

How the Deal Goes Down: The Role of Trust and Reciprocity in Movie Deals

John Yudelson, Ph.D.

California State University Channel Islands

ABSTRACT

Perhaps nowhere in the world are deals completed in a more public arena and a more uncertain environment than in the movie business. Movie deals are the culmination of increasingly formal communication between many parties that obligate the parties to act in good faith toward each other, resulting in what is believed will be a movie that will be exhibited.

In order to discover how trust and reciprocity impact movie deal-makers, eighteen people were interviewed from the movie business that had experience in deals that both succeeded and failed. The interviewees had from 10 to 30 years of experience in the movie business in various roles: agents, entertainment attorneys, managers, studio executives, producers, and writers. The interview data were broken down into themes, two of which were trust and reciprocity.

The results of this analysis confirmed that both trust and reciprocity were extremely important constructs when analyzing the movie deal-making process. These constructs are seen in many institutionalized practices in the movie business.

Keywords: trust, reciprocity, deal-making, movie business

Introduction

When multiple people, groups, or organizations get together to come to a decision of mutual positive agreement, it is often called it a “deal.” Mutual positive agreement means that both parties receive something of benefit, or at least no one loses anything more than what they are willing to lose in order to gain something else. The least obligation is for all parties to adhere to the deal in its current form and in good faith for a reasonable period of time, and that all parties have a similar idea of what constitutes reasonableness. The concept of good faith is especially important here because it is what builds trust between the parties. Trust also allows decision-makers to believe that mutual benefit will be reciprocated in the future.

Deals cannot be made unilaterally, and movie deals are no exception. It takes myriad individuals and organizations to bring an idea to the “silver screen:” producers, agents, financiers, completion bond guarantors, studios, production companies, unions, guilds, etc.

Prior to the theatrical release of the movie, multiple contracts bind the parties involved in making the picture to a set of actions and contingencies.

There are many deals that happen in the course of the movie deal-making process. A deal in the movie business will be defined as the culmination of increasingly formal communication between parties, which results in contracts being signed obligating all parties to the deal to make a good faith effort to provide the services required of them in the roles they accept in the movie deal. The end of the movie deal-making process is the final movie deal. The final movie deal will be defined as the culmination of increasingly formal communication between parties, which results in contracts being signed obligating all parties to make a good faith effort to provide the services the parties would normally provide to ensure the final product, the movie, is ready for release in its current or anticipated form.

Literature Review

Trust

Burt and Knez (1996) define trust as “committing to an exchange before you know how the other person will reciprocate” (p.69). Their research also found that the more individuals are embedded in a communication network, the higher the probability others in the network will trust them. Trust pervades networks and allows them to function (Becker, 1982; Jarillo, 1990; Powell, 1990; Ring & Van de Ven, 1991). Even indirect communication linkages reinforce trust (Monge & Contractor, 2001), though the information may be more exaggerated than firsthand information (Labianca, Brass, & Gray, 1998). In general, researchers of trust agree that trust is important because it not only facilitates social and economic exchanges, but it also enables risky exchanges that may be mutually beneficial (Yamagishi & Yamagishi, 1998).

Larson’s study (1992) of entrepreneurial firms found that exchanges occurred for reasons including trust, reciprocity and close personal relations. While Yamagishi & Yamagishi’s (1998) research states that trust is based only on the of intentions and not the ability of interaction partners, Berquist, Betwee, and Meuel, (1995) posit that there are more aspects of trust than just intentions. They argue that there are three different kinds of trust in partnerships: intention, competency, and perspective. This means that an interaction partner (or network member) will trust another interaction partner to act in their best interests, that the partner is competent and knowledgeable, and that the interaction partner can see that situation as the other partner would see it, thereby interacting as the first interaction partner would want them to. This finding is important when examining deal-making networks because “...both internal and external network linkages are governed by partnerships based on mutual trust and respect and by shared collective outcomes, as contrasted to the traditional dominance of ownership or hierarchy” (Monge & Fulk 1999, p.72). Therefore, while Berquist et al. (1995) would agree with Yamagishi & Yamagishi that individuals in a deal-making network would trust each other and would state that the deal would also be done because all the players in the deal-making network believe that the deal makers are acting in each others’ interests and because they are competent and knowledgeable.

