Are Individuals’ Reputations Related to Their History of Behavior?

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Functional theories of reputation imply that individuals’ reputations are tied to their history of behavior. However, indirect evidence suggests that the relation between reputation and behavior might be tenuous at best. In 3 studies, the authors tracked the development of reputations among individuals who engaged in multiple negotiation tasks across several weeks. The authors found that on average, individuals’ reputations were only mildly related to their history of behavior. However, the link between reputation and behavior was stronger for some individuals than others—specifically, for individuals who were more well-known and received more social attention in the community. In contrast, for less well-known individuals, their behavior had little impact on their reputation. The findings have implications for psychologists’ understanding of reputations, person perceptions in larger groups, and the costs and benefits of social visibility.

Keywords: reputation, social connectedness, person perception, perceptual accuracy, negotiation

Reputations are thought to serve a number of social functions. Possessing information about others helps us avoid individuals who might cheat or deceive us and pursue relationships with those who are more cooperative and trustworthy (Bromley, 1993; Dunbar, 2004; Granovetter, 1985; Hogan, 1996). Reputations also help promote prosocial behavior. Positive reputations bring status, acceptance, and willing exchange partners, whereas negative reputations incur collective punishment and ostracism (Blau, 1964; Fehr & Gächter, 2002; Flynn, 2003; Hardy & Van Vugt, 2006; Homans, 1951; Nowak & Sigmund, 1998; Tetlock, 2002; Thibault & Kelley, 1959), so reputations can incentivize individuals to behave more cooperatively.

Functionalist accounts of reputation assume that there are links between individuals’ reputations and their history of behavior. Individuals who have historically behaved in cooperative or trustworthy ways should be perceived more positively in their community than those who have behaved in selfish or deceptive ways. Without such links, reputations would fail to serve their putative functions. They would lead us to trust those we should avoid and avoid those we should trust, for example.

But are individuals’ reputations closely tied to their behavior? Some findings suggest they are not. A reputation is defined as the set of beliefs, perceptions, and evaluations a community forms about one of its members (Bromley, 1993; Craik, 2007; Emler, 1990). In a typical community, it is difficult to pay attention to the behavior of all individuals (Byrne & Whiten, 1988), and people attend only selectively to information about others (e.g., Chance, 1967). Further, information gets distorted as it is passed from one person to another (Gilovich, 1987). As Allport (1937) suggested long ago, individuals’ reputations might be based more on gossip and rumor than on their history of behavior.

We argue that somewhere between these two opposing perspectives—that reputations reflect individuals’ history of behavior and that reputations are inaccurate and invalid—lies the truth. Reputations should be linked to behavior, albeit not strongly for the average individual because of limitations in community members’ attention. However, the link should be stronger for some individuals than others; namely, for more prominent individuals who receive more attention in their community. We tested these ideas in three studies, examining the development of reputations among individuals who engaged in a series of negotiation tasks across several weeks.

Understanding the link between behavior and reputation is important for a number of reasons. First, if reputations are a mechanism of social control (Emler, 1990; Fehr & Gächter, 2002; Granovetter, 1985), a critical issue is their efficacy. How well do reputations reward the virtuous and punish the deceitful? Second, people often rely on reputation information when selecting business associates, friends, or romantic partners (Granovetter, 1985; Tinsley, O’Connor, & Sullivan, 2002), so it is important to know whether such information tends to be valid or baseless. Finally, how individuals are perceived in a community determines their self-concept (Cooley, 1902; Leary, Tambor, Tersdal, & Downs, 1995), social standing (Berger, Cohen, & Zelditch, 1972; Hardy & Van Vugt, 2006), and material outcomes (Fehr & Gächter, 2002;
Granovetter, 1985). It is crucial to understand the origins of a variable with such profound psychological, social, and material significance.

Conceptualizing Reputation

It is important to provide conceptual clarity to the term reputation because common use of the word can carry unnecessary connotations. For example, reputation often refers specifically to an individual’s integrity or virtuousness; saying someone has a “good reputation” often means he or she is known to be trustworthy and ethical. However, reputations can be multifaceted. A person can be evaluated by fellow community members along many dimensions, such as for their industriousness, warmth, or creativity. Also, the content of reputations can involve more than judgments about personal qualities (Craik, 2007; Emler, 1990), such as specific facts (e.g., place of birth), actions (e.g., “He told the most inappropriate story at a wedding”), roles (e.g., “She is the new boss”), or relationship status (e.g., “He is still single”).

Moreover, when people say that a person has a reputation, they imply that perceptions of the person are widespread or shared among most if not all members of a community (Bromley, 1993). Yet this is not always the case. Previous research suggests that sometimes even the most widely shared attributions of an individual are held only by a portion of the community (Bromley, 1993). At the same time however, a single impression one person forms of another cannot be deemed a reputation; rather, single impressions serve as building blocks of an overall reputation (Bromley, 1993; Craik, 2007; Emler, 1990). Therefore, we consider an individual to have a reputation when multiple community members (but not necessarily all) share the same perception or belief about him or her. The more people share the same belief or perception of an individual, the stronger is that individual’s reputation.

In this sense, reputations are similar to the public component of personality (Hogan, 1983, 1996), the “public self” (e.g., Baumeister, 1982b; Goffman, 1959), or what Kenny (1994) called “target effects”—all of which reflect how an individual is perceived by others. We would argue that reputations reflect how individuals are perceived in the specific context of a particular community, such as a work organization, neighborhood, or religious community.

The Link Between Behavior and Reputation

An intuitive model of reputation formation would be that when individuals interact with multiple community members over time, they leave a trail of interaction partners who have formed perceptions of them. These interaction partners’ perceptions comprise what can be called the individual’s firsthand reputation (‘first-hand’ because the perceptions were based on direct, firsthand experience). These interaction partners might then tell others about the individual, such as friends or colleagues, and those friends or colleagues might in turn tell others about the individual. The perceptions formed by these receivers of secondhand information comprise what can be called the individual’s secondhand reputation.

There are many obstacles that might preclude even firsthand reputations from forming. Classic and current research has shown that individuals can behave differently across different situations; for example, they can behave cooperatively in one interaction but deceptively in another (Fleeson, 2001; Hartshorne & May, 1928; Mischel, 1968). This inconsistency might preclude individuals from accumulating any kind of coherent or systematic reputation across their interaction partners (Bromley, 1993). Each person with whom individuals interact might form a different perception of them, some perceiving them as trustworthy and others seeing them as deceptive.

