

Reputation Building under Uncertain Monitoring

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We study a canonical model of reputation between a long-run player and a sequence of short-run opponents, in which the long-run player is privately informed about an uncertain state, which determines the monitoring structure in the reputation game. The long-run player plays a stage-game repeatedly against a sequence of short run opponents. We present necessary and sufficient conditions (on the monitoring structure and type space) to obtain reputation building in this setting. Specifically, in contrast to the previous literature, with only stationary commitment types, reputation building is generally not possible and highly sensitive to the inclusion of other commitment types. However with the inclusion of appropriate dynamic commitment types, reputation building can again be sustained while maintaining robustness to the inclusion of other arbitrary types.