Yamagishi & Yamagishi (1998) also believe that there are two kinds of trust: particularistic trust and general trust. Particularistic trust comes from repeated interactions engendered in close and stable relations and is bifurcated into knowledge-based trust and relation-based trust. Knowledge-based trust is defined as when one person in a social situation can trust the other person because they know how the other person will behave. Relation-based trust is defined as one person being able to control the other person's actions. The second kind of trust posited by Yamagishi & Yamagishi (1998) is general trust, which comes from a philosophy that human beings are, in general, trustworthy. This "plays the role of lubricant outside close and stable relations" (p.111-112). They go on to say that the higher the uncertainty, the greater the demand for trust in relationships. Perrow (1986) states that trust comes from people learning crucial noneconomic information about each other, including political, ethical, and cultural values and that the economic relationship is modified and eventually 'embedded' in these social and cultural exchanges. This jibes with Jones, Hesterly, and Borgatti (1997) who state that exchanges are embedded in networks and that social control is stronger than personal attributes of trustworthiness. Yamagishi & Yamagishi (1998) found a strong correlation between cooperativeness and trustfulness. Honest and trustworthy people would prefer to interact with other honest and trustworthy people. The relationship between the benefit of being consistently honest and social uncertainty is mediated by reputation (Frank, 1988; Yamagishi & Yamagishi, 1998).

However, a good reputation may not be good enough to convince people about the trustworthiness of a partner in extremely uncertain situations (Yamagishi & Yamagishi, 1998, p.114). Orbell and Dawes (1991, 1993) argued that the empirical correlation between trustworthiness (or cooperativeness) and trustfulness is based on the concept of "false consensus" – the tendency of most people to perceive others as similar to themselves. They believe that given a choice between a socially uncertain but potentially beneficial situation and a situation that yields a certain but less attractive benefit, trustful people would choose the former more often than would less trustful people.

Reciprocity

For deal-making to occur, there has to be a certain amount of cooperation. This cooperation can be altruistic, but most deals are for mutual benefit. There are many ways that cooperation can be enforced. West, Griffin, and Gardner (2007) state rewards that can be given, punishment can be meted out, agreements can be policed, sanctions can be made, or the dealmakers can rely on reciprocity – direct or indirect (p.417). Direct reciprocity is where one action from one person causes a relatively equal reaction from another – often called quid pro quo or tit for tat. Indirect reciprocity is where an individual calculates that a behavior that may not be directly beneficial to the individual now will be in the future. This is different from altruism which is a behavior costly to the individual and beneficial to the recipient with no thought by the provider of the benefit of any off-setting benefit in the future (West, Griffin, & Gardner, 2007).

Ostrom (2003) believes that many individuals have an internal protocol for dealing with reciprocity. They will cooperate at first, and return cooperation with cooperation, but they will either try to punish non-cooperators or stop dealing with those whom they judge to be nontrustworthy. Reciprocity does not always have to be positive. There can also be negative reciprocity, where one person returns negative treatment with negative treatment (Cropanzano & Mitchell, 2005). This is consistent with a just-world philosophy of reciprocity (Edlund, Sagarin, & Johnson, 2007).

Edlund et al. (2007) further state that reciprocity is an important social norm that regulates interpersonal interactions. It is so important that some who believe strongly in the importance of reciprocity as a social norm may even punish non-compliers at personal cost to themselves (Calderón & Zarama, 2006). Reciprocity is an important concept in deal-making because of its impact on trust. If many deal-makers are engaged in reciprocal behavior, there is an incentive for newcomers to engage in similar behaviors, including performing actions that may have short-term costs. It has been shown that those who have made concessions before will receive positive reciprocal behavior (Burger, 1986; Cialdini, Vincent, Lewis, Catalan, Wheeler & Darby, 1975; Dillard, Hunter, & Burgoon, 1984). In this way they acquire a positive reputation (Ostrom, 2003). Reciprocity is also important because it is associated with reducing uncertainty, for example, by sharing knowledge (Kim et al., 2006). It may be considered a signal (Maynard-Smith, & Harper, 2003) by one party that that party intends to cooperate in the future, reducing the uncertainty to the other party.