Further, within communities it can become difficult to impossible for individuals to keep track of all fellow community members’ behavior (Byrne & Whiten, 1988). Humans are cognitive misers (Taylor, 1998), and maintaining a mental account of others’ behavior is extremely taxing (Byrne & Whiten, 1988). Much evidence suggests that individuals attend to some individuals more than others (e.g., Chance, 1967; Fiske, 1993) and that memories of individuals fade easily and change over time, even after 1 week (Hastie & Kumar, 1979; Snyder & Uranowitz, 1978; Stangor & McMillan, 1992). This suggests that, over time, people are unlikely to retain the perceptions they made of all their interaction partners. Yet if individuals are easily and quickly forgotten, then a coherent firsthand reputation is unlikely to accumulate. Only a small number of people at a given time would perceive an individual as cooperative or as selfish, for example.

In terms of secondhand reputations, individuals’ interaction partners might not find their perception of an individual important or interesting enough to pass on to others (Emler, 1990). And those who receive secondhand information about an individual might not care enough to pay attention to it and retain it over time. Indeed, receivers of secondhand information listen only selectively to it (Inman, Reichl, & Baron, 1993), which can lead to a divergence in perceptions between the provider and receiver of the information (Gilovich, 1987; Inman et al., 1993).

In spite of these findings, however, we hypothesize that individuals do in fact develop reputations based on their history of behavior. First, although individuals show variability in their behavior across situations, their average level of behavior across situations is highly consistent and systematic (Diener & Larsen, 1984; Epstein, 1979; Fleeson, 2001, 2004; Moskowitz, 1982). For example, in one study the average level of agreeable behavior across situations is highly consistent and systematic (Diener & Larsen, 1984; Epstein, 1979; Fleeson, 2001, 2004; Moskowitz, 1982).
information about others should help people overcome the aforementioned obstacles and allow reputations to develop.

Previous Research

Prior studies can inform us of many of the processes that likely shape reputations, but they do not provide a complete understanding of reputation development. For example, studies of impressions based on zero-acquaintance or “thin slices” of behavior (Ambady, Bernieri, & Richeson, 2000; Kenny, Horner, Kashy, & Chu, 1992) have told us how individuals are perceived at first glance, but these perceptions can change over time as the perceivers accumulate more information about the target (Snyder & Urrnowitz, 1978). Research on self-presentation has shown how individuals strive to manage others’ impressions (Baumeister, 1982a, 1982b; Leary & Kowalski, 1990), but that work has not examined the effects of self-presentation efforts on reputations in communities.

Laboratory studies (Kenny, 1994) can inform us of how individuals are perceived in small groups. However, such perceptions are often solely based on direct, firsthand observation of the target. Individuals’ reputations are typically the product of both firsthand and secondhand information, and thus reputations are best studied in communities that exist for extended periods of time and that allow members to share information about each other (Bromley, 1993; Craik, 2007; Emler, 1990; Nowak & Sigmund, 1998). Finally, studies of close relationships can tell us how individuals are perceived by friends or romantic partners (Murray, Holmes, & Griffin, 1996; Swann, 1992), but these perceptions may not represent all evaluations made in a community, including those made by distant acquaintances (Kenny & Kashy, 1994).

Study 1: Individuals’ History of Behavior and Their Reputation

In Study 1, we focused on examining the link between individuals’ reputations and their history of behavior. We expected that reputations would be related to individuals’ behavior history, albeit not strongly. We tested this hypothesis among Masters of Business Administration (MBA) students enrolled in negotiation classes.

This MBA sample was ideal to study reputations for many reasons. First, the negotiation classes lasted many weeks and students had ample opportunities in and out of class to exchange information about each other. Second, MBA students’ reputations among their classmates have real-life consequences; students’ classmates comprise the core of their business network, and their reputations are important to their career success (Flynn, 2003). MBA students typically have an average of 3–4 years of significant work experience beyond their undergraduate schooling, so they understand the importance of reputation. Third, testing the link between behavior and reputation would ideally involve tracking individuals’ behavior history over time and across multiple tasks. In these classes, students negotiated with many other classmates over a series of weeks and on diverse tasks, which allowed for the measurement of behavior across multiple interactions. This aggregated approach to behavioral measurement has been advocated by many but used by few (see Diener & Larsen, 1984; Epstein, 1979; Fleeson, 2004; Moskowitz, 1982).

By studying negotiation contexts, the current research also makes an important contribution to the literature on bargaining and conflict resolution. As previous work has shown, negotiators’ reputations can have a profound impact on their success. Negotiators with positive reputations make it more likely that partners will be willing to bargain (Glick & Croson, 2001; Milinski, Semmann, & Krambeck, 2002) and achieve better bargaining outcomes (Tinsley et al., 2002). When individuals face a negotiator with a positive reputation, they trust that negotiator more, communicate interests and priorities more openly, and use fewer defensive and distributive bargaining tactics (Tinsley et al., 2002). However, to our knowledge, negotiation scholars have not examined the origins of negotiator reputations, leaving this critical issue unaddressed.

We focused specifically on predicting these students’ reputations for cooperativeness, a critical dimension of reputation (Fehr & Gächter, 2002; Flynn, Reagans, Amanatullah, & Ames, 2006; Granovetter, 1985; Nowak & Sigmund, 1998). Cooperativeness, which has also been called morality and social desirability, refers to a tendency to be good to other people and to care about others’ welfare; it involves traits such as sympathy for others’ outcomes, trustworthiness, and honesty (De Bruin and Van Lange, 1999; Fiske, Cuddy, Glick, & Xu, 2002; Rosenberg, Nelson, & Vivekananthan, 1968).

In the context of the MBA students we examined, we operationalized individuals’ history of cooperative behavior in two ways. First, we measured the cooperativeness of individuals’ negotiation outcomes in objective, economic terms. Specifically, we focused on the integrativeness of individuals’ outcomes (Bazerman & Neale, 1992; Raiffa, 1982; Thompson, 1990). Integrative performance refers to how well individuals’ agreements effectively satisfy both parties’ interests. Integrative outcomes are typically measured in terms of joint profit or the sum of each negotiator’s individual outcome (Bazerman & Neale, 1992; Mannix & Neale, 1993). To achieve integrative outcomes, individuals must engage in cooperative behavior by building trust, ask for and share information about preferences and priorities with their counterpart, and agree to solutions that make both parties better off (e.g., Bazerman & Neale, 1992; Raiffa, 1982). Therefore, we hypothesized that negotiators who achieved high integrative outcomes would develop a reputation as being more cooperative.

Of course, economic outcomes in negotiations can also be evaluated in terms of distributive performance—that is, how well individuals secured resources for themselves (e.g., Thompson, 1990). However, the potential effects of distributive outcomes on reputation were less clear. On the one hand, individuals who achieve high distributive outcomes might develop reputations as being less cooperative. High distributive outcomes are the product of assertive and forceful bargaining tactics (Bazerman & Neale, 1992; Galinsky & Mussweiler, 2001; Thompson, 1990). On the other hand, individuals who achieve low distributive outcomes are not necessarily more cooperative but, instead, might simply be poor distributive bargainers; this would suggest no relation between distributive outcomes and reputations. We left the link between distributive outcomes and reputation as an open research question.

