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EDITOR

Amy Hillman
Arizona State University
amy.hillman@asu.edu

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University of Lausanne
jean-philippe.bonardi@unil.ch

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University of Wisconsin at Madison
mcarpenter@bus.wisc.edu

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University of Virginia
amrking@virginia.edu

David Lepak
Rutgers University
amrlepak@smlr.rutgers.edu

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University of Florida
jeffery.lepine@cba.ufl.edu

Gerardo Okhuysen
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gerardo@business.utah.edu

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amrsuddaby@bus.ualberta.ca

SENIOR MANAGING EDITOR

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amr@aom.pace.edu
914-923-2607

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EDITOR**

Sandra E. Tamburrino-Hinz
Forest Hill, Maryland
sthinz@clearviewcatv.net

Dear Professor Ballinger:

I have now received and considered the reviews of your revised manuscript submitted to *Academy of Management Review* “Chutes versus Ladders: Anchoring Events and a Punctuated-Equilibrium Perspective on Social Exchange Relationships” (AMR-09-0093-Original.R1). Your reviewers agree that you’ve made a conscientious effort to respond to their concerns and that the manuscript is much improved. However, your reviewers also believe that a few issues need to be addressed in order for the contribution of your work to be fully realized.

I share the opinion that you undertook great effort to be responsive to the feedback we provided, and although the manuscript is much better because of this effort, there are several important remaining issues to address. However, I also believe that these issues are fairly straightforward, and I’m confident that you can and will address them in another revision. Therefore, I am pleased to *conditionally accept your manuscript for publication in AMR* subject to a number of changes that I will outline below. Congratulations!

As you will see, the reviewers were very conscientious in providing feedback about concerns that need to be resolved to further clarify the contribution of your work. Although addressing these issues will not require a revision that is as comprehensive as the last one, a successful effort will require a fair bit of work that is as thoughtful and conscientious. Given the large number of changes you will likely be making, I considered whether I should ask the reviewers to take a look at your next revision. However, I have a good feel for what the reviewers are asking you to do, and so I can ensure the remaining changes are made on their behalf. Therefore, I will not be returning your revised manuscript to the reviewers.

Although the reviewers identified many issues for you to consider in your revision, what follows are those that I consider to be most important.

1. Although the revision presents a clearer picture of the role of memory in your model, a bit more work is needed. First, as Reviewer 1 notes, you should describe the concepts and theories of memory that you use more explicitly and clearly (Comments 1a-1e). You don’t need to go overboard here—for example, I don’t expect to see a lengthy section describing various theories of human information processing and memory. Rather, I would like you to focus on the concepts and theories that are central to your theorizing. The meaning of these concepts and theories needs to be clear, even to readers who might not be familiar with this literature.

2. Related to the previous point, your descriptions and explanations of these concepts and theories should be used to support your arguments regarding the events that get stored in the different types of memory. Reviewer 1 (comment 1d) feels that your argumentation for this aspect of your model is somewhat weak, and suggests that it may make sense to focus more on retrieval rather than just memory. This seems like a good idea. In fact, this suggestion seems consistent with Reviewer 3's recommendation to leverage the literature on availability bias (comment 2). Although you might be able to develop a convincing explanation without referring to availability bias, such an approach is likely to raise eyebrows of readers who are somewhat familiar with the decision-making literature. After all, your model is based largely on anchoring, and so readers will wonder why would you exclude a concept like availability bias given that it seems so relevant, it's well known, and comes from the same literature.

3. I would also like you to clarify and strengthen your discussion of the role of emotions in your model. As Reviewer 1 suggests, not only does the emotional reaction concept need clarification, but you should also expand the richness and depth of the explanation for the linkages with other concepts (comments 2a-2e). For example, at times your theorizing (and Figure 1) suggests that the intensity of the emotional reaction (size of the emotional reaction bubble) determines whether the event will serve as the anchor that, in turn, influences subsequent interactions. Unfortunately, the factors that determine the tipping point here are somewhat unclear (at what point do the emotions become strong enough to cause the shift in information processing?), and it is also difficult to understand how the process might work in terms of a continuum (e.g., What happens with moderately intense emotions? Does "part" of the event become coded into long term memory or is the knowledge integrated into one's knowledge structure with less coherence?).