Falk and Fischbacher (2006) believe that reciprocity is a fairness response to perceived kindness and unkindness, comprised of both distributional fairness as and fairness intentions, not as a response to resolve inequities. They further believe that reciprocity is based both on consequences of an action and underlying intentions. Cialdini (1993) sees reciprocity as a person's deeply felt obligation to repay a benefit received from another, especially if it is received from someone we like, and it is seen in both giving and receiving social support (Bowling, Beehr, & Swader, 2005) and care-giving (Reid, Moss, & Hyman, 2006).

A strong reciprocator has been defined as someone who both rewards others for cooperative behaviors and imposes sanctions on non-cooperators for norm violations (Fehr & Fischbacher, 2003; Gintis, 2000). Gintis (2000) calls strong reciprocators altruistic because they may incur a cost to themselves for punishing "unfit" interactants. Reciprocity is a powerful incentive for cooperation (Fehr & Fischbacher, 2003).

Molm, Schaefer, and Collett (2007) found that there are two different values of reciprocity in social exchange. One is the instrumental value, which is based on the actual benefits the parties receive, and the other is the communicative or symbolic value, which comes from the just the expression of reciprocity, as well as how the act of reciprocity itself has reduced uncertainty. They found that constant reciprocity in social exchange affects trust, affective regard, and solidarity between the parties involved. Ostrom (2003) found that trust, reciprocity and reputations for being trustworthy are positively reinforcing. Baker (2000), in reviewing social science literature (c.f., Cialdini, Vincent, Lewis, Catalan, Wheeler & Darby, 1975; Whatley,

Webster, Smith, & Rhodes, 1999), states that experiments to test for reciprocity reactions illustrated that “even the act of giving something *unwanted* or *unasked for* (author’s italics) invokes the need to repay” (p. 13).

Ostrom (2003) uses the concepts of bounded rationality and findings of evolutionary game theory and psychology in her conclusions that people learn from interactions with others how frequently others use norms, such as reciprocity. People learn to recognize and remember both trustworthy and untrustworthy individuals, and people tend to cooperate with individuals who are expected to be trustworthy reciprocators in risky transactions expected to generate net benefits. Blount (1995) and Charness (2004) report that even where intention plays no role, reciprocity, though weak, still exists, which agrees with Fehr and Gächter (2000) who believe that reciprocal behavior is omnipresent. Kiyonari, Tanida and Yamagishi (2000) found a specific bias that encouraged favorable mutual cooperation in social exchange even when it did not seem logical and was sub-optimal for the individual. Although some have found evidence that reciprocity may diminish over time (Burger, Horita, Kinoshita, Roberts, & Vera, 1997), others believe that some type of reciprocal behavior is always present (see, e.g., Kahneman, Knetsch, & Thaler, 1986; Fehr and Gächter, 2000).

The continuation and evolution of social cooperation is due to the availability of social information and communication that allows people who receive the benefit of indirect reciprocity to discover who is providing the positive behaviors (Mohtashemi & Mui, 2003). This builds trust in those providing the prosocial behaviors. According to Kikuchi, Watanabe, and Yamagishi (1996), individuals raise their initial probability evaluations that others will reciprocate trust and cooperation when the individuals successfully predict others’ use of reciprocity after communicating face-to-face. Ostrom (2003) discusses how trust and reciprocity interact, and her research illustrates why face-to-face communication, or the lack thereof, over time can have a major effect, positively or negatively, respectively. Coming to an initial agreement and making personal promises to one another places at risk, each individual’s identity as one who keeps his or her word, increases trust, and makes reciprocity an even more beneficial strategy (Ostrom, 2003).

