Social Exchange in a Swedish Work Environment

Wajda Wikhamn, Ph.D.
Department of Business Administration
School of Business, Economics and Law
University of Gothenburg
Vasagatan 1, Box 610
405 30 Gothenburg, Sweden

Angela T. Hall, J.D., PhD
School of Human Resources & Labor Relations
South Kedzie Hall, 368 Farm Lane, Room S403 East Lansing, Michigan
USA 48824

Abstract

In this paper, we investigated social exchange theory (SET) and its underlying mechanism of obligation feeling in light of potential context effects. To date, the bulk of the research on SET has been based on North American samples, with little understanding whether the theory transcends cultural contexts in its ability to explain and effectively predict. Thus, in order to expand our knowledge in this area, we examined SET in a Swedish sample. Using 402 professional employees, we tested whether felt obligation mediated the relationships between perceived organizational support and both affective organizational commitment and personal initiative. The results partially confirmed the applicability of SET in a Swedish context. The paper makes a contribution to the literature by extending empirical research on SET and its applications in a non-U.S. environment, and thus, highlighting the increased importance of context in organizational science research today.

Keywords: Social exchange theory, norm of reciprocity, perceived organizational support, felt obligation, affective organizational commitment, personal initiative, context

1. Introduction

For some time, organizational researchers have been using social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960) to describe motivations behind employee behaviors and attitudes (Settoon, Bennett, & Liden, 1996). Social exchange theory involves a series of interactions that are interdependent, contingent on the actions of the other partner in the social relationship, and generate obligations (Blau, 1964; Cropanzano & Mitchell, 2005).

Feeling an obligation at work is important because it compels employees to repay advantageous treatment received from their employers (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001), provides guidance in self-management (Dose & Klimoski, 1995) and often precedes taking charge at work (Morrison & Phelps, 1999). Cropanzano and Mitchell (2005, p. 878) argued that “further investigations of how exchange orientation influences organizational relationships is of great importance.” A growing body of research, however, questions the universality of social science models from one society to another (Gelfand, Erez, & Aycan, 2007; Tsui, 2004), including the application of social exchange-based explanations for employee attitudes (Farh, Hackett, & Liang, 2007).

Cropanzano and Mitchell (2005) suggested that, although the norm of reciprocity is a universally accepted principle (as posited by Gouldner, 1960), how people and cultures apply reciprocity principles may vary. The notion of context is becoming of increasing importance to organizational researchers (Johns, 2006).
Shore, Shapiro-Coyle, Chen and Tetrick (2009) and Song, Tsui and Law (2009) explicitly called for further research that investigates the role of social exchange relationships in explaining employee behaviors in different cultural settings. Moreover, in recent years, organizational scholars have advocated for more research that examines important management issues within non-US contexts (Tsui, 2007). This study responds to calls for further research examining the role of social exchanges in organizational research (Song, et al., 2009), and in different cultures (Cropanzano & Mitchell, 2005; Shore, et al., 2009). Sweden has a culture that differentiates it from other countries such as the United States (where most research on SET has been conducted) (Farh, et al., 2007)). The aim of this paper is thus to investigate if social exchange theory and the norm of reciprocity function within a Swedish work context similar to what has been reported in other non-Nordic, mostly US-based, studies.

2. Theory and hypotheses

2.1. Social Exchange and the Norm of Reciprocity

Blau (1964, p. 93) defined a social exchange relationship as involving unspecified obligations in which there are “favors that create diffuse future obligations, not precisely defined ones, and the nature of the return cannot be bargained about but must be left to the discretion of the one who makes it.” What the parties exchange is, thus, ambiguous. The exchanged resources can be impersonal (such as financial) or socio-emotional such as care, respect, and loyalty (Aselage & Eisenberger, 2003). It is only the latter resources, however, that tend “to engender feelings of personal obligations, gratitude, and trust” (Blau, 1964, p. 94).

A social exchange relationship rests on the norm of reciprocity (Gouldner, 1960). An exchange starts with one party giving a benefit to another. If the recipient reciprocates, and consequently a series of beneficial exchanges occurs, feelings of mutual obligation between the parties are created (Coyle-Shapiro & Shore, 2007). A broad notion of reciprocity encompasses a feeling of an obligation to repay favorable treatment. Eisenberger et al. defined employees’ obligation feeling as “[a] prescriptive belief regarding whether one should care about the organization’s well-being and should help the organization reach its goals” (2001, p. 42).

