

The Seesaw
of
Organisational Social Capital Flows:
Inside the “Black Box”
of
Social Exchange

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Acknowledgements

For my son Toby – my teacher and my inspiration

Firstly, I wish to thank my participants. For me, undertaking social research is both a privilege and a responsibility, because the purpose of the exercise is to serve your fellow human, hopefully in a meaningful and appreciative way. As a qualitative researcher I have found this especially poignant, for it is truly humbling to sit down with perfect strangers and within a very short period of time find oneself being honoured with complete trust and openness. In so doing, my participants gifted me the opportunity to write this thesis, to explore their experiences in search of insights and understanding. Thus, the commitment they gave to my study I have attempted to reciprocate by maintaining a clear purpose throughout to produce a thesis that might, in some small way, be of practical benefit to organisations and all who work in them. So, to my participants goes my heartfelt respect, admiration and appreciation.

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Table of Contents

Acknowledgements	
Abstract	1
Tables and Figures	2
Chapter 1: Introduction	3
Background to Study.....	3
Purpose of study.....	6
Definitions.....	7
Focus of Study.....	11
Research Questions.....	12
Context.....	12
Outline of Chapters.....	14
Chapter 2: Theory	
Overview.....	17
Social Psychology.....	17
Social Exchange Framework.....	18
Actors.....	20
Behavioural Economics.....	22
Behavioural Decision-making.....	29
Resources.....	32
Exchange Structures.....	35
Process of Exchange.....	39
Social Exchange in Organisational Settings.....	60
Chapter 3: Methodology	
Overview.....	67
Ontology.....	67
Epistemology.....	69
Theoretical Perspectives.....	71
Qualitative Methodology.....	74
Research Reflections.....	76
Chapter 4: Methodological Procedures	
Overview.....	83
Research Questions.....	83
Research Design.....	84
Participants.....	89
Data Collection.....	91
Data Analysis.....	97

Table of Contents

Chapter 5: Findings I

Overview.....	110
Social Exchange Transaction Analysis.....	112
Social Exchange Account.....	119
Risk Assessment.....	127
Resource Valuation.....	141
Supplier's Regard for Organisation.....	142
SETA Recommendation: Interim.....	143

Chapter 6: Findings II

Overview.....	146
SETA Seesaw Fulcrum.....	146
Fulcrum Shifters.....	150
Primary Filters.....	162
SETA Recommendation: Final.....	168
SETA Complete Theory.....	170

Chapter 7: Discussion.....178

Overview.....	178
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Chapter 8: Conclusion

Overview.....	193
Study Review.....	193
Strengths.....	195
Limitations.....	196
Implications.....	197
Future Research.....	199

References.....201

Appendices.....225

The purpose of this study is to develop deeper understanding of the informal contributions of employees to organisational success; more specifically, the exchange ‘mechanism’ by which resources accrue to organisations through the social relationships of their members. The second purpose is to explore the influence of organisational contextual factors on this exchange mechanism; more specifically, the influence – if any – of contingent employment practices.

Through the use of a qualitative research design, I have gained an in-depth understanding of the cognitive mechanism employed by organisational actors to arrive at a decision on whether or not to initiate social exchange, in order to facilitate the flow of organisational social capital.

Data was analysed using Dimensional Analysis method. This analysis draws on the theoretical perspectives of interpretivism and symbolic interactionism, both of which are underpinned by a social construction epistemology. This provides the necessary link for understanding the connections between macro- and micro-level social action of social exchange in organisational settings.

My findings identify a complex cognitive process employed by actors for the purpose of reaching a decision with respect to initiating social exchange in organisational settings. This process is termed Social Exchange Transaction Analysis. It is undertaken at the individual level and ultimately controls the flow of organisational social capital through a social network to the organisation. This complexity is a reflection of both the many dimensions of the phenomenon, and the interconnectedness and interactions between them. Social Exchange Transaction Analysis builds an ‘analytical’ picture of the *potential* social exchange transaction, to enable the organisational actor to arrive at a decision on whether or not to initiate social exchange – and thereby facilitate the flow of organisational social capital.

TABLES

Table 1: Schedule of Employment Cases.....	90
Table 2: Dimensional Analysis Explanatory Matrix.....	104
Table 3: Explanatory Matrix – SETA Phase 1 Dimensions.....	144
Table 4: Explanatory Matrix – SETA Phase 2 Dimensions	169
Table 5: Explanatory Matrix – SETA ‘All’ Dimensions	171

FIGURES

Figure 5.1. SETA Seesaw.....	116
Figure 5.2. SETA Seesaw: Equal polarity, equal value.....	117
Figure 5.3. SETA Seesaw: Opposite polarity, equal value.....	118
Figure 5.4. SETA Seesaw: Opposite polarity, unequal value.....	119
Figure 6:1 SETA Seesaw: Equal polarity, equal value.....	147
Figure 6:2 SETA Seesaw: Opposite polarity, equal value.....	147
Figure 6:3 SETA Seesaw: Opposite polarity, unequal value.....	148
Figure 6:4 SETA Seesaw: Opposite polarity, equal value: fulcrum shifted.....	149
Figure 6:5 SETA Seesaw: Opposite polarity, unequal value: fulcrum shifted.....	149

BACKGROUND TO STUDY

This is a qualitative study, and as such it is also very much a personal study. My motivations for undertaking this research are my own, as is the perspective through which I have interpreted both my world and my data. In this respect, this study is akin to a story, a story that I have crafted in the hope of broadening understanding of what people do in a particular context, and why they do it. Yet this study is far from a solitary, insulated and isolated endeavour, for there have been many influences and experiences which have brought me to this point. As a qualitative researcher I recognise that it is essential for me to be aware of and articulate these experiences, influences, perspectives and motivations, and to share these with the reader. This first section, therefore, may be described as the story behind the story.

I have been employed in organisations for more than 40 years – indeed, since I was eight years old. My father owned and operated an engineering business, and I was fortunate to be given appropriate paid work there during my school holidays. Over the years, working side by side with his employees, I came to understand that while there were production tasks we were all expected to complete in return for a wage, there were also other contributions being made that were not production related or remunerated. For example, employees were free to use the factory and the plant in their own time for their own purposes, and I recall my father regularly assisting staff with problems in their personal lives; in return for these kindnesses, they would help him with various tasks outside of work, ease production ‘bottlenecks’ by working in their weekends or late into the night, and so on. Thus, due to these formative workplace experiences I assumed that ‘giving and taking’ in parallel with the labour/wage exchange was the norm, and I have carried that assumption about working life with me ever since.

This assumption has in turn been reinforced time and time again in a very diverse range of organisational settings. I started managing work teams when I was 18, first for other businesses, and then five years later in my own businesses. Looking back, I realise how engrained my mental model of workplace exchange was, and how it shaped both my approach to managing people and my expectations of what the organisation would receive in return.

This model comprised both a formal component and an informal component: the former was the explicit documented exchange agreement on the role to be performed and the remuneration to perform it, while the latter was the implicit undocumented ‘agreement’ on the exchange of other benefits.

More than this, on many occasions it was the ‘informal’ exchanges as much as - if not more than - the formal exchanges, that were instrumental in the organisation achieving its goals. Time and time again, colleagues would choose to contribute in ways that were not part of their formal role; this occurred not as a result of any open discussion or explicit request, but from their own interpretation of organisational needs and priorities. Resources of all kinds – human, financial, intellectual, physical – would be offered, more often than not fitting perfectly with the organisational context at that time. Some of these resources could be described as ‘non-strategic’ enhancements, such as fresh flowers for the reception area, while others were most definitely strategic enablers, such as securing working capital to cash flow completion of a construction project. These resources would sometimes come directly from my colleagues, but more typically would come from their personal contacts - invariably valued and trusted friends and family members.

I would be introduced to these contacts, and thereafter my colleague would tend to step back and allow me to develop my own relationship with their contact. Sometimes there would follow an agreed exchange of benefits between the organisation and the contact over a specified timeframe, but frequently the exchange constituted a favour with no specific commitments at all; it was enough just to keep the organisation going and continue to do what we were doing the way we were doing it. At times, these exchanges can only be described as major exercises in faith, usually on their part, but sometimes on mine as well; they were also exercises in faith for my colleagues who chose to trust me with their personal social relationships, and consequently these exchanges were accompanied by an elevated sense of responsibility for the outcomes.

Whether in my own businesses, or working in others, I have come to see this behaviour as being almost ubiquitous: organisational members are constantly contributing to organisational

success by drawing upon their social relationships to access valued resources. In my view, many - if not most - of the resources accrued thereby, and the benefits which flow there from, are not captured by any organisational metric, and so largely 'fly under the radar' of management processes and practitioners. This is reflected in my own management experience in various organisational contexts, where I do not recall this behaviour being discussed on a routine basis, if at all. In many respects this is understandable, as the connection between these contributions and organisational outcomes is typically unable to be measured, and thus it is challenging for managers to retain awareness of the significance of this behaviour, let alone consciously set out to influence it.

In addition to the above, my professional development and career found me specialising in organisational development, and I developed a parallel interest in the growing adoption of contingent employment practices. Having spent the majority of my working life in the hospitality, tourism and primary sectors, where contingent seasonal workforces are the norm – indeed, they are an operational necessity – I found myself intrigued by the rationale presented in much of the organisational development literature that such practices are on balance detrimental to organisational success. A key aspect of the argument against contingent employment practices was that they represented a shift in the 'social contract' between organisations and their members, from one based upon enduring employment to one based upon expanded 'employability', and that this would lead to a reduction in any number of desirable behaviours by employees.

While the argument was consistent with my own 'world view' at the time of what constituted 'ideal' organisational practice, when reflecting upon my personal experience I found it difficult to discern any difference between the behaviours of permanent and contingent employees – behaviours such as employees drawing upon their social relationships in support of organisational goals. I wondered whether this was a reflection of the sectors in which I had worked, the people attracted to working in those sectors, and the expectations they brought with them; perhaps it was a reflection of my management style, and the behaviours I modelled – much like my father in his business; more likely, it was any number of factors combining in ways far more complex than I could begin to appreciate. These two areas of interest – resource

accrual through the social relationships of organisational members, and the adoption of contingent employment practices - came together to provide the motivation for this study.

So, as noted earlier, the story behind this story is personal. This study is in part an acknowledgement of, and testament to, the many people with whom I have worked over the years, and the myriad contributions they chose to make over and above any obligation they had to do so; this represents the heart I bring to my research. This study is also in part an attempt to explore in depth what lies behind this behaviour of substantial significance for organisational success, and whether or not contingent employees behave differently from permanent employees; this is the head I bring to my research. In summary, it is an exercise in challenging and testing my own assumptions about the behaviour of people in organisational settings and how those settings affect that behaviour. In so doing, I hope to contribute some insights that may benefit both organisations and the people who inhabit them.

PURPOSE OF STUDY

Taylor and Bogdan (1998) maintain that most qualitative studies aim to develop or verify sociological theory for the purpose of explaining or understanding aspects of social life. Similarly, Marshall & Rossman (2006) argue that the qualitative approach offers unique strengths for exploratory or descriptive research within a particular context or setting, particularly when seeking deeper understanding of actors' experiences of a social phenomenon of interest. At this conceptual level, the purpose of my study may be classified as exploratory, from which theory will be developed to satisfy an explanatory purpose. At the practical level, there are two distinct but associated purposes.

The first purpose of this study is to develop deeper understanding of the informal contributions of employees to organisational success; more specifically, the exchange 'mechanism' by which resources accrue to organisations through the social relationships of their members. I believe this phenomenon is highly worthy of study and of interest to organisational practitioners and managers who wish to broaden their awareness and understanding of this determinant of organisational performance.

The second purpose is to explore the influence of organisational contextual factors on this exchange mechanism; more specifically, the influence – if any – of contingent employment practices. In my view, if the resources which accrue are deemed of consequence to organisational performance, then factors which may enhance or inhibit the flow of these resources are equally worthy of study, and also of interest to organisational practitioners and managers.

It is perhaps helpful to emphasise at this point that the phenomenon itself has received little attention from organisational researchers, and that my adoption of a qualitative approach is in part a reflection of this, as are my initial research questions. While I had identified a phenomenon of interest to me, there was very little extant research to inform my study or my questions, and thus I was aware at the outset that this was predominantly an exploratory exercise. Furthermore, I was mindful that by “looking to see what I might find”, the discovery of other organisational contextual factors of relevance was inevitable. Consequently, I was prepared for the eventuality that while my research would hopefully deliver on the purposes detailed above, in so doing it would also likely lead to modification of my research questions and the framing of many more. Therefore, constraining the scope and scale of my study would be a challenge.

DEFINITIONS

Consistent with the purposes of this study, I present here the key conceptual definitions I have adopted to frame the phenomenon and my research questions. Firstly, I briefly describe the concepts of *social structure*, *social exchange* and *social capital*; these are more fully developed in the next chapter. I then define *organisational social capital*, the notion that organisational actors, both individuals and collectives, accrue resources through their social networks. Finally, I discuss differentiating organisational members on the relative permanence of their employment relationship, and introduce a preliminary definition of *organisational membership status*.

Social Structure

Social structure comprises a set of social positions that possess valued resources, and the pattern of social relations or linkages generated by the flow of those resources (Lin, 2001; Turner, 2004). At a basic level, all exchange relations may be regarded as developing within structures of mutual dependence – ie between actors mutually dependent upon one another for valued resources (Molm, 2006).

Social Exchange

Outside the economic marketplace, actors depend on social interaction with others for much of what they value in social life, and they supply and receive these benefits through the process of social exchange. Social exchange is governed by the opportunities and interdependencies arising from social structure, and thus refers to the relations between actors and the benefits they obtain from, and contribute to, those relations (Molm, 2006). Put simply, social exchange involves the transfer of valued resources from actor to actor by social rather than economic means.

Social Capital

The notion that actors access and accrue various kinds of resources through social structure and social exchange forms the basis of social capital theory (Lin, 2001); that this has long been acknowledged at the most simplistic level is evinced by the age-old adage 'It's not what you know, it's who you know'. While social structure and social capital are often equated in the wider social capital literature, they are different entities. Thus an explicit distinction is made here between social structure per se, and the *outcomes* of social structure: when outcomes are positive, social structure is said to convey social capital. Therefore, social capital refers to the resources which accrue *through* the social structure of relationships; in this respect, social capital is said to inhere in social structure, ergo the absence of social structure precludes social capital from coming into existence (Gabbay & Leenders, 2001).

Organisational (Corporate) Social Capital

Social capital theory holds both for individual or collective actors, irrespective of social context, and as such applies in organisational settings; the social networks of organisational actors are therefore viewed as representing a crucial determinant of value creation in organisations. The network form of economic organisation (Powell, 1990) reflects this by emphasising the interconnectedness and interdependence of actors, both within the organisation and beyond its boundaries, through the social structure of their relationships.

While there is extensive research devoted to social capital, study of this construct in organisational settings has only more recently received attention, with researchers using the concept to help explain various organisational phenomena. One of the strengths of the social capital approach is its consistency with, and complementarity to, a diverse range of organisational theory. Adler & Kwon (2000) suggest the growing research interest in the concept is due to its ability to bring more theoretical specificity to the wide range of phenomena known as 'informal organisation', phenomena that have long been at the heart of organisational studies. Similarly, Leenders & Gabbay (1999) posit that looking at organisations through a social capital lens provides a comprehensive and unifying way in which to study organisational effectiveness. Correspondingly, organisational social capital theory attempts to explain how social structure influences organisational outcomes.

Following Leenders & Gabbay (1999), Organisational (Corporate) Social Capital (OSC) is here defined as:

The set of resources, tangible or virtual, that accrue to organisations through the social relationships of organisational actors, facilitating the attainment of goals.

In summary, OSC theory attempts to explain how social structure influences organisational outcomes, and a key determinant of organisational social structure is the membership status of

its members. Consequently, it can be argued that there is the potential for membership status to influence OSC, and thereby the attainment of organisational goals.

Organisational Membership Status

The adaptive responses of organisations to the contemporary ‘networked’ economy have been far-reaching and dramatic (Lesser, 2000). Arguably the most profound response has been the paradigm shift in the social contract between organisations and their members, from one based upon employment to a social contract based upon ‘employability’, and the resultant steady increase in the proportion of organisational members of impermanent status (Pfeffer, 1998). Consequently, employment relationships are becoming less stable, as are social relationships within organisations. Given the above definition of organisational social capital, this shift in employment practices and the resultant impact on social structure has significant potential to influence the flows of organisational social capital.

Obviously, in order to ascertain whether or not such an influence is occurring, it is necessary to differentiate between organisational members according to their terms of employment. Pennings & Lee (1999) suggest stratifying organisational membership on the basis of the ‘partial’ inclusion of members; in so doing, they recognise the following three levels of organisational membership status:

- i) *core* – ‘long-term’ employees and owners;
- ii) *associate* – ‘mid-term’ employees with good prospects to join the core;
- iii) *marginal* – ‘short-term’ contingent employees, sub-contractors, etc with little or no prospect of joining a higher level, either through choice or circumstance.

In this typology, ‘core’ and ‘associate’ employees constitute two levels of permanent or non-contingent organisational membership status, while ‘marginal’ employees constitute a third level of temporary or contingent organisational membership status. While Pennings and Lee do not represent their typology as definitive, I nevertheless deemed it sufficiently

differentiating between permanent and contingent employees to enable my research questions to be answered. Therefore, organisational membership status will hereafter be defined as:

The degree of permanence, explicit or implicit, in the employment relationship between the organisation and the individual employee.

In summary, organisational membership status refers to the relative permanence of an individual actor's employment relationship; furthermore, the distribution and proportion of the three levels of employment status significantly determine organisational social structure, and therefore may influence organisational social capital flows.

FOCUS OF STUDY

As explained previously, the purpose of this study was exploratory and explanatory, and therefore constraining its scale and scope was an early challenge. Narrowing the focus of my study was crucial in providing necessary discipline in this respect, by tightly proscribing those aspects of the phenomenon which would be considered – and thereby those that would not.

As noted above, organisational social capital constitutes the resources conveyed through social structure to be accrued by organisations, and this conveyance - or transfer – of resources from one actor to another constitutes social exchange in an organisational setting. For social exchange to take place, an actor must first choose to enter into an exchange relationship with one or more actors; as such, there is implicit a social exchange mechanism by which actors make this choice.

Liden, Sparrowe and Wayne (1997) noted there were very few studies that directly examined the “black box” of social exchange processes in organisational settings, and Cropanzano and Mitchell (2005) reiterate this observation nearly a decade later. Similarly, there appears to be no research focussed on exploring the influence of organisational membership status on the flow of OSC as defined here.

The focus of this study, therefore, is twofold:

- i) The social exchange process - or processes - that control the conveyance of OSC; and,
- ii) Whether or not organisational membership status influences the process in any way, thereby affecting the choice actors make with respect to entering into OSC exchange relationships.

The acute focus of this study is thus directed totally within the confines of Liden et al's "black box" of social exchange processes in organisational settings.

RESEARCH QUESTIONS

Consistent with the purpose and focus outlined above, this study set out to answer the following broad questions:

- i) What is the social exchange process/es by which organisational actors decide to initiate organisational social capital flows?
- ii) Does organisational membership status influence the outcome/s of that process, and if so, how?

CONTEXT

As with focus, proscribing the context in which the phenomenon of interest is to be researched further defines the scope and scale of this study. I address here three contextual dimensions central to this study: *locational*, *relational*, and *temporal*.

Locational Context

The phenomenon of interest occurs both within the organisation, and beyond, thus the locational context of the study spans the boundary of the organisation.

A further locational context is that all the organisational settings in which my participants' experiences occurred were in New Zealand.

Relational Context

This study constitutes a micro level analysis, and as such focuses on the individual actor; furthermore, the perspective adopted is that of the focal actor. The relational context includes the focal actors' relationships within the organisational setting, as well as relationships beyond the organisation. This context is restricted by considering only those non-organisational relationships which are 'private' or exclusive to the focal actor – ie the organisation does not share the same relationship.

The relational context also includes the exchange relationships necessary for OSC to accrue to the organisation. This context is restricted in this study to exchange relations comprising a total of three actors: the focal actor, their exchange partner within the organisation, and their exchange partner outside the organisation.

A further relational context relates to the focal actor's employment relationship with the organisation, which confers core, associate or marginal organisational membership status.

Temporal Context

The temporal context of this study is defined by the two relationships explicit in this study. Firstly, one of the key defining elements of social exchange relations is that they constitute multiple, interdependent exchanges over time, thus the exchange relationship represents one temporal context of this study. As exchange relationships by definition have both a historical component that varies from relation to relation, and a future component that is open-ended, this temporal context is similarly non-specific.

Secondly, in order to determine whether or not an actor's exchange behaviour is influenced by their organisational membership status, it is necessary to study actors who have experienced more than one level of membership. Thus, there is also a temporal context relating to the employment relationship. This is reflected in the research being extended to include informants' current employment, as well as their two previous employment 'episodes'. As employment relationships may vary in length, this temporal context is also non-specific.

OUTLINE OF CHAPTERS

In this final section, I provide a brief summary of subsequent chapters.

Chapter 2: Theory - Social Exchange in Organisations

This chapter presents an extensive review of the social psychological, social exchange and organisational behaviour theoretical literature. The chapter is divided into five sections: actors, resources, structure, exchange processes, and social exchange in organisational settings.

Chapter 3: Methodology

The methodology chapter outlines the theoretical tools and philosophical foundations that underpin the methodology of this study. It presents the theoretical perspectives that frame data collection and provide philosophical alignment with both the epistemology and qualitative research design used for this study. The chapter concludes with a reflective section on the research process.

Chapter 4: Methodological Procedures

The methodological procedures chapter presents the tools used to undertake this study. It outlines the research questions and sampling method, and includes a profile of the final sample. The qualitative research design and rationale for its use is discussed in depth, followed by an explanation of the data collection method. Finally, the method employed for data analysis, Dimensional Analysis, is introduced and described in detail.

Chapter 5: Findings I – SETA Phase 1

Consistent with the Dimensional Analysis approach, the first chapter of findings describes the dimensions identified in my data, and presents the two-phase process selected as central perspective. A graphic representation of the grounded theory that emerged from the data is introduced, and the chapter concludes with a populated explanatory matrix that reintegrates all phase one dimensions with respect to the central perspective.

Chapter 6: Findings II – SETA Phase 2

Continuing on from the previous chapter and again consistent with the Dimensional Analysis approach, the second chapter describes the balance of the dimensions identified in my data. The chapter concludes with the presentation of a fully populated explanatory matrix that reintegrates all phase one and two dimensions with respect to the central perspective, and this is then translated into a clear narrative version constituting a grounded theory of my problematic social phenomenon.

Chapter 7: Discussion

This chapter discusses the theory of social exchange initiation with respect to the literature, in order to locate my theory within the existing body of knowledge. Sub-dimensions are also discussed in conjunction with theory chosen from my theory chapter for its congruency. Where incongruencies between existing theory and my findings exist, these are also discussed.

Chapter 8: Conclusion

This chapter reflects upon the study as a whole. It provides a brief review of the purpose, focus, and questions of the research, along with general observations on the extent to which these have been addressed. Strengths and limitations of the study are discussed. Finally, comments on the implications of the study, and suggestions for future research are presented.

Summary

This chapter introduces the reader to my study. It provides background on the perspective I bring to my research, and the thoughts and emotions that motivated this study. It describes the purpose of the study and my rationale for the methodological approach; it presents definitions of the phenomenon of interest, social exchange of organisational social capital, and the other key concepts with which it is associated herein; and it details the specific focus and context of the study and my research questions. The chapter concludes with brief outlines of the chapters to follow.

OVERVIEW

This study is interested in the nature and causes of human behaviour in a social setting, and as such places the findings within the interdisciplinary field of social psychology. The theoretical perspective consistent with the focal behaviour is social exchange. Furthermore, the focal behaviour is considered in the context of two different social settings - private life and work life (organisations). Finally, the specific interest pertains to the underlying processes of reciprocal social exchange when exchange spans these two social contexts.

This chapter briefly outlines the broad theoretical context of this study, before more closely examining the social exchange frame; particular emphasis is placed on reciprocal exchange and relevant research threads from the field of organisational behaviour. The chapter is organised utilising Molm's (2006) framework of the four basic elements of exchange: *actors*; *resources*; *exchange structures* (relationships) and *process of exchange*.

SOCIAL PSYCHOLOGY

The predominant focus of psychology is on individual behaviour, whereas the traditional focus of sociology is on collective social behaviour and associated social structures; social psychology represents a synthesis of the relevant work from each discipline. This synthesis is evident in the three key theoretical foci of social psychological research: social/structure, psychological/behaviour, and psychodynamic/interaction; ultimately, social psychology "...seeks to explain how social structural conditions affect individual thought, emotion, and behaviour and vice versa" (Turner, 2006, p.365).

Turner emphasises the dynamic nature of the processes that connect individuals and social structure and uses the term *psychodynamics* to denote them; furthermore, psychodynamic processes are held to be constantly in play at all levels of social reality - ie micro/individual ('face-to-face' encounters, rituals), meso/collective (organisations, categories), or macro/systemic (institutional domains, societies). Turner maintains that distinguishing between levels of social reality is not merely an analytic convenience, but representative of the actual manner in which reality unfolds, where each level of reality is

both built from the levels below and embedded within them: “For the most part, social psychology studies the dynamics of embedding by viewing the cognitions, emotions, and behaviours of individuals as being constrained by corporate and categoric units (p 353)”.

Similarly, DeLamater (2003) maintains social psychology includes the following core concerns (p.xi):

- i) The impact of one individual on another
- ii) The impact of a group on its individual members
- iii) *The impact of individuals on the groups in which they participate (italics added)*
- iv) The impact of one group on another

This study falls primarily with the third core concern – that is, the impact of individuals on the group in which they participate. Adopting Turner’s perspective on levels of social reality, the action sits at the interface between micro & meso levels – that is, while the action between broker and supplier/recipient is embedded at the micro level, the recipient – and possibly the supplier – is also an agent for a meso level entity; furthermore, given the actors’ shared interest, they may themselves be regarded as constituting a collective/meso level entity. As the focal behaviour in this research is the types of exchange that occurs between individuals, the theoretical perspectives of Social Exchange are integral for understanding the phenomenon under study.

SOCIAL EXCHANGE FRAMEWORK

The Social Exchange perspective incorporates behavioural psychology with classical theories of economic exchange. It conceptualises social interaction outside the economic marketplace as also involving an exchange of benefits – ie many of the things that people value and need in life are acquired through a process of social exchange rather than economic exchange.

The roots of social exchange theory lie in the work of Homans (1958), who conceptualised social behaviour as “...an exchange of goods, material goods but also non-material ones, such as the symbols of approval and prestige” (p.606); he later defined social exchange as

“... the exchange of activity, tangible or intangible, and more or less rewarding or costly, between at least two persons” (1961, p.13). Homans developed five propositions of human behaviour framed in terms of rewards and punishments, where rewarding behaviour is generally expected to be repeated.

Blau (1964), one of the most influential social exchange theorists, extended Homans work to differentiate between economic and social exchange, illustrating social exchanges thus: “Neighbours exchange favours; children, toys; colleagues, assistance; acquaintances, courtesies; politicians, concessions” (p.88,). He defined economic exchange as comprising specific obligations based upon a formal contract, whereas social exchange comprises “...favours that create diffuse future obligations, not precisely specified ones, and the nature of the return cannot be bargained about but must be left to the discretion of the one who makes it “(p.93).

While the main focus of Homans’ work was on dyadic relations, Blau emphasised larger social structures (Cook & Rice, 2003). In so doing, Blau’s work points to the key analytic difference between economic exchange and social exchange: whereas classical economic exchange theories typically assume exchanges are discrete, one-off occurrences between strangers, social exchange theorists focus on exchanges within on-going and enduring relationships. As such, the emphasis is on the larger social networks in which these exchanges are situated to develop understanding of how these social structures influence actors’ opportunities for exchange, and the processes associated with social exchange itself (Molm, 2006).

Molm (2006), responsible for much of the foundational research on reciprocal exchange, summarises the analytic focus of social exchange as “the benefits that people obtain from, and contribute to, social interaction and the opportunity structures and dependencies that govern those exchanges” (p.24)”. While there are numerous differences between the various theories that adopt the social exchange perspective, Molm (2006) maintains they all share a common set of four basic elements: “the actors who exchange, the resources exchanged, the structures within which exchange relations develop, and the dynamic process of exchange”, with each element including “...a set of related concepts and associated assumptions” p.25); together, they provide a basis for predicting actors’

behaviour when engaging in exchange, and the effect different factors have on the outcomes of exchange. The following sections reflect Molm's Framework of Social Exchange and include: Actors; Resources; Structures (Relationships); and Exchange as Process.

ACTORS

Molm (2006) defines actors as "...either individual persons or corporate [organisational/categoric] groups acting as a single unit. In addition, they can be specific entities or interchangeable occupants of structural positions" (p.25). The focus of this research in respect to the 'Actor' is at a dyad level engaged in social exchange.

It is notable that Social Exchange theories in the literature are all underpinned by the same assumption in respect to the motivations of the individual. As stated by Molm (2006) "virtually all SE theories assume actors are self-interested, seeking to increase outcomes they positively value and decrease those they negatively value – [Actors' behaviour is motivated by desire to increase gains and to avoid loss – minimax principle] they differ in extent to which they assume a rational actor model or a learning model" (p.58).

Accordingly, whilst both models are centred on gains and losses, differentiation occurs in terms of approach, that is a "forward-looking" model in respect to the rational actor and a "backward-looking" model for the learning actor.

When engaging in social exchange, the rational actor cognitively weighs potential benefits and costs and makes conscious choices that seek to maximise outcomes, whereas the learning actor responds behaviourally to previous choices made and hence does not weigh up any alternatives and may even fail to maximise outcomes. This is because a learning model is based upon the reinforcement principle, whereby actors will continue to engage in a particular behaviour if it is reinforcing as long as the benefits outweigh the costs (Macy, 1990).

In general, contemporary theories of social exchange strongly favour the rational actor perspective of behaviour, with some, for example, network exchange theory - being

explicit in this assumption; however, others – most notably power-dependence theory – incorporate the learning actor perspective as well. For the purpose of this research it is the rational actor model that is of the greatest interest.

Utility

A sociological paradigm that has dominated the social sciences over time is that of *utilitarianism* – a “forward-looking” rational approach based on self-interest; whereby the actor’s behaviour is motivated by an instrumentalist pursuit of attaining valued outcomes (Beach & Connolly, 2005). Often underpinning economics theory and research, utilitarianism is of important significance for social exchange, as many decision-making theories, are derived from behavioural economics.

Value

In social exchange discourse, actors transfer ‘valued’ resources. Emerson (1976), borrowed directly from Homans (1961) when he observed:

No concept is more important or confusing than value...yet...its basic meaning...can be stated best in terms of reinforcement. The value of a unit of some stimulus...is the magnitude of reinforcement affected by that unit. We use the term *value* when dealing with reinforcement as a scalar variable (p.348).

In this respect, Emerson concluded that value is synonymous with the notion of utility: the subjective psychological value – that is, the amount of reinforcement (satisfaction) an actor derives from a good or service. Emerson noted that the value of a unit of *reinforcing stimulus* – reward - has been further elaborated, resulting in four derivative conceptions predominant in the social exchange literature:

- i) *value thresholds or comparison levels* (Thibault & Kelly, 1959) – over time, the reward per transaction over a series of transactions becomes the ‘neutral’ reference point for valuing the reward from further transactions;

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- ii) *satiation-deprivation* and *diminishing marginal utility* – the value of a reward decreases as a function of the number of units of reward recently received or currently possessed;
 - iii) preference orders and value hierarchies;
 - iv) cost – the aversive or *punishment stimulus* incurred, and/or rewards foregone, from a social transaction.

Another important concept in this theoretical model is that of rational choice. Self-interest, and utility maximisation becomes the rationale for action, that is, the rational choice of action is the one that maximises utility to the focal actor. To explain how this works, the expected value theory of rational choice is useful.

Expected Value Theory of Rational Choice

Expected Value Theory of rational choice can fairly be said to be the standard theory of rational choice in the social sciences. When an actor faces a choice between two or more options, which option is it rational to choose? According to the Expected Value Theory, rationality requires the actor to choose the option with the highest expected value. This requires the actor to consider all of the possible outcomes that could result from choosing a particular option, and then decide how beneficial or costly each of these possible outcomes would be. Furthermore, actors must also consider how *likely* each possible outcome is. Thus, the expected value of an option is the sum of the costs and benefits of each possible outcome, multiplied by the probability that it arises.

BEHAVIOURAL ECONOMICS

However, the limitations of conceptualising actors as perfectly rational seekers of utility maximisation have long been recognised. Simon (1955) argued that in actuality actors lack the cognitive resources to maximise utility because they do not know the relevant probabilities of outcomes, rarely evaluate all outcomes with sufficient precision, and their memories are weak and unreliable. Instead, Simon presented an alternative conceptualisation of actors as being imperfectly or ‘boundedly’ rational seekers of

‘adequate’ – or ‘near’ optimal - outcomes, a decision-making strategy he termed satisficing.

The notion of bounded rationality has led to the field of study known as behavioural economics, which sets out to increase the explanatory power of neoclassical economics through the incorporation of more ‘realistic’ psychological foundations. (Camerer, & Loewenstein, 2003). In other words, behavioural economics builds on, rather than rejects, the utility maximisation, equilibrium and efficiency imperatives of the neoclassical approach to economics.

It does so by using “... evidence from psychology and other disciplines to create models of limits on rationality, willpower and self-interest, to explain anomalies and make new predictions” (Camerer, 2006, p.210). More specifically, behavioural economics introduces additional assumptions (for example, the notion of fairness), modifies other assumptions (for example, non-linear weighting of risky outcomes; non-constant discounting of future outcomes), and acknowledges and accommodates human limitations (for example, computational power; willpower; self-interest).

Overtime theories that have evolved based on behavioural economics have focused on either judgement or choice: “Judgment research deals with the processes people use to estimate probabilities... Judging the likelihood of events is central to economic life” (Camerer, 2008, p.10). For this reason much of the judgement theory that has been developed focuses on statistical and probability sampling, whereas choice is based on decision-making theories.

Perhaps the most notable contribution in behavioural economics has come from three separate research programmes by Kahneman and Tversky (1979). The first programme explored the heuristics actors employ and the biases they tend to adopt when tasked with making judgments under uncertainty; the second was concerned with prospect theory which models how actors make choices under risk, and the loss-aversion of actors when making choices without risk; and the third dealt with the implications of the ‘framing effect’ for the rational actor model.

Prospect Theory

Kahneman & Tversky (1979) developed *prospect theory* as a psychologically ‘realistic’ alternative to expected utility theory. Prospect theory describes the decision process individuals use to choose between alternative courses of action that involve risk; the process comprises a two-stage evaluation of potential losses and gains for each alternative. In the first stage, *editing*, actors employ a heuristic to order possible outcomes from the decision: outcomes seen as basically identical set a ‘neutral’ reference point against which all other outcomes are considered, with lesser outcomes regarded as losses and greater outcomes as gains. In the following *evaluation* phase, actors ‘calculate’ a value - or utility – for each outcome based on its desirability and the probability of it occurring, and then choose the course of action with the highest utility.

Loss-aversion Theory

Kahneman & Tversky (1979) also found that actors feel a loss more profoundly than they feel a gain of the same value. This translates to the notion of *loss-aversion*, which refers to the tendency for actors to have a stronger preference for the avoidance of losses than they do for the acquisition of gains: "The central assumption of [loss-aversion] theory is that losses and disadvantages have greater impact on preferences than gains and advantages" (Tversky & Kahneman, 1992, p.297); indeed, studies have found this preference for loss avoidance to be up to twice as strong as that for gain acquisition (Samuelson, 1963). When actors evaluate the potential outcomes from a given course of action, loss avoidance preference leads to risk-aversion if the outcome represents acquisition of gains, or risk-seeking if the outcome represents a mitigation of losses.

Two other concepts are commonly associated with loss-aversion theory. *Status quo bias* (Samuelson & Zeckhauser, 1988) refers to how loss aversion induces a bias in favour of retaining the current state compared with alternative states – that is, the disadvantages of shifting from the current state are given greater weight than the advantages of shifting to a new state (Tversky & Kahneman, 1991). The *endowment effect* (Kahneman, Knetsch & Thaler, 1991) also known as divestiture aversion contends that actors value a commodity more highly once they ‘own’ it; as with loss-aversion, actors dislike losing something they

already possess more than they like gaining an additional possession.

Framing

The concept of a *frame* is largely attributed to the work of Goffman (1959, 1974) and comprises the collection of stereotypes – ‘schemata of interpretation’ – that actors rely upon to understand events and guide their actions (Beach & Connolly, 2005). Within decision-making, the ‘framing effect’ refers to how actors, when faced with an identical decision problem, often make contradictory choices depending upon how a set of options is described, or ‘framed’. For example, Tversky and Kahneman (1980, 1981, 1986) found that framing decision-problems in positive terms – that is, in terms of gains - generally results in actors making less-risky choices, while framing problems in negative terms, that is, in terms of losses results in more risky choices being made; this finding is consistent with loss-aversion theory.

Two of the more significant frames of behavioral economics are *mental accounting* and *hedonic framing*.

Mental Accounting

“If people are sensitive to gains and losses from reference points, the way in which they combine different outcomes can make a big difference” (Camerer & Loewenstein, 2003, p.21).

Thaler (1980) suggested ‘*Mental Accounting*’ was a useful metaphor for describing the rules actors use to govern the integration of gains and losses; thus, mental accounting is conceptualised as a set of cognitive operations used by individual actors to code, categorise, evaluate and keep track of their financial activities. These operations involve the division of assets into separate, non-transferable, psychological ‘accounts’, and actors’ consumption behaviour for each account is different – ie, each mental account has a different set of consumption rules. Associated work by Shefrin and Thaler (1988, 1992) developed the behavioural life-cycle hypothesis that posits actors mentally frame assets as variously belonging to *current income*, *current assets* or *future income* mental accounts;

according to Shefrin and Thaler, actors prefer to use current income for consumption rather than current assets.

The concept of mental accounting has an important implication for economic theory. The standard view in economics is that money is fungible, that is, one unit of money is mutually substitutable for another unit of money; however, mental accounting is held to accurately predict that actors spend money differently depending on its source, and as such violates the principle of fungibility of money (Thaler, 1985, 1990). The behavioural imperative that drives this violation is explicit in the functional purpose of mental accounts: this typically characterises mental accounting as a ‘self-control’ device, the aim of which is to strengthen actors’ resolve to resist consumption today in order to gain greater benefits in the future (Karlsson, Garling & Selart, 1996).

One further decision actors face in relation to their mental accounts is when to open a new account, or close an existing one. Thaler (1999) argues that actors are reluctant to close mental accounts at a loss, and will leave them open to avoid ‘writing-off’ an investment. However, according to Gourville & Soman (1998), actors are less resistant to ‘writing off’ an ‘investment’ over time, and will depreciate investments when the consumption benefits are temporally separated from the investment. The inference is that actors find it more palatable to spread a loss over time, than to realise a loss all at once.

Hedonic Framing

Thaler (1985, 1999) conceived *Hedonic Framing* to describe the principles by which actors evaluate courses of action that generate combinations of ‘good’ and ‘bad’ outcomes. The underlying assumption of hedonic framing is that actors maximise their utility by “...cod[ing] combinations of events...to make themselves as happy as possible” (Thaler, 1999, p.187). This desire to maximise the feeling of ‘happiness’ from a given course of action is reflected in the four principles of hedonic framing:

- i) Segregate gains;
- ii) Integrate losses;
- iii) Integrate smaller losses with larger gains; &

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- iv) Segregate small gains from larger losses.

The principles apply within and across mental accounts, and Thaler (1999) characterises their behavioural expression as follows:

... a loss hurts less if it can be combined with a larger gain; a purchase is more likely to be made if it can be assigned to an account that is not already in the red; and a prior (sunk) cost is attended to if the current decision is in the same account (p.197).

Consequently, Thaler (1999) argues that mental accounting can be expected to be as hedonically efficient as possible because actors will exploit opportunities to combine losses with larger gains wherever feasible; and that given it is difficult for actors to combine losses to diminish their overall impact, loss-aversion will be even stronger.

Bounding or grouping of outcomes is also known as 'bracketing'. According to Read, Loewenstein & Rabin (1999), when actors face many choices, they have two modes of processing those choices: actors either assess the consequences of each choice in isolation, termed *narrow bracketing*; or they assess the consequences of all choices taken together, termed *broad bracketing*. Consistent with hedonic framing, Read et al assert that actors who bracket broadly are more likely to maximise happiness than actors who bracket narrowly.

Game Theory

Much has been written in the literature about *Game Theory*, a mechanism often used to test actors behavioural responses under laboratory conditions: "Game theory is a taxonomy of canonical strategic interactions and a collection of mathematical theories of how players with varying degrees of rationality are likely to play in games as they are perceived" (Camerer, 2006, p.196). Results to date have produced cognitive systems that match the concepts of intuition and reasoning (Kahneman, 2003).

Learning Theory

When used in this context, *Learning Theory* becomes a subset of game theory, whereby focus is at the individual level. It is based on individual agents' experiences and their limitations. It is worth noting that studies based on experimental data have been more accurate in prediction than population-based studies.

Neuroeconomics:

Traditionally, rationality in economics is represented as consistency in choices, where consistency is a result of careful evaluation of costs and benefits according to one's preferences and constraints perceived at the time. However, the field of neuroscience is challenging this notion of choices being the product of a conscious and deliberate process, instead claiming that most brain processes are unconscious (Park & Zak, 2007).

Gazzaniga (1998) describes an 'interpreter' region in the brain that appears to engage in post-facto interpretation of decisions we only become aware of after brain activity has already arrived at a choice: "Reconstruction of events starts with perception and goes all the way up to human reasoning...After the brain computes an event, the illusory "we" (that is the mind) becomes aware of it. The brain...is built to interpret data the brain has already processed" (p.1). In other words, by interpreting our past unconscious actions, this neurological device creates the conscious illusion that we are in control.

Furthermore, Gazzaniga (1998) characterises this device as the last in the information chain, imperfectly reconstructing "...brain events [that result in] telling errors of perception, memory and judgment. ...Biography is fiction. Autobiography is hopelessly inventive" (p.2). In other words, it is our brain making these 'consistent' economic choices while our conscious mind retrospectively tries to make sense of them. This parallels the notion that people are 'hard-wired' to engage in cooperative and reciprocal behaviour – it happens without 'thinking', not because we have pre-determined it is rational to do so. Furthermore, neuroeconomics has confirmed that human beings possess utility functions that evaluate external rewards, attribute subjective values to those rewards, and thereby order or map preferences (Park & Zak, 2007).

