



**Chutes versus ladders: Anchoring events and a punctuated-equilibrium perspective on social exchange relationships**

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**CHUTES VERSUS LADDERS:  
ANCHORING EVENTS AND A PUNCTUATED-EQUILIBRIUM PERSPECTIVE ON  
SOCIAL EXCHANGE RELATIONSHIPS**

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**ABSTRACT**

We integrate concepts from research in emotion and memory to show how critical exchanges, or anchoring events, can suddenly and durably change the rules for organizational relationships, leading them to reach non-reciprocal forms like altruism or competition. We define these events and discuss the likelihood of their occurring as a function of the current form of the relationship, the time in that form of the relationship, and the social context where the event takes place.

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**CHUTES VERSUS LADDERS:  
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*“...Some harms and violations appear to be irreversible. For example, one person who was the victim of public ridicule by a boss reported, ‘I felt so angry and betrayed. There was nothing he could say or do to make me feel better after what he did. Nothing...I can vividly recall the memory to this day [20 years later.]’”* (Bies & Tripp, 1996: 259)

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Every member of an organization is simultaneously engaged in multiple social exchange relationships with coworkers, supervisors, teams, and the organization in general (Emerson, 1976). Because of this, organizational researchers have invested a tremendous amount of effort and thought in testing how the form and content of social exchange relationships impact attitudes and behaviors in the organizational context (Cropanzano & Mitchell, 2005). In the past, researchers have assumed that because these social relationships take place in the organizational context, they are mainly governed by rules of reciprocity (Eisenberger, Huntington, Hutchison & Sowa, 1986; Gouldner, 1960; Sparrowe & Liden, 1997), which means that parties in the relationship seek to minimize the difference between the benefits they provide and the benefits they receive from others (Meeker, 1971). However, this assumption means these investigations may overlook dynamics in certain relationships that exhibit patterns of exchange that are dramatically different from those predicted by models of reciprocity (Bies & Tripp, 1996; Brief & Motowidlo, 1986; Meglino & Korsgaard, 2004), and does not explain why these “non-reciprocal” relationships can frequently remain stuck in these patterns over extended periods of time.

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Researchers have largely assumed that social exchange relationships form gradually over time based on a series of reciprocity-based interactions which, if perceived to be successfully fulfilled (Molm, 2003; Molm, Takahashi, & Peterson, 2000), can eventually engender feelings of personal obligations, gratitude, and trust (Blau, 1964; Cropanzano & Mitchell, 2005; Holmes,

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3 1981; Lawler, 2001). However, we believe that there exists an alternate route by which exchange  
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5 relationships may take on and maintain non-reciprocal forms. We argue that exchange  
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7 relationships can change between reciprocity-based and non reciprocity-based forms through a  
8  
9 “punctuated-equilibrium” process where they reach these states over one exchange or short  
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11 sequence of exchanges marked by extreme emotional and instrumental content. These key  
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13 exchanges, or *anchoring events*, change the subsequent rules of decision-making used by one  
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15 party in the relationship, and, we argue, serve to swiftly and durably change the way future  
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17 exchanges are evaluated. These anchoring events are powerful because they become encoded in  
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19 long-term autobiographical memory (Conway & Pleydell-Pearce, 2000; Tulving, 1972), and  
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21 result in lasting alterations of the rules we use to evaluate subsequent behaviors in the  
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23 relationship (Baldwin, 1992; Meeker, 1971). Once an anchor is set in a relationship, exchanges  
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25 that occur later in the relationship are evaluated through the prism of the anchoring event. Thus,  
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27 once the rules for the relationship have been changed, the relationship becomes resistant to  
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29 reversion to reciprocity.  
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36 While applications of social exchange theory in organizations have expanded,  
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38 organizational researchers’ focus on the processes by which relationships reach particular forms  
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40 has stagnated (e.g., Cropanzano & Mitchell, 2005; Sparrowe & Liden, 1997). For example, our  
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42 understanding of how relational exchange relationships, such as leader-member exchange and  
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44 co-worker exchange, form is still based on the notion that these relationships are reciprocal in  
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46 nature and develop in the same fashion – that one judges each and every interaction with another  
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48 and it is the *balance* of those interactions that determines the perception of the relationship.  
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50 Where we depart from existing literature in social exchange is in our introduction of an alternate,  
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52 more direct, means by which exchange relationships can take on non-reciprocal forms, and in our  
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3 reliance on the role of individual memory and emotion as both outcomes and causal mechanisms  
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5 in these processes (Cook & Rice, 2003). We believe that integrating an understanding of how  
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7 memory works in both driving and evaluating behaviors in exchange relationships is important  
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9 as relationships affect particularly relevant organizational behaviors including deviance,  
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11 relational exchange quality, identification, and organizational citizenship behaviors (Dirks &  
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13 Ferrin, 2002; Gerstner & Day, 1997; Rhoades & Eisenberger, 2002; Robinson & Bennett, 1995).  
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17       The basic approach to understanding how exchange relationships come to be governed by  
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19 particular rules remains little changed from early formulations of social exchange theory. Blau  
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21 (1964) originally proposed that exchanges take place over the life of the relationship, and the  
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23 exact content and structure of subsequent exchanges can change based on the perceived quality  
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25 of goods being exchanged at that time. While Holmes (1981) and Homans (1961) provide insight  
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27 into how the content of early exchanges may translate into the form of the relationship, their  
28  
29 frameworks are largely silent as to how much impact highly memorable exchanges have in  
30  
31 setting the long-term exchange rules used later in the relationship. Emerson (1976: 341)  
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33 indicated that he favored a concept called “social operant behavior” that would define exchange,  
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35 where the “level or frequency of performance over time is sustained by reinforcing (rewarding)  
36  
37 activity from other people.” This “reciprocally contingent flow” was to be viewed longitudinally,  
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39 such that “a resource will continue to flow only if there is a valued return contingent upon it”  
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41 (Emerson, 1976: 359). Lawler (2001: 322)’s affect theory of social exchange is based on an  
42  
43 assumption that “repeated exchange” was part of the process of developing positive affect  
44  
45 needed to result in positive exchange behavior. Cropanzano and Mitchell (2005: 890) ratified this  
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47 view of current and past social exchange theorists in stating: “relationship development is not a  
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49 matter of a single stimulus-response. It is more analogous to climbing a ladder.” A key  
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3 assumption made in this past research is that each party repeatedly weighs the goods and services  
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5 exchanged, with more recent exchanges combining with evaluations of prior exchanges in  
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7 gradually determining the rules applied to the relationship in the future. While this may certainly  
8  
9 be true for relationships in reciprocal forms, and for some exchange relationships that are in non-  
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11 reciprocal forms, we believe this assumption is not warranted in modeling the operation of all  
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13 non-reciprocal exchange relationships.  
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### 16 17 18 **ANCHORING EVENTS**

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20 As we look to build a definition and operational framework for the anchoring event, we  
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22 first examine the evidence that significant events in relationship take place and alter relationships  
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24 in lasting ways.  
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#### 27 **The Case for Events Serving as “Anchors”**

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29 Several research streams support our core proposition that certain events serve as anchors  
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31 for relationships. As we describe relationships, we will use the terms “focal individual” and  
32  
33 “target,” which refer to the individual experiencing the anchoring event and making the  
34  
35 evaluation and the person or parties with whom the focal individual is engaged. While targets  
36  
37 are often individuals, targets can also be groups, business units, or organizations. The rules that  
38  
39 we will lay out for an event serving as an anchor will not change no matter the level of the target.  
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44 We know that a person’s decisions on a transaction in the future can be biased by  
45  
46 judgments about focal or anchoring transactions or facts (Jacowitz & Kahneman, 1995; Strack &  
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48 Mussweiler, 1997). In the purest form, an anchor creates a cognitive bias whereby individuals,  
49  
50 especially under conditions of uncertainty, disproportionately rely on the information that is most  
51  
52 easily recalled (Tversky & Kahneman, 1974). From the decision-making literature we have  
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54 evidence that “...when decision makers evaluate experiences that consist of multiple parts, they  
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3 use the intensity of the components relatively more and the overall pattern of the sequence  
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5 relatively less as a basis for their judgments" (Ariely & Zauberman, 2003: 137). This suggests  
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7 individuals do not treat all instances equally, or in a "last-in, first-out" sequence, when making  
8  
9 their judgments. In the memory literature it is well established that the events that are the most  
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11 vividly remembered, which have been termed temporal landmarks (Shum, 1998), are the ones  
12  
13 that are the most personal to individuals (Rubin & Kozin, 1984). These significant events are  
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15 encoded in long-term memory, and play a prominent role in the ability to access past experiences  
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17 and to use these in current cognitive processes (Shum, 1998).  
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22         There is evidence from the psychological contract and trust literatures that key events can  
23  
24 shape relationships in the organizational context (Rousseau, 1995). When individuals perceive a  
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26 breach of the psychological contract, an event which could serve as a key negative event, they  
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28 experience a wide range of negative outcomes including lower trust, absenteeism, intention to  
29  
30 quit, and lower OCB's (Raja, Johns & Ntalianis, 2004; Robinson, 1996; Turnley & Feldman,  
31  
32 2000). Similarly, Mayer, Davis, and Schoorman (1995: 725) state that an individual's perception  
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34 of their trust in a target over time may become out of balance with the actual goods and services  
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36 exchanged because that individual's perception of the quality of the relationship remained  
37  
38 anchored on a past exchange where "the stakes" were particularly high. Further, Robinson  
39  
40 (1996) found that individuals with high initial trust in the organization were less likely to report  
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42 lower levels of trust after a subsequent breach in the psychological contract than those with  
43  
44 lower levels of trust prior to the breach. That is, early, "high stakes" exchanges that led to initial  
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46 high or low trust had some lasting impact on individual perceptions, leading us to believe that  
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48 these events may be durable in their ability to influence exchange rules over time through the  
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50 updating of the psychological contract in place (DeVos, Buyens & Schalk, 2003).  
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3 The notion of unmet expectations triggering a rapid change in the schema used to  
4 evaluate the relationship is also supported by the notion of significant “phase-shift” events,  
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6 described as “fairness-relevant events or information that falls far outside what would be  
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8 expected from the existing general fairness judgment... [this] would push the perceiver from use  
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10 mode back to judgmental mode” (Lind, 2001: 79). This occurs when an individual’s expectations  
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12 for particular returns in the social context are not met. A phase change then may occur where the  
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14 individual who receives fair treatment shifts from an “individual mode” where they seek to  
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16 maximize their own payouts in exchanges to a “group mode” where they become more oriented  
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18 towards the need of others. In this model, unfair treatment would lead to an opposite shift (Lind,  
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20 2001).  
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27 These literatures support the assertion implicit in the opening quote that there are  
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29 significant events which have a long-lasting impact on relationships. What we lack is an  
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31 understanding of what characteristics such events have beyond a simple notion of an event not  
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33 fulfilling the focal individual’s expectations. We also lack an understanding of the mechanism,  
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35 on both the positive and the negative side, which describes how such events change  
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37 relationships. Finally, we do not know the conditions under which these events are likely to  
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39 occur, as most of the research to date has focused solely on the effects of negative events and  
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41 how to repair the relationship after such an event has occurred (Kim, Cooper & Dirks, 2009;  
42  
43 Rousseau, 1995). To understand relationship change, we focus on decision rules in relationships,  
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45 or the scripts used by an individual in making decisions about their own preferred behaviors  
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47 during exchanges within a particular relationship (Baldwin, 1992; Meeker, 1971). These rules  
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49 emerge from an individual’s values, perceptions of the alternative behaviors available to the  
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51 individual, and their expectation of the consequences of their behaviors, including their  
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3 projection of the behavior of the target in the exchange (Meeker, 1971). Relationships range  
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5 from rules governed by reciprocity, where there is a concern for balance between inputs and  
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7 outcomes (Adams, 1965; Meeker, 1971), to non-reciprocity, where an individual seeks to  
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9 achieve either an inequality (greater than or less than) between inputs and outcomes, a joint  
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11 combination of inputs and outcomes, or the target's ratio is not considered at all. We believe it is  
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13 in understanding shifts to and away from these non-reciprocity based rules, acknowledged as a  
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15 key gap in the social exchange literature (Cropanzano & Mitchell, 2005), that these anchoring  
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17 events will play the greatest role.  
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### 22 **Anchoring Events Defined**

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24 It is our core proposition that the decision rules one uses to evaluate the future content of  
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26 a relationship can be determined, or anchored, by the outcome of a major event which can occur  
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28 at any point in the relationship. We refer to these as “anchoring events” and define them as: *1) A*  
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30 *social exchange that occurs when a focal individual is highly dependent on a target for exchange*  
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32 *content necessary to meet a particularly central goal for the individual. 2) Whose resolution*  
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34 *differs, either positively or negatively, from that individual's expectation given the decision rules*  
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36 *they applied to the relationship prior to the event. 3) Where the actions of the target in the*  
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38 *exchange are judged to have an internal locus of causality and be controllable.*  
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44 The result of these cognitions is an intense affective response within the focal individual  
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46 in the exchange that coincides with the mismatch between expected outcomes and actual  
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48 outcomes. When an event produces a very strong reaction, the focal individual is likely to  
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50 experience an “emotional episode” (Frijda, 1993), where their ability to make cognitive decisions  
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52 based on objective data is impacted, sometimes dramatically (Forgas & George, 2001). The  
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54 content of the event also creates a shift in the scripts used to process information in the next  
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3 exchange away from reciprocity-based rules, therefore guiding behavior in future exchanges with  
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5 the target (Baldwin, 1992). Further, the strength of the emotion associated with the event leads  
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7 to it being durably stored as an intense emotional “bookmark” in long-term autobiographical  
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9 memory which leads to vivid recall when the target is the subject of future exchanges (Lawler  
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11 and Yoon, 1993, 1996, 1998; Rubin & Kozin, 1984; Zacks, Tversky & Iyer, 2001).  
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15 In order to discuss the operation of an event serving as an anchor and changing the form  
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17 of the relationship, we lay out the process in three stages and depict this process in Figure 1. Our  
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19 treating these as distinct stages is only for illustrative purposes; it is certainly not true that one  
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21 stage must be fully complete before the next begins. These stages incorporate the definition of  
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23 the anchoring event and highlight the impact of that anchoring event on the rules for the  
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25 relationship.  
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31 Insert Figure 1 Here  
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### 36 **Stage 1: Judging and Reacting to the Exchange**

