

EXCHANGE THEORY PRINCIPLES

- (1) 2 main working assumptions:
 - (a) People attempt to maximize psychological "profit"
(Profit=rewards minus costs)
 - (b) Balance comes with optimal cost/reward situation
- (2) Value of Rewards Exchanged:
 - (a) Value/need hierarchy...preference ranking
 - (b) Scarcity (actual or perceived) of resources exchanged
(e.g., deprivation, satiation)
 - (c) Alternative sources for same/comparable resources
- (3) Evaluation/Analysis/Action re:
 - (a) "Comparison Level" - average of past similar exchanges
(affects satisfaction)
 - (b) "Comparison Level for Alternatives" - lowest level of payoffs willing to accept..given
(actual perceived alternatives...may be affected by conscience, norms, ability to see possible alternatives) (affects stability)
- (4) Sampling Outcomes = action extrapolated from available outcome information (more info = more realist/accurate analysis = new exchanges..e.g., quick sales, beginning relationships more affected by any one outcome..."law of large numbers") (Outcome Matrix)
- (5) Rules Governing Exchange Relations
 - (a) "Norm of Reciprocity" - must repay..or relation/status changes
 - (b) "Fairness" or "Distributive Justice" - outcomes should be proportional to investments...(under=anger / over=guilt)
- (6) Specific Application: "Power":

POWER (general def.) = ability to control other people's behavior

 - (a) Power = function of other's dependence on what you offer
 - (b) Dependence = function of:
 - (1) motivational investment
 - (2) alternative sources
 - (c) Main Bases or Types of Power
 - (1) Reward Power - based on ability to provide rewards
 - (2) Coercive Power - based on ability to punish
 - (3) Referent Power - based on identification
 - (4) Expert Power - based on specialized knowledge
 - (5) Legitimate Power - based on accepted norms
 - (d) Power Balance = can have High/Low Balanced/Unbalanced relations
 - (1) Balanced = usually more stable/satisfying
 - (2)Unbalanced = more dynamic, interesting, potentially costly (re costs for both in starting new relation)
 - (e) Power Change = through altering either party's dependence (Tactics can be re real or perceived resources)
 - (1) Alternatives - increase yours/decrease theirs
 - (2) Delivering Rewards - increase own skills/sabotage other
 - (3) Propaganda - build up perceived value of own product/reduce theirs
 - (4) Time Perspective - lengthen yours/shorten theirs