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Social Exchange and the Maintenance of Order in Status-Stratified Systems

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Abstract

This paper examines the role of social exchange in the construction of microorder within status-differentiated relations. How order is constructed and maintained in the context of social inequality is a classic sociological problem. We use a serendipitous finding from a recent experiment as a stimulus for theorizing an important feature of this larger problem of order. The finding is that, in an experiment where African-American females negotiated with white males, the white males received much larger payoffs than the African-American females. Yet, despite substantial power and profit differentiation advantaging white males, both individuals reported positive feelings (pleasure/satisfaction and interest/excitement) to the same degree, which contradicts most research on emotional responses to power. We argue that these similar emotional responses, in the context of substantial payoff inequalities, are due to parallel, joint effects of (a) status processes that create and legitimate initial profit differences and (b) exchange processes that make salient a relationship between the actors during repeated exchange. This explanation integrates notions of status value, referential structure, and legitimacy from status theories with notions of relational cohesion and shared responsibility from exchange theories. Broadly, the paper proposes some ways to productively interweave ideas from status and exchange theories to explain the emergence or maintenance of enduring social inequalities.

Key Words: Status, Power, Emotions, Status Value, Relational Cohesion, Legitimation

Introduction

This paper deals with the general question of whether and how social-exchange processes generate order and stability in the context of social stratification. The question of how social order is maintained given stratification is as old as sociology itself. Structural-functional accounts emphasize how different strata perform different “functions” that are important for society to operate smoothly (Davis and Moore 1945; Parsons 1949, 1951, 1953). Conflict theorists note that stratification emerges from the class struggle over scarce resources (Dahrendorf 1959; Lenski 1966; Pareto 1935). More radical accounts claim that the very nature of social organization inherently produces power and class inequality (Habermas 1973; Marx and Engels 1959). At issue are the mechanisms whereby various kinds of inequalities come to be accepted and seen as legitimate (Della Fave 1980).

We detail a number of mechanisms that mitigate problems of order at the microlevel, using status and social-exchange theories. We examine a context in which persons with different status characteristics - in terms of gender and race - have the opportunity to exchange. They have an incentive to exchange because any transaction will generate profit, but status differences may complicate their task. Will differences in gender and race activate processes that bear on how the negotiations transpire? Given such status differences, will higher status individuals earn more profit from exchange with lower status others? If so, how will these individuals respond emotionally to such power differences? Do higher status actors experience positive emotions while lower status actors experience negative emotions? This chapter theoretically and empirically investigates these issues.

Our aim is to understand how social-exchange processes affirm or produce stable relations between status unequals. To stimulate our theorizing, we present a serendipitous finding from a recent experiment that examines the impact of status in exchange (Thye and Witkowski 2003). Consistent with previous research (Thye 1999, 2000; Thye, Willer, and Markovsky 2006), this study found that very large power differences emerge wherein white males earned significantly more profit in exchange with African-American females. At the same time, however, both males and females reported positive feelings of pleasure/satisfaction and interest/excitement, despite the inequality. The latter finding is surprising, especially given the literature indicating that low power or status individuals typically experience negative emotions when interacting with higher power or status others (Kemper 1978, 1984; Kemper and Collins 1990; Lawler and Thye 1999; Lovaglia and Houser 1996; Willer, Lovaglia, and Markovsky 1997).

We use this unusual result to explore how status-stratified systems become stable or orderly. To date, we do not know of a theory that can satisfactorily account for the combination of these two findings above.¹ Thye's (Thye 1999, 2000; Thye, Willer, and Markovsky 2006) status value theory of power can account for the first finding linking status-to-power differences, but not for the second; whereas relational cohesion theory can account for the second finding linking exchange- to-emotion, but not for the first (Lawler and Thye 2006; Lawler and Yoon 1993, 1996; Thye, Yoon, and Lawler 2002). The confluence of these two findings is a

¹ Here we focus explicitly on exchange theories of power and expectation state theories of status. Alternatively, the dimensions of male/female and white/African-American could be viewed as important identities that people hold. For example, one could draw insights from sociological theories of identity such as affect control theory (Smith Lovin and Heise 1988) or identity control theory (Burke and Stets 1999). We briefly consider how these theories might apply in the discussion section.

provocative and unexpected result that serves as the backdrop for this chapter. We (i) use *structural social psychology* (Lawler, Ridgeway, and Markovsky 1993) as an orienting framework for the problem of order, (ii) briefly review the experimental context and results described above, (iii) evaluate a variety of status- and exchange-based explanations for the serendipitous finding, and (iv) use the results to develop theoretical connections between status, exchange, emotion, and microorder.

The Research Problem and Orientation

The larger theoretical problem addressed here can be traced to classic sociological questions regarding the sources of social order. That is, how can stable social order be constructed and maintained in the context of significant inequalities? Weber ([1918] 1968) distinguished inequality along the dimensions of *power* (i.e., the ability to realize your own will at the expense of others), *status* (i.e., differences in esteem or honor), and *class* (differences in wealth or sources of income). Inequalities along these dimensions create issues of domination/consent, coordination/conflict, justice/injustice, and commitment/alienation. These, in turn, weaken the capacity of a group, organization, or social system to mobilize action on behalf of collective goals and interests (Durkheim [1933] 1964; Parsons 1951; Weber [1916] 1946).

Kemper and Collins (1990) argue persuasively that power and status are fundamental dimensions at the microlevel that bridge to the macrorealms. We agree that the bases of social inequality are socially or institutionally defined at the macrostructural/cultural level (e.g., gender, race, class), but also recognize that power and status are “translated” into local encounters or situations (Collins 1981; Kemper and Collins 1990; Lawler, Ridgeway, and Markovsky 1993;

Ridgeway 1991; Ridgeway and Erikson 2000; Thye 2000). In this sense, macrodimensions of inequality play out and become “real” to individuals as they interact with others to achieve individual or collective goals in local situations. *Structural social psychology* is a broad theoretical frame for understanding this role of microprocesses and structures in creating, sustaining, or changing stable orders (Lawler, Ridgeway, and Markovsky 1993).

Much of the social psychological work that falls within the rubric of structural social psychology can be construed as dealing with local contexts to which larger (external) inequalities are imported, and then acted upon. These local, immediate situations involve *encounters* between *purposive* and *responsive* individuals who are oriented to individual or collective goals (Lawler, Ridgeway and Markovsky 1993). Encounters are essentially arenas of social interaction that create, affirm, reproduce, and sometimes alter microstructures and macrostructures. The following excerpt captures this orienting strategy:

...structural social psychology, as we conceptualize it, combines the following: a *minimal conceptualization of the individual*; a focus on *encounters*, in which multiple individuals interact; and a *distinction between micro- and macrostructures as conditions affecting behavior in encounters*. Macrostructures frame purposive encounters in which individuals relate to one another; within these encounters, microstructures emerge and organize further encounters. Microstructures forge the link between encounters and macrostructures, and also are the mechanisms by which macrostructures evolve and change... (Lawler, Ridgeway, and Markovsky 1993:270).

