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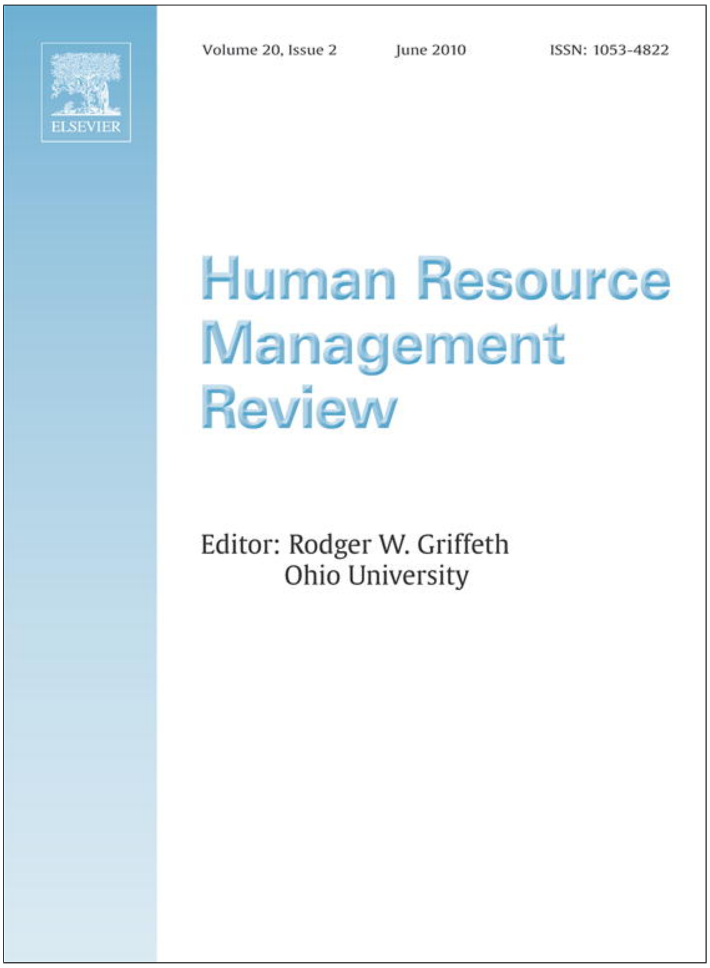

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Human Resource Management Review 20 (2010) 168–171

Contents lists available at ScienceDirect

Human Resource Management Review

journal homepage: www.elsevier.com/locate/humres

Magic of the gift in the workplace: Reply to Dodlova and Yudkevich

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ARTICLE INFO

Keywords:
Gift
Reciprocity
Market
Employer-employee relationship

ABSTRACT

The article is a reply to M. Dodlova and M. Yudkevich. In their recent paper they undertake an attempt to use the notion of gift in the analysis of principal–agent relationship and to generalize the idea of gift in order to obtain a theory of gift exchange in the workplace. However, the analysis suggested lacks conceptual clarity and rests upon false presuppositions regarding the nature of gift. As a result, authors draw erroneous conclusions and fall victims of the magic of the gift. This short reply points to these deficiencies and suggests some ideas for alternative approaches to the analysis of certain phenomena observed in the workplace.

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1. Introduction

In their paper on "Gift exchange in the workplace" Dodlova and Yudkevich (2009) undertake an attempt to use the notion of gift in the analysis of principal–agent relationship. Although there already exists a corpus of works on the subject following the influential article by Akerlof (1982), the work of Dodlova and Yudkevich differs from previous contributions in that it pretends to generalize the idea of gift in order to obtain "an adequate framework for explaining phenomena observed between employers and employees" (Dodlova & Yudkevich, 2009: 24). However, due to insufficient attention to the problem of gift itself their analysis fails to provide such a framework and suggests quite erroneous conclusions about employer–employee relationship and about the important role the gift can play in it.

To make my objections clear I will proceed in this short commentary in the following way: in the first section I will consider conceptual problems that paper conceals. In the second section I will focus on theoretical drawbacks of the approach chosen and show why this logic inevitably leads to fallacious outcomes. I will also briefly suggest two ideas: one idea about possible fruitful applications of the concept of gift to the domain of personnel motivation and another one concerning possible useful source for economic analysis of overworking that already exists in organizational science.

