A GIFT EXCHANGE PERSPECTIVE ON ORGANIZATIONAL TRAINING

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Résumé : Dans quelle mesure une entreprise a-t-elle intérêt à investir dans une formation diplômante pour ses salariés, ou pour certains d'entre eux? Les intérêts de l'entreprise peuvent-ils, en la matière, rejoindre ceux des salariés ?
Pour l'entreprise, le choix d'investir dans des formations diplômantes, en plus de son coût élevé, comporte en effet des risques évidents. Selon la théorie du capital humain, ce sont donc plutôt les salariés et/ou la communauté qui devraient encourir le coût de telles formations (Baron & Kreps, 1999). Les entreprises n'en paieraient le prix que partiellement et indirectement, *via* un salaire de marché plus élevé pour les diplômés recherchés.
Or, aux Etats-Unis notamment, les entreprises sont de plus en plus nombreuses à proposer à quelques-uns de leurs salariés (généralement considérés comme « à potentiel ») de suivre un *executive MBA* (Pfeffer & Fong, 2002), diplôme généralement valorisé sur le marché du travail - surtout quand il vient compléter une formation initiale technique de bon niveau (diplôme d'ingénieur par exemple) et une expérience professionnelle significative.
Comment analyser cet apparent paradoxe ? Il existe bien-sûr des arguments en termes de rareté des profils recherchés, de coûts de recrutement et de licenciement, de spécificité des compétences déjà acquises par les personnes formées *etc*. Mais ces approches, essentiellement formulées en termes de rapport coûts/avantages pour l'entreprise et/ou pour les salariés, nous semblent mériter d'être complétées si l'on veut comprendre les enjeux et les conséquences de tels choix d'investissement.
Dans cette communication, nous proposons de montrer que ces choix peuvent être interprétés comme une manière, pour l'entreprise, d'essayer d'engager avec les salariés concernés un échange « don-contredon » (Mauss, 1967). En leur offrant une telle formation et en acceptant d'encourir les risques que cela comporte, l'entreprise espère en effet faire naître chez eux le sentiment de devoir « rendre » ce qu'ils ont reçu, sous forme de comportements coopératifs discrétionnaires ou extra-rôle, consistant à aller au delà de ce qu'ils sont normalement (ou contractuellement) tenus de faire. Mais elle ne peut le faire qu'à la condition de suivre les règles conventionnelles du don-contredon, que nous détaillons dans notre communication.

Mots-clés : don-contredon, régulation, formation, échange social, capital humain

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Les choix d'investissement en formation : une analyse en termes de Don-contredon

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Human capital theory, used by scholars to explain organizational training decisions, views training as an investment that should be justified according to its expected financial returns. Human capital theory suggests that training costs should be paid for when the firm is able to achieve acceptable financial returns to the training investment compared to alternative uses of how its financial resources could be employed (Becker, 1964). In particular, general training, a form of training that can be transferred to other organizations, is viewed by human capital theory as a less secure investment than alternative forms of training (Rees, 1979). The investment uncertainty is due to the fact that an employee receiving general training can quit to take advantage of an outside employment offer to the detriment of the training organization which then is deprived of its employee's newly acquired skills. Consequently, human capital theory argues that the cost of general training should be paid for in the majority of cases by an employee, rather than a firm, so that a firm avoids the uncertainty of losing its training investment to employee turnover (Baron & Kreps, 1999; Lazear, 1998; Becker, 1964). However human capital theory also recognizes there could be situations where the employer will find it useful to pay for general training.

Situations where a firm would pay for general training occur according to human capital theory occur when there is more certainty of a positive return to the firm because employees are likely to remain long enough for the firm to earn a positive return on the training costs. An example where employers will feel confident that trained employees will be retained is when the employer is a monopsonist (Becker, 1964). Monopsonist employers are the dominate employer in a labor market which makes it less likely that an employee is able to quit for a better job due to a scarcity of opportunity not controlled by the monopsonist firm. We are left to surmise that human capital theory views the employer decision to pay for general training somewhat ambiguously, depending on the contingency of whether a trained employee is willing and able to quit the firm for a better opportunity before the investment in training pays off.

