

all, people believe that if something goes awry the other party will be there for them, to protect and help them. These beliefs are not spelled out in a contract, but they are general obligations to provide care and help in times of need.

Again, companies cannot have it both ways. In particular, I am worried that the recent cuts we see in employees' benefits—child care, pensions, flextime, exercise rooms, the cafeteria, family picnics, etc.—are likely to come at the expense of the social exchange and thus affect workers' productivity. I am particularly worried that cuts and changes in medical benefits are likely to transform much of the employer-employee social relationship to a market relationship.

If companies want to benefit from the advantages of social norms, they need to do a better job of cultivating those norms. Medical benefits, and in particular comprehensive medical coverage, are among the best ways a company can express its side of the social exchange. But what are many companies doing? They are demanding high deductibles in their insurance plans, and at the same time are reducing the scope of benefits. Simply put, they are undermining the social contract between the company and the employees and replacing it with market norms. As companies tilt the board, and employees slide from social norms to the realm of market norms, can we blame them for jumping ship when a better offer appears? It's really no surprise that "corporate loyalty," in terms of the loyalty of employees to their companies, has become an oxymoron.

Organizations can also think consciously about how people react to social and market norms. Should you give an employee a gift worth \$1,000 or pay him or her an extra \$1,000 in cash? Which is better? If you ask the employees, the majority will most likely prefer cash over the gift. But the