According to Camerer (2003), behavioural economics has drawn on behavioral decision research more than any other subfield of psychology. This field of study has also been influenced by choice theory.

BEHAVIOURAL DECISION-MAKING

The development of ‘Behavioural Decision-Making’ initially tended to focus on models of perceived “rational behaviour”, whereby models were tested on the basis of pre-determined outcomes, rather than what actors would actually do in a given set of circumstances. These are notably Prescriptive Theory, Normative Decision Theory and Image Theory.

Prescriptive Theory

Prescriptive Theory, as suggested by its name is a decision-making theory that predicts the desired outcome prior to the decision being ascertained. In this case decision-making models focused on what should be done, rather than what actors actually do. The major limitation of this theory is that data collection is confined to tasks involved in choice rather than diagnosis or implementation (Beach & Connolly, 2005). A significant critique of the approach is that if behaviour conforms to the model it is considered to be rational and behaviour that doesn’t, then it is judged to be irrational

Normative Decision Theory

A similar theory called *Normative Decision Theory* was developed based on a defined set of norms for individuals to be matched to. The theory investigates the differences between what it is perceived decision makers should do compared to what they actually do. In this way the emphasis is on understanding human decision processes in order to help decision makers perform better (Beach & Connolly, 2005).

Image Theory

Image Theory says that decision makers draw on a set of knowledge images to guide decisions about what to do and how to do it. Using a screening mechanism, actors quickly screen out potential goals and plans that are deemed incompatible in order to make a

decision. It is recognised that the number of images far exceed what is needed for a decision to be made (Beach & Connolly, 2005).

Story Model

An alternative cognitive-based decision making model that gained popularity in the 1980s was narrative-based and was called *Story Model*. In this model the construction of stories is used as a method of organising knowledge and hence making decisions. This requires the construction of a mental model with the limitation that stories constructed were based on previous experiences, thus limiting decisions in unfamiliar areas (Beach & Connolly, 2005).

Case-Based Decision Theory

More recently behavioural decision making theories have provided critiques of Expected Utility Models, with the result that *case-based decision theory* has emerged (Gilboa & Schmeidler, 1997, 1995). This theory asserts that expected utility models are unable to take into accounts all states of the world or provide guidance for decisions that are especially complex and so offers as an alternative cognitive science approach (Stewart & Vogt, 1999):

Case-Based Decision Theory' (CBDT) suggests that people making decisions under uncertainty tend to choose acts that performed well in similar decision situations in the past. More specifically the theory in its original version assumes that a decision maker has "cases" in her memory ... (Gilboa & Schmeidler, 1997, p.47).

When making new decisions the theory proposes that the actor will "infer" something about the new act by drawing on similar experiences of the past.

Decision Modes

A critique of “accounting models” in social exchange is that they suggest that recipients of help focus exclusively on costs and benefits in deciding whether and how much to reciprocate. According to Ames, Flynn & Weber (2004):

These models do not grant any role to perceived mental states or decision modes but instead focus on instrumental outcomes....In contrast, we expect perceivers to discriminate between positive affect, role and cost-benefit modes and to evaluate helpers accordingly (p. 463).

Weber (2001) introduced the notion of Decision Modes as relevant for social decisions. Under this model, three prevalent decision modes are posited:

- i) affect
- ii) cost-benefit
- iii) role-based decision making

Affect Decision Making

The first, *affective-based decision* centres on the affective reactions that occur immediately to elements of the decision. When considering helping episodes “we focus on a positive affect mode – when a helper decides to act based on positive feelings for the recipient” (Ames, Flynn, & Weber, 2004, p. 462).

Cost Benefit Decision Making

According to this theory “when using a *cost-benefit mode*, a decision maker deliberately weighs potential rewards for himself or herself against potential costs of helping” (Ames, Flynn, & Weber, 2004, p. 462).

Role-Based Decision Making

Finally, a *role-based decision making* mode is based upon a context in which the decision maker is considering his or her formal or organizational duties and obligations (Ames, Flynn, & Weber, 2004).

Accordingly when considering these decision modes: “People arrive at such decisions in different ways. They may help because they like the person requiring assistance, or because they consider it their organizational duty, or because they think they will get something in return” (Ames, Flynn, & Weber, 2004, p. 462).

Research undertaken by Ames, Flynn, & Weber, (2004) using the decision mode model found that participants chose affect-based decisions as the most desirable for deciding to help, especially with close relationship situations. However, when deciding to help actors who were distant contacts, cost-benefit and role-based decision making were seen as more appropriate than affect-based (Ames, Flynn, & Weber, 2004).

RESOURCES

According to Foa and Foa, “When interpersonal behavior is defined in terms of its meaning, it becomes almost synonymous with resource exchange“ (1980, p. 81). When an actor has possessions or behavioural capabilities that are valued by other actors, they are held to be *resources* in that actor’s relations with those other actors; in other words, because resources depend on their value to others, what constitutes a resource for an actor in one relation may not constitute a resource in another, and as such resources are said to be attributes of *relations*, not actors (Emerson, 1976).

Resources that may be transferred in social exchange include the tangible goods and services of economic exchange, as well as intangible capacities to provide socially valued outcomes such as approval or status (Molm, 2006). From the social exchange perspective, there is little interest in what actors value per se; the primary concern is how control of valued outcomes influences the creation of exchange relations.

Exchange outcomes can have positive or negative values; for economists, positive outcomes equate to utility, which refers to the benefit received (Refer later in this chapter). In social exchange theory, valued outcomes are assumed to be governed by the economic law of diminishing marginal utility, or the psychological principle of satiation. A further assumption of exchange theories is that actors' behaviours are unaffected by the domain of value; that is, actors who value the same outcome will also tend to behave the same way in order to produce more of those valued outcomes within the constraints of available opportunities (Molm, 2006).

Exchanges may be characterised as follows:

- i) Transfer of a tangible resource/physical good from one actor to another;
- ii) One actor performing a behaviour that produces value for another;
- iii) Both types of exchange incurs some form of cost for the actor who performs it, and delivers some kind of valued *outcome* for the other actor;
- iv) All exchange behaviours entail opportunity costs, but some also involve other costs. (Molm, 2006).

Resource Theory

In order to better explain exchange behaviours, Foa & Foa (1976, 1980) developed *resource theory* to provide an ordering structure for the items or actions actors exchange in social relationships. The premise of this work is that "Resources...can be conceptualized as component elements of social behavior so that any given behavior can be described and analyzed in terms of the resources that compose it (Foa & Foa, 1980, p.82). As Berg and Weibe (1993) observe, resource theory "...reflects similarities and differences in the behaviors that motivate exchange and in the effects produced through exchange of different resources" (p.98).

Resource theory suggests that most resources fall into one of the following six categories (Foa, 1980, p.79):

Love is defined as an expression of affectionate regard, warmth or comfort; *status* is an expression of evaluative judgement which conveys high or low prestige, regard or esteem; *information* includes advice, opinions, instruction or enlightenment...; *money* is any coin, currency, or token which has some standard unit of exchange; *goods* are tangible products, objects or materials; and *services* involve activities on the body or belongings of a person which often constitute labor for another.

These resources are in turn organised into a framework that has *particularism/universalism* as one dimension and *concreteness/symbolism* as a second dimension. Particularism/universalism refers to the notion that the worth of a resource varies according to the actor who provides it: according to Foa and Foa (1976, 1980), money is said to be the most universalistic resource given that its value is constant regardless of who provides it, whereas love is said to be the most particularistic resource because its value is highly dependent upon the source. Goods and information are held to be more particularistic than money, while status and services are held to be less. Concreteness/symbolism refers to how tangible or specific the resource is: goods and services are held to be more concrete, while status and information are regarded as being more symbolic; money and love are said to lie in between as they can be exchanged for a more concrete or symbolic resource.

Resource theory incorporates a third dimension, time, with Foa and Foa (1980) arguing that resources vary in the time required for exchange. In general, the more particularistic and concrete the resource, the more likely it will be exchanged on a short-term, quid pro quo basis – eg. money may be exchanged quickly, whereas love typically takes much longer. Coyle-Shapiro and Conway (2004) contend that this infers there will be fewer opportunities in short-term relationships to exchange resources that require longer exchange timeframes. Furthermore, they observe that this temporal dimension to resource exchange is consistent with Blau's (1964) view that actors' preparedness to be indebted to others is necessary for an exchange relationship to develop; indeed, as is discussed later, this preparedness is regarded as a precondition for reciprocal exchange.

A further key finding of Foa & Foa (1980) is that actors prefer to exchange resources proximally rather than distally – ie the preference is to exchange a resource for one that is from the same or an adjacent category according to the two organising dimensions; on this basis the exchange of a good for status is less likely than the exchange of a good for money. According to Coyle-Shapiro & Conway, this preference is consistent with Gouldner's (1960) observations on homeomorphic - or 'tat-for-tat' - exchange equivalence; on the other hand, the notion of proximity or homeomorphic exchange is inconsistent with the underlying precepts of reciprocal exchange, where heteromorphic - or 'tit-for-tat' - equivalence is more likely. Homeomorphic and heteromorphic reciprocity are revisited later.

EXCHANGE STRUCTURES

Molm's (2006) third element of social exchange is the structures within which exchange relations develop. In this section, an explication of networks will be undertaken, followed by consideration of Power Dependence Theory.

Networks

The dominant focus of contemporary exchange theories is on the network structure of relations between actors. Exchange networks comprise the following five core elements:

- i) A set of actors – individuals or groups
- ii) Valued resources distributed amongst those actors
- iii) Opportunities for each actor to exchange with one or more actors
- iv) Exchange relations – a history of realised exchange opportunities between actors
- v) Connections between exchange relations to form single network structure

(Cook, Molm & Yamagishi, 1993)

In any network exchange there are several prerequisite assumptions underpinning it. The first assumption is that actors engage in a mutual exchange repeatedly over time with specific actors. The second assumption is that "all exchange relations – whether dyadic or

embedded in larger networks, develop within structures of mutual dependence, that is, between actors who are dependent on one another for valued resources” (Cook, Molm & Yamagishi, 1993, p.23).

The dependence structures can be categorised as *Direct*, *Generalised* or *Productive*. A direct exchange occurs between two actors where the outcome is mutually reliant – that is, they depend on the behaviour of each other. The second structure is a generalised exchange, in this case between three or more actors and where the outcomes are only indirectly reliant on each other’s behaviour. The third structure is that of productive exchange, again between 2 actors but in this case dependent on collaboration to ensure a ‘joint good’ is achieved that benefits all.

Emerson (1972b) suggests that exchange network is an opportunity structure comprising a set of three or more actors, each of whom provides opportunities for transactions with at least one other actor in the set. The two relations in a network that share a focal actor (broker in this research) are:

- i) Said to be connected if exchange in 1 relation affects exchange in another relation;
- ii) Network connections said to be positive (+ve) to extent that exchange in 1 relation increases exchange in the other;
- iii) Network connections said to be negative (-ve) to extent that exchange in 1 relation decreases exchange in the other.

The basis for this typology is what Emerson termed ‘domain of resources’ – if actors occupy the same resource domain, it results in negatively connected relations; whereas, if they occupy a different resource domain, then relations will be positively connected – or no connection will exist (neutral).

The network exchange perspective classifies connected relations on the basis of the restriction they place on actors’ ability to accrue benefits – networks classified as being:

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- i) Exclusionary - 2 or more relations cannot exchange in 1 or more of their relations on the same opportunity
 - ii) Inclusionary – actors must exchange in more than 1 relation to accrue benefits
 - iii) Mixed/compound – combine both

Power Dependence

Power Dependence primarily focuses on how social structure confers power and dependence upon specific actors within networks of exchange relations. Power and dependence are held to be “...a function of the value one actor places on resources controlled by another and the relative availability of alternative sources of supply for those resources” (Cook & Rice, 2003, p.57), that is, the more valuable a resource is to one actor and the fewer available alternative sources for that resource exist, the more dependent that actor will be upon an actor who controls access to that resource, or conversely, the more power the actor who controls access to the resource has over the other.

Central to power-dependence are two central notions:

- i) Power is conferred by the relation itself – ie the respective positions within the social structure each actor occupies – and as such is not a property attached to any particular individual,
- ii) Power remains potential until such time an actor identifies an exchange opportunity and initiates exchange – that is, power-dependence is manifested through the process of social exchange.

Thus, the basic unit of power-dependence theory is the social relation, where resources are tied to relations rather than the actors themselves; furthermore, it is the relative position of one actor to others within a network of exchange relations that determines their respective degrees of power and dependence, and these differentials are manifested in the distribution of rewards amongst actors within that network (Cook & Emerson, 1978; Skvoretz & Willer, 1993).

Various micro theories of power-dependence have evolved, of most relevance to this study being the following:

Equi-dependence theory (Cook & Yamagishi, 1992) refers to a network of potential exchange relations as an opportunity structure, from which three classes of relations can emerge:

- i) relations - exchanges routinely occur
- ii) non-relations – potential exchange relations which are never realised
- iii) latent relations – potential exchange relations yet to be realised

The structural arrangements of these three types of relations determine the patterns of exchange within the network and thereby the distribution of power and dependence. Furthermore, given that power-dependence is manifested through the exchange process, it can be seen that only relations and latent relations have the capacity to influence the patterns of exchange within the network – by definition, the removal of non-relations from the network would have no impact on exchange patterns.

Building on the assumption that actors will attempt to increase their gains and minimise their losses, Cook & Yamagishi argue that repeated exchanges between partners over time will result in a tendency for the exchange relation to move towards a state where each partner is equally dependent upon the other for valued resources – that is, a state of equi-dependence – and consequently where the gains and losses from exchange are also said to be equal. On this basis, an exchange network comprised purely of established relations would be expected to find all actors equally dependent upon all other actors within the network, and losses and gains from transacting evenly distributed.

Cook & Yamagishi further argue that this tendency shapes the pattern of exchange - and therefore the distribution of power - within the network, as actors seek out those relations which confer upon them the most power/least dependence, and thereby increase their gains/minimise their losses. In this way, power dynamics have the ability to alter the structure of exchange networks, and as such network structure itself can be regarded as

dynamic. Later work by (Molm, Peterson & Takahashi, 1999; Molm, 2003) focus on the differences between negotiated exchange and reciprocal exchange.

Molm, Peterson, & Takahashi (1999) briefly considered risk when discussing the differences of power use in negotiated and reciprocal exchange. While noting that both forms of exchange entailed risk, the sources of risk are different and lead to the adoption of different risk-reduction strategies that result in opposite effects on power use.

PROCESS OF EXCHANGE

Overview

The process of exchange describes how interaction occurs within exchange structures. Fundamental elements of an exchange process are identified as follows:

- i) Exchange opportunities – the situational context that presents actors with an opportunity to commence the exchange process
- ii) Exchange initiation – involves actor/s utilising the exchange opportunity to engage with other actor/s for the purpose of exchange
- iii) Transaction – follows acceptance/reciprocation of exchange initiation, resulting in the mutual exchange of benefits between exchange partners
- iv) Exchange relation – repeated or episodic exchanges between the same partners over time.

Exchange Relations

As noted above, the social exchange framework views successive transactions between actors not as discrete, independent exchanges between ‘strangers’, but rather as a series of interdependent exchanges between specific ‘partners’ over time; partners being either individuals or specific positions occupied by interchangeable individuals – or both (Molm, 2006).

In direct exchange relations fall into two main categories:

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- i) *Negotiated Exchanges* – actors engage in a combined decision process with respect to a discrete transaction; negotiation leads to an agreed and specific set of exchange terms and conditions that address both sides of the transaction and are typically binding on the actors involved. Most economic exchanges are direct, negotiated exchanges, while some social exchanges can be.
 - ii) *Reciprocal Exchanges* – exchange is initiated by individuals seeking or offering benefits through a transaction without any agreed specificity as to how, when, and to what extent – if at all - benefits will be reciprocated; ie actors do not jointly negotiate exchange terms and conditions, but rather engage in a “...series of sequentially contingent individual acts...with the equality or inequality of exchange emerging over time” (p.28). Social exchanges between friends and family are typically reciprocal in nature, while economic transactions generally do not fall into this category.

Negotiated Exchange

Negotiated exchange shares some elements with productive exchange, in that both actors must engage in transaction negotiations before either can accrue benefits.

Reciprocal exchange is similar to generalised exchange in that benefit flows are unilateral – the key difference being that in reciprocal exchange the same two actors can reciprocate, whereas in generalised exchange they cannot.

A core assumption of exchange theory is that “...benefits received from exchange are contingent upon benefits provided in exchange” (p28) – ie both parties obtain and provide benefits contingent upon the type of social exchange process being entered into. It is assumed that if this were not the case, social exchange behaviour would not be reinforced, and therefore be neither initiated nor continued. This has particular implications for direct exchange relations.

Within exchange relations, that is, repeated transactions between the same actors – contingency expands from consideration of each transaction in isolation to consideration of the transaction with respect to the series/history of transactions; in other words, the

performance or experience of previous exchanges between the same partners influences their behaviour in subsequent exchanges.

Rules and Norms of Exchange

As noted above, a key tenet of social exchange is that exchange relations comprise a series of interdependent exchanges between specific partners over time. Blau (1964) observed that such enduring relationships could be expected to take on developmental or 'emergent' attributes, such as affective commitment, trust, and loyalty. Emerson (1976) notes that for this to happen, actors' behaviour must consistently abide with the agreed rules and norms of exchange:

In any situation in which actions will affect the distribution of rewards, a person may employ any one of a variety of exchange rules. An exchange rule or a distribution rule is a normative definition of the situation that forms among or is adopted by the participants in an exchange relation (p.352).

Emerson goes on to opine that the notion of exchange rules effectively negates any preoccupation with the rationality of actors' behaviour, because rationality may be but one of a number of "...orientations that people sometimes take, depending upon the social relation they have with each other" (p.353). As such, exchange rules may be regarded as a significant determinant of the exchange behaviours that emerge within a given social context.

Even though more than 30 years has passed since Emerson's seminal work on social exchange, Liden, Sparrowe and Wayne (1997) observe that in the intervening years there has been scant direct examination of the specific processes of social exchange, and as such little is still known of the 'black box' of decision principles that shape social exchange behaviour. Furthermore, Sparrowe and Liden (1997) contend that "...the development of an instrument to measure reciprocity in exchange relationships would further research in several related fields of inquiry" (p.544). The above notwithstanding, Early contributions on exchange rules and norms have proved influential, and include Meeker's (1971)

typology of exchange rules, Emerson's (1972) work on power in exchange networks, and Cook's (1975) rules of distributive justice.

Meeker (1971), expanding on the work of early exchange theorists (Thibaut & Kelly, 1959; Homans, 1961; Blau, 1964) and drawing upon game theory, adopted a behavioural decision-making approach to social exchange. Meeker conceived interpersonal exchanges as a set of decisions performed over time by, and of value to, the exchange partners, where the variables being considered are rewards and costs. Meeker describes four premises of social exchange that govern the transmission of these rewards and costs: the individual actor's values, perceptions and expectations are the "...evaluative and cognitive structures that are the premises of behavioural decision-making" (p.486); the fourth premise is "...a kind of social norm telling him how the first three premises should be combined to yield a prescription for his behavior" (p.485).

These social norms are differentiated by Meeker into six 'exchange rules' that assign "...a pay-off to one or both of the participants in an exchange (p.489)":

- i) *Rationality* - actors apply logic to maximise their own payoffs;
- ii) *Altruism* – actors maximise the payoff of their exchange partner;
- iii) *Competition* – actors minimise the payoffs of their exchange partner (diametrically opposite to altruism);
- iv) *Reciprocity* – each exchange partner contributes pay-offs to the other, with total payoffs more or less equally distributed over time;
- v) *Group-gain* – pay-offs are held in common by the group, with actors contributing or taking according to their ability and needs respectively;
- vi) *Status consistency* – pay-offs are correspondingly allocated to exchange partners according to their relative status levels within the group.

According to Meeker, exchange rules are not mutually excluding, and actors may apply multiple rules in a given exchange setting, or adopt different rules according to how an exchange relation develops; furthermore, the list of rules is not held to be exhaustive or final.

In terms of relevance for this research, rationality, altruism and reciprocity (in bold) are the most important and it is to these I now turn.

Reciprocity

There is an extensive body of research from a diverse range of disciplines, including psychology, economics, sociology, ethnology, anthropology, and, most recently, neurology, which concludes reciprocity is a strong determinant of human behaviour, and that reciprocal behaviour in human life is ubiquitous (Falk & Fischbacher, 2001). As already noted, it is an accepted tenet amongst theorists that engaging in social exchange involves a series of interdependent, mutually contingent interactions that result in the generation of obligations to reciprocate; in other words, the connotation of reciprocity is that each party takes on rights *and* obligations.

Gouldner's classic work "The Norm of Reciprocity: A Preliminary Statement" (1960) was a first, and enduring, attempt to fully develop the concept of reciprocity. Drawing heavily on the seminal work of Malinowski (1932), Gouldner identified three distinct types of reciprocity, all of which have developed extensive bodies of research in subsequent years:

- i) Reciprocity as *interdependent exchanges*;
- ii) Reciprocity as *folk-belief*;
- iii) Reciprocity as a *norm*.

Reciprocity as Interdependent Exchanges

Gouldner (1960) interpreted Malinowski's conception of reciprocity as "...the mutually gratifying pattern of exchanging goods and services...involving an exchange of equivalent services...which in the long run balance, benefiting both sides equally" (p.169). Central to this perspective is the mutual dependence of each party on the other for gratification – in other words, the outcomes are a result of a joint effort involving complementary arrangements resulting in a bi-directional transaction. Social exchange, therefore, is defined by the reciprocal interdependence of actors, and emphasises the contingent nature of interpersonal transactions (Cropanzano & Mitchell, 2005; Molm, 2006).

Reciprocity as Folk-Belief

Paraphrasing Malinowski, Gouldner (1960) described this model of reciprocity as the cultural expectation that people get what they deserve, identifying three implied beliefs underpinning this precept:

- i) in the long run the mutual exchange of goods and services will balance out; [and/]or
- ii) if people do not aid those who helped them certain penalties will be imposed upon them; [and/]or
- iii) those whom they have helped *can* be expected to help them... (p.169).

According to Gouldner (1960) this represents an existential belief regarding reciprocity, where actors are not "...blindly involving themselves in reciprocal transactions;...[rather, they have]...some presentiment of the consequences of reciprocity and of its breakdown (p.169)." In effect, Gouldner is suggesting adoption of this existential belief serves to reduce actors' perceived risk when engaging in social exchange, and frees them from the need to mete out retribution whenever they perceive an injustice has been perpetrated; indeed, Cropanzano & Mitchell (2006) suggest that "...folk beliefs may lessen the likelihood of destructive behaviours, at least in some situations" (p. 877).

This 'people get their just-deserts' perspective is more fully articulated in the body of work known as 'just-world beliefs' (see Lerner & Miller, 1978; Furnham, 2003), and holds that "...individuals have a need to believe that they live in a world where people generally get what they deserve and deserve what they get" (Lerner & Miller, 1978, p.1030).

Reciprocity as Norm

Gouldner further conceptualised reciprocity as a set of socially accepted rules (or a social norm) that fundamentally involves the premise that individuals help those who have helped them as well as do no harm to those who helped them. As a social norm, reciprocity pertains to exchanges between actors, where the supply of a valued resource by one actor to another obligates the latter to 'return the favour' – or as Gouldner (1960) states it "...when one party benefits another, an obligation is generated. The recipient is now indebted to the donor, and he remains so until he repays" (p.173). Gouldner (1960) termed

this the “shadow of indebtedness” equalling it to an internalised moral obligation. The norm of reciprocity mandates how actors *should* behave when engaging in social exchanges, and based on this logic Gouldner suggested that reciprocity is pervasive in all interpersonal relationships, is a stabilising influence in social systems, and is a “...’Principal Component’ universally present in moral codes” (p.170). Gouldner elaborates further by emphasising that while the norm of reciprocity may be universal, this is not synonymous with unconditional – indeed, “...the basic tenet of the reciprocity thesis is that the need to reciprocate is universal yet *contingent* upon the receipt of benefits” (Coyle-Shapiro & Kesler, 2002, p.4).

Axelrod (1984, 2000) explains reciprocity in the context of repeated interactions by suggesting that the “shadow of the future” provides the basis for cooperation: since the relationship has no predetermined end, actors have an incentive and an opportunity to develop cooperation based upon reciprocity.

While this perspective of reciprocity as a norm is widely adopted in the literature, its ‘universality’ has its limitations (Buchan, Croson, & Dawes, 2002) - as Cropanzano & Mitchell (2005) point out, “...even if reciprocity is a human universal, this is not to say that all individuals value reciprocity to the same degree...” and go on to cite a body of research that offers “...strong evidence supporting the existence of cultural and individual differences” (p.877). The above limitations notwithstanding, the majority of research is still informed by the basic tenet of reciprocity - accruing a benefit through social exchange generates an obligation to reciprocate.

Sahlins (1972) extended the conceptualisation of reciprocity by developing a typology based on three dimensions:

- i) *Immediacy of returns* refers to the (indeterminate) timeframe within which the obligation to reciprocate must be discharged;
- ii) *Equivalence of returns* refers to the extent to which the reciprocal obligation is discharged with the same resource; and
- iii) *Interest* refers to the nature of exchange partners’ involvement in the exchange process.

From these dimensions, Sahlins typology specifies three types of reciprocity:

- i) *Generalised reciprocity* has an altruistic orientation - Sahlins terms it “sustained one-way flow” (1972, p.194) – characterised by an indefinite timeframe, undefined equivalence, and low self-interest;
- ii) *Balanced reciprocity* has a *quid pro quo* orientation, characterised by a simultaneous or short timeframe, general equivalence, and mutual interest;
- iii) *Negative reciprocity* has an acquisitive orientation, characterised by an immediate timeframe, defined equivalence, and high self-interest.

Trust

“It’s good to trust; it’s better not to,” says an Italian proverb; nevertheless, people readily trust, and trust is central to social exchange. Economic theorists have struggled to explain why people frequently choose to be cooperative, trusting and generous during economic negotiations, when this is not necessarily in their self-interest or leaves open the opportunity for their exchange partners to cheat.

Uncertainty and risk are elements of all forms of exchange, yet discussion of risk is notable by its virtual absence in the social exchange discourse. Primarily, risk is considered in relation to trust, in that the greater the risk the greater the need for trust – furthermore, risk is regarded as a precondition for demonstrating trustworthiness, and thereby the development of trust (Yamagishi, Cook, & Watabe, 1998; Molm, 2003).

The primary risk in reciprocal exchange is the risk of non-reciprocation (Molm et al , 2003), especially where there is no existing exchange relationship. As Coyle-Shapiro & Conway (2004) note: “...one party needs to trust the other to discharge future obligations (ie. reciprocate) in the initial stages of the exchange and it is the regular discharge of obligations that promotes trust in the relationship” (p.7). Like commitment formation, Yamagishi & Yamagishi (1994) describe trust as a solution to the problem of social uncertainty.

Williamson (1993) developed the idea of ‘calculative trust’ to describe the process whereby actors refer to their past experiences as a means to evaluate the trustworthiness of others. Consistent with recognition-recall and case-based decision making is generalised trust.

Generalised Trust

Generalised Trust is defined by Yamagishi & Yamagishi (1994) as the 'default' setting that views humans as generally benign and trustworthy in nature; adopting this perspective, individuals will trust another unless or until that person proves themselves untrustworthy.

Yamagishi (2001) classifies this trust on the basis of interaction of the trusting and trusted person:

If the person who extends trust is aware the other is convinced that trusting is more beneficial than not trusting, the attitude of the trusting person is one of "assurance". Otherwise, the trusting person is involved in 'social risk-taking'" (Yamagishi, 2001, pp.144-145).

The recent field of neuroeconomics offers further support to the notion of generalised trust, arguing there is a strong case to suggest that a neurological component makes people 'hard-wired' to trust, that is, trusting behaviour is the default setting, and largely involuntary. From the neuroeconomic perspective, trust is an evolutionary response and prerequisite to the cooperative behaviour necessary for successful group living, which not only explains why people trust strangers, but also why they reciprocate when trusted (Park & Zak, 2007; Zak, 2009). Therefore, this view of trusting behaviour is based upon intuition, emotion, and visceral instinct, rather than cognitive weighing-up of costs and benefits.

Recent research by Altmann, Dohmen & Wibrals (2007) provides strong evidence that actors who are more reciprocal in their behaviour are also more trusting in their behaviour. This is in contrast to dominant models of inequity aversion (see Fehr & Schmidt, 1999, Bolton & Ockenfels, 2000).

Relational Trust

Relational trust derives from repeated interactions over time between trustor and trustee. Information available to the trustor *from within the relationship itself*

forms the basis of relational trust. Reliability and dependability in previous interactions with the trustor give rise to positive expectations about the trustee's intentions. Emotion enters into the relationship between the parties, because frequent, longer-term interactions leads to the formation of attachments based upon reciprocated interpersonal care and concern (Rousseau, Sitkin, Burt, & Camerer, 1998, p.399).

In addition, the more familiar we are with another person, we adopt what has been conceptualised as "perceived predictability" which means it is easier for us to trust that person (Welch, Rivera, Conway, Yonkoski Lupton, & Gincola, 2005).

Another important dimension of trust is how we perceive the relationship in terms of durability According to Welch, et al, (2005) "individuals who tend to adopt a long-term perspective for evaluating a relationship tend to be more trusting ... and the greater the number of noncontractual exchanges in which people are involved, the more likely they are to trust each other" (p.461).

Equivalence

The extent of the obligation is determined by the *value* of the benefit received, with Gouldner (1960) stating that value is a function of a number of contextual variables, including the following:

- i) the intensity of the recipient's need for the resource;
- ii) the donor's supply of the resource; the motivations of the donor to supply the resource;
- iii) and the nature of any constraints perceived to be present or absent.

Given that these, and other, contextual 'drivers' of benefit value and reciprocal debt necessarily vary from transaction to transaction, the issue of *equivalence* is central to the norm of reciprocity.

Equivalence refers to the requirement for the benefits returned to be equivalent to the benefits received. Gouldner (1960) identifies two forms of equivalence:

i) *Homeomorphic Reciprocity* – equivalence means that the things exchanged should be materially the same, either with respect to the resource exchanged or the circumstances surrounding the exchange – that is, equivalence equals ‘tat for tat’

ii) *Heteromorphic Reciprocity* - equivalence means that the things exchanged may be materially different but should be equal in value *as defined by the actors in the situation* (emphasis added) – that is, equivalence equals ‘tit for tat’

Clearly, reciprocity would be severely constrained if homeomorphic reciprocity was the norm within the norm – conversely, heteromorphic reciprocity allows actors to exchange benefits and incur and repay debts through transactions which may be contextually and materially highly divergent. Indeed, Gouldner (1960) stresses that equivalence in reciprocal exchange represents the value of the exchanged resource as defined by the actors in that exchange; reciprocal equivalence does not assert that in the long run, resources exchanged by actors will be “...objectively equal in value as measured by economists or other social scientists” (p.171). Nevertheless, the mechanisms whereby actors calculate, communicate and record their respective ‘valuations’ for a given reciprocal transaction is yet to be fully understood.

Evaluation

As with record-keeping, the process of subjective evaluation in social exchange has received little attention. Thibaut & Kelly’s (1959) seminal work on the social psychology of groups argued that actors engage in a mental process of predicting the outcomes of certain courses of action – scenarios - before they take place, and having done so select the course of action that yields them the greatest value. The assumption of Kelly & Thibaut’s model is that actors are able to accurately value each scenario and select on the basis of the ‘minimax’ principle, that is, actors choose the scenario that minimises costs and maximises benefits. This is consistent with the rational choice framework.

Similarly, actors' ability to accurately predict the costs and benefits associated with various courses of action and select on the basis of these predictions is a core assumption of social exchange theory.

With respect to benefits, this may refer both to the act of reciprocation as well as the benefit exchanged – work by Molm (2003) suggests that in reciprocal exchange, actors “...value the *act* of reciprocity, per se, *over and above the instrumental benefits of exchange*” (p.12). However, the notion of equivalence described above suggests that this does not translate to an indifference to the instrumental benefits – presumably, if the giving of high instrumental benefits are repeatedly reciprocated by low instrumental benefits then inequality reaches a level where the disadvantaged actor concludes the relationship is a failure.

In negotiated exchange, actors 'value' instrumental benefits, communicate those values to their counterpart, and 'agree' upon that value as an integral part of the transaction process. However, this is not the case in reciprocal exchange – nevertheless, equivalence suggests a valuing process is implicit within the reciprocal exchange relationship, although the mechanisms surrounding this have received little attention. The nature of reciprocal exchange presents actors with significant barriers to both valuing an exchange transaction and arriving at a shared valuation. Firstly, actors generally do not exchange 'like-with-like', there is no common metric to facilitate evaluation, and expectations about future reciprocation are not discussed at the time of the transaction.

Secondly, valuations are privately constructed and actors do not tend to value the same transaction 'equally'. Flynn (2003) suggested two conflicting influences: egocentric biases lead actors to over-estimate their own contributions in comparison to those of their exchange partners (Ross & Sicoly, 1979; Sprecher, 1988), while widely accepted norms of social exchange (Gouldner, 1960; Blau, 1964; Goffman, 1971) lead actors to value what they receive more highly than their exchange partners.

Thirdly, explicit discussion of each actor's impression of a given transaction's value is taboo and contrary to the norms of reciprocity (Flynn, 2006). Finally, as discussed earlier, for any given exchange relation, each actor holds a discrete set of neuronal transactional

records that are necessarily invisible to the other, and thus direct comparisons of records are not possible. As Flynn (2003) summarises: “Given that favor evaluations often are ambiguous, and are not explicitly discussed, disparity between [partners’] favor evaluations is likely to be common. That is, one party in an exchange relationship often may believe he or she has given more or less than others believe he or she has given” (p.38). Consequently, asymmetric valuations are commonplace.

A dimension that further challenges the tracking of equivalence in an exchange relation is what might be described as the temporal distortion of transactional value. Preliminary research by Flynn that attempts to reconcile the contradiction between egocentric bias and norms of social exchange, indicates that actors’ transaction evaluations alter over time depending upon whether they are giving or receiving: “...favors are not ‘real currencies’, easily traded with fixed prices and enforceable rules of exchange. Rather people may perceive the same favor in different ways that affect their respective evaluations at different points in time” (Flynn, 2003, p.39). Flynn found that over time, people tended to transition from believing they received more than they gave to believing they gave more than they received. The implications for equivalence is that temporal distortion moves partners’ respective transaction valuations in opposite directions.

Extending the question of value further, it can be argued not all exchange partners will be valued equally; indeed, partners who give highly valued benefits will be valued more highly than those who give benefits of little value. Yet, most of the literature on exchange structures tends to adopt a homogeneous perspective of equally-valued relations; exceptions are early efforts to explore the influence of unequally-valued relations on exchange behaviours (Bonacich & Friedkin, 1998; Molm, Peterson & Takahashi, 2001).

Record-keeping

Record keeping, then, serves to track the success or failure of exchange relationships in terms of both occurrence of ‘non-cooperative’ behaviours and equality of exchange. As to what factors determine the equality of exchange, Molm (2003) highlights the multi-dimensional nature of reciprocity by stating that ‘equivalence’ may be evaluated in terms of “...(a) *function* (i.e, good is repaid by good and harm by harm), (b) *magnitude of value*,

and (c) *probability or frequency of occurrence*” (p.12). The inference, therefore, is that there are likely four sets of cognitive records to be kept in ‘neuronal memory’ for each exchange relationship – Molm’s three dimensions of exchange equality, plus behaviour.

A further record may be a variation on reputation record-keeping termed *goodwill accounting*. A scoring mechanism proposed by McCabe and Smith (2001), goodwill accounting refers to the mental accounts actors keep regarding the extent to which potential exchange partners can be relied upon to extend them goodwill when transacting – in other words, their reputation for being trusting. When deciding whether to initiate or reciprocate exchange, actors weigh the subjective risk of trusting another, against the goodwill account of the exchange partner, to arrive at a final risk assessment – the greater the goodwill account, the less risk is perceived. Supporting the notion that actors keep goodwill accounts, Coricelli, McCabe and Smith (2000) point out that research by cognitive psychologists indicates people are indeed adept at assessing how much goodwill they have with others.

Learning Environments

The exchange behaviour of actors is modified by the outcomes of previous transactions, and as such social exchange may be conceived as a ‘*learning environment*’; furthermore, the learning environments of negotiated and reciprocal exchange differ, translating to a difference in the associated learning timeframes. Molm, Peterson & Takahashi (1999) found that with the discrete transactions of negotiated exchange, the consequences of ‘success’ or ‘failure’ tend to be apparent, and any associated learning is quickly incorporated into future exchange behaviours. Conversely, the nature of reciprocal exchange means that success or failure pertains not to a discrete transaction, but to a sequence of repeated, interconnected transactions, that is, the *exchange relationship* itself; thus, the consequences of success or failure in reciprocal exchange, and the learning therefrom, only emerge over time. As Molm et al, (1999) put it: “The equality or inequality of these relations is established only over time, by the ratio of actors’ individual giving to one another” (p.877). Any modification of an actor’s reciprocal exchange behaviour is therefore not driven by the consequences of their most recent exchange, but by the average of the consequences of multiple, interconnected transactions.

Timeframes

Reciprocal exchange requires actors take a long-term view; indeed, adopting a long-term view may be regarded as a pre-requisite for the emergence of reciprocal exchange relations. Adopting a long-term view in turn requires a tolerance of risk and the extension of trust, and according to Molm et al theorists from Blau onwards have emphasised the significance of these two 'co-requisite' factors. They note: "Actors who respond too quickly to immediate benefits – or their absence – may fail to discover exchange patterns that would be more rewarding in the long run...[therefore] Some patterns of reciprocal exchange will develop only if actors are willing to accept some temporary and short-term costs and uncertainty" (1999, p.888).

This is not to suggest that actors in reciprocal exchange relations necessarily adopt a laissez-faire attitude to outcomes: inherent within the concept of reciprocity is an expectation - albeit unspecified as to what, when, how and whom – that giving will be returned. Furthermore, implicit within the notions of long-term view and learning environments are mechanisms for monitoring the abuse of trust and managing the risk of giving not being reciprocated; indeed, identifying and remembering actors who violate norms is essential to enabling the imposition of sanctions and communicating an actor's reputation for cheating. Consequently, actors might be expected to maintain at least an awareness of their own giving and whether that giving has been returned over time.

Cheating

However, little attention has been focussed on how actors record information about their reciprocal exchange relations, or what specific information is recorded. Work by Basu and Waymire (2006) and Basu, Dickhaut, Hecht, Towry and Waymire (2009) demonstrates a

causal link between human record-keeping and reciprocal exchange, arguing the need to record 'non-cooperative' behaviours is crucial for the functional success of reciprocal exchange: "Humans identify and remember cheaters, and verbally communicate knowledge of cheating to third parties. Punishing norm violations or avoiding people with a reputation for cheating sustains reciprocity" (p.1009). They note that in simple exchange

settings, such as dyadic exchange, neuronal memory is sufficient for keeping records, but becomes overtaxed when sustaining social exchange in interactions that are complex, numerous, and heterogeneous - formal transactional records external to the human brain are required.

Earlier work by Clark and colleagues suggests that actors maintain loose mental accounts to ensure they honour their reciprocal obligations to others and vice versa (Clark, 1984; Clark, Mills & Corcoran, 1989). Therefore, cognitive 'keeping of scores' appears both manageable and instrumental for reciprocal exchange between exchange partners.

Reputation

The above indicates two different, but related, types of records are kept: one a register of exchange partners' behaviours, the other a register of exchange equality between the partners. This may be further elaborated as records which, based on past learning and reputation, serve to indicate the probability that a given exchange partner will reciprocate, and records which track reciprocal acts over time. The difference between these two records becomes most apparent when considering the inaugural transaction between two reciprocal exchange partners: in this situation, reputation, that is, the communicated exchange records of others - is the only record available; indeed, Alexander (1987) maintains that reputation is central to indirect reciprocity which "...results in everyone in the group continually being assessed and reassessed...indirect reciprocity is a consequence of direct reciprocity occurring in the presence of others" (p.27).

Reputation, then, is one of the few, but most effective, risk mitigating mechanisms available to each partner pre-transaction, and as noted above, any failure to reciprocate – cheating – only emerges over an indeterminate time frame, with such time frame largely a function of an actor's tolerance for risk. Furthermore, while cheating represents the most extreme form of inequality of outcomes, inequalities may still emerge even if exchange is reciprocated; irrespective, either outcome may be regarded as a failed relationship.

Fairness

As already noted, the hypothesis of self-interest has long provided the basis for most economic models, and assumes that all people are exclusively motivated by their own material interest. In neoclassical economics, self-interest is represented as utility - a measure of the relative satisfaction from, or desirability of a set of benefits. While this hypothesis has been successful in predicting outcomes in competitive markets with standardised goods, it has proven far less reliable with forms of economic activity occurring outside of competitive markets, such as social exchange. More recently, the self-interest hypothesis has been refuted by a large body of experimental economic research which finds that concerns for reciprocity and fairness are also powerful motivators for many people – but not all (Fehr & Schmidt, 1999; 2001). This difference is respectively characterised as fair behaviour on the one hand, resulting in behaviours inconsistent with the imperatives of self-interest, and selfish on the other, resulting in behaviours consistent with self-interest.

For actors strongly motivated by reciprocity and fairness, these are valued outcomes in themselves, and may be more valuable than the material benefit of the exchange itself. The presence or absence of either or both can over-ride self-interest, with actors prepared to reward or punish others at considerable personal cost. Conversely, actors who do not value reciprocity or fairness are predominantly concerned with self-interest, and unprepared to reward others even at minimal personal cost (Fehr & Schmidt, 1999; 2001).

Notwithstanding the above, fair-minded people willing to reciprocate do not always behave 'fairly': "...the behaviour of fair-minded and purely self-interested actors depends on the *strategic environment* [italics added] in which they interact and on their beliefs about the fairness of their opponents" (Fehr & Schmidt, 2001, p.47). Furthermore, the premise of all theories of fairness and reciprocity is that there necessarily exists a set of reference actors with which actors compare themselves; while it is clear in bilateral exchanges who the relevant reference actor is, this becomes less clear in multi-lateral exchanges (Fehr & Schmidt, 2001). In other words, context is crucial to behaviours of fairness and reciprocity.