In order to improve our understanding of general training decisions in organizations, we will show how gift exchange theory, derived from a social exchange perspective, can be applied to reframe general training in a way that reduces some of the ambiguity concerning when it is appropriate for a firm to pay for it. We will show that offering general training to an employee

can be viewed as an important step towards establishing a collaborative relationship between an employer and an employee by enhancing an employee's marketable skills (Pfeffer, 1998). Moreover, employees receiving the general training, depending on if the employer is viewed as being altruistic consistent with the rules of the gift exchange process, are likely to respond in kind to an employer's gesture according to norms of reciprocity (Flynn, 2003; Gouldner, 1960). It will be showed that employees will reciprocate by working more cooperatively (taking the organization's needs into consideration), and working less on an individualistic basis (giving primacy to individual interests over collective interests of the organization) (Emerson, 1987; Blau, 1964). A greater employee emphasis on cooperation includes providing increased levels of organizational citizenship behaviors (Konovsky & Pugh, 1994), innovations and employee commitment to the firm (Eisenberger, Fasolo & Davis-LaMastro, 1990), as well as a greater propensity for employees to accept changes in work rules and technology (Pfeffer, 1998; Snell & Dean, 1992).

The objective of this paper is to view general training in organizations from the perspective of gift exchange theory, and explain why organizations would choose to pay for general training when certain procedures of gift exchange are followed. These gift exchange rules, which will be specified later in the paper, provide a context for employees to view general training as an act of helping on the part of the employer, and increases the likelihood that employees will want to reciprocate by acting cooperatively (Eisenberger, Fasolo, & LaMastro, 1990; Gouldner, 1960). By framing general training within the context of a gift exchange process we show that employers can be more confident to pay for general training by having expectations that trained employees will be retained in a mutually beneficial employer-employee social exchange relationship (Blau, 1964).

In the sections of this paper to follow we first present the human capital perspective on training. Next we present gift exchange theory and specify the rules of gift exchange extracted from the research literature. Then we frame the employer choice to pay for general training with a gift exchange perspective. Some theoretical propositions are presented that predict how employees are likely to respond when the employer pays for general training when it is given in a manner consistent with the gift exchange rules. Finally, we conclude by discussing the significance of examining general training through the theoretical lens of gift exchange and suggest some future research that utilizes this perspective.

(1) THE HUMAN CAPITAL PERSPECTIVE ON TRAINING

Human capital theory has been a pervasive theoretical perspective that has been used by scholars seeking to understand training decisions in organizations (Lepak & Snell, 1999; Baron & Kreps, 1999; Pfeffer, 1994; Snell & Dean, 1992). Human capital theory views organizational training as an investment and suggests that training should occur when its financial benefits outweigh its costs. A capital investment involves the transferring of resources from the present into the future, and human capital investments are no different (Buchholtz, Ribbens & Houle, 2003).

From the human capital perspective, the benefits of training for an organization consist of the incremental increase of employee productivity attributed to training less the costs of the training paid by the employer (Becker, 1964). The costs of training include direct costs (cost of providing the training) and indirect costs (cost of foregone productivity and salary expense when taking an employee away from the job in order to receive the training). The gains from training should accrue over a sufficient duration so that the total gains from training exceed the the total costs of the training (Rees, 1979). Thus, in similar contexts, firms that expect to retain employees for long periods of time would be expected to make heavier investments in human capital than firms that have low expectations of retaining employees.

Firm Specific and General Human Capital

Human capital theory identifies two types of human capital investments: (1) firm specific human capital; and (2) general human capital investments (Becker, 1964). Firm specific human capital (product knowledge, for example) consists of knowledge, skills and abilities that are unique and valuable to the focal firm but have no utility to other firms. General human capital consists of skills that can be applied at the focal firm as well as other organizations. An example of general human capital skills would be an executive MBA program. Therefore employees who master general human capital skills can command a wage premium in the market from other firms that are willing to pay for the employees' higher productivity while avoiding to pay for the costs of general training.