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38 The first thing that happens, following any exchange between two parties, is that the focal  
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40 individual evaluates the goods and services delivered by the target (Blau, 1964). In this process,  
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42 the individual is concerned with the evaluation of “value” in the exchange, defined by Homans  
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44 (1961) as a maximization of “total profit” in the exchange. As shown in Figure 1, this profit is  
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46 measured in terms of the individual’s rules for the relationship at the time the exchange occurs  
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48 (Meeker, 1971). We believe there are three possible judgments of the content of the exchange.  
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50 The balance of expectations and returns may be neutral, in which case the exchange is viewed as  
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52 “fair” (Lind, 2001). But it is possible that the outcome may either produce an excess profit for  
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3 the focal individual, where the target overwhelmingly exceeds the individual's expectations, or a  
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5 dramatic loss for the focal individual, where the target delivers either the wrong goods or  
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7 services or fails to deliver goods or services of any value.  
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11 When the initial judgment is one of excess returns or unmet expectations, the focal  
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13 individual will seek to explain the actions of the target. To do this, as shown in Figure 1, they  
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15 engage in attributions which judge the extent to which the target intentionally acted in such a  
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17 manner or whether this action was caused by an external force or party (Weiner, 1986).  
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20 Consistent with theories of cognitive evaluations of trustworthiness (Lewicki & Bunker, 1996;  
21  
22 Tomlinson & Mayer, 2009), we believe that in order for an evaluation of the target to result (and  
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24 thus a change in subsequent decision rules used in the exchange) the cause of such actions must  
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26 be attributed to controllable actions with an internal locus of causality. That is, the focal  
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28 individual must believe that the target acted on their own behalf and intended this particular  
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30 outcome to occur rather than being forced to act in such a manner because of prescribed role  
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32 behavior or the target's own high dependence on a third party. The reason both of these  
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34 components are needed is because having an internal attribution brings up the script for that  
35  
36 particular relationship and the attribution of controllability triggers the emotional response  
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38 necessary for encoding into long-term memory (Weiner, 1985).  
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44 This emotional reaction is in fact the final part of this stage. As shown in Figure 1, what  
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46 makes an event anchoring is the strength of these affective reactions, which are also determined  
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48 by the dependence of the focal individual on the target for the achievement of a central goal  
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50 (Carver & Scheier, 1999; Ortony, Clore & Collins, 1988). Social exchanges that occur in the  
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52 context of dependence on others for the achievement of goals result in a compound evaluation of  
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54 the desirability of the outcome and the praiseworthiness of the agent who is believed to have  
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3 caused the outcome. The more central the goal is, the more the outcome of the event is desirable  
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5 or undesirable and hence the intensity of the emotional reaction to the target is enhanced (Ortony  
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7 et al., 1988). The compound emotion that emerges from an exchange where the outcome exceeds  
8  
9 expectations is gratitude, which represents a “typical response to the perception that one has been  
10  
11 the recipient of another moral agent’s benevolence” (McCullough, Kilpatrick, Emmons, &  
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13 Larson, 2001: 261). On the other hand, a controllable negative outcome in a highly relevant  
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15 exchange results in anger, which emerges from disapproval of another’s action and displeasure  
16  
17 about the content (Ortony, et al., 1988). As shown in Figure 1, these compound emotions, which  
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19 result directly from the judgment of returns and the attribution, are what shock the relationship  
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21 into change (stage 2), and make it resistant to change by altering autobiographical memory (stage  
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23 3), relationships that are supported by the research on emotion driving cognitions to be used in  
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25 future exchanges (Baron, 1984; Leary, Springer, Negel, Ansell, & Evans, 1998).  
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## 32 **Stage 2: Relationship change**

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34 We propose that the anchoring event, taking on the specific characteristics above, can  
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36 change a relationship rapidly and durably to a non-reciprocal form. What happens following the  
37  
38 anchoring event is that the focal individual changes the status of the goal as a result of it being  
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40 either super-attained or blocked, and this leads to intense levels of affect as described in Stage 1  
41  
42 (Carver & Scheier, 1999). What occurs next is that the focal individual processes information  
43  
44 related to the context of the exchange (Leary, 2000). This processing involves updating  
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46 conceptions, or schema, of both the self and the target in the exchange that contain declarative  
47  
48 and procedural knowledge about the self and the target and are stored in autobiographical  
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50 memory. This updating is done with a goal of protecting and furthering one’s own interest  
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52 (Baldwin, 1992). Generally, in this process individuals seek to rewrite their scripts for these  
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3 future interactions with the target so as to maximize their own level of control and positive self-  
4 image, even if this involves positively re-framing what might objectively be seen as a negative  
5 outcome so as to protect the current view of the relationship (Wilson & Ross, 2001).  
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10 When this rapid updating of the rules for future exchanges occurs in the context of  
11 reciprocal exchange, the preferred rules for the next exchange will shift from the initial concern  
12 for balance, or fairness in the exchange to a different form in order to adjust for the new  
13 expectations of the future returns from the target (Lind, 2001). So, for exchanges after a negative  
14 anchoring event, the focal individual will respond by changing their goals for future exchanges  
15 so as to achieve what is, in their own view, a positive outcome when they do not believe the  
16 other person is able to conduct balanced exchanges. They will select a rule for conducting future  
17 exchanges that best provides for protection and enhancement of the self and the attainment of  
18 these new, revised goals in future exchanges with the target. This may be either competition,  
19 where they seek to maximize the difference between their own and the target's outcomes in  
20 future exchanges (Meeker, 1971), revenge, where they seek to minimize the target's outcomes  
21 without regard to their own (Bies & Tripp, 1996), or rationality, where they simply seek to  
22 maximize their own outcome without regard for the target's outcomes (Emerson, 1976; Meeker,  
23 1971). Because these have negative implications for the target, we will refer to these as negative  
24 non-reciprocal states.  
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46 For exchanges after a positive anchoring event, individuals will select the rule for  
47 conducting future exchanges that seeks to enhance the outcomes of the target. This rule may  
48 either be altruism, where the person seeks to maximize the target's outcomes without regard to  
49 their own outcomes, or group gain, where the person seeks to maximize the joint outcomes of  
50 both themselves and the other party (Meeker, 1971). Under these rules the target is adopted into  
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3 one's own self-identity, and the goal for the relationship becomes maximizing the target's returns  
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6 (Meeker, 1971). We refer to these as positive non-reciprocal states.  
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8 This updating of the rules for future exchanges happens prior to the conduct of the next  
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10 exchange; a prediction that runs counter to thinking in social exchange theory which holds that  
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12 revisions to rules for conducting exchanges occur over an extended series of exchanges  
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14 (Cropanzano & Mitchell, 2005; Emerson, 1976). Because this rapid change in goal status leads  
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16 to a change in the focal individual's working model of self in this exchange relationship, the new  
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18 goal as well as the content of the event are durably encoded into long-term memory as a part of  
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20 the focal individual's new identity, thereby creating a new relationship form that is resistant to  
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22 change (Conway, Singer & Tagini, 2004).  
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### 27 **Stage 3: Durability of the New Relationship**

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29 Beyond the change in the form of the relationship, the most important feature of  
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31 anchoring events is that they are more durable than other exchanges in setting the future terms  
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33 for the relationship. This is because the affect associated with anchoring events leads these  
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35 exchanges to be durably encoded into long-term, autobiographical memory (Wheeler, Stuss &  
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37 Tulving, 1997) as a "self-defining memory." These memories are defined as having the  
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39 following attributes: "affective intensity, vividness, high levels of rehearsal, linkage to similar  
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41 memories, and connection to an enduring concern or unresolved conflict" (Conway et al., 2004:  
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43 504). Self-defining memories are most vivid and active in their role of updating scripts when  
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45 they are memories of goal relevant outcomes (Moffitt & Singer, 1994). The memory of that  
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47 major event is rehearsed and primes emotions prior to subsequent exchanges such that the  
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49 evaluation of the outcome of each subsequent exchange is biased both in the selection of  
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51 information about future exchanges as well as the cognitive processes used in judging the returns  
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3 from subsequent exchanges (Conway et al., 2004; Leary, 2000). As shown in Figure 1, this  
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5 storage of anchoring events as self-defining memories in long-term memory is distinct from the  
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7 storage of common exchanges in short-term, or working, memory. Short-term memory is used to  
8  
9 carry out procedural tasks and is easily overwritten (Baddeley, 1986). For long-term memory, the  
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11 greater the affect associated with the event, the deeper the memory is written (Brown & Kulik  
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13 1977; Rubin & Kozin, 1984), and therefore the more durably the “anchor” is set in the  
14  
15 relationship (Conway et al., 2004).  
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20 As a result of the intensity of these memories, these anchoring events initiate cognitive-  
21  
22 behavioral cycles (Baldwin, 1992; Safran, 1990), where subsequent exchanges are interpreted to  
23  
24 support the revised interpersonal schema used to evaluate the relationship. There is much  
25  
26 empirical support for the idea that individuals will select and pay attention to information that  
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28 confirms, rather than disconfirms, prior beliefs (Eagly & Chaiken, 1993; Greenwald, 1980).  
29  
30 Following that, once the new, non-reciprocal rules for the relationship have been written in the  
31  
32 scripts for conducting exchanges, an anchoring event should lead to selective perception of the  
33  
34 target in the processing of subsequent information, with the focal individual seeking to locate  
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36 and find subsequent behaviors and facts about the target which confirms the current view of the  
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38 relationship (Fiske & Taylor, 1991; Robinson, 1996; Safran, 1990).  
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44 Another bias emerges as a result of the memory-based emotional impact on information  
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46 processing. The memory of the past event drives an emotional reaction that filters the cognitive  
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48 processes used to interpret information regarding the target’s behavior in subsequent exchanges  
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50 (Forgas, 2000; Leary, 2000). In reciprocal relationships, individuals have been proposed to  
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52 engage in *heuristic processing* (Lind, 2001) in which judgments of balance, equity or fairness are  
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54 easily and quickly accessed and not updated. As stated earlier, we believe this occurs until the  
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3 relationship shifts to a non-reciprocal form. Once in a non-reciprocal relationship, we believe the  
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5 focal individual engages in *motivated processing*, where their interpretation of exchanges that  
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7 deliver expected outcomes is driven by their rules for the exchange (Homans, 1961; Meeker,  
8  
9 1971). A contrary outcome to an exchange (an unexpected act of the other person, e.g., an  
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11 apology after a breach or a failure to accept a gift) leads to *substantive processing* in a cognitive  
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13 sense, and it is in this place where there's a reinforcing bias to maintain the non-reciprocal state.  
14  
15 It is at this point where the focal individual recalls the anchoring event from autobiographical  
16  
17 memory, and this leads to a corresponding affective reaction that in turn biases their judgments  
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19 of the target's behavior (Conway et al., 2004; Forgas, 2000); positive affect inducing memories  
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21 (such as those from a positive anchoring event) will lead to more favorable judgments of  
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23 objectively negative stimuli and negative affect will lead to less favorable judgments of positive  
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25 stimuli (Forgas & Bower, 1987).  
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32 For example, assume a positive anchoring event has occurred between a focal individual  
33  
34 and a target. In a subsequent exchange, the target commits an act that (objectively measured)  
35  
36 does not meet expectations; perhaps the focal individual offers a highly valued gift to the target  
37  
38 and the target rejects or denigrates it. This is unexpected. But this unexpectedness leads the focal  
39  
40 individual to switch to a more cognitively sophisticated approach to evaluating the target's  
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42 behaviors. In this process, they remember the anchoring event, and this leads to a positive  
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44 affective state. The specific affective state changes our processing of information to make it  
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46 easier to access information about the benefits of the relationship and reduces the likelihood of  
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48 an internal attribution about the target's motives. These biases, in turn, lead to that "unexpected  
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50 event" not being seen as a negative exchange or a negative anchoring event. In the following  
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3 exchange, then, the focal individual will continue to put in more effort to maximize the  
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5 combination of outcomes because they believe they are “picking [the target] up.”  
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8       Having laid out the process by which anchoring events rapidly and durably change  
9  
10 relationships, we turn our attention to the features of the relationship and the social context that  
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12 impact whether anchoring events will occur. That is, we seek to understand the conditions under  
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14 which anchoring events are more or less likely, which will help guide future empirical  
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16 examination of anchoring events in social exchange relationships.  
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### 19 20 THE LIKELIHOOD OF ANCHORING EVENTS 21

22       In this section our goal is to determine under what conditions anchoring events are likely,  
23  
24 or what conditions are the components of anchoring events – dependence, over or underpayment  
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26 of goods, and internal attributions likely to result during any given social exchange. More or less  
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28 likely to occur means that an exchange in that context is more or less likely to serve as an anchor  
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30 than exchanges in other contexts. We argue that the likelihood of an anchoring event is a  
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32 function of time in the relationship, the current rule of the relationship and the social context in  
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34 which the potential anchoring event takes place.  
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#### 38 39 **Anchoring Events and Time in the Relationship** 40