Structural social psychology addresses power and status processes with reference to a small set of assumptions about people, their interactions, and larger social structures. Applied to the problem at hand, if people in exchange (an encounter) act on status inequalities originating in macrostructures, they will produce microvariants of that macrostructure, e.g., profit differentiations. Moreover, if they produce microlevel inequalities repeatedly over time, those inequalities become regularized, expected patterns, or normative institutional features of those

situations (see Berger and Luckmann 1966; Collins 1989). Ridgeway's (1991, 2000) *status construction theory* and Thye's (Thye 1999, 2000; Thye, Willer, and Markovsky 2006) *status value theory of power* exemplify the framework of structural social psychology. Both theories illustrate how things that are valued in the larger culture (i.e., resources or characteristics) can affect the value of things in local encounters and, thus, how status value is created and spreads from valued to unvalued elements in encounters.

Our purpose is to analyze the emergence of a microstructure under the following scope conditions. First, two individuals are involved in dyadic exchange without alternative partners. Second, they hold resources that are equal in monetary value. Together, these two conditions describe an equal-power, high mutual-dependence situation from which one would not predict differential profits from exchange (Emerson 1972a, b; Willer 1999). Third, the overarching structure is constant such that the individuals have repeated opportunities to exchange and receive rewards or profits. Thus, over time, the actors are essentially negotiating how best to divide the profits from exchange (Markovsky, Willer, and Patton 1988). The repetitiveness allows a microstructure to emerge, that is, a regularized and repeated pattern of interaction (Berger and Luckmann 1966). Fourth, the individuals differ on one or more status characteristics that carry cultural value (i.e., expectations of relative worth and competence) but have no direct relevance to the exchange. In structural social psychology terms, if repeated exchanges create a pattern of profit differentiation that corresponds with the status inequality, this would be an evidence of an emergent microstructure that reflects the larger macrostructure. Given that such inequalities emerge, an important question is how individuals respond emotionally to those inequalities that are mirrored in the macrostructure.

Theories of Status and Power

This paper draws from two major research programs in structural social psychology: social-exchange theory (Emerson 1972a, b; Homans 1974; Markovsky et al. 1993; Molm and Cook 1995; Willer 1999) and expectation states theory (Berger, Cohen, and Zelditch 1972; Berger, Connor, and Fisek 1974). These research programs have spawned impressive bodies of cumulative theory and supporting evidence on the sources and consequences of differentiation in groups (Cook, Molm, and Yamagishi 1993; Wagner and Berger 1993; Willer 1999). The two programs have developed, respectively, as complementary and non-overlapping accounts of power and status. Social-exchange theory focuses on power in mixed motive situations; expectation states theory focuses on status in collectively oriented groups. *Power* is defined as the structural capacity to extract valued resources or goods from another (Emerson 1972a, b; Lawler 1992; Willer 1999). *Status* is defined as actors' relative standing vis-a-vis others in terms of prestige, value, or honor (Berger, Cohen, and Zelditch 1972). Both theories address inequality: status characteristics theory explains prestige gradients based on culturally valued status characteristics (Ridgeway 1991, 2000); network exchange theory explains resource hierarchies on the basis of network structures and exchange conditions (Willer 1999).

Recent years have seen a marked increase in work bridging these traditions by examining the relationship between power and status (see Lovaglia 1994, 1995; Lovaglia and Houser 1996; Lovaglia, Willer, and Troyer 2003; Thye 1999, 2000; Thye, Willer, and Markovsky 2006; Thye and Witkowski 2003). In the case of theory connecting power to status, Lovaglia theorized that those with higher power in an exchange relation are perceived as more competent, and consequently, as possessing higher status and influence (Lovaglia 1994, 1995). However, later

empirical research showed that the relation between power and status was more complex than assumed. Lovaglia and Houser (1996) found that power exercise generated negative emotions among low power individuals, and because of this, the influence of high power persons was reduced or undermined (Lovaglia and Houser 1996; Willer, Lovaglia, and Markovsky 1997). Thus, power exercise produces status only when the exercise of power generates perceptions of competence without provoking negative emotions.

In the case of relating status to power, Thye (Thye 1999, 2000; Thye, Wilier, and Markovsky 2006) finds conditions under which status differences generate power differences through the spread of status value from a characteristic to a resource. *Status value* is defined as the honor, prestige, or esteem associated with a characteristic or object. The status value theory of power asserts that status value can spread from a high status person to their resources. For example, a cigar humidor once owned by a former president takes on status value due to the presidential association. The spread of status value makes high status actors more attractive exchange partners, because their goods are more valuable, and thereby enhances their capacity (structural power) to extract more favorable terms of exchange. We step off from the prior work of Thye and associates (Thye 1999, 2000; Thye, Willer, and Markovsky 2006) by developing ideas on the emergence of order and cohesion in social exchange, in particular, as informed by the theory of relational cohesion (Lawler and Thye 2006; Lawler, Thye, and Yoon 2000; Lawler and Yoon 1996; Thye, Yoon, and Lawler 2002).

How Theories of Power and Status Explain Microorder

We define *microsocial order* as a repetitive pattern of interaction (exchange, transaction) among two or more individuals with three attendant dimensions (see Collins 1981; Homans 1951). First, individuals perceive they are a social unit, that is, they come to develop an overarching sense of unity or cohesion. Second, individuals develop emotions or feelings directed at the unit based on their interactions with each other. Finally, they orient their behavior toward the unit in the form of making sacrifices for, giving benefits to, or continuing to interact with others in the unit. This notion of social order interweaves cognitive, emotional, and behavioral dimensions. Frequent or repetitive interaction, continuously reproduced among the same actors, is at the heart of this conception (see also Collins 1981, 2004).

Prevailing theories of power and status offer implicit explanations for microsocial order, focusing on how and when exogenous structural (e.g., interdependencies) or cultural factors (e.g., widely held status beliefs) produce stable, repetitive patterns of interaction. Our focus is on whether and how such interactions foster emotions and feelings about the task, others in the situation, and the larger relation or group (Collins 1981; Homans 1951; Lawler and Thye 2006). This emphasis can be traced to Homans' (1951) tripartite distinction between interaction, activities, and sentiments. The activities are the joint tasks undertaken by the actors, such as social exchange; interactions refer to the frequency with which actors undertake tasks with the same others; and sentiments refer to enduring feelings or affect developed in the course of these recurrent interactions. With this conception in mind, we next explicate how contemporary exchange and status theories address the problem of microsocial order.