Firms are willing to pay for firm specific human capital because they can recover the employee training costs by retaining a portion of an employee's post training productivity improvements. In addition, an employer is willing to share a portion of the monetary gains from specific training by providing higher wages to an employee after the training is completed to entice the employee to be retained (Baron & Kreps, 1999). Both parties, employer and employee, benefit from this revenue sharing arrangement with respect to the gains from firm specific human capital (Rees, 1979). The employer gets to recover the specific training costs and subsequently share in employee productivity gains, while the employee receives a higher wage from the focal firm that will not be offered at other firms, since the value of specific human capital investments does not transfer to other firms. Thus, a recipient of firm specific human capital investment will realize the best terms of economic exchange with respect to his or her skills at the focal firm and is more likely to stay there.

In contrast, if a focal firm pays for general human capital, the recipient of general training may decide to quit and join another firm in order to receive a higher wage from another employer willing to pay the market price for the general training skills (Becker, 1964). Consequently, the focal firm risks losing its general human capital investment before it can recover its training costs. According to the logic of human capital theory, firms should expect employees to pay for general human capital skills since they are able to realize all the gains from general human capital in the market (Baron & Kreps, 1999).

However, human capital theory also suggests there could be other situations that occur where employee job mobility is restricted and where it would be worthwhile for the employer to pay for general human capital (Becker, 1964). Situations where labor mobility is low include when an employer is a monopsonist (controlling all or most of the jobs in a labor market) or when an employee has accumulated a great deal of firm seniority (which enhances the value of benefits such as pensions and vacation allotments, making it costly to leave). Thus the human capital perspective ambiguously suggests that on the one hand an employee should pay for general training, but on the other hand an employer will pay for it when there are barriers that impede employee post-training job mobility. We are left to wonder to what degree of monopsony or how much firm seniority will it take before an employer is willing to pay for general training expenses.

While it is possible for other forms of training to exist that could be a mix of both firm specific and general human capital (Baron & Kreps, 1999), in this paper we will focus our discussion on the two pure forms of human capital investments which consist of firm specific or general human capital.

The Paradox of General Human Capital Investments

The tentativeness that human capital theory displays with respect to having the employer pay for general human capital investments raises an interesting paradox: why is it that many firms actually do make sizeable investments in general human capital despite bearing the financial risk of losing those investments to firms that may "poach" the recipients of the general human capital investments (Wexley & Latham, 2002; Cascio, 2000)? In other words, there are abundant situations where employers pay for general training and should not be expected to pay for it, and where employees should be expected to pay for general training and do not. Lets look at the growing demand for executive MBAs as an example.

There is evidence that firms are devoting increasing amounts of resources into making general human capital investments such as sending employees to executive MBA programs and executive training (*Business Week*, 2001). This is quite surprising, since there are macro trends that suggest that employees are less likely to be retained at firms for long periods of time due to the increased incidences of corporate restructuring, downsizing and outsourcing which employees view as a normal part of professional life in the twenty-first century (Rousseau & Shperling, 2003; Cascio, 2002; 1993; Snell & Dean, 1992). According to human capital theory it would seem that since firms face increased uncertainty over being able to retain employees over a long period of time due to voluntary and involuntary separations, it stands to reason that these firms would be less likely to pay for general training. In fact the opposite may be occuring as the following illustration suggests.

Moreover, in the U.S. there is a growing trend for corporations to send managers with high potential to one of the growing number of executive MBA programs that provide training in general management skills to the trainees (Pfeffer & Fong, 2002). Executive MBA programs operate on alternating fridays and saturdays, allowing the trainees to remain employed with their sponsoring firms. The executive MBA programs are both expensive and time intensive. For example, the Cornell University executive MBA costs $107,600 in tuition for the class entering in July, 2004 and takes 22 months to complete. A recent survey of executive MBA programs by

Business Week reported that 52 % of the sponsoring firms paid 100% of the student tuition and 65% paid more than half of the tuition (*Business Week*, 2001). The survey also reported that nearly all the sponsoring companies gave their managers enrolled in executive MBA programs time off for their studies, adding to the training costs, despite the fact that students received salaries that ranged on average between $76,000 to $100,000 per year.

