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The Rules of Social Exchange: Unchanged but More Important Than Ever

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Social exchange theory (SET) is one of the most prominent and well-known theories in the organizational sciences literature (Cropanzano & Mitchell, 2005). In the focal article, Chernyak-Hai and Rabenu (2018) asserted that SET needs to be adjusted to account for changes in the nature of work, workers, and workplace characteristics. Specifically, they identify that workplaces are now more volatile, complex, uncertain, and ambiguous (Bennett & Lemoine, 2014), and work itself has become more flexible, virtual, and technology dependent; accordingly, today's workers are sourced from a global talent pool and more frequently occupy nontraditional employment arrangements (e.g., freelancing). It is undisputable that the

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workplace landscape is vastly different from that of the workplace landscape during which early forms of SET were originally articulated (Gouldner, 1960; Homans, 1958).

Although work, workers, and workplaces have fundamentally changed and will continue to change, the mutually reciprocal actions characteristic of SET are not only still relevant in their original forms but arguably are more important than ever. Given that the nature of work is less observable, employment more volatile, and careers more protean, it is even more critical to develop relationships characterized by mutual trust, understanding, and obligation. In essence, I suggest that the fundamentals of the game have not changed; instead, supervisors (and by proxy, organizations) can lean on the principles of SET to more successfully navigate the organizational and contextual realities with which they are now faced. In what follows, I focus on two areas identified by the authors of the focal article in which they assert that SET needs updating, leader–member exchange (LMX), and perceptions of organizational politics, to outline how the core tenets of social exchange theory still apply in spite of, or perhaps because of, the "new era workplace."

Leader–Member Exchange

SET is grounded in the notion that individuals engage in a series of interdependent interactions with one another that are contingent on each parties' reciprocal rewarding actions; over time, such reciprocation of rewards is thought to generate mutually beneficial relationships (Blau, 1964; Cropanzano & Mitchell, 2005). Social exchanges are distinct from economic exchanges in a number of ways. Specifically, unlike the explicitly defined and concrete obligations characteristic of economic exchanges, social exchanges are premised on implied and abstract obligations (Blau, 1964). Further, economic exchanges are thought to create obligations that are generally settled in the short term, whereas social exchanges create obligations that subsist for an indefinite period into the future (Blau, 1964). Moreover, social and economic exchanges are guided by differing rules (i.e., norms) of exchange. Negotiated rules provide details concerning the specific obligations each party must fulfill and typically underpin economic exchanges.

On the other hand, social exchanges are most often guided by norms of reciprocity or "repayment in kind" (Homans, 1958). Individuals involved in social exchanges participate in a series of conditional interactions with one another that engender unspecified responses from the other party. The engendered reciprocated response is contingent upon the type of treatment individuals receive; individuals receiving negative treatment should reciprocate in kind with negative rewarding actions (i.e., negative reciprocity), whereas individuals receiving positive treatment should reciprocate with positive rewarding actions (i.e., positive reciprocity). Individuals must abide

by the rules of exchange in order for such exchanges to develop into high-quality, mutually beneficial relationships (Emerson, 1976).

In the context of the organization, subordinates are thought to exchange positive attitudes and productive work behaviors in return for leaders "taking care of them" (Cropanzano & Mitchell, 2005). In fact, social exchange relationships are thought to blossom when employers or leaders are good to their employees; in this manner, social exchange relationships serve as the mediating mechanism by which fair and advantageous interactions result in positive employee attitudes and effective work behaviors. LMX theory maintains that leaders develop relationships of varying quality with each of their subordinates (Dienesch & Liden, 1986). Exchange quality can fall anywhere along a continuum from low- to high-quality. Low-quality relationships are characterized by little trust and support, infrequent interaction, and exchange of organization-sanctioned rewards only when the employment contract is fulfilled (Cogliser & Schriesheim, 2000; Dienesch & Liden, 1986). On the other hand, high-quality relationships are characterized by high levels of trust and support, frequent interactions, and exchange of both formal and informal rewards (Cogliser & Schriesheim, 2000; Dienesch & Liden, 1986).

The changing nature of work has undoubtedly ushered in a change in employment relationships; specifically, the frequency of freelancing, outsourcing, and knowledge work has increased multifold. Similarly, more and more employers are offering flexible work arrangements such as telecommuting (Chernyak-Hai & Rabenu, 2018). Accordingly, what these "new age" work arrangements have in common is that supervisors are now more physically and oftentimes psychologically removed from their charges. Thus, monitoring becomes increasingly more complex.

