

Linkage of Social Exchange Theory and Hospitality Industry

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ABSTRACT

Hospitality industry are one of the most influential among other industry in Malaysia. Based on the gross output value gained in 2017 RM15.8 billion based on the 2018 references year. (Department of Statistic Malaysia,2019) it's shown the huge amount that contributed to the nation. Therefore, the objective of this paper is to review the linkage of the Social Exchange Theory contribute to the hospitality industry. The novel of this review paper is given a contribute of the SET and how it helps to maintain the social, economies and organization exchange in perspective of both parties (employee and employer) or vice versa.

INTRODUCTION

In order to make the world become changes, its start from our behaviour. Social exchange theory (SET) is among the most influential conceptual models for understanding no only workplace behaviour but also as individually. Even though different views of social exchange have arisen, theorists and researcher agree that social exchange involves a series of interactions that generate obligations [11]. Within SET, these interactions are usually seen as interdependent and dependent on the engagements of another person [3]. SET also highlights that these interdependent transactions have the potential to generate high-quality relationships, even though as we the situation are happens in certain circumstances. SET being discussed for theoretical uncertainties and empirical needs [4], whereas others figure out lamented frequent misunderstandings of the general SET model [6]. For the best author knowledge, nearly a half a century ago, this is clearly presented a concept of social behaviour that was based on exchange [16]. Essentially, researcher introduced the concept or idea that exchanges are not limited to material goods but also include symbolic value (e.g., approval and prestige). This is critically agreed that exchange may happened in goods and services in order to help the industry and world. As mentioned above, the objective or mission of this paper about the linkage of SET and Hospitality industry that have vital or critical significant for all the researcher and industry player.

PROBLEM STATEMENT

This paper as mentioned earlier to review the relationship or linkage of social exchange theory and hospitality industry. This matter happens as mentions in the few articles which wrote by Cropanzano.R et all (2017) in their article "Social Exchange Theory: A Critical Review with Theoretical Remedies". They mentioned that its lack of article that discuss about the SET and importance of the theory toward the work behaviour in the service industry that reflect the hospitality industry as one of the services industries as mentioned by Department of Statistic Malaysia, 2018 in their series article published on April, 2019. Besides that, this issues also been raised by Emily Ma, 2019, in her article regarding to the issues which the importance of service

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quality and employee motivation are expanding of the social exchange theory that lack of attention by the researcher. [13]

FOUNDATION OF SOCIAL EXCHANGE THEORY

SET is the theory has been one of the major theoretical perspectives in the field of social psychology, and it's found by the pioneer scholar of exchange theory which is Homans (1961), Blau (1964) and Emerson (1962, 1972).[9]. They reviewed that this orientation of theoretical SET is based on earlier philosophical and psychological orientations developing from utilitarianism on the one hand and behaviourism on the other. The rests of both of these theoretical foundations remain useful in the versions of exchange theory that are current today. Based on the article by Nunkoo.R,2016, the author make summary that the authors that have been studies about the evolution of SET. Nunkoo mentioned that SET has been popular in the sociology and social psychology literature and is considered to be one of the oldest theories of social behaviour (Homans, 1958). Emerson (1981) notes that social exchange involves two persons, each of whom provides some benefits to the other, and contingent upon rewards from the other.[22] It's shown that this theory is remain useful to the workplace currently. SET may well have the huge potential to provide a several frameworks for much of organizational behaviour. Yet, even if this potential exists, it is unlikely to manifest itself given the current conceptual difficulties. Our review will return to the foundational ideas of SET's explanatory power:

- (a) Rules and norms of exchange,
- (b) Resources exchanged,
- (c) Relationships that emerge.

In this paper we will focusing more to rules and norms of exchange because that foundation is the first guide/foundation that must be fulfil by the industry. [7].