41       We argue that the likelihood of an anchoring event occurring in a reciprocity-based  
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43 relationship is partially a function of the age of the relationship, measured in terms of number of  
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45 exchanges. We believe that events that occur early in a reciprocal relationship are more likely to  
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47 have a lasting impact than those that occur at later dates (Robinson, 1996; Clark & Mills, 1979).  
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49 As relationships develop over time, any number of unwritten rules, norms and patterns emerge  
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51 which drive the exchange and reduce the likelihood that the target will be seen as providing an  
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53 extraordinarily positive or negative quantity of goods or services (Holmes, 1981). It also follows  
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3 that the longer a focal individual operates within the same social or organizational context, their  
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5 power grows and thus they gain an increased ability to restructure and reduce dependence on  
6  
7 other individuals (Emerson, 1962). This reduced dependence makes it less likely that a particular  
8  
9 anchoring event will occur.  
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13 This is supported by research and theory on employee socialization, which emphasizes  
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15 the uncertainty and likelihood of surprising events during the time when newcomers enter the  
16  
17 organization (Louis, 1980). It is during this time that newcomers are vulnerable due to the large  
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19 amount of uncertainty in the environment (Saks & Ashforth, 1997), which they attempt to reduce  
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21 by interacting with supervisors and peers (Morrison, 1993a,b). Anxiety is often present during  
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23 this process, as newcomers are at risk of not finding the information they need (Saks, 1995).  
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27 This state of increased dependence and anxiety early in an individual's tenure in this social  
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29 context lays the groundwork for stronger and more impactful anchoring events. As individuals  
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31 become more familiar with the social context, they learn better what to expect and what will be  
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33 received from exchanges and they are less likely to experience conditions of overly positive or  
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35 negative exchanges.  
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39 Once a relationship has reached a non-reciprocal form through an anchoring event, the  
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41 likelihood of a subsequent anchoring event also diminishes over time as the self-defining  
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43 memory of the event becomes written into the "long-term self" (Conway et al., 2004). An  
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45 immediate opposite reaction from the target in a subsequent exchange is more likely to  
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47 overwhelm the first event and cause the relationship to revert to a different state because the  
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49 focal individual has rehearsed the memory of the anchoring event fewer times. Research on  
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51 service recovery, for example, has suggested that speed of an apology leads to an increased  
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53 willingness to do future business with a firm following a poor experience (Conlon & Murray,  
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3 1996; Liao, 2007). Further supporting this, the likelihood of a breach in a psychological contract  
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5 decreases as time passes from the original commitment (Turnley & Feldman, 1999). Each  
6  
7 subsequent interaction leads to an increase in the number of times the individual relives the  
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9 content of the anchoring event, and as such, the “self-defining memory” of that first event  
10  
11 becomes more durably written into the focal individual’s view of their long-term self. While one  
12  
13 might suspect that memory of the anchoring event will fade over time and therefore create a  
14  
15 situation where the relationship is ripe for change (Frantz & Bennis, 2005), we believe is that  
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17 in future exchanges with the target, this self-defining memory freely emerges, is rehearsed (Lam  
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19 & Buehler, 2009; Wilson & Ross, 2001), and is applied in evaluating future exchanges. The  
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21 more two parties interact after an initial anchoring event; the less likely it is that a subsequent  
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23 event will shift the relationship.  
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29 *Proposition 1: Anchoring events are more likely to occur the less time has passed in a*  
30 *new relationship and the less time has passed after the relationship has changed into a non-*  
31 *reciprocal form via an anchoring event.*  
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### 36 **Anchoring Events in Reciprocal Relationships**

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39 In reciprocity-based relationships, the balance of exchanges that accrues to the focal  
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41 individual can be positive, neutral or negative. Positive balances lead to a gradual emergence of  
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43 more generalized relationships where a less immediate or precise accounting for this balance  
44  
45 emerges (Lawler, 2001; Molm, 2003). Negative accumulations of these exchanges lead to cases  
46  
47 where the focal individual suspiciously protects the balance between goods and services  
48  
49 received. This is termed “negotiated exchange” by Lawler (2001), and is marked by the close  
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51 monitoring of the timing and content of returns provided by the target in order to ensure  
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53 immediate balance. In reciprocal relationships where there is a positive balance, we believe that  
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3 there is a high probability of a positive anchoring event occurring and in reciprocal relationships  
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5 with a negative balance there is a high probability of a negative anchoring event occurring.  
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8 Assuming no anchoring event has already occurred in the relationship, the current balance in the  
9  
10 relationship impacts how the focal individual will attribute the target's behavior.  
11

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13 When a positive balance exists the target is seen as being more responsible for good  
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15 actions, versus when a negative balance exists and the target is more likely to be seen as being  
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17 responsible for bad actions (Heider, 1958; Regan, Straus & Fazio, 1974). On the positive side, it  
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19 is likely that the good will in the relationship, which has been built through repeated positive  
20  
21 exchanges, will make it less likely that any negative behavior will be attributed internally to the  
22  
23 target (Avison, 1980). As internal attributions are central to the occurrence of a negative  
24  
25 anchoring event, this makes the negative anchoring event less likely. For relationships with a  
26  
27 negative balance, individuals more closely monitor the goods and services exchanged (Lawler,  
28  
29 2001). Because negative events have greater emotional impact relative to positive events  
30  
31 (Baumeister, Bratslavsky, Finkenauer & Vohs, 2001), there is a greater likelihood that any  
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33 disappointing outcome from an exchange will be attributed internally to the target as this  
34  
35 suspicion increases. This resulting anchoring event (the proverbial "straw that broke the camel's  
36  
37 back"), would shift the relationship into a negative non-reciprocal form. This is supported by  
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39 research that has found that when a target has positive attributes they are given more "rewards"  
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41 from the focal individual (Johnson, Erez, Kiker, & Motowildo, 2002), and by research showing  
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43 that as "closeness" increases in relationships, the less likely it is that people attribute  
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45 disappointing exchanges internally to the target (Finkel, Rusbult, Kumashiro & Hannan, 2002).  
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3           *Proposition 2: As the balance of reciprocal exchanges becomes more positive or more*  
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6 *negative, an anchoring event of the same valence is more likely to occur than an event of the*  
7  
8 *opposite valence.*  
9

10           We further argue that that the increased affect associated with having a negative balance  
11  
12 will make the occurrence of positive and negative anchoring events more likely as compared to a  
13  
14 neutral or positive balance. Positive social exchanges, which are likely to occur when the  
15  
16 balance is neutral or positive, generate positive affect (Lawler & Yoon, 1993, 1996, 1998; Molm  
17  
18 et al., 2000), which leads individuals to be more likely to overlook details and engage in less  
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20 immediate accounting of exchange returns (Forgas & George, 2001). As the balance of  
21  
22 reciprocal exchanges grows negative, however, an individual's negative affect in the exchanges  
23  
24 increases (Lawler, 2001), which leads the individual to use a bottom-up, details-oriented means  
25  
26 of evaluating the exchange partner's deliveries in subsequent exchanges (Forgas & George,  
27  
28 2001). In this negotiated exchange state "offers can be compared easily, and actors are sensitive  
29  
30 to departures from equality" (Lawler, 2001: 337). Emotional reactions to exchanges in this mode  
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32 are, Lawler proposes, stronger than those that occur in non-negotiated reciprocal exchanges, a  
33  
34 condition which holds for exchanges with positive or negative returns. This increased affect  
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36 makes it more likely that exchanges occurring in this mode will be written into long-term  
37  
38 autobiographical memory, and thus more likely to serve as anchoring events.  
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45           *Proposition 3: An anchoring event is more likely to occur in a reciprocal relationship*  
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47 *that is negative compared to a reciprocal relationship that is positive or equally balanced.*  
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### 50 **Anchoring Events in Non-Reciprocal Relationships**

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52           Once a relationship reaches a non-reciprocal form, subsequent exchanges will be  
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54 evaluated and conducted by the focal individual with an eye towards these non-reciprocal rules.  
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3 So while predictions for anchoring events in reciprocal relationships are based on how we  
4 evaluate events that deviate from expectations for balance, different principles must be applied to  
5 make predictions for the likelihood of anchoring events in non-reciprocal relationships. We  
6 propose that two factors drive the likelihood that a subsequent exchange will serve as an  
7 anchoring event leading the relationship in the opposite direction. These are the specific form of  
8 the non-reciprocal relationship (positive or negative), and whether the relationship reached that  
9 form via a previous anchoring event (via a "chute") or via a gradual process (via a "ladder").  
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20 For relationships relying on negative non-reciprocal rules, we argue that the likelihood of  
21 a positive anchoring event will be lower if the relationship developed through a negative  
22 anchoring event versus via a gradual process. When a relationship reaches a negative non-  
23 reciprocal form through an anchoring event, there exists one specific memory that serves to alter  
24 the interpretation of subsequent actions. Negative information is better remembered than neutral  
25 information when stored in long-term memory; no such relationship exists for short-term, or  
26 working, memory (Kensinger & Corkin, 2003). As each future exchange is conducted, this  
27 memory creates a biased interpretation of the outcome that favors the focal individual,  
28 particularly in cases where the "objective" returns in the exchange may tell a different story  
29 (Wilson & Ross, 2001). In non-reciprocal relationships reached via the gradual route, no such  
30 "self-defining memory" exists to anchor the negative relationship and thus a positive memory  
31 can take a prominent place in the focal individual's autobiographical memory.  
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48 Further, individuals erect a higher burden of proof on others who have committed  
49 breaches of trust to prove they are subsequently trustworthy (Kim et al., 2009) and we believe  
50 this coincides with negative emotional content in the relationship (e.g., anger and fear). This  
51 emotional content then decreases the likelihood of the focal individual attributing an external  
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3 reason for the initial betrayal or attributing an internal reason for a positive outcome in an  
4 exchange (Tomlinson & Mayer, 2009). Additionally, once such a negative memory exists, the  
5 cognitive-behavioral cycle initiated in any subsequent exchange may lead the focal individual to  
6 engage in an act aimed at harming the target (Bies & Tripp, 1996). As a result, one major  
7 negative anchoring event makes it more likely that a second negative anchoring event will take  
8 place, and it is this second negative anchoring event that makes it even harder for the relationship  
9 to revert to a reciprocal state (e.g., Maxham & Netemeyer, 2002).

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20 It follows from this logic that after a negative anchoring event the most that the  
21 relationship can be repaired to is rationality, an “uneasy peace” where the individual acts solely  
22 to maximize and protect their own interests without any concern for the outcomes (benefits or  
23 damages) to the target (Emerson, 1976). It's highly unlikely that an individual, for example, who  
24 feels they have been unfairly dismissed would ever go back to work for an employer even if they  
25 received complete satisfaction (e.g., via an excessive damage award) from the results of litigation  
26 unless they received significant contractual protection (e.g., Lind, Greenberg, Scott & Welchans,  
27 2000). Trust has also been found to be harder to fully repair when the violated individual  
28 believes they were deceived (Schweitzer, Hershey & Bradlow, 2006). Following a negative  
29 anchoring event, positive consideration of benefits to the target in exchanges, as is required in  
30 reciprocity, becomes difficult to achieve once the individual defines himself or herself as being  
31 in opposition to the other party - the damage is "irreversible" (Bies & Tripp, 1996: 259).

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49 *Proposition 4: A positive anchoring event that moves a relationship to a different rule*  
50 *will be more likely to occur in a negative non-reciprocal relationship that reached the negative*  
51 *form through via a gradual process than through a prior anchoring event.*  
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When a positive non-reciprocal relationship forms following a gradual series of positive exchanges, extrinsic and intrinsic investments in the relationship accumulate (Rusbult, 1983), which leads to exchange partners being more likely to overlook and/or forgive transgressions (Finkel et al., 2002). Each step up the ladder represents a period of time where the exchanges in the relationship are likely to have generated increased satisfaction amongst both parties and therefore have led to deeper commitment (Rusbult, 1983). The relationship slowly builds from one based on reciprocity to one mutually governed by other-directed rules (e.g., altruism) such that by the time the relationship reaches a non-reciprocal form it's unlikely that a subsequent event will reverse the process. On the other hand, even though the memory may have been rehearsed several times, we believe that positive relationships reached via anchoring events are nevertheless more susceptible to reversion in because the investments are not as rich, creating a greater likelihood of a mismatch between actions and expectations.

*Proposition 5: A negative anchoring event which moves a positive non-reciprocal relationship to a different rule will be more likely to occur if the relationship reached the positive form through a prior anchoring event rather than via a gradual process.*

### **Anchoring Events and the Social Context**

We also believe that the likelihood of an anchoring event occurring is determined in part by the social context in which the exchange takes place. Specifically, we argue that the likelihood of the anchoring event is based on what the focal individual has seen the target deliver to other members of the focal individual's reference group. What is relevant in these cognitions is whether the focal individual feels they have received treatment from the target that is consistent with what others have received from the target (Greenberg, 1993; Lind & Tyler, 1988; Lind, 2001). When the focal individual sees that they have received positive treatment that



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3 exceeds their needs yet is consistent with what others have received from the target, the chance  
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5 of an anchoring event is decreased. This presence of similar treatment to others mitigates or  
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7 mutes the emotional reaction because the focal individual sees that they are not the sole focus of  
8  
9 the exchange. If, on the other hand, the benefit received by the person is not consistent with  
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11 what is received by those in their referent social group or if it occurs in private, then they would  
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13 feel singled out for consideration that is different from that received by what was their referent  
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15 group.  
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20           On the positive side, an exchange unique from others is likely to lead to a more  
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22 individualized concern for the target's reasons for providing such overpayment. They are more  
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24 likely to shift to seek to maximize the target's outcomes (without consideration for their own  
25  
26 benefits) as a result of this emergent empathic concern for the individual who benefited them in  
27  
28 an earlier exchange (Friedrichs, 1960). When the anchoring event is negatively valenced, the  
29  
30 relationship rules used by the focal individual also changes from a preference for balance to a  
31  
32 preference for different outcomes. The intensity of the response is driven then by the strength of  
33  
34 the social emotion associated with the anchoring event. If the social context of the negative  
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36 exchange leads to an individual perceiving they were "singled out" for this negative outcome,  
37  
38 then the individual will react more intensely to the outcome, and this would be expected to lead  
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40 to a shift to conduct future interactions aimed at damaging the target. Lind and colleagues  
41  
42 referred to this as "the vendetta effect." In their research, they found increased litigation by  
43  
44 people as a motivated response to perceived unfair treatment at their dismissal from their job  
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46 (Lind et al., 2000). In these cases, the focal individual becomes "other-focused" as a result of the  
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48 diminution of his or her own identity that occurred in the focal anchoring exchange.  
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*Proposition 6: To the degree that the content of the exchange is perceived as unique to the focal individual and separate from how the target acts towards members of the individual's referent group, the more likely an anchoring event will occur.*

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We aim not to replace social exchange theory or even to supplant reciprocity as the primary set of rules by which exchange relationships operate in organizations, but instead to show how single events can move relationships to non-reciprocal exchange forms in a much quicker fashion and make those relationships resistant to change. In reciprocity-based relationships, once the “debt” is paid from any exchange, the focal individual is still in reciprocity, even if the returns were above or below initial expectations. Any future exchange is still based on “balance” and “fairness.” What we propose is that the strong memory of the anchoring event prevents an easy return to reciprocity. That is, a person may have settled the score from that initial return many times over and remain in a positive non-reciprocal form because that memory is so deeply rooted in their definition of that particular relationship. This is what we mean by durability.