4. You could provide clearer explanations for most of the relationships in your model. I found it quite easy to get a general sense of the exchange processes that result from anchoring, however, when I focused on specific relationships, I often became unsure of exactly what your model is predicting and why. The reviewers made comments that convey the same sentiment (e.g., Reviewer 1, comments 2d, 3, 4, 5; Reviewer 2, comments 1 & 4).

5. Along the same lines, Reviewer 3 believes that your manuscript needs to provide a clearer and more compelling case and explanation for the stickiness of the anchoring events (comment 1). I agree with this reviewer wholeheartedly. The durability of anchoring events is the most important and interesting aspect of your research, and without it, your work amounts to predicting "big events result in big changes and small events result in small changes, which of course, is right in line with reciprocity theories". This reviewer suggests that you may be able to address this issue, in part, by drawing from research that has examined the issue of asymmetry in organizational responses to events that would seem to necessitate adaptive shifts. Although I'm leaving it up to you to decide how you want to address this specific issue, the manuscript will definitely need to provide readers with convincing theoretical arguments that better support this crucial aspect of your model. I suspect that addressing this concern will be the most challenging aspect of the revision.

6. Like Reviewer 3, I'm concerned about the tone of the managerial implications (comment 5). On the one hand, the model seems to lead to the interesting and bold conclusion that relationship repair is essentially pointless. On the other hand, this claim seems overly deterministic, and is inconsistent with research in several areas of psychology. As important, the claim just isn't very helpful to managers who often need to maintain relationships among employees which may have been damaged for one reason or another. So in the end, it would be worthwhile to provide a richer

explorations of practices that could potentially help repair relationships that become damaged through the process you describe.

7. The reviewers made several other constructive suggestions, and I urge you to consider these carefully in crafting your revision. There are a lot of minor points that will be very easy to address. There are also a few really insightful suggestions that will require a bit more effort, but will also help strengthen the Discussion section (i.e., Reviewer 1, comment 2e; Reviewer 3, comments 6 & 7).

8. There were a few additional issues that occurred to me as I read your paper.

a. The attribution part of the model needs clarification. Do you mean to imply that when an unexpected exchange occurs, it triggers the attribution process, and when there are factors present that result in attributions of high control and internal locus, emotions are triggered that result in anchoring? If so, what are the factors that cause that particular configuration of attributions? Figure 1 seems to imply that the perceived returns from the target triggers those particular attributions, and I don't think this is what you intend to convey.

b. At times the text seems to imply that attributions (factors that influenced the specific attributions), level of dependence, and goal centrality serve to moderate the relationship between the evaluation of the returns and the emotions. However, the text wasn't very clear or consistent on this point, and the Figure is too general to help. Please clarify.

c. Related to the previous points, Figure 1 should be revised. It's unclear whether the figure is meant to depict the general flow of the common- and anchoring-exchange processes, or whether it's meant to depict the nature of the relationships among concepts. It seems to be a mix, and I'm afraid this is a bit confusing. There are also inconsistencies with the text that make things even more confusing. For example, it isn't completely clear where the stages you refer to in the text should go in the Figure.

d. At the end of the introduction you suggest that the typical exchange process is analogous to climbing a ladder, and at this point, given the title of the manuscript, I was expecting you to say that your theory is going to present an alternative process which is analogous to a chute. Not a big deal, but it seemed odd that you wouldn't evoke "chutes" until much later in the paper (p. 22) and then only once.

9. Although addressing these concerns will require a bit of additional text, please ensure that the manuscript stays about the same length. I can accept an additional page or two, but no more than that given the magnitude of the contribution.