The second way we operationalized individuals’ cooperative behavior histories was through ratings provided by their negotiation counterparts. Whether individuals are perceived as cooperative depends not only on their negotiated outcome but also on the
process by which that outcome is reached (e.g., Curhan, Elfenbein, & Xu, 2006; Thibault & Walker, 1975). Individuals’ reputations for cooperativeness should therefore stem from their behaviors in addition to their negotiated outcomes. For example, individuals who attained low integrative outcomes but who behaved honestly and fairly might still attain a reputation for cooperativeness. We therefore hypothesized that above and beyond their integrative outcomes, individuals who behaved in cooperative and trustworthy ways would develop a reputation as being cooperative.

**Method**

**Participants.** Participants were 80 MBA students (45% men, 55% women) enrolled in two negotiation classes at a large East Coast business school. The courses lasted 6 weeks. For the semester in which the study was run, the business school was comprised of 27% minority students; the average age was 28 years. There were no significant differences between the two classes on any variable nor any differences in main effects, so we combined them into one sample.

**Procedure.** Participants engaged in a different negotiation exercise each week of the course. These negotiation exercises were selected to cover as wide an array of negotiation scenarios as possible (e.g., they ranged from simple to complex, single issue to multiple issue, pure business transactions to those involving emotional conflicts between long-term associates). Each exercise lasted from 30 min to 1 hr 15 min. Participants were randomly assigned to dyads and negotiation roles for their negotiation. For our measure of behavior histories, we focused on the four negotiation exercises that were dyadic; the other two exercises involved larger groups, which made measuring counterparts’ perceptions impractical. Following each exercise, participants reported their agreement in the negotiation. They also privately reported their perceptions of their negotiation counterpart’s cooperative behavior on a questionnaire. Near the end of the course and after the four dyadic exercises had been completed, we measured individuals’ reputations for cooperativeness through peer nominations. In total, the data involved 160 separate negotiations and over 5 hr of data collection per participant.

**Integrative negotiation outcomes.** In Week 1, participants engaged in a purely distributive negotiation that involved the purchase of a pharmaceutical plant (see Galinsky & Mussweiler, 2001). We therefore did not code for integrative outcomes in Week 1. In Week 2, participants engaged in a negotiation between an oil executive and a gas-station owner over the sale of a gas station (Goldberg, 1997). We coded integrative outcomes in the exercise using Anderson and Thompson’s (2004) 0- to 2-point coding scheme. To establish reliability of the codes, a second independent rater coded 20% of the negotiated deals; the two sets of judgments agreed perfectly. In Week 3, participants engaged in a negotiation involving the sale of syndicated television shows (Tenbrunsel & Bazerman, 2000). For this negotiation, we measured integrative agreements with a commonly used index of joint outcome or the sum of dyad members’ raw-score outcomes (Bazerman et al., 1985; Ben-Yaac & Pruitt, 1984; Mannix & Neale, 1993). In Week 4, participants engaged in a negotiation of a dispute between a real-estate developer and a carpentry contractor (Greenlaugh, 1993). For this exercise, each dyad was given a point for including any integrative issue in their deal. A second independent rater coded 20% of the negotiated agreements using the same coding scheme; these judgments agreed perfectly with the original coder’s judgments. (See the Appendix for more information on each negotiation and how it was coded.)

To create overall scores for integrative outcomes across negotiation exercises, we standardized participants’ integrative scores in each negotiation and then averaged those standardized scores ($M = −.02, SD = .63$). Higher scores reflected better integrative outcomes across the negotiation tasks.

**Distributive negotiation outcomes.** In terms of distributive outcomes (i.e., individuals’ success in securing resources for themselves), for the negotiations in Weeks 1 and 2, higher prices reflected better outcomes for sellers but worse outcomes for buyers, and lower prices reflected the opposite. Therefore we calculated distributive outcomes in Weeks 1 and 2 by standardizing the agreed upon sales price and reversing these standardized scores for buyers by multiplying them by $−1$. We coded distributive outcomes only for those dyads that reached an agreement (89% and 53% of dyads in Weeks 1 and 2, respectively). For the Week 3 negotiation, we calculated the proportion of the joint value captured by the participant so that the integrative and distributive outcomes would be unconfounded. For the Week 4 negotiation, we ranked each dyad according to how well the real estate developer performed distributively. To establish reliability of the coding of agreements, a second independent judge ranked all of the negotiated agreements using the same ranking scheme; these rankings correlated with the original coder’s rankings, $r(38) = .82, p < .01$.

We created aggregate scores for distributive outcomes across negotiation exercises by standardizing distributive scores in each negotiation and averaging those standardized scores ($M = −.03, SD = .56$). Higher scores reflected achieving better distributive outcomes across the negotiation tasks.

**Behavior in the negotiation.** After each negotiation exercise, participants privately rated whether their negotiation partner strived to satisfy the participant’s interests, satisfied his or her own interests, and behaved in trustworthy ways, on a scale from 1 (strongly disagree) to 7 (strongly agree). After reverse-scoring the second item, the three items showed high reliability within each negotiation exercise (average coefficient $\alpha = .74$ across exercises). We thus combined the three items into one measure of cooperative behavior for each negotiation exercise and averaged the scores from each exercise to form an overall measure of cooperative behavior ($M = 4.81, SD = 0.63$).

Participants’ integrative outcomes were not highly related to their counterparts’ perceptions of their cooperativeness ($rs = .16, .03$, and $−.08$, respectively, in Weeks 2, 3, and 4; all $rs$ were nonsignificant). Further, participants’ distributive outcomes were also not related to their counterparts’ perceptions of their cooperativeness ($rs = .11, .10, .05$, and $−.03$, respectively, in Weeks 1, 2, 3, and 4; all $rs$ were nonsignificant). This is consistent with previous low correlations between negotiators’ objective outcomes and their feelings about their opponent (Curhan et al., 2006; Galinsky, Mussweiler, & Medvec, 2002).

**Reputation for cooperativeness.** At the end of the course, participants were asked to nominate their classmates in two categories related to conceptual definitions of cooperativeness: “Who are the most trustworthy negotiators in the class?” and “Who are the most gentle-hearted and sympathetic negotiators?” On the basis of prior sociometric studies (e.g., Coie, Dodge, & Coppotelli,
1982), we operationally defined an individual’s reputation for cooperativeness as the number of people who perceived him or her as cooperative. Therefore, we gave participants a point every time a classmate nominated them in either category. To avoid reputation scores being artificially inflated by receiving more than one nomination from the same rater, we did not give participants additional points if the same person nominated them for both categories. The average number of nominations received was 1.30 ($SD = 1.30$). We tested our hypotheses with raw reputation scores and the square root of reputation scores (Judd & McClelland, 1989). No findings changed in any meaningful way, so we report analyses using raw scores. Men ($M = 1.00$, $SD = 0.93$) received fewer nominations for cooperativeness than women ($M = 1.55$, $SD = 1.50$), $t(78) = 1.99$, $p = .05$. Therefore, we controlled for gender in all analyses.