Rules and Norms Exchange

One of the fundamentals beliefs of SET is that relationships keep progressing over time into trusting that relate to superior/management, loyal, and mutual commitments. In order to make it clear, parties must tolerate by certain "rules" of exchange. Rules of exchange form a "normative" definition of the situation that forms among or is adopted by the participants in an exchange relation" [11]. The researcher added that, in this way, rules and norms of exchange are "the guidelines" of exchange processes. Thus, the use of SET in models of organizational behaviour is framed on the basis of the exchange rule or principle the researcher relies on.

Most of management research focuses on expectations of reciprocity (repayment); however, a number of other exchange rules have been outlined in SET. Thus, the majority of this section will outline principles of reciprocity, but we also introduce negotiated rules and lesser researched rules of exchange. This study is focusing more to this foundation because this is the first guide or foundation that must follow to fulfil the SET concept.

Definition of reciprocity or repayment is probably the best-known exchange rule. Repayment provided a multi-disciplinary review of what was then known of SET [15]. It's being review to makes clear that there is some ambiguity in the way in which reciprocity can be defined. The primary contribution of review by Gouldner was outlining the nature of reciprocity within exchange and distinguishing three different types of reciprocity: (a) reciprocity as a transactional pattern of interdependent exchanges, (b) reciprocity as a folk belief, and (c) reciprocity as a moral norm [15].

Even though there are type of reciprocity, if a person supplies a benefit, the receiving party should respond in kind [14]. That is the real concept of reciprocity. That is the roots of this theory that must be applicable in all industry. If the manager treats the employee wisely in return, the employee will repay all the kindness to the organization.

STUDIES EXAMINING INDIVIDUAL	DIFFERENCES IN RECIPROCITY
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Author(s)	Exchange Orientation	Independent Variable(s) Examined ^a	Dependent Variable(s) Examined
Andrews, Witt, and Kacmar (2003)	Exchange ideology (Eisenberger, Huntington, Hutchison, & Sowa, 1986)	Organizational politics Exchange ideology (M)	Manager-rated retention
Cotterell, Eisenberger, and Speicher (1992)	Reciprocation wariness (Eisenberger, Conterell, & Marvel, 1987) Creditor ideology (Eisenberger et al., 1987)	Helpfulness Approachability Social goal orientation Machiavellianism Reciprocation wariness (M) Creditor ideology (M)	Cooperativeness Expectations of future interaction
Coyle-Shapiro (2002)	Reciprocity norm acceptance (Eisenberger et al., 1987)	Perceptions of employer inducements Perceptions of employer obligations Acceptance of norm of reciprocity (M) Procedural justice (M) Interactional justice (M) Trust in the employer (M)	Organizational citizenship behavior
Coyle-Shapiro and Neuman (2004)	Exchange ideology (Eisenberger et al., 1986) Creditor ideology (Eisenberger et al., 1987)	Perceptions of employer obligations Perceptions of employer fulfillment of obligations Exchange ideology (M) Creditor ideology (M)	Employee obligations to employer Employee fulfillment of obligations to employer
de Ruyter and Wetzels (2000)	Relational exchange orientation	Resource dependence Procedural justice Communication difficulties Interfunctional rivalry Interfunctional distance	Relational exchange orientation
Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001)	Exchange ideology (adapted version from Eisenberger et al., 1986)	Perceived organizational support Felt obligation (I) Exchange ideology (M) Positive mood (I)	Affective commitment Organizational spontaneity In-role performance Withdrawal behavior