Resubmission Instructions

When you revise your manuscript, please log into <http://mc.manuscriptcentral.com/amr> and enter your Author Center, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number will have been modified to denote a revision. You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Once the revised manuscript is prepared, you can upload it and submit it through your Author Center. *IMPORTANT: Your original files are available to you when you upload your revised manuscript. Please delete any redundant files before completing the submission.*

When submitting your revised manuscript, you will be able to respond to this letter in the space provided. Please describe how you responded to each of the issues I mentioned in my letter. In addition, briefly describe how you responded to the reviewer comments that I didn't mention explicitly. You do not need to append these comments to the end of your manuscript. You should include a short one-paragraph bio of each author at the end of your manuscript. Because we are trying to facilitate timely revision of manuscripts submitted to *AMR*, please upload your revised manuscript by two months from today or contact me in advance to arrange an alternate deadline.

Again, I congratulate you on your interesting and well-executed research. I think your continued perseverance can result in a very fine end product. Thanks again for sending your research to the *Academy of Management Review*. Thank you for your revision and best of luck with the new revisions!

Warm regards,

Jeff LePine
Associate Editor
Academy of Management Review

Comments of Reviewer 1

Thank you for your revision. You obviously put a lot of effort into it, and your manuscript has improved. With that said, I am concerned that your concepts and arguments regarding the mechanisms underlying changes in relationship rules (memory, scripts, and emotion) are underdeveloped. Further, the ordering of events in the processes you describe is not always consistent or clear. In addition to raising these concerns more specifically below, I raise other concerns and make suggestions. I very much hope that you find what follows to be helpful as you continue to work on what is an interesting paper.

1. Regarding your reliance on concepts and theories about memory, please provide greater explanation:

a. The term “autobiographical memory” is used throughout the paper (e.g., page 4); please define this term and explain its relation to the more familiar concepts of short term and long term memory.

b. The term “self-defining memories” is used throughout the paper (e.g., page 14); please define this term and explain its relation to autobiographical memory, short term memory, and long term memory.

c. In terms of tying these different concepts together (1a and 1b), perhaps grounding your discussion a bit more in memory researchers’ broader discussions of how memory works would be helpful (e.g., Jonides et al., 2008; Roediger, 2008; Rolls, 2000; Tulving, 2002).

d. Regarding Figure 1 and the related text, I don’t understand why exchange events would be coded into short term, but not long term memory, especially since you expect there to be an emotional reaction even under conditions of common exchange. It seems very reasonable to argue that the greater the intensity of emotion, the more likely an event is to be remembered (suggesting that it has been coded into one’s long term memory), however it doesn’t necessarily follow that mundane events are not coded into long term memory. I can remember lots of boring things that have happened to me or that I’ve done. Furthermore, from your own account of reciprocal exchanges, expectations and rules are based on what’s happened in the past. Long term memory is required to recall the past. What may make more sense is to argue that anchoring events are more readily recalled/retrieved than non-anchoring events (rather than arguing that only anchoring events are coded into long term memory).

e. On page 27 you refer to drawing from particular theories about memory. From which theories do you draw?

2. Regarding your reliance on concepts and theories about emotion, please provide greater explanation:

a. On page 9 you suggest that an emotional reaction to an experience will impact cognitive decision making abilities. What do you mean by “impact”? Do you mean that emotions will impair decision making ability or enhance it? In the emotions literature, there are examples of the effect going in both directions.

b. On page 12, what do you mean by the term “compound emotion”?