**Results**

Were individuals with a history of cooperation more likely to develop reputations for cooperativeness? Consistent with expectations, individuals’ history of integrative outcomes across the negotiation tasks predicted their reputation at the end of the course, $r(77) = .23$, $p < .05$. Therefore, individuals who achieved more integrative outcomes were more likely to gain a reputation for cooperativeness than individuals who achieved less integrative outcomes.

Moreover, above and beyond their integrative outcomes, individuals’ cooperative behavior across the tasks predicted their reputation for cooperativeness. Controlling for integrative outcomes, the correlation between cooperative behavior and reputation was $r(76) = .18$, $p = .05$; without controlling for integrative outcomes, the correlation was $r(77) = .17$, $p = .08$. It was important that the relation between individuals’ reputations and their cooperative behavior was significant even after controlling for their integrative outcomes; in these MBA negotiation classes, this time with the primary aim of testing control critical resources and outcomes.

Furthermore, previous research has shown that differences in social connectedness may affect the visibility of individuals; they were more likely to be passed around and retained. This “bounded attention” argument implies that if individuals receive more social attention in a community, they would be more likely to establish a reputation. Individuals whose behaviors are more attended to and talked about should be more likely to overcome the limitations in community members’ attention. They would receive more scrutiny, and information about them would more likely be passed around and retained.

Results from previous studies do in fact suggest that community members tend to pay more attention to some individuals than others. In any community, whether a work organization, country club, or high school, some individuals receive a disproportionate amount of the community’s attention (Anderson, John, Keltner, & Kring, 2001; Bromley, 1993; Chance, 1967; Coie et al., 1982; Derber, 1979). These individuals are known by more community members, are paid more attention in conversations, and are gossiped about behind closed doors. This increased visibility and attention in a community can stem from a number of sources. For example, individuals who occupy positions of power and authority receive more attention (Chance, 1967; Fiske, 1993; Keltner, Gruenfeld, & Anderson, 2003), as people naturally focus on those who control critical resources and outcomes.

Results from other studies also suggest that individuals who are more socially connected, that is, those with more social ties and who engage in more social interaction, tend to be more prominent and visible in communities (Brass, 1984; Granovetter, 1985; Kilduff & Krackhardt, 1994). Social connectedness likely increases social visibility for a number of reasons. First, individuals who frequently interact with others should remain salient in those people’s minds. The more people see an individual, the more likely they would be to recall information about him or her. Second, people tend to discuss topics on which they share knowledge (Stasser, Taylor, & Hanna, 1989). Socially connected individuals should thus be more talked about because more people would share them as friends or acquaintances. Indeed, studies have shown that people gossip far more about individuals they know than about acquaintances or strangers (Baumeister et al., 2004). Third, socially connected individuals might talk about their own behavior more, drawing attention to themselves and their history of actions; previous studies have shown that sociability is highly related to the desire for social attention (Ashton, Lee, & Paunonen, 2002).

In Study 2, we again examined MBA students enrolled in negotiation classes, this time with the primary aim of testing whether individuals who were more visible and who received more attention were more likely to establish reputations. There were no real differences in power and authority among the MBA students we examined; participants all related to each other as peers. However, previous research has shown that differences in social connectedness do emerge among MBA students, with some students establishing more social ties than others (Flynn et al., 2006). Therefore, in Study 2 we focused on predicting differences in reputation with differences in social connectedness. We hypothesized that individuals who are more socially connected have a higher chance of achieving a reputation.

**Study 2: Individuals’ Social Connectedness and Their Reputation**

We have argued that individuals’ reputations are tied only mildly to their behavior in part because attention is a limited resource in communities; it is difficult for individuals to pay attention to all others’ behavior and maintain a perfectly accurate account of each person’s previous actions. As a result, people are selective in who they attend to and in the information about others they retain over time.

...
Measuring Firsthand and Secondhand, Positive and Negative Reputations

We also tested directly whether individuals who were more socially connected would be better remembered by their interaction counterparts (contributing to their firsthand reputation) and more likely talked about by fellow community members (contributing to their secondhand reputation). When participants nominated their classmates at the end of the term, they reported whether their nomination was based on negotiating with the target or hearing about the target from another classmate.

We also wanted to address the concern that socially connected individuals might be more likely to establish a reputation simply because they were viewed more positively in general. Therefore, we asked participants to nominate others on both positive and negative dimensions and tested the hypothesis that socially connected individuals would be more likely to gain both positive and negative reputations. If supported, this hypothesis would highlight an ironic downside of being socially connected. Although previous work has typically framed social connectedness as a scarce and valuable social commodity (e.g., Brass, 1984; Burt, 1992; Granovetter, 1973), it might also present constraints on individuals’ behavior; with more connectedness comes more scrutiny, and thus individuals might have as high a chance of achieving a negative reputation as a positive one.

Opponents’ Social Connectedness and Reputation

Along an exploratory vein, we also examined the possible link between individuals’ reputations and their opponents’ social connectedness. Individuals who negotiate with opponents who are more socially connected might be more likely to establish a reputation because their opponents can distribute information about them more widely (they know more people). On the other hand, research suggests that although individuals with more prominence in a community are talked about more, they do not necessarily talk about others more (Keltner et al., 2003). Therefore, having opponents who are more socially connected might not increase the chances of developing a reputation because their opponents might forego discussing them with others. We addressed this issue as an open research question.

Method

Participants. Participants were 39 MBA students (66% men, 34% women) in a semester-long negotiation class at a large West Coast business school. For the semester in which the study was run, the business school was comprised of 36% minority students; the average age was 29 years.

Procedure. We assessed participants’ connectedness before any negotiation exercises were conducted. As in Study 1, participants then engaged in a series of negotiation exercises, each exercise on a different week. Participants were again randomly assigned to their opponents and into negotiation roles. At the end of the course and after all exercises had been completed, we measured individuals’ reputations for cooperativeness and selfishness through peer nominations. Because we were focused on the main effects of social connectedness, we did not collect measures of behavior history.

Social connectedness. On the 1st day of class, participants rated every other classmate on how well they knew them on a scale from 0 (do not know this person) to 7 (know this person very well). Therefore, each participant received 38 ratings from classmates. These ratings were reliable (coefficient α = .97), indicating some individuals were generally better known and well-connected than others. We averaged the rating assigned to participants to form an overall measure of their social connectedness (M = 1.96, SD = 0.89).