Theories that attempt to model these concerns for fairness and reciprocity within the rational choice framework follow two main approaches:

- i) Social preference – starts from the assumption that actors are only concerned with how their actions influence the allocation of benefits;
- ii) Intention-based reciprocity – concomitant assumption that actors are also concerned with the intentions that determine those actions

Some theories combine both approaches.

Fairness & Social Preference

Applications of classic utility theory almost exclusively contain an implicit assumption that the only material resource allocation an actor cares about is their own, that is, their utility function depends solely on the benefits to themselves. In contrast, social preference models assume that some actors' preferences are also concerned with the material resource allocations of their exchange partners, that is, their utility function incorporates consideration of the benefits to others as well as themselves (Fehr & Schmidt, p.12, 2001). A brief description of the key models follows.

Reciprocal) Altruism Fehr & Falk (2002) define altruism as *unconditional* kindness; Fehr & Fischbacher (2003) as “costly acts that confer economic benefits on other individuals” (p.785). An altruist's preference is for the wellbeing of others to be increased, that is, their utility is solely a function of the benefits to others – and may involve self-sacrifice, although there is no requirement for the altruist to make a sacrifice in doing so, nor must the altruist be willing to sacrifice (Batson & Shaw, 2004). Additionally, co-operation occurs only if actor – reciprocal altruist – knows there will be future returns from co-operation – equals long-term self-interest (Trivers, 1971; Fehr & Falk 2002).

Fairness & Relative Income preference is for their own resource allocation but also relative to allocations of others, that is their utility is a function of a given level of benefits as well as the degree to which their benefit level differs from the benefit levels of others; in other words, the greater their allocation relative to others, the higher the utility.

Fairness & Equity the inequity aversion model suggests that a dislike of inequitable distributions influences an actor's motivation to engage in reciprocal behaviour (Fehr & Schmidt 1999; Bolton & Ockenfels, 2000); Fehr and Schmidt (1999) further refine the concept, referring to the model as *self-centred* inequity aversion, where actors are not averse to inequitable outcomes per se, but become so when considering their own outcomes. The inequity aversion model is similar to fairness & relative income, in that the utility of a given level of benefits is a function of the degree to which they differ from the benefit levels of others; however, in the inequity aversion model utility declines the more inequitable the relative benefit levels are for *either* party – the greater their allocation relative to others, the lower their utility, and vice versa.

In other words, actors prefer more equitable outcomes, and will engage in reciprocal behaviour only to the extent this reduces the inequity between actors' respective outcomes – the less egalitarian the outcomes, the less an actor is motivated to exchange, especially if they are receiving lesser benefits. In this respect the inequity aversion model may be regarded as having elements of the altruism and relative income models – concern for wellbeing of others along with concern for relative allocation of benefits. Nevertheless, while equitable benefits may be preferred, several studies have found actors are unwilling to sacrifice their own benefits to reduce inequity with the benefits of their exchange partners (Bolton & Ockenfels, 2000).

Fairness & Intentions

As noted elsewhere, Gouldner (1960) speculated that an actor's felt need to reciprocate was in part determined by the motives attributed to their counterpart and the availability of options for their counterpart to behave differently. Intention models of fairness adopt a similar perspective. Unlike social preference models, intention models of fairness assume that in addition to a preference for material benefits, some people also have a concomitant preference for fairness (Rabin, 1993; Falk & Fischbacher, 2001; Falk & Fischbacher, 2006).

This preference for fairness is manifested as the intention to achieve a fair outcome, and as such perceptions of actors' underlying intentions have the capacity to influence the

assessment of an outcome's fairness - eg negatively affected actors are less likely to view an outcome as being unfair if they attribute the intention of fairness to their counterpart. Indeed, the research indicates that fairness attributions are a significant factor in both negative and positive reciprocal behaviour, which is at variance to standard utility theory that assumes an action's utility is totally determined by its material consequences (Falk & Fischbacher, 2006).

Fairness Equilibrium

Fairness Equilibrium comes from Rabin's seminal work (1993) which started from the observation that people often react not just to the actions of others, but to the *intentions* behind those actions. Extending on this observation, the premise of the fairness equilibrium is that people are inclined to help those who set out to help them, and hurt those who set out to hurt them.

Fairness & Kindness

Combining both of the above perspectives, Falk & Fischbacher (2001) empirically established a premise of reciprocity to be that actors' reward 'kind' actions by their exchange partners and punish 'unkind' actions. Thus, reciprocal action may be interpreted as the behavioural response to an action perceived as either kind or unkind, and driven by a desire to reward or punish – or, alternatively, to increase or decrease the other actor's benefits.

Falk & Fischbacher (2006) argue 'kindness' comprises two core elements:

- i) "the *consequences* of an action; and
- ii) the actor's underlying *intentions*" (p.294).

In other words, kindness not only involves an assessment of the distributional fairness of the outcome – the consequence – but an assessment of whether or not each actor deliberately worked for that distribution – the intention. Furthermore, not only is it well established that intentions are a key determinant of perceptions of kindness (Greenberg & Fisch, 1972; McCabe, Rigdon, & Smith, 2000; Falk, Fehr & Fischbacher, 2000), "...the

same consequences of an action are perceived and reciprocated differently, depending on the underlying intentions” (Falk & Fischbacher, 2001, p.20). Therefore, intentions have the ability to influence the ‘value’ an actor attributes to the outcomes of an exchange, and the felt obligation to reciprocate; in this regard, then, the kindness of a reciprocally fair actor is conditional upon the perceived kindness of their counterpart (Fehr & Falk, 2002; Falk, Fehr, & Fischbacher, 2008)

Reciprocal Fairness

Fehr & Falk (2002) further develop this notion of kindness in reciprocal exchange with the construct of reciprocal fairness, which they contend is a parallel force, along with the expectation of future returns, against an actor’s short-term incentive to cheat. The key premise of reciprocal fairness is an actor’s willingness to sacrifice resources in order to reward the fair behaviour or punish the unfair behaviour of their exchange partner. An actor is held to be positively reciprocally fair if willing to “...sacrifice resources to be kind to those who are being kind... [and negatively reciprocally fair if willing to]...sacrifice resources to punish those who are being unkind (Fehr & Falk, 2002, p.29).” As with kindness, Fehr & Falk contend that perception of fairness or unfairness is a function of the “...distributional consequences of the action relative to a neutral reference action and the intentions that led to the action” (2002, p.29).

SOCIAL EXCHANGE IN ORGANISATIONAL SETTINGS

According to Cropanzano & Mitchell, “Social exchange theory is among the most influential conceptual paradigms for understanding workplace behaviour” (2005, p.874). Nevertheless, social exchange theory remains conceptually underdeveloped, in part because of the largely unelaborated and untested nature of a foundational precept, the norm of reciprocity; indeed, an absence of reliable and valid measures has constrained closer examination of the role of reciprocity in workplace relationships (Coyle-Shapiro & Conway, 2004; Cropanzano & Mitchell, 2005). This perspective echoes Liden and Sparrowe’s (1997) earlier contention.

The above limitation notwithstanding, there is an extensive body of social exchange theorising in organisational settings, dominated by five approaches: *employee-organisation*

relationships (Tsui, Pearce, Porter, & Tripoli, 1997); psychological contracts (Dabos & Rousseau, 2004; Rousseau, 1990); *perceived organisational support* (Eisenberger, Huntington, Hutchison & Sowa, 1986; Eisenberger, Jones, Aselage, & Sucharski, 2004), *organisational citizenship behaviour* (Coyle-Shapiro, 2002); and *trust* (Whitener, Brodt, Korsgaard, & Werner, 1998). Coyle-Shapiro and Conway caution "...much of the behavior at present considered part of the social exchange between employee and employer can be interpreted at least in part as being habits and under the control of automatic processes" (2004, p.23).

Organisational (Corporate) Social Capital

Study of the social capital construct at the organisational level has emerged relatively recently. In the organisational setting, researchers have used the concept of social capital to help explain various phenomena, including career success (Burt, 1992), organisational dissolution rates (Pennings, Lee & van Witteloostuijn, 1998), levels of inter-unit resource exchange and product innovation (Tsai & Ghosal, 1998; Greve & Salaff, 2001), intellectual capital creation (Nahapiet & Ghosal, 1998), CEO compensation (Belliveau, O'Reilly & Wade, 1996), performance of start-up firms (Walker, Kogut & Shan, 1997; Bosma, van Praag, Thurik & de Wit, 2002), and supplier relations (Baker, 1990).

Building on these contributions, theories of *organisational* - or corporate - *social capital* emerged to denote the resources accessed through the social structures of corporations and their members. In particular, Gabbay & Leenders (1999) brought greater focus to the research by narrowing the conception of Organisational Social Capital (OSC) to include goal attainment as a necessary outcome of resource accrual. Thus, OSC now refers to the set of tangible and/or intangible resources that accrue to organisations through the social relationships of its members, facilitating the attainment of goals. Tangible resources may be accessed directly or indirectly, and include financial or physical capital on preferential terms and/or with lower transaction costs (Lesser, 2000; Uzzi & Gillespie, 1999). Intangible resources include organisational standing (Doreian, 1999), performance-based trust (Cohen & Fields, 1999), information (Bouty, 2000; Burt, 1992; Granovetter, 1973; Harrington, 2001) influence and control (Sandefur & Laumann, 1998) and social solidarity

(Uzzi, 1997). Furthermore, Pennings and Lee (1999) state that OSC 'is crucial in bundling intangible assets and provides the absorptive capacity to merge proprietary knowledge with that of others (p.46).'

Thus, like other forms of capital, OSC is productive in that it makes possible the achievement of goals that would be unattainable in its absence (Gabbay & Leenders, 1999). The goals attained may be diverse and multiplex; therefore OSC's productive capacity extends beyond economic returns to any outcome of interest to a goal-directed actor (Sandefur & Laumann, 1998). While the research to date is largely at the individual level, organisational actors may be individuals or collectives.

It is important to emphasise that in the OSC context goal attainment is facilitated by the resources which accrue *through* the social structure of relationships; therefore, OSC inheres in social structure and the absence of social structure precludes social capital from coming into existence. Explicit within the definition of OSC is this distinction between social structure per se, and the outcomes of social structure; although social structure and social capital are often equated in the social capital literature, they are different entities (Nahapiet & Ghoshal, 1998). In summary, OSC theory attempts to explain how social structure influences organisational outcomes.

Employment Relationship

Employee-Organisation Relationships

In today's 'networked' economy (Lesser 2000; Naisbitt, 1997), the social resources of the organisation and the structures that shape them take on increasing importance. The adaptive responses of organisations to the networked economy have been far-reaching and dramatic, and have necessarily impacted on the social structure of relationships within and beyond the organisation. Pfeffer (1998) and others argue the most profound response has been the paradigm shift in the social contract between organisations and their members, from one based upon employment to a social contract based upon 'employability', and the

resultant steady increase in the proportion of organisational members of impermanent status.

Such a paradigmatic shift potentially has important implications for Social Exchange in organisations, especially as the numbers of contingent workers increase. Research undertaken by Sharkie (2005) suggests that in spite of the lack of security for contingent workers, if the individual employee's perception is that the organization is serving to improve their 'employability', then high levels of trust can still occur. Moreover what appears to be of greater importance than their membership status within the organization is the level of mutuality and reciprocity between both parties:

...workers and employers often have different understandings regarding specific terms of the exchange.... Potential discrepancies in each party's beliefs regarding what was promised and what was delivered can lead to breach of contract...with negative consequences for both individuals and organizations (Debos & Rousseau, 2004, pp.54-55).

Organisational Citizenship Behaviour (OCB)

Organisational Citizenship Behaviour (OCB) has been defined as employees' behaviours that go beyond role requirements, are not explicitly recognised by formal reward systems and facilitate organisational functioning. Although the theoretical linkages between OCB and organisational performance is somewhat sparse in the literature, Bolino, Turnley & Bloodgood (2002) have developed a model of the ways in which OCB might contribute to the creation of Social Capital in organisations., as follows:

- i) Obedience;
- ii) Loyalty;
- iii) Participation
 - a. Social participation attendance non-mandatory meetings/social;
 - b. Advocacy participation feel able to speak up;
 - c. Functional participation exceed work requirements.

Furthermore Organ (1988) identified five dimensions for a taxonomy for OCB:

- i) Altruism, employees are willing to help others
- ii) Conscientiousness, compliance and obedience to the organisation
- iii) Sportsmanship, accepting the organisations limitations and not complaining
- iv) Courtesy, communicating wit colleagues before making decision
- v) Civic virtue, being aware of matters that affect the organisation.

In respect to the organisation, Konovsky & Pugh, (1994) posit that when employers treat employees fairly, social exchange rules tend to dictate and OCB is seen as one likely mechanism for employee reciprocity.

Psychological Contracts

The psychological contract concept is used to explain behaviour through considering the extent to which the employee believes that the employer has kept the promises the employee perceives were made to them (Conway & Briner, 2005). As such, the exchange relationship between employer and employee becomes a core driver. Underpinned by social exchange theory, the psychological contract operates on the basis of reciprocity norms (Robinson, Kratz & Rousseau, 1994)

In balanced relationships the employee and employer hold similar levels of obligation to one another. In an unbalanced relationship one of the parties is perceived to being more or less obligated than the other. Of the utmost importance is the level of perceived balance or imbalance rather than the specific content.

In relation to linkages between psychological contracts Coyle-Shapiro (2002) has highlighted the importance of “promissory obligations” for predicting employees propensity to engage in OCB. Coyle-Shapiro & Conway (2004) state:

It is the inclusion of obligations that distinguishes the psychological contract from social exchange constructs that exclusively capture perceived employer treatment without taking into account potential future treatment by the employer. As the psychological contract captures anticipated inducements (e.g.

obligations) alongside present inducements, it may provide a more comprehensive basis to examine employee reciprocity in exchange relationships (Coyle-Shapiro & Conway, 2004, p.942).

Perceived Organisational Support

Linked very closely to the psychological contract is POS, or Perceived Organisational Support provided by the organization to the employee (Cole et al, 2002). According to Coyle-Shapiro & Conway (2004): “POS captures an individual’s perception concerning the extent to which the organization values his or her contributions and cares about his or her well-being” (p.13).

Of particular interest is that research conducted by Eisenberger (1986) suggests that if employees’ belief of the organisation are positive, and employees needs are being met, then employees perceive there is an imbalance between their contributions and the support provided by organization. This leads to employees believing they are required to do more for the organization in terms of their commitment and efforts.

Leader-Member Exchange (LMX)

The other type of social exchange in the workplace with implications for OSC is Leader-Member Exchange (LMX). This relationship occurs between the supervisor and employee and involves the level of exchange of information, material resources, and support between the two. The greater the exchange of these resources, the higher the quality of the LMX relationship (Coyle-Shapiro & Conway, 2004). Employees perceptions of the quality of their exchange with their supervisor/organization relate to their performance & attitudes (Cole et al, 2000).

Social Capital

“ We talk about social capital to emphasise that investment in interpersonal connections produces returns just as other, more tangible forms of capital do...social capital can be

demonstrated, analysed, invested in, worked with, and made to yield benefits.” (Cohen & Prusak, 2001, pp.8-9).

The basis of social capital theory is the notion that actors’ access and accrue various kinds of resources through social networks and social exchange. Coleman (1988) was the first to write of the specific concept of social capital; however, Adler & Kwon (2000) trace the lineage of social capital back to the original Hawthorn studies of Roethlisberger & Dickson (1939), which showed how cliques among workers influenced work norms and performance. Notwithstanding this, Woolcock (1998) claims that social capital is ‘arguably the most influential concept to emerge from economic sociology in the last decade.’

Social capital comprises three components (Lin, 2002): *structure*, *opportunity* and *action*. Structure refers to the social structure in which resources are embedded, opportunity refers to the social ties within the structure which provide access to the resource (accessibility to resources through social networks via) and action (use of opportunity). There are two foundations of social capital research in organisational settings: *structural* and *action*.

The ‘structural’ foundation dates back nearly 30 years and forms the majority of research to date. This perspective focuses on social structure, predominantly in the network form, in which resources are held to be ‘embedded’ (Granovetter, 1973, 1985) and accessed through social relations or ties (Burt, 1992). Consequently, the structural perspective tends to treat social structure & social capital synonymously, with individual action *implicit/assumed* – that is, social capital exists as a matter of *course*.

In contrast, the ‘action’ foundation has emerged in the past ten years, and may still be regarded as a nascent’ body of research. While resources are still held to be embedded in social structure, this perspective focuses on the purposive *actions* of actors. Consequently, social structure & social capital are treated as distinct constructs, where social structure is regarded as a *precursor* to social capital coming into existence, and individual action is *explicit* – that is, social capital exists as a matter of *choice*.

Summary

This chapter presents an extensive review of the social psychological, social exchange and organisational behaviour theoretical literature. The chapter is divided into five sections: actors, resources, structure, exchange processes, and social exchange in organisational settings.

“Methodology is the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes” (Crotty, 1998, p. 3).

OVERVIEW

When undertaking any research study it is imperative the researcher provides transparency with respect to the philosophical assumptions that inform the study. This is achieved through explication of the epistemological foundations and theoretical perspectives that underpin the study’s methodological approach, thereby enabling the reader to evaluate both the theoretical consistency of the methods used, and the rationale presented for their choice.

This chapter sets out to demonstrate that the theoretical tools utilised in this study represent a 'best fit' with the phenomenon of interest. A qualitative methodology was adopted for the research and as such the chapter begins by introducing the ontology and epistemology that underpins the theoretical perspectives of interpretivism and symbolic interactionism used in this research. This is followed by a discussion of these theoretical perspectives in relation to their utility for understanding the constructs of social exchange and organisational social capital; the symbolic interactionist framework adopted for data analysis, Dimensional Analysis, is not addressed in this chapter but is discussed in depth in the Methodological Procedures chapter. Qualitative methodology is then further elaborated, and the chapter concludes with research reflections and ethical issues which serve to elucidate the steps taken to ensure rigour was maintained throughout the research process.

ONTOLOGY

Within social research, key ontological questions concern: whether or not social reality exists independently of human conceptions and interpretations; whether there is a common, shared, social reality or just multiple context-specific realities; and whether or not social behaviour is governed by ‘laws’ that can be seen as immutable or generalisable (Snape & Spencer, 2003, p.11).

When embracing a qualitative methodology, there is no single accepted path to follow – rather it is contingent upon one’s beliefs about the existence and nature of the social world, the foundations of knowledge and how it can be acquired (Snape & Spencer, 2003). In other words, the ontological and epistemological positions taken not only shape the research but also inform the assumptions that underpin it. In this research study the ontology was based upon critical realism and the epistemology was social constructionism.

Ontology is the study of being. It is concerned with ‘what is’, with the nature of existence, with the structure of reality as such. The world exists regardless of whether or not human beings are conscious of it, but it only becomes a world of meaning once meaning-making beings make sense of it (Crotty, 1998). Within ontological debate there are generally three stances taken in relation to the construction of social reality: *realism*, *materialism* and *idealism*.

This study adopts a variant of the realism stance, *critical realism*. Snape & Spencer (2003) describe the key tenets of realism:

- i) an external reality exists independent of our beliefs and understanding; and,
- ii) a clear distinction exists between beliefs about the world and the way the world is.

In addition, critical realism, a variant of realism influenced by idealism, holds:

- iii) reality is only knowable through the human mind and socially constructed meanings.

The critical realism perspective recognises that humans are social beings and as such social interaction between people is central to the human experience; furthermore, these interactions are largely intentional expressions of choice, and are frequently patterned.

Herein lies the ontological stance taken in this study with respect to the foundations of social reality. In the context of this research, critical realism means that the resources located within social structure exist separate from the actors occupying that structure, but

they only become known as resources through the minds of actors and the meanings constructed through social interaction.

In the next section I discuss the epistemology underpinning this research, social constructionism.

EPISTEMOLOGY

'Epistemology' is concerned with ways of knowing and learning about the social world and focuses on questions such as: how can we know about reality and what is the basis of our knowledge? (Snape & Spencer, 2003, p. 13).

Social Constructionism

Crotty (1998) defines social constructionism as the view that "...all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context" (p. 42).

This epistemology suggests that the meaning of objects in themselves is undetermined (despite having potential meaning) until they are engaged with by the subject. The making of meaning therefore relies on the unification of the subject and the object, or what existentialists would call *intentionality*. According to Crotty (1998):

To embrace the notion of intentionality is to reject objectivism. Equally, it is to reject subjectivism. What intentionality brings to the fore is interaction between subject and object. The image evoked is that of humans engaging with their world. It is in and out of this interplay that meaning is born (p. 45).

For this reason it has been proposed by a number of social constructionists that to separate the subjective and the objective, or to create a dichotomy between them, is unsound. Objects do not hold a separate entity nor are they 'just found'; rather, all meaningful reality is socially constructed without exception (Alasuutari, 2004; Berger & Luckmann, 1966;

Crotty, 1998; Denzin & Lincoln, 2000; Ferguson & Ferguson, 1995). It is this that distinguishes constructionism from objectivism.

Social constructionism also has a presupposition that there is no 'true' or 'valid' interpretation of social life. The sense people make of things, as distinct from the way they actually are, depends on the different worlds they inhabit. Thus, there is no 'objective' truth out there waiting to be discovered, and different people will construct meaning differently, even in relation to the same phenomenon (Denzin & Lincoln, 2000). By asserting that meaning is 'constructed' through interaction between the subject and the object - rather than 'created' by the subject and imposed upon the object - social constructionism takes an inter-subjective perspective rather than a purely subjective one (Crotty, 1998).

This is not to suggest that humans must necessarily experience everything for themselves firsthand. People are born into a world of meaning and inherit a 'system of significant symbols' as part of their culture, and it is this culture which provides the lens through which people view their world. In this way objects are 'constructed' - not 'discovered' - through a process of enculturation. Crotty (1998) explains the means by which this happens:

These means are institutions which 'precede us' and in which 'we are *already* embedded' and it is only by inhabiting them, or being inhabited by them, that we have access to the public and conventional senses they make (p. 52).

In order for us to be able to disentangle ourselves from our cultural understandings and meanings, we must be able to stand back and "...take a critical glance towards our taken-for-granted ways of understanding the world (including ourselves)" (Burr, 1995, p.3). Social constructionism does this by focusing on the following three tenets: "...knowledge is sustained by social processes...knowledge and social action go together [and] ...the ways in which we commonly understand the world, the categories and concepts we use, are historically and culturally specific" (Burr, 1995, pp. 3-4).

As such, a social construction epistemology embodies the theoretical perspectives of interpretivism, and/or more specifically, symbolic interaction, utilised in this research. This theoretical perspective provides the philosophical stance that informs the methodology and methods that follow.

THEORETICAL PERSPECTIVES

Interpretivism

The interpretivist paradigm focuses on understanding the process through which humans construct their social worlds (Snape & Spencer, 2003), and thus the researcher is interested in understanding the experiences and perspectives of people as perceived and intended. Interpretivism, according to Ferguson & Ferguson (1995), is based on several tenets, all of which are consistent with social constructionism. These are: reality is socially constructed and intentional; it is not possible to split the subject and the object; and the context is imperative for understanding meaning (pp. 110-112).

Thus, interpretivist research is concerned with intersubjective truth; that is, with the way humans construct meaning as a guide to action in particular social contexts. It has no prescribed standardisation, is undertaken using many different and diverse approaches, and the methods used, such as in-depth interviewing (Darlington & Scott, 2002; Rubin & Rubin, 2005), generally employ emergent processes, nonstandardised instruments, and various forms of qualitative analysis (Snape & Spencer, 2003).

Criticisms of this paradigm have targeted the interpretivist focus on understanding the perspectives and experiences of people. Crotty (1998), for example censures interpretivism for being "overwhelmingly oriented towards an uncritical exploration of cultural meaning" (p. 60). Ferguson and Ferguson (1995) on the other hand would refute this on the basis that "from the interpretivist perspective, individuals are not 'cultural dopes' passively pushed along by social structures and collective determinism" (p. 107). Furthermore, while this theoretical perspective focuses at the micro-level and on individual agency, according to Ferguson and Ferguson (1995) it is precisely this reliance on the individual that is the ultimate source of organisation and change in any social setting.

Therefore, by its very nature, the micro-level understanding that is achievable through using an interpretive approach allows for research of this nature to be undertaken; that is, an in-depth study that focuses on social exchange and OSC flows. An additional strength that is considered essential for the approach taken is the alignment that is evident with social constructionism, as it allows the social researcher to explore and understand the social world through the perspectives of informants. Furthermore, to gain an understanding of the ways in which individuals choose whether or not to initiate social exchange of OSC, it is important to draw on a methodological approach that is underpinned by a theoretical perspective that is based upon the construction of meaning through a mediated process of human agency. Symbolic Interactionism, the interpretivist theory that underpins the methodological approach in the research provides the best mechanism for achieving this outcome.

Symbolic Interactionism

"The symbolic interactionist places primary importance on the social meanings people attach to the world around them" (Taylor & Bogdan 1998, p. 11).

According to Crotty (1998), the world of the symbolic interactionist is one of "intersubjectivity, interaction, community and communication, in and out of which we come to be persons and to live as persons" (p. 62). Symbolic interactionism, while originating from the work of George Herbert Mead, is arguably most closely associated with the contributions of Herbert Blumer, who proposed that symbolic interactionism is premised upon three central tenets (1969).

Blumer's first tenet relates to the way people define a situation in social life. According to Taylor and Bogdan (1998) "people act toward things, including other people, on the basis of the meanings these things have for them. Thus people do not simply respond to stimuli or act out cultural scripts. It is the meaning that determines action" (p. 11). This means that social reality is a process of constant negotiation, rather than being driven only by external or structural forces. Although people may act within a framework of an organisation or culture, it is their definition of the situation that determines their action (Taylor & Bogdan, 1998). This occurs through people continually negotiating and redefining the actions of

others; for example, in any social exchange situation. According to Woods (1996), “schemes of interpretation become established through use but require continued confirmation by the defining acts of others” (p. 33). This is particularly germane to the construct of social exchange, given that the way actors interpret their social relationships is largely determined by the actions – and reactions – of others.

Blumer's (1969) second tenet is that "the meaning of a thing for a person grows out of the ways in which other persons act toward the person with regard to the thing" (p. 4). This means that objects are not separate entities but are socially constructed. Through interaction with other people, shared meanings of objects and people are developed (Taylor & Bogdan, 1998). This occurs provided people assign the same meaning to the same act, and this is achieved through the ability of the actor to take the role of the other. Woods (1996) says the "construction of meaning in interaction occurs by means of the ability to take the role of the other, to put oneself in the position of the other, and to interpret from that position" (pp. 32-33). In addition, the process requires reflection upon:

Prior experience with those others, knowledge of the social categories in which they are located, and symbolic cues emerging in interaction, [these] provide tentative definitions and expectations that are validated and/or reshaped in interaction (Stryker & Vryan, 2003, p.6).

Accordingly, the process is contingent upon all actors interpreting the situation in the same way. The definition of the situation sets the scene for how we interact with others; however, if definitions conflict, then shared meaning does not occur and order breaks down (Woods, 1996, p. 33). The importance of role taking within symbolic interaction is especially relevant for this study, given that it assists our understanding of the informants' decision process with respect to initiating social exchange of OSC.

Blumer's third tenet of symbolic interactionism is that meaning is attached to situations, things and themselves by way of a process of interpretation. He explains further:

This process has two distinct steps. First, the actor indicates to himself the things toward which he is acting; he has to point out to himself the things that

have meaning. ...Second, by virtue of this process of communicating with himself, interpretation becomes a matter of handling meanings. The actor selects, checks, suspends, regroups, and transforms the meanings in the light of the situation in which he is placed and the direction of his action (Blumer, 1969, p.5).

This ongoing, dynamic process of interpretation involves interpreting, defining and redefining different situations based upon the meanings individuals have available to them at the time, and the sense they then make from them. An example from this research is the way organisational actors attach meaning to stated organisational goals, and then use this meaning to identify those resources accruable through their social networks which may facilitate the attainment of those goals.

Finally, all social situations are "...socially defined through a process of collective negotiation involving not only presentation of self and role making but other processes as well" (McCall, 2006, p.11). In this research, an example would be the social relation that is integral to the flow of OSC.

The next section focuses on the methodology used for this study. With the emphasis on the ways in which individuals construct social order and make sense of the world, a qualitative approach was the most appropriate research methodology to embrace for the research.

QUALITATIVE METHODOLOGY

A question faced by every researcher prior to embarking upon any social science study, is whether or not to adopt a quantitative or qualitative approach. Denzin & Lincoln (2000) contrast quantitative and qualitative research thus:

- Quantitative studies emphasise...“the measurement and analysis of causal relationships between variables, not processes. Inquiry is purported to be within a value-free framework”

- Qualitative studies emphasise...“processes and meanings that are not experimentally examined or measured (if measured at all), in terms of quantity, amount, intensity or frequency” (p,8).

As previously stated, the phenomenon of interest in this study – social exchange of OSC - is characterised as a human process to which individuals attach different meanings, a process that by its nature is problematic both to examine and to measure. As such, it is a phenomenon best explored through a qualitative approach.

Taylor & Bogdan (1998) suggest that qualitative research “...refers in the broadest sense to research that produces descriptive data – people’s own written or spoken words and observable behaviour” (p. 7). Consistent with symbolic interactionism, qualitative research is concerned with adopting the role of the ‘other’ as a means to understanding how and why people interpret their world as they do. Blumer (1969) states that attempting to interpret human behaviour “...by remaining aloof as a so-called ‘objective’ observer and refusing to take the role of the [other] is to risk the worst kind of subjectivism...” (p. 86).

While a specific definition for the phenomenon of social exchange underpins this research, this study nevertheless introduces a construct to encapsulate this ‘invisible’ and ‘taken-for-granted’ behaviour in relation to determining the flow of OSC. In other words, understanding the complexity and richness of this personal and private behaviour cannot be fully developed through the imposition of an external ‘world view’ – it can only be developed through the adoption of the perspectives and language of the individuals who live it.

By adopting the role of the ‘other’, the qualitative researcher is rewarded with data that is ‘rich’ in content and context. Through a creative and intuitive analytical process designed to reveal patterns and themes within the data, concepts, insights, understanding and - eventually – theory, can be developed (Marshall & Rossman, 2006). Glaser & Strauss (1967) termed this inductive process of theorising “grounded theory”, because the theory which emerges is ‘grounded’ in - ie has its roots in, and draws its inspiration from – the data. As a consequence, qualitative research is necessarily flexible in design, for it must retain the ability to ‘adapt’ as new patterns and themes emerge. The intention of this

inductive approach to data analysis is to ensure, to the greatest extent possible, that qualitative research generates theory that ‘fits’ the data - not vice versa. Of course, this intent can never be fully realised, for as Bogdan & Taylor (1998) point out “...qualitative researchers [still] operate within [pre-existing] theoretical frameworks. Pure induction is impossible” (p 8).

Notwithstanding this, by staying embedded in the data, the researcher is able to immerse him/herself within the ‘entirety’ of the experiences of the ‘other’. This preservation of the integrity of the experience is central to the qualitative approach, for it ensures that as each dimension is uncovered it retains its interconnectedness to other dimensions and its relevance to the phenomenon as a whole (Glaser & Strauss, 1967). While the phenomenon may be ‘unraveled’ to reveal multiple dimensions, it is not reduced to a collection of discrete variables which can then be verified, measured and tested; to do so would inevitably lead to a loss of subtlety, nuance, complexity and, ultimately, understanding (Schatzman, 1991). As will be discussed later, the decision process of OSC exchange is a social phenomenon that is deceptively complex in execution, and deeply personal; to attempt to understand it through simplification and sanitation would be to lose its essence and result in theory largely bereft of meaning.

Of critical consideration for any researcher engaging in qualitative methodology is to maintain transparency of, and reflection upon, the research process at all times, thereby ensuring a rigorous approach is adhered to throughout the research. The next section outlines the steps that were taken to ensure methodological rigour was achieved.

RESEARCH REFLECTIONS

In their seminal work, ‘Naturalistic Inquiry’, Lincoln & Guba (1985) contend that in qualitative research, rigour pertains to the trustworthiness of the data, not the researcher. They proposed four criteria for demonstrating rigour in qualitative research – ‘credibility’, ‘transferability’, ‘dependability’, and ‘confirmability’ – such that the data gathered could be ‘trusted’.

Credibility

Similarly, Rubin and Rubin later described rigour more specifically with respect to qualitative interviewing in terms of credibility, asserting that:

Research that is designed to garner lots of evidence; that is vivid, detailed, and transparent, that is careful and well documented; that is coherent and consistent is going to be convincing. These are the standards through which qualitative interviewing studies gain credibility (2005, p91).

Thus, the ‘credibility’ of qualitative research is deemed to be determined by the *transparency*, *consistency* and *communicability* of the research, its analysis and the finished report.

Transparency

Transparency is defined by Rubin and Rubin (2005) as where the reader “...is able to see the basic processes of data collection...[and]...assess the intellectual strengths and weaknesses, the biases, and the conscientiousness of the interviewer” (p.85). Transparency incorporates two criteria of Lincoln & Guba’s (1985) earlier framework for assessing rigour in naturalistic inquiry; namely, the researcher establishes *dependability* and *confirmability* through the provision of a transparent audit trail able to facilitate and sustain an independent audit process by the reader.

Transparency then, is fundamentally about the level of care with which the researcher conducts the process of data collection and records his or her own influence upon that process - ie the specific actions, experiences and reactions of the researcher that must inevitably shape to some extent the data eventually collected. As an example of my influence, early in my research and prior to interviewing, I wrote the following memo:

Had an illuminating conversation today with Andy [electrician] which served to highlight an issue for me re my PhD and the care I need to take with the language I use when interviewing. Andy asked me what my research was about, and I gave him my well-rehearsed description – ie social exchange of

OSC, etc. etc. Initially, he didn't seem to quite know how to engage with me, but said it sounded interesting and was it about....? Which it wasn't. Andy's a very clever guy and I realised from the way he reframed my initial words that it was my language that was the problem, not his intellectual ability. So I re-framed it and talked about doing 'favours' for the company, etc, etc, and the entire conversation changed and we engaged in a very revealing sharing of experiences. Wonderful. Pity I didn't have him down as an informant - never mind. So a lesson there for me – my love of language isn't always helpful. The last thing I want to do is use language in my interviews that gets between me and my informants – so listen, and adapt! (20/06/04)

Consistency

Consistency refers to the researcher's treatment of inconsistent responses, ideas, themes, etc., within the data. These inconsistencies need to be acknowledged, investigated, explained and ultimately integrated into the emerging theory; achieving coherency across the themes that emerge from the data ensures coherency in the final theory. Indeed, as Rubin & Rubin (2005) observe, the goal of the qualitative researcher is not to eliminate inconsistencies within the data, but to identify and explain these when they appear.

While consistency across cases is fundamental to credibility, consistency of individuals is not. Individuals may often hold contradictory viewpoints simultaneously, and be unaware of the inconsistency of their statements; in this situation, the researcher maintains credibility through the veracity of subsequent questioning, rather than necessarily through the reconciliation of the contradictory viewpoints – indeed, searching for an explanation of the inconsistency may lead to more in-depth understanding (Rubin & Rubin, 2005).

As noted, however, consistency across cases underpins the credibility of the research through the common occurrence of core concepts and themes in a variety of cases in diverse settings; the greater the number of cases in which the concept or theme holds, the more credible will be the final theory. While the theme does not necessarily have to hold in all cases, in those instances where it does fall short, credibility is retained when the researcher can demonstrate that the inconsistency has led to a modification of the theme, or the generation of a proviso that incorporates the conditions under which the theme does not hold (Rubin & Rubin, 2005). Thus, credibility is established and maintained when the

inconsistent responses of individuals are carefully explored if not reconciled, and when core concepts and themes are consistent in the majority of diverse cases.

For example, Sean's responses were quite different from those of the other participants, in that he had a very clearly defined policy on social exchange – specifically, he maintained that he didn't engage in the practice:

Sean has a transactional approach to his work – a fair day's pay for a fair day's work. Workplace exchange is about money for effort - he does his job to the required spec and that's the extent of his 'dealings' with the organisation. He says he doesn't do favours – no exceptions! He said they always come back to bite you and by the look on his face this is clearly due to some past event outside of work. He was certainly consistent throughout about his policy. So this is a first! (10/07/04)

The result of this data was the development of a new code and subsequent emerging theme regarding the impact that participants' 'worldview' had on their preparedness to engage in a decision process with respect to the initiation of social exchange. This code, 'World View', lead to the associated theme of 'Primary Filters', presented below.

Primary Filter: the premise that each individual's pre-disposition/ability to enter into the decision process in the first instance is influenced by a number of factors; these factors constitute 'primary filters' which proscribe the domain of potential transactions.

Communicability

Communicability refers to the richness, depth and abundance of data and the vividness with which the researcher communicates this to the reader; communicated effectively, the reader will be able to familiarise himself with the research setting, recognise aspects of it, and identify with and understand the actions and interpretations of both participant and researcher.

This is similar to Lincoln and Guba's (1985) criterion of 'transferability' of data, where, through 'thick description', the reader is able to evaluate to what extent the findings can be 'transferred' to other settings; or as Seale puts it, transferability is achieved by "...providing a detailed, rich description of the setting studied, so that readers are given

sufficient information to be able to judge the applicability of findings to other settings which they know” (1999, p.45)

Credibility is thereby established when those who were not present in the field are convinced, through the manner in which it is communicated, that the data is ‘real’ (Rubin & Rubin, 2005). With respect to interviewing, communicability is enhanced when participants talk about their own personal experiences rather than act as informants on the experiences of others; the descriptions of first-hand experiences are typically more detailed, nuanced and compelling for the reader because the participant has lived it. In this respect, firsthand testimony is inherently more credible, and all data collected in this research is of this nature. For example:

Anne: On the other side a friend has asked me to ask about a job for her, particularly in my department with me which would be wonderful. But I'm a bit concerned about that because she hasn't worked for 20 years and she's intelligent and she's actually studying at university but it just would concern me, her main priority is the family which is great, but she would be or want to be super flexible and that wouldn't be good for the department or for me. I think she would try, and she would be efficient and do the job but she would always be wanting to be away and to take time off. She hasn't worked in a workforce in 20 years and that's a worry too. I mean your skills, expectations and attitudes and that are problematic if you haven't worked for that period of time.

Member Checks

A final word on research credibility involves the practice of ‘member checks’. Member checks involve the testing of “...data, analytic categories, interpretations, and conclusions [with] members of those stakeholding groups from whom the data were originally collected...” and represent “...the most crucial technique for establishing credibility” (Lincoln & Guba, 1985, p.314). Member checking is both formal and informal, and throughout the process of data analysis, member checks were undertaken with key informants on an on-going basis, particularly at key junctures of the Dimensional Analysis method; specifically designation, dimensionalising and identification of the central perspective. This is discussed in more detail in the following chapter.

Ethical Issues

Ethical Considerations

The research proposal for this study was reviewed and approved by the University of Canterbury Human Ethics Committee. A range of ethical issues pertinent to the research methodology were considered, and accounted for when conducting the research. These were informed consent, anonymity, confidentiality, and protection from harm.

Informed consent

All participants were given an information sheet and consent form (Appendices No.1/2) prior to the interview, for consideration. A follow-up telephone conversation prior to booking the interview time also provided an opportunity to clarify any general queries participants had about the nature of the research, and the opportunity to decline involvement in the research. All prospective participants were advised that the interviews would be audio-taped, that on-going participation was completely voluntary and that they could stop the interview at any time and withdraw their data. Furthermore, the information sheet advised all participants that they could read a transcript of their interview, and make any changes if they desired. All interviews commenced with the researcher checking with the interviewee that it was still acceptable to record the interview (Ritchie & Lewis, 2003; Taylor & Bogdan, 1998).

Anonymity & Confidentiality

To ensure that confidentiality was preserved, the identity of participants and the organisations discussed were not made public, and the research assistant contracted to transcribe the interviews first signed a confidentiality agreement. Names of interviewees were not transcribed – instead pseudonyms were used (Miles & Huberman, 1994).

Protecting participants from harm

No harm was envisaged for those participating in the research. Participants expressed gratitude about being able to share their thoughts and reflections about the OSC process. As noted above, all participants were free to stop the interview at any time (Glesne & Peshkin, 1992).

Summary

In summary this chapter has outlined the theoretical tools and philosophical foundations that underpin the methodology of this study. Interpretivism and symbolic interactionism, the theoretical perspectives that frame data collection, provide philosophical alignment with both a social constructionism epistemology and the qualitative research design used for this study. A reflective section on the research process - a necessary component of any qualitative undertaking - has also been included to ensure rigour and the accountability of the researcher. As such, the chapter has provided the theoretical framework for the methodological procedures chapter that follows.

Although methods are merely tools, they do have consequences. Choose methods that help you answer your research questions with ingenuity and incisiveness. How you collect data affects which phenomena you will see, how, where and when you will view them, and what sense you will make of them (Charmaz, 2006, p.15).

OVERVIEW

This chapter begins with a brief review of my research questions, before outlining the following key procedures applied in this study and the rationale for their use: qualitative interviewing research design, chain sampling, and Dimensional Analysis. All procedures are consistent with the methodological and theoretical approaches taken, as outlined in the previous chapter.

RESEARCH QUESTIONS

The *initial* focus of my research was to explore the influence of contingent employment practices on the ‘realisation’ of potential OSC; as such my initial research question was framed thus:

Does organisational membership (employment) status influence the contingency of Organisational Social Capital, and if so, how?

As will be seen from the findings, as a result of data collection and analysis, the *eventual* focus of my research evolved to exploring and describing the decision process of individuals with respect to initiating the flow of OSC; this shift represents a broadening of focus as the study progressed rather than a narrowing, yet nevertheless fully incorporates the initial research focus and question. Thus my initial research question was eventually expanded into the following:

1. What is the social exchange process/es by which organisational actors decide to initiate corporate social capital flows?
2. Does organisational membership status influence the outcome/s of that process, and if so, how?

The above notwithstanding, the research design ultimately adopted reflects the research question as originally framed.