Goei and Boster (1995) state that people often reciprocate favors because they do not want to feel obligated (see also Gouldner, 1960; Greenberg, 1980). Obligation is an uncomfortable state which restricts a person’s autonomy and may lead the individual to worry that some sanctions may be imposed if the individual doesn’t reciprocate by returning the favor in a similar way (Greenberg & Bar-Tal, 1976; Greenberg & Shapiro, 1971). Their findings also indicated that the norm of reciprocity had no impact on compliance when the request was antisocial. This could explain Boster, Rodriguez, Cruz, and Marshall’s (1995) findings that favors do not activate the norm of reciprocity between friends; however, they did find that the norm of reciprocity was only a viable explanation when a favor was provided to a stranger (Boster, Fediuk, & Kotowski, 2001).

The Movie Deal-making Process

The deal-making process in Hollywood is anything but straightforward. Movie deals are complex social processes involving many parties – studios, production companies, individual producers, directors, talent agencies, banks, actors, writers, etc. – all working in collaboration. The literature describes processes that vary greatly and usually take several months, at the earliest, too many years to come to fruition in a movie. Even after a movie is greenlighted, i.e., a deal between the studio and the producer to make the movie, the final movie deal is not consummated. It needs to be “papered.” This means that all parties to the movie need to sign contracts obligating them to make the movie. This movie deal is actually the culmination of a series of smaller deals. “Virtually every step in the development and production of a film requires that a separate deal be successfully concluded” (Litwak, 1986, p.156).

Trust is particularly important in deal-making, especially in the movie business. According to Litwak (1986), “...when a player gives his word on a deal, another player can rely on it” (p.161). A player is a person who is recognizable in the movie business as someone who can facilitate deal-making. Reciprocity is also very important. It is unusual for actors or directors to have either produced any movies; however, studios may allow a top director or actor to produce a movie so that the studio will have preferential access to them for future movie projects. This example of reciprocity is seen on a regular basis in Hollywood.

If an individual producer or a non-studio production company (NSPC) finds an idea, story, book or other entity that could be translated into a movie – all these would be known as “properties” - they may decide to negotiate to buy the rights to the property or properties outright, or they may want an “option” to the property. An option is one type of deal. In this deal, a buyer obtains the rights to a property that will be the basis of a movie for a limited period of time, usually 18-24 months (Lazarus, 1985).

Individuals or organizations that have rights to a property have an advantage. If they’ve worked with a studio before or if they have a reputation for producing at least one critically acclaimed or financially successful movie, they may be trusted with an “overall development deal” or “first-look” deal from a studio in which “the studio agrees to finance the producer’s projects, in return for which the producer agrees to make all his pictures with the studio, or at least give it first opportunity at his projects” (Litwak, 1986, p.157; see also Resnik & Trost, 1996, p.279). Since it’s a dictum in Hollywood that a studio doesn’t want a project until someone else wants it first (Resnik & Trost, 1996, p.279), property owners may try to induce a bidding war on the project by either intimating that another studio is interested in the project or lying outright that the producers have already received an offer for the project. While some optimistic misrepresentation is not unacceptable in the industry, outright lying, if caught, is rarely forgiven or forgotten. If one has a reputation for being untrustworthy, it gets around, and few will have dealings with that individual.

Deals with writers may be “step deals” in which a writer is paid for a story treatment and a first draft and second draft” (Litwak, 1986, p.157). Each step has a fixed fee value and provides for evaluation and complete pre-agreed upon exit remedies, which allow the studio or producer to be able to terminate the relationship following the review of each initial step (Lee, 2000, p. 79).

These “step deals” gives the studio or producer the option whether to proceed at each step of the development of the script. If the studio doesn’t like one writer, they just pay of the step deal and hire another. It is not uncommon for a studio to hire multiple writers for one property.

Many greenlighted deals are initiated informally. For example, a deal between the studio and the producer may be initiated verbally or by a deal memo which outlines ...”the basic deal points (terms) and percentage participation in the film’s profits” (Cones, 1995, p. 4). The foregoing has assumed that the producer has connections within the movie business and has credibility as a good producer: that might mean, for example, that the producer has a track record of bringing in movies under budget and/or that he or she is trustworthy.

