

Mutually Dependent: Power, Trust, Affect and the Use of Deception in Negotiation

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ABSTRACT. Using a simulated two-party negotiation, we examined how trustworthiness and power balance affected deception. In order to trigger deception, we used an issue that had no value for one of the two parties. We found that high cognitive trust increased deception whereas high affective trust decreased deception. Negotiators who expressed anxiety also used more deception whereas those who expressed optimism also used less deception. The nature of the negotiating relationship (mutuality and level of dependence) interacted with trust and negotiators' affect to influence levels of deception. Deception was most likely to occur when negotiators reported low trust or expressed negative emotions in the context of nonmutual or low dependence relationships. In these relationships, emotions that signaled certainty were associated with misrepresentation whereas emotions that signaled uncertainty were associated with concealment of information. Negotiators who expressed positive emotions in the context of a nonmutual or high dependence relationship also used less deception. Our results are consistent with a fair trade model in which negotiator increases deception when contextual and interpersonal cues heighten concerns about exploitation and decrease deception when these cues attenuate concerns about exploitation.

KEY WORDS: deception, dyadic negotiation, impressions, power, affect

Social exchange characterizes many aspects of our day-to-day relationships, including negotiation. Defined as “a reciprocal act of benefit” (Molm et al., 2000, p. 1396), social exchange describes a process in which one party offers a valued resource to the other with the expectation but no guarantee that this act will be reciprocated. As a result, social exchanges generate risk, uncertainty and the possibility of exploitation (Kollock, 1994; Molm et al., 2000). In negotiation, as in other social exchanges, we can

never fully know the goals and intentions of the other party or the extent to which they have exchanged goods of comparable value (Kollock, 1994). This opens up the possibility that exchanges will be asymmetrical, that is, that one party will exploit the other for personal gain.

What determines whether individuals reciprocate the offer of valued resources and choose to make a fair trade rather than to exploit the other party? Dees and Cramton (1991) argue that individuals are most likely to act in a self-protective way, that is, exploit the other party, when they have concerns about the other's motives. These concerns can be triggered by one of several cues, including the other's perceived trustworthiness, an individual's own feelings, and the situation in which the judgment is made (Bohner and Weinerth, 2001; Sheppard and Sherman, 1998; Yamagishi and Yamagishi, 1994). In this research, we examine how these cues affect decisions to engage in fair trade or to act self-protectively in the context of dyadic negotiations. Specifically, we identify the combinations of three variables – others' trustworthiness, own emotion, and power – that are most likely to elicit deception in negotiation.

Information as a tradable resource

Information is one of the several tradable resources available to negotiators (Blau, 1964; Foa and Foa, 1980; Lawler and Yoon, 1992). The decision to offer accurate information to the other party is a critical one. Without information about underlying interests, negotiators are unable to identify mutually beneficial outcomes. Despite these benefits, there is a strong temptation to withhold or misrepresent information as a way of increasing bargaining power and individual outcomes. Moreover, the decision to

offer accurate information is high risk because it makes negotiators vulnerable to exploitation by the other party. The possibility of exploitation increases the temptation to deceive the other party as a means of self-protection (Aquino, 1998; Lewicki, 1983; Murnighan et al., 1999).

By definition, deception in some way misleads the other party. It is intentional and it implicitly advantages the deceiver (Aquino, 1998; Boles et al., 2000; Lewicki, 1983). Since deception can affect both outcomes and relationships (e.g., Aquino, 1998), it is important to understand why negotiators choose to deceive the other party. Both the ethical decision-making and social exchange literatures give insight into the factors that may trigger deception. Models of ethical decision-making emphasize how characteristics of the individual and the context in which decisions are made affect negotiators' propensity to deceive, either alone or in interaction (Hegarty and Sims, 1978; Lewicki, 1983; O'Fallon and Butterfield, 2005; Schweitzer and Croson, 1999; Trevino, 1986; Trevino et al., 2006). As negotiations are interactive, we add a third variable, the characteristic of the other person, as contributing to deception in negotiation. This variable allows for the possibility that negotiators may not only initiate deception, they may also elicit deception (Olekalns and Smith, 2007; Steinel and De Dreu, 2004; Tenbrunsel, 1998; White and Burgoon, 2001).

Two models of deception

In developing our hypotheses about the relationship between interpersonal cues and deception, we contrast two models of ethical decision-making: *fair trade* and *opportunistic betrayal* (Olekalns and Smith, 2007). We then specify the situational factors that prime each of these models. The assumption that, in making decisions to deceive the other party, negotiators undertake a cost-benefit analysis underlies both models. The models differ in whether negotiators believe costs to outweigh benefits or benefits to outweigh costs of deception.

Social exchange theorists argue for a fair trade model of decisions to deceive. Under this model, negotiators focus on the likelihood of exploitation by the other party. In order to assess this risk, they gather information about the goals and intentions of

the other party (Yamagishi and Yamagishi, 1994). When negotiators assess the likelihood of exploitation to be low, they conclude that the other party will not behave exploitatively. Consequently the need to act self-protectively by deceiving the other party is reduced. Negotiators conclude that the costs of deception (relational damage) outweigh the benefits. In contrast, in their model of opportunistic betrayal, Elangovan and Shapiro (1998) argue that individuals base their decisions to betray trust in part on their assessment of the likelihood that their betrayal will be detected and subsequently punished. When negotiators conclude that the likelihood of detection and punishment is low, they act to gain personal advantage and increase their use of deception. Negotiators conclude that the benefits of deception (improved personal outcomes) outweigh the costs.