Next we present gift exchange theory which offers an alternative approach to explain why organizations make general human capital investments. Gift exchange theory does not attempt to compute expected costs and benefits attributed to general training in the manner of human capital theory; rather it views the provision of general training skills as part of a process that links the employer and employees in a collaborative long-term relationship that both parties find beneficial.

(2) GIFT EXCHANGE THEORY

Scholars have observed both social and economic exchanges of resources between parties (Blau, 1964, Sparrowe & Liden, 1997; Testart, 2001). An economic exchange of resources occurs when each party in the exchange focuses primarily on the exchange process and the outcome. When the relative value of what is being exchanged (goods, favors, etc.) is perceived to be of approximately equal worth by the parties, the economic exchange is in equilibruim (Emerson, 1987). Economic exchanges occur within relationships that tend to be short-term, impersonal, and each party in the exchange is focused on its self-interest (Sparrowe & Liden, 1997). In economic exchanges, each party discloses the worth of what is being exchanged in order to achieve the best terms in what it receives from the other party. The parties in an economic exchange are likely to have a low potential to trust one another since the parties deal with each other primarily for the purpose of an exchange which is impersonal and of short duration (Brass, Butterfield, & Skaggs, 1998). For example, in an economic exchange occuring in a market under competitive assumptions resources are allocated according to price and goods are assumed to have uniform quality. An economic exchange at a supermarket between a customer and a checkout clerk would be impersonal, quick, with transparent information on what is being exchanged (i.e., prices and product labels are displayed for customers), and with low potential for trust to develop between the parties, since the parties are likely to know each other only at a surface level. A customer in an economic exchange would be indifferent between one

supermarket or another and would select the supermarket with the lowest prices of food to do business.

The concept of social exchange was first expressed by Blau (1964) and used to describe social interactions that employees experience within their organizations (Brandes, Dharwadkar, & Wheatley, 2004). Social exchanges are mechanisms parties use to build and strengthen relationships such as friendships and ties between colleagues. The exchange of gifts between two parties represents a type of social exchange. Gift exchanges are performed between parties, based on norms of reciprocity, which stipulate that people should feel compelled to help those who have helped them (Flynn, 2003; Testart, 2001; Gouldner, 1960). When a social exchange is in equilibriuim the parties in the exchange perceive that their relationship is in balance. For example, a gift exchange relationship could occur between an employee and an employer who exchange favors --an employee works overtime on an important project and later receives a preferred work assignment from the employer.

A key function of a gift exchange and social exchanges, is to sustain the relationship between the parties, and less concern is placed on the actual resources being exchanged when the relationship is going well (Mauss, 1967; Blau, 1964). A study by Yan (1996) on gift giving in a Chinese rural village describes how gifts strengthen family linkages as well as those with friends and neighbors with whom villagers share a kinship (Lowrey, Otnes & Ruth, 2004). Unlike the economic exchange where the basis of exchange is measured in monetary terms, in a gift exchange the social context of the parties matters. A gift may have emotional value to a recipient that is deemed equivalent to a more impressive gift that was exchanged to the other party. However, when there appears to be an imbalance in the exchange of gifts, such as when one party feels it is giving more than it is receiving, the agrieved party will focus more attention on the exchange process, which is an indicator that the relationship is not going well.

In gift exchange relationships it is important that neither party makes explicit the relative account balance of the gift exchanges over the duration of the relationship. If either party violates this *taboo of calculation* the gift exchange relationship is undermined (Testart, 2001; Mauss, 1967).

A gift exchange relationship between parties can be characterized as a personal relationship, where the parties develop mutual empathy, and with an indefinite time horizon with frequent interactions between parties (Brass, Butterfield & Skaggs, 1998; Sparrowe & Liden, 1997).

Within gift exchange relationships the parties do not disclose the value of the gift they offer to the other party. The disclosure of value would make the giving party appear to the receiver to have motives based on self-interest rather than altruism or empathy which could undermine the gift exchange relationship. Gift exchange relationships have a high potential to sustain trust between the parties because the parties make themselves vulnerable (a gift giving party risks disappointment when there is no reciprocity forthcoming from the gift exchange partner) and invest more time in these relationships (Kollock, 1994; Lewicki, McAllister, & Bies, 1998; Blau, 1964).