Reputation for cooperativeness. Participants were asked to nominate their classmates in the same two categories used in Study 1: “Who were the most trustworthy negotiators in the class?” and “Who were the most gentle-hearted and sympathetic negotiators?”

We were interested only in nominations that were based on direct experience negotiating with the participant or on hearing about the participant’s negotiation behavior from someone else, rather than on, say, possessing knowledge of the participant prior to class. Therefore, after classmates made their nominations, they were asked whether the nomination was based on direct negotiation experience with the participant, on hearing about the participant’s negotiation behavior from someone else, or for other reasons. We only counted the nomination if it was based on the first two sources of information. We again gave participants a point if a classmate nominated them in either category but did not give an additional point if the same person nominated them for both categories. We then summed the number of different nominations each participant received in either of these categories to form an overall measure of reputation for cooperativeness (M = 1.46, SD = 1.89). There were no gender differences in reputations for cooperativeness. Further, when controlling for gender, none of the findings changed significantly.

Reputation for selfishness. We also asked participants to nominate their classmates in two categories related to selfishness: their aggressiveness in fighting for their own outcomes (“Who are the most aggressive negotiators?”) and their lack of trustworthiness (“Who are the most likely to stretch ethical boundaries?”). We again only counted the nomination if it was based on direct experience or on hearing about the participant’s behavior from someone else and did not give participants additional points if the same person nominated them for both categories. We summed the number of nominations each participant received in either of these categories to form an overall measure of reputation for selfishness (M = 1.41, SD = 2.19). Also, as in Study 1, we again tested our hypotheses with raw reputation scores and the square root of reputation scores (Judd & McClelland, 1989). No findings changed in any meaningful way, so we report analyses using raw scores. Individuals’ reputation for selfishness was negatively related to their reputation for cooperativeness, r(37) = −.37, p < .05. Therefore, if individuals developed a reputation for being cooperative, they were less likely to develop a reputation for being selfish; however, the two reputations were not redundant. There were no gender differences in selfish reputations. Further, when controlling for gender, none of the findings changed significantly.

Results

We first examined whether socially connected individuals were more likely to gain a reputation of any kind, in terms of the total number of nominations they received for cooperativeness or self-
lishness. Consistent with expectations, social connectedness correlated with the total number of nominations received, $r(37) = .44$, $p < .01$. Moreover, this effect held up for both firsthand and secondhand reputations. Socially connected individuals were more likely to develop a firsthand reputation, $r(37) = .41, p < .01$, suggesting that their behavior was more likely to be remembered by their negotiation counterparts. They were also more likely to develop a secondhand reputation, $r(37) = .27, p < .05$, suggesting that they were more likely to be talked about by others.

It is important to note that socially connected individuals were not more likely to garner a reputation simply because they were viewed more positively in the community. In fact, social connectedness correlated with reputations for selfishness, $r(37) = .30, p < .05$, and the relation with cooperative reputations did not quite reach significance, $r(37) = .20, ns$.

Finally, we found no support for the idea that individuals were more likely to establish a reputation when their opponents were more socially connected. Individuals whose opponents had higher average social connectedness scores were not more likely to gain a reputation, $r(37) = .13$, ns; they were also not more likely to gain a secondhand reputation, $r(37) = -.23$, ns. This null finding is consistent with prior research (Keltner et al., 2003), suggesting that individuals who are more socially connected are more likely to be talked about by others (in that they are more likely to gain a secondhand reputation) but are not more likely to talk about others (in that their opponents are not more likely to gain a secondhand reputation).

**Study 3: The Interaction Between Behavior and Social Connectedness in Predicting Reputation**

We showed in Studies 1 and 2 that individuals’ reputations were a product of their history of behavior and their social connectedness, respectively. In Study 3 we tested whether these two factors interact in predicting reputation. Specifically, we hypothesized that the relation between individuals’ history of behavior and their reputation would be stronger for more socially connected individuals than for less socially connected individuals. Support for this hypothesis would provide more direct evidence that communities pay more attention to and scrutinize the behavior of the socially connected. Further, it would help rule out a potential alternative explanation of the findings in Study 2. Namely, we excluded all nominations from our reputation measure that were based on knowledge of the participant prior to the class. However, participants might have been unaware of the true cause of their nominations (Nisbett & Wilson, 1977). Therefore, we cannot be absolutely sure that the nominations at the end of the class did not reflect people’s reputations prior to the class. In Study 3, by showing that behavior more strongly predicts reputations for socially connected individuals, we would more convincingly demonstrate that behavior, in addition to social connectedness, shapes reputations.

The design of Study 3 therefore combined the designs of Studies 1 and 2. We again examined MBA students in negotiation classes. We collected measures of social connectedness in addition to measures of behavior histories across negotiation tasks and used both to predict reputation at the end of the course. In total, the data in Study 3 involved 133 separate negotiation interactions and over 8 hr of data collection per participant.

Along an exploratory vein, we also wanted to examine whether socially connected individuals were more likely to gain a reputation because they behaved in systematically different ways in the negotiations than less socially connected individuals. For example, socially connected individuals might have behaved in more extreme ways—either extremely cooperatively or extremely selfishly—which in turn would lead to more visibility and broader reputations. Or, socially connected individuals might have behaved in more consistent ways, leading others in the community to perceive them in a more uniform way.

**Method**

**Participants.** Participants were 39 MBA students (79% men, 21% women) in a semester-long negotiation class at a large West Coast business school; none of the students overlapped between Study 2 and Study 3. For the semester in which the study was run, the business school was comprised of 36% minority students; the average age was 29 years.

**Procedure.** We measured individuals’ social connectedness at the beginning of the class, before any negotiation exercises were conducted. As in Studies 1 and 2, participants engaged in a series of negotiation exercises, each exercise on a different week. Participants were randomly assigned to their opponents and into negotiation roles. For our measure of behavior histories, we focused on the seven negotiation exercises that were dyadic or triadic; three other exercises involved larger groups, which made measuring counterparts’ perceptions impractical. Again, following each exercise, participants reported their negotiated agreements and then privately reported their perceptions of their counterparts. At the end of the course, we measured individuals’ reputations for cooperativeness and selfishness through peer nominations.

**Social connectedness.** As in Study 2, participants rated every other classmate on how well they knew them on a scale from 0 (do not know this person) to 7 (know this person very well). These ratings again showed reliability (coefficient $\alpha = .78$), indicating some individuals were generally better known and socially connected than others. We averaged the rating assigned to participants to form an overall measure of social connectedness ($M = 2.34, SD = 0.72$).