According to Aselage and Eisenberger (2003), the exchange, or reciprocation, in social relationships becomes stronger when both partners are willing to provide resources valuable to the other. Whereas employees value beneficial treatment, employers seek loyalty and dedication (Coyle-Shapiro & Shore, 2007; Eisenberger, et al., 2001). But which of the two parties starts first? Research discusses mostly organizations as initiators. Positive actions directed at employees by the organization are argued to contribute to the establishment of high-quality exchange relationships (Eisenberger, et al., 2001; Settoon, et al., 1996; Wayne, Shore, & Liden, 1997). Empirical evidence supports this sequential order of reciprocation. Most notably, these exchanges have been used to explain the positive consequences that ensue when employees respond to perceived organizational support (for a review, see Rhoades & Eisenberger, 2002).

2.2. Perceived organizational support and affective commitment

Perceived organizational support (POS) concerns “the extent to which employees perceive that their contributions are valued by their organization and that the firm cares about their well-being” (Rhoades & Eisenberger, 2002, p. 698). POS develops through multiple interactions between employees and their employers (Stamper & Johlke, 2003).

Perceptions of positive organizational support have been found to be positively associated with employee attendance (Eisenberger, Huntington, & Hutchison, 1986), organizational spontaneity and in-role performance, (Eisenberger, et al., 2001), affective organizational commitment (Eisenberger, et al., 2001; Farh, et al., 2007), extra-role behavior (Chen, Eisenberger, Johnson, Sucharski, & Aselage, 2009), and safety at work (Eder & Eisenberger, 2008). Although perceived organizational support and its relationship with desirable employee attitudes and behaviors have been documented, little is actually known about whether relationships between POS and favorable employees reactions extend beyond United States-based samples (Farh, et al., 2007).

Allen and Meyer (1990, p. 1) defined affective organizational commitment as “employee’s emotional attachment to, identification with, and involvement in the organization.” Emotionally committed employees are an important organizational resource, as such employees have been found to offer many benefits to their employing organizations.
It is argued that an employee’s emotional bond with the organization creates a sense of identification and belonging and strengthens that employee’s involvement in pro-organization activities (Meyer & Allen, 1990; Mowday, Steers, & Porter, 1982). Extant research has found that affectively committed employees exhibit better performance, less absenteeism, and reduced likelihood of quitting their jobs (Benkhoff, 1997; Mathieu & Zajac, 1990; Meyer & Allen, 1990; Mowday, et al., 1982).

Research supports that employees pay back what they perceive as supportive treatment from their employers through stronger attachments to the organization (Eisenberger, et al., 2001; Rhoades, Eisenberger, & Armeli, 2001). Evidence from the United States supports the positive relationship between perceived organizational support and affective organizational commitment (Eisenberger, et al., 2001; Rhoades & Eisenberger, 2002). Using a Chinese sample, Farh et al. (2007) reported a similar finding: perceived organizational support correlates positively, and significantly, with affective commitment, despite the fact that Chinese employment relationships differ largely from the American ones (Hui, Lee, & Rousseau, 2004). Assuming that employees, regardless of their national background, repay the perception of care from the organization with stronger emotional ties with their employers, then we would expect to find a similar pattern in a Swedish context.

**Hypothesis 1:** There will be a significant positive relationship between POS and affective organizational commitment.

Organizational support theory suggests that the general beliefs employees form about how much the organization values their contributions aid in employees developing a reciprocity norm to care about the organization and help it achieve its goals (Eisenberger, et al., 2001). The norm of reciprocity, specifically its underlying obligation feeling, has been used as a basis of explaining the relationship between perceptions of support and employees’ affective commitment (Eisenberger, et al., 2001; Rhoades, et al., 2001). Rhoades et al. (2001) and Eisenberger et al. (2001) maintained that an organization’s perceived concern about its employees stimulates a feeling of obligation among the employees to care about the organization. One of the means employees use to fulfill this obligation feeling is through greater attachment to the organization (Eisenberger, et al., 2001; Eisenberger, et al., 1986; Mowday, et al., 1982; Rhoades, et al., 2001; Wayne, et al., 1997). If people across different cultures have the same underlying mechanism to repay a perceived favorable treatment, then the feeling of obligation should explain the relationship between POS and affective commitment in a Swedish context.