As stated earlier, deals cannot be made unilaterally, and movie deals are certainly no exception. It takes many individuals – producers, studio executives, actors, directors - and many organizations – studios, talent agencies, non-studio production companies, guilds - to bring a movie from the initial concept stage to being exhibited in theaters. So many ideas are generated that a studio cannot possibly make all of them, so it must rely on those individuals and organizations it can trust to spend its money wisely. For those people that the studio has no experience in working with, it must rely on their reputations, which are nothing more than opinions of those people that the studio trusts. They will work with people they know and trust, giving them first-look; multi-picture deals, hoping that the producer will honor that agreement.

Research Question

After a review of both the academic literature and the popular press on the movie business, it became obvious that there was little social science research on deal-making, especially the role that trust and reciprocity play in the process. Based on this lack of information in the literature, the following research question (RQ) is proposed.

RQ: How do trust and reciprocity appear in the accounts of the participants in the deal-making process?

Methodology

The design of this study was guided by the assumptions inherent in qualitative research. Qualitative research is “[A] complex, interconnected family of terms, concepts and assumptions...” (Denzin & Lincoln, 2005, p.2) go on to define qualitative research as consisting of “set of interpretive material practices that make the world visible” (p.7). Qualitative research is also appropriate for doing exploratory “research that delves into depth into complexities and processes” (Marshall & Rossman, 1989, p.46).

Bowen (2006) discusses the use of sensitizing concepts when doing qualitative research. These sensitizing concepts indicate ways how the data might be investigated and categorized in

qualitative research and how they inform the research. The use of these concepts is what Bowen sees as part of grounded theory. Grounded theory is “a research approach or method that calls for a continual interplay between data collection and analysis to produce theory during the research process (p.2).

The use of sensitizing concepts is appropriate in naturalistic settings (Bowen, 2006). According to Denzin & Lincoln (2005, p.7), “qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them.”

This study utilized an exploratory and inductive methodology using interviews to generate a list of emerging themes (Calder & Aitken, 2008). The data was collected through the process of analyzing responses from interviews of eighteen key informants - producers, writers, agents, managers, lawyers, and studio executives who have participated in a feature film deal in the past ten years. It was a convenience sample of all industry participants because it is very difficult to penetrate this industry without having worked in the industry and have internal contacts.

There is no claim made that the persons interviewed were a representative sample; however, their own individual perspectives will shed light on different aspects of the process from the viewpoints of their different roles. All interviewees have been in the movie business for over 10 years and have been involved in many deals. Some interviewees were studio executives before becoming independent producers, and are designated as executive/producer. One is currently both a producer and a manager. The experiences of the rest are all in the one role as expressed by their titles.

Discussion

Trust

According to all interviewees, trust in the movie business was important or very important to deal-making in Hollywood. Executive/producer 3 who had the power of the studio behind her before she decided to become an independent producer had this to say about trust:

...I think it's all about trust. I think that each and every one of us, our jobs depend so much on the other person, we can't do it alone. You have to have trust and faith in the other person and as you go through and rack up years doing this and meet the people that you trust, you instinctively want to surround yourself with those people.

Producer 3 is an independent producer and doesn't have the same resources as the studio. If something happens so that the deal isn't completed, she can lose her livelihood. She said, “I mean, the importance of trust and reputation, it's everything.” Trust is what gets scripts read by both directors and actors who are inundated with scripts day after day. Executive/producer 5 believes that it is especially difficult for actors to trust producers. She says, “On this level, especially if you're working with an actor, I mean, there can't be anything more important than trust.”

Many movie deals are based on the word of or a handshake of an executive. "The movie business is built on basically a handshake. So much of a deal doesn't get signed, contractually, beforehand," states producer 5. Producer/manager 1 was asked about trust and deal-making, and he stated, "How important do I feel trust is in the deal making process? Oh, very. You know, you can close verbally on a deal, and you're done, and the deal just has to be papered." This was corroborated by executive/producer 1 who said, "When I said I had a deal, it was just a handshake."

Studios are more likely to trust a producer to complete a movie if they have top talent involved in the deal. Executive/producer 5 said, "I was having trouble getting the movie project greenlighted, and I believed that if the director was a part of the package, it would help gain trust and legitimacy with the rest of the studio." Executive/producer 3 talks about why trust is important to her in movie deals.