ORDER IN SOCIAL-EXCHANGE THEORY

Social-exchange theory explains microorder and stability in terms of the structurally based interdependencies and the associated *incentives* actors have to exchange valued “goods” with others (Emerson 1972b; Molm and Cook 1995; Willer 1999). Individuals form and maintain relations with others insofar as these relations produce greater rewards than other alternative relations. Interdependencies shape who is likely to exchange with whom and who are advantaged or disadvantaged (Lovaglia et al. 1995; Thye, Lovaglia, and Markovsky 1997). Power differentiation occurs whenever some actors are more dependent on their exchange partners than their partners are on them (Emerson 1972b, 1981) ; or some actors can exclude others from valued goods without personal cost (Willer 1999).

From a social-exchange perspective relations are rather tenuous and precarious. This is because such relations are contingent on stable flows of benefit to each individual assuming that individual preferences do not change. The implication is that people are committed to extant relations only so long as they cannot achieve better individual outcomes elsewhere. Unequal power relations should be especially precarious because they motivate the low power actor to improve his or her power, while the high power actor has an incentive to use and maintain (or even enhance) their power (Emerson 1962, 1964, 1972a, b, 1981; Kipnis 1976).

In the context of potential instability, exchange theorists have developed two classes of complementary explanations for microorder, one based on *trust* and the other based on *emotion*. *Trust*; in this literature refers to expectations of cooperation and/or benign behavior based on inferences about another person’s traits or characteristics (Yamagishi and Yamagishi 1994). *Emotion* is defined as a relatively short-term positive or negative evaluative state with

neurological, neuromuscular, and sometimes cognitive manifestations (Damasio 1999; Izard 1991; Kemper 1978). Emotion is distinct from *affect*, which refers more broadly to any positive or negative evaluation toward an object, including both transitory and enduring feelings (Smith-Lovin 1995). Here, the terms emotion and feeling are used interchangeably. Both trust and emotional explanations seek to explain when actors in exchange are likely to develop a commitment to each other or their relationship (Cook and Emerson 1978; Kollock 1994, 1999; Lawler and Yoon 1993). *Commitment* is defined as a proclivity to exchange with those one has exchanged with in the past, despite the availability of alternative partners. Commitment, as such, reflects the behavioral dimension of microsocial order as defined above.

Let us compare the trust and affect explanations. The trust approach deals with how actors handle risks in social exchange (Molm 2003) and portrays commitment as an uncertainty-reduction strategy. Kollock (1994) compared the propensity of actors in a market to exchange repeatedly with the same others (i.e., commitment behavior) when they know the quality of the products they are buying (low uncertainty) versus when they do not know the quality of products (high uncertainty). He found that commitments or repeated exchanges with the same actors were more likely under conditions of high compared to low uncertainty. For Kollock (1994), uncertainty was an exogenous market condition promoting exchanges by the same actors. In another study (Lawler, Thye, and Yoon 2000), uncertainty reduction was conceptualized as an endogenous result of repeated exchange, and results show that it facilitated an expansion of the exchange relation. With frequent exchange, actors found each other more predictable, and this in turn made them more willing to risk new ventures with those same others (i.e., expand their relationship).

Yamagishi, Cook, and associates (Cook et al. 2005; Yamagishi and Yamagishi 1994; Yamagishi, Cook, and Watabe 1998) contrast commitment and trust solutions, arguing that commitment inhibits the taking of risks to establish new relationships, whereas trust makes this possible. They define trust as a persons' generalized trust in others (Yamagishi, Cook, and Watabe 1998) and see this as a culturally based orientation to others in general. Commitment leads one to stay with current relationships, thereby missing opportunities for joint activities and mutually profitable exchanges; whereas, generalized trust toward others leads actors to take more risks to seek mutually profitable exchanges and relations. The distinction between commitment and trust is used to understand fundamental differences between American and Japanese business cultures and practices. That is, Americans have higher levels of general trust in others than Japanese and, therefore, rely less on family ties in economic activity (Yamagishi and Yamagishi 1994; Yamagishi, Cook, and Watabe 1998). In short, trust makes order possible under conditions where individuals are self-interested and lack extensive knowledge of each other. This occurs by promoting openness toward new relations and by enhancing efforts to resolve social-dilemma problems.

A second approach to microorder focuses on the emotional/affective consequences of exchange and is grounded in relational cohesion theory and research (Lawler 2002; Lawler and Thye 1999, 2006; Lawler Thye, and Yoon 2000, 2006; Lawler and Yoon 1996, 1998; Thye, Yoon, and Lawler 2002; Yoon and Lawler 2006). This theory explicitly speaks to the emotional, cognitive, and behavioral dimensions of microsocial order. The theory is organized around the idea that social exchange has emotional effects on actors, and these emotions have consequences for the ensuing cognitions and strength of exchange relations (i.e., relational cohesion and commitment). The predictions are that (1) more frequent exchange engenders more positive

emotions and feelings and (2) these, in turn, generate perceptions that the exchange relation is a unifying force in the exchange situation or encounter. The result (3) is that actors become more committed to their relation, which is manifest in a propensity to continue to exchange with each other (stay behavior), to give token, symbolic gifts to one another (gift giving), and to engage in new joint ventures involving a social dilemma and attendant risks. Experiments on relational cohesion theory consistently have supported this *exchange-to-emotion-cohesion* causal chain (Thye, Yoon, and Lawler 2002) and, furthermore, have shown that equal power relations have stronger effects on positive emotions than unequal power relations (Lawler and Yoon 1993, 1996, 1998).

To extrapolate, relational cohesion theory and research suggest that stable microorder is likely to emerge if actors are equal in power and if exchanges generate positive emotions and feelings. Within unequal power relations, lower power actors report less pleasure/satisfaction than higher power actors, which is consistent with results of other research (Lovaglia 1995; Willer, Lovaglia, and Markovsky 1997). However, except under extremely low power conditions, relational cohesion research also indicates that lower power actors experience more positive affect if exchanges are consummated than if they are not (Lawler and Yoon 1998). Thus, while unequal power attenuates cohesion, there is still some evidence that cohesion develops due to the positive emotional effects of more frequent exchange. The fact that unequal power relations nevertheless generate some relational cohesion can help us understand how social exchange might foster microorder under conditions of status inequality.