Nonetheless, freelancers and outsourced laborers still have formalized contracts that explicitly indicate the terms that each party must fulfill; thus, at a baseline, these employment arrangements begin as economic exchanges. However, this does not prevent the formation of mutually beneficial relationships that extend beyond the explicit economic contract. In fact, I would argue that establishing relationships predicated on trust, respect, and mutual obligation is an important differentiator for both freelancers and their employer/supervisors.[1]

As a practical example, my family-owned business relies on freelancers for public relations services. Recently, we have been utilizing the services of one freelancer in particular, because she consistently delivers more than we contracted, returns deliverables ahead of schedule, makes changes free of charge, and simply exceeds our expectations. In return, we reciprocate with repeat business, glowing online ratings (the currency of today's freelancer),

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[1] For freelancers, oftentimes the supervisor is the employer and vice versa.

referrals, and steady work. Thus, establishing a social exchange with our free-lance laborer has been mutually beneficial.

Although the aforementioned work arrangement is "nontraditional" and mediated by the advent of technology, moving beyond an economic exchange required that each party learn about what one another wanted and needed from the exchange beyond economic benefit. This, I argue, is not a new phenomenon but instead is consistent with the original principles of SET. Establishing social exchanges might be made more complicated by the physical and psychological distance characteristic of changing work and workplaces, but it is still achievable and worthwhile. Whereas the resources that are exchanged between parties might be different than those tradition-ally considered, the rules of social exchange are not. If today's worker wants more autonomy and flexibility, for instance, then supervisors who are able to fulfill these desires over time should induce feelings of trust, gratefulness, and obligation that subsist indefinitely into the future.

Further, the authors correctly point out that today's worker has fewer points of contact with his/her supervisor; however, that is not necessarily a bad thing. I would argue that it is less about the *frequency* of the supervisor–subordinate interactions but the quality of the interactions that matters. Social exchange theory suggests that relationships form out of a series of interdependent exchanges; in a long-term relationship, each interdependent exchange has a small value because it is one out of hundreds, if not thousands, of exchanges. However, I would argue that the value placed on each individual interaction should be greater within short-term work arrangements (e.g., freelancing, temporary workers), as there are fewer exchanges on which to determine what sort of reciprocal treatment is warranted. Again, this speaks to the importance of the quality, as opposed to the frequency, of interactions. To this point, for workers who crave autonomy and flexibility, it is likely more detrimental to relationship quality to have many shallow (and likely time consuming) interactions (e.g., check ins via skype/video conferencing) than a few meaningful and deeper level interactions. Thus, at its core, high-quality exchanges still necessitate that supervisors "know thy followers" and address their higher-level needs; when they do so, subordinates will reciprocate the positive treatment they receive in kind (Gouldner, 1960). In other words, the ability to establish high-quality interactions should not be affected by the "new era" work characteristics, as long as supervisors recognize the unique needs, wants, and desires of their subordinates.

Moreover, workers in this new "boundaryless career" era (e.g., Sullivan & Arthur, 2006) may realize the importance of their relationships for their own professional future and invest themselves in exchanges differently than in the past; specifically, they may expect that the exchange partner could of-fer personal benefits in the future and strive to develop deeper relationships

for the sake of future utility. Thus, even in these "new age" work relationships that may seem shorter in duration, there are sources of obligation as well as continued benefit that can persist even after the temporary work arrangement technically draws to a close. Thus, at its core, the tenets of social exchange remain intact regardless of the changes to the workplace landscape. That is, individuals must still build trust, respect, and mutual understanding with one another in order to establish interactions that are guided by unspoken, undefined, and indefinite mutual obligations.

Finally, Chernyak-Hai and Rabenu's (2018) discussion of the effects of new era workplaces on LMX focuses primarily on the changing nature of workers while treating supervisors as seemingly static. However, supervisors must change and adapt to these new realities with which they are faced. Any supervisors who ignore the changing nature of their subordinates would, by definition, maintain a low-quality exchange with their charges. In fact, although revolutionary at the time, the whole premise of LMX is that supervisors differentiate among their subordinates such that an "average leadership style" is ill-suited to meet the needs of one's direct reports. A supervisor who is tuned in to the unique needs, wants, and desires of his/her subordinates should be capable of establishing relationships based on trust, respect, and mutual obligation. Thus, although workers have undoubtedly changed, the principles on which social exchange and, concomitantly, high quality leader–member exchanges rest have not.

