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 realistic/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 (real costs for both
         in starting new relation)
   (e) Power Change = through altering either party's dependence (Tactics can be 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