ORDER IN EXPECTATION STATES THEORIES

Implicitly, theories within the expectation states tradition explain social order and stability by way of (i) emotional expression (Lovaglia and Houser, 1996; Ridgeway and Johnson 1990) or (ii) legitimation (Ridgeway and Berger 1986; Walker and Zelditch 1993). Here we focus on the latter. An inequality is *legitimate* when the members of that structure believe that inequality is valid and such differences *should* exist. Ridgeway and Berger (1986:606) argue that “power and prestige positions based on performance expectations have a normative, moral quality which makes behavior incongruent with those positions an event that is not merely unexpected but also one that should not happen.” Here, we elaborate a multilevel conception of the various ways that theories in the expectation states tradition show how inequalities become legitimate.

Ordered inequality was, in some regards, the spark that ignited research and theorizing in the expectation states program. The earliest work in this tradition was aimed at understanding the emergence of influence and prestige hierarchies in small groups (see Wagner and Berger (2002) for an overview). Bales and associates (Bales 1950; Bales et al. 1951) repeatedly found that stable and persistent interactional differences quickly emerged among initially homogenous actors working together on a group task. These early studies led to the development of *expectation states theory* which centered on the concept of a performance expectation. *Performance expectations* are non-conscious beliefs about an actor’s future task performance. They are simply “unaware hunches about whose suggestions are likely to be better” (Ridgeway and Walker 1995:288).

Now consider how inequalities based on performance expectations might become legitimate. Expectation states theory asserts that, through social interaction, individuals develop performance expectations for themselves and for others regarding task competency. Because performance expectations develop on the basis of observable acts, these beliefs tend to be consensual within the group. Those perceived to be most competent are higher in the expectation hierarchy, interact more frequently, and have more influence over those perceived to be less competent. Notice that to the extent that group members feel it is necessary and legitimate to take the ideas of others into consideration (i.e., they are collectively oriented) and truly want to do the best job possible (i.e., they are task-oriented), group members *should* allow those suspected to be most competent to have the most input and influence. Said differently, inequalities in the context of performance expectations become legitimate to the extent that group members are collectively oriented toward furthering the goals of the group.

Status characteristics theory is a branch of the larger expectation states program that connects culturally specified beliefs to performance expectations. The theory defines two kinds of status characteristics. A *diffuse status characteristic* such as gender exists in a particular culture if and only if (i) one state (e.g., male) is more highly valued than the other state (e.g., female), (ii) those with the high state are expected to be more competent at specific tasks such as sports or math, and (iii) those with the high state are generally expected to be more capable in general, i.e., at a wide range of tasks. In contrast, a *specific status characteristic* satisfies conditions (i) and (ii), but not (iii). For example, math skill is a specific status characteristic if being good at math is preferable to being bad at math, and if one expects a math expert to be competent at other numerical tasks.

Next we consider how inequalities based on status characteristics might become legitimate. If a characteristic such as being female is activated and made salient, cultural beliefs about the competence of women are imported into the situation. Once imported, these will shape patterns of deference and interpersonal influence in the interaction (Berger, Connor, and Fisek 1974; Berger et al. 1977; Ridgeway 1991). Individuals with the more highly valued states of the characteristic (e.g., males) will have more action opportunities, receive more deference, and have more influence over others. In short, this inequality is legitimized by a higher level phenomenon - the larger set of cultural beliefs that connect states of the characteristics (male versus female) to states of performance expectations (competent, incompetent). Thus, legitimacy in this setting is traced to the macrolevel. That is: inequalities in the context of status characteristics are seen as legitimate to the extent that such inequalities are anchored in widely shared status beliefs that affirm and support corresponding performance expectations.

Finally, we examine how reward inequalities based on referential structures might become legitimate. *Referential structures* are sets of socially validated beliefs that actors hold in common describing the relationship between various traits and levels of rewards (Berger, Cohen, and Zelditch 1972). *Reward expectations theory* uses this notion to understand how status characteristics, abilities, and task accomplishments correspond to reward expectations (Berger et al. 1985). The theory assumes that whenever rewards are distributed in a situation, an *ability referential structure* is activated and actors expect that more able group members will be more highly rewarded for their participation. *Categorical referential structures* link reward levels to status characteristics. Such referential structures are socially defined, widely shared, and generally taken for granted. Again, the seeds of legitimation can be traced to the macrolevel. We assert that inequalities in the context of exchange processes are seen as legitimate to the extent

that such inequalities activate widely shared referential structures linking ability or status characteristics to levels of reward.

Taken together, these theories have much to say about how a status-based inequality is generated and maintained in relations and groups. In general, microorder is not as problematic in the expectation states program as it is in social-exchange theory because of the focus on taken for granted, institutionalized, cultural beliefs that undergird inequality. Consistent with structural social psychology, however, the expectation state tradition makes important connections between a macrolevel social framework and a local task situation or microlevel encounter, as expressed succinctly in the following excerpt from a theoretical piece by Berger, Ridgeway, and Zelditch (2002):

... a social framework of already-given status beliefs plays a central role in the emergence of newly constructed status characteristics. But we need to further distinguish the pre-given cultural framework of the larger society...from the subculture the group itself creates in the course of repeated interaction. We assume that over the course of a sequence of situations, a group develops its own *local framework* - a set of cultural elements that are specific to the group. (p. 160)

Important to note here is the reference to the role of repeated interaction in the construction of microorder. This idea dovetails with the theory of relational cohesion and is important to our analysis of how social exchange promotes order under conditions of status inequality.

SUMMARY

To summarize, theory and research on status and exchange lead us to a number of well-founded propositions that orient and guide our theoretical and empirical analyses.

- First, in task situations, differentially valued states of a status characteristic generate differential rewards or profits in social exchange (Thye 1999, 2000; Thye, Willer, and Markovsky 2006).
- Second, in social exchange, actors who receive more profits have more positive emotions and feelings about their exchanges, while actors who receive fewer profits tend to experience negative emotions (Willer, Lovaglia, and Markovsky 1997).
- Third, if low power actors experience negative emotions, because power is used against them, it undermines the influence of the high status actor (Lovaglia and Houser 1996).
- Fourth, in social exchange, exchanges that are repeated more frequently generate greater positive emotions and feelings, especially under equal power but also under some unequal-power conditions (Lawler and Yoon 1996, 1998).
- Fifth, when repeated exchange generates positive emotions and feelings, it also produces relational cohesion and micro social order at the relational or group level (Lawler, Thye, and Yoon 2000; Lawler and Yoon 1996).

Given the above propositions and the scope conditions (see p. 40) ,we would expect to find empirically: (1) If status characteristics of gender and race are salient in an exchange relation, these status differences should produce differences in rewards or profits from social exchange that advantage the higher status actors. (2) Those actors who earn less in the exchange should experience negative emotions and feelings about the social exchange, and those who earn more from exchange should experience positive emotions and feelings (Kemper 1978, 1984; Willer,

Lovaglia, and Markovsky 1997). Next, we turn to an experiment that examined these implications and produced the interesting result, which is the stimulus for our theorizing.