The characteristics of both social and economic exchanges are summarized in Table 1. To recap, social exchanges display mutual concern between the parties, have indefinite time horizons, and the parties do not expect to disclose the value of the resource that is exchanged. The social context matters in a social exchange so that, for example, a gift may have symbolic significance to the party that receives it based on knowledge of the receiving party's gift preferences. Social exchanges also offer the potential for trust to develop between the parties who make themselves vulnerable to disappointment if a gift is not reciprocated. In contrast, economic exchanges are impersonal and driven by self-interest, have short-term time horizons for the exchange, and provide disclosure of the value of the resources in the exchange process in order to receive an equivalent value of resources in return. Economic exchanges are not significantly affected by the social context of the exchange because the basis of exchange is in monetary terms that are mutually understood. Finally, economic exchanges offer low potential for trust due to the brief time and limited opportunity for the parties to develop trust.

The Rules of Gift Exchanges

Scholars of sociology and anthropology have observed some basic rules governing the exchange of gifts that apply to diverse cultural contexts that range from simple, tribal societies to more complex societies and organizations (Testart, 2001; Leach & Leach, 1983; Firth, 1972; Mauss, 1967). The type of gift that parties exchange in social exchanges can be classified as *non-agonistique* gifts, where the giver offers a gift selected in the context of a social exchange relationship (Bourdieu, 1980). Some examples of these type of gifts include information (such as advice), services (such as assistance), or goods (such as a meal or equipment) (Flynn, 2003).

We exclude in our discussion *agonistique* (from the French meaning having warlike or conflicting properties) gifts that represent attempts to achieve power or dominance over the giver (Mauss, 1950: 153). An example of an agonistique gift would be the gifts exchanged at a *potlatch* which is a custom of tribal chiefs of the Pacific Northwest coast Indians where the chief of one tribe overwhelms his rival with impressive gifts of wealth to display his power and superiority to the receiver. The goal of the potlach is for the giving party to offer a gift to the receiver that would be difficult or impossible to return on an equivalent basis (Godelier, 1996). Agonistique gifts do not facilitate social relationships because one partner may not be in a position to reciprocate due to having fewer resources and so the relationship becomes unbalanced.

When the gift exchange rules are followed by both parties the relationship is in an equilibrium state. When one or more of the gift exchange rules are violated the relationship may be in jeopardy of ending. The gift exchange rules are as follows (Lowrey et al., 2004; Flynn, 2003; Testart, 2001; Sparrow & Liden, 1997; Godelier, 1996; Bourdieu, 1980; 1972; Mauss, 1967; Blau, 1964).

1. *A gift should consider the recipient's personal needs and feelings.* A gift given in a perfunctory way (for example, recycling an old gift) could upset the gift exchange equilibrium. A gift will have sentimental value to a recipient that compensates for its economic value. Gifts are not viewed in a strict utilitarian sense, but more in terms of social utility with respect to a relationship (Lowrey et al., 2004; Sparrowe & Liden, 1997; Mauss, 1967).

2. *The parties avoid discussing the gift exchange balance sheet*. There is a common understanding between the gift exchange partners that the current status of the exchange equilibrium (or imbalance as the case may be) remains unexpressed (Testart, 2001; Mauss, 1967) By making the status of the exchange equilibrium explicit, the relationship is harmed.

3. *The parties avoid making explicit their expectations of the gift exchange*. The vagueness of the expectation of the exchange (what, when, how valuable) is the logic that maintains equilibrium (Testart, 2001). By making an explicit calculation of (a) the gift value, or (b) the timeframe when a reciprocal gift is expected, the gift exchange is undermined.

4. *Parties act surprised (not entitled) when a gift is presented to them*. The gift giving parties should act disinterested in expecting a reciprocal gift from each other. This mutual nonchalance

acts as a lubricant that sustains the gift giving relationship, enabling the formation of a virtuous circle of kindness and generosity (Bourdieu, 1980).

5. *A recipient of a gift should allow a sufficient time delay before reciprocating the gift to the other party.* The amount of elapsed time between gift exchanges is important. Too rapid a response for a reciprocal gift is viewed negatively by the other party (Godelier, 1996; Bourdieu, 1980). It signals a desire to get "out of debt" to the gift giving party – which tells the party that the received gift was reduced to a calculative, premeditated act of obligation. It degrades the relationship by transforming it into a commercial and instrumental one rather than a personal one.