RESEARCH DESIGN

Marshall & Rossman (2006) identify four basic purposes for undertaking qualitative research: exploratory, explanatory, descriptive and emancipatory. As already noted, the construct of OSC is at an early stage of development, and this study sets out to expand both awareness and understanding of the dimensions of this phenomenon; as such, this study incorporates dual purposes of exploration and description. This duality of purpose is common in qualitative research, with the pairing complementary and tending towards depth of understanding rather than breadth: “Many qualitative studies are descriptive and exploratory: they build rich descriptions of complex circumstances that are unexplored in the literature” (Marshall & Rossman, 2006, p33). Key to achieving the dual purposes of exploration and description is the research design itself.

Selecting a suitable research design is characterised by Marshall & Rossman (2006) as an exercise in planning: specifically, what is to be asked, whom is to be asked, and why. A robust design helps keep the researcher on track, while retaining sufficient flexibility to adapt as more is learnt about the topic and new perspectives emerge. In addition, the design is fundamental to the credibility and significance of the research findings. Rubin & Rubin (1995) state:

Design helps you collect credible data and convince readers of your research that the material was collected in a systematic and thoughtful way. A careful design links the research to the wider world of theory and practice to ensure that the results are significant ... (p.42).

Thus, when selecting the research design ‘best fitted’ to answering the specific research question, it is appropriate to be guided by the knowledge that we currently have of the phenomenon of interest – to ignore this knowledge during design selection risks making an inappropriate choice. In this study, the nature of the phenomenon of interest, the level of available knowledge on OSC and the research question itself, combined to impose major

constraints on the research design, and effectively limited the researcher to adopt a particular method and methodology. This will be revisited later in this chapter.

Sampling

Unlike statistical research, qualitative research does not set out to estimate the incidence of phenomena in the wider population. Qualitative sampling therefore requires a different logic to quantitative enquiry, one in which neither statistical representation nor scale are key considerations...The precision and rigour of a qualitative research sample is defined by its ability to represent salient characteristics ... and it is these that need priority in sample design (Ritchie, Lewis & Elam, 2003, pp.81-82).

This is a qualitative study – it neither pertains to a specific population nor does it involve the empirical testing of hypotheses; rather, the research question pertains to a specific social process – the purposive initiation of social exchange. As such, a non-probability sampling strategy has been adopted, where the sample unit is selected on the basis of its representativeness of a specific characteristic of interest within the sampled population - not on the basis of statistical representativeness.

The core problem of representativeness is the extent to which the phenomenon of interest varies within the population (Gobo, 2004). However, as this research is ‘exploratory’ in so far as there is very little prior research to inform the researcher’s appreciation of the extent to which the phenomenon of interest varies within the population, the representativeness of the sample was established as a consequence of the research itself.

According to Patton, the means by which the researcher ensures representativeness occurs is by focussing on the unit of analysis: “The key issue in selecting and making decisions about the appropriate unit of analysis is to decide what it is you want to be able to say about something at the end of the study” (2002, p.229). Defining sampling units is important to avoid empirically shallow research, and consistent with the variable of interest in the initial research question – namely, employment status – the unit of analysis selected for this research was a single employment episode (30 in total); an employment episode

being defined here as the formal engagement of an organisational member on a remunerated basis in a specific position.

Given that the unit of analysis effectively included anyone in paid employment in New Zealand, it was important to employ maximum variation (demographics, gender, employment role, industry) – or heterogeneity – sampling in order to maintain rigour; Patton (2002) holds that the strength of maximum variation sampling is that:

Any common patterns that emerge from great variation are of particular interest and value in capturing the core experiences and central, shaped dimensions of a setting or phenomenon...Thus, when selecting a small sample of great diversity, the data collection and analysis will yield two kinds of findings: (1) high-quality, detailed descriptions of each case, which are useful for documenting uniquenesses, and (2) important shared patterns that cut across cases and derive their significance from having emerged out of heterogeneity (p.235).

This deliberate seeking of maximum variation within the sample represents a sampling strategy with a specific purpose in mind, and as such is termed ‘purposeful’ sampling. The purpose of sampling, then, is to capture and describe the central themes that transcend high levels of variation across cases:

The logic and power of purposive sampling lie in selecting *information-rich cases* for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry, thus the term *purposeful* sampling (Patton, 2002, p.230).

Originally the research sample was to be drawn from a single organisation, and access was duly secured and a pool of 50 potential participants identified. However, due to major upheavals at the host organisation, access was later withdrawn. While initially disappointing, the time spent on site did serve to clearly illustrate to me the significant influence organisational cultures can have on the behaviour of organisational members, and thereby on the data collected. As the influence of culture on the phenomenon of

interest was not the focus of my study, I took the opportunity to revisit my sampling strategy. Consequently, rather than negotiate access to a new organisation and its members, the sample population was instead extended to include anyone currently in employment in New Zealand.

Chain Sampling

For the first phase of data collection, a purposeful approach was combined with ‘chain’ - or snowball - technique to gain maximum variation – or heterogeneity - in the sample. The chain approach “...involves asking people who have already been interviewed to identify other people they know who fit the selection criteria” (Ritchie, Lewis & Elam, 2003, p.94), and as such this approach to sampling is well suited “...for locating information-rich key informants or critical cases...By asking a number of people who else to talk with, the snowball gets bigger and bigger as you accumulate new information-rich cases” (Patton, 2002, p.237).

I selected chain sampling to identify and recruit participants for three key reasons. Firstly, as noted above, chain sampling enabled me to very rapidly and efficiently access a highly diverse pool of candidates. Secondly, and more significantly, by its nature chain sampling relies on social networks to identify and access candidates, and as such was entirely consistent with the phenomenon of interest. Finally, through the social capital of my existing participants, I was able to approach candidates not as a complete stranger, but as someone who had been ‘pre-vetted’ and endorsed by a trusted member of the candidate’s social network.

Three chains were started with business acquaintances (participants 1-3); at the end of the interview, I asked each participant to give me brief profiles of potential candidates they thought would be interested in participating in the research. These profiles gave me enough information to determine whether or not the candidate would further expand the heterogeneity of my sample, and on this basis I would obtain the contact details of the two preferred candidates. In each case, the first of the two referrals was contacted and successfully recruited (participants 4-6) to form the second link in the chain; the same process was then repeated and yielded the same result (participants 7-9) and the third link.

The tenth participant was the first referral of the seventh participant, completing data collection.

As well as achieving a heterogeneous sample, chain technique also yielded a well-balanced representation of the three membership statuses detailed earlier – *core*, *associate* and *marginal*¹. This outcome was facilitated by further purposive sampling criteria relating to participants' work history; specifically, to ensure that participants had sufficient opportunity to experience the three different membership statuses, all participants were required to have been in employment for at least 10 years, and be employed in at least their third position. Interest was restricted to participant's three most recent positions or employment 'episodes', with each episode considered as a discrete case – ideally, within these three episodes, participants would have experience of all three of the membership statuses. With respect to the balanced representation of the three statuses, this may be regarded as a serendipitous outcome of the sampling technique; the status eventually attributed to each episode being determined by participants *after* their recruitment.

Furthermore, by looking to explore all or part of a participant's employment history, the intention was to introduce a longitudinal dimension to the data in the hope that this would reveal those dimensions of the phenomenon that were readily modified/adapted by experience, and those that were less so. Data analysis reveals this approach to have been highly successful in this regard.

Some final observations on the implications of my sampling procedures for the integrity and quality of my data are warranted. Firstly, the acceptance conferred upon me by initial informants as a consequence of chain sampling – discussed above - served to facilitate recruitment of further participants and led to very rapid establishment of rapport and trust (Glesne & Peshkin, 1992). This in turn enabled me, during recruiting and prior to the interview, to decline answering any questions from the candidate regarding the research

¹

1. *core* – 'long-term' employees and owners;
2. *associate* – 'mid-term' employees with good prospects to join the core;
3. *marginal* – 'short-term' contingent employees, sub-contractors, etc with little or no prospect of joining a higher level, either through choice or circumstance.

topic, and to have this accepted without debate; furthermore, existing participants agreed not to discuss the research topic with candidates until after interviews had been completed.

This was particularly significant for avoiding the pre-sensitising of data – given that social exchange and social capital are held to be ubiquitous, undocumented, and taken-for-granted phenomena of social life, and as such largely unarticulated, I did not want to bring these concepts into the participant’s conscious thought prior to the interview to avoid the following:

1. Compromising the spontaneity and naivety of their responses (Rubin & Rubin, 2005); and
2. ‘Pre-framing’ their perspective with unfamiliar concepts (Bowers & Schatzman, 2009).

With participants invariably commenting at the end of the interview that they had never had cause until that time to consider their behaviour with respect to social exchange, the strategy to prevent pre-sensitising participants and the data there from appears to have been successful.

PARTICIPANTS

As noted, participants were selected on the basis of ‘maximising’ the variables of role, industry sector, demographics, and organisational membership status; indeed, sampling successfully identified a heterogeneous final sample of ten individuals from diverse backgrounds, who provided 30 discrete cases with a relatively balanced distribution across the three employment statuses. All participants were given an information sheet and signed consent forms agreeing to participate in the research (see Appendix Number 1 & 2 Information Sheet and Consent Form).

Prior to data collection commencing, each participant was asked to review definitions of the three membership status categories -core, associate, marginal (See Appendix Number 3 Employment Status Assessment), and then classify their three employment episodes accordingly; as a result of the interview, two participants altered the classification of one of

their episodes. This yielded ten 'core', eleven 'associate' and nine 'marginal' cases of employment status, for a total of 30 discrete cases; five participants had experience of all three membership statuses, and the remaining five had experienced two. Participant profiles are summarised below in Table 1.

Table 1: List of Informants

Case #	Employment Episode		Name	Education Level	Age
	Status	Position			
1	Marginal	Administrator	Anne	Tertiary - BA	50
2	Associate	Office Manager			
3	Associate	Legal Assistant			
4	Marginal	Regional Coordinator	Celia	Tertiary - NatCert	60
5	Associate	Account Manager			
6	Core	Business Owner/Proprietor			
7	Marginal	Commercial Photographer	Diana	Secondary	39
8	Core	IT Consultant			
9	Associate	IT Consultant			
10	Associate	Programme Manager	Sally	Tertiary - PhD	44
11	Core	Business Manager			
12	Associate	Bank Officer			
13	Core	Marketing Consultant	Sasha	Tertiary - MCom	32
14	Associate	Marketing Manager			
15	Associate	Account Manager			
16	Core	Service Department Manager	Fred	Secondary	27
17	Associate	Mechanic			
18	Marginal	Car Groomer			
19	Core	Medical Practice Owner	Greg	Tertiary - MD	46
20	Associate	Medical Practitioner			
21	Marginal	Medical Locum			
22	Core	Accountancy Practice Partner	James	Secondary	55
23	Marginal	Business Consultant/Advisor			
24	Core	Business Owner/Proprietor			
25	Marginal	Real Estate Agent	Ross	Secondary	61
26	Core	Business Owner/Proprietor			
27	Associate	Contract Manager			
28	Marginal	Seasonal Worker	Sean	Tertiary - NatCert	32
29	Core	Business Owner/Proprietor			
30	Marginal	Chef			

Setting

The settings for the qualitative interviews were chosen by the participants. All were conducted either in my home office, the participant's workplace or the participant's home.

DATA COLLECTION

Rationale for Approach

As discussed in the previous chapter, the methodological perspective adopted for this research is symbolic interactionism through a constructionist/interpretivist lens; in order that meaningful analysis can be done, the data collection method needs to be aligned with the methodology and consistent with the research question to be answered. According to Rubin & Rubin:

Interpretive constructionist researchers work to figure out what the shared meanings are in some particular group, recognizing that though each person interprets the events he or she encounters in a somewhat distinct manner, he or she is likely, at the same time, to bring to bear the understandings held by peers, family, friends, coreligionists, or members of other groups to which he or she belongs (2005, p.29).

These culturally shared meanings are often taken for granted and therefore 'invisible'; consequently "...researchers have to learn about culture by asking about ordinary events and deducing the underlying rules or definitions from these descriptions and pay particular attention to unusual usages of words and to the stories that convey cultural assumptions (Rubin & Rubin, 2005, p.29)." Given the culturally constructed nature of the phenomenon of interest – OSC - the above imperative is consistent with addressing the research question, and instructive in the selection of data collection method(s).

Referring now to the research question, the initial purpose was to determine the influence - if any - of membership status on OSC flows. Implicit within the definition of OSC adopted by this research is the acknowledgement that in order for resources to accrue,

organisational actors must initiate social exchange for this purpose – ie they must choose to initiate social exchange in support of organisational goals; furthermore, the decision to initiate lies entirely with the individual actor. In order to determine the influence of membership status on that decision, it is necessary to first develop a clearer understanding of the factors involved in that decision - not to do so would potentially leave us with an answer, yet one exhibiting little in-depth 'knowing' as to how or why that answer arose.

However, as already noted above as being typical of culturally constructed phenomena, the factors which enable and direct OSC flows are ubiquitous and 'taken-for-granted'; as Cohen & Prusak (2001) observe:

Social capital is so much a part of the fabric of people's working lives it tends to be invisible, as the things we see every day and take for granted often go unnoticed. An old proverb notes that 'the fish does not see the water it swims in'; similarly, we often fail to see the social capital that surrounds us (p.11-12).

Indeed, extant research strongly indicates that social exchange – and thereby OSC flows - are initiated largely on a spontaneous, opportunistic and informal basis; consequently, both the initiation of exchange of OSC, and the decision process that precedes initiation, are invariably invisible and undocumented. Therefore, this research necessarily involved exploring and developing an understanding of the decision process of participants, as they resolved the 'problem' of whether or not to initiate social exchange with their 'private' social relations for the purpose of organisational goal advancement and attainment. The challenge, then, was to select a data collection method that was consistent with this research objective.

As indicated above, the avenues available to me for studying the phenomenon of OSC were likely to be significantly precluded; specifically, there was unlikely to be any documentation to review, nor was observation of the phenomenon in 'real time' a practical option - only the outcomes could be observed; this presupposing, of course, that a social exchange facilitated OSC outcome would necessarily be distinguishable from other outcomes. Therefore, with data collection via observation or document review ruled out,

interviews and survey/questionnaire instruments remained as viable avenues for data collection.

However, due to the exploratory and inductive nature of the research, structured surveys and questionnaires were rejected - the design and administration of a survey or similar instrument would have privileged my perspective over that of my participants', necessarily proscribing and pre-sensitising the data gathered, with the research outcome consequently lacking authenticity. Therefore, qualitative interviews were selected as the only practical, and credible, option for data collection. As Silverman states:

According to interactionism, interviewees are viewed as experiencing subjects who actively construct their social worlds; the primary issue is to generate data which give an authentic insight into peoples' experiences; the main ways to achieve this are [qualitative] interviews ... (2006, p.91).

This is not to say that by collecting data via interviews, my perspective as researcher would cease to be an influence on my findings; on the contrary, as Rubin and Rubin note: "...those who follow the interpretive constructionist approach recognize that researchers also make cultural assumptions that influence what they ask and how they construe what they hear" (2005, p.29). Nevertheless, notwithstanding the above 'limitation', qualitative interviewing promised a data collection method totally consistent with my methodological approach and a 'best fit' for addressing my research question.

Qualitative Interviewing

"Qualitative interviews are conversations in which a researcher guides a conversational partner in an extended discussion. The researcher elicits depth and detail about the research topic by following up on answers given by the interviewee during the discussion" (Rubin & Rubin, 2005, p.4).

With qualitative interviews the only – and, serendipitously, the 'best' - available means of collecting data for this research study, the key question then became what type of qualitative interview to conduct, and which interviewing approach to adopt.

According to Rubin & Rubin (2005), interviews may be differentiated in two ways: the scope of questioning – *narrow* or *broad* – and the research purpose – *understandings/meanings* or *events/processes*; using these two variables within a matrix, they differentiate a ‘family of qualitative interviews’. With this research being broad in focus due to its exploratory nature and seeking to describe a specific process, the matrix indicates ‘elaborated case studies’ represent the most appropriate classification of purpose:

The purpose of interviews conducted as part of elaborated case studies is to find out what happened, why, and what it means more broadly...The hope in an elaborated study is to be able to generalize to broader processes, to discover causes, and to explain or understand a phenomenon (Rubin & Rubin, 2005, pp.6-7).

Given the above, and the three discrete ‘cases’ to be discussed with each participant, classifying my interviews as elaborated case studies was seen as appropriate.

Types of Interviews

Regarding the interviewing approach, Rubin & Rubin (2005) identify a typology of approaches:

...loosely grouped into two broad categories, *topical* and *cultural*, the former examining what happens in specific circumstances, the latter exploring the ordinary, the routine, the shared history, the taken-for-granted norms and values, the rituals, and the expected behaviour of a given group of people (p.9).

Each ideal type is said to employ a different approach to working with the participant to yield the required data, with greater or lesser emphasis on structure and specifics, and supported by compatible interviewing techniques.

Topical interviews explore the what, when, how, why and with what consequences a particular event occurred; as such, questioning tends to be more pre-planned and focused, and delivered in a more directive and aggressive style as the interviewer seeks to probe

deeper and deeper into the participant's experience and perspective. In contrast, cultural interviews explore more general areas of interest, roaming wherever the participant wishes; therefore, the questioning tends to be more spontaneous and open, and delivered in a more permissive and passive style with the emphasis being on active listening. (Rubin & Rubin, 2005)

Considering that the phenomenon of interest, social exchange of OSC, constitutes a taken-for-granted, behavioural norm, the cultural approach would seem to be appropriate, whereas discovering the nature of the decision process requires an examination of specific events, and as such the topical approach would be more appropriate. In practice, each of my interviews tended towards the cultural in the initial phase, where the conversation revolved primarily around discussing the participant's background and work histories, before narrowing in on their current, and two previous, employment episodes (see Appendix Number 4 Research Interview Schedule). As each episode was explored as a discrete case, a cultural approach was again, initially employed; however, judging an appropriate point to segue from the broad to the specific, I would ease the discussion towards a more topical approach as I focused in on potential occurrences of OSC exchange glimpsed in the cultural 'preamble'. Once I was satisfied that resources had accrued to the organisation through the initiation of social exchange with a member of the participant's private social network, the approach I adopted was fully topical.

Furthermore, it became very clear early on in my data collection that I was asking participants to examine a particular aspect of their own behaviour that they, by their own account, had never had cause to consider or question before – together, we were altering 'unconscious' behaviour to 'conscious'. This collaborative process of 'bringing into awareness', by its nature, can only occur once, with the researcher consequently having just one opportunity for 'naive' enquiry with each participant; thereafter, participants' awareness of their own behaviour would necessarily be greatly elevated.

I felt this to be of particular importance to my data, given I wanted to uncover the degree of consideration my participants gave to initiating the social exchange of OSC, and the factors that might influence this degree; my concern was that having brought their decision process into awareness, in any subsequent examination of their choices there might be a

tendency to ‘second-guess’ or over-analyse that choice, thereby yielding pre-sensitised data. This concern is addressed – in large part - by adopting the topical approach; as Rubin & Rubin state:

“... in topical interviews, the researcher may only have one shot at getting the specific information that is needed. As a result, the interviewer may adopt a

more aggressive style of interviewing, developing a list of specific questions and pursuing them until he or she gets some kind of satisfactory answer” (1995, p.30).

Therefore, adopting a topical approach to the interview was instrumental in enabling each participant to bring their behaviour fully into awareness, thereby giving it shape and meaning, in a spontaneous, surprising, and by all accounts, fascinating discussion of self-discovery.

Finally, my data collection was continuously informed by the ongoing analysis that was occurring in parallel (see below); most significantly, by adopting the shared language that participants employed when referencing their own behaviour with respect to engaging in the social exchange of OSC. With the reading of each new transcript, the ‘ubiquity’ of this language/terminology became very obvious to me, and its use in subsequent interviews greatly assisted the collection of more finely nuanced data by providing a ‘common’ thread – or ‘shared meaning’ - for participants to explore and reflect upon their own behaviour.

An example of this was the framing of initial questions around OSC exchange, where the terminology used by participants was the ‘doing of favours’. My opening question evolved from: “Can you tell me about any resources you have secured for your organisation through friends or colleagues?” to “Have you ever done any favours for your employer that involved family, friends or people you know...?” Participants’ use of language also informed the first phase of Dimensional Analysis, which I address in the next section.

Finally, interviews were recorded and ranged in length from two to four hours, with the average being just over 3 hours; the length was determined entirely by the participant,

while the average length is reflective of treating each employment episode as a discrete case and interviewing same accordingly. Recordings were then transcribed verbatim, yielding almost 40,000 lines of transcript from the data collection.

Dimensionality is a property of human thinking that calls for inquiry into the parts, attributes, context, and implications, and the interrelationship among the dimensions. Consequently analyzing dimensions goes beyond theme identification to uncovering underlying perspectives of the data (Ryan, Hodson-Carlton, & Ali, 2005, p.359)

DATA ANALYSIS

Dimensional Analysis:

As stated previously, Dimensional Analysis (DA)² has been adopted as the symbolic interactionist framework for data analysis, and is consistent with the inductive generation of 'grounded' theory from qualitative data. The objective of grounded theory as originally conceived was to generate a theory of an observed social phenomenon by answering the conceptual question: What is the basic social process that underlies the phenomenon of interest? (Glaser & Strauss, 1967).

In contrast, rather than seeking to identify the 'basic social process' underlying the observed social phenomenon, the objective of DA is to generate theory by seeking to identify the *shared meanings of interactions* between human beings observed in natural 'lived' situations; this search is guided by addressing the question: "What *all* is involved here?" (Schatzman, 1991, p.310). This fundamental question "...stems directly from the symbolic interactionist perspective and reflects the researcher's interaction with the data (Kools, et al, 1996, p.316)". The researcher is able to set about answering this question because of dimensionality: an individual's cognitive ability to address the complexity of a

²Professor Emeritus Leonard Schatzman is a student and colleague of Anselm Strauss - co-developer of Grounded Theory method. As Strauss's work on Grounded Theory evolved, Strauss and Schatzman had many conversations about the direction the method was taking. Strauss acknowledged Schatzman's influence on the development of his thinking about analysis, particularly about dimensionalising. Schatzman, known for his contributions to field research, published little; instead, he focused primarily on the teaching of Dimensional Analysis, resulting overtime in many groups of students using this methodological approach and associated method. Unlike other versions of grounded theory, Dimensional Analysis is still taught primarily as an oral tradition (Bowers & Schatzman, 2009).

phenomenon by noting its attributes, context, processes, and meaning – ie its constituent components/dimensions (Kools, McCarthy, Durham & Robrecht, 1996; Schatzman, 1991).

By focusing on ‘discovering’ within the data ‘what all is involved’, the researcher seeks to ‘identify’ the plethora of dimensions and corresponding attributes that constitute the phenomenon and how these relate to each other; it necessarily follows that the dimensions identified, the labels/designations attached to them, and the interrelationships discerned will reflect the perspective of the researcher *and* participant. According to Bowers and Schatzman (2009):

Recognizing that what ‘emerges’ from data is dependent on both the perspectives of the informant and the perspective of the researcher, the notion of emergence as unproblematic discovery in much qualitative research, even today, is an insufficient, even misleading, explanation of analysis, failing to account for the range of analytic processes that lead to selection and organization of dimensions (p.98).

Each dimension identified in the data, therefore, is a construction of the researcher that incorporates these dual perspectives. As such, a dimension is “...an abstract concept with associated properties that provide quantitative or qualitative parameters or modifiers for the purpose of description (Kools et al, 1996, p.316)”

In DA method, then, analysis is effectively defined as the process of separating and designating the constituent dimensions of a phenomenon, and discerning the manner in which they are interrelated to arrive at “... an understanding or theory of “all” considerations seen as involved in the phenomenon and as constituting the “whole” of it (Schatzman, 1991, p.309)”; as such, the key process undertaken by the researcher becomes the construction - or ‘novel’ reconstruction - of the multiple components of a complex social phenomenon (Schatzman, 1991; Robrecht, 1995; Kools et al, 1996). This key process is somewhat analogous to being given a box containing all the shards of several broken tiles, and, guided by descriptions from participants who observed them in their entirety, reassembling the pieces into a mosaic representative of the original tiles – or, more accurately, representative of the assembler’s (researcher’s) interpretation of

participants' shared understanding of the original tile. Thus, retaining the *complexity* of the phenomenon – rather than distilling it to a *single* basic social process – is central to DA method.

Given the above, DA method is particularly well suited to exploring taken-for-granted, ubiquitous, undocumented complex social phenomena - like social exchange of OSC - given that these can only 'exist' through shared meanings/understandings arising from social interaction, and where *all* that is involved there is left largely unarticulated. My role as researcher, then, was to bring my perspective to the phenomenon of interest, identify the constituent dimensions thereof, and discern how these are interrelated. In so doing, I ultimately 'determined' the relative significance of each dimension within the phenomenon – but not the absolute significance.

Dimensional Analysis: Operation

Before describing the analytic process of my theory generation, a more detailed articulation of the operations of Dimensional Analysis will enable the reader to undertake an informed assessment of that process.

While operationalisation of DA is typically articulated as a three-stage process (Schatzman, 1991; Robrecht, 1995; Kools et al, 1996), this is primarily to facilitate explication rather than a 'true' representation of the process itself; indeed, from the commencement of my primary data collection phase, I was continuously interacting with my data such that analysis was occurring concurrently as part of a circular and iterative process. However, consistent with other qualitative approaches, the challenge of describing this process to an independent observer remains; as Kools et. al, opine:

...one of the dilemmas in explicating the process of grounded theory method is the intrinsic difficulty in describing the constant, dynamic interactional relationship between the researcher and the data. Analysis does not usually proceed according to a prescribed process with distinctive phases or stages. Data collection and analytic activities often occur simultaneously or in a

circular fashion. Linearity in the analytic process can only be described for the sake of illustration (1996, pp.315-6).

For the purposes of describing my process, I will nevertheless resort to a linear approach, although I emphasise that typically my analytical process would ‘ratchet up’ each time I received additional interview transcripts; in this regard, it may be helpful to the reader to consider the following description as applying to the analysis of a single transcript, then imagine the process commencing anew, occurring concurrently rather than sequentially, as each new transcript was received.

Furthermore, as noted above, this ongoing analysis was informing data collection with each subsequent ‘link’ of the sampling chains – the transcripts from each ‘link’ being received as a package and effectively analysed as such in the first instance.

Three Stages of Dimensional Analysis:

Typically, DA method is described as a sequence of three stages, with each stage involving a specific operation: the first stage involves the operation of *dimensionalisation/designation*, the second that of *differentiation*, and the third and final stage *integration/reintegration*; alternatively, these stages may be regarded as representing early, middle and late phases of analysis (see Appendix Number 5 Dimensional Analysis Glossary).

Stage 1. Dimensionalisation/Designation

As noted above, the key process of DA method is the construction - or ‘novel’ reconstruction - of the multiple components of a complex social phenomenon; it follows, then, that the initial task facing the researcher is to identify *all* of the components of the ‘whole’ phenomenon to obtain the broadest possible view of that complexity. This unraveling and uncovering process is termed ‘dimensionalisation’, and simultaneously involves the operation of ‘designation’ - simply the labeling of dimensions and properties observed in the data; designation also serves to develop the vocabulary necessary for the researcher to conduct the cognitive work of analysis (Schatzman, 1991)

It is important to emphasise that in this first, early stage of analysis, the researcher is *only* interested in identification of dimensions and the logistics of working with same; the importance and meaning of dimensions is expressly *not* a focus at this time. This provisional ‘coding’ of dimensions within the data has but *one* purpose - to answer the central methodological question: “What *all* is involved here?” In DA, all codes “...take the form of dimensions presumed or found to be in some way related to the phenomenon and universal to samples and variations of it... (Schatzman, 1991, p.310)”; as such, each individual dimension, by definition, represents an abstraction of an ‘identified’ attribute of the ‘whole’ phenomenon. Furthermore, each dimension may itself comprise multiple attributes which may be similarly differentiated into abstractions, or ‘sub-dimensions’, and again those in turn may be further sub-dimensionalised; ideally, this process may continue until the researcher has reduced the dimension to *all* its ‘identifiable’ constituent components – at this point, meaningful differentiation has reached its logical conclusion.

Ideally, then, the end result of dimensionalising should be a concept that is fully defined and its properties clearly differentiated (Schatzman, 1991). For example, the dimension of ‘relationship’ might first be sub-dimensionalised into family, social, professional, platonic, sexual, etc; family in turn sub-dimensionalised into nuclear, biological, extended, spiritual, ethnic, etc; biological into parent, sibling, cousin, etc; and, finally, parent into mother or father. In this example, the fourth level of reduction may be regarded as having identified an irreducible attribute - mother or father - of the original concept - ‘relationship’.

The above notwithstanding, this process of differentiation should not be regarded as absolute or definitive; to reiterate, dimensionalising and designation occur through the application of the ‘natural analytic’ skill of the researcher, and as such the dimensions and their designations will, as a matter of course, reflect his/her personal perspective. It follows, then, that another researcher would apply his/her ‘natural analytic’ ability to the task and, necessarily, dimensionalise and designate differently (Bowers & Schatzman, 2009). The point here is that, with DA the process of dimensionalising/designation “...tends to exert control, not alone over particular conceptualization but generally over the analysts’ uses of language (Schatzman, 1991, p.311).” In other words, at the very least, designations provide the headings necessary for conceptually organising data, thereby ‘framing’ the use of terminology in the analytic process.

In this research, I commenced dimensionalising upon receiving the first three transcripts; employing my ‘natural analytic’ skill based upon ‘recognition and recall’ dimensions were identified and designated on the basis of their ‘familiarity’ to me, and as such reflected the perspective that I brought to the data.

For example, the following passage of transcript was dimensionalised as “Resource Application”.

Diana: Even though I liked the people who worked there, and even though I was going to get some benefit from doing the firm a favour, I didn't like what they were going to do with [the resource], so I did nothing to help them out.

While the influence of my perspective and natural analysis on the cluster of identified dimensions is acknowledged, dimensionalising and designation of my data was not undertaken in total isolation from alternative perspectives; rather, during dimensionalising of the first batch of transcripts, I subjected my process and provisional codes/designations to extended review by an associate supervisor. This involved me reading transcripts out loud while my supervisor followed on a separate copy of the transcript. I would identify a dimension, designate it, and my supervisor, if unable to discern my ‘reasoning’, would challenge me to justify my provisional code. It is important to note that this was by no means brief and superficial oversight; this supervision was rigorous and prolonged, not least because, while a qualitative researcher skilled in open coding of data, my supervisor was unfamiliar with DA method or the management perspective that I brought to my data. Consequently, challenges were frequent, involved and wide-ranging. At this stage in my analytic process, this oversight was crucial in helping me develop and sustain the focus I needed to adhere to the *only* task in hand – identifying all that was there in the data.

Initially, dimensionalising of the first transcripts yielded large numbers of dimensions and sub-dimensions, but as subsequent batches of transcripts were dimensionalised the rate with which new dimensions were identified steadily declined, such that the final transcripts yielded few additional dimensions (see Appendix Number 6 Dimensional Analysis Designations). Upon completion of dimensionalisation of my transcripts, I had identified in excess of 120 dimensions and sub-dimensions, and was confident that the broad

complexity of the phenomenon of social exchange of OSC was reflected in my data – ie ‘all that was going on there’ had been uncovered, at least to the extent that my perspective and that of my informants would allow. In other words, this assemblage of dimensions effectively equated to data ‘saturation’, and interviewing further participants at this point would have yielded very few additional dimensions. In DA, the analytically functional consequence of this was that I should therefore have assembled a ‘critical mass’ of dimensions.

A key and obvious question then becomes, how is the researcher to ‘know’ that a critical mass has been achieved? Kools et al. (1996) state that this critical mass represents “...emerging pathways that possess some explanatory power. When the researcher perceives that major aspects of the phenomenon appear to be reflected in the analysis, it can be determined that a critical mass of dimensions has been derived” (p.317). Therefore, rather than adding to my data it was now appropriate to begin the process of limiting my data. This is the point of departure for the 2nd stage/middle phase of analysis.

Stage 2: Differentiation

In DA, the limiting of data is achieved by determining the relative salience of dimensions, thereby enabling them to be organised into a logical configuration that serves to ascribe them meaning (Kools et al., 1996; Schatzman, 1991); this process is called differentiation (see Appendix Number 7 Differentiation Coding). Remembering that the key process of DA is the construction - or ‘novel’ reconstruction - of the multiple components of a complex social phenomenon, dimensionalising not only enables the researcher to identify and designate *all* of the components requisite to this construction/reconstruction, it also provides the material for differentiation.

As already noted, to this point each dimension had been ascribed no particular ‘value’ in terms of its ability to ‘explain’ the problematic phenomenon of interest; nevertheless, by now I was sufficiently familiar with the data and the broad complexity of the phenomenon that a clear sense of each dimension’s relative importance had emerged, and as such I was ready to commence differentiation. Schatzman (1991), explains it thus:

Clearly, the gathered dimensions are at first simply a list. Soon however, these and their properties are so large and so resistant to combination, that the analyst can begin to experiment with explanatory scenarios, imagining the relative value of dimensions and their location in the [explanatory] matrix (p.312).

As indicated above, this stage of dimensional analysis introduces an *explanatory matrix* to facilitate the differentiation of dimensions on the basis of their innate characteristics, and the explanation of their interrelation:

“An explanation, after all, tells a story about the relations among things or people and events. To tell a complex story, one must designate objects and events, state or imply some of their dimensions and properties – that is, their attributes – provide some context for these, indicate a condition or two for whatever action or interaction is selected to be central to the story, and point to, or imply one or more consequences. To do all this, one needs at least one perspective to select items for the story, create their relative salience and sequence them. Thus, “from” perspective, “in” context, “under” conditions, specified actions/processes, “with” consequences, frame the story in terms of an explanatory logic embedded in the...matrix (Schatzman, 1991, p.308).

The Dimensional Analysis explanatory matrix is introduced below in Table 2. The exercise of differentiation results in the dimensions ‘populating’ the matrix as central perspective, context, condition, process and consequence.

Table 2: Dimensional Analysis Explanatory Matrix

<i>(from)</i> Perspective			
<i>(attributes)</i> Dimensions & Properties			
<i>(in)</i> Context	<i>(under)</i> Conditions	<i>(specific)</i> Processes	<i>(with)</i> Consequences
<i>(naming)</i> Designations			

In this way, the explanatory matrix provides a "...structure of terms that totally frame and give direction or methodological perspective to analysis, particularly in the context of explanation" (Schatzman, 1991, p.308). In other words, the explanatory matrix represents an overarching framework of analysis that provides the structure and context *for* analysis, and as such is the 'cornerstone' of the analytic process (Kools et al., 1996; Schatzman, 1991). Thus, dimensions are differentiated by organising/categorising them into conceptual components of *central perspective, context, condition, process* and *consequence* .

It is here that the concept of perspective becomes preeminent in DA. Whether a dimension is assigned as context, condition, process or consequence is a matter of perspective. As noted above, the structure of the matrix provides for a perspective or 'direction' for analysis, and this perspective will be reflected in the explanation/story arising from the construction/reconstruction of the dimensions. Therefore, in order to generate an explanatory narrative, the researcher must at some point determine the central perspective from which the narrative will be written; the central analytical task now becomes the search amongst all dimensions for a single dimension to be assigned to the position of central perspective. Identifying the central perspective is achieved by 'auditioning' each dimension or sub-dimension to the position of central perspective:

Each dimension conjured, should be – momentarily at least – given a theoretical chance to become perspective...once any dimension (or subdimension raised to the level of a "primary" concept) is given the power of perspective, it appreciably controls the line of inquiry and reasoning. This in turn affects designations or vocabulary used in the implementation of the matrix. Designations control specificity, distinction, comparison, and nuance, and so are integral - not merely requisite - to analysis (Schatzman, 1991, p.311).

This procedure of auditioning all dimensions – even momentarily – as central perspective, seeks to ensure 'objectivity' in the selection of the central perspective by requiring the researcher to maintain an 'open mind' well into the analytical process. As Schatzman (1991) notes:

Just as each dimension illumines a single aspect, so too it can illumine the entire matrix when momentarily and experimentally, or “permanently” made a perspective. Not only does perspective control designation, but salience for all other dimensions as well (p.312).

The dimension that provides the most complete explanation of how all dimensions are related to one another is ultimately assigned to the position of central perspective in the matrix, and from there serves to organise and “choreograph” the data; the central perspective thereby relegates remaining dimensions as *salient*, *relevant*, *marginal*, or *irrelevant* (Schatzman, 1991).

Of course, differentiation itself requires that the categories of the matrix be defined; Kools et al., (1996), define them thus:

Context indicates the boundaries for inquiry – that is, the situation or environment in which dimensions are embedded. Conditions are the most salient of dimensions. Conditions, by nature of their relative importance to a given phenomenon, have an impact on actions and interactions. Conditions are dimensions of a phenomenon that facilitate, block, or in some way shape actions and/or interactions – the processes of a given phenomenon. Processes include intended or unintended actions and interactions that are impelled by specified conditions. Finally, consequences are the outcomes of these specific actions/interactions (p.318).

At the very least, all dimensions are contextual, given they are constituent components of the “whole” or “all” that is problematic (Schatzman, 1991). All analytically useful dimensions are therefore considered, in the first instance, to be contextual, until such time as they are reassigned to other points in the matrix – ie as condition, process or consequence. Under the chosen central perspective, differentiating a given dimension and assigning it to a particular category determines the final composition of the explanatory matrix, and thereby the constructed/reconstructed rendition of the complex social phenomenon; therefore, where each dimension is ultimately assigned in the matrix may be of fundamental significance.

My memos reveal that ‘auditioning’ of dimensions to the central perspective began during dimensionalising of my first transcripts; however, the ‘discipline’ provided by the matrix prevented me from selecting the central perspective too early in my analysis. As new dimensions were identified in subsequent transcripts, they would be routinely auditioned as central perspective, but again, at this early stage final selection of a central perspective was not being entertained.

As I progressed further into my data analysis, and fewer new dimensions were identified in each additional transcript, the auditioning of dimensions as central perspective became more focused. For example, the dimension ‘Resource Application’ was differentiated and assigned to the matrix as a condition, given that participants had described how it shaped their decision process and the different consequences that resulted. When auditioned as central perspective, the dimension exhibited significant explanatory power, but no more so than several other conditions, and was eventually rejected later in analysis.

Auditioning was eventually undertaken for all dimensions identified in the data. Some dimensions were easily discounted, possessing no discernable explanatory power, while others were repeatedly elevated to central perspective but consistently failing to provide more explanatory power than a number of other dimensions. As auditioning continued, the ‘pool’ of dimensions with potential for permanent elevation to central perspective steadily reduced, until eventually one dimension was consistently identified as having the greatest explanatory power and was finally selected as central perspective. Furthermore, an extended break from data analysis allowed a repeat auditioning of all dimensions with ‘fresh eyes’ in the presence of my supervisor, and the same dimension was again identified, and thus confirmed as central perspective.

Stage 3: Integration/reintegration

In DA, the late phase of analysis involves the final synthesis of the dimensions within the explanatory matrix into a grounded theory. As already described above, integration occurs according to a central organising perspective that enables the patterns & relationships between dimensions to be described & explained, resulting in the development of a theoretical ‘story’; thus, perspective “...is particularly crucial in that it gives theoretical

and explanatory form to a story that would otherwise be regarded, at best, as fine description (Schatzman, 1991, p.313)".

In other words, the final composition of the explanatory matrix is used as a pragmatic device for the translation of theory into a clear narrative version. As will be shown in the following two chapters, this final narrative version represents the novel construction/reconstruction of my problematic social phenomenon, and constitutes a grounded theory of it.

Theory Verification

To establish the credibility of the emerging theory, testing was undertaken regularly throughout the integration process through the limited collection and analysis of additional data. This again involved in-depth semi-structured interviews, although only the topical approach was adopted this time and interviews had a shorter average duration of about one hour, primarily as a result of a narrower focus. The five participants were again identified through chain sampling, although I did not extend the chains I had initially used; as these chains had been unused for a prolonged period of time, I felt that approaching the prospective candidates 'out of the blue' was inappropriate and that a new chain was therefore warranted.

This time participants were not specifically asked about their three most recent employment events, nor were they asked about their organisational membership status; instead, these additional interviews focused on testing the central perspective by verifying my differentiation of those dimensions identified as being most salient. This involved briefing each participant about my research in very broad terms (framed in terms of my informants' language in respect to "doing the organisation a favour"), and then 'exploring' an employment scenario in their current workplace where the participant was faced with the following decision: whether or not to initiate social exchange with a member of their private social network to enable the organisation to accrue a resource. Participants were asked: "What information would be important for you to have in order to help you make your decision, and why?" I would follow this discussion with specific questions about the most salient dimensions, in my case being those dimensions I had assigned as 'conditions'.

I chose to test these conditions by asking participants whether or not a particular condition would influence the outcome of their decision process, and again, if so, why?

This testing resulted in all five participants responding essentially the same to the 'imposition' of the different conditions on their decision-making process; similarly, all participants were nearly identical in the specific information they felt they required, and all used common terminology and rationales when justifying it. I felt that this provided me with sufficient and credible verification of the final composition of my explanatory matrix, and thereby the grounded theory emerging therewith.

Summary

In summary, the methodological procedures chapter has presented the tools used to undertake this research. It begins by outlining the research questions, followed by preliminary comments on research design. Next, the sampling method for recruiting participants is described before presenting a profile of my final sample. A qualitative research design and the rationale for its use is then discussed in depth, followed by an explanation of the interviewing technique adopted for data collection. Finally, the three stages of Dimensional Analysis, the method employed to analyse the data, are discussed in detail as a precursor to the findings chapters that follow.

OVERVIEW

In this chapter and the chapter that follows I present the findings of my research. I commence with an overview, and then, consistent with the Dimensional Analysis approach, I differentiate my findings into central perspective, condition, consequence, process and context. Some findings comprise groupings of dimensions and thus may be differentiated in more than one way; however, for ease of explanation and to avoid unnecessary repetition, all differentiations of each dimension are addressed concurrently. These dimensions are then integrated according to the central perspective to develop my theory of the phenomenon of interest – this theory, grounded in my data, is presented in narrative and graphic forms. The chapter concludes with the presentation of an explanatory matrix partially populated with all dimensions identified in this chapter.

Introduction

By way of setting the scene for my findings, the focus of this research is, firstly, the social exchange process - or processes – at the individual level that control the flows of OSC, and secondly, the organisational factors, if any, that may influence that process. As already noted, the definition of OSC adopted here refers to the resources which accrue to the organisation through the social relationships of its members.