**Behavior in the negotiations.** After each negotiation exercise, participants rated how much their counterpart considered the participant’s wishes, opinions, or needs; how sympathetic the counterpart was to the participant’s concerns and cared about the participant’s interests; and whether the counterpart behaved in trustworthy ways. These items showed high reliability within each negotiation exercise (average coefficient $\alpha = .87$ across negotiations). We thus combined them to form one measure of cooperative behavior for each negotiation. We then averaged these combined measures across negotiation exercises to form an overall measure of cooperative behavior ($M = 4.81, SD = 0.63$).

**Integrative negotiation outcomes.** Four of the negotiation exercises were the same as those used in Study 1. For those exercises, we coded participants’ integrative outcomes the same way as in Study 1. One new negotiation exercise involved a dyadic negotiation between a job recruiter and candidate (Neale, 1997); for this, we again measured integrative outcomes on the basis of the sum of dyad members’ own outcomes. The final two negotiations involved the sale of a housing development (Karp, 1995) and the
mediation of a conflict between two subordinates by their manager (Schroth & Riding, 1997). Coding participants’ outcomes in these negotiations was impractical. In the former exercise, although some integrative issues could be added to the deal, they would only be added at the expense of the seller, thus reducing the seller’s gains (see Karp, 1995). For the latter, it was unclear how to code the integrative outcome of a mediator who was not engaged in the conflict.

We created aggregate scores for integrative outcomes across negotiation exercises by standardizing each participant’s integrative score in each negotiation and then averaging those standardized scores \((M = -0.01, SD = 0.49)\). Higher scores indicate achieving more integrative outcomes across the negotiations. Participants’ integrative outcomes were related to their cooperative behavior, \(r(37) = .37, p < .05\).

**Distributive negotiation outcomes.** For the negotiation exercises that we used in Study 1, we coded participants’ distributive outcomes the same way using the same coders. For the negotiation between a job recruiter and candidate, we again calculated the proportion of the joint value captured by the participant. We created aggregate scores for distributive outcomes across negotiation exercises by standardizing each participant’s distributive score in each negotiation and averaging those standardized scores \((M = 0.02, SD = 0.49)\). Participants’ distributive outcomes were not related to their behavior, \(r(37) = -.10\).

**Reputation for cooperativeness.** Participants nominated their classmates in the same two categories used in Studies 1 and 2: “Who were the most trustworthy negotiators in the class?” and “Who were the most gentle-hearted and sympathetic negotiators?” As in Study 2, after classmates nominated a participant, they were asked whether they based their nomination on direct negotiation experience with the participant, on hearing about the participant’s negotiation behavior from someone else, or for other reasons. We only counted the nomination if it was based on the first two sources of information. We again gave participants a point if a classmate nominated them in either category but did not give an additional point if the same person nominated them for both categories. We then summed the number of different nominations each participant received in either category to form an overall measure of reputation for cooperativeness \((M = 1.56, SD = 1.87)\). Men \((M = 1.26, SD = 1.75)\) were less likely than women \((M = 2.75, SD = 2.00)\) to gain a reputation for cooperativeness, \(t(37) = 2.09, p < .05\). Therefore, we controlled for gender when predicting reputations for cooperativeness.

**Reputation for selfishness.** Participants nominated their classmates in three categories related to selfishness: “Who were the most aggressive negotiators?”; “Who were the most ruthless negotiators?”; and “Who were the most likely to stretch ethical boundaries?” We again only counted the nomination if it was based on direct experience negotiating with the participant or on hearing about the participant’s negotiation behavior from someone else. We summed the number of different nominations each participant received in any of these categories to form an overall measure of reputation for selfishness \((M = 2.78, SD = 4.12)\). The relation between cooperative and selfish reputations was similar to that in Study 2, \(r(37) = -.41, p < .01\). Men \((M = 3.42, SD = 4.46)\) were more likely than women \((M = 0.25, SD = 0.71)\) to gain a reputation for selfishness, \(t(37) = 1.99, p = .05\). Therefore, we controlled for gender when predicting reputations for selfishness.

**Results.**

The primary question in this study was whether individuals’ behavior more strongly predicted their reputation when they were socially connected. To examine this question, we used moderated multiple regression analyses (Cohen, Cohen, West, & Aiken, 2003). We predicted individuals’ reputation for cooperativeness on the basis of their behavior \((\beta = .28, B = 0.84, SE = .42, p < .05)\), social connectedness \((\beta = .53, B = 0.38, SE = .27, p = .08)\), and the interaction of social connectedness and behavior \((\beta = .34, B = 1.78, SE = .73, p < .05)\). As the interaction term was significant, the relation between cooperative behavior and reputations for cooperativeness depended upon individuals’ social connectedness.

This interaction effect is illustrated in Figure 1A. As shown, the steeper slope for more socially connected individuals indicates that they developed reputations for cooperativeness more easily when they behaved cooperatively (for individuals one standard deviation above the mean on social connectedness, \(B = 2.13)\) than less socially connected individuals, whose reputations for cooperative-ness were less strongly related to their behavior (for individuals one standard deviation below the mean on social connectedness, \(B = -.045)\).

We next predicted individuals’ reputation for selfishness on the basis of their behavior \((\beta = -.44, B = -2.90, SE = .73, p < .01)\), social connectedness \((\beta = .42, B = 2.45, SE = .67, p < .01)\), and the interaction of social connectedness and behavior \((\beta = -.35, B = -4.11, SE = 1.29, p < .01)\). The significant interaction term indicates the relation between behavior and reputation for selfishness also depended upon individuals’ social connectedness. This interaction is illustrated in Figure 1B; the steeper slope for more connected individuals indicates that they developed reputations for selfishness more easily when they behaved selfishly (for individuals one standard deviation above the mean on social connectedness, \(B = 5.87\)), compared to less connected individuals, whose selfish behavior had a lesser effect (for individuals one standard deviation below the mean on social connectedness, \(B = -.07)\).

These interaction effects also held up for both firsthand and secondhand reputations. For reputations for cooperativeness, the interaction terms were \(\beta = .33, B = 1.42, SE = .62, p < .05, for firsthand reputations, and \(\beta = .36, B = .93, SE = .21, p = .05, for secondhand reputations. For reputations for selfishness, the interaction terms were \(\beta = -.32, B = -1.88, SE = .67, p < .01, for firsthand reputations, and \(\beta = -.39, B = -2.22, SE = .65, p < .01, for secondhand reputations. These findings indicate that socially connected individuals’ reputations for cooperativeness and selfishness had a stronger relation to their behavior because they were both more likely to be remembered by their opponents and more likely to be talked about by others.

