Social Exchange Theory in Human Resource Development Context

Rubaba Narwin
Lecturer, Faculty of Business Administration
St. Theresa International College, Thailand
Email address: rubaba.nawrin@gmail.com

Abstract

Social exchange theory (SET) is considered as a most influential concept in sociological concept. It significantly plays a vital role in sociology and social psychology. Social structure, behavior, social condition, reward system, etc. contributed a significant role since the inception of SET. Many scholars had researched in this area and developed numerous thought and implemented it to see the reactions of the applications. In this paper, a detail overview of SET including origin, significance, implementation and opinion/argument regarding this theory will be furnished with special reference to Human Resource Development (HRD).

Keywords: Social exchange theory; Human Resource Development; Theory building

1. Introduction to Social Exchange theory: A Brief Overview

Before moving on the social exchange theory it is need to know what social exchange is. Lawler (2001) mentioned that it is a joint activity of two or more actors where each actor has pursued something and offer in return to the other values. The exchange process of the value generates greater benefit which an individual cannot achieve alone. According to Mitchell, Cropanzano and Quisenberry (2012) an obligation creates between the parties when any of them provides beneficial resources to other. Lawler, Thye and Yoon (2008) asserted that a social exchange occurs when two actors give something of value to one another and receive something of value in return.

Social exchange theory assumes self-interested actors who transect with other self-interested actors to accomplish individual goals that they cannot achieve alone (Lawler and Thye, 1999). The basic form of this theory states that social exchange is a process of negotiated exchange between parties. Therefore, it is needed to deal with exchange behavior of human being where mutually contingent or mutually rewarding process involves in transaction or exchange (Emerson 1976). He argued that social exchange is as conceived as limited to action that is contingent or rewarding reaction to others.

Emerson (1976) defined social exchange theory as a collection of different theories. According to him, social exchange theory is not a theory; it is rather a frame
of references where many theories come to speak together, whether in argument or mutual support. Social exchange theory emphasizes the role of trust and commitment in stabilizing relationship which are purely based on instrumental and transaction term (Lawler, Thye and Yoon, 2008). They also mentioned that the basic principle of this theory is laying on the greater individual profit.

1.1 Key players and their roles

George Homans, John Thibaut, Harold Kelly, and Peter Blau are the key players in this field. George Homans was an American psychologist who is considered as the founder of behavioral sociology and exchange theory. Since 1958 he researched a lot about social exchange theory. He made a conscious effort by identifying and advancing this point of view in his literature “Social behavior of exchange” (1958). In 1961, he enlarged his argument in another literature, “Social behavior: Its elementary forms”.

John Thibaut and Harold Kelly are the other key contributors to develop social exchange theory. Both of them are social psychologist. Their major interest was to develop the interdependence theory. Another major role player in this field is Peter Blau (1964). He was an American Psychologist and theorist. His sociological specialty was in organizational and social structure. In most of his work, he mentioned the important emergent aspect of social exchange theory.

1.2 Origin

Social exchange theory emerged from social structure approach of exchange theory. Cook and Whitmeyer (1992) stated that exchange theorists advance a basic image of social structure where the relation involves the exchange of valued items. Homan (1958) developed the theory of social behavior based upon behavior principle analysis. This thought eventually leads to the exchange relation of social structure and individual structure. He worked on psychology of instrumental behavior and focused himself more on reductionist approach. Thibaut and Kelly also worked on psychological concept but they involved in group level process by building up from upward to downward process of social structure (Emerson, 1976).