THE EXPERIMENT

OVERVIEW

A series of experiments were designed to test how status and resource assignments alter power exercise and emotional reactions in dyadic exchange. Here we briefly describe the experimental conditions (more detail is available in Thye (2000) and Thye and Witkowski (2003). Each experimental session involved two subjects who are higher or lower status than their partner on race and gender dimensions. The two subjects negotiated exchanges of resources (poker chips) with one another over personal computers from different rooms.

MANIPULATIONS

The experiment consists of a three-condition completely randomized design. In all conditions white males negotiated with African-American females over computer terminals such that the two are differentiated on race, gender, and meaning insight ability (see below). At no time during the experiment did the two ever meet face-to-face. In condition one, white males negotiated with African-American females and both were told (i) the true race and gender of their partner (along with other personal characteristics that were held constant) and (ii) that the male scored higher on a meaning insight test. Both subjects had blue poker chips to exchange.

Condition two was identical to condition one in that each person is again told the true race and gender of their partner; but here subjects had different colored chips. The third and final condition is a control. In this condition, white males negotiated with African-American females, however, both subjects were told their partners were of the exact same race and gender, and all subjects had the same color chips. Thus, in condition three the subjects were equated on all resource and status characteristics. This allows for a baseline measure of power exercise and emotional reactions unrelated to status or resource differentiation.

PROCEDURES

All experiments were conducted at a large southern university. The subjects were college students who were recruited for payment from undergraduate classes. Each experimental session involved a single dyad comprised of one white male and one African-American female. Upon their arrival, subjects were randomly assigned to one of two separate rooms where they remained for the entire session. At no time did subjects learn the true identity of their partner. Except for a few words from the research assistant, all instructions were standardized and delivered to the subjects via the computer (see Thye 2000 for identical procedures). Each experiment had several phases.

First, subjects provided the experimenter with information about their gender, age, race, current year in school, academic major, and high school GPA on a background information form. Each individual was told that she or he would be working with one other person via the computer. Each subject was led to believe they were connected to a partner of different race and gender. Depending on the experimental condition, the experimenter either reported the race and

gender of the partner (along with consistent photos to add realism) or equated information on race and gender (condition three only). The experimenter also reported that white males had scored higher on a meaning insight test administered just prior to the negotiations (see Berger, Fisek, and Freese 1976 for details). These procedures are comparable to those used in past research to create consistent status differences (Lovaglia and Houser 1996; Markovsky, Smith, and Berger 1984; Thye 2000).

Each subject was then assigned a resource (poker chips) with which to exchange. All subjects were told that she or he would be given “blue poker chips in light of your meaning-insight score and the other information we have about you.” A symbolic blue poker chip was given to each subject as a reminder. Then, depending on the condition, subjects were told their partners also possessed blue poker chips or chips of a different color. Thye (2000) suggests that holding different resources is a condition for the spread of status value from a status characteristic to an exchangeable resource, and the difference in chip color was designed to test for such an effect (see also Ridgeway 1991). However, the difference in chip color across conditions one and two does not change the results of concern to us and, therefore, is not relevant to this chapter.

Bargaining Protocol

Following the poker chip allocations, subjects began the negotiation and exchange phase after a brief tutorial. Subjects completed 60 rounds of negotiation making at most one exchange per round. All subjects were encouraged to gain as many chips as they could for themselves, and were informed that the number of chips earned in the study would determine their pay. Each

subject knew (i) the number of poker chips they requested from their partner and (ii) the number of poker chips earned by self on each round. In reality, subjects negotiated the division of 30 poker chips located in a central pool. Prior to the first round, the central computer initialized all requests so that each subject would request 15 poker chips (half the profit pool) from their partner (details on the specifics are found in Thye, Lovaglia, and Markovsky 1997). On each round, a subject could increase, decrease, or leave unchanged the number of chips acquired through exchange on the previous round. The total number of chips earned is our measure of power use. Importantly, for power to emerge in this setting, one party must increasingly request more chips and the other party must capitulate. Thus, the bargaining protocol requires that both parties jointly participate in the construction of power differences. Following each round, subjects learned the number of poker chips earned, and the supply of 30 poker chips was replenished for the next round. Subjects negotiated for a total of 60 rounds.

Dependent Measures

We focus on two primary outcomes. First, power exercise is measured as the average profit earned during the final 10 rounds of exchange for each pair (Willer 1999). Second, we administered a computerized measure of pleasure/satisfaction and interest/excitement subsequent to the negotiations. Subjects reported their feelings about the negotiations along a series of bipolar adjectives that could range from -30 to +30. The pleasure/satisfaction index was based on the sum of scores for five items: displeased/pleased, unhappy/happy, not satisfied/ satisfied, not joyful/joyful, and discontented/contented. The interest/excitement index summed the following five items: not interesting/interesting, boring/excited, tired/energetic, unenthusiastic/enthusiastic,

and unmotivating/motivating. These items are virtually identical to those used in previous research (Lawler, Thye, and Yoon 2000; Lawler and Yoon 1993, 1996, 1998) and consistently have displayed good measurement properties.

RESULTS

First, we observed very large differences in power exercise between high (white male) and low (African-American female) status individuals. Across the two status-differentiated conditions, about 75% of the profit pool went to the higher status person. This level of power exercise is higher than the most comparable condition reported by Thye (2000) using age and education as the status manipulation. In that research, higher status subjects earned around 63% of the total profit, compared to the 75% reported here. The overall implication is that race and gender have especially powerful effects in producing inequality in exchange. This large impact of race and gender combined was unexpected, though a difference of some sort was anticipated. Most striking is the overall size of the status effect. Further, even when the actors believe they are interacting with a partner who is equated to them on race and gender, a significant difference in profits still favors the white males. Overall, this suggests that African-American women and white men may negotiate differently, and these differences generate a baseline of empirical differences in power exercise (see Thye and Witkowski 2003 for details).