Perceptions of Organizational Politics

Second, adopting the traditionally negative viewpoint of perceived organizational politics (Ferris & Kacmar, 1992), the focal authors assert that new era workplace characteristics will cause negative politics perceptions to flourish and further complicate performance evaluation. The authors suggest that the increasing complexity and digitalization of work enables employees to misrepresent the nature of their work and how well they perform in their roles, which hinders supervisors from being able to adequately assess subordinates' performance. Nonetheless, as the authors point out, performance evaluation has always been fraught with bias and prone to inaccuracies, be they purposeful (e.g., inflated ratings to maintain employee morale; favoritism) or inadvertent (e.g., recency, leniency bias).

Because the focal article authors defaulted to an exclusively negative view of politics perceptions, they failed to acknowledge how organizational politics may actually aid the performance evaluation process; this is disappointing given recent calls for scholars to adopt more balanced views of organizational politics (e.g., Hochwarter, 2012). As the nature of work becomes less concrete and more complex, there is additional need to justify and sell one's contributions to upper management and external constituents. Skilled

politicians can make the case for their contributions, whereas in the past, they might have fallen short of hard and fast metrics. Although this has the potential to increase political gamesmanship, the nature of knowledge work and virtual/flexible work arrangements necessitates performance appraisal methods that consider the full-range of individuals' contributions. For example, how does one evaluate knowledge work or work that takes place virtually? When work is really complex, I would argue that it benefits employees if they are able to convey to their supervisors what they do, how well they do it, and why their work is critical.

For example, in complex jobs like cybersecurity, experts are more likely to earn someone's business when they can explain in simple terms what they do and why their function is important. A supervisor or potential client might not normally know what functions an encrypted firewall serves; however, being able to explain the importance of these functions can relay the employee's value to his/her supervisor and corresponding clientele. As another example, in lieu of formalized journal lists and explicit article quotas, academic departments spanning multiple disparate disciplines might request that candidates for tenure "make the case" (e.g., through citation counts, impact factors, media coverage) as to the value of their scholarly contributions to the field; in fact, external letters largely serve this purpose. This sort of salesmanship should allow even some of the most complex or nuanced work to be properly understood and evaluated by less knowledgeable others.

With that being said, Chernyak-Hai and Rabenu's (2018) discussion of modern work and workplace characteristics as they relate to politics perceptions and performance appraisal seemed tangential to SET. The inherent difficulties/biases related to performance appraisal do not change the premises on which SET is based. Economic exchanges require constant monitoring and tit-for-tat exchange of output for rewards; in such exchanges, objective performance appraisal is desirable (yet still elusive). Contrarily, social exchanges are rooted in reciprocity in kind and are based on unspoken, mutual obligations that exist indefinitely into the future. Thus, when exchange relationships are social in nature, objective performance appraisal is less important. This is because social exchanges are rooted in high levels of trust between parties that the unspecified and indefinite obligations accrued by one another will eventually be reciprocated. Thus, exchange partners should be less focused on performance in exchange for high ratings (economic exchange) and more concerned with long-term fulfillment of one another's mutual obligations. Although Chernyak-Hai and Rabenu are not wrong to suggest that modern workplaces will still grapple with organizational politics and performance appraisal systems that are inherently imperfect, these realities do not require that the tenets of SET be updated. If anything, these

realities suggest that supervisors should aspire to create social exchanges with their subordinates, as modern features of work, workers, and their workplaces make economic exchanges increasingly difficult to appropriately (i.e., objectively) evaluate.

Conclusion

There are undoubtedly macro-level changes ushered in by the advent of technology and globalization that have affected workplaces, workers, and the nature of work itself. The beauty of social exchange theory is that in its original form, it is general enough to withstanding these aforementioned changes. Specifically, social exchanges are underpinned by unspoken, mutually reciprocal obligations between parties that form on the basis of trust, respect, understanding, and reciprocity in kind; thus, the bases on which social exchanges are formed and maintained have not changed. What is true now just as in years past is that good treatment is reciprocated in kind (Blau, 1964), and rewarded actions are repeated (Homan, 1958). Accordingly, supervisors and organizations must recognize and attend to the changes in their workplaces, workers, and work assignments to understand what "good treatment" entails for each of their unique and ever-changing employees; nonetheless, when they do, reciprocation in kind is likely to result and provide the foundation for long-lasting social exchanges.

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