I don't know as many people as you think, because the deal comes back to trust. Once I've used a producer that has performed for me as a production executive...I go back to them before I go out to anybody else because my career is on the line with every movie project.

The movie business is a relatively small world, so it only takes one or two telephone calls or emails to find out if someone is trustworthy. Executive/producer 1 speaks about his boss, the head of the production company, saying, "[Producer] LM is good at his job; when he says he is going to do something, he does it." Agent/manager 1 also believes that following through builds trust:

You deliver what you say you're going to deliver, and that's that... I'm not saying that everybody is scrupulously honest in everything single thing they do, but ultimately, when push comes to shove, ...trust and reputation becomes the ultimate, becomes the biggest, the most important things to those people.

Attorney 1 agrees when she states, "Different people have different styles, but I've found that being up front and honest, and always doing what you say you're going to do to the best of your ability, is best. Writer 1 wrote a screenplay that was made into a feature film through the studio system.

"I still have to compete pretty hard [to be hired as a writer] if it's a book or a great article, but if I'm the originator [of the story], and it's within my wheelhouse, there's more...trust and credibility now."

There were other reasons that interviewees gave for trusting people. One was professional courtesy. That is, the other party to the deal could be trusted because they were of the same profession. Attorney 2 states, "Most of the time, you can trust other attorneys. It's sort of a fraternity." Though many deal negotiations can be contentious, attorney 2 goes on to state, "I rely on people's word and conduct most negotiations by email."

Trust is built up over repeated interactions. Although some people are more trusting than others, most people need to be reassured that the other party can be trusted to do what is in the truster's best interest. In the movie business, so much is riding on whether or not someone can be trusted – both profits and reputation. Many of the interviewees responded that they or people they knew are trusted because they have earned that trust over time. Although executive/producer 1 is relatively young compared to the other interviewees, he has worked hard to gain the trust of those around him. As he says, "I think [producer LM] trusts me because I think I've worked with him long enough now [that] I have a good idea of what kind of boundaries his sensibilities are." This is almost the same as what executive/producer 3 said about her boss, "[JF] generally goes along with what I want to do because she trusts me." Executive/producer 1 discusses the importance of being believable to studio executives when he says, "... [W]hen I call and say 'Trust me, you're really going to love this,'...I feel like I've earned a certain amount of credit. The executives I was calling at the studio are going to take that seriously, and they did."

For producers, trust is essential when speaking to non-studio personnel as well. Producer 3 discusses how others' faith and trust in her has allowed her to work internationally:

I set up the phone call, the producer's driving to a set. He has 15 minutes where he is out of the canyon; the woman who needs to know is in Moscow, and it's the middle of the night. I connect them, and they have a phone conversation that could never happen without me, without both of them trusting me.

Executive/producer 3 values the trust that comes from working with writers who can give her the scripts she likes. She says, "I go back to writers I like. There's a trust thing. You know what you're going to get. I mean, trust is huge." Executive/producer 3 not only has preferred writers, but she also has preferred agents that she contacts time after time. She does so because the agent can be trusted to know the type of talent the executive/producer wants at what price: "I have favorite agents that I go to, and the reason they're my favorite agents is because they send me...people who'll do the project for our money and then both of us will benefit. There's a real trust there..."

There are many reasons to trust people; however, it isn't always easy to trust someone if the person isn't well-known for their honesty and integrity. In addition, even if one is thought to be trustworthy, it doesn't take much for that trust to be damaged or lost. Most of the interviewees had at least one story of how someone they thought they could trust turned out to be untrustworthy. In addition, most commented to the effect that once trust was gone, it could never really be regained. The producer/manager that was interviewed had his own response to the value of trust in the movie business when he said, "How do I build trust in the industry? The same as any other business. I mean, if someone...[messes with you]...you don't do business with the untrustworthy ones again." In terms of making a deal, producer 5 talked about the unwritten aspect of many deals and how not following through on aspects of the deals that were promised impacts all parties: "...the deal still often comes down to a handshake, a smile, a wink or a nod. I think if that kind of bond gets broken, I think that's when you see the occasional major lawsuit break out."