We believe this approach makes three key revisions to current theory. The first departure is that we propose, unlike social exchange theory, that memory of events plays a key role in relationship development and evaluation. The general pattern of events matters in setting the terms of exchange (Emerson, 1976; Molm et al., 2000), but only if an anchoring event has not yet occurred. Once an anchoring event happens, it is that exchange that is most readily available in memory and the one that will set the future rules for the relationship. Second, once an anchoring event has occurred, it is the characteristics of the exchange, rather than the timing of the exchange, are of central importance in determining the form of the relationship. This is in

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3 contrast to fairness heuristic theory, which states that primacy matters – judgments that come  
4 first count the most (Lind, Kray & Thompson, 2001). Under this theory the early judgments set  
5 the heuristic “in play” which then becomes resistant to change unless there is a significant  
6 deviation of expectations for fairness in a future exchange (Lind, 2001). The theory that we have  
7 drawn off of, specifically related to memory, suggests an alternative hypothesis – events that are  
8 the most severe and which have certain characteristics, regardless of when they come, count the  
9 most because they replace fairness as the heuristic by which future exchanges are judged.  
10  
11 Finally, while fairness heuristic theory suggests that a negative anchoring event occurring in a  
12 positive exchange relationship or vice versa would simply put the relationship back into a  
13 judgmental mode, we believe that an anchoring event can not only push the relationship into a  
14 negative non-reciprocal form but also make the resulting relationship resistant to change. A  
15 negative anchoring event in a positive exchange relationship thus has the potential to bypass the  
16 judgmental mode and create long-term damage despite the fact that it was preceded by a long  
17 succession of fair exchanges. This is supported by research into the impact of “hurt feelings” in  
18 social exchanges which demonstrates that hurt feelings that are remembered longer are those that  
19 occur in the context of close, positive relationships (Leary et al., 1998; Vangelisti, 1994)

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41 One area where we believe this notion of the anchoring event has the potential to improve  
42 our understanding of exchange relationships is in the area of inter-party agreement on the quality  
43 of exchange. We know that partners in a relationship do not need to share equal perceptions  
44 about the quality of the exchange, thus a particular event could serve as an anchor for one and  
45 not the other. Gerstner & Day (1997) amongst others (e.g., Brower, Schoorman & Tan, 2000)  
46 have pointed out leader-member exchange perceptions in the relationship tend to be only mildly  
47 correlated with each other. Given that we know that social exchange relationship quality is  
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3 socially constructed (Berger & Luckmann, 1967), it may be that the way memories are  
4  
5 differentially constructed by parties determines their own perception of the relationship and the  
6  
7 consequent rules on which they rely on in conducting future exchanges.  
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### 10 **Research Implications**

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12 We hope that this discussion of the anchoring event concept and its implications for  
13  
14 modeling the operation of relationships creates research interest in both laboratory and field  
15  
16 investigations regarding the details of how specific non-reciprocal exchange relationship rules  
17  
18 emerge as a consequence of specific events. As one example, it would be possible to manipulate  
19  
20 the social context and valence of the anchoring event to show how they may interact in  
21  
22 determining the specific new relationship rules applied by the focal individual in the next  
23  
24 exchange with the target. Given that certain non-reciprocal forms (group gain and competition)  
25  
26 involve joint consideration of the individual's and the target's outcomes while others (altruism,  
27  
28 rationality and revenge) do not, it might be that the social context of the anchoring event will  
29  
30 predict the specific form that emerges. For negative anchoring events where the target is seen as  
31  
32 delivering treatment that is consistent with what the focal individual sees others in their referent  
33  
34 group receiving, then the individual would be expected to shift to an interpretation that self-  
35  
36 reliance (or reliance on their group in future interactions with the target) is appropriate for future  
37  
38 exchanges with the target, which should lead to a shift to use of a rule of rationality in future  
39  
40 exchanges. If, on the other hand, the other party delivers treatment that is inconsistent with that  
41  
42 seen granted to other members of their reference group, then there is a felt need to differentiate  
43  
44 themselves from the other party through competition. Strongly negative social emotions that  
45  
46 emerge in these exchanges could lead our person to distinguish themselves in future interactions  
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3 with the other party by attempting to diminish the other's outcomes; they switch to applying  
4 rules of revenge for subsequent exchanges.  
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8 A second aim of research efforts should be to test those competing propositions we make  
9 relative to those proposed in theories based on the assumption that people seek to maintain or  
10 restore balance in exchanges. What we propose is that the judgment that is made in that  
11 exchange in the series where the stakes are highest is the one that sets the future rules for  
12 exchange. That is, the gradual accumulation of exchange returns or what happens first will serve  
13 to set the terms of exchange until an anchoring event occurs. This is easily manipulated in  
14 laboratory contexts by varying the magnitude of the extent of unfairness or injustice as well as  
15 the order of positive and negative treatments to see whether it is true that exchange terms are set  
16 by the first exchange (van den Bos, Vermunt & Wilke, 1997), the first unfair exchange (Lind et  
17 al., 2001) or are anchored on the judgment of the most important and affect-laden exchange in  
18 the series.  
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34 These theories could potentially be tested in a laboratory or field setting by investigating  
35 which memories over a series of events are most salient to individuals and are the most lasting.  
36 For instance, participants could be playing a series of games (e.g., poker) or be in series of  
37 meetings (e.g., committees), or be asked about relationships that have recently ended. Then, at  
38 multiple time-intervals afterwards, they can be asked about the status of the relationship with the  
39 target and the memories which are most salient with regard to that target. Memories recalled  
40 from the beginning of the relationship but not under conditions of high dependence would  
41 provide support for the primacy proposition in fairness heuristic theory (Lind, 2001). Memories  
42 recalled from the end of the relationship or throughout the relationship would provide support for  
43 cumulative social exchange building (Emerson, 1976). Significant memories recalled though,  
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3 along with emotional reactions, would suggest that it was an anchoring event that eventually set  
4 the rules for that relationship. This would provide a way to see the predictive power of  
5 anchoring events in determining not only the most proximal outcome – the change in the rules  
6 for relationships, but also the more distal outcomes such as citizenship behaviors, organizational  
7 turnover, and deviance.  
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15 Finally, it is interesting to think about whether there may be social influence processes  
16 that lead to a particular exchange between two parties becoming an anchoring event amongst a  
17 broader group of individuals. If an anchoring event occurs and the memory is particularly vivid  
18 and durable for a long period of time, the repeated sharing of that memory could help that  
19 experience morph into an individual, group, or even organizational story (perhaps an “us-  
20 defining” memory beyond a “self-defining” memory) with the power to affect culture (e.g. Pratt,  
21 2000). Whether anchoring events are contagious in this way – affecting the cognitions of a  
22 broader collective – would help inform how powerful such events are in the long term.  
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### 33 **Implications for Practice**

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36 One important consideration of anchoring events as an alternate route to non-reciprocal  
37 exchange relationships is that organizational programs designed to gradually instill positive  
38 exchange and strong identification should be supplemented with an effort to create moments, or  
39 extreme events, where the individual realizes that a supervisor or organization is willing and able  
40 to go above and beyond expectations towards the relationship. We believe that the success of  
41 mentoring and training programs employed in organizations revolves less around the gradual  
42 building of identification and task knowledge and more around the rapid building of a sense of  
43 identification and high quality exchange. It may be that intense socialization programs such as  
44 those employed by the armed services are critical not just for the actual preparation (in both  
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3 physical and task knowledge), but more for the extent to which they contain extreme events that  
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5 lead to “sticky” positive exchange relationships. This occurs during periods of initial training,  
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7 where individuals are highly dependent on mentors, drill instructors, supervisors or coworkers  
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9 (Van Maanen, 1975).  
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12  
13 Understanding the “sticky” nature of non-reciprocal exchange relationships precipitated  
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15 by anchoring events also highlights the risk to managers and firms in investing time and effort in  
16  
17 repairing negative relationships. In organizational contexts, one thing that more senior managers  
18  
19 and human resource professionals need to recognize is that many relationships in organizations  
20  
21 that are based in negative rules of exchange (e.g., competition, revenge) may require greater  
22  
23 investments in terms of time and effort to repair than they may be worth. Some individuals who  
24  
25 feel betrayed by their manager are unlikely to be swayed by an organizationally mandated  
26  
27 apology and both sides may benefit from termination of the relationship, either through  
28  
29 relocation, inter-organizational transfer, or outplacement (for either party). While it is possible  
30  
31 for a relationship to return to rationality after a negative anchoring event, it is very hard and very  
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33 unlikely that it would evolve into a positive non-reciprocal form regardless the amount of  
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35 investment.  
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## 40 41 **Conclusion**

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43 We have moved for too long on the assumption that individuals in organizations  
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45 *continually* maintain or seek to maintain reciprocity – that they always monitor their own  
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47 outcomes in the context of the outcomes for the target – when making decisions regarding  
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49 relationship behaviors. In addition we have structured much of our thinking on the way  
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51 exchange relationships in organizations form and operate based on the assumption that deeper  
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53 exchange relationships require time to develop. This is clearly at odds with the way relationships  
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3 are seen as developing in other contexts (e.g., social, romantic), where it is freely acknowledged  
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5 that the development of a relationship need not be gradual at all and may be “sparked” into a  
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7 certain form by a significant event (e.g., “love at first sight.”). And in these other arenas, the  
8  
9 application of different rules for the exchange relationship such as revenge, competition,  
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11 altruism, and group gain are seen as common (Meeker, 1971). While we understand why  
12  
13 individuals might behave in those ways (e.g., strong identification), our literature has been silent  
14  
15 as to how relationships in the organizational context progress into those forms. We argue that  
16  
17 we may be better able to tell how these relationships reach a particular form by looking at  
18  
19 anchoring events. We hope that this greater understanding of how relationships reach more  
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21 extreme forms can be applied to generate deeper positive exchange relationships within  
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23 organizations as well as in helping us understand how to treat the consequences of the negative  
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25 forms of such extreme exchanges.  
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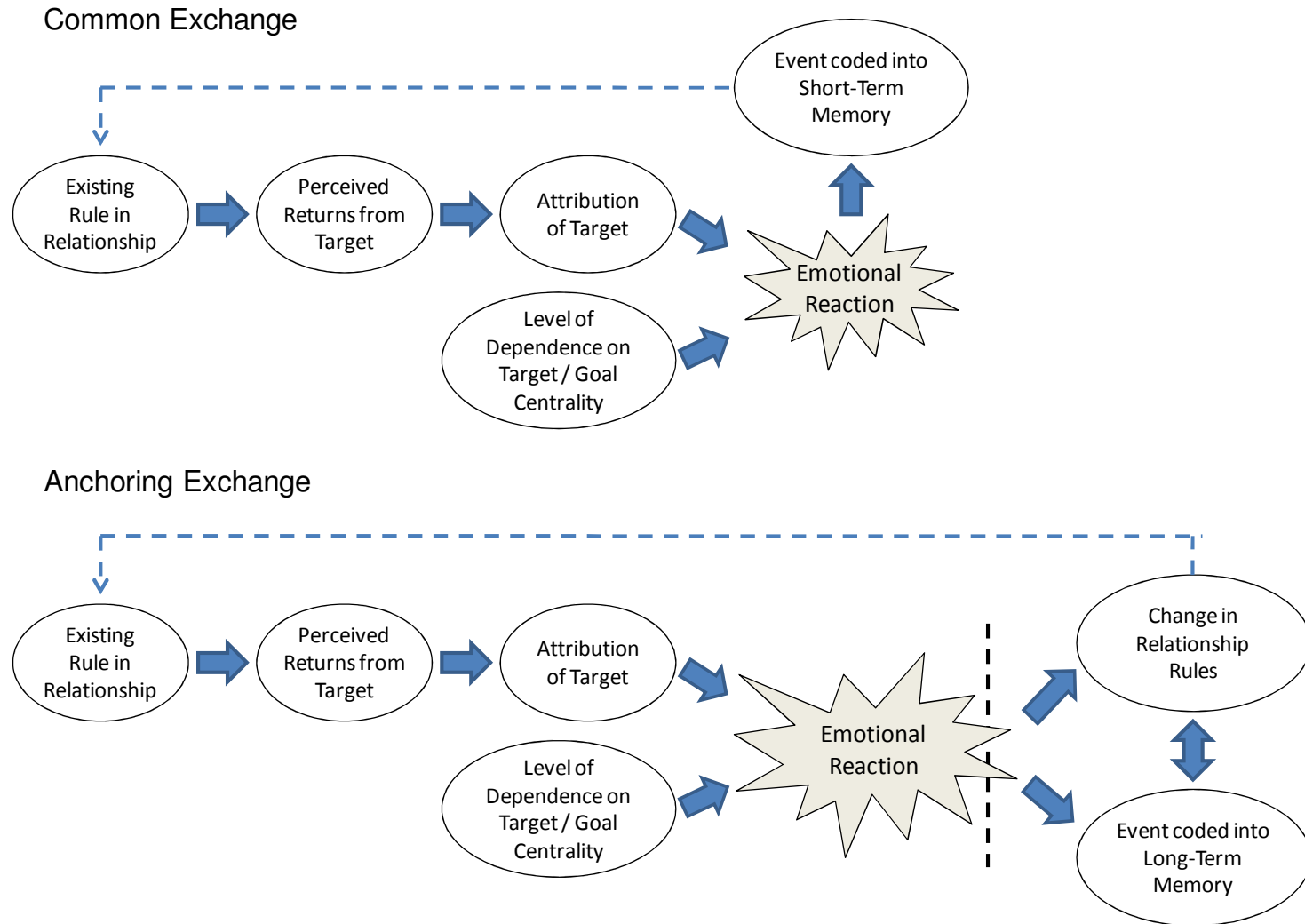
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Figure 1. A Model of Anchoring Events



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Dear Professor LePine:

Thank you very much for the opportunity to revise and resubmit the manuscript, now titled “Chutes versus ladders: Anchoring events and a punctuated-equilibrium perspective on social exchange relationships.” We have attached a revision that we believe incorporates the recommendations of the reviewers and yourself and one which highlights the unique features of our concept as well as our contributions to knowledge regarding the dynamics of social exchanges. These changes are summarized below and in the direct responses to the reviewers.