- c. Occasionally, you reference specific discrete emotions (e.g., gratitude and anger on page 12), but more often you only distinguish between positive and negative emotional reactions (i.e., affect). Do you mean to talk about discrete emotion or affect?
- d. You indicate (in Fig. 1 and in the text) that anchoring events result in a relatively intense emotional reaction, which change the rules of the relationship and causes the event to be encoded into long term memory. On page 15 in describing events subsequent to the original event you state that “the memory of the past event drives an emotional reaction that filters the cognitive processes used to interpret information regarding the target’s behavior in subsequent exchanges...” meaning that when the original event occurs, emotion precedes memory, and when a subsequent event occurs, the ordering is opposite. The reverse-ordering for subsequent events is understandable, but it is not reflected in Fig. 1. I also suggest that in the text, you state more clearly how emotion, memory, and scripts occur and are related at different points of the social exchange process.
- e. Overall, something that seems to be missing from your theory is a discussion of how the focal actor’s emotional reaction to an event can affect the target emotionally and can influence the target’s subsequent behavior. Elfenbein’s (2007) recent review of the literature on emotions in organizations discusses the interpersonal nature of emotions. For instance, “Thompson, Valley, and Kramer (1995) showed that face-to-face negotiators who were later given a verbal statement supposedly written by their partners regarding how the outcome compared to expectations tended to report feeling the inverse affect—in keeping with naïve assumptions that one’s gain comes at another’s loss and vice versa. Further, participants who believed their partners were in-group members and disappointed in one round offered them more resources in the next round suggesting they used emotion recognition to make a redress” (Elfenbein: 357-358). How will the focal individual’s emotional reactions (and inevitable emotion expressions) affect the subsequent behavior etc. of the target?
3. Scripts serve as the mechanism behind shifts in relationship rules (e.g., page 9). Please explain what you mean by “script” and explain how exactly they facilitate these shifts.
4. Given confirmation bias, wouldn’t you expect that a negative anchoring event rather than an anchoring event of either kind (positive or negative) is more likely to occur in a reciprocal relationship that is negative compared to a relationship that is positive or equally balanced (P3, page 21)? That is, given that people tend to look for evidence to confirm what they already believe, wouldn’t people in a negative reciprocal relationship be more likely to perceive a negative anchoring event rather than a positive anchoring event?
5. Related to 2d, a sentence on page 21 raises questions about ordering: “This increased affect makes it more likely that exchanges occurring in this mode will be written into long term autobiographical memory, and thus more likely to serve as anchoring events.” In contrast to the ordering suggested by this sentence, the definition of an anchoring event (page 9: dependency, expectation violation, and attribution), as well as Fig. 1, indicate that emotional reactions and the encoding of information into long term memory are in response to anchoring events (meaning that emotion and memory follows from the event). Please explicate more clearly the ordering of events in the process.
6. On page 23, when you are talking about the likelihood of a second anchoring event, are you referring to the actions of the target or the focal individual? In other words, who will be the agent of a subsequent anchoring event?

Minor Points:

7. In the sentence that spans pages 11 and 12, who is the “agent”? Is the agent the “focal individual”? If people are motivated to interpret events positively regardless of their objective valence, does this mean that negative anchoring events are unlikely? I don’t understand this sentence; please clarify.
8. On page 16 you provide an example of what happens when a positive anchoring event occurs. It might be helpful to the reader if you were to provide a similar example for a negative anchoring event, though I don’t think doing so is crucial.
9. I think the wording of Proposition 1 (page 19) is a little confusing; as stated, it suggests that your proposition only relates to new relationships (in which case, what do you mean by “new”?). It might be clearer to say something like this: “The likelihood of an anchoring event is inversely related to time since the inception of a relationship (i.e., as time goes on, the likelihood of an anchoring event decreases). . . .”
10. There are instances of noun-pronoun disagreement throughout. For example, on page 24 you state that “what is relevant in these cognitions is whether the focal individual feels they have received treatment. . . .” It should read either “focal individual feels he or she has received treatment” or “focal individuals feel they have received treatment.”
11. The use of the word “sticky” on page 31 may be confusing to readers since you’re talking about a process that unfolds over time rather than an event or object that exists at one point in time. I think your earlier use of the word “durable” was especially helpful in understanding the point of your paper and why what you’re talking about can be distinguished from reciprocity.