**Hypothesis 2:** Felt obligation will mediate the relationship between POS and affective organizational commitment.

### 2.3. POS and personal initiative

Personal initiative (PI) is “a behavior syndrome resulting in an individual’s taking an active and self-starting approach to work and going beyond what is formally required in a given job” (Frese, Kring, Soose, & Zempel, 1996, p. 38). It is one form of proactive behavior that improves job performance (Crant, 2000; Frese & Fay, 2001; Frese, Fay, Hilburger, Leng, & Tag, 1997; Frese, et al., 1996; Organ, 1990) that can be stimulated by the availability of environmental support (Frese & Fay, 2001), such as organizational support. Prior studies have focused on organizational citizenship behavior (OCB) as one form of proactive behavior associated with POS (Farh, et al., 2007; Liu, 2009; Moorman, Blakely, & Niehoff, 1998). Although OCB and personal initiative are conceptually similar, both are proactive behaviors that go beyond formal role requirements and contribute indirectly to organizational effectiveness (Frese, et al., 1996; Organ, 1990).

Eisenberger et al. (2001) argued that employees who care about the well-being of the organization reflect this attitude through involving themselves in extra-role activities at work. Evidence from the United States supports the positive relationship between perceived organizational support and extra- and in-role performance (Eisenberger, et al., 2001; Organ & Ryan, 1995; Rhoades & Eisenberger, 2002). Using a Chinese sample, Farh et al. (2007) reported, however, no support for a relationship between POS and OCB. This mixed evidence calls for further empirical research to explore the relationship between POS and proactive behavior.

In line with the propositions that social exchange theory is universal (Gouldner, 1960) and personal initiative is stimulated by the availability of environmental support, we would expect to see a positive relationship between POS and personal initiative in a Swedish context.
**Hypothesis 3:** There will be a significant positive relationship between POS and personal initiative.

Eisenberger et al. (2001) described ‘felt obligation’ as the concern about an organization’s well-being and an individual’s contribution to achieving organizational objectives. Citing previous research, Settoon, Bennett, and Liden (1996) maintained that extra effort in performing duties is one way employees can fulfill obligations to employers. Eisenberger et al.’s (2001) argument that POS generates a feeling of obligation that stimulates positive attitudes and behaviors indicates that a feeling of obligation is the means through which support is translated into favorable behaviors, such as self-initiated and goal-directed action. If the norm of reciprocity explains the link between environmental support and extra-role behavior, we would expect to find support for the following statement, even in a Swedish work environment.

**Hypothesis 4:** Felt obligation mediates the relationship between POS and personal initiative.

3. **Research method**

3.1. **Participants and data collection**

The sample of this study consisted of individuals working at a Swedish corporation that employed at the time of the study around 30,000 persons in Sweden. The participants performed product development functions and belonged to one of the largest occupational groups in the firm. An invitation to participate in the study was sent electronically to 760 randomly selected product development engineers and technicians, and it contained a text that explained the purpose of the survey, informed that participation is completely voluntary, and assured the respondents that their participation will be anonymous. The same email had a link to the survey. The questions, which constituted one part of an extended questionnaire, were available online for six weeks. The sampled employees received two electronic reminders during this period.

In total, 402 employees participated in the study. The resulting response rate of 53% is consistent with previous research (Baruch & Holtom, 2008). Fourteen percent (14%) of the respondents were females, 40% of the employees were between the ages of 25 and 35 and 31% between the ages of 36 and 45. All respondents were fulltime employees.

3.2. **Measures**

Except where noted, the respondents indicated the extent of their agreement with each item on a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree). Obligation feeling was measured using six items from the ‘felt obligation’ scale developed by Eisenberger et al. (2001). Personal initiative was measured using six items developed by Frese and his colleagues (2001; 1997; 1996) to measure a range of self-reported initiative-related behavior. POS was assessed using three items used by Lynch, Eisenberger, and Armeli (1999). Respondents had four alternatives to select from anchoring from (1) ‘never’ (4) to ‘always.’ One item was reverse-coded. Employees’ emotional attachment with the organization was evaluated using three items adapted from the short version of the Organizational Commitment Questionnaire and that was categorized by Allen and Meyer (1990) as affective organizational commitment. Two items were reverse-coded. Respondents in our sample were asked to select their age from one of five categories ((1) 18–24 years, (2) 25–35 years, (3) 36–45 years, (4) 46–55 years, or (5) 56 years or more) and their gender from two categories (0-female or 1-male). Gender and age have proven to be important variables for consideration in empirical research (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Morrison, 1994; Rhoades & Eisenberger, 2002; Warr & Fay, 2001). The questions were translated from English to Swedish by three academicians. The resulting variations in the translations were reconciled after a reverse translation and thorough discussions.