The above quote illustrates that trust is a fragile commodity. It also illustrates how members of the movie business community are able to communicate with each other to provide information on various individuals and topics. This communication is usually not one way. It engenders an obligation to return the favor. The next section will investigate the role that reciprocity plays in the deal-making process.

Reciprocity

One of the most observed mores in human society is reciprocity - the idea that receiving something from another person obligates the first person to respond in the same direction and manner, if not the same magnitude. Even if something is received that is unasked for or even unwanted, the feeling of obligation by the receiver to give back something to the giver is very strong (Baker, 2000).

The process of making movies is a very collaborative one, and the probability is high that the parties to a deal resulting in having a movie produced may wish to work with each other again. This is because it is so difficult to get a movie produced. In many cases, people who are trying to get a movie produced ask for and are granted favors, including extended periods of time to obtain the talent deals, increased budget for special effects, multi-picture deals, and the like. Therefore, reciprocity is very important in current and future dealmaking. Of the eighteen interviewees, sixteen stated that reciprocity was important or very important. Producer 3 discusses the importance of reciprocity in movie dealmaking:

How important is reciprocity? It's everything. I'm not going to do something without knowing what...the reciprocity [is]. It took me an awfully long time to understand that. It's a very, very difficult concept, because when you really don't know the movie business you really don't understand that the movie business is really all about relationships, it's all about quid pro quo, it's all about reciprocity, it's about nothing else.

These sentiments are echoed by other interviewees. Executive/producer 1 states, "Absolutely, absolutely, reciprocity is a huge part of the currency in the movie business." Agent 1 agrees, saying, "How much reciprocity do I see in my experience? A lot of reciprocity."

Why would there be feelings of obligation on the part of dealmakers? In some cases, there is a project that is so important to a player, such as an actor, that the person will take much less than their regular fee in order for others, especially the studios, to become involved in the movie, and they will feel obligated to return the favor in the future. This is known as a "passion project." Attorney 2 states, "Some passion projects may not be quotable because well-known actors often do passion movie projects for scale." Not being quotable means that the fee paid to the player, such as the actor, cannot be used as a basis for their remuneration on their next project, though actors or directors will often take less than their normal fee to reciprocate for the studio financing the passion project. Executive/producer 4 describes why the studios might finance a passion project:

[If] there's a passion project [the actor or director] wants to produce desperately, and let's say [they] have the relationships. If it isn't embarrassing, and not too expensive, and might work, and the studio needs [them] to produce something else [they] might be able to sell it.

Writer 2 had a friend that was having a difficult time, so writer 2 states, "In terms of reciprocity, I mean, you can't write a script as a favor, but I did actually, for one producer who's a friend of mine."

Sometimes reciprocity comes from having worked on a project successfully with someone before. Producer 1 relates the following story:

I said, 'You know, [WP], there's another...project that I'm going to give you a shot at because I think you would really, really like it, that we're just optioning the book...He said, 'I got it, but remember you owe me this [next script].'

Reciprocity is often based on feelings of obligation. Agent 1 relates this story:

This manager came to me, and said, 'Will you take a look at these two writers? The writers are really good.' I read one of the scripts because the request was a social relationship, I had to do it. I mean, I probably read two or three scripts a week out of obligation.

Executive/producer 3 has this philosophy on relationships and reciprocity:

In order to maintain the relationship with agents, sometimes you have to do favors. That favor normally is, 'Please meet with my client,' and I'll say, 'I have nothing for him.' 'That's OK; I'll look good if you meet with my client.'

Sometimes, the studio will do things it wouldn't normally do in order to maintain a good relationship with some talent as well as to engender feelings of obligation. Producer/manager 1 states, "The studio wanted to stay in business with this writer, and they were forced to buy his project for six figures."

Another aspect of relationship maintenance is providing information that the relational partner needs or wants. Producer 5 talks about how this is done in the dealmaking process:

I call and say I'm just checking on somebody; generally, they'll be glad to hopefully give me an honest opinion, but they'll give me some kind of opinion because those people might be calling me for the same favor at some point.