In terms of integrative outcomes, we predicted cooperative reputation on the basis of integrative outcomes \((\beta = .13, B = 0.50, SE = .62, ns)\), social connectedness \((\beta = .18, B = 0.48, SE = .44, ns)\), and their interaction, \((\beta = .25, B = 1.54, SE = 1.00, p = .06)\). Thus, at a level that approached significance, the more socially connected the individual, the more likely his or her integrative
outcomes would result in a positive reputation for cooperativeness. As in Study 1, individuals’ reputations did not relate to their distributive outcomes.

We next tested whether the effects of cooperative behavior held up even after controlling for integrative outcomes to help alleviate concerns that our findings might simply be due to “whiteboard effects.” After controlling for integrative outcomes, the interaction between cooperative behavior and social connectedness remained significant in predicting reputations for cooperativeness ($\beta = .34$, $B = 1.77$, $SE = 0.74$, $p < .05$) and in predicting reputations for selfishness ($\beta = -0.35$, $B = -4.09$, $SE = 1.31$, $p < .01$). Therefore, the reputations of socially connected individuals were more strongly related to their behavior in part because their opponents talked about them.
Opponents’ social connectedness. We again did not find evidence for the idea that individuals were more likely to obtain reputations when their opponents were more socially connected. Individuals’ opponents’ social connectedness was not significantly correlated with participants’ reputations for cooperativeness, $r(36) = -.27, p = .10$, or with participants’ reputations for selfishness, $r(36) = -.14, ns$. Consistent with prior research, these null findings suggest that socially connected individuals may be talked about more but do not necessarily talk more about others.

Social connectedness and behavior. In our multiple regression analyses, we found that socially connected individuals were more likely to gain reputations. Was this because they behaved in systematically different ways in the negotiations? We did not find evidence for this hypothesis. Social connectedness was unrelated to cooperative behavior, $r(37) = -.07$, integrative outcomes, $r(37) = .15$, as well as distributive outcomes, $r(37) = .02$ (all $r$s were nonsignificant).

Individuals’ social connectedness was also unrelated to the extremity of their behaviors and outcomes. We subtracted the sample mean from each individual’s score on cooperative behavior, integrative outcomes, and distributive outcomes, and calculated the absolute value of these mean-centered scores. Thus, higher values indicated more extreme behavior (highly cooperative or highly selfish), more extreme integrative outcomes (high or low), and more extreme distributive outcomes (high or low), whereas lower values indicated more moderate behavior and outcomes. Social connectedness was not correlated with extremity in behavior, $r(37) = .01$, with extremity in integrative outcomes, $r(37) = .07$, or with extremity in distributive outcomes, $r(37) = .07$ (all $r$s were nonsignificant).

Taken together, these null effects are particularly interesting because they suggest socially connected individuals are more likely to gain positive or negative reputations even though they behave in the negotiations the same way as less socially connected individuals. That is, socially connected individuals are more likely to gain reputations even though they engage in the same behavior anyone else does.

On the basis of previous research (e.g., Fleeson, 2004), we did not expect individuals to behave similarly across weeks, even if their average level of behavior across interactions was consistent and systematic. However, one possibility was that socially connected individuals would be more likely to establish a reputation because they behaved in more consistent ways across negotiations than less socially connected individuals. We found no support for this possibility, however. There was no consistency across negotiations in less socially connected individuals’ cooperative behavior (coefficient $\alpha = .00$) or in more socially connected individuals’ cooperative behavior (coefficient $\alpha = .00$). There was also no consistency across negotiations in less socially connected individuals’ integrative outcomes (coefficient $\alpha = .03$) or in more socially connected individuals’ integrative outcomes (coefficient $\alpha = .00$).

General Discussion

Using a multimethod approach, we found that individuals’ reputations were a product of both their history of behavior and their social connectedness among peers. Specifically, we found a main effect for behavior, in that individuals who behaved in more cooperative ways developed a reputation of being more cooperative and those who behaved in more selfish ways developed a reputation of being more selfish. We also found a main effect of social connectedness, in that individuals who were well known among their peers developed reputations more easily than individuals who were not. Further, we found that social connectedness moderated the link between behavior and reputation: When individuals were more socially connected, their reputation was more tightly linked to their behavior history.

The data had many strengths: It involved diverse types of measures from multiple sources, including peer reports of behavior in negotiations, objective bargaining outcomes, peer ratings of social connectedness, and peer-nomination measures of reputation. Moreover, the data were extensive. For example, Study 1 involved 160 separate negotiations and over 5 hr of data collection per participant, and Study 3 involved 133 separate negotiation interactions and over 8 hr of data collection per participant. One limitation to the data, however, is that it involved MBA students in negotiation classes, which might have reduced the generalizability of the findings. For example, students in these classes were able to observe each other’s objective negotiation outcomes as they were publicly displayed on the classroom whiteboard. Therefore, the classroom setting might have increased the likelihood of individuals developing a reputation based on their history of behavior because such outcomes were immediately made public.

We did find that individuals’ reputations were predicted by their counterparts’ perceptions of their behavior even after controlling for their objective negotiated outcome, which would suggest that our findings were not simply due to a “whiteboard effect.” We also measured reputation in Studies 2 and 3 by using only nominations based on firsthand negotiation experience and secondhand knowledge; therefore, reputations did not seem to be based on comments made during classroom discussions. Nonetheless, future research should examine the development of reputations in nonclassroom environments.

Implications

The current findings contribute to a number of literatures—including the small but growing body of research on reputation (Bromley, 1993; Fehr & Gächter, 2002; Flynn, 2003; Hardy & Van Vugt, 2006; Nowak & Sigmund, 1998). Many theorists have argued that reputations serve social functions. For example, they help individuals garner information about others, reward prosocial behavior, and punish anti-social behavior. Our findings suggest that reputations do serve these functions but perhaps more effectively for some individuals than others. Specifically, community members may be more likely to find out information about those who are socially connected than about those on the fringes of the social network. Also, reputations might be more rewarding and punishing for those who are socially connected than for those who are not. Interestingly, individuals with fewer social ties might get away with behaving in more deceptive and selfish ways because fewer people pay attention to or talk about them.

The current findings also contribute to the literature on social connectedness—or what is also sometimes called network centrality. Social connectedness is generally viewed as a positive social outcome, a scarce resource that individuals strive for (Brass, 1984; Burt, 1992). Being connected provides more job opportunities (Granovetter, 1973), greater access to and control over important
information (Burt, 1992), and a broader base of social support. However, our findings suggest that being socially connected also has disadvantages. For example, with more connections comes more scrutiny, and thus connected individuals are more often in the public eye. They have a higher chance of achieving a negative reputation when they behave in anti-social ways. One interesting question for future research is whether connected individuals have to engage in more self-presentation behavior (Baumeister, 1982a, 1982b) to maintain a positive reputation.