While an organisational member's network of social relationships may comprise direct or indirect ties to numerous others, this study restricts its focus to three discrete actors. These actors, and the social relationships they share *prior* to the OSC transaction, are as follows:

- i) *Broker* – the focal actor and organisational member; this actor controls the transfer of the OSC resource, and has direct dyadic relationships with the supplier and the recipient;
- ii) *Supplier* – a member of the broker's private social network; this actor supplies the resource being transferred, and has a direct (dyadic) relationship with the broker, but no relationship with the recipient;

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- iii) *Recipient* – the broker’s employing organisation or its agent; this actor receives the resource being transferred, and has a direct (dyadic) relationship with the broker, but no relationship with the supplier.

Implicit above is that in order for resources to accrue to the organisation, an actor needs to first initiate a social exchange transaction with a contact in their private social network. In this study, the broker is the actor who initiates exchange in order to ‘broker’ the transfer of resources between supplier and recipient – that is, it is the purposeful actions of the broker that allow resources to *flow through* the social network. Therefore, drawing on the broker as my informant, this research endeavours to illuminate these actions around social exchange initiation, and any organisational influences thereon, in order to develop an understanding of the phenomenon.

Returning to the organising framework of Dimensional Analysis, answering the research questions requires identification of the dimension to be further differentiated as the central perspective - that is, the condition, consequence, context or process possessing the greatest explanatory power. The central perspective accommodates and arranges all the identified dimensions within a theoretical ‘story’; thus, the story presented in these findings should ‘logically’ explain the phenomenon of social exchange initiation in an organisational setting.

I now address my findings. As noted above, consistent with Dimensional Analysis method, these findings describe the ‘all of what is going on here’ – that is, those dimensions identified in my data, and differentiated as central perspective, condition, process, consequence and context. Each dimension is substantiated with excerpts drawn from my participant interviews, and all dimensions are reintegrated into my final theoretical narrative. This first chapter of findings introduces the process that has been differentiated as central perspective on the basis of its explanatory power, and for the purposes of clarity, presented here as comprising two phases. The ‘first’ phase and its dimensions and sub-dimensions are described in this chapter – this phase may be regarded as representing the ‘basic’ process. The following chapter describes the ‘second’ phase dimensions and sub-dimensions that influence the first phase, before reintegrating all dimensions into my final theoretical narrative.

**SOCIAL EXCHANGE TRANSACTION ANALYSIS
(CENTRAL PERSPECTIVE; PROCESS)**

As noted above, given that whether or not to initiate social exchange is the central action in question, there is implicit a decision process employed by the broker. As with any decision process, this allows the differentiation, examination and comparison of alternative courses of action to facilitate the selection of a preferred alternative; therefore, the broker has to *choose* whether or not to initiate exchange. While there are two possible outcomes from the broker's decision process with respect to initiating social exchange, only one outcome leads to the transfer of resource/s between supplier and recipient; in other words, the flow of OSC is preceded and enabled by the broker's decision to engage in social exchange for this purpose. I emphasise here that a clear distinction is therefore being made between the initiation of social exchange, and the *consequences* of that initiation; specifically, the accrual of resources by the organisation is *contingent upon* the outcome of the broker's decision process with respect to social exchange initiation.

The dimension ultimately identified in this study as the central perspective is the decision *process* that determines the initiation of a social exchange transaction - designated here as *social exchange transaction analysis* (SETA). As the central perspective, SETA configures the DA explanatory matrix, and consequently the findings discussed here pertain to different dimensions of SETA. In DA a process is an intended or unintended action or interaction impelled by specified conditions, that in turn lead to outcomes - those dimensions ultimately differentiated in the explanatory framework as consequences. Following this definition, SETA is an intended action, impelled by the need to access resources within a social network to facilitate organisational goals, which may or may not lead to the initiation of social exchange.

As my data will show, SETA is a highly complex process undertaken at the individual level that ultimately controls the flow of OSC through a social network. This complexity is not so much a reflection of the many dimensions of the phenomenon, but rather is a result of both the interconnectedness of the dimensions and the interactions between them. SETA builds piece by piece and layer by layer, an 'analytical' picture of the *potential* social

exchange transaction in order to arrive at a decision on whether or not to initiate exchange - and thereby the flow of OSC.

Diana best expressed this complexity:

JD: It sounds like there are a number of dimensions that you try to reconcile before you decide what you are going to do?

Diana: Yes and I think it's not as if you consciously sit down and tick off like a whole lot of boxes and say do they fit this criteria or that criteria? It's something that you have a gut feeling of – is that the right thing to do? And if you had to try and define what that gut feeling was and what the criteria was, you would go through and end up with all these check boxes, you know which is a bit ridiculous, but I suppose sub-consciously you are aware of all these parameters that work on both sides of the equation. So you look at those factors and see whether they mesh or not and then obviously then there's your own personal agenda, if you can call it that if involved as well over the top of it.

JD: And do you think you're different from most people, or do you think the process is the same for everyone?

Diana: I assume it's pretty much the same, I would think, I don't know, and I would expect that some people are maybe a bit more analytical about it and again this is not a sexist approach to the answer to the question but I think females tend to operate on a gut feeling, emotive feeling, more on the emotive side to the whole transaction, whereas males are probably a bit more analytical. They would look at it more black and white.

I now describe the first phase of SETA by way of its general operation, before demonstrating this through the description of the relevant sub-dimensions. I use the term 'interim' with respect to the decision that arises from this phase, as it is important to remember that this decision does not constitute the 'final' decision of SETA – this is the outcome of the second phase, which is described in the next chapter.

SETA Phase I

As already noted, this study is restricted to transactions involving three actors; as described here, SETA is similarly restricted to exchanges involving a broker, a supplier and a recipient. Therefore the potential transaction being analysed incorporates two discrete transactions – one between the broker and the supplier, and one between the broker and the

recipient. Thus, while the interim decision whether or not to initiate exchange is differentiated here as a consequence of the SETA process, it is itself a consequence conditional upon, and subsequent to, dual preliminary consequences of SETA – whether or not to exchange with the supplier *and* whether or not to exchange with the recipient. In other words, SETA incorporates two separate precursory analyses, the outcomes of which together determine the interim decision arising from the first phase of SETA.

To summarise briefly, the broker engages in a decision process termed SETA, and the outcome of this process determines whether or not an OSC social exchange transaction involving both the supplier and recipient will be initiated. To arrive at an interim decision, SETA first requires completion of separate decision analyses of the social exchange transactions between the broker and the supplier on one side of the full transaction, and the broker and the recipient on the other.

It needs to be remembered that these three transactions – the two precursory ‘half’ transactions and the subsequent ‘full’ transaction – have not yet taken place. They are potential or *prospective* transactions only, thus any analysis is purely speculative. Therefore, SETA effectively functions as a ‘modelling’ of the transaction to enable the broker to reach a decision on exchange initiation. That a decision has to be made at all is reflective of the potential outcome or outcomes from the transaction – presumably if *all* potential outcomes were beneficial to the broker, then exchange initiation would not be ‘problematic’, and the broker could be expected to initiate exchange as a matter of *course*; however, clearly not all outcomes are beneficial, and so exchange initiation becomes a matter of *choice*.

As presented here then, SETA is a decision process that actors apply in situations of uncertainty and risk; furthermore, it is a cognitive device that may be applied in any social setting, whereby the process and its constituent sub-processes are undertaken according to the specifics of that particular setting.

Diana: I also think that not every transaction is the same either. You modify your behaviour for every transaction in terms of what’s required, the players involved, what it is that you actually are trying to achieve, so it’s not a straight down the middle “ this is the

way you will conduct it every time". Yes, there's nothing changing, but if there had been issues in terms of the evaluation criteria it may be more complex, but again it depends what the issue was, whether it was unique to that particular transaction and may not be there in the current transaction, and all those sorts of things, and so I think the dynamics may change but it may not get more complex – the dynamics may change and there may be different criteria to evaluate, not more criteria to evaluate.

Returning to the supplier-side and recipient-side precursory transaction analyses, both outcomes are combined within SETA to arrive at a decision on exchange initiation. If the broker finds both precursory transaction outcomes beneficial, then the outcome from SETA will be a decision in favour of exchange initiation; similarly, if both outcomes are found costly, the outcome from SETA will be a decision not to initiate exchange. Both of these outcomes may be regarded as representing a relatively straightforward decision – one a clear 'yes', the other a clear 'no'. However, when the outcome of the supplier-side analysis is different from the outcome on the recipient-side, the SETA decision becomes more problematic.

Thus the precursory analyses 'assess' whether or not each transaction can be expected to return greater 'benefits' than 'costs' to the broker. In the problematic situation introduced above, where benefits are assessed by the analysis on one side of the transaction but costs are assessed on the other, SETA is therefore required to provide a means by which these conflicting assessments may be reconciled, in order that an interim decision on exchange initiation may be determined. I will now describe the 'mechanism' by which SETA undertakes this reconciliation.

SETA Seesaw

Introduced here is a graphical representation of SETA that serves to both illustrate how the dimensions relate to each other, and how the outcomes of supplier-side and recipient-side analyses are reconciled. The SETA Seesaw (Figure 5.1) represents the SETA process employed by the broker to arrive at an interim decision regarding exchange initiation – that is, to exchange or not.

The SETA seesaw comprises the usual two components of a seesaw: a beam supported by a fulcrum. In the SETA seesaw, one end pertains to the supplier, while the other end pertains to the recipient. As can be seen, each end registers the recommendation of the precursory analyses – that is, assessments of benefit will push the beam towards a ‘Yes’ recommendation to initiate the proposed social exchange transaction, while assessments of cost will push the beam towards a ‘No’ recommendation.

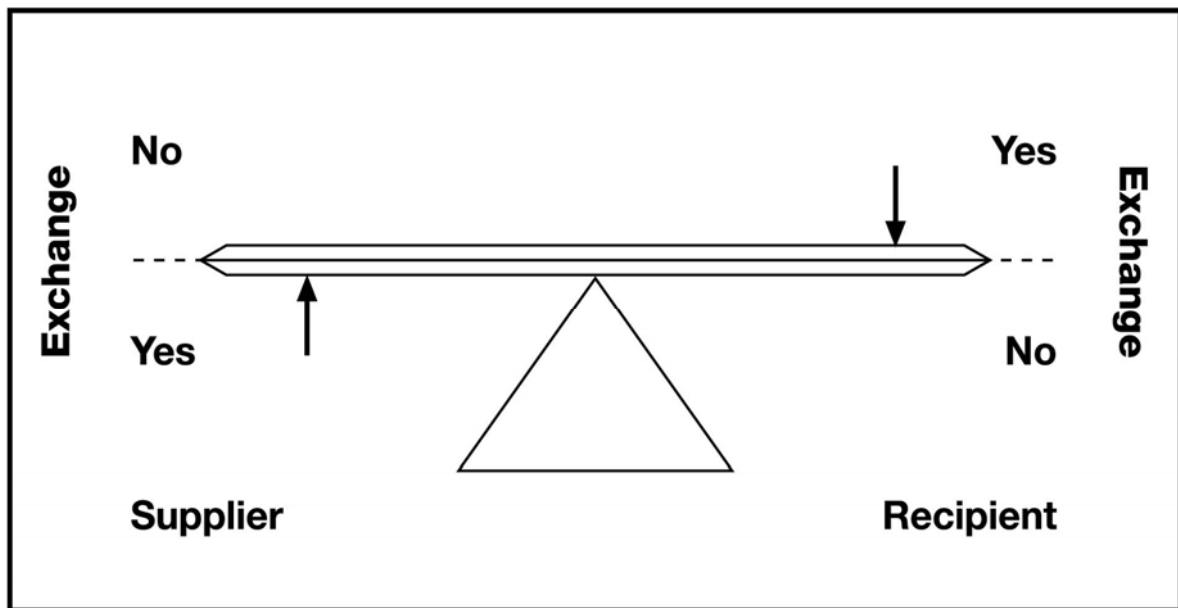


Figure 5.1 SETA Seesaw

In order to reconcile the supplier-side and recipient-side recommendations, the SETA Seesaw must effectively ‘compare’ the two, and it follows that a similar recommendation on both sides should not result in a ‘neutral’ position with respect to initiating social

exchange, but rather should ‘tip’ the seesaw towards a definitive recommendation to exchange or not to exchange. This therefore requires the register on one side to be configured inversely to the register on the other, such that when the recommendations concur the beam is able to pivot easily on the fulcrum to correctly record this recommendation.

Finally, the two arrows acting on each end of the beam represent the ‘polarity’ of the assessments - costly assessments attracting negative (–ve) polarity, beneficial assessments

attracting positive (+ve) - and thereby the direction the assessments are pushing the beam. As well as the polarity of the assessments, the size of the arrow represents the 'value' of those assessments relative to each other. Thus in the transaction under consideration in Figure 5.2, both supplier-side and recipient-side assessments are of *equal polarity* and *equal value*, and therefore the seesaw has tipped to a 'No' recommendation with respect to exchange initiation.

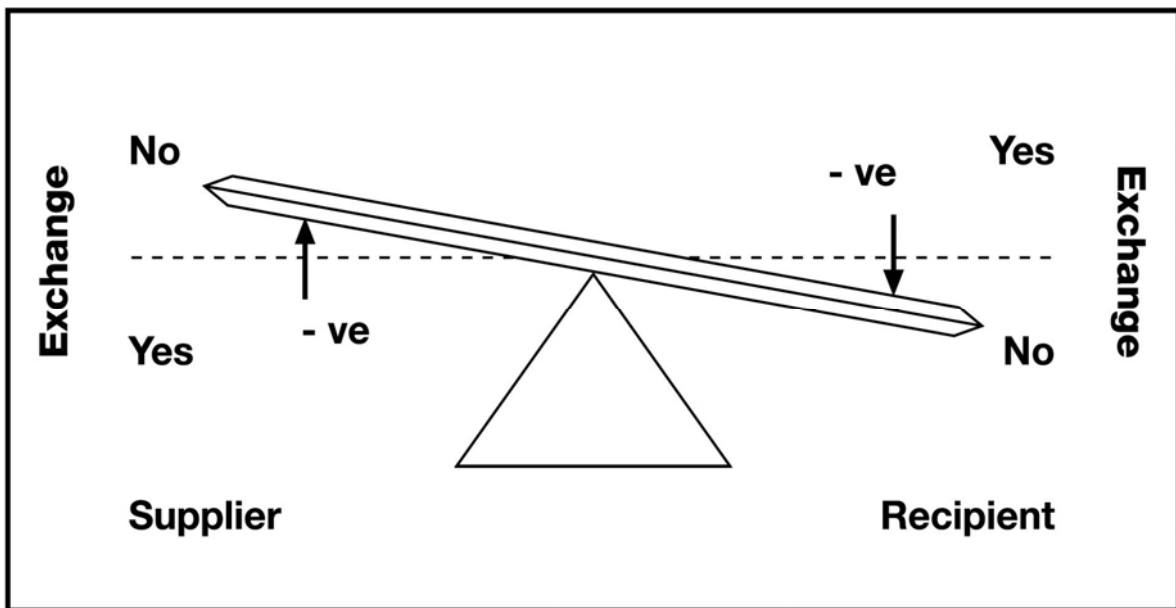


Figure 5.2 SETA Seesaw: Equal polarity, equal value

In the above transaction, it is apparent the recommendation would be unaffected should the assessments be of *unequal value* – in this transaction, *equal polarity* effectively negates the influence of value, and as such represents one of three possible outcomes from the precursory analyses. The other two outcomes are described next.

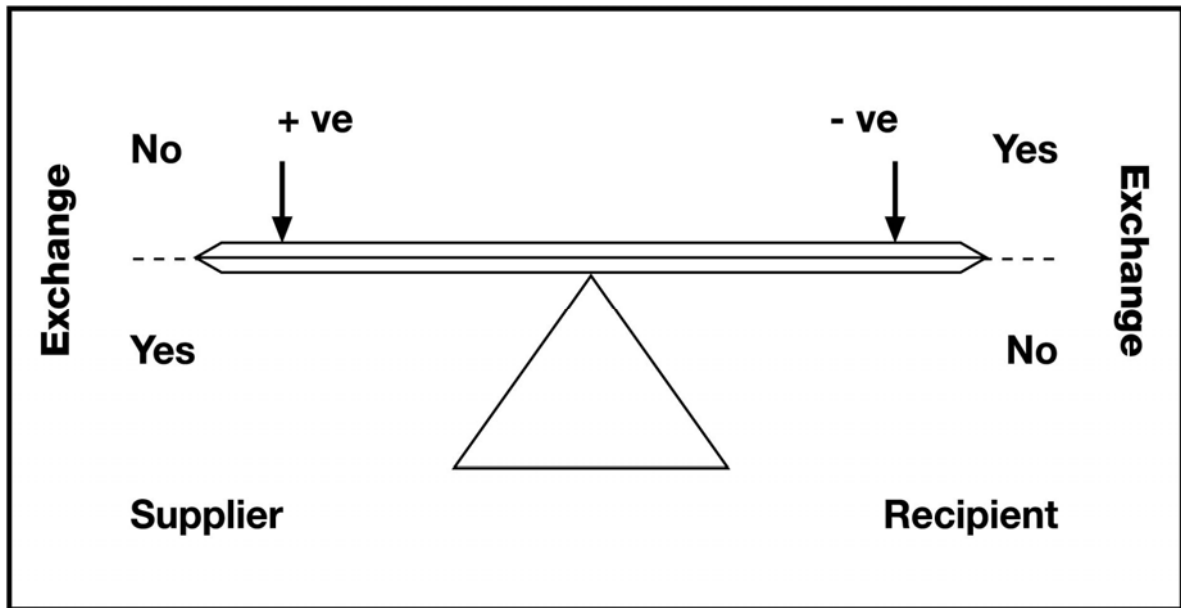


Figure 5.3 SETA Seesaw: Opposite polarity, equal value

Other transactions may result in precursory analyses yielding assessments of *equal value* but *opposite polarity* (Figure 5.3). With this outcome, the supplier-side and recipient-side recommendations effectively cancel one another out and the seesaw remains in a horizontal or ‘neutral’ position; in other words, SETA delivers neither a ‘Yes’ nor ‘No’ interim recommendation on exchange initiation.

The third possible outcome from the precursory analyses results in assessments of *unequal value* and *opposite polarity* (Figure 5.4). With these transactions, the greater value assessment ‘overrides’ the lesser value assessment, allowing SETA to deliver a definitive interim recommendation on exchange initiation.

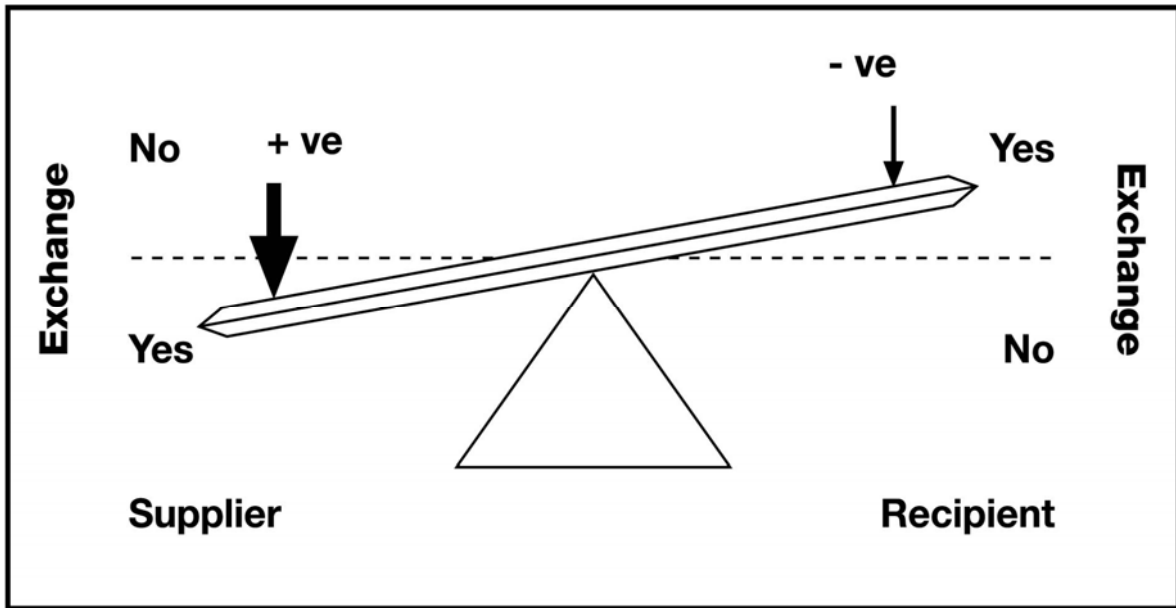


Figure 5.4 SETA Seesaw: Opposite polarity, unequal value

It is important to emphasise here that ‘value’ in this case is not determined solely – or even predominantly - by the OSC that accrues as a consequence of the transaction; rather, as will be shown, transaction value is determined by a number of interconnected and interacting dimensions. Therefore, to fully understand SETA it is first necessary to understand the dimensions that comprise the supplier-side analysis on the one hand, and the dimensions that comprise the recipient-side analysis on the other.

Consequently, I now focus on the dimensions constituting the two precursory analyses on the supplier and recipient side of the SETA Seesaw; firstly, I describe dimensions which track and record transaction value, and secondly dimensions which determine transaction value. Unless otherwise stated, each dimension may be regarded as applying equally to both the supplier’s analysis and the recipient’s analysis.

Social Exchange Account (Context, Consequence)

Introduced here is the dimension *social exchange account* which necessarily exists with respect to the broker and supplier, but may not yet exist with respect to the broker and the recipient – that is, while the broker will have a history of social exchange transactions with the supplier, they may not yet have engaged in social exchange with the recipient. For the

purposes of explication, the account is a construct of the broker, and consistent with the notion of social exchange, there is a presumption on the part of the broker that the supplier and recipient also construct parallel accounts.

As discussed earlier, central to the broader concept of social exchange is the implicit obligation on actors (or their proxy) to reciprocate acts of exchange at some indeterminate point in the future - "I owe you one". These 'future' exchanges and their 'values' are implicitly - or, on infrequent occasions, explicitly - agreed to by the actors involved; if there existed no 'parity' between the actors' respective evaluation of any outstanding obligation, future 'exchanges' might be viewed by either party as something else - for example, a gift.

Given that the nature of the exchange and the timing are indeterminate, actors are required to 'trust' that the obligation to reciprocate will have 'currency' when a request is made - that is, the obligation to exchange to a particular value remains current. Clearly, then, actors need to consciously acknowledge that obligation, and it is here that the notion of an account is introduced to explain the mechanism by which actors record and track these obligations both to and from other actors.

Consistent with the informal, spontaneous and ubiquitous nature of the phenomenon, these accounts are 'virtual' constructs - none of my participants documented their obligations in any way, but they were very clear about the existence and scale of the 'indebtedness' between them and other actors. As Greg clearly states:

Greg: It's give and take. It doesn't mean you have to get something back but ultimately you do... You've got to be giving and receiving all the time and that's the way networks leap ahead and certainly [our businesses] have benefited from that over our life from the input of people like yourself just adding things all the time...

In other words, for each member of an actor's social network, whether private or professional, a running tally of obligations, both accumulated and discharged, is kept, and the current account balance known. Thus, the balance constitutes a sub-dimension of the social exchange accounts, and is differentiated as a consequence of previous social exchange transactions.

Social Exchange Account Balance (Consequence, Condition)

My findings indicate that the *balance of the social exchange account* is effectively ‘acknowledged’ by both actors – that is, both actors are aware of their history of exchange. However, this is not to suggest that any shared process of accounting has been entered into, nor that a specific balance or unit value of the resource exchanged is agreed upon; indeed, to the contrary – the balance is calculated independently by both actors, while the unit value of the OSC being exchanged is largely irrelevant.

The distinction here is that the account ‘balance’ relates to the level of obligation to reciprocate; as such, any given reciprocal act needs to be to an equivalent ‘value’ to the *recipient*, and therefore the value of a given exchange may be different for each actor. In other words, it is possible to discharge an obligation through an exchange that has greater inherent value to one actor than the other, although it also follows that the discharge value needs to be ‘agreed’ to by both parties to the transaction, such that the account balances of both parties retain parity or ‘equivalence’.

Similarly, a given transaction may discharge only part of an obligation, or it may discharge multiple obligations – this again, calculated individually and separately by both actors, yet nonetheless their respective account balances retain equivalence. Sally illustrates how this works:

- Sally: I suppose the expectation is that it works both ways.*
- JD: Is it just an expectation on your part or is it a shared expectation?*
- Sally: Well, an expectation in terms of it being reciprocal that, my expectation would be the same in relation to things they wanted my help with and they understand that.*
- JD: So you both have an expectation that you will ask favours of one another, and that this is ok. And this is an understanding that you’ve arrived at?*
- Sally: It’s an understanding, yes, definitely.*
- JD: So you both hook into that as and when you need to, when it’s favourable to do that?*
- Sally: Yes.*
- JD: Do you do so with a high degree of confidence that you can repay that favour on the same basis?*
- Sally: I wouldn’t say on the same basis...*

-
- JD: Could you elaborate a little for me, please.*
- Sally: Well, I don't necessarily think I have the same skills as my friends, so I can't always help them the same way they help me but I help them in other ways. They let me know what they want help with and that's how I make it up to them.*
- JD: Does it make any difference how big the favour is? What I'm asking is, does a big favour have to be repaid with a big favour?*
- Sally: I don't know, I don't think so. I'm not sure how that would work because how would you know how could you be sure that you could do that so you do what you can and it all evens out I guess.*

Where the discharge value is not agreed to by both parties, the opportunity for dispute and conflict arises, and this may or may not be resolved to the satisfaction of both.

Nevertheless, the experiences of my participants suggest that disputes are infrequent, and rather than diminishing confidence in social exchange transacting, Fred's experience shows the consequence is more likely to be a loss of confidence in transacting with a particular individual (refer Transaction History).

- Fred: I made a mistake once of asking a sign-writer mate – he's not a mate any more - to help us out putting some decals on the race-car. Took him a couple of hours after work. We expected to pay him but he wouldn't take anything for it. Said it was great to help out on the car. Like [my employer] was winning lots of races and everyone round town knew who he was. So I told him we'd look after him when he wanted his van serviced. Big mistake. Like, he never let me forget it. Every time he'd come in he'd want something for nothing. I'd get stressed every time he drove into the yard. He thought he could walk all over me. He was taking advantage of me and pushing me too far. It was like, wow, hold back a minute. But I just snapped one day and had enough. Told him to p***off and never set foot in the place again and he didn't.*
- JD: Did that change your mind about asking friends to help out at work?*
- Fred: No – no, not really. Sure made me a lot more careful about who I asked.*

With respect to the account on the recipient/organisation side of the transaction, as with individuals these transactions are not formally recorded by the organisation; furthermore, unlike individuals, the organisation, as a collective entity, has no mechanism for establishing and maintaining social exchange accounts. This would suggest that OSC transactions between a broker and their employing organisation would therefore be

unworkable. However, Greg's comments point to an enabling assumption on the part of the broker that the organisational actor with whom she/he is dealing also acts as an agent for the organisation in the establishment and maintenance of a social exchange account:

- JD: I wonder if you could clarify something for me. When you were setting this up with the practice manager, was it her you were doing the favour for, or [the company]? Is there a difference there?*
- Greg: Yes, there is a difference, and I was definitely doing this for [the company]. I'm not saying I wouldn't have done the same for her but that wasn't the case here.*
- JD: So I'm wondering, who was looking out for you? I mean, you're organising this pretty generous thing for [the company] but you're only dealing with the practice manager so how would [the company] know you had done this?*
- Greg: I'm not sure really – I don't recall giving that a lot of thought to be honest. I guess I assumed she would let them know at some stage.*
- JD: Are you saying that in effect it was her responsibility to remember this favour?*
- Greg: Yes, I suppose I am.*

This further suggests that the organisation's agent has the capacity to fundamentally influence SETA, and this is discussed later (refer Regard for Colleague)

The presence of an account balance contributes to the context in which the supplier-side and recipient-side analyses take place, and to the extent that pre-existing balances are present, also acts as a condition on the analysis – that is, pre-existing balances have the capacity to influence the analytic process. This is reflected in my findings, where it was clear from my participants that having others indebted to them is far preferable to the alternative – and that this preference acts as a condition with respect to the broker's preparedness to enter into an exchange. Sally's comments were typical of this:

- Sally: I have a friend and past colleague who specialises in this field and she's an advisor to the [Ministry of X]. I've already spoken with her about the programme I've been employed to set up and can draw on her knowledge and contacts in this area. I feel perfectly able to do this because in the past I supported her as a new tutor in the department, and spent a lot of my own time teaching her about course material, assessment, and so on.*

Similarly, as Greg indicates, where the alternative applies, the opportunity to reduce indebtedness to others also acts as a condition with respect to the broker's preparedness to enter into an exchange.

Greg: They've helped [our businesses] out a lot over the last fifteen years so I would never sit back and let them struggle. If there was something I could do I'd offer it to them if I thought they could benefit from it.

Furthermore, my findings revealed that there appears to be no uniformity across the broker's social exchange accounts with respect to what constitutes an 'acceptable' balance; rather the broker may deem a given balance acceptable for one account but unacceptable for another. This arbitrariness is reflected by some of the broker's accounts running high 'debit' balances without causing any concern, while a low debit balance in other accounts can be of concern; similarly, some accounts would only be acceptable with 'credit' balances. Fred sums this up:

Fred: Well, it depends, like there isn't any set rule or anything because it depends on a whole lot of things and who they are I guess. Like I can think of some guys I wouldn't want to owe anything and others where depending on who it was I'd be okay about it.

The acceptability of a given account balance appears to be established by a number of conditions, predominant amongst them being the particular *relationship*, the associated *transaction history* and the level of *trust*; these conditions are discussed in more detail later in this chapter. However, the following passage from Fred illustrates how these conditions come together to influence the broker's willingness to incur and carry a 'debt' with a given supplier.

Fred: Like my brother-in-law, he's a fabricator engineer type guy and he's been helpful with stuff fabricating bits and pieces for [my employer's] race-car and jobs for customers' cars.

JD: So these are skills not available within the business itself at that time?

Fred: Yep. Its like family and friends and so forth. They come in and help out instead of me having to shop round and try and find the right supplier or engineer to do it.

JD: So does that mean it saves you time?

-
- Fred:* Time and money. Yep, because that's time that's wasted in trying to find someone to do it and I'm getting paid a wage to try find that and it saves [my employer] a lot.
- JD:* How easy is it for you to say to your brother-in-law or good friend "Hey - I need a hand here"?
- Fred:* Oh - pretty easy actually.
- JD:* You don't have to think about it too much?
- Fred:* No. It's like I know someone who can do it and I get on the phone.
- JD:* And when you're doing that, do you expect that some time in the future you will have to do something for them?
- Fred:* Yep. Like they always need their cars serviced and [my employer] remembers what they do for us. Like my brother-in-law, he doesn't do it for free but he'll drop everything to help us out and he does it at a really good rate and we discount stuff to repay the favours.
- JD:* So when you ask, you're completely confident there's an opportunity for [the business] to repay the favour at some point?
- Fred:* Yep.
- JD:* So that's well understood by everyone and that works well?
- Fred:* Yep.

As noted earlier, the broker and the supplier (or, equally, the recipient) recalculate their respective social exchange account balances separately and in parallel, post-transaction. However, this obviously does not assist the broker's SETA pre-transaction; consequently, to facilitate this process, another precursory process is required to be undertaken. I turn to this dimension next.

Post-Transaction Account Balance Projection (Process)

Returning to the purpose of SETA itself, it is important to remember that the purpose of this process is to arrive at a recommendation on whether or not to initiate a *prospective* OSC transaction – that is, SETA effectively 'rehearses' the transaction to determine the costs and benefits to the broker of 'enacting' the transaction as imagined, and *projects the social exchange account balance* shifts generated as a consequence. It therefore follows that it is necessary for the broker to engage in a process that delivers a 'projection' of how the prospective transaction will alter account balances. A key finding, then, is that the broker enters into a speculative evaluation process with respect to post-transaction account balances, to arrive at an initiation 'recommendation' for both the supplier-side of the transaction and the recipient-side.

This process involves ‘reviewing’ the existing account balance between broker and supplier, then estimating the respective value of the transaction to *both* the broker and supplier, in order to arrive at a projected account balance post-transaction; this process is also undertaken regarding the broker’s account with the recipient. As Ross demonstrates, these projected account balance shifts in turn enable the broker to undertake the precursory analysis of the transaction:

Ross: Clearly, in a situation like that, I had to weigh up both sides of the situation. Here was an opportunity to do something for Melanie, and as I’ve explained she had been extraordinarily helpful in getting me to where I was so there was that aspect to it. I hadn’t really had the right opportunity until then. This was a chance to do something special for her. And on the other hand, getting her involved was certainly going to be a big step forward for [the company] I mean they never would have got someone of her calibre otherwise. So it was a win/win all round. I got to repay a friend and [the company] owed me a very big thankyou.

Again, the assessment of cost or benefit to the broker here relates to the shift in the account balances with the supplier and the recipient – not the actual OSC being exchanged; thus, these account balance shifts constitute the ‘value’ of the exchange transaction itself. Furthermore, this process of projecting account balance shifts would appear to be dependent upon the actor’s ability to take the role of the other: the broker is required – momentarily at least – to consider any transaction from the perspectives of both the supplier and the recipient. This would seem to be essential for establishing and maintaining parity between the accounts – otherwise, SETA would merely constitute ‘groundless’ speculation, and any parity found to subsequently exist between the actors social exchange accounts would be serendipitous rather than ‘calculated’.

Furthermore, my findings indicate that for any given transaction the broker may envisage a range of possible outcomes to arrive at alternative projected shifts in the account balances, with each different outcome assigned some probability of occurrence. From the broker’s perspective, ideally the outcome would leave both supplier and recipient ‘totally satisfied’ with the transaction, this being the outcome most likely to preserve the opportunity for further transactions involving the same parties to be considered; alternative outcomes therefore include partial satisfaction or dissatisfaction with the transaction by either

supplier or recipient - or both. Clearly, then, some outcomes are more valuable than others, thus each alternative outcome for a given transaction will necessarily result in different projections of account balance shifts on either or both sides of the transaction.

The dimensions which both determine the value of the transaction and enable the broker to assess the likelihood a given transaction will unfold as intended, are described next.

Risk Assessment (Process)

With any proposed social exchange transaction, the broker is presented with multiple risks due to a less than totally successful transaction – participants referred to risks to personal and organisational relationships, reputation, organisational status, and ‘unforeseen consequences’; as such, to the extent that it is perceived, risk is typically carefully considered by the broker, and may be openly acknowledged between broker and supplier and/or broker and recipient.

The level of any given risk, and the broker’s perceived exposure to that risk, varies from transaction to transaction; as such, a *risk assessment* process needs to be undertaken in each case. My findings strongly suggest that the extent to which the broker perceives exposure to risk is predominantly a function of the broker’s confidence a social exchange transaction will successfully ‘play out’ according to the broker’s scenario, thereby resulting in social exchange account balances shifting according to the broker’s estimation. The higher the confidence the transaction will be successful, the less risk is perceived by the broker; conversely, the lower the confidence the transaction will be successful - that is, the transaction is only partially successful or even unsuccessful - the higher the perceived risk.

JD *What was different about this situation compared with the other situations you’ve told me about?*

Anne: *Well, I remember it was a conscious thing - I didn’t want to have a personal involvement in a working involvement in case expectations weren’t met. I thought about all the things that could go wrong and realised it was just going to be too hard - it just wasn’t worth it. The whole thing could end up costing me.*

-
- JD: Is that like saying you didn't have the same degree of certainty so there was more risk involved?*
- Anne: Yes, definitely.*

Furthermore, my findings suggest that whatever the perceived level of risk, the broker's required rate of return will mirror this – that is, the higher the risk, the greater the beneficial shift in the social exchange account balance will need to be.

- James: If it worked out for everyone it would be stellar, but if it didn't there would have been a lot of explaining to do. But it was just too good an opportunity to let slide so I risked it and everything went according to plan. Went better than planned actually.*
- JD: So, are you saying that even though you've said there was a real chance you could jeopardise your relationship with [your client], the potential benefits to your friend were such that you were prepared to risk that?*
- James: Yes, I am. Understand that he was perfectly capable of delivering what I believed [the client] needed and I just could not see any other way they could get this thing across the line in the time available. So if it wasn't him it would've had to be someone just like him but who? And the risk would still have been there regardless.*
- JD: So from your perspective, while risky, you feel the company also got a better outcome than they otherwise would have?*
- James: Yes, I do. Much better.*

However, as the above passage from James indicates, the higher rate of return associated with higher risk does not necessarily apply to the same social exchange account – high risk on one side of the transaction may be 'offset' by expected high return on the other. Therefore, to arrive at an overall assessment of the risk for any given transaction, this suggests the perceived levels of risk between broker and supplier, and broker and recipient, are effectively combined.

The sub-dimensions which influence the broker's level of confidence in the success of a given OSC transaction, and thereby the perceived levels of risk, are discussed next.

Transaction Control (Process, Condition)

A key determinant of the broker's confidence in the success of a transaction, and therefore the perceived level of risk, is the extent to which the broker, having initiated exchange, is able to retain control of the transfer of OSC between the supplier and the recipient, and the application thereof. In this regard, *transaction control* appears to be synonymous with involvement, such that the broker maintains control of the transaction by adopting a highly involved 'hands-on' approach to the actual transfer of resources and their use; furthermore, the extent to which the broker is involved varies widely from transaction to transaction.

For illustrative purposes, control may be represented as a continuum ranging from high to low, described as follows:

High – following exchange initiation, the broker is involved at every point of the transaction, including the actual/literal transfer of the resource from the supplier to the recipient, the application of the resource, and if applicable transfer of the resource back to the supplier;

JD: Did you not have a similar concern with suggesting to your daughter that there was clerical work that she could do?

Anne: No, because I was going to be right beside her and could bully her if I needed to. I could control that you see, I mean I knew she could do the job because she's a needy student and sometimes she's only done a little bit but I've had to give her a hurry up and say "Well, you know, this is – you're not just doing this for me but you're doing it for a certain person and this was due on such and such a day and you have to meet those requirements, you have to get this typed in good time, because that's the basic requirement of work wherever you are and the sooner you learn the better really".

JD: So you didn't feel as exposed to her performance as you did to your other friend?

Anne: No

JD: Because you had more ability to influence and to control that?

Anne: Yes, and if it came to the worst I knew that I could take it in hand and do it myself. Sure I wouldn't get the money but I knew that I could rescue her if necessary. I mean I wouldn't want to, it wouldn't be the first scenario and I wouldn't want her to know that, but there was a safeguard there.

-
- JD:* *And so there was no chance [the organisation] would ever suffer a consequence because she didn't perform?*
- Anne:* *No, no.*

Low – following exchange initiation, the broker has no further involvement in the transaction, with the supplier and recipient taking responsibility for the transfer of the resource, and where applicable its application and return.

- Sally:* *Yes, so as we agreed I passed my friend's name on to [my employer] and then left them to it basically, I didn't have anything more to do with it, and everyone got what they wanted so that was great.*

While some transactions by their nature require the broker's involvement, more often than not this is due to the broker's preference. There appear to be two primary motivations behind this:

- i) To minimise inconvenience to the supplier and therefore the 'value' of the transaction;

- Fred:* *Yep. I could've asked my brother-in-law to do it, but I knew could handle this on my own and I went over to his workshop and used his gear. Like we're always asking him for help and sometimes it feels a bit one-sided and I try not to bother him if I don't have to.*

- ii) To prevent 'face-to-face' interaction between the supplier and the recipient.

My data indicates the latter motivation appears to be primarily a strategy for reducing risk by removing some of the uncertainty associated with interpersonal contact. The foremost concern identified by participants, and illustrated by Sasha, was the potential for damage to be caused to valued relationships; also, as Fred demonstrates, the personal compatibility of supplier and recipient, and how the supplier's and/or recipient's perceptions of the broker might be affected, were also significant concerns.

- JD:* *You talked about going through various scenarios of what might happen to your relationship if the business arrangement didn't work out. Can you talk a little more about that? How you assessed the potential downside of it?*

Sasha: I suppose I went through that thought process: you know, should I involve Dave or not – should I involve my best friend in that way? Should I go down this path, I suppose, is the question I asked myself. And I just answered in my own mind that I wasn't going in cold or without any knowledge of the situation and I was going to be running the whole thing – so when asking Dave I was coming from a position of knowing, absolutely, with absolute certainty, that what we were doing was really of value to our customers, and I wasn't going to be jeopardising my relationship with him in any way by going to him and asking him to be a supporter of what we were doing...

* * *

JD: You were saying that if you know someone who can help out you just give them a call. I'm wondering if there are any exceptions to that, friends or family you don't want near your place of work?

Fred: Yep. Like, I have one mate, he's a bit of a bogan but he's a bloody good mechanic. People take him the wrong way and I know why, he's got this way about him just rubs people up the wrong way, you know. He's mad about [brand of high performance motor vehicle] and loves working on them. He was helping me out one weekend and [the boss] came in and it was like, instant dislike, and he said that guy's not to come near this place and I don't understand why you hang round with a loser like that, and stuff like that. I think [my boss] started to have doubts about me for a while after that, but it settled down. He's still a mate, he still helps me out with work but I keep him away from the yard, it's like he doesn't exist.

In transactions where the supplier and recipient would need to come together face-to-face, some participants adopted an entirely hands-off strategy as a means of mitigating risk – that is, rather than assessing to what extent they might be able to control some or all of the transaction, they would elect to deliberately and explicitly announce to the supplier and recipient that they would be 'on their own'. An example is Sasha's description of how she successfully brought her ex-brother-in-law and organisation together:

Sasha: [I said to him] I think you'd be perfect. You should apply. He said at the time I can't do that job. I haven't got the skills. I said you haven't got the specific skills but you've got the potential. I know you can learn and you've got the right attitude so I know you can do the job with the right training. But I said it's not up to me and I can't help you with it. Just give it a go. And on the other hand I said to the person doing the recruiting you will get an application form from this chap. On paper he probably won't look like he's right for the job but at least interview him and then make your call and I don't want to have any involvement. And that's all I'm going to say.

This finding, then, pertains to the broker's assessment of the level of control they are able to assert over the entire transaction should they wish to do so. The more control the broker is able to retain, the more confidence they have that the transaction will 'play-out' as intended, and therefore the level of perceived risk is reduced.

