



College of Business
and Public Policy
UNIVERSITY of ALASKA ANCHORAGE

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The CBPP Economics Department
invite you to attend the following

Faculty & Student Seminar

Friday, September 1, 2017

3:30 p.m. – 5:00 p.m., RH303



Philip Grossman

UAA Rasmuson Chair of Economics and
Professor of Economics
Monash University

The influence of leader reputation on followers' response to cheap talk messages*

Abstract: We know who our leaders are and we know (or think we know) much about them. From our observations, we develop opinions about our leaders' character and these opinions define their reputations in our eyes. A leader's reputation, earned by prior behavior, may signal her likely behavior in the task at hand. Signals, whether cheap talk or costly messages, a smiling face, or attractiveness, have been shown to encourage cooperative play. In this paper, we consider if a leader's reputation, earned by prior actions, increases the perceived credibility of a leader's cheap talk invest message. A leader's reputation has a positive and significant impact on the ability of groups to coordinate on the cooperative equilibrium. Greater generosity, trust, and trustworthiness all are positively and significantly correlated with the willingness of followers to mimic their leader's invest message. Finally, we find that our reputational attributes are reliable indicators of leader behavior.