rely on a more diffuse exchange of resources over an unspecified period of time. Tsui, Pearce, Porter, and Tripoli (1997) formalized these ideas as they pertain to the EOR. They suggested that work relationships can take four forms: quasi spot contract (mutual economic exchange), underinvestment (social exchange transaction by the employee, and an economic transaction by the employer), overinvestment (economic exchange transaction by the employee, and a social exchange transaction by the employer), and mutual investment (mutual social exchange). As such, they recognized that the two exchange parties do not always see eye to eye regarding their exchange, and that the resultant relationship may or may not be high quality. Likewise, a key tenant of LMX theory is that leaders develop relationships with subordinates differently (e.g., Graen & Uhl-Bien, 1995), creating ingroups (consisting of employees with high-quality relationships with the leader) and outgroups (consisting of employees with lower-quality relationships with the leader). As such, LMX recognizes that low-quality (economic) exchange relationships are not only a possibility, but a reality. Second, although modern working conditions and arrangements may reduce opportunities to develop high-quality work relationships, such conditions may align with employee preferences. Employees are independent, self-directed actors who seek out and select into work environments that are consistent with their preferences (as suggested by person-environment fit perspectives; e.g., Chatman, 1989; Schneider, 1987). When they do so, it is more likely that they receive the resources (or rewards) that they desire from organizational representatives, which contributes to the development of high-quality work relationships.

Conclusion

Taken together, I suggest that the value of Chernyak-Hai and Rabenu's (2018) arguments lies not in extending the bounds of SET, but in calling attention to workplace conditions and employee characteristics that should be considered by organizational representatives when forging and sustaining work relationships with employees. Chernyak-Hai and Rabenu offer a useful warning for employers: They must recognize the impact of the changing nature of the workplace and workforce so that they may provide the appropriate resources to develop high-quality relationships with their employees. That is,

what is needed is a more idiosyncratic approach to HR management in which different employees' preferences and abilities are given more consideration. Otherwise, organizations may have a workforce consisting of employees with less attachment to their employers. However, this state of affairs does not necessitate a significant modification of SET; while the workplace and employees may be changing, the foundations of SET (i.e., rules of exchange, resources exchange, exchange relationships) remain the same.

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Positive Interventions: Alternate Routes to Quality Workplace Relationships

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Social exchange theory (SET) is an important foundation of social sciences from which many workplace theories have emerged. Chernyak-Hai and Rabenu (2018) contend that social exchange is at the heart of workplace relationships. Although SET is a complex framework, in essence, it views workplace interactions as exchanges of resources broadly construed, ranging from tangible resources such as money, goods, and services to intangible ones such as information, support, and trust (Cropanzano & Mitchell, 2005; Foa & Foa, 1980). Governed by the rule of reciprocity, parties involved in social exchanges use rational deliberation to gauge how much they need to repay for others' actions. Chernyak-Hai and Rabenu posit that workplace theories rooted in SET should be modified to accommodate the new realities in modern organizations. Although we concur with their observations about new characteristics of work, we are not as optimistic as Chernyak-Hai and Rabenu about SET's capacity to guide our understanding and actions to improve workplace relationships. We argue that positive interventions are important complements to the social exchange process, thereby promoting the quality of work relationships.

Why Do We Need More Than SET?

Chernyak-Hai and Rabenu (2018) describe the modern workplace as replete with volatility, uncertainty, complexity, and ambiguity (i.e., VUCA). The catch-all term of VUCA has been viewed as a synonym for a “crazy” workplace (Bennett & Lemoine, 2014), in which social exchanges become increasingly vulnerable. For example, employees can be too overwhelmed

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