Finally, the current findings contribute to negotiations research. Reputations are very important to a negotiator’s success in terms of obtaining willing bargaining partners (Glick & Croson, 2001; Milinski et al., 2002) and achieving better outcomes (Tinsley et al., 2002). Therefore, students of negotiation are exhorted to behave cooperatively out of concern for their reputation (Fisher, Ury, & Patton, 1991; Lewicki, Barry, Saunders, & Minton, 2003; Thompson, 1998). However, to our knowledge, no previous study has examined whether negotiators’ behavior can actually affect their reputation. The current studies provide empirical support for the argument that behavior does in fact impact reputation, but it also suggests that the story is more nuanced. Specifically, it suggests that negotiators should be particularly careful about their behavior when they are highly socially connected and receive more social attention.

**Future Directions**

One limitation of the current studies is that we did not directly examine the processes that underlie reputation development. For example, we did not examine the flow of communication that led individuals’ behavior histories to shape their reputation. As we outlined in the introduction, an intuitive model of reputation development would be that individuals develop a firsthand reputation by interacting with multiple people over time; they then develop a secondhand reputation when their interaction partners tell others about them.

Though our data were not designed to directly test this model, one way to indirectly test it would be to correlate individuals’ firsthand and secondhand reputations. If related, it would suggest that firsthand reputations might in fact have been contributing to secondhand reputations. To conduct this analysis, we combined the data from Studies 2 and 3 for the most robust analysis possible (standardizing variables within each study). We found that individuals’ firsthand and secondhand reputations were in fact related, $r(78) = .51, p < .01$. This provides at least suggestive evidence for our model of reputation development.

Of course, it is also possible that secondhand perceivers also shaped firsthand perceivers’ judgments about the individual before the firsthand perceivers even interacted with that individual. To provide stronger evidence that firsthand reputations shaped secondhand reputations, we next predicted individuals’ secondhand reputations with only the nominations made by their opponents in the Week 1 negotiation exercise—presumably, individuals’ opponents in the Week 1 exercise would not have heard anything about them. We obtained a correlation of $r(78) = .27, p < .05$. This provides more direct evidence that firsthand reputations led to secondhand reputations, rather than vice versa.

Finally, neither Study 1 nor Study 3 found a relation between distributive outcomes and reputation. At first glance, this null finding seems surprising because individuals who behave in manipulative and selfish ways tend to achieve better distributive outcomes (Wilson, Near, & Miller, 1996) and, as we have found, are more likely to gain reputations for selfishness, suggesting individuals who achieve high distributive outcomes might gain reputations for selfishness. However, individuals can achieve distributive outcomes by using assertive but fair tactics such as making the first offer (Galinsky & Mussweiler, 2001); manipulative and deceitful behavior is not necessary. Therefore, individuals who achieve better distributive outcomes might gain reputations of being superior distributive bargainers, even if they do not gain reputations for selfishness—a question future research should address.

**Conclusion**

One important implication of the current research is that reputation development is a more complex and interesting process than some economic theories have implied. Such theories suggest that information about individuals is transferred efficiently among community members and that reputation development is a uniform process across individuals and groups. If one community member behaves unethically, for example, most or all other community members will find out about it. But given limitations in human attention, person perception processes, and information exchange, reputation systems are probably far from perfectly efficient.

Given the complexity of the processes through which reputations develop, we believe psychological factors play a major role in determining how and when individuals establish reputations—and therefore, that psychologists are in a unique position to make important contributions to this topic. For example, the initial perceptions people form of an individual that form the basis of that individual’s reputation are likely shaped by factors such as attraction, stereotyping, liking, group membership, and social motives—all topics that psychologists know well. Moreover, the individual’s own self-presentation style, need for belongingness, self-perceptions, or status striving will also determine how they adapt their behavior to regulate their reputation. Psychologists thus have an important opportunity to bring their unique skills, knowledge, and methodological approaches to the study of reputation. We hope the current research helps invigorate psychological work on the topic.

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Appendix

Coding the Outcomes in the Negotiation Exercises

For the negotiation over the sale of a gas station, station owners needed to sell for at least $580,000. This amount would allow them to take a 2-year vacation sailing around the world, pay off their boat and cover their expenses for 2 years, and provide “safety money” that they would upon return from vacation while looking for a new job. When participants begin negotiating this exercise, there seems to be no viable bargaining range, however, because the oil executives are authorized to pay only up to $500,000. The parties can overcome this problem by adding other issues to the agreement. For example, the oil executive could offer the sellers a job upon return from vacation or offer to pay for their gas and boat maintenance during the 2-year trip. The promise of a job offer, for example, alleviates the need for the “safety money” and the station owner can sell for as low as $486,250. Nonintegrative agreements in this exercise were those in which the sale price was the sole issue, and no other issue was included. These agreements did not satisfy the station owner’s interests maximally (e.g., their need for a job after their vacation) or the oil executive’s interests maximally (e.g., their need for good managers). Integrative agreements were those that included additional issues such as a job offer upon return from vacation.

For the negotiation over the sale of a syndicated television show, the negotiable issues were broken up into three types. First, distributive issues were ones on which each side had opposing preferences. For example, the sales representatives wanted to sell for as high a price as possible, but buyers wanted to buy it for as little as possible, and the price was equally important to each side. Second, tradable issues were those in which buyers and sellers had opposing preferences, but placed different values on them; therefore, they could trade concessions on one issue for gains on another. For example, for buyers, financing terms were less valuable than the number of times shows would air; for sales representatives the opposite was true. Therefore, parties could increase joint gains by trading a high number of airings per show for larger payments up front. Finally, compatible issues were ones in which participants’ preferences were perfectly aligned with the other party. For example, both parties benefited if the sales representative sold an additional show to the buyer, as long as the price was within the specified bargaining range.

For the negotiation that involved a dispute between a real estate developer and a carpentry contractor, the heart of the dispute was the amount the developer would pay the contractor for his work on a condominium complex. A second issue was that the real estate developer had loaned the contractor money years ago, and the developer would now like to call the loan. However, the only way the contractor can pay off the loan is by selling his own house at a loss. A third issue was that the contractor’s business was leasing a building from the developer, but 2 months ago the contractor exercised an option to terminate the lease because he had found a building with a cheaper rent. Since then, that alternative building has become unavailable, and the contractor would like to renew the lease with the developer. A final issue was that the contractor was 2 months behind in rent due to a clerical error. Dyads could increase the integrative nature of the agreement in a few ways. For example, the developer could allow the contractor to continue leasing space, hire the contractor for any future work, help the contractor secure a condominium in which to live (if the contractor sold the house), invest in the contractor’s house (if the contractor did not sell the house). Distributive outcomes were based primarily on how well the participant performed on the more important issues (e.g., how much was paid to the contractor for the condominium work, and whether the developer called the $200,000 loan), and then by less important issues in the case of a tie (e.g., the rental rate for the contractor’s space).

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