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## **Social Exchange Theory: What is it, and how can it be applied to everyday situations?**

Miriam Deauseault  
*Southern Maine Community College*

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# Social Exchange Theory: What is it, and how can it be applied to everyday situations?

By Miriam Deauseault, student at Southern Maine Community College

With help from Hoyt Walbridge, PhD



In all forms of relationships between people, the concept of 'give and take' is central. You spend time with a friend because you offer each other mutual support and have fun with them. You pay to take your significant other out on a date or buy them a nice gift because their affection and presence in your life makes you feel good. When these balances get shifted so one person is consistently taking more and the other is giving more, it tends to turn friendships, romantic relationships and other types of social bonds sour quickly. This is all common knowledge. Still, most people struggle socially in some way, be that feeling overworked by their relationships, disconnected from others, too dependent on outside validation...

This is the basis for Social Exchange Theory, or SET. Originally proposed by George Homans, a sociologist known for his work as pioneer in the field of behavioral sociology, SET breaks social interaction down to its bare bones, where it is a system of cost-benefit analysis applicable to all forms of interpersonal behavior. This simplified way of viewing interaction between people has become widely used in the fields of sociology, psychology, and economics, where it has received acclaim and criticism for its simplicity.

## Costs and Rewards

Costs and rewards vary in value between people. For example, someone giving you a \$100 bill in the street will matter a lot more to you if you are struggling with money than if you are a millionaire. Money is the easiest way to visualize exchange since it is something most of us use every day. The concreteness of money makes it a great stepping stone to understanding social exchange fully, but it is far from the only type of 'currency' we encounter daily!

Picture this: It's your birthday! You are at work, and you don't consider yourself close enough to anyone to have them remember it is your birthday when you've only mentioned it in passing once in the past month. Much to your surprise, your shy coworker, who you eat lunch with occasionally but mostly keeps to herself, presents you with a card and a red velvet cupcake from the bakery down the street. *How thoughtful of her*, you think. You vow to get to know her better.

What 'currencies' were exchanged here? A lot more than the cupcake and card!

She gives/You receive: She gives the cupcake and card, along with the time and money it took for her to get them, and the larger-than-usual amount of energy she expends giving them to you, since she is shy and social interaction stresses her. You receive the gifts, and a reminder that you are well-liked by her. Confidence boost!

She receives/You give: She receives you liking her more as a result of this interaction, and possibly beginning a new friendship (valuable to her because she is shy), as well as the positive feelings she gets from being generous. You give her validation that she is a good person, and a positive social interaction that makes her feel great.

## The Importance of Equity

As mentioned before, in order for any type of relationship to be successful, there needs to be an equal amount of cost and reward for each person engaging in the relationship. Those who feel they are giving more are likely to feel cheated and resentful, and those who feel they are receiving more often feel strong guilt.

The way that people manage equity in long-term relationships (a significant other, a boss, a parent) is affected by a few 'rules' that short-term relationships are not. First,

### Principles of Social Exchange Theory:

1. Every social interaction can be explained in terms of cost and reward.
2. People want the greatest profit possible from their social exchanges.
3. Interactions involve two parties, each offering a reward needed by the other.
4. Social exchange theory can be applied to explain the development and continuation of relationships.
5. Effects of exchanges are not kept to the two parties involved; they may also affect others in the parties' groups.

in long-term relationships, exchanges don't require immediate payback. If a friend forgets their wallet when you go for lunch, you likely won't have a major problem paying for them, and will likely assume they will do something to repay you in the future. But if an acquaintance asks for the same thing, you'll probably tell them to give you the money when they see you next. For long-term relationships, the timelines for equity to be reached again are often much more fluid. The amount of time we allow for repayment is related to the importance of the relationship, and how great the cost was (how much it threw equity off).

Second, value of costs and rewards are affected by one's ability to provide them. For example, a gift from a friend who doesn't have a lot of money would be much more valuable to us than the same gift from a friend with a lot of money. While the monetary cost would be equal to both, the sacrifice is higher for someone with lower income. Similarly, if a person with a busy life takes time out of their day to call or text you to check up on you, it will bring you much closer to them than if a friend with lots of free time does it.

## Criticisms and Questions of SET

- How often do you consciously consider the costs and rewards involved in social situations? Most people are not constantly comparing possible decisions to determine what will offer the most 'social profit'. In order for SET to be perfectly applicable in every situation, every interaction a person engages in has to be 100% rational, not swayed by emotions or impressions of others.
- How can you measure the value of a social reward? Especially with symbolic rewards, values vary greatly from person to person. For example, an extraverted person will derive much greater value from a positive social interaction than an introvert would. This can make it hard

to apply the theory to different demographics of people. Consider a symbolic reward you have received lately. Why was it valuable to you? Now, think about some reasons why the value might be different to someone else.

- SET is a very simplified way to understand what happens when two people share an interaction. The base theory, covered here, is only the tip of the iceberg in the level of research that has been done on social exchange.

It is important to remember that there is no one-size-fits all simple theory to cover all social situations with all varieties of people. SET is just meant to be one way to explain the reasons that motivate people to create and continue relationships with others. While it is an immensely useful tool in understanding and adding context to many types of interaction, it has a few weaknesses to be considered when it is being applied.

## Applied in the Real World

- You've been assigned a massive project by your boss that will take most of the year. He has expressed to you multiple times how important the project is for the company, and how a lot is riding on your performance. At the end of the year, you complete the project and deliver the results to your boss. He is overjoyed, and gives you a large bonus. Even though the rewards for your work were great (a bonus, praise from your boss, and being in his favor for future projects, promotions, etc.), you spent many nights up late worrying about poor performance on the project, letting your boss down and losing your job. The stress caused you to feel drained many days, and affected your relationships outside of work as a result. You'd likely not have considered the project worth it despite the physical rewards, because the symbolic costs were much higher.
- Your long-term boyfriend treats you very well. He is always taking you to dinner, surprising you with gifts and even offering to help you pay for part of your tuition, since he makes a lot more money than you. You might not have as much money as him, but you are an incredible support to him. Your boyfriend has a disability and you are always there to help him do the things he struggles with. He often feels inferior to his peers because of his disability, but you build him up and remind him of his strengths. You are a great motivator, and cheer him up when he has a hard day. You exchange a number of kinds of social currency in your relationship, and each of you gives even 'costs' to the other. You are very happy together, and you will likely stay together for a long time!
- You have drifted apart from a close friend since the college term started. Over the summer, you spent nearly every day together, but now, she is so busy with taking several high-level classes, playing on the school's soccer team, and working on campus that when she gets home, she just wants to relax. You understand that right now, free time is such a valuable currency to her that you can't offer enough to make the trade even. You understand that she can't afford to waste much time right now being unproductive, so you forgive her for being a bit distant lately, and promise her that when she has more free time this summer, you will happily spend it with her.