Second, despite the large power differences, we observed no significant differences between high status and low status actors in self-reported feelings of pleasure/satisfaction and interest/excitement. For each index, a difference score was created by subtracting the low status actors' score from the higher status actor's score. The differences between high and low status

scores, by condition (δ_{cj}), were as follows: (for pleasure/satisfaction, $\delta_{c1} = 1.02$, $t = 0.22$, two-tailed $p = 0.83$; $\delta_{c2} = 7.08$, $t = 0.97$, two-tailed $p = 0.35$; $\delta_{c3} = -3.64$, $t = -0.53$, two-tailed $p = 0.60$; for interest/excitement, $\delta_{c1} = 2.35$, $t = 0.39$, two-tailed $p = 0.70$; $\delta_{c2} = 1.58$, $t = 0.34$, two-tailed $p = 0.74$; $\delta_{c3} = -0.76$, $t = -0.09$, two-tailed $p = 0.92$).² Contrary to prior theories of emotion and research on exchange, those with less power did not report more negative feelings than those with more power (Kemper 1978, 1984; Lawler and Yoon 1993, 1996; Lovaglia and Houser 1996; Willer, Lovaglia, and Markovsky 1997). Moreover, the means for both measures of emotion, for both higher and lower status actors, are on the positive side of the negative-to-positive dimension.

Third, low status individuals in conditions one and two (status activated) did not report significantly different levels of positive emotion than those low status individuals in condition three (status equated). For pleasure/satisfaction, the difference between conditions one and three is 1.04 ($t = 0.14$, two-tailed $p = 0.89$) and the difference between conditions two and three is 3.88 ($t = 0.66$, two-tailed $p = 0.51$). The same pattern exists for interest/excitement. Here, the difference between conditions one and three is 3.04 ($t = 0.42$, two-tailed $p = 0.68$) and the difference between conditions two and three is 0.24 ($t = 0.04$, two-tailed $p = 0.96$). The exact same trend holds for both emotions reported by high status actors across these conditions. Thus, there were no significant differences in emotion between status differentiated and status equated for either individual. The implication is that processes involving the exchange itself are creating mild positive emotional reactions, despite significant status and power differences.

² Each t -test is testing for a significant difference in emotional reaction between white males and African-American females.

To further explore this, we conducted one final analysis. Consistent with the theory of relational cohesion, OLS regression analyses indicate that more frequent exchange increased positive feelings for *both actors*, along pleasure/ satisfaction and interest/excitement dimensions. Controlling for realized profit differences and experimental condition, we find that more frequent exchange produced more pleasure/satisfaction (high status $\beta = 0.41$, two-tailed $p = 0.02$; low status $\beta = 0.70$, two-tailed $p < 0.001$) and also more interest/excitement (high status $\beta = 0.36$, two-tailed $p = 0.06$; low status $\beta = 0.51$, two-tailed $p < 0.01$). Thus, repeated exchange in the context of status inequalities and strong power exercise generated a degree of stability and order by enhancing the satisfaction and interest in the exchange for both high and low status actors.

Thus, repeated exchange in the context of status inequalities and strong power exercise generated a degree of stability and order by enhancing the satisfaction and interest in the exchange for both high and low status actors.

THE PUZZLE

In sum, the anomaly in these empirical results boils down to the fact that race and gender produce highly differentiated rewards or outcomes for the actors, but yet they both expressed positive emotions and feelings about the results of exchange. The initial solution, also based on the results, is that repeated exchange with the same partner fosters a positive relationship between the two in spite of power exercise. This simple solution is consistent with the classic work of Homans (1951) on the effects of interaction frequency and interpersonal sentiment, the work of Collins (1981) on repeated conversations and emotional energy, and the theory of relational cohesion (e.g., Lawler and Yoon 1996) which links exchange frequency to emotion

and cohesion. However, while this is a plausible interpretation it raises another important question: *Why* does repeated exchange or interaction have cohesive effects for actors highly stratified in terms of both status and power? What mechanisms are at work? The next section compares alternative answers or explanations to these questions.

THEORETICAL INTERPRETATIONS

We assess and integrate a range of explanations based on social-exchange and expectation-states traditions. First, we briefly explore why neither tradition alone offers a satisfactory interpretation for the confluence of large profit differences and similar (consensual) positive emotions. Then we construct an explanation by examining the role of *status value* (Thye 2000), *referential structures* (Berger, Ridgeway, and Zelditch 2002), *legitimation* (Walker and Zelditch 1993), and *joint tasks and shared responsibility* (Lawler 2001). By interweaving these theoretical notions, we generate a more plausible interpretation than any one or a subset of them can provide.

SHORTCOMINGS OF EACH THEORY

From fundamental notions of social-exchange theory, the high interdependence between low and high status actors in our experiment could account for the fact that they were likely to exchange frequently (roughly 70% of the time). Relational cohesion theory (Lawler and Yoon 1996) then could be used to account for the generation of positive emotions and feelings on the part of both actors. Yet, as we noted earlier, several studies in this tradition find low power actors

to be less satisfied or to experience more negative emotions than high power actors (Lawler and Yoon 1993; Wilier, Lovaglia, and Markovsky 1997). Moreover, in our experiment, there were significant levels of non-exchange. Across the three conditions, approximately 32% of the possible exchanges did not occur, meaning that actors accepted zero profits. This is a relatively high rate of non-exchange given the high level of structural interdependence, and it may be due to the problems posed by status inequalities. Overall, central ideas about interdependence and emotion from exchange theorizing fall short of providing an adequate explanation for our findings.

From status characteristics theory, the effects of status inequality on actualized power (profit) inequality could be explained by the fact that the experimental conditions make salient both gender and race, and the “burden of proof” process renders them relevant to the task of exchange. The exchange task does not contain properties that objectively connect gender or race to task performance, and there are no other differences (e.g., in structural power). However, it is well-known that people accord meaning to whatever characteristics (or cues) distinguish them in the situation, and they form performance expectations based on these (Berger, Cohen, and Zelditch 1972; Ridgeway and Berger 1986). Given both stereotypical cultural beliefs associated with gender and race, and also the fact that women and African Americans have low power in the larger culture, it is reasonable to suppose that actors translate or connect low status and low power in the larger culture to status and power in the local situation (the experiment). This implies that referential structures are activated and acted upon in the exchange. Thus, while status theories help explain initial inequalities, they still are challenged to explain why positive affect is produced for the actors despite large differences in power use.

We propose that elements of both social exchange and expectation states theories are necessary to account for the puzzle. Figure 3.1 portrays an integrative explanation in model form. There are three central points in the theoretical argument. *First*, the status differences activate dual processes that serve to legitimate an initial inequality in the system. One process is the spread of status value from a person to his or her resources (Thye 2000; Thye, Willer, and Markovsky 2006). The other process is the activation of a referential structure affirming that higher status individuals should earn more from exchange (see Figure 3.1). These dual forces validate the correspondence between status and power in the local encounter. *Second*; in the context of the spread of status value and activation of referential structures, small initial inequalities are repeated. This repetition alone can build a valued relationship between the actors by generating positive emotions and feelings. These emotions stem from repeated success at reaching negotiated exchanges and occur while initial inequalities are also repeatedly affirmed or validated. *Third*; in the context of repeated exchange, the “validity” of the inequality generates “propriety” and self-expectations consistent with the hierarchy. Overall, status processes generate initial profit differentiation and exchange processes produce positive relations despite that differentiation. Below we discuss further each of the theoretical links in the model (Figure 3.1).