Broker's Underwriting Exposure (Condition; Process)

This finding pertains to the extent to which the broker feels obligated to 'make good' or compensate for any supplier or recipient dissatisfaction arising from transaction failure. This condition is likened here to underwriting, in that the broker indemnifies the supplier or recipient against 'loss' arising from the OSC transaction; furthermore, as will be seen, *broker's underwriting exposure* may vary from transaction to transaction.

- JD: You talked about being exposed. Can you tell me more about the incident that occurred that prompted you to mention this?*
- Sally: Yes. I recommended someone to undertake some work and then found out that the work that they did wasn't up to speed and...*
- JD: How did you feel about that?*
- Sally: I felt a sense of obligation to intervene.*
- JD: So you felt quite responsible?*
- Sally: Yes, I did and therefore had some input to ensure that the goals were met, so in that sense I guess it meant it cost [the organisation] because I had to put time into it. If they had got someone who was up to speed it wouldn't have been necessary.*
- JD: It sounds like what you're saying to me is that you had tried to do [the organisation] a favour, but now instead because it hadn't worked out, you ended up owing [the organisation] another favour, rather than [the organisation] owing you one?*
- Sally: Yes.*
- JD: So, do you think about this risk now when you decide whether you're going to actually do something? That you might end up worse off than if you'd chosen to do nothing?*
- Sally: Yes, definitely. I think that now it is definitely a consideration. I think that what I learnt from that is that cautiousness I suppose, I'd be a bit more cautious now. And that good intentions aren't always enough.*

As Sally reveals, where such an obligation to compensate is recognised by the broker, a key concern becomes the extent transaction 'failure' may require remediation and/or influence the shift in account balances. Furthermore, where the broker assesses that the transaction requires underwriting, compensatory shifts in the account balances need to be

estimated should these have to be made in the event of transaction failure. Clearly, where the broker feels exposed to underwriting a transaction failure, this may ultimately serve to make a transaction too risky for the broker to proceed, irrespective of the account balance shifts projected for that transaction should it be totally successful. Sasha provides insight into how this exposure influences the process:

- Sasha: Like in the past I've been approached by head office and they were looking for a brand manager and they said "You know everybody in the industry, who would you recommend? Do you know anybody?" Now I had a couple of friends who could do the job standing on their head but I knew what the culture was like in this business and they wouldn't fit the culture. They would've hated it so I actually said I didn't know of anyone at the moment.*
- JD: Are you saying that because you made the introduction you would feel some responsibility for how it worked out?*
- Sasha: Absolutely.*
- JD: So even though they are big people and grown up and making their own choices, you can't disassociate yourself completely from the outcomes?*
- Sasha: No, because you want it to be right. I wouldn't want to make a connection that I didn't think was right for both parties because if it doesn't work out I would feel some responsibility. And then I'd feel I've got to put it right.*
- JD: That's interesting. How far would that feeling of responsibility go, in the sense you would feel you have to make amends?*
- Sasha: I'm not sure really because it has never not worked because I do think about it a lot.*
- JD: So are you saying that before you do something like this, you figure out whether there's any chance you might find yourself having to pay a price if it doesn't work out?*
- Sasha: Yes, I do. It's not something you do casually and I'm also very conscious that I'm only one part of the process that both of those parties are going through so they are not making this decision solely based on what I say. That doesn't change anything though because if it doesn't work out people tend to forget that and want someone to blame.*

The assessed level of obligation to underwrite is influenced by a number of other conditions shaping the risk assessment process, and I turn to these next.

Relationship (Condition)

A further condition of risk exposure is the nature of the *relationship* the broker shares with the supplier on the one hand, and with the recipient (or, more precisely, the organisation's agent) on the other. To the extent they are present, several key sub-dimensions may influence the broker's risk assessment or risk tolerance. Each of the sub-dimensions represents a condition that my data suggests reduces the broker's sense of risk exposure in two ways:

- i) Because the supplier and/or recipient is more of a 'known quantity', the likelihood of transaction failure is assessed as being reduced; and
- ii) Should transaction failure occur, the broker's underwriting charge is more likely to be discounted or waived.

An example of 'known quantity' comes from Greg. Reflecting on OSC transactions in which he had involved a very close friend, he shared the following:

Greg: Integrity, credibility and trust are your big issues in that sort of situation and you do get to know your friends so you can make some sort of assessment in all those things and its intuitive. It's not like you have a list you know. Like with Pete I trust him. I know his background. I know where he lives. I know his family. I know the guy from top to toe. There's no way he'd give anything other than his very best work. He'd never let me down.

An example of reduced/waived underwriting comes from Ross:

Ross: Coming back to your question. You've asked me whether or not I was worried I might have to make amends to Ralph if [the transaction] didn't work out as planned and ended up costing him. And the answer is no. You see, because we are both [of the same faith], he knows it's inconceivable that I would deliberately do anything to harm him. To the contrary. And should something go wrong, I also know that he would forgive me. And of course, he knows the reverse applies.

These relationship conditions, then, are identified as typically leaving the broker more inclined to engage in a social exchange transaction with the supplier or recipient's agent; they are:

i) Familial ties – where the supplier or recipient’s agent is a member of the broker’s immediate or close family;

Diana: But I had no hesitation about asking her for [the favour] because she was my sister.

ii) Longevity of relationship – the longer/more established the relationship, the greater the inclination to transact;

JD: It sounds as if it was a very simple decision for you to make. How well did you know him?

*Greg: I’ve known Brad for over 30 years. We started climbing together when we were fourteen, I think. Climbed Mt Cook together when we were seventeen, and we’ve been climbing together pretty much ever since. As you well know, when you’ve spent a lot of time hanging off mountains with someone you get to know them inside out – in my experience there’s no better way to get to know the true character of someone than when you’re both in deep s**t [laughs]. So knowing him as long as I have asking a favour is nothing.*

iii) History – in parallel with longevity, the nature of shared experiences – for example, their frequency, significance, immediacy, etc;

JD: I’d like to unpick that if we can. Can we look at the executive retreat, for example, because that’s the one that popped into your mind to start with. You said the national executive needed a very discrete venue and you approached a friend to see if they could use her country estate – is that right? [Celia nods] Were there any factors that you took into consideration before you picked up the phone and rang her? Did you hesitate at all?

Celia: No. Not really, because when I say she’s a friend she’s actually a very close friend. We’ve been through a lot together – divorces, sickness, death of a child - there’s no-one I trust more. She knows the work I do and I rang her and explained what I was looking for. I took the CEO’s PA out to meet her and see the beautiful surroundings out there and tennis courts and pools and lovely rural setting and away from everything else. And the fee they agreed on was very reasonable, much more reasonable than a hotel rate in [the city]. So we trialed it and they’ve been going back every year.

iv) Security – where high levels of trust, honesty, and respect are felt to be present in the relationship;

-
- JD: Can you explain to me why you went to Michael?*
- Sally: He was at school with my Dad. Dad says he's the wisest man he knows, would trust him with his life. So they go back a long way. Dad always went to him for business advice, and he sort of watched over our family so I'd met Michael lots of times but I'm not saying we were really close or anything.*
- JD: What was the difference between Michael and your [existing business advisors]?*
- Sally: I don't know. I knew we could trust him. I knew he would give us his best advice, I thought he would provide better advice. I guess we were pinning our hopes on him finding a way to save the business.*
- JD: It sounds like whatever Michael advised you to do, you would do it, that you kind of placed the business's future, your future, in his hands because you had total confidence that he would do what was best for you?*
- Sally: Yes, he would do the absolute best for us that he could. I knew he wouldn't just tell us what he thought we wanted to hear, give us the same advice as everyone else. I guess what I'm saying is I knew he would care enough to do his best, even if we didn't like the answer.*

v) Affiliation – analogous to familial ties, shared membership of formal institutions of affiliation – eg professions, community service, religion, etc

- JD: So would it be fair to say that you still go through the whole evaluation process, but with a [member of the community service organisation], there are certain criteria you bypass or suspend or certain criteria you lower because you are both members?*
- Celia: Yes, I think so.*
- JD: So being a [member] makes it easier to ask, and harder to say no?*
- Celia: Yes. Definitely. I feel fine about contacting someone and asking for help and fine if someone else contacts me.*
- JD: So in one sense you've gained something, but in another you've given something up as well?*
- Celia: I understand that it's a two-way thing. Because I've made a commitment and the expectations and guidelines I believe are clear and out there.*
- JD: So does it take some of the risk out of doing favours?*
- Celia: Yes, I guess it does. There's a shared understanding which is different from a personal acquaintance.*

The more these relationship conditions apply, the 'safer' the transaction is deemed to be, and the more likely transaction failure will be forgiven – that is, overall risk exposure is

reduced. Furthermore, each of these conditions may alter the emphasis placed on certain exchange norms, and in the case of affiliations additional norms may be invoked.

Carte Blanche

The extent to which these conditions can influence broker's perception of risk and modify norms of exchange is exemplified in the finding termed 'carte blanche'. My findings indicate that in relationships where some or all of the conditions are felt to be present to a very high degree, the broker no longer perceives any risk in the transaction, and acts with impunity - eg the broker may effectively appropriate the supplier's resource and treat it as if it was his/her own, such is the broker's confidence the supplier will endorse their actions. In this respect 'carte blanche' may be regarded as the ultimate expression of high trust and low risk. Sally characterises carte blanche thus:

Sally: It's almost like it's beyond things being at stake. That's silly because of course there're always things at stake, but knowing it will be okay, that it wouldn't jeopardise the relationship I suppose. Whereas with other people it wouldn't necessarily change the outcome, it wouldn't mean that I would not say no, if that's how I felt, but it could jeopardise the relationship.

JD: Can you elaborate a little further?

Sally: Well, if this person does something for me I know its not done on the basis that they're looking for something in return. It's not done on that basis and it works the other way. So if I do something, it's not because I'm looking for something in return, some favour. Its kind of past that, it's like...

JD: Do you think there is less risk, or is the risk quite different or are some risks not present at all?

Sally: I think some risks aren't present at all.

JD: So in some relationships it's possible to eliminate these risks?

Sally: Yes and it's a trust issue.

JD: So if you had to characterise that relationship, how it works, what would you say?

Sally: Well, it's like, I guess it's like, you both have a license to put your hand in each other's pocket and you can put it in and out whenever you want and neither of you has any concern what's been taken out for what purpose because you know that you're not going to be ripped off or disadvantaged in any way at all. Does that make sense? In other words you can ask this person to help you with something but there's no debt, there's just this appreciation, an unwritten agreement, a knowing, an understanding, safety, trust that whatever is being asked, is for good reasons and so there's no need to even, I guess evaluate on that basis, whether the end use is valid, or the end user is worthy.

While familiarity can translate to the broker taking these relationships for granted, my findings reveal that due to the importance of the relationship brokers tend to take more care, not less – that is, the more important the relationship, the less likely the broker will jeopardise that relationship through the initiation of an OSC social exchange transaction.

Sally continues:

JD: So what you're saying is the relationship you have with this person is sufficiently robust and developed that you've actually gone past that risk evaluation phase to a total free flow of giving and taking, because there's a common understanding that that's part of the relationship?

Sally: Yes, that's what I think. I call on him as and when I need to and it flows in both directions as and when simultaneously, or whatever, no questions asked, just total trust that we're there for one another and nothing can change that.

JD: But that's not the case with all your social contacts?

Sally: No, it's not. Just this one and I think because of that, because I think that it's unusual and because there isn't that risk you mentioned before built into it, I'm more careful about not abusing it in other ways, in relation to – because although we have that relationship I wouldn't then assume that I would expect that person to do other people favours just because I said so.

JD: Ok, let me try to summarise this if I can, because there almost seems to be a contradiction there: you have this unique relationship that you can use in any way without any fear you might be putting it at risk, and because of that you are actually less likely to use it, is that right?

Sally: Yes, so it's not a fear of it being at risk, but kind of valuing it for what it is and so respecting it and therefore not putting it in jeopardy even though I know I can't.

It can be seen from the above that clearly some relationships have an established history of multiple transaction; furthermore, if this history is taken into consideration when assessing risk. I discuss this condition next.

Transacting History (Condition)

This finding represents a further condition of risk assessment pertaining to the broker's social exchange relationships, in addition to or distinct from, the relationship variables of the previous finding. If the broker has engaged in previous social exchange transactions with the supplier or the recipient – that is, has a *transacting history*, there is an established

‘track-record’ that informs the broker’s assessment of the likelihood their exchange partner/s will transact as expected. As Greg shows, this in turn influences the broker’s level of confidence that the transaction will unfold as intended, and thereby the level of perceived risk:

Greg: For example the group that I run with – one’s a doctor, one’s a lawyer, one’s going through university and two are business owners and we always talk about business, always. We’re always bouncing off each other, sharing ideas, expertise, experiences. There’s a comfort level we’ve all got to. So its really fantastic you know. And I feel comfortable ringing any of those guys up and asking for help. And they do the same.

Typically, with each successful transaction, subsequent transactions are likely to be deemed increasingly free of risk, and be entered into more readily; however, Diana’s comments suggest the converse also applies:

JD: So that raises another question for me, if none of the other factors have changed, are you more willing to ask the second time than the first time?

Diana: It depends on the end result of the first transaction. If all parties are very happy and it was a pleasant experience, then the second transaction is a walk in the park.

JD: It would be a lot easier?

Diana: It’s a lot easier. If out of the first transaction, there were issues either on our side or their side, and it wasn’t as pleasant and as easy as it could have been, that adds another complexity to the decision making process of the second transaction and so you may be less willing, whatever the issue was, to proceed that transaction as opposed to the first time.

I now address the final sub-dimension of risk assessment – trust.

Trust (Condition; Process)

As noted earlier, *trust* is central to the constructs of social exchange and OSC. This finding incorporates multiple sub-dimensions of trust, which in combination serve to establish the overall ‘specification’ of trust implied by the transaction. These sub-dimensions can be seen in a number of the interview excerpts included in this and the following chapters, and as the reader will discern, participants use the word trust in relation to themselves, their

exchange partners and the process of exchange itself; however, I do not repeat these excerpts here.

Instead, I detail below the sub-dimensions of trust identifiable in these excerpts, and address trust in greater depth in the following discussion chapter. This is done because as well as the sub-dimensions *explicit* in my data, there are many other sub-dimensions which are *implicit* within the construct of social exchange and thus may only be inferred from my data as opposed to illustrated by it. Therefore, the following sub-dimensions of trust do not constitute a definitive list.

Sub-dimensions of trust explicit in my data include trust that:

- i) the supplier/recipient will perform as per the agreed transaction;
- ii) the supplier/recipient possess goodwill for the broker – ie will avoid doing harm;
- iii) the broker's relationship with the supplier/recipient will not be damaged by transacting;
- iv) the supplier/recipient will recognise and acknowledge a given transaction;
- v) the broker's judgement of the potential transaction is accurate;
- vi) the broker can 'live with' unforeseen outcomes.

The above sub-dimensions suggest the broker draws on their knowledge of the other actors – supplier and recipient – and assesses them against these criteria. In addition, the broker also effectively conducts a self-assessment with respect to the reliability of his/her own judgement and ability to 'absorb' partial or total transaction failure. Together, these sub-dimensions may be regarded as constituting an assessment of the overall 'trustworthiness' of the prospective transaction. The higher the level of trustworthiness, the more confidence the broker may have that the transaction will unfold as intended, which in turn serves to lower the levels of perceived risk.

This concludes description of the dimensions and sub-dimensions of risk. In summary, risk pertains to the broker's assessment of the likelihood an OSC social exchange transaction will be as successful as intended. The greater the perceived levels of risk for a given transaction, the greater the potential for it to be less beneficial or more costly than the same

exchange with less risk. Thus, to act as ‘insurance’ against the greater likelihood of partial or total transaction failure, the broker requires a larger beneficial shift in either or both account balances from that transaction. In this way, risk influences the overall value of the transaction and thereby the projected shift in the social exchange account balances.

Resource Valuation (Condition; Process)

As noted earlier, estimating the ‘value’ of the OSC for both the supplier and recipient is central to projecting the shifts in the social exchange account balances; furthermore, this finding indicates the shift in account balances will be proportional to the value of the resource. The process of arriving at a *resource valuation* appears to involve the broker assessing both the intrinsic and extrinsic value of the resource from the perspectives of both the supplier and the recipient.

For any given resource, the extrinsic value may be regarded as the ‘market value’, this being determined by the availability and ‘cost’ of substitutes within the organisation’s preferred timeframe – that is, the extrinsic value of the resource may be regarded as being established by factors external to the OSC setting, and effectively represents the base-line value of the resource. The intrinsic value, however, would appear to be established by factors internal to the setting, most significant amongst these factors being the extent to which the value the supplier applies to a resource differs from the market. In other words, the intrinsic value of a resource to the supplier may be significantly at variance with the extrinsic value of the resource to the recipient, and the broker needs to arrive at an overall valuation that is reflective of this. Diana offered the following explanation:

Diana: You have to evaluate each situation differently. It depends on what you’re asking, on what value it was to that person, how important it was, how easy it would be for them to let me use whatever it was. So I actually evaluate each situation differently and whether I thought I could, I suppose impose on that person by asking them a favour. It really depends, like [the company] borrowed my brother-in-law’s tractor to use as a prop, and when I asked him he said yeah that’s fine for a few days, I don’t need it at the moment. He didn’t charge anything because all we did was park it in his paddock. Then we needed to do a follow up shoot a few months later, and we needed a tractor again, but I knew that [my brother-

in-law-] was flat out on the farm so I didn't put him on the spot by asking him and we hired one.

JD: So you're saying that the value of the tractor was greater the second time, that you would have been asking a much bigger favour?

Diana: Yes. The dynamics of the equation had changed because they were feeding out each day, so its important that two, on the surface appear to be identical transactions, had to be evaluated differently and the results were different.

Thus, my findings suggest the broker 'establishes' the value of the resource by estimating both its extrinsic and intrinsic value to the supplier and to the recipient, then selecting the higher of the two values for each. Furthermore, the greater the value of the resource to the supplier, the greater the cost of the transaction to the broker; similarly, the greater the value to the recipient, the greater the benefit of the transaction to the broker. In this way, resource value influences the overall value of the transaction, and consequently the projected account balance shifts.

I now describe the final condition of the first phase of SETA analysis found in my data.

Supplier's Regard for Organisation (Condition)

At any given time the supplier has an established 'position' as to the regard in which they hold the broker's organisation. The *supplier's regard for the organisation* is likely influenced by numerous factors, from coverage in the news media, involvement in community life, branding, goods and/or services offered, and so on; however, there is also the possibility that, like the broker, the supplier may have had prior experiences associated with the organisation, including membership.

As Diana illustrates, to the extent the broker is aware of the supplier's regard for the organisation, this can influence the size of the account balance shift:

JD: That raises a question for me – you said you were working for [an organisation] which in the eyes of most of your friends was not seen as being, shall we say, a paragon of commercial virtue; quite the opposite. I'm wondering whether knowing how your friends felt about [the organisation] did that in any way alter your preparedness to ask them for help on any of those big projects?

-
- Diana:* Yes, it did.
- JD:* You were sensitive to it?
- Diana:* Oh, I was very sensitive to it. And it may not have always been a conscious thing, it may be that they would – I had a good job with the biggest [company of its type] in the world. I wasn't ashamed of who I worked for, but I didn't brag about it because I got fed up with people slagging it off. Everyone had an opinion, you know, I mean you couldn't work in [the sector] without having something to do with [the company]. So, yes, I was careful who I asked.

Unlike resource value, in the case of this condition, the shift in account balances is inversely proportional to the supplier's level of regard for the organisation – that is, the lower the supplier's regard, the greater the value the broker needs to place on the transaction with respect to the shift in the supplier's social exchange account balance. Thus, the lower the supplier's regard, the more costly will be the transaction for the broker, thereby influencing the projected account balance shifts.

SETA Recommendation: Interim (Consequence)

The final dimension presented here is the consequence of the first phase of SETA – an *interim recommendation* on exchange initiation. This finding is collectively supported by the excerpts used to illustrate the dimensions described thus far, which clearly demonstrate that an (interim) recommendation has been arrived at through the broker's application of SETA to a prospective OSC social exchange transaction.

Explanatory Matrix: Interim Configuration Phase 1

For the purpose of clarity, the dimensions of SETA Phase 1 are now located in the DA explanatory matrix introduced in the previous chapter. Table 4 shows the explanatory matrix populated with the dimensions presented to this point. This represents the 'all' of the first phase of SETA, and reintegrates the dimensions with respect to the central perspective. Full theoretical narrative of the first phase of SETA is presented in combination with the second phase at the conclusion of the next chapter; the full and final configuration of the explanatory matrix is also presented at this time.

Table 3: Explanatory Matrix – SETA Phase 1 Dimensions

<i>(from)</i> <i>Perspective</i>			
SETA Social Exchange Transaction Analysis			
<i>(attributes)</i> <i>Dimensions & Properties</i>			
<i>(in)</i> <i>Context</i>	<i>(under)</i> <i>Conditions</i>	<i>(specific)</i> <i>Processes</i>	<i>(with)</i> <i>Consequences</i>
SETA Phase I			
Social Exchange Account Balance		Post-transaction Account Balance Projection Risk Assessment Transaction Control Trust Broker's Underwriting Exposure Resource Valuation	Post-transaction Account Balance Projection SETA Recommendation (Interim)
<i>(naming)</i> <i>Designations</i>			

This concludes description of SETA and the dimensions constituting the first phase of analysis.

Summary

In summary, consistent with the Dimensional Analysis approach, this chapter has presented the findings from my data as designated dimensions, and differentiated these into central perspective, condition, consequence, process and context. The two-phased process of Social Exchange Transaction Analysis has been differentiated as the central perspective,

and the SETA seesaw introduced to explain its broad operation. Descriptions of the sub-dimensions constituting SETA's first phase of analysis followed, and the chapter concludes with the presentation of a populated explanatory matrix to illustrate the re-integration of these sub-dimensions with respect to the central perspective. Excerpts from participant transcripts are included in support of these findings. The second phase of SETA is described in the next chapter.

OVERVIEW

Building on the previous chapter, I present in this chapter the balance of my findings. I commence with a brief review of the SETA seesaw and the first phase of SETA. I then describe further dimensions drawn from my data, again supported with excerpts from my participant interviews. I then describe a class of particularly salient conditions with the ability to modify the interim recommendation arising from the first phase of SETA, and which thereby ultimately determine the final recommendation from the second phase of SETA. A final group of dimensions are described which influence whether or not SETA itself is undertaken. The chapter concludes with a fully populated explanatory matrix accompanied by the final theoretical narrative of the phenomenon of interest.

SETA SEESAW

This section briefly revisits the operation of the SETA seesaw as a preamble to the second phase of SETA.

As described in the previous chapter, the broker's decision whether or not to initiate social exchange follows a reconciliation of the assessed shifts in the supplier-side and recipient-side social exchange account balances projected to result from the prospective OSC transaction. These assessments and their reconciliation constitute the first phase of SETA analysis, and yield the interim recommendation on the initiation of OSC social exchange.

As Figure 6.1 shows, the most straightforward reconciliations involve supplier-side and recipient-side assessments of equal polarity; as can be seen, the location of the fulcrum in these cases will have no bearing on the recommendation yielded.

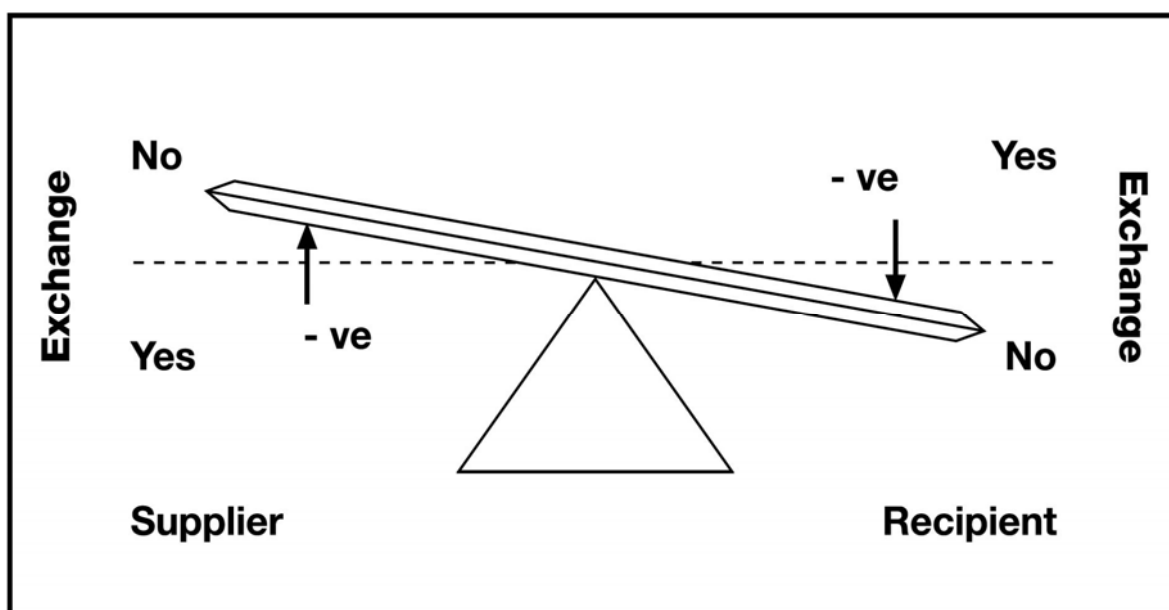


Figure 6.1 SETA Seesaw: Equal polarity, equal value

However, reconciling account balance assessments of opposite polarity are more problematic; as shown in Figure 6.2, if the value of each assessment is equal, SETA will not yield a recommendation. As can be seen, in this transaction the position of the fulcrum is of significant consequence to the recommendation that SETA yields.

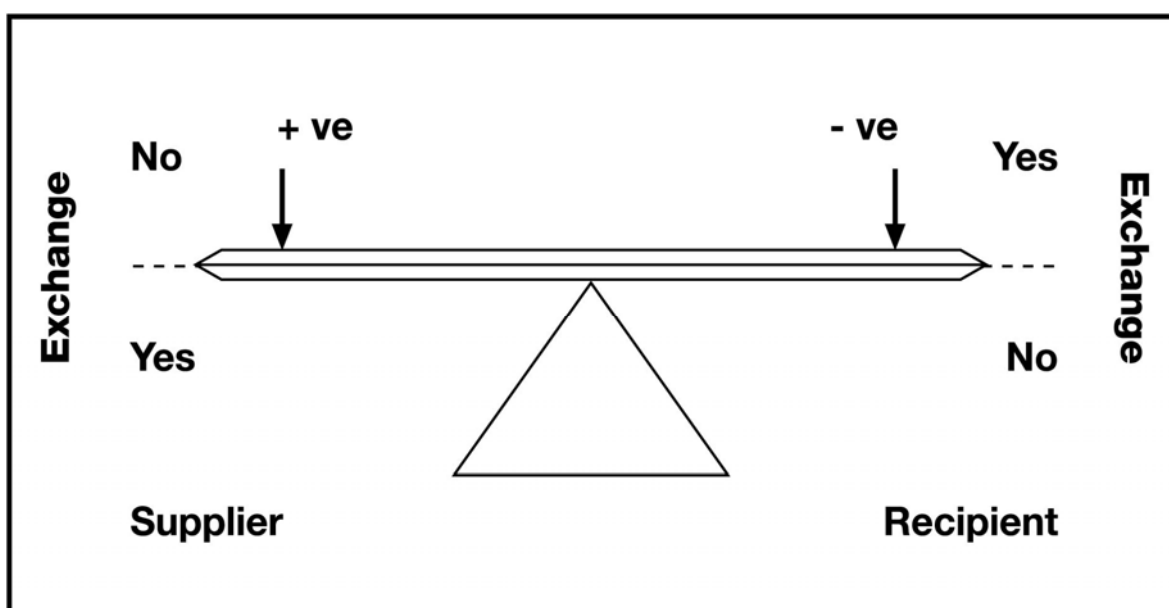


Figure 6.2 SETA Seesaw: Opposite polarity, equal value

Furthermore, in transactions where the assessment values are unequal, the assessment of greatest value overrides the assessment of lesser value and SETA yields a recommendation; in this case 'Yes' (Figure 6.3).

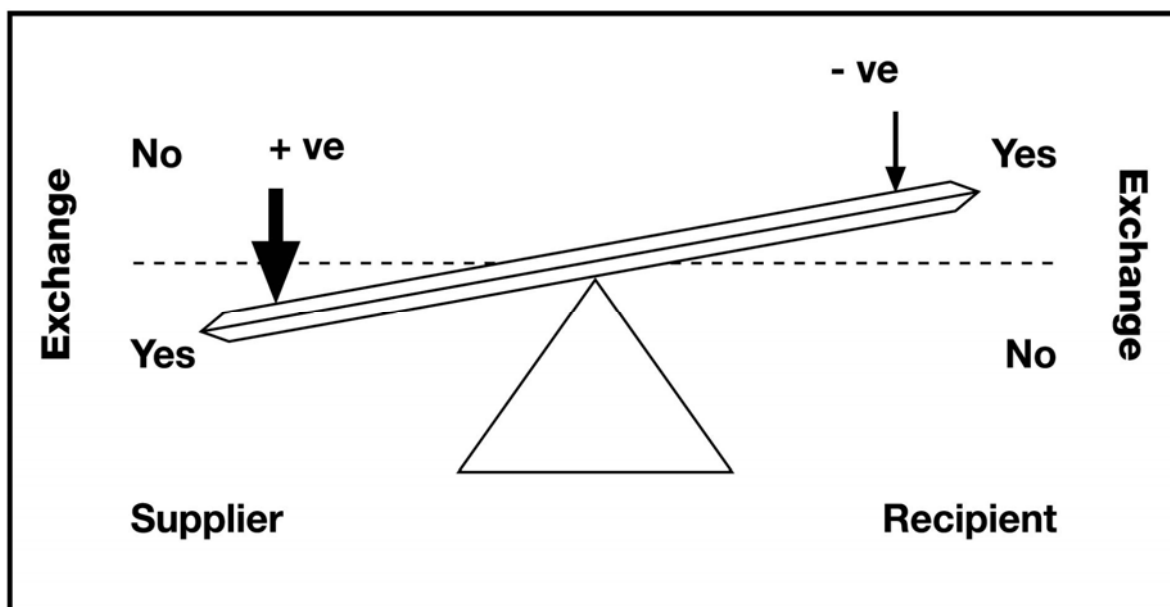


Figure 6.3 SETA Seesaw: Opposite polarity, unequal value

Again, as can be seen, the position of the fulcrum is of significant consequence for the recommendation that SETA yields.

I now introduce the notion of a fulcrum that is not fixed in the centre, but which may be 'relocated' elsewhere on the beam according to various 'fulcrum-shifting' dimensions. Returning to the transaction of opposite polarity and equal value, if the fulcrum is not centred on the seesaw beam, clearly, due to 'leverage', SETA will now yield a recommendation (Figure 6.4).

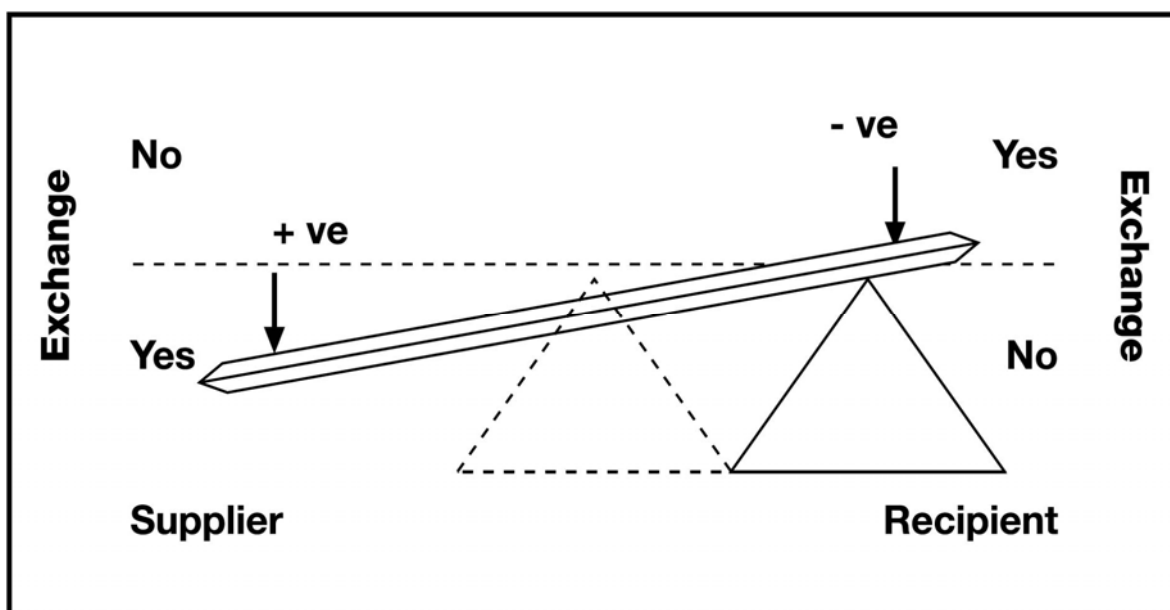


Figure 6.4 SETA Seesaw: Opposite polarity, equal value; fulcrum shifted

Similarly, a transaction of opposite polarity and unequal value, but with the fulcrum no longer centred on the seesaw beam, may yield a neutral result or reverse the original recommendation with respect to exchange initiation (Figure 6.5).

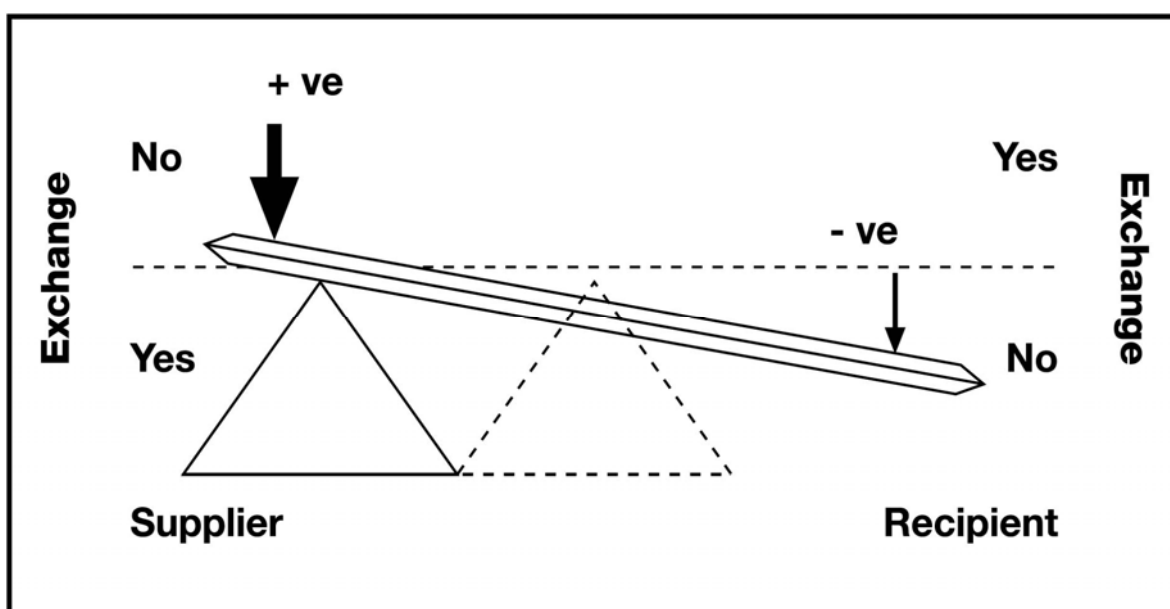


Figure 6.5 SETA Seesaw: Opposite polarity, unequal value; fulcrum shifted

As has been demonstrated, the location of the fulcrum is literally and figuratively pivotal in determining the recommendation of SETA; shifting the fulcrum has the capacity to effectively apply premiums or discounts to phase one value assessments, resulting in a ‘final’ recommendation on exchange initiation that may reverse the interim recommendation from the first phase of SETA.

Thus, the second phase of SETA determines the positioning of the fulcrum on the seesaw beam. I now describe the dimensions of this second phase.

Fulcrum Shifter (Condition)

Within DA, a dimension that has an impact on actions and interactions by facilitating, blocking, or in some other way shaping them, is differentiated as a condition. Therefore, any dimension identified as shifting the fulcrum along the seesaw is differentiated as a condition, given that it will necessarily impact upon – or shape - the ultimate outcome of SETA. As illustrated above, for any given social exchange transaction, these ‘fulcrum-shifting’ dimensions have the ability to materially alter the exchange initiation recommendation from phase one of SETA. This can manifest in three ways:

- i) The value of positive polarity on one side does not necessarily have to exceed the value of negative polarity on the other, in order for SETA to yield a ‘Yes’ recommendation;
- ii) The value of negative polarity on one side does not necessarily have to exceed the value of positive polarity on the other, in order for SETA to yield a ‘No’ recommendation;
- iii) Where the values are equal but of opposite polarity, SETA may still yield a definitive ‘Yes’ or ‘No’ recommendation.

The finding of *fulcrum shifter* is, therefore, particularly salient with respect to SETA, and more than any other, addresses the second research question:

- i) What is the social exchange process/es by which organisational actors decide to initiate corporate social capital flows?
- ii) *Does organisational membership status influence the outcome/s of that process, and if so, how?*

In summary, whereas the first phase of SETA effectively establishes the ‘base-line’ of the prospective OSC transaction, dimensions designated as fulcrum shifters have the capacity to fundamentally disrupt and distort SETA, such that the final recommendation may be inconsistent with the recommendation arising from the base-line transaction. Fulcrum shifters, then, sit at the heart of OSC flows, and more than any other dimensions, define and shape the contingency of these flows. As such, fulcrum shifters – logically – represent the point of greatest leverage with respect to enabling OSC flows to occur.

Generic and Specific Fulcrum Shifters

Fulcrum shifters were found to fall into two distinct groups, which I have termed *generic* and *specific*. As will be shown, fulcrum shifters may be differentiated according to whether or not salience is determined by the prospective OSC social exchange transaction under consideration:

- i) Generic fulcrum shifter – salience is determined prior to, and independent of, the transaction being considered, and as such may be regarded as generic to any social exchange transaction under consideration in that setting;
- ii) Specific fulcrum shifter - salience is determined by the transaction under consideration, and as such may be regarded as specific to that transaction in that setting.

I now describe the various fulcrum-shifting dimensions, starting first with generic fulcrum shifters, before moving on to specific fulcrum shifters.

GENERIC FULCRUM SHIFTERS

Organisational Membership Status (Condition)

Organisational membership status refers to the categorisation of employment engagement used to inform and frame the original research questions (refer Introduction chapter). Briefly, three levels of engagement were described to differentiate employment relationships and define membership status in the following hierarchy:

- i) Core – ‘long-term’ employees and owners;
- ii) Associates – ‘mid-term’ employees with good prospects to join the core;
- iii) Marginal – ‘short-term’ contingent employees with little or no prospect of joining a higher level.

This finding, then, pertains to the influence that membership status has on the initiation of social exchange, and thereby the flow OSC. My findings suggest this condition leverages SETA by applying premiums or discounts to the assessed value of the shift in the recipient-side social exchange account balance: the further up in the membership hierarchy the broker lies, the greater the premium applied to an assessment of positive value; conversely, the lower in the hierarchy, the greater the discount applied. Diana illustrates this below:

JD: Now that you aren't in your own business and you're on this fixed term contract, would you say your evaluation process has changed in any way?

Diana: I'm certainly more willing to use my network for my own benefit and that's partly because I feel more able to manage the relationship, the way the product was used and everything else better, than being in an employee role within an organisation that is using that service or that product from a friend.

JD: That's a really interesting distinction because you're saying when you do it on behalf of someone else, that you are effectively saying there are more risks involved?

Diana: Yes. And It's one thing to take on those risks for your own business, but totally different for someone else's. So I feel that there are certain instances where I wouldn't put forward someone or suggest someone for a particular photographic shoot on behalf of [my employer] because I'd feel it would be an imposition on them, but on a personal perspective, if it was my business, then I know I can

talk to them about what more could I do for them that sort of thing because I'm more interested in the personal aspect of it.

Intended Membership Status

It needs to be emphasised that this condition relates to the broker, and is defined from the broker's perspective. A finding from my data is that membership status in this context refers to the broker's *perception* of their status, which may be more or less consistent with the organisation's view of their current membership status. The broker's perception typically reflects the following three sub-dimensions:

- i) Actual contracted term of employment;
- ii) Importance/significance of the role;
- iii) Individual's employment intentions at a given point in time.

It is not suggested here that this list of sub-dimensions is definitive; rather, they were consistently present in each case, such that the broker's synthesis of same yields a membership status that is expressive of their perception thereof.

It follows, therefore, that the broker's perception of his/her membership status may be at variance with the organisational 'reality'. For example, a core employee such as an owner or managing director, may intend to exit the organisation in the short-term; similarly, a marginal employee such as a fixed-term consultant, may intend to use the opportunity to position themselves for medium and ultimately long-term employment with the organisation. Celia provides an example of the latter:

Celia: I'm on a fixed term contract and it expires at the end of August and they will review the role and hopefully choose to renew my position as a permanent appointment.

JD: Did you know the position could become permanent when you accepted the contract?

Celia: I knew that there'd be a review of the role, yes. But there's been no discussion about making it permanent. At this stage in my working life – I have a lot of experience in various areas. There are little things that I saw before in my previous role that I would really have liked to have made happen, and I saw this as an opportunity to make them happen. And if they decide I'm doing a good job, well

- hopefully they'll want to re-employ me. I've had an indication now that they are absolutely thrilled.*
- JD: So even though you knew it was a fixed term contract, would it be fair to say you were motivated to turn it into a permanent position and that's how you think of yourself now?*
- Celia: Yes, I think that's fair.*

Thus, the broker's intention with respect to future membership status is undefined - albeit not unaffected - by role or contract, and as such may be regarded as sitting outside the organisation's 'knowing' of the employment relationship (unless otherwise communicated by the employee).