Eisenberger et al. (1986)	Exchange ideology	Perceived organizational support Exchange ideo logy (M)	Absenteeism
Eisenberger et al. (1987)	Reciprocation ideology – Reciprocity norm acceptance – Creditor ideology – Reciprocation wariness	Bargaining resources Reciprocationideology (M)	Resources exchanged
Eisenberger, Lynch, Aselage, and Rohdieck (2004)	Positive norm of reciprocity Negative norm of reciprocity	Need for dominance Impulsivity	Experienced anger Ridicule
		Dispositional anger Expectational trust Favorable/unflivorable treatment Positive norm of reciprocity	Experienced anxiety Encouragement Positive emotional engagement
Gallucei and Perugini (2003)	Personal norm of reciprocity – Positive reciprocity – Negative reciprocity – Beliefs in reciprocity	Negative norm of reciprocity (M) Personal norm of reciprocity – Positive reciprocity – Negative reciprocity – Beliefs in reciprocity (M)	Information regarding future interaction Selfish behavior
Ladd and Henry (2000)	Exchange ideology (Eisenberger et al., 1986)	Perceived coworker support Perceived organizational support Exchange ideology (M) Conscientiousness Empathy	Coworker-directed citizenship Organizational citizenship
Lynch, Eisenberger, and Armeli (1999)	Reciprocation wariness (Eisenberger et al., 1987)	Reciprocation wariness Perceived organizational support (M)	In-role performance Extra-role performance
Orpen (1994)	Exchange ideology	Perceived organizational support Exchange ideology (M)	Employee effort Job performance
Perugini and Gallucci (2001)	Personal norm of reciprocity – Positive reciprocity – Negative reciprocity – Beliefs in reciprocity	Personal norm of reciprocity Cooperation Hostility Social value orientation	Proseciality of behavior (negative, neutral, positive) Payoffs

Author(s)	Exchange Orientation	Independent Variable(s) Examined ³	Dependent Variable(s) Examined
Perugini, Gallucci, Presaghi,	Personal norm of reciprocity	Personal norm of reciprocity	Valence of other's past behavior
and Ercolani (2003)	- Positive reciprocity	Creditor ideology	Reward versus punishment reaction
	 Negative reciprocity Beliefs in reciprocity 	Reciprocation wariness	
		Reciprocity-norm acceptance	
		Empathy/attachment	
		Forgive ness/nonretaliation	
		Fairness/nonexploitation	
		Extraversion	
		Agreeableness	
		Conscientiousness	
		Emotional stability	
		Autonomy	
		Social value orientation	
Sinclair and Tetrick (1995)	Exchange ideology (Eisenberger et al.,	Union instrumentality	Union commitment
	1986)	Union support perceptions	- Union loyalty
		Exchange ideology(M)	- Responsibility to the union
			- Willingness to work for the union
			- Belief in unionism
Witt (1991a)	Exchange i deology (Eisenberger et al.,	Perceptions of equal opportunity	Job satisfaction
	1986)	Exchange ideology(M)	Procedural justice
	Exchange i deology (Hisenberger et al., 1986)	Job satisfaction	Organizational citizenship behavior
		Perceived organizational support	
		Organizational commitment	
		Exchange ideology(M)	
Mitt (1992)	Exchange ideology (Eisenberger et al.,	Parti cipation in decision making	Job satisfaction
	1986)	Exchange ideology(M)	Perceived organizational support
Vitt and Broach (1993)	Exchange ideology (Eisenberger et al.,	Procedural justice	Satisfaction with training experience
	1986)	Exchange ideology(M)	
Witt, Kacmar, and Andrews	Exchange ideology (Eisenberger et al.,	Procedural justice	Manager-rated commitment
(2001)	1986)	Exchange ideology (M)	
Witt and Wilson (1990)	Exchange ideology (Eisenberger et al.,	Perceptions of income sufficiency	Job satisfaction
	1986)	Exchange ideology (M)	Organizational commitment

Figure 1. Studies Examining Individual Differences in Reciprocity (Adopted: Cropanzano & Mitchell, 2005 - Journal of Management, Vol. 31 No. 6, December 2005 874-900 -DOI: 10.1177/014920630527960.

From the author view, the Figure 1 above is clearly showed that SET implication is huge and really related to the service industry. From the studies that have been made by the researcher according to the theory, it can be sum up that SET are the social enhancement towards all the employee and vice versa to the organization. The studies are relying into commitment, job satisfaction, organizational citizenship behaviour, and justice. In the world of hospitality that elements are must be fulfilled in order to increase the satisfaction and decrease turnover rate. More over, from a social exchange perspective the word 'resources' is used very broadly and includes both materialistic and non-materialistic aspects unlike in economic exchanges where the focus is on 'wealth' as a resource for the partners.