Insert Figure 1 Here

From Status to Initial Inequality

First, Thye’s (2000) status value theory of power asserts that when resources are relevant to the positive states of status characteristics, those resources acquire consistent status value. For

example, items owned by former presidents take on very high status value due to that association (Thye 2000). In the experimental situation described above, each subject was allocated poker chips on the basis of their characteristics and performance on a status-valued task. Therefore, the conditions are ripe for those chips to acquire status value consistent with the states of the status characteristics. That is to say, chips held by the white males may have been perceived as more honorary or valuable than those held by the African- American females. If so, then the exchanges where greater numbers of chips from the “lower status” actor are traded for fewer “higher status” chips would appear as equal; and therefore negative emotions should be mitigated. As Thye and colleagues explain:

It remains to be seen whether status-driven power produces similar negative emotions, but we suspect not. Status value leads to power exercise but, from the perspective of a low status actor buying a status valued good, the exchange does not appear unequal. To the contrary, because the exchange ratio appears as equipower there is no basis for negative reaction. The buyers of Michael Jordan shoes generally do not resent the retailer from which they were purchased. Similarly, collectors who pay high prices for status valued goods do so willingly because the goods are highly valued to them. (Thye, Willer, and Markovsky 2006:1488)

Thus, the inequalities observed in the experiment may be perceptually attenuated for the low status person, because each chip from the higher status individual has more “status value” than each chip from the lower status individual.

At the same time, status characteristics can activate consistent referential structures (Berger et al. 1985; Thye, Willer, and Markovsky 2006; Thye and Witkowski 2003). A referential structure is defined as a set of cultural beliefs about the association between a status characteristic such as gender and goal objects like rewards or profits (Wagner and Berger 1993). In fact, reward expectations theory asserts that whenever resources are allocated (as in the exchange experiments described above) referential structures become salient and provide a point

of reference for individuals. In this way, a referential structure can legitimate an association between status and power exercise. To the extent gender and race are salient, the culturally based referential structure is likely to shape how individuals perceive reward allocations. Cultural definitions of “what is” become “what is expected to be” in the local situation (Wagner and Berger 1993:38), and this may lead individuals to assume and act on consensual definitions of gender and race, regardless of the particular focus of the situation. It is still not entirely clear, however, why low status actors would feel as positive as high status actors and be accepting the inequality. Legitimacy theory provides a partial answer (Zelditch and Walker 1984).

From Inequality to Legitimacy

Status value and referential structure effects can be construed as a legitimizing force, producing and reproducing local status hierarchies that mirror those of the larger culture. Zelditch and Walker’s (1984) theory of legitimacy includes two relevant dimensions of legitimacy: validity, and propriety. A social hierarchy is “valid” if actors treat norms, beliefs and procedures as taken for granted and matters of objective fact; that is, when actors accept that this is “the way things are” done. Expectations associated with different states of gender or race often exude the property of *validity*, that is, a collective kind of legitimacy that occurs when others accept something as “what is” (Wagner and Berger 1993; Weber [1918] 1968). Validity generates acceptance of the world which helps to explain the strong, persistent impact of referential structures as well as the resilience of gender and race effects in a variety of contexts.

Propriety, on the other hand, refers to actors’ evaluation (positive-negative) of the structural hierarchy. The concept of propriety captures an evaluative dimension, defined as the

degree that actors believe the structure and their place in it is correct, proper, or just (Dornbusch and Scott 1975). In other words, propriety describes an individual's acceptance and support of the social structure, its norms and procedures as desirable and correct. Impropropriety is a potential source of resistance and challenge to the existing hierarchy and, thus, a source of social change. One can think of propriety as legitimacy at the individual level, whereas validity is legitimacy at a collective level. Legitimacy theory asserts that validity can have effects on propriety, and related research has documented such validity-to-propriety effects (Ridgeway and Correll 2006; Walker and Zelditch 1993). Repeated exchange is a mechanism that could generate validity-to-propriety effects under conditions of status inequality, especially if it fosters positive emotions or feelings as we observe.

We propose that, all things being equal, validity generates propriety if it is repeatedly experienced across time without challenge from the participants or bystanders in the situation (Ridgeway and Correll 2006; Ridgeway and Diekma 1989). In our experiment, which involved a dyad, the transformation from validity to propriety may stem from the simple repetition of inequality initiated by the spread of status value and supporting referential beliefs. Status value effects and referential beliefs may be sufficient to generate unequal profits in the first few exchange episodes, and only a few instances of unequal exchanges may be necessary to generate expectations of advantage/disadvantage in future exchanges. Berger and Luckmann (1966) ask how institutional patterns develop at the micro level, and they suggest that repetition of a pattern is the immediate or first step. Further, they argue that it does not take many repetitions - sometimes only one - to make that pattern a "reality" to actors and to produce incipient legitimation of it. In this context, the observed effect of exchange frequency on positive emotions for both actors may reflect repeated affirmations of a legitimate inequality. Affirming a

legitimate inequality may have positive emotional consequences, or at least enable the exchange-to-emotion effects posited by relational cohesion theory to operate freely. Thus, inequality that is initially set in motion by the spread of status value and supporting referential structures may promote micro order in part because acting in accord with this inequality generates consensual emotions and feelings. Social exchange is the interactional mechanism that drives this process. To more fully understand and explain the effects of social exchange, we turn to the affect theory of social exchange (see Lawler 2001, 2006; Lawler and Thye 2006).

Exchange as the Mediating Link

The affect theory of social exchange (Lawler 2001) builds on relational cohesion theory and explicitly theorizes when and how the emotions produced by exchange generate stronger and more cohesive relationships among actors. A key assumption is that social exchange inherently involves a *joint* task. In our experiment, consummating an exchange is a joint task that produces joint benefit. Jointness is important because it makes salient to actors that they cannot generate profits without cooperating or taking into account the other person in the situation (Lawler 2001). The affect theory of social exchange argues that in the context of joint tasks, individuals are likely to attribute their individual emotions to relational or group affiliations. This occurs to the degree that joint tasks generate a sense of shared responsibility for the results of social exchange (see Lawler 2001). Thus, if exchanges in our experiment generated a sense of shared responsibility, it is reasonable to infer that repeated exchange produces relational attributions of positive emotion and thereby strengthens the cohesion of these relations. The relation, as such, becomes important to actors, that is, an object of value in its own right. As a result, actors are

more prepared to nurture and maintain the relationship and to make individual sacrifices on behalf of it (Lawler 2001).