In your letter, you highlighted four priority areas for the revision, and we’d like to address each of these in turn.

**1. Clarify and support the unique contribution.** *Although we all appreciate what you are trying to accomplish, the reviewers and I have concerns about how your theory contributes to our understanding of social relationships.*

- a. Like Reviewer 3, for example, I wonder how anchoring events are fundamentally different than reciprocal exchanges. “The notion that big events change relationships in a big way, whereas small events shape a relationship in a small way really does not refute reciprocally-oriented models of social exchange. One could even argue that big events have a stronger impact on affective reactions and memory than small events, and this would still be in line with reciprocally-oriented models” (comment 3). Reviewer 1 (comments 1a-c) makes a similar point about the uniqueness of your theory relative to what can be explained by reciprocity.*

1a. With regard to the difference between an anchoring event and reciprocally-oriented models of social exchange, we make different predictions as to the nature of the relationship *after* the major event. We propose that an anchoring event, unlike just a “big” event, can rapidly change the rules for the relationship, such that after the event the memory is so strong I am no longer looking to “pay back” the other party, as would be the case with a reciprocal-oriented model. This is what we mean by durability, that one event with specific characteristics, by being encoded into long-term memory by the associated intense emotional reaction (see Figure 1), can set the terms for the relationship for a long period of time. We now devote an entire section (stage 3, pages 14-17) to this process.

This is unlike current models of reciprocal exchange, which hold that “productive exchange” (Lawler, 2001) emerges not from one such event but from a sequence of “repeated exchanges” where positive affect is engaged. On the downside, reciprocally-oriented models of exchange would predict “negotiated exchange” would emerge over a series of exchanges where the individual’s needs are not met. What these theories don’t seem to address directly is the fact that this process can occur in the content of one exchange and that this exchange can exert significant influence on how future exchanges are evaluated.

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- b. *We also wonder why your particular theoretical perspective is needed for some of the propositions. For example, Propositions 1 and 2 appear to be straightforward extensions of existing theory on decision-making. As another example, Reviewer 2 notes, “[p]ropositions 6 and 7 seem to add little to the manuscript. As they currently stand, they seem to imply merely that positive events lead to positive outcomes while negative events lead to negative outcomes” (comment 2f).*

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1b. We have recast our propositions and believe that they better highlight our efforts to discuss the likelihood of anchoring events occurring as a function of the timing of the event, the status of the current relationship, and the social context of the event. Propositions 1 and 2 are substantially different, and propositions 6 and 7 have been removed.

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- c. *Reviewer 2 is also concerned that significant aspects of your theory have already been examined in the organizational justice literature. “According to fairness heuristic theory (and its successor uncertainty management theory), justice judgments exhibit primacy effects such that when treatment is inconsistent, earlier treatment determines the justice judgments while later treatment is “explained away”...This proposition is similar to that of proposition 3, which suggests that positive or negative events occurring earlier in a relationship should be more durable than later events...Fairness heuristic theory also suggests that justice judgments can change over time, despite developing fairly quickly. Specifically, a substantial deviation from expectations should cause one to re-evaluate and re-visit the fairness judgment, causing a “phase-shift”. This is similar to proposition 1, as well as the definition provided for the concept of an “anchoring event” (comment 1). Although I’m not sure it is necessary to integrate the justice literature in your theory, you should at least explain how the perspectives and predictions are distinct.*

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1c. We see three departures from existing theoretical approaches to reciprocal social exchange and relational models of justice. Much of this is summarized in our discussion at pages 27-28, but we restate (and amplify) this here:

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The first departure is that we propose that memory of specific events plays a key role in relationship development and evaluation. The general pattern of events matters in setting the terms of exchange (Emerson, 1976; Molm, 2000), but only if an anchoring event has not yet occurred. Once an anchoring event happens, it is that exchange that is most readily available in memory and the one that will be most influential in setting the future rules for the relationship. Even current conceptualizations of the role of affect in social exchange (Lawler, 2001; Molm, 2000) are based on the assumption that this affect (and the changing nature of the exchanges involved) emerges over a series of exchanges. This approach, we believe, ignores the possibility that one exchange can make a permanent difference in a relationship.

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Our second departure is in our contention that it is the characteristics of the exchange, rather than the timing of the exchange, that are of central importance in determining the form of the relationship. This is in contrast to fairness heuristic theory, which states that primacy matters – judgments that come first count the most (Lind, Kray & Thompson, 2001). Under this theory the early judgments set the heuristic “in play” which then becomes resistant to change unless there is a significant deviation of expectations for fairness in a future exchange (Lind, 2001). The theory

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3 that we have drawn off of, specifically related to memory, suggests an alternative hypothesis –  
4 events that are the most severe and which have certain characteristics, regardless of when they  
5 come, count the most because they replace fairness as the heuristic by which future exchanges  
6 are judged.  
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9 Our third departure represents a discussion of the limits of relationship repair efforts (e.g.,  
10 apologies, restitution, litigation) when a negative anchoring event occurs. We believe that an  
11 anchoring event can not only push the relationship into a negative non-reciprocal form (e.g.,  
12 revenge or competition) but also make the resulting relationship resistant to reversion back to  
13 reciprocity. As noted in Proposition 4, the strength of the negative memory and the rehearsal of  
14 the anchoring event in future exchanges means that the “upside” limit for relationships that have  
15 experienced negative anchoring events is rationality, or an “uneasy peace” (page 24), where the  
16 individual enters into future exchange agreements with the other party with the sole goal of  
17 protecting and furthering their own interest. This is contrary to fairness heuristic theory (Lind,  
18 2001), which suggests that any “phase-shift” event will return the individual to judgmental  
19 mode, which would then seemingly allow the heuristic to be “reset” based on the results of the  
20 next exchange.  
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25 *d. In summary, a successful revision needs to convey clearly how your research provides a*  
26 *unique perspective on the issue of social exchange, not only in terms of how your theory*  
27 *accounts for noteworthy events, but also how the theory leads to predictions that differ as*  
28 *compared to those that could be made using existing theory. In essence, the paper needs*  
29 *to convince readers that your theory provides a superior and unique understanding of*  
30 *social exchange.*  
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33 1d. The different predictions that we make here are based on the notion that reciprocal-oriented  
34 models of social exchange are “at work” until an anchoring event occurs, at which point the  
35 predictive power of those models is diminished. Once an anchoring event occurs, it is the  
36 memory associated with that event which sets the future terms of the relationship. Thus inherent  
37 in our arguments is that relationship quality or rule for Person A at time T is predicted by the  
38 perceived returns from Target B from time 0 through time T unless an anchoring event has  
39 occurred. If such an event has occurred, relationship quality or rule for Person A at time T is  
40 predicted by the perceived return from that one specific event at time T-1.  
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43 To further elaborate on our process, we also propose an asymmetric effect of anchoring events in  
44 terms of resulting negative and positive non-reciprocal relationships. In Proposition 4 negative  
45 non-reciprocal relationships precipitated by anchoring events are stickier because that negative  
46 event is repeatedly rehearsed in subsequent exchanges, but we believe that for positive events the  
47 opposite takes place. In Proposition 5, we predict that the accumulation of positive investments  
48 outweighs the one-time gains that come from such positive events. This occurs in part because of  
49 the greater power of negative events relative to positive events in setting self-defining memories  
50 because they are processed more deeply (Baumeister et al., 2001).  
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54 We also predict that one reason why negative non-reciprocal relationships are stickier when  
55 caused by a negative anchoring event is because the negative memory is more likely to persist  
56 (Kensinger & Corkin, 2003), leading to a maximum possible repaired state of rationality (rather  
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3 than reciprocity) following an anchoring event. This is consistent with research that shows that  
4 trust is far harder to repair when an individual believes they have been deceived (Schweitzer et  
5 al., 2006), but inconsistent with predictions of relational models of justice which propose that a  
6 signal of a potential relationship change would lead to a revisiting of the fairness judgment  
7 (Lind, 2001). While this judgment may be revisited, the maximum possible outcome for the  
8 relationship is “an uneasy peace” (page 23).  
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11 **2. Account for the development and nature of the existing relationship.** *Another major*  
12 *concern has to do with the lack of attention given to the existing relationship as a factor that*  
13 *impacts the association between the anchoring event and reaction. Although accounting for*  
14 *the existing relationship may complicate your theory somewhat, the existing gaps in the*  
15 *theory are too important to ignore.*  
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19 *a. For example, Reviewer 3 notes that you are “too dismissive of the cumulative effects of*  
20 *numerous small exchanges that lean in a particular direction, especially over long time*  
21 *periods. The research on intuitive decision making makes it clear that “classical*  
22 *conditioning” can often result in sub-conscious feelings regarding stimuli based upon*  
23 *repeated exposure and it is not just huge salient events that trigger affective*  
24 *reactions...any theory such as this that is grounded in feelings and affective reactions*  
25 *needs to recognize intuitive recognition processes that play out over long time periods*  
26 *(comment 2).*  
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29 2a. These comments were quite useful as we redeveloped Propositions 2 – 6. In these  
30 propositions we now discuss predictions for how the relationship will be changed by anchoring  
31 events when the relationship is in different forms of reciprocity (as defined by Sahlins, 1972) as  
32 well as in positive and negative non-reciprocal forms.  
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35 *b. Reviewer 2 comes at the same issue from a somewhat different angle; “I know that I*  
36 *would personally react differently depending on the colleague responsible for the event.*  
37 *My response would likely depend on how much good will that colleague had built up in*  
38 *previous exchanges (and the longer I have known said colleague, the more goodwill they*  
39 *would likely have)” (comment 2d).*  
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42 2b. We integrate this into the discussion for Propositions 2 and 3 as well as the discussion of  
43 Propositions 4 and 5. What the existing form of the relationship impacts is the likelihood of an  
44 attribution of controllability and internal locus for particular exchanges. Exchanges that occur  
45 under positive (or more generalized) forms of reciprocity, in our view, are less likely to be  
46 anchoring events because the positive affect associated with these exchanges means individuals  
47 are more likely to overlook disappointing returns in the exchange or explain them away (pages  
48 20-22). They are also less likely to attribute these to internal causes, as has been shown in  
49 research on liking and attribution (Heider, 1958; Regan et al., 1974; Johnson, et al., 2002)  
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53 *c. Reviewer 1 suggests that attributions for the actor’s behavior (which are context driven)*  
54 *may play a non-trivial role in the how noteworthy events are interpreted. “Beyond*  
55 *violation of expectation (good or bad), the attribution the recipient/victim makes seems to*  
56 *be critical. It is entirely possible that the recipient of an exceptionally good deed knows*  
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*or thinks that the actor did not commit the good deed willingly, and the action is thus unlikely to affect the nature of the relationship. Likewise with a negative expectation violation—if the victim doesn't ultimately blame the actor, then it's unlikely that the violation will affect the nature of the relationship...This is all to say that it seems that the recipient/victim's interpretation of the event/action is more important than simply whether the recipient/victim's expectation was violated" (comment 2).*

2c. We fully agree with this perspective and have integrated attributions into the definition for anchoring events. Specifically, we follow Tomlinson & Mayer (2009)'s thinking regarding the need for an individual to attribute the anchoring event to internal, controllable causes on behalf of the target. We extend this discussion in Propositions 2 and 3 by discussing how specific forms of reciprocity make anchoring events more or less likely to occur because the affect associated with the exchange makes internal/controllable attributions more or less likely.

**3. Account for complexities in the process.** *In the previous point I outlined how it may be necessary to consider the nature of the existing focal relationship more explicitly in your theory. However, as Reviewer 3 suggests, your theory could also account for the idea that the process of social exchange occurs in the context of other ongoing social relationships of which both parties are aware, and that these other relationships may play an important role in determining how exchange events are interpreted and how people respond to them. "This model is also very dyadic in nature, and does not incorporate the role of people outside the focal relationship when generating predictions about reactions. For example, many social exchange theories employ the notion of a "reference person" to whom the current relationship is being compared to, and in some cases, this has a dramatic effect on reactions" (comment 6). Here again, the additional complexity of considering other exchange relationships may be worthwhile to the extent that it addresses theoretical gaps and provides for a richer explanation of the phenomenon.*

3. We have addressed this comment in Proposition 6 (pages 25-26), where we agree with Reviewer 3's view that the social context of an exchange and the perception that an individual has received unique treatment (has been "singled out") will be correlated positively with the likelihood of an exchange being an anchoring event. To support this notion, we integrate the justice literature (e.g., Greenberg, 1993; Lind & Tyler, 1988; Lind, 2001; and Lind et al, 2000) to show how social comparisons drive evaluations of exchange outcomes to create more acute reactions when an individual feels they have received unique treatment in either a positive or negative outcome.

Additionally, we discuss at page 28-29 the notion that the social context of the exchange may interact with other features of the exchange (e.g. dependence level, attributions, extent of exceeded or unmet expectations) to predict the specific form of non-reciprocal exchange that will result from an anchoring event. We have opted not to develop these discussions into specific propositions in order to limit the scope of the paper and maximize the contribution-to-length ratio, but would be open to doing so.