2. Method building for Social Exchange Theory

Social exchange theory is built from social construction method. Turnbull (2002) claimed the social construction method as, “a sociology of knowledge which will have to deal not only with the empirically variety of knowledge in human societies, but also the process by which any body of knowledge comes to be socially established as reality.” He also mentioned that social construction theory understand the multiple level of any research.
The above mentioned two statements are totally matched with the social exchange theory. It is declared in the beginning that it is a process of negotiating the exchange. Social exchange theory deals with the human nature and social structure of a society and according to Emerson (1976), this theory can be advanced beyond its currently impoverished condition. He also stated, “Exchange relations are composed of actions gives actions no empirical primacy over relationship.” Like, giving a gift is a part of social relation. This theory deals with the real context of the society. In addition, it also deals with both micro and macro level (multilevel) of research. Cook and Whitmeyer (1992) described that the exchange relation remained in the specific actors. The actor can be a person or a corporate group. Therefore, the conception of actors makes the theory applicable at different level of analysis and the theory can apply between individual, organization and nation state (Cook and Whitmeyer, 1992).

3. Application

The application of social exchange theory covers multiple dimensions. A lot of research has been conducted based on this theory. Following are some examples:

In their work, Cropanzano, Prehar and Chen (2002) they found procedural justice applies more to the exchange between the individual and employing organization, whereas interactional justice generally refers to the exchange between the individual and his or her supervisor. They also claimed that if this theory is correct, procedural justice should be more closely associated with reactions toward upper management and organizational policies, whereas interactional justice should be more closely associated with reactions toward one’s supervisor and job performance.

In another literature, Ybarra and Wiersema (1999) used social exchange theory to define trust. They employed trust as multidimensional construct and showed a relation between strategic alliance, flexibility and the outcome of characteristics of alliance partners.

In their work, Lawler, Thye and Yoon (2008) studied social exchange theory to determine how and when network structures generate micro social order. According to them different form of social structure within a network structure generate strongest micro order. They also used this theory to involve strong person to group ties and affective sentiment regarding the social unit.

4. Uses in the context of Human Resource Development

In HRD, social exchange theory can play a vital role. HRD by itself is a field where people are socially constructed. Almost every area of HRD develops
people to be structured according to social order. The significant areas where the social exchange theory performs most are employee engagement, training and development and reward system. Social exchange theory often explore in the areas of job performance (Cropanzano et al., 2002), employees’ attitude (Tepper et al., 2004), psychological well-being (Harvey et al., 2007) and so on. Organizations, in general, are treated employees as a long term asset. The relationship between the employers and employees are more social, which is not only bound up to the official purpose, rather both the parties value the personal relationship. These, in turn, help the organization to create loyal employees. As the employees feel valued therefore their tendency to stay at the organization, work for the organization are pretty high. These engagement behaviors of the employees help the organization to move forward, to initiate and implement strategies.

Moreover, training and development and reward system also contribute more regarding the social exchange theory concept. Employees when get reward for their performance they fell more motivated towards the organization. However, if they do not reach the individual or group performance level, they receive training and development program from the organization. Getting these sorts of benefit acts as a reciprocal phenomenon where the employees feel to work with the organization in return of employer’s support.

5. Conclusion

Social exchange theory appears as more on an individualistic approach. Lawler, Thye and Yoon (2008) described it deals more on self-interest. They also mentioned relationship here is developed only to the degree that the incentives to exchange, preferences of actors and structures of opportunity are stable which is not similar to collectivist approach. The theory assumes that its ultimate goal of relationship is intimacy when this might not always be the case. It values more on self-interest. Moreover, it mostly deals with reward system from an organization perspective. But it is not viable to consider in different culture.

On the other hand, the major strength lies on its reciprocator values. It interacts with human being considering the assumption that human acts with other human in full recognition will be noticed and reciprocates accordingly. It creates a positive feeling among the individuals which are internally rewarding. Bridging the multilevel phase (macro and micro) is considered as strength of social exchange theory.

In conclusion, it could be stated that though as social exchange theory is a leading theory among sociological ground so it is needed to have more work on clarifying its different phenomenon in different perspective. Future research is recommended to explore the role of interpersonal feeling as people treat each other
differently once they reach to certain level of bondage (Mitchell, Cropanzano and Quisenberry, 2012).

References