6. *The time delay between gift exchanges should be long enough to give rise to uncertainty but not too long to arouse resentment.* A sufficient time delay between the gift exchange incurs risk or uncertainty in the exchange. One receives the gift without signaling an expectation of a forthcoming gift since the time elapsed for a reciprocal gift is uncertain. This uncertainty helps sustain the gift giving relationship similar to the way an intermittant reinforcement schedule acts to strengthen behavior by making it less likely to be extinguished. The time delay lets the parties view the gift exchange as being disinterested by the parties – an act of generosity, not manipulation (Bourdieu, 1980; Mauss, 1967). However, a lengthy time delay for a party to reciprocate a received gift may signal to the agrieved party that the relationship is not going well.

7. *The equilibrium of exchange between the parties is always in a dynamic state*. It is the succession of giving and receiving of gifts over time that sustains the social exchange relationship between the parties (Lowrey et al., 2004; Flynn, 2003; Blau, 1964). By comparison, in an economic exchange the equilibrium is static. For example, a party pays for a drink at a bar and receives the drink immediately, or a party buys some furniture and takes delivery of the furniture over a specified period of time. In the gift exchange, on the other hand, the equilibrium is attained over an indefinite period of time.

When the parties follow the gift exchange rules the social exchange relationship is in balance. Next we apply the logic of gift exchange to examine general training in an organization.

(3) FRAMING GENERAL TRAINING AS A GIFT EXCHANGE

The research literature has reported on several forms of social exchange: employer-employee exchange (Konovsky & Pugh, 1994; Organ, 1988), supervisor-subordinate exchange (Sparrowe & Liden, 1997), and peer-to-peer exchange (Flynn, 2003). The provision by the employer of

general training to an employee can be viewed as an employer-employee form of social exchange.

The general training offered by an employer to an employee can be framed as a gift that increases an employee's stock of marketable skills which ultimately can be translated into higher wages. The employer who pays for the employee's general training will want to frame this resource as a gift which can be accomplished by following the gift exchange rules. When the employer follows the gift exchange rules, the employee receiving the training is likely to notice that his or her personal needs are being taken into consideration by the employer. Thus, an employee is likely to believe that his or her economic welfare is being made more secure by the employer who pays for skills that make the employee more marketable, independent of whether he or she stays or leaves the focal organization. By feeling "cared for" by an employer, an employee in turn is likely to feel a moral obligation to reciprocate according to norms of reciprocity (Mauss, 1967; Gouldner, 1960). An important way that an employee receiving general training can reciprocate is through the act of cooperation with respect to the employer's welfare (Flynn, 2003; Konovsky & Pugh, 1994). One form this cooperation can take is by enacting discretionary extra-role behaviors that go beyond the core job tasks and assist the smooth functioning of the organization (Brandes et al., 2004). As we will see the employee cooperation should benefit the employer and may justify the general training expenditures.

Cooperation is the willful contribution of personal efforts to the completion of interdependent jobs and is essential whenever people must coordinate activities among differentiated tasks (Wagner, 1995). Employees who are cooperative take the collective interests of their organization into consideration when enacting their work roles. Employees have discretion in how they enact their roles in either an individualistic or collectivist basis (Wagner & Moch, 1986). While individualists look after themselves and tend to ignore group or organization interests, collectivists look out for the well-being of the organization to which they belong, even in some cases that require that personal interests are set aside.

Some forms that employee cooperation can take that benefit the employer in a gift exchange include: (1) organizational citizenship behaviors (OCBs) which are discretionary actions outside the expected job role that promote organizational effectiveness (Tepper & Taylor, 2003; Konovsky & Pugh, 1994; Organ, 1988) such as voluntarily mentoring of new employees; (2) demonstrating employee commitment to the employer such as turning down an outside job offer

in order to remain with the current employer (Eisenberger et al., 1990); (3) providing innovations to the employer (Eisenberger et al., 1990); and (4) accepting employer initiated changes in employment policies that make the workplace more efficient, and proactively embracing and learning new technologies promoted by the employer that replace the established work methods rather than resisting them (Pfeffer, 1998; 1994; Snell & Dean, 1992). We can see that an employer that provides general training that is framed as a gift to an employee, and in turn receives some of the above listed forms of cooperation from a reciprocating employee, can have a balanced exchange.