RELATIONSHIP WITH HOSPITALITY INDUSTRY

Figure 2. Sustainable Development Goals (2015) – Sources from Department of Statistics Malaysia, 2018.

Based on the Figure 2 above, shown the Sustainable Development Goals (SDG) which is designed by the United Nations Development Programme in 2015 to end poverty, protect the planet and ensure prosperity for all. There are 17 goals to make our world better and obviously by implementing SET, SDG will be achieving because lots of exchange can be develop with SET such as organizational exchange, social exchange and economic exchange. This is supported by lots of researcher. Obviously, by applied SET in the hospitality industry goal no 8 can be increase and achieving in future. This is supported by researcher Byrd et all. Although many theories have been put forward to explain residents' perceptions of hospitality, the most widely utilized one has been the Social Exchange Theory [5]

In line with the SDG, In Malaysia perspective regarding hospitality industry, data from Department of Statistic Malaysia presents statistics on accommodation services which obtained from the Annual Economic Survey 2018 for reference year 2017 shown that accommodation services recorded gross output value of RM15.8 billion in 2017 as compared to RM13.9 billion in 2015 with the annual growth rate value of 6.7 per cent. Hotel in Malaysia are growth like mushroom, wrote by Ng (2018), in the article title "Hotel mushrooming in Malaysia" the number of hotels in the country have gradually risen over the past 10 years till 2017.Based on the Malaysia statistic services industry that including the accommodation and food and beverages (hospitality) the fourth quarter of 2018 the revenue of these industry are RM 342.76 billion. From the research made by the author, finds that there are lots of hotel newly open in 2018 and 2019 in Malaysia as followed:

Four Seasons Hotel Kuala Lumpur (209 rooms)	lbis Kuala Lumpur (684 rooms)
Banyan Tree Signature Kuala Lumpur (100 rooms)	Hyatt House Kuala Lumpur (298 apartments/suites)
W Hotel Kuala Lumpur (150 rooms)	Riverside Majestic Astana Wing (272 rooms)
Pavillion Hotel by Banyan Tree (337 rooms)	Movenpick Hotel & Convention Centre (333 rooms)
Alila Kuala Lumpur (126 rooms)	The RuMa (253 rooms)
Hatten Place Melaka (270 rooms)	Marriott Waterfront Kota Kinabalu <mark>(</mark> 355 rooms)
Doubletree by Hilton Melaka (273 rooms)	Aloft Langkawi (208 rooms)

EQ Kuala Lumpur (440 rooms, opened) CitizenM Kuala Lumpur (210 rooms, opened) TH Hotel & Convention Centre Kuching (237 rooms) Courtyard by Marriott Penang (200 rooms) Westin Desaru Coast (275 rooms, opened) Hard Rock Hotel Desaru Coast (365 rooms, opened)

Figure 3. Adopted from: 2019 Malaysia Hotel Industry Survey of Operations by Horwath HTL.

It's shown that hospitality industry is the importance industry that contributed to the economics of Malaysia [18]. SET help the industry with three elements below.

Organizational Exchange

All exchanges are done on some main points [12]. The exchange resources introduce six kinds of exchange resources: Love, situation, information, money, good and service [7]. Apart from that, it's identifies two kinds of exchanges: social and economic exchanges [3]. In social exchanges there is concentration on social-emotional resources within a long term; whereas, there is concentration on short-term exchanges of economic products. Its means that in hospitality industry they have vision and mission that need to accomplish. There have identifies four main factors distinguishing between social exchanges and economic exchanges: level of trust, amount of investment, time (short term versus long term), emphasis on exchanges (social-emotional versus pure economic and financial)[25]. They added , in social exchanges there is a high level of trust, there is high investment on employee, there is concentration on long-term relations and emphasis on social-emotional relations [16]. From the best author experience, trust are relate of leader and employee, once leader are being trusted as the one that can guide the employee, the exchange part will held.

