Social Exchange Theory

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Exchange theory originated in the field of sociology in the 1920s. However, since the late 1950s and early 1960s, social exchange theory has been a major school of thought in the field of both social psychology and sociology. This is largely due to the work of George Homans, John Thibaut, Harold Kelley, and Peter Blau. Social exchange theory describes all human interactions as a series of trades or exchanges of rewards between actors.

Every exchange necessarily involves costs and rewards. Costs were defined mainly as any alternative possibilities or time given up for the interaction, and any discomfort endured during the exchange. The definition of reward varied somewhat by author, but the basic definition involves receiving (or expecting to receive) something valued. The value of rewards is subjective and even this subjective value varies depending upon how much of the reward the person has received recently. Actors, as individuals in exchange theory are called, seek to maximize the value gained and minimize the cost accrued in each exchange. In exchange theory, those with highly valued and rare rewards to exchange were inherently powerful because many need their assistance.

Homans was heavily influenced by behaviorism. He explained rewards in behavioral terms as being any sort of reinforcement provided during the interaction. In a successful exchange, both individuals act in a way that is reinforcing to the other, increasing the likelihood of further exchanges. Homans further argued that exchanges should adhere to a principle of distributive justice, where each individual gets a fair return rate for the cost accrued by the exchange. If the exchange is not equitable, people may become angry and not participate in future exchanges. For Homan, humans act in the way that operant conditioning has taught them will lead to the greatest reward. Homan was criticized for being overly simplistic in trying to explain all of sociology as a series of dyadic interactions governed by behavioristic principles.

While Blau agreed that human behavior in exchanges is motivated by rewards and deterred by costs, he disagreed with Homans' behavioristic decision-making model. For Blau, individual actions in exchanges are motivated by the expectation of gaining a reward. Fundamentally, Blau viewed human exchange as being rational and future focused, he saw the value of rewards as being highly subjective depending upon the individual. He theorized that people were comfortable making unequitable exchanges because they had the informal and unstated expectation that future exchanges would balance the value exchanged between the individuals. Blau was criticized on the basis that much of human behavior seems to be actually quite irrational.

Later research shifted focus from individuals and dyads to the structure of exchanges. Exchanges are carried out by individuals mutually dependent upon each other for desired rewards. One of the earliest theories, Emerson's theory of exchange networks, serves as a good example. An exchange network occurs when multiple actors are in a group and exchanges between any of these actors directly affects other exchanges within the network. These affects can either by positive in nature and increase the likelihood of other exchanges occurring within the network, or negative and decrease the likelihood of other exchanges occurring.

The role of emotions in social exchanges has been a focus in contemporary research. Two noteworthy examples are Lawler's theory of relational cohesion and Molm's affective theory. Lawler's theory states that emotion supplies the motivation for continued commitment and further commitment to a relationship (relationship cohesion). As relationships develop, repeated exchanges cause individuals to attach positive emotions (such as trust or liking) to the exchange relation itself. Because the actors have positive feelings about this relationship they feel increased relational cohesion and commit further. For Molm, affect towards an exchange relationship depends on the type of exchange relationship and the level of behavioral commitment to the relationship.

There are two different types of exchanges relevant to this theory: negotiated and reciprocal. In negotiated exchanges, the exchange is outlined ahead of time in clearly defined terms. By contrast, in reciprocated exchanges there are no explicitly defined terms for the exchange and neither of the actors can be sure what they will receive. Consequently, as repeated successful exchanges occur, the actors develop positive feelings towards the other because rewards were never guaranteed or required. Furthermore, the more the actors are committed to the exchange relationship, the more positively they will feel about it.

Further Reading

Cook, K. S., & Rice, E. (2003). Social exchange theory. In J. Delamater (Ed.), *Handbooks of sociology and social research: handbook of social psychology* (pp. 53-76, Chapter xvi, 571 Pages) Kluwer Academic/Plenum Publishers, New York, NY.

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