

## **Reciprocity. Exchange without deceptions**

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*A guide to rereading the key words of economic behavior, after breaking down the myths and bursting a few bubbles. Here's are the words already analyzed: Happiness, Profit, Market, Bank, Investment, Responsibility, Rules, Interests, Organization. This week we take a look at "Reciprocity".*

Reciprocity is probably the most relevant social norm in civil life. The entire dynamic of communal living, from the micro to the macro, can be read as a network of relations which are very different from each other, but have as common denominator some type of norm of reciprocity.

The original meaning of reciprocity comes from the Latin *rectus-procus-cum*, "that which goes and returns between one another".

Human communities - from families to nations - grow when among the various forms of reciprocity those "positive" ones prevail, those which therefore give life to cooperation and civil development (contracts, market, mutualness, friendship, love), and therefore, when the "negative" forms of reciprocity (conflict, war, revenge, retaliation) do not take the upper hand.

There are two main types of reciprocity: direct and indirect. Direct reciprocity is presented by the action of A towards B, B towards A; one person (A) gives or does something for another (B), and this one responds back towards the same person. If what is exchanged between A and B is of equivalent value, we are in the form of reciprocity typical of contracts. If it is of unequal value, we're dealing with other forms of reciprocity, like friendship, for example.

But in any case, the response of B towards A should be considered suitable by A (even if not equivalent), if one wants this reciprocity to continue over time and be affirmed as a social norm.

Reciprocity is often, in fact, a repeated interaction, and the suitability of the exchange is a necessary condition for the rapport to last over time. If one of the parties in the rapport feels taken advantage of by the other, the reciprocity is not sustainable.

There are, however, other forms of reciprocity that are very relevant to social life. They are the indirect forms of reciprocity.

Indirect reciprocity has a double structure. The first is A towards B towards C: A behaves towards B, and A's action produces the effect that B in turn similarly treats a third subject C, without there being a direct relationship between C and A.

In a family, such relational structure is the basis of a good deal of the educative process, but many dynamics within organizations also depend on the indirect reciprocity at the base of the organizational culture, created over time and from spontaneous cooperation.

The second type of indirect reciprocity is instead as follows: A towards B, C towards A. A behaves in a certain way towards B, and an external subject, C, who observes the first action by A towards B, is influenced in his relationships towards A.

In more ordinary economic life, similar dynamics are very important. Think, for example, of a client (C) of a business (A) who considers the actions that this does in favor of a social project (B) as means of increasing its profits; this client could also penalize the "social" actions of the business.

Much of the success obtained by social responsibility campaigns also depends on how the various stakeholders understand the intentions of the protagonists. Human beings are the only animals capable of attributing meaning to their own actions and those of others: that's why reciprocity doesn't lay its stakes only on recorded actions, but also on that of intentions. "Objective" facts aren't enough for us. We want to understand the relational and motivational message that these incorporate.

Next week's word: Capital