**4. Clarify the nature of anchoring event.** *The reviewers believe that you could improve the manuscript by clarifying the nature of the anchoring event.*



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5 a. *Although your definition of anchoring event accounts for whether the expectation is*  
6 *exceeded positively or negatively, there seems to be a qualitative difference as to whether*  
7 *the expectation is grounded in an existing relationship that is on the way up or on the*  
8 *way down (in a ladder sense). For example, a very positive noteworthy event in a good*  
9 *social relationship might be unexpected, but this isn't the same thing as a very negative*  
10 *noteworthy event in a good social relationship. To a large degree, this concern relates to*  
11 *Reviewer 3 suggestion that you consider "possible interactions between the trajectory of*  
12 *the relationship based upon prior reciprocal exchanges, and the anchoring event...one*  
13 *can imagine that, in the face of a slowly but generally declining relationship, a specific*  
14 *event can become an anchor that would not have been an anchor if it had occurred in the*  
15 *midst of generally positively ascending relationship. This kind of "straw-that-broke-the-*  
16 *camel's-back" model would seem to create better opportunities for integrating this model*  
17 *with reciprocally-oriented models, as opposed to setting them up as alternatives"*  
18 *(comment 5).*  
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22 4a. We have integrated this exact argument into our development of Proposition 2 and have used  
23 the general idea of incorporating the features of the relationship into all of the propositions. Yes,  
24 we believe that the current "status" of the relationship as well as the social context matters, and  
25 varying these conditions in a laboratory setting or seeking out variance in these conditions in a  
26 field setting would allow for the testing of when events occur that are more durable both in  
27 memory and for setting the future terms of the relationship.  
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30 It is also worth noting again that we believe these models work in concert, that reciprocity-based  
31 exchanges make anchoring events more or less likely, and such models very accurately predict  
32 relationship outcomes *until* anchoring events occur.  
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35 b. *On p. 7 you discuss anchoring events in terms of social and organizational norms for*  
36 *exchanges. From this discussion one could gather that noteworthy events would include*  
37 *either (a) negative exchanges of any type, or (b) exchanges that are extraordinarily*  
38 *positive. Is this what you intended?*  
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41 4b. This was not what we intended. Anchoring events, regardless of whether they have a  
42 positive or negative valence, are based on the affective content in the exchange. This content  
43 results from the attribution of the target, the perceived returns from the target, and the  
44 dependence on the target in meeting a highly central goal. Negative exchanges, like positive  
45 exchanges, which are not high on each of these are not coded into long-term memory and thus  
46 fade just as with memories of positive exchanges.  
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49 c. *The definition of anchoring event seems to include its consequence. Why not focus on the*  
50 *event/interpretation of the event itself and affective response separately? This approach*  
51 *would allow investigation of linkages between various types of noteworthy events and*  
52 *affective responses.*  
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55 4c. We have modified our definition of an anchoring event so that it no longer includes the  
56 outcome. This should allow researchers to create conditions by which events become anchoring;  
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3 indeed we have discussed some of these potential tests in the research implications section of the  
4 revised manuscript. In sum, we define an anchoring event as an exchange that occurs when an  
5 individual is highly dependent on another for resources needed to reach a central goal, where the  
6 returns from that exchange are either more or less than expected, and where the individual  
7 believes the other party's actions were intentional and controllable (Internal attributions). It is  
8 important to note that we are not claiming these are the only ways in which emotional content  
9 can be generated, our goal was to define the features of the exchange in particular which will  
10 lead to such content. There may be individual differences (e.g., personality) which cause high  
11 levels of affect regardless of the exchange, and we hope these additional factors are addressed in  
12 future research.  
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16 *d. Third, I wonder about the nature of the affective response in the definition. Do you mean*  
17 *strength of positive and negative emotions, or do you mean other types of emotions, or*  
18 *even reactions that are more cognitive in nature?*  
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21 4d. We have clarified the nature of the affective response by integrating research on cognitive  
22 theories of emotion, their connection to attribution and social emotions and clarifying the stages  
23 in which exchange outcome evaluation, emotional reaction, and relationship change occur. This  
24 discussion appears at page 10-17; to summarize, we believe that individuals engage in compound  
25 reactions to social exchanges, and when the returns are greater than expected and the target's  
26 behavior is praiseworthy, this results in gratitude. When returns are less than expected and the  
27 target's behavior is blameworthy, this results in anger. The "compound emotions" (Ortony et al.,  
28 1988) that occur are more intense because they occur in the nature of exchanges aimed at  
29 fulfilling a central goal (Carver & Scheier, 1999), and this leads to the details of the event being  
30 stored in long-term memory. It is at this point that they both serve to change the scripts used for  
31 future exchanges and are recalled at the beginning of such future exchanges.  
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35 *Although I've outlined what I consider to be the most important issues that need to be resolved,*  
36 *the reviewers provided many other excellent suggestions that you should consider in preparing*  
37 *your revision. For example, Reviewers 1 and 2 suggested that you clarify inconsistencies*  
38 *between the text and the Figure. As another example, Reviewer 3 suggested that you bolster your*  
39 *discussion of applied and methodological implications.*  
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42 In response to the concerns raised by the reviewers and in this letter, we have removed the prior  
43 version of Figure 1 because of these inconsistencies and have replaced it with a new Figure 1  
44 illustrating the process of common and anchoring exchanges. Further, we have responded to  
45 reviewer 3's request to amplify our discussion of applied and methodological implications at  
46 pages 28-32.  
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49 We appreciate the invitation to revise the manuscript and hope that this new submission  
50 enhances our contribution to the literature and distinguishes our concepts from those that are  
51 currently in the existing literature. We have strived to maintain the level of writing and, in  
52 particular, the concise nature of the prior manuscript. We have added approximately three and  
53 one-half pages of text to this version, but believe that the added discussion of the complexity of  
54 the phenomenon, the revised definition of anchoring events, and the deeper discussion of the  
55 processes involved in anchoring events is worth the additional length.  
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4 Thank you very much for your comments and guidance.  
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## Response to Reviewer 1

Thank you for your comments; we have attempted to add the clarifications that you asked for while keeping the concise nature of the original manuscript.

*1a. Are Propositions 1-5 specifically regarding dyads or are they also meant to represent more complicated relationships?*

1a. Because they involve cognitive interpretations of exchanges, we believe these occur between an individual and either another individual, a group or an organization. We clarify this on page 6 of the revised manuscript and we make sure to use evidence of anchoring events that involve individual-individual relationships (e.g., Leary et al., 1998; Schweitzer et al., 2006) as well as those between individuals and groups or organizations such as service recovery and psychological contracts (e.g., Conlon & Murray, 1996; Robinson, 1996; Rousseau, 1996).

*b. On page 5, you define altruism as an attempt of one person to maximize another's outcomes. However, you later indicate that altruism would be prompted by the other party doing something to exceed one's expectations (as if the original recipient wants to repay the favor; see p. 10). How can you distinguish altruism from reciprocity? Later (p. 19), you characterize altruism as viewing "...the other's gains as the relationship's gains." How does altruism differ from group gain (defined on p. 5 as a person acting "...to maximize the total gain of both parties in the exchange")?*

1b. In the revised manuscript, we clarify the difference between altruism and group gain at page 13 (following Meeker, 1971). Specifically, in altruism the individual maximizes the outcomes of the other party while in group gain there is a joint identification process where the individual acts to maximize the outcomes of the dyad because it considers the other a part of themselves. Group gain, then, involves a merger of identities as an outcome of the anchoring event.

*c. On page 5, you define revenge as an attempt to harm others. However, you later indicate that revenge would be prompted by the other party doing something to disappoint one's expectations (as if the original victim wants to respond in kind; e.g., see page 20). How can you distinguish revenge from reciprocity?*

1c. While distinguishing these is now more tangential to the manuscript, the key is in the rule the focal individual uses for the exchange (now clarified on page 13). If the focal individual is trying to "pay back" what was received, they are using a reciprocity rule. If they are attempting to minimize the target's outcomes *without* consideration of the outcomes (positive or negative) received, they are using revenge. The power of the anchoring event is that it changes the cognitive process on part of the focal individual such that, in the case of revenge, they continually seek to harm the other, past the point at which the original "return" was paid back. We speculate (following arguments made by Lind et al., 2000) on page 28-29 that the presence of strongly negative social emotions in an anchoring event and the feeling that an individual is singled out for negative treatment would lead to an individual switching from reciprocity to revenge as the rule for future exchanges.

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d. Why does Figure 1 include three decision rules in the bottom half of the figure (rationality, competition, and revenge), but only two letters (C and D). I don't fully understand to which rules C and D refer, or why there is not a rule labeled E.

1d. We have removed the prior version of Figure 1 from this manuscript and have replaced it with a figure that we hope demonstrates the process of exchange evaluation that leads to anchoring events.

2. *Beyond violation of expectation (good or bad), the attribution the recipient/victim makes seems to be critical. It is entirely possible that the recipient of an exceptionally good deed knows or thinks that the actor did not commit the good deed willingly, and the action is thus unlikely to affect the nature of the relationship. Likewise with a negative expectation violation—if the victim doesn't ultimately blame the actor, then it's unlikely that the violation will affect the nature of the relationship. For example see Schweitzer et al. (2006)—the same behavior is interpreted quite differently when deception is involved compared to when it is not. This is all to say that it seems that the recipient/victim's interpretation of the event/action is more important than simply whether the recipient/victim's expectation was violated. You do mention attributions on page 7, however, I don't quite understand what you're saying: "...since A's attributions that B is obligated to engage in the exchange make it more likely that A will attribute B's actions to external, rather than internal, causes...." If A makes an external attribution regarding B's actions, wouldn't the actions be unlikely to affect the nature of the relationship?*

2. We appreciate your recommendation to include attribution in the definition of an anchoring event. We have more fully developed the definition at page 9 and use concepts of attribution throughout the remainder of the paper as a means of reflecting the anchoring event. The internal attribution, we believe, is a precondition of an anchoring event. Different aspects in the relationship (e.g., liking, form of reciprocity, affect) make it more or less likely that an internal attribution will occur make it more or less likely that an exchange will be an anchoring event (see pages 20-21, 23 in the discussion of Propositions 2 and 4). We also thank you for the tip to the Schweitzer et al. (2006) study and we apply it as evidence to show that the maximum level of repair following a negative anchoring event is an "uneasy peace" (page 23).

3. *Your argument for Proposition 2 could be strengthened by including more of the research in psychology indicating that negative events are more thoroughly (cognitively) processed, are better remembered, etc. Although it's a few years old at this point, see Baumeister et al. (2001) for a very extensive review.*

3. We have changed our propositions in this version, but we do appreciate the recommendation of the Baumeister et al. (2001) review and use it to note that there is a greater likelihood of a negative anchoring event occurring when the balance in the reciprocal relationship is negative as opposed to balanced or positive.

4. *If negative anchoring events are more durable than positive anchoring events (Proposition 2), is the implication that competition, revenge, and rationality are more likely than altruism and group gain? More generally, how does Proposition 2 advance your theory?*

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4. We regret creating the misunderstanding that altruism and group gain are less likely to occur. We have changed our propositions in order to clarify this and stress in Proposition 4 that negative non-reciprocal relationships (e.g., competition, revenge and rationality) which emerge as a result of an anchoring events are more durable than those negative non-reciprocal relationships which emerge as a result of a gradual process of exchanges. One reason that they are more durable is that the memory of the negative event is rehearsed in future exchanges and this puts a cap on the possible change in form. Citing Schweitzer et al., (2006) amongst others, we believe that the highest level of repair possible for a negative non-reciprocal relationship that emerges as a result of an anchoring event is rationality.

5. *The argument leading up to Proposition 3 confounds tenure in the organization with the length of a particular (I assume, dyadic) relationship. Your proposition specifically implicates the length of a particular relationship to be the issue not tenure in the organization. [You can be long tenured in an organization, yet embark on a new relationship with another person.] I think your argument would be stronger if you concentrate on explaining why the length of a particular relationship matters.*

5. We thought this comment dead on, and have used it as motivation to develop Proposition 1. The critical factor, we believe, is dependence. In order for an exchange to be an anchoring event, an individual should be highly dependent on another person for the accomplishment of a highly central goal (see Figure 1). Generally, the longer an individual is in a social or organizational context, the greater their network of relationships grows and thus the less dependent they become on one particular target. Given this factor, we still rely in part on the socialization literature as a means (but not the only means) of showing how the tenure in a relationship (between two individuals) or tenure in the firm (for a relationship between an individual and an organization) impacts the probability that an anchoring event will occur (page 18-19, Proposition 1). We have attempted to avoid specifying that the tenure in the organization is the only factor that matters. For example, at page 18 we note: “It also follows that the longer a focal individual operates within the same social or organizational context, their power grows and thus they gain an increased ability to restructure and reduce dependence on other individuals (Emerson, 1962).”

6. *The arguments leading up to Propositions 4 and 5 could be strengthened. Regarding Proposition 4, if a negative event is more durable than a positive event (Proposition 2), why would a gradual process towards a negative non-reciprocal relationship be harder to move away from a negative non-reciprocal relationship reached via an arguably decisive anchoring event? In other words, if a negative event is durable, why wouldn't a single anchoring event be decisive? Regarding Proposition 5, I don't understand your rationale.*

6. You are absolutely correct and we thank you for pointing this out. Our expanded investigation into this and review of the social emotions and memory literature has led us to recast Proposition 4 to the form you suggest. We partly address this comment in the discussion of comment 4 (above). The process of rehearsal of particularly strong memories of negative social exchanges that occurs in social relationships (Leary, 2000) is what makes non-reciprocal relationship reached via negative anchoring events “stickier” relative to those reached via gradual processes. This does not necessarily take place on the positive side: Leary (2000:338) noted that “the

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3 determinants and effects of positive social emotions do not parallel those of negative social  
4 emotions.”  
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7 *7. How does Proposition 6 relate to the more general claim you make that positive anchoring*  
8 *events will lead to altruism or group gain? For instance, it seems that identification with social*  
9 *categories shared with the other party might be a mediating mechanism between a positive*  
10 *anchoring event and altruism/group gain. Also, how does OCB-I differ from altruism? On the*  
11 *surface at least, they seem to be very similar concepts.*  
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14 7. These propositions (referred to in comments 7 and 8) are no longer in the manuscript. Based  
15 on the recommendations of other reviewers and the editor, the discussion of outcomes of  
16 anchoring events has been condensed and moved to the discussion.  
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19 *8. How does Proposition 7 relate to the more general claim you make that negative anchoring*  
20 *events will lead to competition, rationality, or revenge? How do conflict and deviant behaviors*  
21 *differ from revenge, for instance?*  
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24 8. See note above in response to comment 7.  
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26 *9. Can you explain why a positive anchoring event would lead to altruism rather than group*  
27 *gain, or vice versa? Similarly, can you explain why a negative anchoring event would*  
28 *differentially lead to competition, rationality, or revenge?*  
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31 9. After a great deal of consideration, we have decided not to develop specific propositions to  
32 predict which levels or features of an anchoring event lead to the emergence of specific non-  
33 reciprocal relationship rules. This was done in order to contain the scope of the paper, as in  
34 developing those ideas we realized another paper was being written. With that said, in following  
35 this path we discovered that it is likely that features of the social context of the event and the  
36 specific features of the event interact in predicting the specific form of relationship that emerges.  
37 Part of this discussion, and recommendations to test these speculated relationships appear on  
38 page 28-29 of the revised manuscript. We would be open to developing these into testable  
39 propositions.  
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42 Minor Issues  
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45 *10. There are instances of noun-pronoun disagreement throughout the paper.*  
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47 10. We thank you for pointing this out, and in an effort to clarify the language we have recast the  
48 two parties in the relationship to be the “focal individual” and “the target.” We have conducted a  
49 close edit of the manuscript and we do hope that this is reduced in this version.  
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52 *11. Since you refer to the victim/recipient and actor as “A” and “B” respectively, it might be*  
53 *better in terms of clarity not to use the same letters in Figure 1. Further, why use any shorthand*  
54 *in Figure 1 to represent the decision rules you’ve also named in the figure (altruism, group gain,*  
55 *etc.)? .*  
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11. We have removed the old Figure 1 and have changed our terms for the two parties in the exchange from Party A and Party B to “focal individual” and “target.”