References:

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Comments of Reviewer 2

I would like to commend the authors for doing such a good job addressing our concerns. The manuscript is definitely much improved, as the propositions are clearer and the manuscript has good flow. That said, I still have a few remaining concerns.

1. On p. 17, the authors argue that the likelihood of an anchoring event is a function of time in the relationship. However, in the response to reviewer 1 (comment 5), the authors imply that time is merely a proxy for dependence. Although time and dependence may be related, I think it makes the most sense to separate the two concepts. I do find the inclusion of dependence quite interesting. However, I also wonder whether strong dependence (and thus necessity) may affect the way exchanges are interpreted. For example, if dependence leads an individual to feel that he or she has little options, then a negative anchoring event may lead to more downward counterfactuals (i.e. things could have been worse). By definition, would this then not be considered an anchoring event? I guess some confusion may stem from the fact that attributions are now wrapped up in the definition of an anchoring event.
2. I am having a difficult time envisioning multiple anchoring events, due to the intense emotional response assumed to occur. Although the authors argue that multiple anchoring events are not as likely to occur, it is clear from the feedback model that a new anchoring event can take the place of an old anchoring event. How would one reconcile the deeply encoded memory of an old anchoring event with a new one? If an event is so impactful (such as the example quote given on the first page), then perhaps anchoring events fail to occur because of the strong likelihood of external attribution.
3. I think the authors could discuss attribution theory to strengthen proposition 2, which states that “as the balance of reciprocal exchanges becomes more positive or more negative, an anchoring event of the same valence is more likely to occur than an anchoring event of the opposite valence.” Specifically, events that are inconsistent with previous exchanges may be more likely to lead to external attributions, and thus fail to reach anchoring event status.
4. The new propositions, while clearer, can be further tightened. As the manuscript currently stands, non-reciprocal rules are often discussed with little specificity. For example, proposition 5 refers to the move from a positive non-reciprocal relationship to a different rule... is this referencing one non-reciprocal rule to any other rule? From the paragraph leading up to this proposition, the authors seem to suggest a move from a positive non-reciprocal to a negative non-reciprocal rule.

Minor point:

It would be beneficial if the authors stated the non-reciprocal rules in the introduction, preferably the first time non-reciprocal rules are discussed.

Comments of Reviewer 3

This revised manuscript reflects a conscientious and largely effective response to reviewer concerns. The first sentence of the discussion now states, “We aim not to replace social exchange theory or even to supplant reciprocity as the primary set of rules by which exchange relationships operate in organizations, but instead to show how single events can move relationships to non-reciprocal

exchange forms in a much quicker fashion and make those relationships resistant to change.” This provides an excellent summary of the manuscript’s goal, and it is fair to say this goal is increasingly being met as this manuscript develops. There are still some issues that need to be addressed, however, in order to cement the potential contribution of this work to the literature.

1. The major issue I still have with the revised manuscript is that the arguments for “asymmetry” and “stickiness” are still thin in terms of their ability to leverage existing theory or research to make a convincing case for these notions. Yet these ideas strike me as the key feature of this theory because without them, we are left with the basic idea that big events result in big changes and small events result in small changes, which of course, is right in line with reciprocity theories. That is, when the authors note that “once an anchor is set in a relationship, exchanges that occur later in the relationship are evaluated through the prism of the anchoring event...and the relationship becomes resistant to reversion to reciprocity,” this is the core conceptual contribution. In this revised version of the manuscript, the authors rely more heavily on ideas within the cooperation and competition literature, and there are some approaches within this tradition that propose asymmetry (see Johnson et al., 2006, AMJ; Beersma et al. 2009, OBHDP). These may provide additional ammunition for some of the arguments that are being made in this manuscript or they may not, but presently, some additional support is needed for these key elements of this new model.