2. Definition of the gift

The key point of the article by Dodlova and Yudkevich (2009: 24–25) is that weakness of agency theory in explaining the behavior of employees who work over minimum requirements can be compensated for by bringing into play the idea of gift. For in the plot of the story authors pretend to use *gift exchange theory*, reader should be surprised that paper contains no straightforward definition of gift itself. All that can be realized about gifts is that they represent a class of "specific actions and services" and these are results or by-products of some "benevolence" of agents toward each other. One wonders what such benevolence might refer to and whether other behavior of agents is guided by bad will or some other kind of volition. What is the theoretical content of the concept of benevolence? Is it possible to define it properly?[1]

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[1] One way to define benevolence would be to consider it as an external effect which arises when the consumption of one individual directly increases the utility of another (Daly & Giertz, 1972). But such an approach is hardly consistent with the intention of Dodlova and Yudkevich.

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doi:10.1016/j.hrmr.2009.07.001

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As Dodlova and Yudkevich maintain that gift exchange theory is used, one may expect to find a conventional definition of gift in the literature they refer to. But such a search also gives no satisfactory results. Akerlof (1982) connects gift-like behavior of workers with specific "sentiment" for the firm which they develop for some reasons. Gift is equated here to the amount of overwork which exceeds the minimal requirements. At the same time Akerlof immediately admits that the term "gift" is used here in a rather metaphoric way: "Of course, the worker does not strictly give his labor as a gift to the firm; he expects a wage in return and, if not paid, will almost certainly sue in court" (Akerlof, 1982: 549). Gift then should be regarded as an attempt by employee (or a group of employees) to revise the conditions of original contract not by means of formal negotiations, but in a tacit manner. Such a conceptualization is consistent with Akerlof's reconsideration of the model of implicit contracts, which shifts focus from risk-sharing to social norms that replace formal coordination.

Kranton (1996) also identifies gift giving with informal enforcement, which necessarily implies future compensation. Offer (1997: 457) doesn't suggest any clear definition of gift, but establishes some features of it. According to the most essential peculiarities of gift, it is a voluntary transfer in expectation of reciprocity; such reciprocity is open to discretion as to value and time. Such an approach is close to Kranton's in that it considers gift as a loosely formalized contract, both sides of which expect to receive gain (including "regard" on the part of donor) or at least compensation; both sides are also ready to use sanctions in answer to possible opportunism.

Fehr and Falk (2002: 689) analyze experiments involving gift giving and suggest, on the contrary, that "reciprocity is not driven by the expectation of future material benefits" . It is a strong claim about the motivation of agents, which is supposed to enrich economic understanding of incentives. But it by no means logically follows from the notion of gift itself. Akerlof (2007), for example, also regards gift as a hint to the missing motivation in economics, but in a quite different way: giving and receiving is oriented at utility, even though utility function is influenced by social norms. Of course, it is easy to assemble all such heterogenous and contradictory incentives in a box called "motivation components of giving", as Dodlova and Yudkevich (2009: 25) do, but one can hardly deduce a theory of human behavior from this explosive box.

In other words, there is no clear understanding of the nature of gift in the bulk of economic literature on the subject, and hence there is no gift exchange theory a puzzled reader might be referred to. One may still try to hypothesize on what Dodlova and Yudkevich imply by the highly ambivalent notion of gift on the basis of the peculiarities of the gift which are indicated in the paper. After all, gift is supposed to be characterized by such attributes as reciprocity, trust, adequacy and apparent voluntarism (Dodlova & Yudkevich, 2009: 26). Notice, however, that it is difficult to reveal what is really specific about these conditions:

- if reciprocity stands for the compensation for the asset received (as Akerlof and Kranton put it), one can call reciprocal every deal made in a corner shop, if it doesn't involve crude extortion;
- Williamson has criticized the position that considers trust as a subclass of risk: both sides of transaction are constantly calculating and re-estimating risks. They bear the risk of entering into such a transaction, but trust itself is no risk (Williamson, 1998: 56–57). Risk is generated by transaction, and not by trust. Trust is a precondition of every transaction and is not the peculiarity of the gift;
- by introducing adequacy as an equivalent of price Dodlova and Yudkevich show (contrary to what they affirm) that gift is considered by them not as a symbolic relationship but as an alternative way to maximize utility. Consider the example provided by Balkin and Richebé (2007). Suppose an employee who received the mentorship he had been dreaming of, offers a valuable gift to the employer in return for it, but then decides to quit. Can we expect the employer to consider it as an adequate compensation? If "no", it means that the initial transfer of good (mentorship) implied definite price, and one can hardly consider price-making to be specific of gifts;
- apparent voluntarism as it is interpreted in the paper proves to be an analogue to usual formal enforcement: the threat of loss of reputation is enough to vanish all voluntarism from this relationship.[2]

