

## 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