Thank you very much for your comments.



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## Response to Reviewer 2

*In this manuscript, the authors provide a theoretical explanation for non-reciprocal exchange relationships. This manuscript addresses an important topic, and has the potential to contribute to the social exchange literature. I really like the big picture idea, which suggests that exchange relationships may not be based on an equal weighting of multiple interactions. That said, there are several aspects of the manuscript that limit its contribution in its current form. I have outlined a number of ideas and issues below.*

### *1. Theoretical contribution*

*Some of the most theoretically interesting aspects of this manuscript are discussed in the justice literature. According to fairness heuristic theory (and its successor uncertainty management theory), justice judgments exhibit primacy effects such that when treatment is inconsistent, earlier treatment determines the justice judgments while later treatment is “explained away” (Lind, 2001). This proposition is similar to that of proposition 3, which suggests that positive or negative events occurring earlier in a relationship should be more durable than later events. Previous research is consistent with this proposition (e.g. Lind, Kray, & Thompson, 2001).*

*Lind, E. A. 2001. Fairness heuristic theory: Justice judgments as pivotal cognitions in organizational relations. In J. Greenberg & R. Cropanzano (Eds.) **Advances in organizational justice**. Stanford, CA: Stanford University Press.*

*Lind, E. A., Kray, L., & Thompson, L. 2001. Primacy effects in justice judgments: Testing predictions from fairness heuristic theory. **Organizational Behavior and Human Decision Processes**, 85: 189-210.*

*Fairness heuristic theory also suggests that justice judgments can change over time, despite developing fairly quickly. Specifically, a substantial deviation from expectations should cause one to re-evaluate and re-visit the fairness judgment, causing a “phase-shift”. This is similar to proposition 1, as well as the definition provided for the concept of an “anchoring event” (“social exchange whose resolution differs, either positively or negatively, from that person’s expectation given the decision rules they applied prior to the event”). Although there is not a lot of previous research on phase-shifting events, there is some. For example, Lind, Greenberg, Scott, and Welchans (2001) demonstrated that treatment during termination had over twice the effect of treatment during employment in predicting who would consider taking legal action.*

*Lind, E. A., Greenberg, J., Scott, K. S., & Welchans, T. D. (2000). The winding road from employee to complainant: situational and psychological determinants of wrongful-termination claims. **Administrative Science Quarterly**, 45: 557-590.*

*Perhaps the authors should incorporate the fairness heuristic theory literature into their manuscript. The justice literature relies heavily on the social exchange literature, so using fairness heuristic theory to discuss social exchange relationships seems very logical and appropriate. Despite the conceptual overlap between this manuscript and the work on fairness heuristic theory, the authors can improve the contribution made by specifying the process leading to phase-shifting events. Although the authors try, currently the manuscript falls short of*

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3 *explaining (and predicting) the process behind shifts in exchange relationships. In general, the*  
4 *central constructs aren't clearly defined, nor are the underlying causal mechanisms behind*  
5 *proposed relationships explained very clearly.*  
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8 1. We thank you for pointing out the similarities in some of the processes in our concept and  
9 those described in Lind's relational models of justice as well as your suggestions for how we can  
10 distinguish the anchoring events concept from this approach. Following your suggestions, we do  
11 refer to fairness heuristic theory in this version and credit the notion of "phase-shifting" events as  
12 a central process (page 8). We followed your suggestion and have developed a three-stage  
13 model specifying the process of anchoring events, showing how the three aspects of the event  
14 (goals, dependence and attribution) convert these emotionally charged, lasting memories into a  
15 shifted exchange relationship. We hope that our discussion of the role of emotion and memory in  
16 the cognitive processes involved in anchoring events as well as their role in explaining the  
17 persistence of extraordinary forms of exchange relationships represents a substantial addition to  
18 existing theory on relationships.  
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22 Before we get to our discussion of fairness heuristic theory (FHT), we concede that many  
23 relationships in organizations never leave the guiding rules of reciprocity (page 26), where  
24 balance and fairness in exchange are the primary heuristic by which these outcomes are judged.  
25 Therefore, the anchoring event concept is not intended to replace fairness heuristic theory or  
26 social exchange theory, but instead is intended to help us better predict the occurrence and  
27 persistence of non-reciprocal exchange relationships. We hope this manuscript better reflects  
28 where we fit relative to other theoretical approaches. To understand the shifting nature of  
29 behaviors in exchange relationships we hope (and suggest ways on pages 28-30) that these  
30 alternative approaches are tested against one other in future research.  
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34 In keeping with that, we believe we make several contributions to literature on social exchange  
35 and make predictions that are distinct from Lind's (2001) relational models of justice. These  
36 contributions stem from three central tenets of the anchoring events concept: 1) the fact that the  
37 most "weighty" exchange in a sequence which have certain characteristics, not the first  
38 exchange, is the one on which the basis for future rules are set, 2) the fact that some acts or  
39 actions eliminate fairness as a heuristic (or "rule") for evaluating the conduct of future  
40 exchanges, and 3) once fairness has been eliminated as a rule, it cannot be restored through a  
41 subsequent, oppositely valenced exchange.  
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45 First, we address the notion that in the face of inconsistent treatment, early treatment determines  
46 the justice judgment while later treatment is explained away. We believe that this concept (based  
47 in part on the Van den Bos, et al., 1998 and the Lind et al., 2001 studies) is missing something  
48 critical: variation in the intensity of treatments over time. In the Lind et al. (2001) study, for  
49 example, no effort was made to compare unfairness treatments of different intensities at Trial 1,  
50 2 or 3. But we know that there are different grades of unfairness in the same way that there are  
51 different grades of trust betrayals or different grades of positive gifts in exchanges. What our  
52 approach would propose is that fair treatment at Trials 1 and 2 could be overwhelmed by a  
53 massively unfair outcome at Trial 3 such that the individual would approach Trial 4 with a  
54 negative non-reciprocal rule. This is precisely what occurred in the Lind et al. (2000) study,  
55 where the individual's receipt of massively unfair treatment on termination (essentially, at Trial  
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3 2) led to a “vendetta effect” and a desire to litigate to seek revenge. We disagree (see below)  
4 with an approach that says this litigation is an attempt to restore balance or reach a “judgmental  
5 phase” (Lind, 2001: 78) and instead view it as a result of a change in the rules for subsequent  
6 exchanges that does not end, even if the litigation is resolved in the terminated employee’s favor.  
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10 Second, we consider the reliance on “fair” exchange to be a central standard cognition in  
11 reciprocity, which is defined by Meeker (1971) as the effort to reduce the difference between  
12 what an individual receives in an exchange and what the target receives in the exchange. This  
13 “fairness” or “balance” is similar to that proposed in equity theory (Adams, 1965) and is part of  
14 the heuristic used to evaluate reciprocal exchanges in organizational settings (Lind, 2001). With  
15 that said, fairness heuristic theory assumes that the individual is always using this heuristic to  
16 resolve the fundamental social dilemma in the organizational context and is searching to either  
17 restore or repay this “fair” treatment either in “individual” or “group” mode (Lind, 2001: 67).  
18 We believe, however, that certain relationships in the organizational context can depart from  
19 reciprocity and one way in which they do so is through anchoring events. In these relationships,  
20 individuals abandon the joint consideration of the outcomes received by themselves and the  
21 target in exchanges. Only the loosest definition of the term “fairness” would claim that exacting  
22 revenge from someone is a “balanced” or “equitable” outcome. Indeed, Lind (2001: 68) did not  
23 consider individuals who had switched to a mode where they “respond to the needs of their  
24 group or organization whatever their own interests” as motivated by “fairness.” Nor did he  
25 consider those who “reify self-interest and material outcomes” as being motivated by fairness.  
26 He speculated that: “affection and identification are two other constructs that seem to alter  
27 behavior in this way, to ‘flip’ orientations from cooperative and prosocial on the one hand to  
28 competitive and self-interested on the other.” What we propose is that specific events can  
29 instantly create affection/identification or enmity/self-reliance that lead to a more permanent  
30 “flipping” of orientations that lasts for future exchanges because the memory of that particular  
31 event is rehearsed as part of future social exchanges (Leary, 2000).  
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37 Finally, as hinted at earlier, we believe that individuals do not revisit the “fairness judgment”  
38 after anchoring events with an aim towards restoring reciprocity as a goal for future exchanges.  
39 This differs from FHT, which states that signals of a relationship change can cause a re-  
40 evaluation of the relationship such that the individual can shift back into “group mode” following  
41 subsequent fair treatment. As we note on pages 23-24, it’s difficult to imagine the litigants in the  
42 Lind et al., (2001) study ever going back to work for their firms unless they had substantial  
43 contractual protection for their own interests. It is not reciprocity, then, to which the relationship  
44 is restored; rather, it’s rationality. The anchoring event has permanently dented the relationship  
45 by eliminating a desire for balance and replacing it with another set of rules. The most that can  
46 emerge after a specific event creates a negative non-reciprocal relationship is an “uneasy peace”  
47 (page 23) where the individual only relies on the other person to maximize his or her own  
48 outcomes. In our propositions 4 and 5, the maximum possible “repair” of a negative non-  
49 reciprocal relationship created by an anchoring event is to one of “rationality”; the maximum  
50 “downside” of a positive non-reciprocal relationship is one of negative non-reciprocity.  
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## 54 2. Propositions

55 *a. I found myself having to re-read some of the propositions a few times to make sure I was*  
56 *following them accurately. To clarify some of the propositions, I’d recommend that the authors*  
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break them down further. I found it helpful to make the following simplistic outline of the propositions:

<u>Initial relationship established</u>	<u>Anchoring event</u>	<u>New relationship</u>
- Positive anchoring event	+ Negative event	= worse relationship
- Positive gradual process	+ Negative event	= ?
- Negative anchoring event	+ Positive event	= ?
- Negative gradual process	+ Positive event	= better relationship

2a. This concern was very much in concert with other comments from the editor and the other reviewers, who collectively raised several questions about the clarification and purpose of many of the propositions. To address this, we chose to focus the propositions only on the likelihood of anchoring events, thereby avoiding the confusion surrounding what “happens” to the relationship afterwards or making distinctions between different levels of non-reciprocal relationships beyond positive and negative forms. As we note in the new definition for anchoring events, the levels of the critical factors in the anchoring event (e.g., dependence, unmet expectations) are what determine, in some part, how durable it will be. As noted in comment #9 to Reviewer 1, we realized that discussing the various types of “new relationships” or changes in relationship rules was the theoretical contribution of an interesting but most likely separate paper.

*b. My confusion may also stem from the inconsistency between the propositions and figure one. Unlike figure 1, the propositions presented do not seem to distinguish between the non-reciprocal decision rules (altruism vs group gain, competition s. revenge) but these are clearly different types of rules that may differentially affect outcomes. The authors do mention that the decision rules used (altruism vs. group gain) depend on the context of the relationship, but this needs further explanation.*

2b. We have eliminated that figure as we found it difficult to express the temporal dynamics of anchoring events without the benefit of a moving picture.