3.3. **Data analysis**

Latent variables with multiple indicators were used in the analyses with the exception of gender and age. To test mediation, we report the standardized indirect effects and confidence intervals from bootstrapping (Preacher & Hayes, 2008) with 1000 bootstrap samples. Bias-corrected confidence intervals are reported at the level of 95%. If the confidence interval does not include zero, then it supports any meditational relationship. Analyses were conducted using AMOS software (Arbuckle, 2003).
4. Results

Means, standard deviations, correlation coefficients, and alpha reliability coefficients are in Table 1. POS correlated positively and significantly with obligation feeling, affective organizational commitment, and personal initiative. Thus, Hypothesis 1 and Hypothesis 3 were supported. Felt obligation correlated positively and significantly with affective organizational commitment and personal initiative. The control variables of age and gender did not correlate significantly with any of the measured concepts.

Although no hypothesis was constructed regarding the relationship between affective organizational commitment and personal initiative, Den Hartog and Belschak (2007) argued that affective organizational commitment has the ability to activate goal-directed behavior, such as personal initiative. In support of this proposition, the same study reported a positive relationship between affective commitment and personal initiative in two Dutch samples. Accordingly, a path extending from commitment to the initiative was added in the SEM analyses.

The results of the structural model appear in Figure 1 (age and gender are deleted from the figure). The fit indices for the hypothesized model indicated a good fit ($\chi^2 (157, N = 402) = 410.53$, CFI = .92, TLI = .91, RMSEA = .06, SRMR = .05). The following relationships were positive and statistically significant: POS and felt obligation ($\beta = .22$, $p < .001$), felt obligation and personal initiative ($\beta = .53$, $p < .001$), and POS and affective organizational commitment ($\beta = .50$, $p < .001$). The relationships POS-personal initiative ($\beta = -.02$, $p > .05$), felt obligation-organizational commitment ($\beta = .10$, $p > .05$), and affective commitment-personal initiative ($\beta = .12$, $p > .05$) were not statistically significant. The control variables, age and gender, did not have statistically significant relationships with any of the variables ($p > .05$).

Bootstrapping procedure for testing mediation indicated a small, but statistically not significant, indirect effect from POS to commitment ($\beta = .022$, $p > .05$, 95% CI: [-.003, .057]) and a significant indirect effect from POS to initiative taking ($\beta = .181$, $p < .05$, 95% CI: [.082, .283]). Thus, Hypothesis 2 was not supported and Hypothesis 4 was supported.

5. Discussion and conclusion

5.1. Discussion

This paper contributes to the research on social exchange theory and the norm of reciprocity by reporting empirical results from a Swedish sample. The aim of this paper was to investigate the extent to which social exchange relationships and its underlying reciprocation mechanism are found within a Swedish work environment, thus testing the contextual extensions of the theory. Toward that end, POS’s relationships with two work outcomes (affective organizational commitment and personal initiative) were investigated and the mediating role of obligation feeling on those relationships was tested using a sample of engineering and technical employees. Consistent with previous research from the United States, POS is positively related to affective organizational commitment and proactive behavior at work (Eisenberger, et al., 2001).

Concerning the meditational role of felt obligation, the results indicate that felt obligation explains the relationship between POS and one form of proactive behavior, namely, personal initiative. No support was found for the proposition that obligation feeling mediates the relationship between POS and affective organizational commitment. At least for the studied occupational group, the result suggests that POS relates positively to organizational commitment regardless of one’s feeling of or orientation towards obligation. The results indicate that the hypothesized underlying mechanism (i.e., the feeling of obligation) may not provide explanations for identical relationships in different cultural settings.