Unsurprisingly, given the prescribed duration of the relationship, my findings indicate that brokers employed in fixed-term or contingent roles tend to have perceptions of their membership status most consistent with the organisational 'reality' of their terms of employment; whereas, the perceptions of associates and core employees are not normally subject to influence by any temporal mandate. Sean's perception below appears to closely reflect his marginal membership status:

- JD: If we can now go back a step to the job before this that you've described as marginal, how long were you doing that for and what position was that?*
- Sean: Eight years, marginal, cooking on fishing boats.*
- JD: Eight years sounds a little more than marginal...*
- Sean: Well each job was six weeks on and six weeks off, just working out of NZ and just, just working as a second cook on a fishing boat. It was either that or work in the mines, because at the time I was broke.*
- JD: So you would look at each six-week block of work and make your mind up at the end of the trip whether or not you would go back?*
- Sean: Yeah, yeah.*
- JD: So you kept signing up for eight years. Did you ever feel any sense of commitment to the boat or to the crew?*
- Sean: Nope. Never. It was always changing, different boats, different crews. I got on their boat because it was the best opportunity I had to make some money, doing what I knew how at the time...it was about basically I just wanted to pay a house off.*
- JD: So it was just a means to an end?*
- Sean: That's pretty much exactly it. Yes, what's the best way I can make a dollar out of it.*

The above notwithstanding, it is the broker who determines SETA initiation, and to the extent that intention is future-directed, rather than necessarily reflective of present state, the broker's intended status of membership is fundamental to this condition/fulcrum shifter. This 'future' focus is significant because of the notion of reciprocity: any given social capital transaction only holds relevance to account balances to the extent that a 'window of opportunity' to reciprocate remains open; consequently, where the broker perceives his/her employment relationship with the organisation as having a 'limited' future, the opportunity to 'draw on' a 'credit' balance in the organisation/recipient exchange account will be similarly limited.

Thus, the original statement on this finding needs to be modified to reflect the intention and desire of the broker with respect to their future membership status. Therefore, organisational membership status leverages SETA by applying premiums or discounts to the assessed value of the shift in the recipient-side social exchange account balance: the further up in the membership hierarchy the broker perceives he/she lies or intends/desires to lie, the greater the premium applied to an assessment of positive value; conversely, the lower in the hierarchy the broker perceives he/she lies or intends/desires to lie, the greater the discount applied.

Elaborating further, my findings indicate that marginal members tend to adopt a more arms-length, detached – even disinterested – posture with respect to the organisation and its goals, and are least inclined to initiate OSC exchange. Associate members intending to remain with the organisation, are generally more engaged with the organisation's goals (to the extent that they are known and understood) are far more inclined to initiate OSC exchange, while core employees – again, who intend to remain - are usually fully engaged with the organisation's goals and inclined to initiate OSC exchange as a matter of course. (I emphasise that these appear to be general tendencies, and there were notable exceptions in my data which are discussed later in this chapter under the finding 'World View'.)

Anne provides an example of how this fulcrum shifter influences exchange initiation. Due to organisational restructuring, Anne saw her membership status shift from associate to

marginal when her permanent position was disestablished and the role converted to a yearly, renewable contract:

JD: So, you are doing the same job but effectively getting paid more, yet it sounds like you are saying you won't do as many favours now. Why has that changed?

Anne: Now I'm working as a contractor, I don't feel the same. I no longer see any future there, I don't want to see any future there. I'll do the best job I can for the [customers], but I'm not interested in making any great connections. So I'm saying I don't want to stay there, so therefore I don't feel the need I guess to give myself in the way that I may have felt previously.

JD: And this is deliberate?

Anne: It is deliberate.

This condition, then, may variously apply discounts or premiums to any given transaction, depending upon the broker's perceived and desired membership status in the organisation.

Regard for Colleague (Condition)

As used here, colleague here refers to an individual who works with the broker in the employing organisation, typically - although by no means necessarily - someone to whom the broker reports. *Regard for colleague* is defined as the regard or esteem in which a colleague is held by the broker, where the colleague is acting as an agent for the organisation in the OSC transaction being analysed.

This condition leverages SETA by applying premiums or discounts to the assessed value of the shift in the recipient-side social exchange account balance: the greater the regard for the colleague, the greater the premium applied to an assessment of positive value; conversely, the greater the disregard for the colleague, the greater the discount applied.

Sally illustrates how high regard for a colleague made her far more inclined to initiate OSC exchange:

- JD: Can you tell me a little more about the branch manager? Why you thought so highly of him?*
- Sally: He was an extraordinary man – a truly good person. He made everyone feel so valued he was always so respectful to everyone. Thinking about it now at the time I think I would have done anything for him. It was the best-run branch I ever worked in and I worked in seven, I think. He was the best boss I've ever had by a mile, I think at some level I compare every boss with him, he set the standard for me.*
- JD: Did you work closely with him? I mean did you report directly to him on a daily basis, for example?*
- Sally: No, I didn't have any direct contact with him most of the time but I could see how he worked with people and set the standard, you know?*
- JD: So when he asked for a special effort for the bank, that was different from the bank asking, is that what you're saying?*
- Sally: Yes.*
- JD: And you're saying you did favours for that branch that you wouldn't have done at other branches because he was the manager?*
- Sally: Yes, exactly.*

It is significant that the broker, Sally, is making a very clear distinction here between her work colleague and the organisation that employs them both. The ability of the broker to discriminate between the 'amorphous' employing organisation and the colleague with whom they have developed a meaningful and/or substantive working relationship appears to be significant; this may lead to the situation where 'helping out' or 'doing a favour' for one's colleague is of far greater importance to the broker than any intention to facilitate the flow of OSC for the organisation.

Furthermore, my findings indicate that regard for colleague is not necessarily a reflection of the proximal or emotional closeness of the broker to their colleague – like Sally, some participants had very high levels of regard for a colleague that they had no contact with during their normal working day. These colleagues were invariably the most senior manager or leader at the place of work, whether it be a department head, branch manager, Chief Executive, etc.

This condition, then, may variously apply discounts or premiums to any given transaction, depending upon the broker's regard for their colleague.

Broker's Regard for Organisation (Condition)

Broker's regard for organisation is defined as the regard or esteem in which the organisation is held by the broker, who at any given time has an established 'position' as a consequence of their cumulative experiences from both inside and outside the organisation. As with broker's regard for colleague, this condition leverages SETA by applying premiums or discounts to the assessed value of the shift in the recipient-side social exchange account balance: the greater the regard for the organisation, the greater the premium applied to an assessment of positive value; conversely, the greater the disregard for the organisation, the greater the discount applied.

Regard for the organisation has a number of sub-dimensions pertaining to organisational setting, and thus regard constitutes an 'aggregate' of these sub-dimensions. Diana's comments below indicate these sub-dimensions include *goal compatibility; equity of benefit distribution; fairness; commitment; acknowledgement and treatment of employees; and relationships.*

JD: So let me rephrase that – it sounds like perhaps there may have been times when you could have used your personal contacts to help those organisations but you didn't think they were worthy of your help?

Diana That's right.

JD: So as part of your decision making process when you figured "yes, I can help the business out here", it sounds like there's some form of an evaluation going on as well. Is that something you're aware that you're doing?

Diana Oh yes, I'm aware of it - though I'm not saying I always think about it consciously. I think it relates back to how you feel about the organisation that you work for. So do you like the organisation, do you like the people you work for, do you like the management, do you like their values, their approach to business, the way they present themselves in the market and if you like those values and all those sorts of things or you can identify with them or you agree with them, then you are more willing to help. You're really on board so you're willing to take on that personal debt, even though it's a debt that may never be repaid.

JD: And if you're not 'on board'...?

Diana If you disagree with the way they're managing the business or you disagree with the decisions that they're making on behalf of the business or the way they treat staff, then you're less willing to help

them, and you're really just there to do your job and the bare minimum, and you're not going to make it easy for them or make it better for them by using your own personal network. You're unwilling to take on that personal debt for an organisation that you're not willing to support or not on board with.

JD: So when you're on board, the evaluation is pretty straightforward, simple, rapid. But the less on board you feel, the evaluation becomes more laboured, more careful, more cautious, is that what you're saying?

Diana Definitely, and you're less willing to actually expose your personal network.

Regard also appears to be influenced by experience in that it comprises a comparative component; specifically, this organisation/employer is superior or inferior to prior employers:

JD: Well, there seems to be quite a shift there between [the bank] and [the organisation]. At [the bank] you were prepared to use your personal relationships to help out, but at [the organisation] you're saying you won't. Can you explain that for me?

Sally: Well I think there's two things – one is I'm not going to stay there, but the other part is and this might be a bit of a contradiction, because I never thought in comparison – I never thought I was going to be in the bank forever either, so you could say how come you were prepared to do what you could there but not here, and the difference is in one place I felt valued and in this place I don't. So even though I'm treated well in [the department], I haven't been valued at a wider level, really – so it's very much on my terms now. So I will do what I need to do in relation to [the department], I will do the best job I can, but now I have boundaries.

This condition, then, may variously apply discounts or premiums to any given transaction, depending upon the 'worthiness' of the recipient organisation.

Public's Regard for Organisation (Condition)

Distinct from the broker's regard for the organisation, is the broker's understanding and estimation of the regard or esteem in which the organisation is held by non-organisational members. Naturally, the distinction arises due to the broker's regard being influenced by his/her experiences as an organisational member, whereas the *public's regard for the*

organisation is influenced by any number of factors, from coverage in the news media, involvement in community life, branding, goods and/or services offered, and so on.

Irrespective of whether these two perspectives differ, the broker reflects the level of public regard for the organisation by being more or less inclined to act as an agent in the procurement of resources from ‘outsiders’ for the organisation’s benefit; in other words, where the public’s regard is high, the broker is more inclined to act as an agent and be associated with the resource accrual, given that it will reflect well on him/her. Thus, again, this condition leverages SETA by applying premiums or discounts to the assessed value of the shift in the recipient-side social exchange account balance: the greater the public’s regard for the organisation, the greater the premium applied to an assessment of positive value; conversely, the greater the public’s disregard for the organisation, the greater the discount applied. Ross expressed it this way:

Ross: Why do I do these favours? Well, [the company] is highly regarded in the community for the way we conduct ourselves and sponsorship and so on. That helps me be successful at what I do, so I do what I can to return the favour.

JD: So there’s a circle there that closes for you, concerned with the regard in which the franchise is held, how it appears in the marketplace, and these favours you’ve described are all about keeping the franchise healthy?

Ross: Exactly

JD: And as long as you’re sheltering under its umbrella, that’s of concern to you?

Ross: It’s of concern to me that we appear professional in everything we do because if my company steps out of line, everyone gets tarred with the same brush and that will certainly of course kick back on me, no doubt about that.

This condition, then, may variously apply discounts or premiums to any given transaction, depending upon the public’s estimation of the ‘worthiness’ of the recipient organisation.

SPECIFIC FULCRUM SHIFTERS

Resource Application (Condition; Process)

Resource application is defined as the organisation's stated requirement for a resource and the intended application thereof. This condition leverages SETA by variously applying discounts or premiums to any given transaction, depending upon the 'acceptability' to the broker of the intended resource application.

The intended application is typically assessed against the broker's own set of values, beliefs and ethics – eg, considerations of 'wastefulness', 'respectfulness', 'fairness', 'social/environmental responsibility', 'faith', etc – to determine to what extent the application is deemed 'compatible'. In extreme cases of incompatibility, no account balance shift is valuable enough to compensate, resulting in total rejection of the transaction. As Ross describes:

Ross: The business had contracts with [the university], the [luxury hotel], and other high profile clients. Some clients were extremely sensitive about security and confidentiality. I made no secret about the fact I was tapping into my church to find [sub-contractors] for these contracts. And the owners very much appreciated that if they employed [people of my faith] they had a workforce that always turned up for work, was literate, never swore, dressed properly, didn't drink alcohol or smoke, never sexually harassed and most importantly was strictly honest. I mean, if they accidentally took a pencil home they'd return it. Then we were offered the contract at the [casino] and were going to need more [sub-contractors]. Gambling is against our religious beliefs so there's no way I was going to involve anyone in my church or have anything to do with the contract. I told the owners – they understood where I was coming from. To their credit, they said "Thank you, but no thank you" to the contract. The thing is, the word got around and other clients were very impressed that we'd walked away.

Thus, this condition leverages SETA by applying premiums or discounts to the assessed value of the shift in the recipient-side social exchange account balance: the more acceptable the resource application to the broker, the greater the premium applied to an

assessment of positive value; conversely, the less acceptable the resource application, the greater the discount applied.

Furthermore, my findings suggest that implicit within this assessment of appropriateness/acceptability of resource application is a comparison of the value of the resource (refer Resource Valuation) with the value of the outcome – participants generally regarded the application of a ‘high’ value resource to achieve a ‘low’ value outcome as being inappropriate/unacceptable, and as such applied a higher discount.

This condition, then, operates as a mechanism which may variously apply discounts or premiums to any given transaction, depending upon the appropriateness/acceptability of the resource application.

This completes description of the dimensions constituting the second phase of SETA. As demonstrated, these dimensions have the capacity to influence the interim recommendation arising from the first phase of SETA, such that the final recommendation on exchange initiation may be substantially at variance with the interim recommendation.

Primary Filters

I introduce here contextual dimensions that have no influence on SETA itself, but rather on whether SETA is undertaken at all. My data indicates these dimensions serve to proscribe what might be termed the domain of social exchange opportunities. Essentially, these dimensions serve to *filter* out a proportion of the exchange domain – that is, a proportion of *all* of the *potential* OSC social exchange transactions possible between the three actors. It will be seen that all potential transactions are only theoretically available, and that depending upon the broker, primary filters may effectively reduce the domain of exchange to the point where no potential exchanges are left to which SETA may be applied.

Awareness (Context)

A key contextual dimension is designated here as *awareness*. Comprising three sub-dimensions, awareness relates to the extent of an actor's 'knowing' around the potential for the social exchange of OSC to occur, where full awareness represents complete knowing of the following sub-dimensions:

- i) Awareness of *goal* – pertains to the broker's knowing with respect to the organisational goal for which a resource is being accrued;
- ii) Awareness of *resource* – pertains to the broker's knowing with respect to the specific resource/s being sought to facilitate achievement of the organisational goal;
- iii) Awareness of *availability* – pertains to the broker's knowing with respect to the availability or 'location' of the resource within his/her social networks.

Should the actor lack awareness in any/all of these sub-dimensions, SETA is unlikely or unable to occur.

These sub-dimensions may be categorised as *organisational* or *non-organisational* awareness factors. Organisational awareness factors include awareness of goal and awareness of resource requirement, given they are determined by the organisation's needs in the first instance, and by other organisational factors which influence the communication of those needs thereafter - such factors may include policy, process, culture and so on. Furthermore, these factors are deemed organisational given the broker's awareness evolves within the wider organisational setting, and as such are 'internal' to the broker's organisational life.

Awareness of availability is deemed a non-organisational awareness factor, in that it is determined by the broker's private social networks in the first instance, and by other social factors thereafter – such factors include the currency and accuracy of knowledge of resources that may be accessed through a relationship. Furthermore, this factor is deemed non-organisational given the broker's awareness evolves within non-organisational settings

and as such is ‘external’ to the broker’s organisational life; note that a distinction is being made here between organisational and non-organisational social networks where socialising with work colleagues is considered to be part of the wider organisational setting.

The following passage from Sasha demonstrates full awareness: a complete knowing of the organisation’s goals, the exact nature of the resource being sought, and where in her social network she could locate it.

Sasha: The company was needing an editor. They have a publishing unit that produces wine lists and quite a lot of in house marketing work producing brochures. It was a really tough role to sell because you wanted somebody who was obviously very skilled and creative but there was potentially parts of the job that were incredibly tedious and boring. So what we’d gone through was a stream of people who came into the job and after 18 months got bored and disappeared. So it was just this constant turnover of people and it was driving us mad and it was also frustrating because it was quite a skilled job. So you needed somebody who was reliable and wasn’t just going to take off and I knew that Brent would be perfect because of the kind of person he was. He’s incredibly creative but not hugely ambitious and that was the problem. We got these people in who were creative but were ambitious so when they had been in this role for 18 months they’d had enough and wanted something bigger and better. Well, Brent wasn’t like that. He was amazingly creative but had no interest or big ambitions to be in some great high faluting job working for some great newspaper or magazine. So I knew him really well...so I said to him there’s a job at [the wine company] as desktop publisher and I think you’d be perfect. You should apply...He was subsequently appointed to the job and he’s been there for the last five years.

Organisational and non-organisational awareness factors, then, combine to determine the overall level of awareness the broker has of the potential for SETA to occur – provided, of course, the broker makes the connection between all three. Awareness may therefore be regarded as a precursor to SETA, but it has no bearing on SETA itself; in this regard awareness is differentiated as context in that it helps proscribe the realm of action by filtering out a proportion of all potential OSC transactions which the broker may initiate. Furthermore, awareness may be regarded as a ‘static’ component of the SETA context – that is, it is fixed for that transaction and not modified as a part of SETA.

World View: (Context; Consequence)

While social exchange behaviour may be ubiquitous in organisational settings, my findings indicate that not all actors share the same willingness to engage in this activity. Individuals seem more or less ‘predisposed’ to engage in social exchange, manifesting as a preparedness to undertake SETA – I emphasise that I am referring to the variation actor’s display with respect to commencing the process of SETA, not variation in the process itself.

This variation from actor to actor is termed here “*World View*” – a representation of the individual’s personal ‘rules’ with respect to engaging in social exchange transactions and thereby their predisposition to do so. Greg’s World View reveals he is very comfortable engaging in social exchange:

JD: It sounds like you’ve found a way of dealing with these situations which is consistent with your principles, and if it doesn’t work out, you can still live with yourself.

Greg: Yes. I’ve got myself to a place where I’m totally at ease and comfortable with making these decisions and making these connections and hooking these people up and tapping into my networks and trusting both my judgement but also my ability to live with the outcome of those decisions.

As with much of the social exchange phenomenon, these ‘exchange rules’ are typically unarticulated and taken for granted by actors, and are seldom consciously revisited or interrogated. These rules seem to act as a filter by which all possible transactions of which the broker is aware are discriminated into a much smaller range of potential transactions. My data indicate these rules are largely forged early in life from a range of influences – for example, family, faith, and friends are typically identified – and tend to remain largely unchanged over time.

At one extreme, rules appear virtually non-existent and non-discriminatory:

Sally: I think that was part of my [religious] upbringing and when I look back I think that was why I was always told that I did a good job and people were very complimentary because I gave it all I could.

JD: You gave it everything?
Sally: Yes, I was always looking for extra ways to help.
JD: So you didn't discriminate, is that what you're saying?
Sally: No, I didn't. If you could help, then you should. That's just what you did.

At the other extreme, exchange rules may mandate total discrimination, effectively amounting to absolute prohibition with respect to entering into social exchange transactions:

Sean: I don't do favours – they always come back to bite you.
JD: Any exceptions?
Sean: Nope. Never.

Other participants expressed similar 'rules', but unlike Sean exceptions were entertained and made – typically around highly significant relationships.

In addition, for some participants there seemed to be a strong desire – even determination - to maintain separation of their private relationships from their organisational or 'work-life' relationships. As Anne and James illustrate, for some this separation was part of their World View, whereas for others it was deemed more of a professional imperative:

Anne: I don't play with the people I work with. When I get together with friends I want to feel free to do a head-dump about work – you know, just have a good moan - I can't do that if I have to work with them the next day.

* * *

JD: How integrated would you now say your professional network is with your personal?
James: There are some overlaps but they are very few and far between.
JD: Is that intentional?
James: Yes. I think that if you develop a strong social network with your colleagues you can lose objectivity, that you become too emotionally involved and you...I'd rather not. I think there's a professional relationship I have with my colleagues which is very casual but very meaningful and we have a very relaxed attitude with each other. Therefore we are more open with each other, but take that outside and gather it all up and say come to my house for dinner. That's quite unlikely.
JD: So you see significant risks and consequences for the practice?

James: Yes, I do. I think if you are playing the role of coach/mentor/reviewer that if your colleagues who defer a lot of decision making to me...if they come into your life at a personal level it may undermine that to some degree, it maybe diminishes or waters down the relationship. I don't involve friends in my business and I won't take them on as clients for the same reason. Anyway, I have a degree of privacy that I like to retain in a domestic sense and family sense and you need some quiet space. I don't want colleagues coming and knocking on my door at home because they've lost the ability to distinguish between my role as a professional and my role as a mate.

Nevertheless, my findings clearly show that World View and exchange rules can be modified by experience, particularly when the rules have led to an actor engaging in a transaction that delivered unpredicted and unwanted consequences – the response to this experience being a ‘tightening’ of rules with the express intention of reducing preparedness to undertake SETA. This suggests that the initial ‘default’ position is to be non-discriminating and to enter into any transaction that presents itself, and that this remains the default until experience yields problematic outcomes – for example, transaction failure. Depending upon the scale or frequency of these problematic outcomes, the default position moves progressively along a discriminatory continuum:

JD: What I think I hear you saying is that when you were younger that evaluation part of the process wasn't there - you could, therefore you should. But as you've matured and grown it's not automatic anymore?

Sally: Yes. I think that it wouldn't be about me now, it would be maybe I would still do it because I could or it might be helpful to the organisation, but I wouldn't do it just because it was going to make me feel better about myself. I've now got a better sense of the value that can flow through the people I know that can make a real difference. But now it's entirely voluntary, but before you do it there's still some kind of process you go through and at some level where you decide yeah, it's the right thing for me to do because I approve of, or they deserve it.

JD: And that evaluation or the suspension of choice for long enough to think about it, to review, to see how it sits with you, it's a right that you've given yourself? You've taken more control of it?

Sally: Yes, I think that's right.

Finally, World View may be regarded as a ‘static’ component of SETA – that is, it is fixed for that transaction and not modified as a part of SETA; in this regard, world view is differentiated as context in that it helps proscribe the realm of action by filtering out a proportion of all potential OSC transactions of which the broker is aware. As with awareness, World View may therefore be regarded as a precursor to SETA, but it has no bearing on SETA itself. Furthermore, World View, while resistant to modification, is nevertheless subject to a range of influences; most notable being experience where ‘shock’ social exchange transactional outcomes may result in the actor becoming more discriminating – or, ultimately, to withdraw from social exchange all together.

SETA Recommendation: Final (Consequence)

The final dimension presented here is the consequence of the second phase of SETA – a *final recommendation* on exchange initiation. This finding is collectively supported by the excerpts used to illustrate the dimensions described in this chapter, which clearly demonstrate that a final recommendation has been arrived at through the broker’s application of SETA to a prospective OSC social exchange transaction.

EXPLANATORY MATRIX: SETA PHASE TWO

For the purpose of clarity, the dimensions of SETA Phase 2 are now located in the DA explanatory matrix. Table 4 shows the explanatory matrix populated with the dimensions presented in this chapter. This represents the ‘all’ of the second phase of SETA, and reintegrates the dimensions with respect to the central perspective.

Table 4: Explanatory Matrix – SETA Phase 2 Dimensions

<i>(from)</i> <i>Perspective</i>			
SETA Social Exchange Transaction Analysis			
<i>(attributes)</i> <i>Dimensions & Properties</i>			
<i>(in)</i> <i>Context</i>	<i>(under)</i> <i>Conditions</i>	<i>(specific)</i> <i>Processes</i>	<i>(with)</i> <i>Consequences</i>
SETA Phase II			
Primary Filter Awareness Worldview	Fulcrum Shifter Regard For Colleague Regard For Organisation Public’s Regard For Organisation Organisational Membership Status Resource Application	Resource Application	SETA Recommendation (Final)
<i>(naming)</i> <i>Designations</i>			

This concludes description of the dimensions constituting the second phase of SETA and associated findings from my data.

In the final section I present the complete explanatory matrix populated with both Phase 1 and Phase 2 dimensions, and from this reintegration of all dimensions I develop my full theoretical narrative.

SETA: Complete Theory

As noted in the chapter on methodological procedures, in Dimensional Analysis method, the late phase of analysis involves the final synthesis of the dimensions within the explanatory matrix into a grounded theory. This integration/reintegration occurs according to a central organising perspective which enables the patterns & relationships between dimensions to be described and explained, resulting in the development of a theoretical ‘story’. In other words, the final composition of the explanatory matrix is used as a pragmatic device for the translation of theory into a clear narrative version.

The fully populated explanatory matrix is presented in Table 5, and integrates all dimensions identified in my data and described in this and the previous chapter. The matrix organises these dimensions with respect to the dimension selected as my central perspective - the process of Social Exchange Transaction Analysis - and constitutes a theory of it. I now draw on this final configuration of the matrix to translate my theory into a narrative version.

Table 5: Explanatory Matrix – SETA ‘All’ Dimensions

<i>(from)</i> <i>Perspective</i>			
SETA Social Exchange Transaction Analysis			
<i>(attributes)</i> <i>Dimensions & Properties</i>			
<i>(in)</i> <i>Context</i>	<i>(under)</i> <i>Conditions</i>	<i>(specific)</i> <i>Processes</i>	<i>(with)</i> <i>Consequences</i>
Primary Filter	Social Exchange Account Balance	Post-transaction Account Balance Projection	Post-transaction Account Balance Projection
Awareness	Transaction Control	Risk Assessment	SETA Recommendation (Interim)
Worldview	Trust	Transaction Control	SETA Recommendation (Final)
Social Exchange Account Balance	Broker’s Underwriting Exposure	Trust	
	Relationship	Broker’s Underwriting Exposure	
	Transacting History	Resource Valuation	
	Resource Valuation	Resource Application	
	Supplier’s Regard For Organisation		
	Regard For Colleague		
	Regard For Organisation		
	Public’s Regard For Organisation		
	Organisational Membership Status		
	Resource Application		
<i>(naming)</i> <i>Designations</i>			

The following theoretical narrative represents the cognitive device employed by individual organisational actors to arrive at a decision regarding whether or not to initiate a social exchange transaction, involving both the organisation and a member of their private social network, for the purpose of facilitating the flow of organisational social capital. This cognitive device is termed Social Exchange Transaction Analysis.

An organisation (recipient) has a goal for which it requires a resource/s. An employee of the organisation (broker) has awareness of the goal, the resource/s required, and who (supplier) in their network of private relations controls access to this resource. Reflecting upon this opportunity to engage in social exchange for the purpose of enabling the resource to be accrued by the organisation (OSC), the employee's World View determines that brokering this social exchange transaction is behaviour they are prepared to entertain. At this point, the broker commences social exchange transaction analysis (SETA) for the purpose of deciding whether initiating the social exchange transaction is in his/her best interests to do so.

The broker reviews their social exchange account/s with the supplier, and with the recipient should one already exist, and notes the current social exchange account balance/s. The broker now needs to establish a post-transaction account balance projection in order to determine whether the prospective transaction will adjust the account balances to an acceptable degree; this projection involves adding or subtracting from the existing balances the value of the transaction. Thus, for this projection to be made, the broker first needs to arrive at a determination of the value of the transaction to the supplier, and the value of the transaction to the broker; these values may be different and may adjust the account balances in opposite directions – that is, one account may record a credit to its balance and the other a debit.

Any valuation of the transaction assumes that the transaction will be successful, leaving the supplier and the recipient totally satisfied; however, the broker has no means of guaranteeing that this will be the case. Therefore, the

broker needs to first establish how likely the transaction will unfold as intended by engaging in a process of risk assessment; the riskier the transaction, the greater will need to be the assessed value of the transaction before the broker will initiate it.

The broker's perception of risk is influenced by assessments of the following:

- i) Transaction control - the degree of control the broker has over the success of the transaction;*
- ii) Trust – the degree of trust the broker has with respect to the supplier and the recipient;*
- iii) Underwriting exposure – the extent to which the broker feels he/she will need to compensate either the supplier and/or recipient should there be partial or total transaction failure.*

Furthermore, the broker's perception of risk is also influenced by the following:

- iv) Relationship – the extent to which the broker feels the supplier and the recipient are 'known quantities', and thereby the likelihood the underwriting charge will be waived in the event of transaction failure;*
- v) Transacting history – the extent to which there is an existing track record of social exchange transactions with the supplier and the recipient.*

Having determined the level of risk with respect to the supplier and with respect to the recipient, and thus the required value of the transaction for each, the broker progresses the transaction valuation assessment by completing a resource valuation. This involves estimating the value of the resource to the supplier and the value of the resource to the recipient. Provided the valuations meet those required by the risk assessment, the transaction is still under consideration.

The broker completes the transaction valuation assessment by reflecting upon the supplier's regard for the organisation. This enables the broker to estimate what premium or discount the supplier will put on the transaction over and above the value of the resource; thus, if the supplier's regard is high, the value of the transaction will be lower, conversely, if regard is low, the value of the transaction will be higher.

Now, if the valuation of the transaction results with a projected credit to both the supplier's and recipient's social exchange accounts, the SETA interim recommendation will be for the broker to initiate social exchange; conversely, if the valuation of the transaction results with projected debits to both accounts, the interim recommendation will be for the broker not to initiate exchange. However, if the valuation of the transaction projects a credit for one account and a debit for the other, then whichever is the larger of the two will determine the interim SETA recommendation – that is, if the credit is larger than the debit, the recommendation will be to initiate exchange, and vice versa.

However, the broker has only arrived at an interim recommendation. Several other factors now come into play that may materially alter the recommendation by adjusting the valuation on the recipient's side of the transaction. The valuation is influenced by the application of premiums or discounts on the recipient side of the transaction according to the following:

- i) Regard for colleague – the higher the broker's regard for their colleague (the organisation's agent in the transaction) the more valuable the transaction;*
- ii) Regard for organisation - the higher the broker's regard for the organisation the more valuable the transaction;*
- iii) Public's regard for organisation - the higher the public's regard for the organisation, the more valuable the transaction;*
- iv) Organisational membership status – the more enduring the broker's membership status is perceived or intended/desired to be, the more valuable the transaction; and*

- v) *Resource application – the more the resource application by the organisation is consistent with the broker’s values, beliefs and ethics, the more valuable the transaction.*

The broker now adjusts the valuation of the transaction according to the premiums and discounts determined above; this may result in projected credits increasing, or interim credits being totally reversed and becoming debits. In this way, the interim SETA recommendation on social exchange initiation may be confirmed or reversed, and this constitutes the final SETA recommendation on exchange initiation.

This constitutes the narrative version of my theory of the phenomenon of interest, Social Exchange Transaction Analysis.

General Findings on Participants

I describe here findings with respect to the population from which the data were collected, as well as several findings about the phenomenon of interest that serve to ‘characterise’ its broader operation in social life.

SETA as Norm

A key finding is that application of SETA does not appear to be influenced by age, gender, education, or occupation. Irrespective of any of these variables, social exchange behaviour is generally held to be a norm shared by the wider community and as such found to be ‘reliable’ and ‘predictable’. This consistency would seem necessary for the flow of OSC for two key reasons: it is fundamental to the establishment and maintenance of trust in social exchange transactions; and it enables individuals to engage in SETA and have confidence that the outcome of that analysis will reflect the shared understandings of the actors involved. Therefore, the reliability and predictability of social exchange seems to suggest that the application of SETA need also be the norm: if actors use different decision mechanisms, the likelihood that social exchange account balances between exchange

partners retain parity is diminished; as such, inconsistent outcomes could be expected to lead to a reduction in social exchange behaviour.

SETA as Sub-conscious Process

This links to the next finding that social exchange initiation to facilitate the flow of OSC is common-place and largely “taken-for-granted” – all participants were able to draw upon personal experience in their working lives when discussing the phenomenon, and generally considered their behaviour with respect to engaging social exchange for the purpose of OSC transfer unremarkable. Indeed, as Diana indicates, the behaviour is so taken-for-granted that participants are usually unable to explain how and when they adopted it, strongly suggesting the behaviour is learnt early in social life:

JD: How did you learn to do this evaluation?

Diana: I don't think I ever learnt to do it, it was just there.

JD: Do you think it's something you've absorbed, that's just the way it is?

Diana: I've actually never thought of it in those terms and if I think back to my parents I don't think I've ever consciously looked at their behaviours. My dad's always had his own business and I have worked for him for a period earlier on in my career, so I suppose I have seen him operate on a network sort of approach, but it's not something that you consciously think about and whether you absorb it by osmosis, or just by observing their patterns but not observing and not noting it, or observing that's the way business runs. I also actually think that it might not necessarily be just your parents. It could be your peers, it could be your bosses, it could be a whole lot of people that you observe over time and you develop your own approach to that sort of transaction, because you see how people do it and then you either like it and you think it works well, then you will either mimic or copy it or you may modify to suit your own criteria or whatever.

However, upon exploring the process that underpinned their behaviour with respect to enabling the flow of OSC, participants did find remarkable that their own decision process could be so complex, that SETA was frequently an ‘unconscious’ process, and that SETA was such an efficient and rapid mechanism for arriving at a decision on exchange initiation:

Diana: It's quite interesting this sort of thing because it's not something I've actually ever consciously thought about and never analysed in any sort of way or tried to define my behaviour in the way I work my social networks and all those kind of things and you do things because of your gut feeling. So to actually sit down and talk about it and to think about how was your behaviour controlled and dictated by certain environmental considerations, is actually quite interesting and it will be interesting to look at the research and find out what the findings are.

It is important to emphasise here that all the cases described by participants were broadly defined within the term 'favour' - as such, no predetermined or agreed return/reward was a factor in actors' decision process. This led to an associated realisation that struck participants as being remarkable: for SETA to have practical value, the other actors in the transaction needed to undertake their own SETA and arrive at the same, or similar, outcome. As discussed earlier, widely differing analyses and analytical outcomes would presumably preclude OSC from accruing because social exchange transacting would become problematic for the actors.

This completes my findings.

Summary

In summary, continuing on from the previous chapter and again consistent with the Dimensional Analysis approach, this chapter has presented the balance of my findings from my data as designated dimensions, and differentiated these into condition, consequence, process and context. Descriptions of the sub-dimensions constituting SETA's second phase of analysis are provided, with these dimensions then populating an explanatory matrix to illustrate the re-integration of phase two sub-dimensions with respect to the central perspective. Excerpts from participant transcripts are included in support of these findings. The chapter concludes with a presentation of the full and final composition of the explanatory matrix, and this has been translated into a clear narrative version. This final narrative version constitutes a grounded theory of my problematic social phenomenon.

OVERVIEW

In this chapter, I return to my explanatory matrix and consider the dimensions with respect to the literature, in order to locate my theory within the existing body of knowledge. I commence with a discussion of my theory of Social Exchange Transaction Analysis, before discussing further dimensions. As the matrix reveals, SETA comprises a number of dimensions, and these dimensions are consistent with a broad body of social psychological and organisational behaviour theory. This is reflected in the theoretical diversity of my theory chapter, which is drawn on here for theory most congruent with my findings to facilitate their understanding.

Social Exchange Transaction Analysis (SETA)

SETA is a natural analytic process for dealing with a particular type of problematic situation: predicting the outcome of a particular course of action – a scenario – before it takes place, in order to enable the actor to select the course of action of greatest value. This is reflective of John Dewey’s famous phrase about individuals “...imaginatively rehearsing alternatives”.

Reflecting upon my participants’ realisation that SETA was for them in many instances an unconscious process, SETA appears to incorporate both of Kahneman’s cognition systems: the *intuition* system is adequate for straightforward, ‘routine’ exchanges, but as the exchange becomes more ‘problematic’, the *reasoning* system becomes progressively engaged. What my findings strongly suggest is that SETA is unchanged irrespective of which cognition system is in use; furthermore, it is SETA that serves to ‘select’ which system will be engaged.

This is illustrated by those dimensions of SETA relating to evaluating the risk of a given transaction – to the extent those risks are felt to be present, risk analysis will range from non-existent to acute, and the cognition system in use will correspondingly range from intuitive to reasoned. I intentionally use the term ‘felt’ because my participants regularly alluded to SETA as ‘intuitive’ or a ‘gut-feeling’ – so when intuition suggests risk is

present, risk evaluation is then undertaken in a more reasoned manner. This transition from intuitive cognition to reasoned is reflective of Gazzaniga's (1998) notion of an interpreter region in the brain undertaking post-facto interpretation of decisions the brain has already made; as such, to what extent were my participants engaging in 'hard-wired' behaviour rather than any boundedly rational decision process?

Thus extending the discussion further, to the extent that SETA is consciously invoked, the question becomes: how does the actor determine that a given potential transaction is sufficiently problematic to engage the reasoning system? It seems clear from my findings that in many instances, initiating exchange was almost an 'automatic' response to a recognised opportunity. This suggests that the situation was instantly assessed as non-problematic, and if this is the case it would seem reasonable to conclude that this is because the situation is either identical in every respect to a previous transaction – unlikely – or sufficiently similar that the differences are deemed to be inconsequential. In other words, the actor is engaging in the same form of natural analysis postulated by Schatzman (1991), where recognition and recall are adequate for the 'problem' at hand. Furthermore, it may therefore be argued that in the very first instance, actors are thus 'scanning' for any reason *not* to initiate exchange, and when such a reason is identified, SETA is employed.

Recognition and recall of similar OSC decision problems is consistent with case-based decision theory (Gilboa & Schmeidler, 1997, 1995). This theory asserts that expected utility models are unable to take into account all contextual factors or provide guidance for complex decisions, and offers an alternative cognitive science approach that suggests that people making decisions under uncertainty tend to choose acts that performed well in similar decision situations in the past. When making new decisions the theory proposes that the actor will "infer" something about the new act by drawing on similar experiences of the past. This may be the decision model adopted by actors when initiating an inaugural OSC social exchange transaction with the organisation.

SETA may also be regarded as an exercise in 'broad bracketing' (Read, Loewenstein & Rabin, 1999), given that it assesses the consequences of all choices taken together to arrive at an overall determination of benefits and costs associated with a proposed transaction. When SETA results in a combination of good and bad outcomes – eg a large positive

account balance shift on one side but a small negative shift on the other, the process may be likened to Thaler's (1999) notion of hedonic framing, whereby actors seek to make themselves as happy as possible by coding combinations of events. The third principle of hedonic framing is that smaller losses are integrated with larger gains, and this would be consistent with the SETA recommendation from the above example – that is, to initiate exchange. In other words, a negative balance shift that in isolation is rejected by the actor as being too costly to incur, may be incurred when combined with a significantly larger beneficial shift in another balance.

Alternatively, neuroscience research shows that most brain processes are unconscious: Park and Zak (2007) describe an 'interpreter' region in the brain that appears to provide an 'ex post' commentary in our heads for decisions we become aware of only after brain activity has already determined the choice. This is in contrast to the traditional view in economics that decisions are made after careful deliberation of costs and benefits determined through one's preferences and the constraints faced. This is consistent with the automatic, unconscious nature of SETA described by participants.

In order for OSC to accrue, exchange must be 'initiated'; furthermore, the decision to initiate lies entirely with the individual actor who must ultimately 'choose' – this is consistent with the 'action' foundation of social capital which focuses on the purposive actions of actors. Risk assessment is the primary operation of the first phase of this decision process.

Risk Assessment

The cases in this study involve generalised, reciprocal exchange between three actors. These social exchanges are regarded as the most risky: the individual decision making combined with the lack of communication about terms make reciprocal direct exchanges riskier than negotiated exchanges; furthermore, in generalised exchange, reciprocity is indirect, making these exchanges even riskier than reciprocal direct exchange. In other words, the risk assessments undertaken by the broker may be regarded as prudent in the absence of any pre-existing transaction history.

In the transactions analysed in this study, an exchange relation existed between the broker and the supplier – that is, there was a pre-existing transaction history. Given that the problematic situation facing the broker involves in part whether or not to initiate a social exchange transaction with a member of their private social network, this is to be expected. However, with respect to the recipient, an exchange relation may - or may not - exist between broker and recipient – that is, there may be no pre-existing transaction history. In my findings, while the transaction from the broker's perspective was invariably *generalised reciprocal exchange* with both supplier and recipient, the consequential outcome that typically resulted was *direct negotiated exchange* between supplier and recipient. Generalised reciprocal exchange is regarded as the most risky, consequently, in this situation the broker is at greater risk than either the supplier or the recipient.

Relationship

Adapting Cook & Yamagishi's (1992) model of the three different types of relations which can potentially emerge from a network of exchange relations, the following perspective on the 'management' of potential OSC can be adopted:

- i) Exchange relations are those which routinely exchange resources and as such represent potential exchange relations which have been realised – ie OSC of value which has been successfully accrued;
- ii) Non-relations are the potential exchange relations which are never realised, but do not represent a loss to the organisation as the accruable resources may be sourced more favourably through alternative means – ie potential OSC of no value;
- iii) Latent relations are the potential exchange relations which are never realised, but do represent a loss to the organisation as the accruable resources may not be sourced more favourably – if at all – through alternative means – ie potential OSC of value.

Prior to becoming exchange relations, these relations must have been potential relations waiting to be realised – the first exchange between two actors is not routine. In effect, until such time as they become exchange relations, they constitute latent relations – ie they have

never been used up to that point. On this basis, at the organisational level converting latent relations to exchange relations becomes the issue of greatest interest.

Significantly, from an organisational perspective, the literature seems largely silent on the issue of inaugural transactions: latent relations cannot become relations – ie repeated exchanges over time – without there being an inaugural transaction. This could, depending upon the outcome, be a one-off ‘dead-end’ relation – that is, the inaugural transaction generates such significant losses for one party that the latent relation remains latent rather than becoming an exchange relation, thereby representing a loss to the organisation.

In this situation reputation is useful if available, or similarities with past experiences may invoke case-based decision-making; in the absence of both, a range of other cues observed may be the only means by which risk of exchange is estimated. Some of these organisational contextual cues are suggested in my finding of regard for organisation, and used by organisational members to initiate inaugural exchange. Nevertheless, understanding of these cues appears limited.

Social Exchange Account

Central to SETA is the notion of social exchange accounts that actors use to record the giving and receiving that occurs between them and their exchange partners. Interestingly, in that reciprocity relies upon the incurring and repaying of obligations to exchange valued resources – ie debits and credits – there is very little attention in the literature about the means with which actors record and track these transactions. Thaler’s (1980) metaphor of ‘mental accounting’, while useful to this study, was not intended to suggest that non-financial assets were accounted for in a similar vein – in his model mental accounts are a device actors use to apportion their financial assets into separate, non-transferable psychological accounts, with actors’ consumption behaviours differing from account to account. Nevertheless, it does presuppose that actors have the cognitive ability to maintain multiple mental accounts and track debits and credits within those accounts; furthermore, there is also held to be the ability to code, categorise and evaluate each credit or debit.

My findings correspond with the work of Clark and colleagues (1984; 1989) that suggest actors do indeed maintain mental accounts for each of their exchange partners, and that these accounts, while loose, nevertheless effectively track each actors record of giving and receiving. It would seem reasonable, therefore, to suggest that the mental accounting model may also apply to non-financial assets.