2. In contrast to the asymmetry arguments, this version of the manuscript does a much better job integrating research on memory processes into this conceptual approach. This is critical because ease of recall is the central mechanism in the model of information processing proposed here. One point to note here, however, is that the authors should invoke the literature on “availability bias” more directly than they do in this version of the paper. Like the notion of “anchoring,” almost everyone familiar with the decision-making literature will immediately recognize the concept of availability bias as a memory-based process that often has unduly amounts of influence over perceptions and decisions. This idea will be an easier “sell” if this literature was leveraged more directly.

3. This version of the manuscript also devotes more attention, rightly I would say, to managerial implications. However, I was a little surprised at how easily the authors “gave up” on relationships. That is, they state that “Understanding the ‘sticky’ nature of non-reciprocal exchange relationships precipitated by anchoring events also highlights the risk to managers and firms in investing time and effort in repairing negative relationships...one thing that more senior managers and human resource professionals need to recognize is that many relationships in organizations that are based in negative rules of exchange (e.g., competition, revenge) may require greater investments in terms of time and effort to repair than they may be worth.”

4. If the authors want to go here, then they might want to suggest the “escalation of commitment to a failing course of action” literature as the rationale for this, because it seems like an extreme recommendation that requires additional support. Still, I think the literature on conflict management would suggest that an intervention, perhaps relying on a third party peacemaker or confidant, might be a more useful first step relative to jumping immediately to a divorce. Moving people helter skelter in an out of organizations or plants or divisions because one relationship has gone sour is also very costly, and there may be a number of other relationships that are severed when one takes this step. This should be a last resort.

5. In my earlier review I noted how this model was a little too “dyadic” in its approach, which somewhat limits its real contribution relative to its potential contribution. Thus, another important

practical implication of this model is that manager's may need to control the "story" or "narrative" that is built around any anchoring event to prevent collateral damage to other relationships outside the focal dyad once news of the anchoring event is spread around the organization. This is especially inevitable if someone actually winds up leaving because it will inevitably become a "sense-making" problem for everyone outside the focal dyad who has relationships with either or both members of the focal dyad. There are probably two sides to every anchoring event, and failing to control the narrative associated with that event could create a lot of problems for a manager (or subordinate) further down the line. For example, if someone develops a reputation for generating anchoring events, perhaps it is easier, due to expectation processes, for this person to unwittingly trigger future anchoring events because the bar for them is set lower. Thus, one needs to work to make sure that in the larger social context, they are not uniquely blamed for any one anchoring event.

6. In terms of implications for future research, the authors should also recognize the punctuated equilibrium models create some challenges in terms of data analytic approaches. Many of these issues will be well-known to some AMR readers familiar with Mark Fichman's work (see his 1988, JAP article in particular), but I suspect some readers may not be aware of this, and hence this should at least be acknowledged here in the discussion section. Much of the analyses involving these kinds of models rely on event histories and radical changes in hazard rates that would not be predictable based on straight linear (i.e., reciprocal) models.

7. Like most existing research on punctuated equilibrium models, this approach basically proposes two alternative states, in the sense that one's relationship with another person is either dynamic and in play via a reciprocal process, or the relationship is essentially dead and cannot be resuscitated. This is probably a good place to start with this idea, but more evolved models of dynamic equilibrium recognize that there may be more than two states, and since the authors involve the concept of schema, this might be worth noting as a direction for potential future research in the discussion section. For example, one may have multiple schema for relationships that include "best friend" versus "colleague" versus "uneasy peace" versus "outright war" and so on, that people slip into beyond the dichotomy of "reciprocal or dead to me."

8. This manuscript is not overly long at 26 pages of text. In fact, it is just about perfect given the nature of the contribution. Still, it does get off to a somewhat slow start. The key concept of an anchoring event, for example, is not formally defined until page 9. We do not get the first proposition until page 19, and this is only a few pages prior to the discussion section. The authors could easily speed this up, and this would provide more room to discuss the applied implications and future research needs relative to what we are presented with here. In particular, if the authors could more forcefully set the future agenda for research directions and methods here, the more impact this will have down the line.