This leads to the first two propositions.

Proposition 1: Employers that pay for general training and follow the rules of gift exchange will experience higher levels of cooperation from the employees receiving training.

Proposition 2: Employers that pay for general training and follow the rules of gift exchange will experience higher levels of cooperation from the employees receiving the training than would occur when employers pay for general training and violate the rules of gift exchange.

As noted previously, firm specific human capital is only useful within the domain of the organization where an employee is currently employed. Outside of the focal organization the firm specific human capital has no value to other firms – unlike general human capital that transfers to other firms (Becker, 1964). From a gift exchange theory perspective, we present several reasons why firm specific training provided to employees should generate a lesser need to reciprocate resulting in lower levels of cooperation than would be the case with general training. First, general training provides more utility to employees than firm specific training because they can use it anywhere. General training is likely to be viewed as a more caring and personalized gift since an employee decides where it will be used (at the focal firm or elsewhere). Firm specific training is limited to the focal firm. Thus an employee would appear to be more marketable with general training than firm specific skills. Next, firm specific training also has qualities that make it difficult for employers to fully satisfy all of the gift exchange rules. Firm specific training offered to an employee leads to higher levels of productivity which directly benefits only the focal employer. Therefore, an employee is likely to see a prominent linkage to employer self-interest in the employer decision to pay for firm specific training, so the employee

may feel less obligated to reciprocate generously to the employer. When a gift giving party is seen as directly benefiting from a gift, rule 1 of gift exchange is violated because this rule states that the spirit of the gift should focus on the needs of the receiver, not the giver (Mauss, 1967). Moreover, when an employer pays for firm specific training skills, an employee receiving the skills is likely to view this situation to be more similar to an economic exchange than a social (or gift) exchange. This is so, as we observed earlier, because an employer will need to raise an employee's wage after the firm specific skills are mastered in order to share the economic benefits and ensure that the employee is retained so that an employer's share of the increased productivity attributable to training continues. Thus gift exchange rules 2 and 3 are also violated when the employer pays for firm specific training skills because the employer will need to discuss the exchange balance sheet with the employee when the wage rate is adjusted (rule 2) and this disclosure will make explicit the employer's gift exchange expectations (rule 3). This *tit for tat* exchange (an employee is told by the employer that the wage rate increased as a consequence of mastering firm specific skills) more closely aproximates an economic exchange rather than a social exchange (Testart, 2001; Blau, 1964). This leads to the next proposition.

Proposition 3: Employers that pay for general training and follow the rules of gift exchange will experience higher levels of cooperation from employees receiving the training than employers that pay for firm specific training and follow some, but not all, the rules of gift exchange.

In proposition 3 we assume that an employer can apply some of the gift exchange rules when providing firm specific training to an employee, but due to some inherent properties of firm specific training as explained above, gift exchange rules 1, 2 and 3 are likely to be violated, which will weaken the social exchange relationship between employer and employee to the extent that an employee will have a lower propensity to want to cooperate with the employer.

We also recognize that employees who receive general training from a firm may also eventually obtain higher pay, but it would occur under conditions of greater uncertainty which are consistent with the gift exchange rules. The link between general training and pay would not take place as an economic exchange as we see for firm specific skills. For example an employee who received general training may decide to "cash out" and obtain higher pay by seeking an outside job offer, or alternatively, may decide to wait for a promotion at the focal firm which leads to

higher pay. However, it is the employee who decides when and where to apply the marketable skills from the gift of general training.

DISCUSSION AND CONCLUSIONS

Gift exchange theory has been presented to offer an alternative approach to explain the allocation of resources for general human capital skills. By viewing the allocation of general human capital skills to employees as a gift rather than an investment, an employer who follows the gift exchange rules can expect to benefit from higher levels of employee cooperation due to the tendency for people to feel obligated to help those who have helped them (Flynn, 2003). When the gift exchange rules are violated, however, an employee receiving general training is less likely to feel a moral obligation to reciprocate by enacting extra-role behaviors beneficial to an employer.