Thus, none of these peculiarities shed light on the specificity of gift exchange. The article repeatedly stresses, however, that there is substantial difference between gift and market good, as well as between gift exchange and market exchange. This could be used as a clue to defining the gift, but unfortunately no clear definition of market is given as well. Some scholars accuse economic theory in general of not suggesting any substantive definition of market (Rosenbaum, 2000), but Dodlova and Yudkevich (2009: 24) proceed as though it was clear enough to make market a reliable starting point. In addition to that, an assertion is made that "gift exchange can be considered to be a market for externalities". As authors pretend to convey a new meaning to the word market ("the implicit mechanism of "groping" mutual kindness", which actually "remains a non-market"), conceptual mess looks inescapable. One can hardly differentiate between the "old" meaning of the market, the "new" one, the non-market and the gift itself.

In the end we face a strange variety of exchanges which is almost identical to the market (whatever is implied by this term) save for being devoid of all standard deficiencies of the latter. All post-contractual opportunism mystically disappears from such an exchange. It is hard to imagine an exchange that couldn't be interpreted as a gift following the image of the gift presented by Dodlova and Yudkevich (2009: 32). The only real question that arises here is how this relationship emerges. But the paper leaves us desperate about it, telling that "it can hardly be explained in economic terms due to the symbolic nature of gift giving".

[2] In addition to that Dodlova and Yudkevich repeatedly state that gift is filled with personalism as opposed to universalistic market exchange. One wouldn't object to this assertion, but its relevance for the relationship in the workplace remains unclear. As Akerlof rightly points out, relationship in working place initially presumes risk-sharing (Akerlof, 1982: 544), so that parties need not "get personal". Due to fundamental incompleteness of implicit contract this relationship implies transaction-specific elements and personalization from the outset. It can be concluded from that that the whole relationship represents a series of gifts, but such an outcome would hardly be useful in this context.

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3. Logic of the gift

Actually, the dragged on formalist/substantivist debate that reigned economic anthropology for the most part of the twentieth century (the problem of gift was among the key topics in it) has probably shown nothing save that one cannot simultaneously distinguish between gift and market exchange *and* portray gift as a special case of market. While formalists generally pretended that gift should be identified with market, substantivists were seeking to separate these types of exchange by revealing specific logic peculiar to each of them. Perhaps the most influential substantivist classification was suggested by Polanyi (1957) who stressed that reciprocity (which can be roughly equated to gift here in order to save room) differs from (market) exchange in that it is not oriented on price-setting and does not imply bilateral equivalence. In truth, reciprocity does not involve bilateral trust, but rather trust towards superindividual community (in some cases reciprocal good comes not from the direct recipient of the initial gift, but from some third person or group). One can reject Polanyian distinction (as many have done), but one cannot at the same time endow gift with specific coordinating power and reduce it to benevolence manifested by market agents for some inconceivable reasons.

It would be tempting to get rid of the problem of opportunism simply by supplementing standard market exchange with a miraculous exchange which escapes this problem, and by calling the latter "gift". However, it is unclear how such a trick could help to explain a relationships in workplace.

Small wonder, then, that conclusions made by Dodlova and Yudkevich (2009: 30, 32) lack grounds. As for the agency dilemma, they conclude that gift exchange approach enables to conceive altruistic phenomena and accounts for intrinsic motivation of agents. Besides that, they infer that gift exchange helps to tackle the issues of free-riding and intrinsic incentives in teamwork. These assertions are based on several illusions concerning the nature of gift. I will now make use of several ideas from the anthropology of gift to expose some of these illusions.

First illusion: gift giving somehow ensures reciprocal gift. This illusion results from improper understanding of obligation that is imposed by gift. Bourdieu (2003: 277–8) stresses that the most dangerous misinterpretation concerning the gift is that gift is paired with reciprocal gift. The necessary condition of reciprocal gift is that it is *not* regarded as obligatory. Parties should not confess to each other or to themselves that a reciprocal gift must follow. Reciprocal gift shouldn't be demanded, implied or awaited. Should somebody count on reciprocal gift, she will violate the principle of "common miscognition". In such a case not only reciprocal gift is unlikely to follow, but the relationship will be under threat of distortion. In other words, not only principal–agent problem persists here, but reckoning upon the reciprocal gift is likely to produce some behavior that could be regarded as additional opportunism.