Agent 1 engages in the same communicative behavior:

I mean, I ask people all the time for all kinds of confidential information. I need to know this, I need to know that, and they give it to me. I think it's just because I've built that relationship up over so long. But they also know that if they need that kind of information from you they can get it.

Producer 5 goes on to say the following:

The reciprocity angle again certainly is going to be there; I mean, you don't want to offend people in anything you do, so, somebody who does a like thing that you do is looking for some information on somebody, you'd be a fool to tell them to bug off, because we work in a small business in a small field, and I may need some information; that's just common courtesy and using your common sense. But that happens all the time.

Executive/producer 1 talks about his experience as a new executive and how reciprocity enters into dealmaking:

The agency was geniuses for doing establishing a relationship with me because we [new junior executives] remember who are nice to us at the beginning of our careers when we don't have a lot to offer. As a result, all of us over the years get more and more well-known; as we go up the ladder in the movie business and we have fond feelings for these agents and know they are easy to work with and have an easy rapport with and are predisposed to working with their and take their calls. When they call me and ask, 'Would you meet with this writer? We have this new writer we agents signed,' of course, I do it.

Conclusion and Implications for Future Research

All interviewees felt that trust was important to dealmakers. Trust was mentioned in the interviews as an aspect of the business that is underappreciated. This finding corroborates examples seen in corporate strategic alliances (Berquist et al., 1995). Trust built on honesty is important because it is so easy to find out about almost anyone who purports to be in the movie business (Producer 3). Another reason that trust is so important is because many of the commitments studio executives make are verbal (Producer 1), and there is an understanding of a deal long before it is papered (Producer/manager 1). Trust is also built on repeated interactions of two parties reacting the same way to the same thing. In the movie business, knowing a player's creative "sensibilities" has built trust between parties (Executive/producer 1; Executive producer 5). This is consistent with Berquist et al.'s (1995) concept of trust built on similar perspectives, meaning that the interaction partner can see a situation as the other partner would see it, thereby interacting as the first interaction partner would want them to.

Another reason that trust is so important is because of the need to depend on so many people for the successful completion of the final "papered" deal. The interviewees all implied that they needed others to be successful, and more than one remarked that they kept going back to the same people with whom they had already been successful because their careers were on the line every time they did a deal. This shared collective outcome as a basis for trust is consistent with Monge and Fulk (1999).

The participants in this research also described how important reciprocity was and how it worked in the movie business. The studios try to use actors and directors who have proven to be successful at the box office. However, for the studios to do this, they must sometimes grant a request from a top star (actor or director) to do a passion project in order for the studio to be in the star's good graces. A passion project is one in which the star actor or director will work for less money, sometimes for Screen Actors Guild minimum, in order for their project to be produced and distributed by a studio (Attorney 2).

One reason that actors or directors will reciprocate to do a passion project is because they want to work in a genre that they have not worked in before. The studios or producers will pay for talent to switch genres if there is something in it for the studio or the producer. This is one type of example of reciprocity in the movie deal-making process. Similarly, some actors or directors will do some movies that they do not want to do because they have cut deals with studios to produce the actors' or directors' passion projects (Attorney 2; Executive/producer 4). This reciprocity is seen in the movie business, but only if the actor or director is very well-known to the public, and their movies have been financially successful.

Others that use reciprocity are agents. They use it to receive information (Agent 1) and to illustrate to their clients that they know people who can obtain jobs for the clients (Executive/producer 3). They also use it to bargain for better deals for their clients in the future (Agent/manager 1). Some agents will be nice to newcomers in the industry in order to build cooperative relationships, expecting that these newcomers will reciprocate later as they become more valuable to the agent (Executive/producer 1). This is consistent with Burger (1986), Cialdini et al. (1975), and Dillard et al. (1984) whose research indicates that those who have made concessions before will receive positive reciprocal behavior.

As seen above, trust and reciprocity are extremely important in the relatively tightly-knit movie business. Whether these constructs are as important in other industries is unknown, as is whether they are as important in other cultures. Indeed, what passes for trust and reciprocity may differ in other industries and cultures; however, the literature indicates that trust and reciprocity are universal human concepts. Future research in different industries and in different cultures will shed light on how important these constructs are for deal-making in those venues.

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