As noted, one of the important implications of the mental accounting model is that it violates the principle of the fungibility of money, and social exchange mental accounts would appear to imply the same to a different extent. Social exchange accounts only record the value of giving and receiving between exchange partners; that is, it is not a record of the specific resources exchanged. In other words, all exchanges are treated as being of the same currency, albeit not of the same value, thus one account balance may be traded off against another; in other words, one act of giving or receiving is substitutable for another act of giving and receiving of the same value, and thus they may be regarded as fungible. The fungibility of social exchange is fundamental to one of the key tenets of reciprocity: that obligations may be satisfied by third parties.

However, this would appear to overstate the case, given that social exchange accounts are kept for each exchange partner. While an obligation with respect to a given account may be assigned to a third party, any transaction with that third party would only be recorded as a debit or credit to the original accounts if the account holders were aware the obligation had been assigned; otherwise the debit or credit would stay with the third party's exchange account. Furthermore, this raises the question as to whether obligations which are assigned attract a discount or premium when satisfied by a third party; that is, if A has an obligation to B, and assigns that obligation to C, will B be satisfied by the same value of giving from C that they would have accepted from A?

My findings suggest that the value of an exchange is not just determined by the value placed on the resource – for example, when establishing the value of an exchange of OSC, the broker was taking into account two different valuations – one for the supplier and one for the recipient. Therefore, while the act of giving and receiving is the same on both sides of the transaction, the value of the transaction is not. In other words, the substitutability or

fungibility of social exchange obligations are limited similar to the ‘mental accounting’ model, where consumption behaviours are different from account to account.

This is consistent with Molm et al’s (1999) observation that the equality or inequality of reciprocal exchange relations is established by the *ratio* of actors’ individual giving to one another. As such, there is clearly a requirement for each actor to record a ‘running total’ of ‘giving’ exchanges and ‘receiving’ exchanges; furthermore, because the *pattern* of exchange is fundamental to reciprocal exchange relationships, record-keeping cannot simply be a matter of recording whether or not a benefit is returned after a benefit has been given – that is, a ‘cancelling out’ does not negate the need to keep records.

Obligations, then, may be regarded as resources in and of themselves, akin to currency, and convertible through social exchange to other valued resources; this is consistent with Emerson’s (1976) notion of exchange domains of functionally equivalent outcomes. In this respect, social exchange accounts may also be regarded as fungible.

There appears to have been no discussion in the literature with respect to mental accounts in relation to social exchange transactions involving OSC. These exchanges seem to present additional issues with respect to fungibility. This research indicates that brokers trust their giving will be reciprocated by the organisation or its agent; when facilitating OSC flow, organisational members progress on the assumption that benefits will accrue to them in turn. Therefore an exchange account for the organisation is kept. However, the ability to transact on that account is to a large extent dependent upon continued membership of the organisation, such that any credit balance – that is, any obligations owing to the broker from the organisation – would be effectively written-off should employment cease. So in this respect, social exchange accounts are again limited in fungibility.

Social Exchange Account Balance

This raises the question whether or not it is the organisational social exchange account balance itself that is valued, rather than any prospect that this balance may be drawn upon – in other words, having a credit balance with the organisation is and of itself deemed

beneficial to the organisational member. I return to this later. This raises a further question: whether or not members initiate OSC social exchange transactions in order to create a context where the organisation is perceived as 'indebted' to them as a form of insurance – for example, in the hope of receiving greater consideration during organisational restructuring.

Once SETA is commenced, balances become conditions to the extent that they are more or less 'acceptable' to the broker. If the broker is uncomfortable with the current balances, they are more or less inclined to accept lower returns from transacting to move closer to a 'comfort zone'. This comfort zone depends on the respective relationships between the broker and the supplier, and the broker and the recipient – that is, varies from actor to actor, from recipient to recipient, from supplier to supplier.

A dimension that further challenges the tracking of equivalence in an exchange relation is what might be described as the temporal distortion of transactional value equivalence – this is the way actors' transaction evaluations alter over time depending upon whether they are giving or receiving. People may perceive the same favour in different ways, thereby affecting their respective evaluations at different points in time; further more, people tended to transition from believing they received more than they gave to believing they gave more than they received (Flynn, 2003). Any modification of an actor's reciprocal exchange behaviour is therefore not driven by the consequences of their most recent exchange, but by the average of the consequences of multiple, interconnected transactions.

How does this work when actors may have no clarity with respect to what resources that may be accrued and when, or if the resources they value in the other partner will still be there when they need them? Do they need to supply alternative/substitute resources at similar value? What happens to the account balances as relationships fade? Actors exchange knowing at some level they may not derive reciprocal benefit – after all, relationships come and go, and frequently evolve over time. Yet reciprocal exchanges still occur – do actors see engaging in this behaviour somewhat like making on-going contributions to a superannuation scheme, whereby the returns are not guaranteed, but the premise is that one will nevertheless in all likelihood end up better off/come out ahead?

This is akin to Axelrod's "shadow of the future" (1984; 2000): in that the relationship has no predetermined end, therefore the incentive is to develop cooperation based upon reciprocity. So in this sense, as a social norm we engage in this behaviour out of self-interest because we are conditioned to accept that, by engaging in and reinforcing the behaviour, like good manners, it will come back to us. In other words, when it is our turn to initiate reciprocal exchange we feel we have license to engage in the behaviour and have confidence other parties will see our behaviour as legitimate and enter into exchange with us. This is consistent with reciprocal altruism, (Trivers, 1971; Fehr & Falk, 2002) where co-operation occurs only if the actor – the reciprocal altruist – knows there will be future returns from co-operation – ie long-term self-interest. Yet, my comments on the non-transferability of account balances held with organisational actors would suggest that employees cannot 'know' there will be future returns from cooperation with respect to facilitating the flows of OSC unless they have the means to determine this. Hence, the social exchange 'superannuation' scheme analogy.

In my findings, in exchanges with new partners, actors are backward looking – they rely on recalling past cases to recognise/evaluate new opportunity; in other words – past experiences reinforce current decisions. Consistent with reinforcement theories; case-based decision theory.

With reciprocal exchange, adopting a utilitarian forward-looking perspective seems somewhat contradictory, given it is difficult to select the course of action that maximises anticipated benefits when there is neither specificity of benefits nor a set timeframe over which to discount those benefits. Nevertheless, my findings present strong evidence of utilitarianism - the utilitarian hurdles inherent in reciprocal exchange are 'cleared' through the use of social exchange accounts – ie the course of action finally adopted will be the one that is anticipated to deliver the most favourable shifts in account balances.

Resource Valuation

The fundamental premise of social exchange is that actors transfer 'valued' resources, where value is synonymous with utility, a subjective psychological value for the amount of satisfaction an actor derives from a good or service (Emerson, 1976). In SETA, the broker

is required to estimate the ‘value’ to the supplier and the value to the recipient of the resource being exchanged, but the value to the supplier and the value to the recipient are frequently different. This is a reflection of the contextual nature of resource value. The ‘value’ placed on a resource may be a combination of *utility and scarcity at a particular point in time* – hence it is unlikely that the supplier and the recipient will share exactly the same levels of utility and scarcity at a particular point in time.

Furthermore, these differences in supplier and recipient valuations can alter over time. A recipient may view a resource as highly valuable in a particular context, but having accrued the resource and applied it to the organisational need, they may come to a post-facto realisation that the resource was not as valuable as first thought. This raises the following questions: Does this translate to a retrospective recalculation of transaction value – that is, is the transaction devalued? Can this work in the opposite direction when a resource is found to be more valuable than originally thought? Is the broker able to revalue the transaction and adjust the account balance – that is, is account equivalence maintained? How these adjustments are calculated and tracked has yet to be addressed in the literature. This leads on to record-keeping.

Record-keeping

As already noted there are likely four sets of cognitive records to be kept in ‘neuronal memory’ for each exchange relationship – the three dimensions of exchange equality, plus behaviour. Multiple relationships implies that many records are kept at any given time, apparently without any sense of cognitive overload; furthermore, such records may be regarded as ‘accurate’ with respect to social exchange.

Record keeping, then, serves to track the success or failure of exchange relationships in terms of both occurrence of ‘non-cooperative’ behaviours and equality of exchange. As to what factors determine the equality of exchange, Molm (2003) highlights the multi-dimensional nature of reciprocity by stating that ‘equivalence’ may be evaluated in terms of “...(a) *function* (i.e, good is repaid by good and harm by harm), (b) *magnitude of value*, and (c) *probability or frequency of occurrence* (p.12).” The inference, therefore, is that

there are likely four sets of cognitive records to be kept in ‘neuronal memory’ for each exchange relationship – Molm’s three dimensions of exchange equality, plus behaviour.

Fulcrum Shifters

It is noteworthy that the fulcrum shifters identified in my data are all on the recipient-side of the transaction. While these conditions are clearly identified in the data, the ‘biasing’ of SETA towards the recipient suggests that other factor/s may be at work. Is this a representation at some level of the sense of exposure the broker has to their financial wellbeing? There is certainly greater exposure in this respect on the recipient side, so do the fulcrum shifters effectively represent a higher bar than on the supplier side? The broker’s relationship with the supplier is of course non-pecuniary, and based on friendship – ie is the relationship exists largely on choice. The rules applying to private relationships are therefore likely different from those applying to the organisations.

Regard for Colleague

Research undertaken by Ames, Flynn, & Weber, (2004) using the decision mode model found that participants chose affect-based decisions as the most desirable for deciding to help, especially with close relationship situations. However, when deciding to help actors who were distant contacts, cost-benefit and role-based decision making were seen as more appropriate than affect-based (Ames, Flynn, & Weber, 2004).

Employment Status

Presumably, the incentive of shadow of the future does not apply in marginal employment because the relationship does have a predetermined end. Indeed there were examples in the data where actors altered their behaviour when their membership status changed but in all other respects their role was unchanged. One participant was receiving higher remuneration than before, but had made a mental or emotional shift to a less permanent membership status.

World View

As described in my findings, the operation of World View may be represented as constituting a set of decision rules. Identity theory also appears to have relevance to World View. Some participants referred to their own social exchange behaviour as being consistent with the 'rules' of their faith or upbringing, and that these behaviours had been so reinforced over time that they became the default setting. As such, this behaviour is akin to the actor's prominence hierarchy or their *'ideal'* self. This is consistent with McCall's (2003) proposition that identity is defined between poles of self-identification and self-disidentification - the 'Me' and the 'Not-me'. McCall found that individuals frame their 'Me' in terms of roles and statuses, whereas their 'Not-me' is framed in terms of characteristics and dispositions. These two poles of the ideal self are articulated in participants' statements: the 'Me' - "You help others whenever you can because that's what you do" - is a generalised observation about taking on the role of helper; versus the 'Not-me' - "I don't do favours" which is a personalised observation about one's disposition to helping.

McCall observes that overtime, it is possible to transition from one to the other – this is evident in the 'Not-me' example above where the participant related that in his experience 'favours have a habit of coming back and biting you' – that is, at one time his 'Me' did include the role of helper/favour doer. Thus, World View is a reflection of prominence hierarchy in that it is indicative of the likelihood an actor will adopt the role of broker per se, as opposed to likelihood of role adoption in a particular situation. The latter is a reflection of salience hierarchy.

Salience hierarchy refers to an actor's 'situational' self. In any given situation, the actor is able to undertake SETA because he/she can invoke the broker identity without having to actually perform it. This enables the actor to 'model' the OSC social exchange transaction prior to engaging with the other actors, and answer the question: "Is this an identity I wish to invoke in this situation?"

Furthermore, McCall and Simmons (1978) emphasise that successful enactment of an identity involves negotiating with the others in the situation to take on corresponding

counter-identities. Thus, enacting the role/identity of broker is always done in relation to the corresponding counter-identities of supplier and recipient. These identities are in effect 'allocated/cast' by the broker as a consequence of the broker having identified the potential for an OSC transaction to occur. The agreement by the other actors to be cast in their respective identities of supplier and recipient is effectively negotiated as part of the preliminary 'brokerage' offer by the broker, and the others' acceptance thereof.

Thus, the more salient the identity of broker, the more likely it is the actor will take on the identity and role – provided it is an identity currently constituting a part of the actor's identity hierarchies – that is, has prominence. Is this role inherent in all identities? The 'Not-me' example above is consistent with notion that actors will discard identities that have proven problematic in particular settings/contexts.

Awareness

Molm (2006) identifies four fundamental elements of an exchange process as follows:

- i) Exchange opportunities – the situational context that presents actors with an opportunity to commence the exchange process
- ii) Exchange initiation – involves actor/s utilising the exchange opportunity to engage with other actor/s for the purpose of exchange
- iii) Transaction – follows acceptance/reciprocation of exchange initiation, resulting in the mutual exchange of benefits between exchange partners
- iv) Exchange relation – repeated or episodic exchanges between the same partners over time.

In my findings, awareness clearly refers to the first element of the social exchange process, - that is, awareness refers to the opportunity to exchange. I have differentiated awareness into three sub-dimensions – awareness of goal, awareness of resource, awareness of resource location. In this respect, these sub-dimensions may be represented as the component parts of exchange opportunity, for irrespective of the situational context in which actors find themselves, an opportunity remains only a *potential* opportunity until

such time as the actor recognises it as such. Thus, awareness is represented in my findings as a primary filter that serves to proscribe the domain of exchange opportunities

Power-Dependence

Surprisingly, perhaps, one dimension which did not emerge in my analysis, but which needs to be mentioned is that of power/dependence; indeed, there was no evidence in my data that power is a condition in SETA. Yet Nooteboom (2001) opines “The price of social capital is dependence, and while that in itself tends to be a liability, there may be a positive net advantage” (p.191). Nevertheless, brokers seem to be largely unaware/indifferent to the power component of a prospective OSC social exchange transaction undergoing consideration.

This raises several questions. With reciprocal exchange, does the lack of definition around the specifics of how an exchange is to be reciprocated effectively lead to a dilution/diminution of participants’ consideration of power implications and opportunities? Is there a principle here of “if I use my power in this situation to leverage a social exchange premium, how might this behaviour be reciprocated and what might the premium be that is extracted from me?” In other words, exercising power increases future uncertainties and thereby exposure to risk. This may be consistent with fairness and kindness (Falk & Fischbacher, 2001), a premise of reciprocity that actors reward ‘kind’ actions by their exchange partners and punish ‘unkind’ actions; and fairness intentions, a preference for fairness manifested as the intention to achieve a fair outcome (Falk & Fischbacher, 2006).

What this may indicate is that while the broker derives power from their control of the flow of OSC, and thus the organisation is dependent upon him/her, considerations of fairness may prevent this from being exploited.

Summary

In this chapter, I have discussed the theory of Social Exchange Transaction with respect to the literature, in order to locate my theory within the existing body of knowledge. Sub-dimensions were also discussed in conjunction with theory chosen from my theory chapter for its congruency. Where incongruencies between existing theory and my findings exist, these have also been discussed. I now move to the final chapter of this thesis.

OVERVIEW

The final chapter of this thesis reflects upon my study as a whole. I commence with a review of the purpose and focus of my research, the research questions themselves, and general observations with respect to the extent these have been addressed. I then present in more detail my thoughts on the following aspects of my study:

- i) Strengths
- ii) Limitations
- iii) Implications
- iv) Future research

Throughout, my emphasis is on how this study may further the field of management, especially with respect to organisational behaviour.

STUDY REVIEW

The first purpose of this study was to develop a deeper understanding of the informal contributions of employees to organisational success, in particular the social exchange ‘mechanism’ by which resources accrue to organisations through the social relationships of their members – that is, the mechanism which controls the flow of organisational social capital (OSC). Given that these resources are deemed of consequence to organisational performance, and thus of interest to organisational practitioners and managers, the second purpose was to explore the influence of organisational contextual factors on this exchange mechanism and thereby the flow of OSC.

Liden, Sparrowe and Wayne (1997) observed there were very few studies that directly examined the “black box” of social exchange processes in organisational settings, and this was reiterated by Cropanzano and Mitchell (2005); furthermore, there appeared to be no research focussed on exploring the influence of organisational contextual factors such as membership status on the flow of OSC. The focus of this study, directed totally within the

confines of the “black box” of social exchange processes in organisational settings, was therefore described as:

- i) The social exchange process - or processes - that control the conveyance of OSC; and
- ii) Whether or not organisational membership status influences the process in any way, thereby affecting the choice actors make with respect to entering into OSC exchange relationships.

Consistent with this purpose and focus, this study set out to answer the following broad questions:

- i) What is the social exchange process/es by which organisational actors decide to initiate organisational social capital flows?
- ii) Does organisational membership status influence the outcome/s of that process, and if so, how?

As noted, the phenomenon of interest had received little attention from organisational researchers, and so there was little extant research to inform my study or my questions; as such this was predominantly an exploratory exercise, and my adoption of a qualitative approach reflected this. By “looking to see what I might find”, the discovery of other organisational contextual factors of relevance was inevitable; indeed, my research generated a rich set of data which yielded findings of greater breadth than originally envisaged.

From these findings, I have developed a theory, grounded in my data, of the decision process by which organisational actors decide to initiate social exchange transactions to facilitate the flow of OSC; furthermore, this theory explains how several organisational contextual factors, including organisational membership status, influence this process. In this regard, my study may be regarded as having answered the questions and served its purpose, and in so doing lifted the lid on the “black box” of social exchange processes in organisational settings, and taken a look at its inner workings.

STRENGTHS

Firstly, considering the strengths of my study, I begin with the use of Dimensional Analysis method. As a qualitative method, DA has proven to be particularly well suited to exploring the taken-for-granted, ubiquitous, undocumented and complex social phenomenon that was the focus of this study. Indeed, DA provided a robust analytic structure that brought discipline to analysis, enabling me to bring my perspective to the phenomenon of interest, identify the constituent dimensions thereof, and discern how these are inter-related; furthermore, it ensured that throughout analysis, I retained the *all* that is involved in the phenomenon, such that my final theory, Social Exchange Transaction Analysis (SETA), reflected the full complexity of the phenomenon, thereby providing a broader understanding of its operation in social life.

As mentioned above, this study set out to discover the inner workings of the ‘black box’ of social exchange, largely unexplored in the literature, and has revealed some useful insights into these workings. The study has not only expanded understanding of how social exchange in organisational settings is initiated, but also brought some clarity with respect to the factors within that setting which influence exchange initiation, and how this influence operates. The theory developed to explain social exchange initiation, SETA, pertains to the cognitive device used by organisational actors to reach a decision on whether or not to initiate exchange.

SETA, essentially a decision process, also incorporates those organisational dimensions with the capacity to influence the outcome of this process – that is, a recommendation on social exchange initiation. By extending understanding of the social exchange decision process and the organisational dimensions which influence it, SETA identifies ways in which organisations can enhance the likelihood that when members undertake SETA, the recommendation will be to initiate social exchange, thereby increasing the flows of OSC. Conversely, these same organisational dimensions also have the capacity to reduce the likelihood SETA recommends exchange initiation.

A further strength is that the application of SETA does not appear to be influenced by age, gender, education, or occupation of the broker, nor does it appear to be modified by

organisational settings – that is, while the recommendation that results from SETA may be influenced by organisational factors, the process itself is not. While SETA represents a complex multi-dimensional process, it is simple in operation and appears to be employed by most actors. This consistency across actors enables individuals to engage in SETA and have confidence that the outcome will reflect the shared understandings of the actors involved. Similarly, management practitioners may incorporate considerations of SETA into their organisational planning and operations with confidence.

LIMITATIONS

Addressing the limitations of my study, my sample population was restricted to New Zealand nationals. This was intentional in order to minimise any cultural influence on my findings, but it has necessarily resulted in findings and theory imbued with the Kiwi perspective, and as such SETA may not translate easily to other cultures. The sample itself was small, although adequate for an exploratory study of this nature; indeed, data saturation was readily achieved and thus it is unlikely a larger sample would have revealed many more findings.

My data gathering was restricted to only one actor in the social exchange transaction, drawing solely on the broker's perspective of transactions, while those of the supplier and recipient were not sought. Given that the only means by which data on the phenomenon of interest could be gathered was by asking participants to recall past events, reflect upon them and then explain their own behaviour post facto, restricting data to the broker's perspective is a limitation. However, while the data is retrospective, and there is no other verifying source from which data can be drawn, this is no different from much historical research.

Finally, as with any research, I brought myself to this study. My a priori beliefs, my perspective, and my language have all influenced the data, findings and analysis. Nevertheless, I have endeavoured to retain awareness of this throughout the exercise, and openly acknowledged my influence in all aspects thereof. Consequently, I have strived for 'objectivity' in my analysis by retaining a disciplined and unhurried approach, and regularly briefed my supervisors on my analytic process and progress.

IMPLICATIONS

There are some noteworthy implications that emerge from this study. SETA appears to be a cognitive device used by all individuals and regarded as a reliable mechanism for arriving at a decision on whether or not to initiate OSC social exchange. As such, SETA clearly illustrates the opportunities for organisation's to develop practices and policies which will lead to enhanced flows of OSC.

To begin with, testing for applicants' World View on social exchange transacting may be easily incorporated into selection instruments, such that the organisation selects new members predisposed to engaging in social exchange. Furthermore, the World View of existing organisational members can be modified over time, such that the predisposition to engage in OSC social exchange can be enhanced by organisational culture, practices and policies; it also needs to be remembered that these same organisational factors have the capacity to reduce predisposition to exchange.

A further implication with respect to employment practices relates to the influence that organisational membership status has for exchange initiation and the flow of OSC. While some marginal members demonstrated less inclination to initiate exchange, the influence of contingent employment practices on OSC flows appears to be of no greater significance than the other conditions identified; indeed, some marginal members were as inclined to initiate exchange as core members. As such, these practices may have less impact on organisational performance than suggested in the literature, and there would appear to be little reason for managers to assume that marginal members necessarily contribute less OSC.

All organisational members may be regraded as having potential to engage in the social exchange of OSC, but they first must have awareness of organisational goals and the resources that are needed. Thus, communication to members of organisational goals and resource requirements is fundamental to OSC flows, for awareness is a precursor to SETA commencing. Organisations can develop communication practices which, as a matter of routine, bring resource needs into everyday operational discourse along with the associated organisational goals.

For each new member of the organisation prepared to undertake SETA, there is necessarily an inaugural transaction. Clearly, how the organisation performs in the exchange is of paramount performance to ensure the inaugural transaction is not also the final one. Building awareness amongst managers and leaders of the contribution of OSC to organisational success, and openly acknowledging and honouring these contributions when they occur, will reinforce this behaviour amongst organisational members and increase the likelihood that the organisation will perform appropriately when transacting. This in turn will help lead to the establishment of a mutually satisfactory exchange relation between organisation and member.

There are also potential benefits to levels of organisational trust from the social exchange of OSC. Transactions give the organisation the opportunity to engage with their members in a different capacity from usual, and this allows the organisation to demonstrate integrity, honesty, generosity, fairness, etc through its conduct. Transactions which leave the broker, and the supplier fully satisfied may be expected to raise trust and lead to further transactions with the broker and other members of the broker's private social network.

Spanning as they do the organisation's boundary, these transactions also have the capacity to build support for the organisation in the wider community, potentially in sectors where the organisation may not typically have a presence. This broadening of support in itself has the capacity to enhance OSC flows, and build organisational reputation as a good corporate citizen.

Finally, my research reinforces the importance of the action perspective in social capital research. Research that focuses on social structure is largely about potential social capital, and as such has no bearing on organisational performance until such time as an actor *chooses* to engage in the behaviour of social exchange. In this respect, it would seem to be more fruitful for managers and organisational practitioners to place greater emphasis on the *action* of social exchange, than on the structure of social exchange.

FURTHER RESEARCH

Options for further research arising from this study include a repeat study in other settings, including different cultures to broaden the understanding of SETA or possible variants thereof. Similarly, samples drawn from single organisations could be used to further understanding of how organisational factors influence individual's use of SETA and the recommendations that result.

Each of the dimensions identified as fulcrum shifters would seem to be particularly deserving of more in-depth analysis and testing. These dimensions more than any other determine the flow of OSC, thus broadening understanding of their influence on SETA has the potential to yield significant benefits to organisations with respect to OSC.

The importance of mental accounts to the ongoing functioning of SETA is fundamental. There appears to be an opportunity to engage in more in-depth research on how individual's create and manage their mental accounts with respect to social exchange relations, particularly in regard to maintaining equivalence between partners' reciprocal accounts.

Given the importance of enduring relations to social exchange research, it is perhaps understandable that little attention has been paid to inaugural transactions. Nevertheless, the first exchange between the broker and the organisation has additional risks involved from the same transaction between established partners. Enduring relations have to start somewhere, thus in-depth understanding of how actors decision process is influenced by an inaugural transaction is a useful area of study.

Finally, future studies could focus on a single social exchange transaction, drawing data from all three actors about the same transaction. Exploring the transaction from the perspectives of the supplier and recipient, as well as the broker, may yield useful insights into the establishing of transaction values and the maintenance of equivalence between actors' respective exchange accounts.

Summary

In summary, this chapter reflects upon the study as a whole. It provides a brief review of the purpose, focus, and questions of the research, along with general observations on the extent to which these have been addressed. Strengths and limitations of the study have been discussed. Finally, comments on the implications of the study, and suggestions for future research conclude the chapter.

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**University of Canterbury
Department of Management**

Participant Information

You are invited to participate as a subject in the research project **Social Capital in Organisations**.

What is the research about?

The aim of this project is to ascertain the nature of social capital associated with an organisational setting. Social capital refers to the capacity of people to access resources through their social networks. In particular, the research is interested in learning more about the manner in which these networks help people and organisations achieve specific goals - eg. borrowing a friend's bicycle to get to work.

What will I be required to do?

Your participation in this project will involve completing the attached consent form, and then undertaking a semi-structured interview of approximately one hour in length. It is possible a shorter follow-up interview may be requested over the next 6 months, but this is considered to be unlikely at this stage. For the purposes of the research, your interview will need to be recorded on audio-tape.

Can I review the information that has been collected from me?

You will have the opportunity to read transcripts of your interviews should you wish, and indicate any changes you would like made.

What happens if I change my mind?

You have the right to withdraw from the project at any time, including withdrawal of any information provided to that point.

Are there any risks?

There are no identifiable risks to you from participation in this research.

Who will know I took part in the research?

The results of the project may be published, but you may be assured of the complete confidentiality of data gathered in this investigation: **the identity of participants will not be made public under any circumstances**. To ensure anonymity and confidentiality, participants will be given a code-number known only to the researcher, and interview tapes and transcripts will be identified by this code number alone. As well as the researcher, three others - a research assistant and two academic supervisors - will have access to transcripts. One copy of each interview tape will be made as security against accidental damage or destruction. All audio-tapes and transcriptions will be secured at all times in locked filing cabinets in locked offices at the University of Canterbury.

Who else can I speak to about this research project?

This research project is being undertaken by Jeff Dalley in support of the Degree of Doctor of Philosophy in Management, under the supervision of Dr. Colleen Mills of the Department of Management, University of Canterbury. She can be contacted at 366-7001, and will be pleased to discuss any concerns you may have about participation in this project.

This project has been reviewed and approved by the University of Canterbury Human Ethics Committee.

**Jeff Dalley
Department of Management, University of Canterbury
April, 2004**

University of Canterbury
Department of Management

Consent Form

Research Project: Social Capital in Organisations

I have read and understood the description of the above-named project. On this basis I agree to participate as a subject in the project, and I consent to publication of the results of the project with the understanding that anonymity will be preserved.

I understand also that I may at any time withdraw from the project, including withdrawal of any information I have provided.

Name (please print):

Signature:

Date:

Employment Status

Please consider the following definitions carefully:

Core - essential employee who is a long-term employee, partner, owner, and/or manager, and whose 'fate' is tied to the organisation.

Associate – rank-and-file employee who has been involved in the organisation for 'some' time, and whose potential status may be prospective core member, may have 'plateaued' at this level, or even may have decided to leave or left.

Marginal – a free agent, sub-contractor, contingent (ie employed for limited time as and when needed) employee, or guest employee (from an associate organisation) with little or no prospect or desire for associate or core status.

Now please consider the following questions – be assured there is no 'right' answer, only your opinion is important.

In your current job which of the following employment categories best describes your status (circle one)? **Core/Associate/Marginal**

In your previous job, and at that time, which of the following employment categories best describes your status (circle one)? **Core/Associate/Marginal**

And in the job before that, and at that time, which of the following employment categories best describes your status (circle one)? **Core/Associate/Marginal**

Interview Schedule

Preamble

1. Is there anything you would like clarified before we start?
2. May I start recording now?

Questions

3. In your current job which of the following employment categories best describes your status? (previously distributed)

- Core:
- Associate
- Contingent

4. Previous two jobs

5. Why?

6. Employment status of organisational actors

7. Nature of actors social networks

8. Goal specific resources accessed through networks

9. Decision-making processes for access to social networks

Glossary of Dimensional Analysis Terms

Attribute: an inherent characteristic of a phenomenon; includes dimensions and their properties.

Condition: a salient dimension that has an impact on actions and interactions by facilitating, blocking, or in some other way shaping them.

Context: the boundaries for inquiry; the situation or environment in which dimensions are embedded.

Consequence: the outcome of specific actions or interactions.

Designation: the naming or labeling of concepts; the development of a vocabulary to conduct the cognitive work of analysis.

Differentiation: the limiting of data by determining the salience of dimensions and organising them into a logical configuration that provides them with meaning.

Dimension: an abstract concept; a component of a phenomenon.

Dimensionality: an individual's cognitive ability to address the complexity of a phenomenon by noting its attributes, context, processes, and meaning.

Explanatory Matrix: an organisational prototype that further differentiates the innate characteristics of identified dimensions into various conceptual components such as context, conditions, processes, or consequences.

Integration: the final synthesis of dimensions within the explanatory matrix into a theory.

Perspective: the dimension that is most central to the developing theory; one that provides the researcher with the most fruitful explanation of a phenomenon. Used to configure the explanatory matrix,

Process: an intended or unintended action or interaction that is impelled by specified conditions.

Property: the quantitative or qualitative parameters or descriptors of a dimension.

Designations/Definitions Summary

- 1 **Employment Event Context:** employment scene-setting material
 - 1.1 **Event Outline:** Basic descriptive material re each event
 - 1.1.1 **Description:** of work position, duties, employing organisation, etc (1.1)
 - 1.1.2 **Acquisition:** how position was learnt about, negotiated, contracted (1.2)
 - 1.1.3 **Qualifications/Skills:** held by participant (1.3)
 - 1.2 **Event Employment Status:** As 'assessed' by participant
 - 1.2.1 **Justification of Employment Status:** participant's explanation of why they assigned a given employment status to their work position (1.4)
 - 1.2.2 **Prior Experience of Other Employment Status:** participant's 'understanding' of current employment status as 'influenced' by prior experience (1.5)
 - 1.2.2.1 **Current Status:** prior experience of current status (1.5.1)
 - 1.2.2.2 **Other Status:** prior experience of other status (1.5.2)
 - 1.3 **Work Ethic:** participant's characterisation of own individual work ethic (1.6)
- 2 **Brokerage as Work Definition:** work role which entails deal making
- 3 **Organisational Affiliation:** degree to which work role requires formal connection with an organisation
 - 3.1 **Optional:** affiliation not work reqt
 - 3.2 **Essential:** affiliation work reqt
- 4 **Organisational Status:** level of regard in which a given organisation is held by broader community
 - 4.1 **Appropriation of Organisational Status/Goodwill:**
- 5 (Currently unassigned)
- 6 **Balance of Employment Benefits:** degree to which participant believes benefits of employment are shared between organisation and employee
- 7 **Goal Compatibility:** degree to which participant believes organisational goals are compatible with his/her personal goals – not necessarily mutually reinforcing
 - 7.1 **Goal Alignment:** degree to which participant believes organisational goals are 'aligned' with his/her personal goals – necessarily mutually reinforcing
- 8 **Level of Regard:** in the eyes of participant
 - 8.1 **Organisation:** regard for organisation
 - 8.1.1 **Commitment to Organisation:** degree to which participant's regard for organisation translates into commitment to the organisation (from zero to total)
 - 8.1.2 **Staff Relations:** the extent to which employment status is reinforced/differentiated by colleagues/organisational culture
 - 8.2 **Industry:** regard for sector in which organisation operates
- 9 **Recognition of Standing:** degree to which participant feels 'contribution' to organisation is explicitly acknowledged and rewarded
- 10 **Prior Employment Experiences:** impact of previous employment experience on participant's 'world view' – as applied to current employer's work practices/work place

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- 11 Resource Accrual (Organisational Social Capital (OSC) transaction):** specific real examples of resources accrued and sourced via participant's social networks, to/from employing organisation
- 12 Goal Attainment (successful targeted use of OSC):** specific real examples of goals attained due to resources accrued and sourced via participant's social networks, to/from employing organisation
- 13 Decision Making Process (DMP), (Organisation as Beneficiary):** the dimensions considered by the broker whereby s/he reaches a decision on whether or not to use his/her social networks for the purposes of accessing OSC; DMP is interpreted as a balancing of costs & benefits, risks & rewards
- 13.1 Weighting:** the notion that, for a given OSC transaction, each individual will ascribe different degrees of importance or 'weighting' to each of the DMP criteria, resulting in a unique DMP 'profile'
- 13.1.1 Employment Status:** influence of participant's employment status on the relative 'weighting' of DMP dimensions
- 13.1.2 'World View':** influence of participant's 'world view' on the relative 'weighting' of DMP dimensions
- 13.2 Regard for Organisation (RO):** the esteem in which the employing organisation is held by the broker (employee)
- 13.2.1 Influence on Rigour of Assessment of Risks to Social Networks:** degree to which RO influences the rigour of broker's risk assessment with respect to a given OSC transaction's impact on broker's networks' 'health'
- 13.2.2 Evaluation/Estimate of Supplier RO:** broker's determination of and consideration for supplier's RO
- 13.3 Return on OSC Investment (ROSCI):** broker's assessment of a given OSC transaction's likely return to the three parties - +ve, neutral or -ve
- 13.3.1 Organisation's ROSCI:** as above for organisation
- 13.3.2 Brokers' ROSCI:** as above for broker
- 13.3.3 Supplier's ROSCI:** as above for supplier
- 13.3.4 'Underwriter's' Exposure:** broker's sense of exposure to /responsibility for -ve ROSCI for organisation and/or supplier
- 13.4 Ego Gratification (Self-image reinforcement):** boost to self-esteem broker receives from choosing to 'help out' organisation by accessing his/her social networks
- 13.5 Status Enhancement:** boost to status broker receives from being openly 'associated' with 'helping out' organisation by accessing his/her social networks
- 13.5.1 Power Enhancement:** broker's power over resource accrual through control of network activation
- 13.6 Specific Resource:** the specific resource being accrued via broker's social networks
- 13.7 Purpose of Resource:** the intended organisational end use of the resource being accrued via broker's social networks
- 13.7.1 Goal Approval:** Broker's degree of support for specific organisational objective for which resource is targeted
- 13.8 Valuation of Resource:** broker's own isolated assessment of the total value - intrinsic and extrinsic - of the resource being accrued via broker's social networks
- 13.8.1 Total Value to Organisation:** as assessed by broker
- 13.8.2 Total Value to Supplier:** as assessed by broker
- 13.9 Level of Imposition:** broker's own isolated assessment of the degree of imposition broker's request for resource would represent to the supplier
- 13.10 Relationship Assessment:** the broker's own isolated assessment of the 'nature' of his/her relationship with the supplier and the 'appropriateness' of the broker's request for a given resource
- 13.10.1 Regard for Supplier (RS):** the influence of RS on broker's assessment of and/or deference to 'appropriateness' of request

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- 13.10.2 Likelihood of Agreement:** broker's assessment of likelihood that supplier will agree to transact
 - 13.10.3 Power 'Shift':** broker's assessment of the influence a request may have on the 'distribution' of power within the relationship between broker & supplier
 - 13.10.4 Carte Blanche:** broker's relationship with supplier elevated to extent that broker is trusted implicitly, & as such feels 'free' to deploy supplier's resources as if they belonged to broker.
 - 13.11 Transaction Control:** the degree of control – actual or perceived – the broker has over the negotiation of, outcomes from and closure of, the OSC transaction
 - 13.12 Employment Status Driven Debt Premium:** increase in compensation offered to supplier as recognition that broker's 'higher' employment status moves him/her 'closer' to the organisation and consequently increases broker's chances of deriving direct personal benefit from the transaction
 - 13.13 Obligation to Reciprocate:** by the mere act of 'asking' for a resource from the supplier, the broker signals to the supplier his/her willingness/availability to be 'asked' in return ie preparedness to reciprocate
 - 13.14 Intangible Debt:** the recognition that SC debt may be non-specific and informally recorded
 - 13.15 SC Ledger Balance:** broker 'checks' his/her ledger balances with respect to the other parties in the transaction, and estimates the likely 'shift' in those balances as a result of the proposed transaction
 - 13.15.1 Reciprocation 'exposure':** Broker assesses own set of resources/favours to which supplier will gain legitimate 'access' rights as a result of transaction
 - 13.16 Prior Transactions:** broker reflects on 'outcomes' and legacy of previous SC transactions
 - 13.16.1 Same Actors:** broker reflects on 'outcomes' and legacy of previous SC transactions involving either or both parties of proposed transaction
 - 13.17 Care & Protection of Supplier:** broker's assessment of likelihood that organisation will treat supplier/resource with due care and protection
 - 13.18 Criteria Hierarchy:** premise that individuals consistently order DMP criteria according to a common hierarchy, and that certain criteria represent a 'higher order' in the DMP
 - 13.18.1 Higher Order as 'Gate-Keepers':** premise that higher order criteria are the first to be considered, and thus effectively act as 'gate-keepers' prior to consideration of 'lower' order criteria
 - 13.18.2 Higher Order as 'Fulcrum-Shifters':** premise that higher order criteria influence the position of the Yes/No decision 'fulcrum' for lower order criteria
 - 13.18.2.1 Affiliation to Social Capital Institutions:** Extent to which broker adjusts DMP 'weightings' when dealing with co-affiliates of SC institutions - "license to trawl" - Zonta, Rotary, Lions, etc
 - 13.18.3 Profile Matching:** Process undertaken by roker's perception of 'standard' required to meet organisation's resource needs
 - 13.18.3.1 Modification of profile by broker (?):** Implications of brokers using SC transactions to achieve non-organisational objectives (manipulation of profile) "self interest"
 - 14 Personal/Professional Networks:** the private and work-based social networks of the participant
 - 14.1 Degree of Integration:** the extent that members of participant's social networks are present in both personal and professional networks

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- 14.2 Network Development:** participant's actions aimed at enhancing number of social contacts in either or both networks
- 14.2.1 Minimising/avoidance:** participant's actions/non-action intentionally or inadvertently resulting in reduced numbers of social contacts in workplace networks
- 14.3 Size:** the actual quantity of social contacts in both networks as recognised by the participant
- 15 Goal-directed Action:** examples of actions taken by participant with express purpose of achieving a specific goal
- 16 Social Capital Ledger:** the 'intangible' ledger maintained by the broker which records the debits and credits incurred from past transactions with social contacts
- 16.1 Broker/Organisation:** broker's assessment of SC ledger balance
- 16.2 Broker/Supplier:** broker's assessment of SC ledger balance
- 17 Broker/Supplier Differences:** differences in behaviour attributed by participant to a given factor
- 17.1 Gender**
- 17.2 Age**
- 17.3 Power**
- 18 Decision Making Process (DMP), Organisation as Supplier:** the dimensions considered by the broker whereby s/he reaches a decision on whether or not to use his/her social networks for the purposes of accessing OSC; DMP is interpreted as a balancing of costs & benefits, risks & rewards
- 18.1 Regard for Organisation (RO):** the esteem in which the employing organisation is held by the broker (employee)
- 18.1.1 Influence on Rigour of Assessment of ROSCI to Organisation:** degree to which RO influences the broker's concern with negotiating a 'fair' ROSCI for the organisation
- 18.2**
- 18.3 Broker Beneficiary:**
- 19 DMP as Intuition:** participant describing DMP in 'holistic' terms
- 20 Primary Filters (PF):** the premise that each individual's pre-disposition/ability to enter into the DMP in the first instance is influenced by a number of factors; these factors constitute 'primary filters' which proscribe the 'set' of potential transactions
- 20.1 Tier 1 PF – Situation Non-specific:**
- 20.1.1 Individual 'World view'/modus operandi:** generally 'developed' over time and not influenced by organisational setting – willingness to 'scope' inventory & enter into DMP
- 20.1.2 Network resource inventory:** complete 'set' of resources unique to and embedded in individual's non-workplace networks – ie networks other than those attached/accessed as consequence of existing workplace/employment.
- 20.2 Tier 2 PF – Situation Specific:** PF's which are influenced by organisational setting
- 20.2.1 RO:** PF based on RO
- 20.2.2 ES:** PF based on ES
- 20.2.3 Occupation/Profession:**
- 20.2.4 Awareness:** Need for participant to be consciously aware of organisation's resource requirement before DMP

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- 20.2.5 Network resource inventory:** complete 'set' of resources unique to and embedded in individual's workplace networks – ie attached/accessed as consequence of existing workplace/employment.
- 21 Post-transaction Evaluation:** the 'debriefing' process whereby the broker reflects upon the OSC transaction and determines the 'net' outcome across a range of dimensions
- 21.1 Real ROSCI:** broker's assessment of a given OSC transaction's actual return to the three parties - +ve, neutral or -ve
- 21.1.1 Underwriter's Adjustments:** remedial/compensatory actions undertaken by broker to ensure that any short-fall in real ROSCI cf estimated ROSCI is 'made good'
- 21.1.2 SL/SC Acquired/Issued Due to Unintended Variation in ROSCI:** debt incurred/capital acquired by broker as a result of unintended -ve/+ve ROSCI
- 21.1.2.1 Preferential SL/SC Incurred by Unintended Variation in ROSCI:** higher 'value' preferential debt incurred/capital acquired by broker as a result of unintended -ve/+ve ROSCI
- 21.2 Open/Closed Transaction:** the understanding the broker has re whether or not the supplier has been fully compensated by either or both of the other two parties, to the extent that no residual 'debt' in favour of the supplier remains from that specific transaction
- 21.3 SC Ledger:** the 're-calculation' of SC ledger 'closing' balances
- 21.4 Beneficiary's ROSCI (Real):**
- 23. Consciousness Shift:** Shift in participant's conscious awareness of SC behaviour as a consequence of participation in research.