Second illusion: gifts are expected to increase utility and generate Pareto-optimum outcomes. This view is based on the assertion that parties are willing to meet each other's preferences and have competence to do so. However, nothing in the nature of gift suggests that. Sahlins (2004: 159) analyzes a classic schema of gift in Maori tribes and notes that gift is originally guided by the belief that the surplus should never be retained. This schema may be applied to employer–employee relationships in the following realistic way. Imagine, for example, an employer who gives the employee some financial bonus which is above the minimum he is obliged to pay by contract. The employee spends this money to hold a feast.[3] In such case he will be obliged to invite the employer to the feast, because otherwise he will feel that he appropriated the surplus that is generated by the gift. One could argue only at a stretch that Pareto-optimum is achieved here.

Third illusion: initial gift results from conscious decision, and parties are free to quit after the act of reciprocal gift. As Dodlova and Yudkevich (2009: 32) depict gift as a "mutual agreement between workers to reciprocate to each other by gifts", they tend to identify it with deliberate and purposeful actions of contractors. Moreover, such an agreement has a well-defined scope (namely, reciprocal gifts), beyond which it can never reach. But gift ceases to exist when any kind of conscious calculus is involved (Caillé, 2005). Mauss (1923–1924) related the idea of gift to *prestations totales*, which in its pure form imply total exchange between parties (even if this exchange is not agonistic, i.e. does not transform into conspicuous destruction). Total exchange involves all members of participating groups and all their belongings. This involvement doesn't mean that all these items are actually exchanged, but that they take part into this relationship, which is binding the parties. The gift is binding not because it produces an obligation, but because it involves parties into this new relationship. The question whether gift is binding or liberating is senseless: it is both. It is liberating not because of "apparent voluntarism", but because the interval emerging before the reciprocal gift creates space for the relationships of power and domination. Reciprocal gift can produce new "obligations", thereby reinforcing the bond. It is not easy to quit such relationship (if possible at all), and quitting is by no means deliberate or preconditioned.

This, of course, doesn't imply that gifts are absent from the relationships in workplace or that the concept of gift is of no use in analyzing such relationships; quite the opposite. But it is crucial to keep in mind that gift generates specific relationship which is characterized by its own principle of interaction. Gift is not an option, it is a logic. A gift presented by the employer to his employee(-s) may and presumably will strengthen his power. This, in turn, can result, inter alia, in readiness of employees to overwork in certain situations. But gift always presupposes the risk of reciprocal gift, so that donor can never feel safe: reciprocal gift can impose on the employer obligations that would fundamentally change the relationships in the organization. This is the key point: gift can produce consequences that escape any deliberate control and are capable of taking over the organization. Thus, for example, one can explain why employer frequently doesn't fire ineffective employee, who previously rendered service to him — even when such service was followed by reciprocal services.

[3] This is a widespread practice in some organizations in Russia, particularly when several co-workers get bonuses simultaneously and the bonuses come unexpectedly. In such cases bonuses are perceived almost as unearned surplus and Sahlins' explanation fits perfectly.

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Meanwhile, the explanation of overworking in economics still have not been found, even though Akerlof (1982) concedes that it has long been accounted for in sociology. My suggestion is that the idea of psychological contract (e.g., Rousseau, 1995) might prove useful for the solution of this problem. Psychological contract in employer–employee relationships refers to the perception of conditions of the agreement — typically researchers focus on employee's perception. Indeed, employees are sometimes motivated by future opportunities that were promised by the employer, as perceived by the employee. If, according to psychological contract, the conditions of granting such new opportunities (e.g., mentorship or promotion) are indeterminate, an employee is expected to reduce uncertainty by overworking. Such motivation can be both extrinsic and intrinsic, the latter being related to relational (as opposed to transactional) psychological contract (see Rousseau, 1995: 91–93). Bringing psychological contracts into play might shed light on the motives of overworking employees: an employee may be oriented at future utility and perceive overworking as a part of such contract.

The ability of such motives as "benevolence", "sentiment" or "sympathy" to account for unpredicted coordination and "altruism" is so immense, that they have every chance to become *la vertu dormitive* of economic analysis. But these magic factors are unlikely to help solving the real task of finding economic explanations of human behavior.

One may wonder, then, how could that come that cool and sober-minded economists let these magic factors in their explanations. There is, however no surprise for anthropology here. It has been long since anthropologists noticed that those who reach the most careful accounts of reasonable motives of the parties to the gift relationship run the biggest risk of letting themselves be mystified by the magic of the gift — starting with Marcel Mauss himself (Lévy-Strauss, 1968).

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