We can now integrate several strands of the above theoretical arguments. First, relational cohesion theory predicts the empirical results for emotion that we observe - namely, that more frequent exchange produces more positive emotions on the part of both low and high status actors. The affect theory of social exchange goes a step further and explains why positive feelings strengthen the exchange relation - namely, because repeated exchanges invoke a sense of shared responsibility, especially given the high degree of mutual dependence among actors in our experiment. While repeated exchange creates a relationship that has value, the negative emotions that normally accompany such inequality are attenuated because of supporting status value and referential structure effects. The combined impact of these parallel exchange and status processes are to mitigate the social order problem posed by power and status inequalities.

Conclusion

We interpret a provocative experimental finding - that status-driven power does not elicit negative emotions - with two parallel, but interwoven processes. One involves an *exchange-to-emotion-to-relation* process through which social exchange builds cohesive and valued relations among actors. The sense of shared responsibility for exchange is central here. The second involves a *validity-to-self-evaluation-to-propriety* process in which legitimate inequalities come to be accepted and internalized by individuals. This leads actors to make self-evaluations that are consistent with profit differentiations and to act as if the profit differentiations are proper. These exchange and status processes converge as a relationship is constructed, as action is oriented to

that relation, and as self-evaluations are adjusted to be consistent with both relative profits and their shared capacity to consummate exchanges.

There are multiple components of our theoretical argument, summarized in Figure 3.1. First, status differences activate the spread of status value and a consistent referential structure. Second, because of status value and referential- structure effects, initial inequalities emerge in social exchange, and these are experienced repeatedly by the actors. On the one hand, these repeated experiences validate (legitimize) the congruence of status/power differences in the local encounter and larger culture. On the other hand, repeated experiences of exchange give actors a sense of shared responsibility and promote positive emotions and feelings. Third, repeated exchange and repeated experience of inequalities promote both (a) emotion-to-cohesion effects from which valued relations develop between the actors and (b) validity-to-propriety effects for the hierarchy, from which both high and low status actors come to accept the inequality as proper. In this way status-based inequality may become stable and orderly.

While our analysis approaches inequalities of power and status from social- exchange and expectation states theories, these also could be approached from the perspective of identity theory. For instance, identity control theory (Burke and Stets 1999; Stets and Burke 2002) presumes that individuals hold identity standards (or meanings) for identities like male or African American. When the self-in-situation meanings (or transient impressions) verify these identity standard meanings, then positive emotions are predicted to be the result. As such, if it is the case that behaviors such as “competing,” “acquiring,” or “negotiating” match the identity standard associated with white or male then one would expect positive emotions. At the same time, if behaviors such as “agreeing,” “making concessions,” or “exchanging” match the identity standard associated with African American or female, one would again expect positive emotions.

This is an intriguing possibility that should be the target of future research along with our integration of social-exchange and status theories.

In closing, social-exchange and expectation states theories are among the most successful programs of theory and research in sociological social psychology. Each has clear strengths and each has a somewhat different focus - i.e., expectations, status, and influence versus incentives, networks, and power. Several theoretical and research efforts in recent years have created interesting and important bridges among these traditions while preserving the unique strengths of each (Lovaglia and Houser 1996; Thye 1999, 2000; Thye, Willer, and Markovsky 2006). This paper adds to that bridging literature. We take an important phenomenon - the capacity of a group, organization, or society to produce and reproduce an acceptance of widely disparate allocations of status, power, and wealth - and try to explain such acceptance based on extant theories. In a world with growing inequalities between those who have status and power and those who do not, this is a timely problem to address. The unexpected results of a recent experiment fortuitously provided us with the incentive to theorize the problem. In our theoretical analysis we found status and exchange theories, singly, to be less satisfactory as explanations than a more complicated formulation combining elements from each tradition. While the resulting explanation is indeed complicated, the core message is quite straightforward: *Inequalities are initiated and legitimized through status processes, while valued relations are generated through social-exchange processes.* In this context, both advantaged and disadvantaged individuals act in accord with, but also come to believe in and accept, the social inequalities they encounter in their everyday lives.

Figure 1

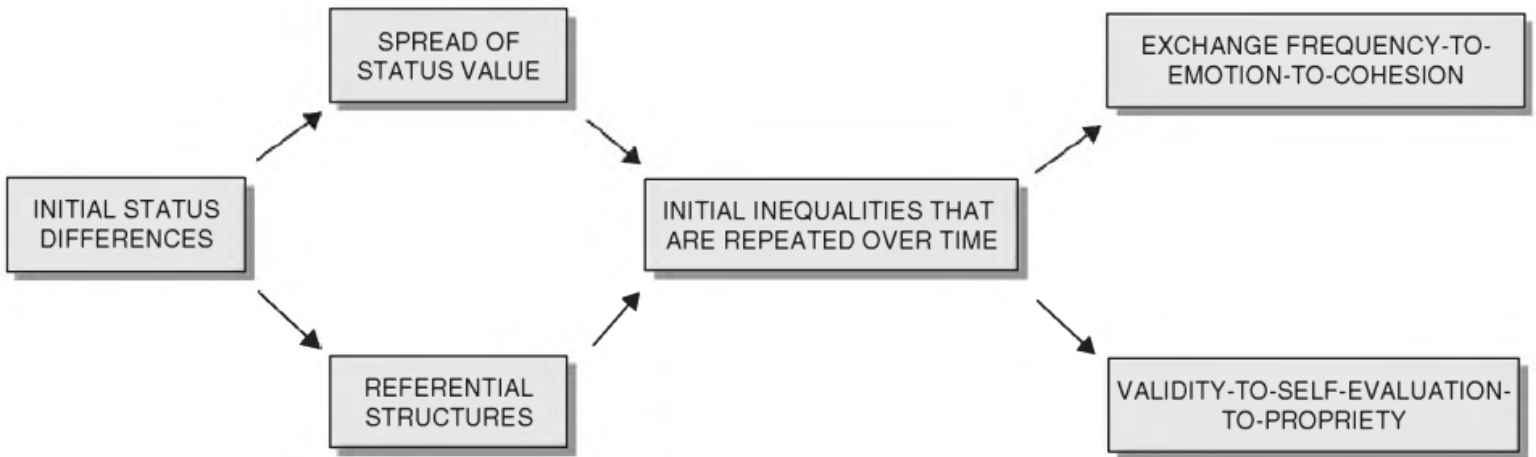


FIGURE 3.1 The effects of status in systems of exchange.

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