Fairness in social exchange

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Two general standards

- One’s own internal standards
- Comparisons to others
Internal standards

- Comparison level (CL)
- Comparison level for alternatives (CL_{alt})
- Satisfaction and dependence determined by relative placements of CL, CL_{alt}, and outcomes
Three distributive principles

- One person, one vote: principle of “equality”
- Poverty programs: at least in theory, principle of “need”
- On the basis of performance: principle of “equity”
The basic theory

- Perceived fairness in an exchange depends on the relationship between one person’s indexed outcomes and those of the other:

\[
\frac{O_A}{I_A} = \frac{O_B}{I_B}
\]
Production of inequity

- If all inputs are recognized and agreed to be relevant
- If one person’s ratio of Outcomes to Inputs is different from the other person’s ratio of Outcomes to Inputs
- The result is perceive inequity (perceived by both, but sufferer feels the pain more acutely)
Restoration of equity

- Actual or psychological
- Inputs or outcomes
- Self or other

- Or leave the field
Some examples

- In an employment setting, absenteeism decreases inputs, “shrinkage” increases outcomes.
- With a co-worker, distortion of the other’s value (e.g. “sleeping with the boss”) can justify inequity.
Thus “fairness” means

- You’re doing at least as well as you have in the past
- And as well in the current relationship as you could in an alternative
- With monetary or psychological outcomes that are proportional to what you bring to the setting