

LAW AND REPUTATION

The legal system affects behavior not just directly, by imposing sanctions, but also indirectly, by producing information on how people behave. For example, internal company documents exposed during litigation will help third parties assess whether they trust a company and want to keep doing business with it. The law therefore affects behavior by shaping reputations. Drawing on economics, communications, and a nascent multidisciplinary literature on reputation, Roy Shapira highlights how reputation works, and how information from the courtroom affects the court of public opinion, with a particular emphasis on the role of the media. By fleshing out interactions between law and reputation, Shapira corrects common misperceptions about the ability of market forces to discipline corporate behavior and adds to timely, ongoing debates such as the desirability of heightened pleading standards or mandatory arbitration clauses. *Law and Reputation* should interest any scholar who invokes notions of market discipline in their work.

Roy Shapira is at the Harry Radzyner Law School, Interdisciplinary Center (IDC), Herzliya. He has focused on the interactions between law and reputation over the past decade: teaching it at Harvard Economics Department, consulting on it for private firms, and publishing in various law reviews and business publications.

Law and Reputation

HOW THE LEGAL SYSTEM SHAPES BEHAVIOR
BY PRODUCING INFORMATION

ROY SHAPIRA

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To Moran, Amit, Noya, and Noam

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