*c. Proposition 1 states that the durability of anchoring events is determined in part by the intensity of the affective response during the event. Is the emotional response to the event a cause of the durability or vice versa? In other words, are durable anchoring events so severe that they elicit a strong emotional response, or does a strong emotional response lead to better memory encoding and therefore a more durable event? It sounds as though the authors argue the latter, but I suspect this would be difficult to tease apart empirically.*

2c. You are correct that we are arguing the latter, that a strong emotional response leads to better memory encoding and therefore a more durable event. However, you are ALSO correct that we are arguing the former, although with an important one-word deletion - durable. Thus in response to the question “are anchoring events so severe that they elicit a strong emotional response” we would say yes. The durability comes *later* as we look at the form of the relationship for future exchanges with the same target. By definition it has to be this way because it is the emotion that leads to the durability. Without the affect, the memory of the “common exchange” is more likely to be stored in short-term memory and thus fade away (see

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3 Figure 1). We hope that, by taking emotion out of the definition and discussing durability in  
4 Stage 3 as a part of the anchoring event process (pages 14-17), we have cleared up this  
5 confusion.  
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8 *d. Relatedly, I am not sure I agree that the impact anchoring events have on the future*  
9 *relationship is not determined by time or number of exchanges (see p. 11). If one holds*  
10 *anchoring event constant, I know that I would personally react differently depending on the*  
11 *colleague responsible for the event. My response would likely depend on how much good will*  
12 *that colleague had built up in previous exchanges (and the longer I have known said colleague,*  
13 *the more goodwill they would likely have). I suspect my skepticism is due to the definition of*  
14 *anchoring events. As they are currently described, there is no way of knowing whether or not an*  
15 *event will be durable before the change in the relationship occurs. Instead, the durability of an*  
16 *event is recognized after a change in the relationship. This is clearly an issue that needs to be*  
17 *resolved if the proposed model is going to have any predictive validity. At times the authors do*  
18 *seem to discuss variables that may affect either the emotional response or failed expectations,*  
19 *but these discussions are very piecemeal and often occur in the discussion section (e.g. trait*  
20 *affectivity may affect experienced emotional states). Instead, they should be built into the model.*  
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25 2d. We agree that these are important questions, especially the comment concerning the  
26 predictive validity of the model. In our discussion of propositions 1-5, we have discussed the role  
27 of factors of time and the nature of the current relationship in predicting the likelihood of an  
28 anchoring event. Your comment also represents one of the concerns which led us to improve our  
29 definition of an anchoring event. Once we have a better idea of what distinguishes anchoring  
30 events from common exchanges, we can better design tests where features of the relationship  
31 (including time and/or number of exchanges) could be manipulated (in a lab) or measured (in the  
32 field), and that durability as well as relationship-specific and organizational outcomes could be  
33 assessed after the event.  
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36 We agree with the notion that “goodwill” plays a role and have incorporated this argument into  
37 propositions 2 and 3. Specifically, for a colleague with considerable goodwill built up,  
38 exchanges are likely to take place in generalized reciprocity, where there is positive affect in the  
39 exchanges and a concomitant likelihood that unmet or exceeded expectations will be overlooked  
40 or attributed to external causes. This is less likely to occur in a relationship where you have the  
41 other person “on a short leash.”  
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45 *e. Proposition 4 suggests that how a relationship reached its negative form subsequently affects*  
46 *the likelihood the relationship can revert back to a reciprocal relationship. This proposition*  
47 *seems to suggest that a gradual process leading to a negative relationship is better (more likely*  
48 *to go to reciprocal rules or better) than a negative relationship caused by an anchoring event. If*  
49 *my interpretation is correct, isn't it likely that one might see a series of gradual negative*  
50 *exchanges as a pattern and therefore expect that future events are not likely to change? For*  
51 *example, let's say that my supervisor consistently fails to meet my expectations, in small ways.*  
52 *Why wouldn't my burden of proof be just as high as with a negative anchoring event? I think*  
53 *again, the issue lies in the conceptualization of the negative anchoring event.*  
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3 2e. What's missing in a pattern of gradual exchanges is the rehearsal of a particularly vivid  
4 memory that makes the negative non-reciprocal state resistant to change. We turned to literature  
5 on trust betrayal, service recovery and "hurt feelings" to show that individuals are less likely to  
6 give the benefit of the doubt in the future to individuals who have committed a major,  
7 memorable offense against them, be it a betrayal of trust where the individual was deceived  
8 (Schweitzer, Hershey & Bradlow, 2006), or to firms that have sold them an expensive good that  
9 didn't work (Conlon & Murray, 1996), or to individuals who have said something degrading or  
10 highly insulting to them (Leary et al., 1998; Leary, 2000).  
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14 Additionally, we believe that the series of gradual negative exchanges will likely lead to an  
15 individual reducing its dependence on the other individual (in the example provided, their  
16 supervisor) to the highest extent possible, reducing the likelihood of an anchoring event.  
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19 *f. Propositions 6 and 7 seem to add little to the manuscript. As they currently stand, they seem to*  
20 *imply merely that positive events lead to positive outcomes while negative events lead to negative*  
21 *outcomes. Moreover, the overall lack of citations in this section resembles logical speculation*  
22 *more than actual theorizing. I'd recommend removing these two propositions.*  
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25 2f. We agree with this recommendation and propositions 6 and 7 have been removed from this  
26 version of the manuscript. We briefly have discussed some of the implications for practice that  
27 are associated with an increased understanding of the nature of major events in exchange  
28 relationships in our discussion section at pages 30-31.  
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30 Thank you very much for your comments.  
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## Response to Reviewer 3

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*1. The idea of anchoring and adjustment in decision making is pretty-well established, and since deciding what the nature of a relationship is can be conceived of as a decision, it is not too much of a stretch to suggest that this kind of process might take place in the realm of relationship building. In this case, “anchoring” as the authors use the term, also seems to subsume what decision-making researchers refer to as “availability bias” because of its reliance on memory systems, but this too is a well-established process in the decision-making literature. Thus, this represents some interesting and plausible generalizations from one research area to another and the authors are to be commended for making that link.*

1. We appreciate the kind words, as these have helped us better focus on our unique contribution to literatures in social exchange and relational models of justice in organizational contexts. As we note in the responses to the editor and the other reviewers above, we now draw even more heavily on concepts in memory regarding rehearsal of particular events and the writing of emotionally-laden exchange outcomes into memory to show how these particular events serve as anchors in the process of evaluating subsequent exchanges.

*2. In terms of limitations, however, the authors are perhaps too dismissive of the cumulative effects of numerous small exchanges that lean in a particular direction, especially over long time periods. The research on intuitive decision making makes it clear that “classical conditioning” can often result in sub-conscious feelings regarding stimuli based upon repeated exposure and it is not just huge salient events that trigger affective reactions. We have all had an experience of dread when certain people come around the corner, not necessarily because they ever harmed us in a large way, but rather each and every encounter was negative in affective tone, and hence we “learn” to feel a way the minute the person appears. I do not believe that this totally negates the value of what the authors are talking about here, but any theory such as this that is grounded in feelings and affective reactions needs to recognize intuitive recognition processes that play out over long time periods.*

2. We address this in the revised manuscript, but only in part. In redeveloping Propositions 2 – 6, we tried to be clearer about how the current form of the relationship (e.g., different types of reciprocity as defined by Sahlins, 1972) would affect the likelihood of an anchoring event. We also are more deliberate on pages 12 and 17 in explaining the nature of the cognitive biases that ensue once an anchoring event has occurred.

However, we did not explore the classical conditioning arguments, only because we were not confident that, although affect is present, affect alone would change the rules used for the relationship. That is, it is the specific characteristics of the anchoring event leading to the affective reaction that creates the memory which durably alters future exchanges with the target. We would place the example you give in the “common exchange” route (see Figure 1) or on a “gradual” decline into a relationship with a negative balance of exchanges. Yes, it is bad, and yes, it can lead over time to a negative non-reciprocal state, but the one anchoring memory is not going to be present. This is important because it is much more difficult to recall the details of every negative interaction with someone. This lack of the significant and durable memory leaves open the door for that target to move the relationship back towards balanced reciprocity or even,

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3 with a positive anchoring event, to a positive non-reciprocal form. This is a great future research  
4 possibility.  
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7 *3. The authors also need to be clearer regarding how the nature of anchoring events is*  
8 *“qualitatively” different from reciprocal exchanges once the level of exchange goes beyond a*  
9 *certain range. The notion that big events change relationships in a big way, whereas small*  
10 *events shape a relationship in a small way really does not refute reciprocally-oriented models of*  
11 *social exchange. One could even argue that big events have a stronger impact on affective*  
12 *reactions and memory than small events, and this would still be in line with reciprocally-*  
13 *oriented models. The key argument the authors have to make is with respect to the “stickiness”*  
14 *of the evaluation once it is anchored. That is, in Figure 1, once stops seeing any “steps” after*  
15 *the anchoring event and this is the critical hypothesis that has to be supported. The authors need*  
16 *to leverage existing evidence on “stickiness” much more than they currently do.*  
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20 3. This was a key part of the editor’s comments (see comment 1a) and we have provided a  
21 lengthy response to this above. The summary of our arguments is that because anchoring events  
22 become “self-defining” memories they are rehearsed in subsequent exchanges and this affects the  
23 perception and processing of information generated in the exchange.  
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26 *4. The argument for asymmetry in the nature of the movements is also interesting, but not well-*  
27 *supported via existing literature and theory. In fact, even the authors’ own Figure 1 displays a*  
28 *very symmetrical figure that does not seem to vary above versus below the mid-point. I think this*  
29 *is an intriguing idea that makes the concept more interesting, but it is not well developed via the*  
30 *literature review and not reflected throughout the paper very well. Thus, as with the case for*  
31 *stickiness, the also need to leverage existing evidence on “asymmetry” much more than they*  
32 *currently do*  
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35 4. Again this was raised as an important point in the editor’s letter (see comments 2a and 4a).  
36 We have attempted to stress the difference in asymmetry in Propositions 4 and 5 and have  
37 integrated several streams of literature from areas like social psychology (Baumeister et al.,  
38 2001). Also, the original Figure 1 has been replaced.  
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41 *5. The authors also need to address possible interactions between the trajectory of the*  
42 *relationship based upon prior reciprocal exchanges, and the anchoring event. Currently they are*  
43 *treated like alternatives, but one can imagine that, in the face of a slowly but generally declining*  
44 *relationship, a specific event can become an anchor that would not have been an anchor if it had*  
45 *occurred in the midst of generally positively ascending relationship. This kind of “straw-that-*  
46 *broke-the-camel’s-back” model would seem to create better opportunities for integrating this*  
47 *model with reciprocally-oriented models, as opposed to setting them up as alternatives.*  
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51 5. We agree with this recommendation and have integrated this into our framework for  
52 discussing the likelihood of anchoring events in reciprocal relationships (see pages 20-22 -  
53 Propositions 2 and 3). In this discussion, we use the balance of exchanges in the relationship to  
54 discuss the likelihood of the occurrence of an anchoring event. This is because, as you correctly  
55 note, the individual is more likely to be closely monitoring the outcomes of exchanges and this  
56 would lead to a greater probability of an individual perceiving that their expected outcomes in  
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3 the exchange are either exceeded or unmet. Lawler (2001) relied on this concept of “negotiated  
4 exchange” in noting that the emotional content of exchanges that occurred when a negative  
5 balance is present was likely to be greater than that found when the balance was positive, and it  
6 is this greater level of emotion that leads to events being written durably into long-term memory.  
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10 *6. This model is also very dyadic in nature, and does not incorporate the role of people outside*  
11 *the focal relationship when generating predictions about reactions. For example, many social*  
12 *exchange theories employ the notion of a “reference person” to whom the current relationship is*  
13 *being compared to, and in some cases, this has a dramatic effect on reactions. For example, if a*  
14 *particular supervisor routinely treats all staff members in a particular way, the distinctiveness of*  
15 *any event that involves that supervisor and one staff member, will be moderated by these other*  
16 *relationships. I may not expect a supervisor to lose his temper with me, but if I see this person do*  
17 *this routinely with everyone else, and in fact, his outbursts with me seem tame by comparison, it*  
18 *could mute the effects of the event relative to what would be predicted from purely dyadic*  
19 *models.*  
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23 6. We have addressed this comment in Proposition 6, where we agree with your view that the  
24 social context of an exchange and the perception that an individual has received unique treatment  
25 (has been “singled out”) will be positively correlated with the likelihood of an exchange being an  
26 anchoring event. To support this notion, we use the justice literature (e.g., Greenberg, 1993; Lind  
27 & Tyler, 1988; Lind, 2001; and Lind et al, 2000) to show how social comparisons drive  
28 evaluations of exchange outcomes to create more acute reactions when an individual feels they  
29 have received unique treatment in either a positive or negative outcome.  
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32 Further, we have addressed the “dyadic” nature of the model at pages 28-29 in our call to test  
33 potential interactions between perceptions of the social context of the exchange and specific  
34 features of the exchange (e.g., dependence, attributions). We also discuss how anchoring events  
35 can “bleed” into the cognitions of other members of the group, making memories “contagious”  
36 and thus durable for a wider range of individuals.  
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40 *7. This paper is relatively light on applied implications, and one that might need to be*  
41 *considered is the use of apologies as a means of converting what might be an “anchoring event”*  
42 *into just another negative event. If a supervisor admits that a critical event harmed a staff*  
43 *member, and took responsibility, but was able to argue it is not representative of the past or*  
44 *future relationship, then he or she may be able to de-anchor the relationship just by convincing*  
45 *the staff member that he or she saw it the same way. Also, creating memory inducing events or*  
46 *promoting certain memories becomes a critical managerial action based on this model. For*  
47 *example, celebrating anniversary events with pictures of the relationship in good times increases*  
48 *the salience of positive exchanges in ways that leverages these positive experiences to their*  
49 *maximum impact.*  
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53 7. We have attempted to broaden this discussion in the context of socialization programs as well  
54 as relationship repair efforts in organizational contexts (see pages 31-32). We agree with the  
55 suggestion that one implication of our concept could be that socialization programs should be  
56 designed to foster major memories that can anchor relationships into positive forms. While we  
57 agree with the notion that supervisors should aim their relationship repair efforts at changing  
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3 attributions, a lot of this is discussed in recent work on trust repair (e.g., Kim, Dirks & Cooper,  
4 2009; Tomlinson & Mayer, 2009) and we did not wish to duplicate their efforts here. Instead, we  
5 caution managers and firms regarding the potential to “throw good money after bad” in efforts to  
6 create positive relationships following anchoring events when it may be wiser to cut losses and  
7 allow one or the other party to move on. Also, while we did not discuss this in the paper, it is  
8 interesting to think about “extreme” socialization programs outside the context of the workplace  
9 (e.g., ropes courses) and whether those are sufficient to create positive anchoring events or  
10 whether they are “discarded” in memory because dependence was not high due to the artificial  
11 situation.  
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15 *8. The paper is also rather light on the methodological changes that one would need to see in*  
16 *typical social exchange studies relative to what one sees now. Although there is a mention of*  
17 *diaries and event sampling methods, much of the approach to data analysis would seem to*  
18 *change due to the temporal and non-linear nature of some of the effects that are being proposed*  
19 *here. This needs to be given much more attention, in the sense that it was not clear exactly how*  
20 *one would test for and detect this specific model, while at the same time refuting alternative*  
21 *reciprocally-oriented models.*  
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25 8. We have tried to sharpen this discussion at pages 28-30 by discussing potential research  
26 designs that can help test these propositions. To summarize that discussion, we believe that  
27 research on relationship formation could take place in both experimental and field settings. One  
28 stream of research could be to uncover the processes by which relationship rules are set and to do  
29 this one would either manipulate or measure the types of exchanges a particular focal individual  
30 has had with a target. The benefit of an experimental approach would be the ability to capture  
31 the emotional content, while the benefit of a field approach would of course be the richness in  
32 the recalled memories. Another stream of research could focus on the contextual conditions  
33 under which durable memories are more likely to be created. That is, what sticks over short,  
34 medium, and long periods of time? In either of these approaches efforts can also be made to  
35 examine relationship specific and organizational outcomes such as OCB's, identification,  
36 deviance, sabotage, and other relevant behaviors.  
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40 Thank you very much for your comments.  
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