LUT

Lappeenranta
University of Technology

CT60A7001 CRITICAL THINKING AND ARGUMENTATION IN SOFTWARE ENGINEERING

Liars and outliers

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Chapters 8&9

Seminar 3

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Reputational pressures

Reputation is another tool influencing tradeoff between cooperators and defectors => raising the costs of defection and increasing benefits of cooperation

Main contributors to the reputational pressure system:

➤Contrition

➤Forgiveness

Make mistake once or twice or more and return to cooperation/ Forgive once or twice or more and return to cooperation

But what is the limit to mistakes and forgiveness?

Reputational pressure

Problems with reputation occur when reputation cannot be scaled:

- Groupings according to membership based on certain features provide scale for reputation:
    - Appearance
    - Dialect

    "–" stereotyping - enables prejudging mechanism
- Branding =sameness. Making sure others that no deviations are possible
- Costly and hard-to-fake demonstration of reputation
- Systemization

Reputational pressure

To make others sure of your strong reputation show them your commitment:

- Cut off escape routes to have no other way than to keep your promise
- Move in steps
- Carry ritual

Reputational pressure system does not work without consequences:

➢ To reward cooperators **=>**

Participation

➢ To punish defectors **=>**

Severity of punishments:

1. Exclusion from participation
2. Physical harm, damage to belongings or revenge
3. Stop interacting to a person

Reputational pressure

- Defectors take steps to hide facts that can harm their reputation, or manipulate facts to help their reputation
- Defectors try to minimize the effects of their bad reputation
- Some people simply do not care about reputation
- Some people end up with the wrong reputation
- Defectors band together in subgroups that have different reputational rules
- The value of defecting might be worth the reputational damage
- Groups get too large

How far can people go in their attempts to save reputation?

Institutional pressure

➢ The formalization of reputational pressure when government is granted by people to submit their immediate self-interest for the sake of long-term group interest and safety

➢ It works through institutions: government, religious institutes, corporations, criminal organizations

➢ Pressure can be embodied by rules, laws and regulations

Institutional pressure

Consequences – reputational consequences in higher degree of formalization - sanctions:

- Physical penalties – imprisonment

- Shaming

- Confiscation of belongings

- Financial sanctions – both incentives and punishments, however, can bring negative effect

  - Direct law

  - Institutionalized liabilities

Taxes are means of increasing costs of defection not only when it happened but during the whole process

Institutional pressure

What happens when the system providing the institutional pressure does not have proper means or tools to do it?

What happens when defection itself cannot be treated with provided means or institutes on the regular basis?

Institutional pressure

- Laws do not always have their intended effect
- It is not always possible to enforce a law
- Laws are open to interpretation, and that interpretation process can be expensive
- Laws can have loopholes
- Laws can be applied inconsistently
- Laws try to outlaw legitimate and moral behavior
- Laws do not affect every type of defector equally
- Sometimes and for some people, laws are not enough

Questions

1. How far can people go in their attempts to save reputation?

2. What happens when the system providing the institutional pressure does not have proper means or tools to do it?

3. What happens when detection itself cannot be treated with provided means or institutes on the regular basis?