Social Exchanges

Hospitality are closely related in social exchanges. Social exchanges which are based on communication and have subjective exchanges between employers and employees are identified by profit of social-emotional exchanges, mutual commitment and trust, long term concentration, endless commitment and etc. Some determinants have effects on quality of social exchanges between employers and employees: commitment, trust, identification and perceived support. Employees identify their exchange relations after perception of organizational support of the employee. When employee think their organizations pay enough attention to their needs, their social exchanges with their organizations turn more valuable [17]. This is clearly state by the researcher and being supported that once employee being care, they will repay back to the organization.

There are two main forms of social exchanges, perceived organizational support and organizational distributive justice on basis of how employees evaluate these exchanges. Organizational distributive justice refers to employee's evaluation of degree of just reward for more cooperation and help. Other studies also relate SET with the relationship between these two forms and OCB [1].

Economic Exchange

SET not only focus on social, the economies of the employee also being a vital part of the theory. Employees identify their economic exchange relations after perception of their received rewards like salary, situation and promotion. The employee thinks the more just these economic rewards are in comparison with other organization's opportunities and demands, the more valuable these exchange relations are. Positive perception of economic exchange cause economic dependence of employee on organization to increase. Positive perception of economic exchange relations does not only depend on reward system but also on other opportunities in other organizations and individual cost to change the current jobs. [7]. Furthermore, Social exchanges are difference from economic exchanges in several fundamental/basic ways. While benefits involved in economic exchanges are formal and often contractual, such benefits and their exact nature are rarely negotiated in social exchanges [3]. Exchange of benefits is an intentional action and entails unspecified future obligations.

In the social exchange, benefits do not occur on a calculated base (Konovsky and Pugh, 1994). There is also no guarantee that there will be a reciprocation/transaction of benefits. Thus, social exchanges involve ambiguity and uncertainty, particularly in the first stages of the relationship [28]. However, like economic exchanges, in social exchanges, there exists an expectation of some future returns for contributions between the exchange partners although the exact nature of the returns is not known or negotiated in social exchanges [3]. Social exchanges are also characterized by long-term or vision fairness in contrast to short-term or mission fairness that characterizes economic exchanges [18] According to SET, the social exchange involve seconomic and/or social outcomes [8]. Whitener et al. (1998) stressed that exchanges may involve benefits with economic or without any objective utility and further argue that the latter may have a significant impact on the social dimension of the relationship. From the best author knowledge, SET is spread the good contribution in the economic and also help the industry at the same time. Base on all the information gain by the researcher before.

FUTURE AGENDA

Building on these straightforward ideas, social exchange theory is one of the most enduring and widely used conceptual frameworks [7]. At one time or another, many of the most important topics in organizational behaviour have been analysed through the lens of social exchange theory. For example, organizational citizenship behaviours [23-24], commitment [2] justice [26]and both supervisory and organizational support [19] have been fruitfully explored using this conceptual model .In line with the relationship with the SDG 2015 and hospitality industry all the conceptual can be investigate in the future to unfold the strength of SET. Resources exchanged and Relationships that emerge need to be discussed in other studies that related to the other conceptual or ideas to enhance the foundation of SET. From the best author view, SET and hospitality industry are really close related but there has some ambiguity that have been discussed by the other researchers [6].

CONCLUSION

Although theorists diverge on particulars, they do converge on the central "essence" of SET: Social exchange comprises actions contingent on the rewarding reactions of others, which over time provide for mutually and rewarding transactions and relationships. [7] Its mean that, how many differences of studies about the output of the theory the basic or the foundation of this theory which is repayment element need to be clearly understood in order to achieve the social, economic and organizational exchange of employee and organization especially in the hospitality industry that help a lots of contribution toward GDP of Malaysia. Regarding to Nunkoo. R, SET is really related to Hospitality industry and will have a significant toward employee and guest. Moreover, the SET has been one of the most widely used theories to investigate the topic [22]. This paper highlights the importance concepts of the SET and how the content helps the hospitality industry that being one of the critical industries nowadays to survive.

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