In comparison, the human capital perspective views general training as a financial investment that should meet or exceed an employer's investment goals before an employer should pay for it. Because employees are free to quit, general training is not a very secure investment, and in most cases employees should pay for it. Human capital theory suggests that when an employer is a monopsonist or an employee has large amounts of seniority, an employer could pay for general training.

It is therefore suggested that gift exchange theory can complement human capital theory in explaining situations where human capital theory is not lucid. For example, Pfeffer (1998) noticed that The Men's Wearhouse, a men's specialty retail store selling business attire, invests heavily in general training its employees. It sends its retail employees to a corporate university that trains them in selling suits to customers. In the high turnover retail industry, human capital theory would question the merits of the company training policy, whereas gift exchange theory could explain the merits of this practice. Table 2 compares the gift exchange and human capital perspectives on general training.

[Insert Table 2 about here]

It is worth mentioning that there are boundary conditions affecting the degree of situational favorableness where the propositions that were specified in this paper as pertains to the use of gift

exchange theory are likely to hold up. Firms that are organized on a basis in which employees' jobs are highly interdependent are likely to benefit from employee cooperation in its various forms that occur as a result of the gift exchange process. Therefore the boundary conditions for an employer-employee gift exchange to be relevant should be within the set of organizations that place an emphasis on the use of teamwork, inter-team collaboration, or collaboration between diverse business units, departments or divisions – organizational forms where employee cooperation contributes to effective organizational functioning (Brandes et al., 2004).

Organizations outside of these boundary conditions (which state that employees have jobs that are highly interdependent) are less likely to depend on employee cooperation to get things done. An employee's work outcomes would be less subject to his or her discretion in organizations that contain independent jobs so that an employer-employee gift exchange relationship is less likely to occur or be fruitful.

While we focused on training in this paper, gift exchange theory offers broad explanatory potential. It can be used to understand diverse types of resource allocation choices within the context of an employer-employee relationship. For example, gift exchange theory can be applied to examine an employer choice to offer to employees job security (Pfeffer, 1994), above-market wages (Akerloff, 1984), and child care benefits to name just a few resources that could be viewed as gifts.

A promising area for future reseach on gift exchange theory would be to use it to examine employer-employee exchanges that improve our understanding of how organizations link employee benefits such as employer contributions to retirement, health insurance, or child care to increased organizational effectiveness. At present, employee benefits are classified as organizational membership rewards which have limited use to stimulate incumbent employees to provide work outcomes beyond what is expected on the job (Milkovich & Newman, 2002). However, a gift exchange perspective could be used to test the expectation that an above average employer contribution to health insurance, for example, should provide a means for an employer who follows the gift exchange rules to show concern for its employees. We would expect the employer in this case to benefit from increased levels of cooperation since employees should feel obligated to reciprocate to the employer who treated them with care.

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TABLE I

Characteristics of Social and Economic Exchanges Between Parties

Characteristic	**Social Exchange**	**Economic Exchange**
Type of Relationship	Personal, mutual concern	Impersonal, self-interest
Time Horizon	Indefinite	Short-term
Disclosure of Value of Resources Exchanged	No disclosure of value	Value is disclosed
Significance of Social Context to the Exchange	Significant	Insignificant
Potential for Trust Between Parties	High potential	Low potential
Example of Exchange	Gift exchanges	Product markets

TABLE 2

Human Capital and Gift Exchange Perspectives on General Training: A Comparison

	Human Capital Theory	Gift Exchange Theory
Purpose of general training	Investment in human capital	Gift to employee resulting in an obligation to reciprocate to employer
Expected returns of general training to the organization	Financial as measured by return on investment	Higher levels of employee cooperation
Reason for loss of expected returns from general training	Employee quits before employer achieves financial goals from general training	Employer or employee violates gift exchange rules
Which party is expected to pay for general training	Employee in most cases; employer when it is a monopsonist or employee has large amount of seniority in organization	Employer