The feeling of obligation is part of the psychological contract. Psychological contract processes help us to understand the nature of the social exchange involving emotional engagement (Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008) by providing a deeper understanding of the dynamics of social relationships. Psychological contract is “an individual’s belief regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (Rousseau, 1989, p. 123). Unlike personal initiative that is directed towards performance, affective commitment is directed towards the organization.
An explanation could be that, in a labor market that regulates the employment relationship (e.g., laws and regulations in Sweden), employees may feel reciprocating care and attention by the organization is expected to be, and/or is more valuable if, directed towards performance rather than the organization per se. So, obligation is more associated with role performance. Empirically, our results show a statistically significant association between feeling obliged and initiative taking but not feeling obliged and affective commitment. This supports the idea that performance-based attitudes are outcomes of reciprocation and that obligation governs the nature of the exchange in social relationships between employees and their organizations.

5.2. Limitations and further research

As any research work, this study has certain limitations. First, the study was conducted in a Swedish context rather than the Swedish context. The sample consisted of a homogeneous occupational category working in a single corporation. The sample therefore might not be representative of the Swedish working population. Methodologically, this fact imposes limitations on the generalization of the results beyond the corporation and this specific occupational group. Nonetheless, the findings provide deeper insights with respect to the dynamics of social relationships in a certain work environment. Second, all variables were assessed via self-report. This raises the concern for common method bias. Measures have been taken to reduce this concern. For example, respondents were informed that participation is voluntary and fully anonymous. Also, proximal separation (increasing the physical distance between the predictors and the dependent variables) is used (Podsakoff, MacKenzie, & Podsakoff, 2012). Third, the study investigates the role of felt obligation as an explanatory mechanism for the stated relationship. Other alternative explanations, such as psychological contract violation and breach and trust in management are lacking in the present work.

Although this study adds a contribution by providing evidence from a Swedish work environment, further research is still required in different professions and on a national level. Additionally, the design of future research should consider incorporating other alternative mechanisms that enrich our understanding of social exchange relationships between employees and their organizations. Various psychological contract processes and their explanatory function in different national contexts as well as trust in management merit further attention in this regard. To rule out one explanation as an underlying mechanism of a social relationship in a certain national context, researchers should control for other potential explanations in the same study.

5.3. Practical implications

This study has practical implications for people working with human resource management, especially in international contexts. Mediators are important for understanding the links between organizational initiatives and favorable work outcomes. They answer questions on ‘how to reach there’ (i.e., the underlying mechanism). HR professionals in multinational corporations, and expatriates working abroad, are advised to consider the context to understand these links. To enhance initiative taking in a Swedish context, employees’ feeling of obligation is a key. This implies that efforts should be directed to enhance this feeling, through, for example, making more visible the kindness and care of the organization towards its employees.

5.4. Conclusion

Research presented herein indicates that POS relates positively to employees’ emotional attachment with the organization and their own perceptions of initiative-taking behavior. The present study provides support for the proposition that social exchange theory is applicable within a Scandinavian context and that obligation feeling, as a mechanism of reciprocation, is still a key factor in certain social exchanges.

Acknowledgement

We would like to thank Professor Gerald R. Ferris (Florida State University) for his feedback and comments on a previous version of this paper.
References


Table 1: Descriptive statistics and correlations

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>2.96</td>
<td>1.00</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Gender</td>
<td>0.86</td>
<td>0.35</td>
<td>0.23**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. POS</td>
<td>1.40</td>
<td>0.49</td>
<td>-0.10</td>
<td>-0.11</td>
<td>(.82)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Obligation</td>
<td>5.35</td>
<td>0.94</td>
<td>0.03</td>
<td>0.03</td>
<td>0.21**</td>
<td>(.86)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Affective commitment</td>
<td>4.36</td>
<td>1.35</td>
<td>-0.02</td>
<td>-0.06</td>
<td>0.52**</td>
<td>0.21**</td>
<td>(.78)</td>
<td></td>
</tr>
<tr>
<td>6. Personal initiative</td>
<td>5.24</td>
<td>0.79</td>
<td>-0.03</td>
<td>0.02</td>
<td>0.16**</td>
<td>0.55**</td>
<td>0.22**</td>
<td>(.88)</td>
</tr>
</tbody>
</table>

Note: 
- N = 402.
- *p < .01, **p < .05.
- Correlation coefficients are based on the latent variables.
- Internal reliabilities (coefficient alphas) are given in parentheses on the diagonal.

Figure 1: Results from structural equation modeling analysis

Note: All coefficients are standardized.
- *p < .05, **p < .01