Characteristics of the target

The perceived trustworthiness of the other party plays a central role in the social exchange process (Lawler, 2001; Molm, 1991; Molm et al., 2000; Yamagishi and Yamagishi, 1994). Trust stems from our positive expectations about another individual's intentions toward us (Boon and Holmes, 1991; Lewicki and Wiethoff, 2000) and can be defined as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al., 1998, p. 395). It is based on our judgments about the other party, specifically the extent to which they appear benign (Yamagishi and Yamagishi, 1994). These judgments can be made very swiftly, based on our first impressions of the other person (Kramer, 1994; Meyerson et al., 1996).

Individuals draw on a range of cues to determine others' trustworthiness. These cues fall into two categories, cognition- and affect-based (McAllister, 1995; Lewicki and Wiethoff, 2000). Cognition-based assessments of trustworthiness focus on the skills, abilities, and competencies of the other person whereas affect-based assessments focus on the benevolence and integrity of the other person (Lewicki et al., 2000; Mayer et al., 1995; McAllister, 1995). Individuals who are perceived as lacking competence will foster concerns about their ability

to use accurate information constructively to advance the negotiation, whereas individuals perceived as lacking integrity raise broader concerns about their intentions to negotiate in good faith. High trust, be it in terms of competence or integrity, offsets these concerns.

How do negotiators use information about the trustworthiness of the other party? The *fair trade* model implies that negotiators who assess the other party as trustworthy will conclude that they are unlikely to be exploited. This positive assessment of the other party will reduce the perceived need to act self-protectively, consequently decreasing the use of deception. Consistent with this model, McKnight et al. (1998) propose a virtuous cycle in which positive first impressions trigger a self-sustaining cycle of cooperation. The competing *opportunistic betrayal* model leads to the opposite prediction. This model implies that positive impressions of the other party establish the preconditions for deception. Negotiators who view the other party as highly trustworthy may also conclude that the other party is less likely to scrutinize information closely (Schul et al., 2004). As a result, negotiators assess the likelihood and costs of detection to be low, relative to the benefits and increase their use of deception (Olekalns and Smith, 2007). This leads to the following competing predictions:

H1a: High perceived trustworthiness decreases the use of deception in negotiation (fair trade)

vs.

H1b: High perceived trustworthiness increases the use of deception in negotiation (opportunistic betrayal).

Characteristics of the individual

Increasingly, researchers are exploring how emotion shapes cognition, decision-making, and negotiating behavior (Barry et al., 2004; Druckman and Olekalns, 2008; Lerner et al., 2004). In line with this general trend, there is growing interest in how individuals' affective states shape ethical decisions and patterns of exchange (Lawler, 2001; Lawler and Yoon, 1998; Trevino et al., 2006). Drawing on the

affect-as-information model (Clore et al., 2001) we argue that negotiators' own emotional states provide them with information about their responses to an interaction, including the intentions of their exchange partners (Lawler and Thye, 1999).

There is considerable evidence that the impact of positive and negative emotions is congruent with predictions from a *fair trade* model. Gaudine and Thorne (2001) theorize that positive emotions exert a positive influence on moral awareness, defined as the recognition that a moral problem exists (Trevino et al., 2006). They signal safety, orient individuals to maintaining social relationships, and increase both trust and prosocial behavior (Dunn and Schweizer, 2005; Eisenberg, 2000; Schwarz, 1990; Shiota et al., 2004). Conversely, negative emotions are likely to decrease moral awareness. They signal harm and reduce concern about maintaining social relationships. Negotiators who report positive affect also engage in more cooperative behaviors than negotiators who report negative affect (Baron, 1990; Carnevale and Isen, 1986; Forgas, 1998). Recent findings link negative emotions to increased deception (White and Burgoon, 2001; Zhou et al., 2004).

Set against these findings is indirect evidence that positive emotions may trigger an increase in deception. The first relevant set of findings shows that positive affect increases creativity (e.g., Hirt et al., 2008; Isen et al., 1987). Arguably, deception requires some level of creativity and may thus be facilitated by a positive mood. The second set of findings shows that positive affect and optimism are associated with greater risk taking (Anderson and Galinsky, 2006; Carnevale, 2008). To the extent the deception is a risky behavior (it may be discovered), these findings imply that a positive mood may encourage deception. Finally, research shows that positive emotions also decrease the extent to which individuals scrutinize information, whereas negative emotions increase it (Bohner and Weinerth, 2001). Paralleling our arguments about trust (Schul et al., 2004), an implication is that negotiators may conclude that the other party is also less likely to scrutinize information: An optimistic assessment of the risk of detection. Together, these disparate findings fit better with an *opportunistic betrayal model* of deception.

H2a: High positive affect decreases the use of deception in negotiation whereas high negative affect increases the use of deception in negotiation (fair trade)

vs.

H2b: High positive affect increases the use of deception in negotiation whereas high negative affect decreases the use of deception in negotiation (opportunistic betrayal).

Characteristics of the setting

Finally, the setting itself can influence ethical decision-making (Jones, 1991; Lewicki, 1983; Schweitzer and Croson, 1999). We focus on power, because of its centrality in social exchange theory (Molm, 1991). Power can be viewed as an attribute of the individual (Anderson and Berdahl, 2002; Bacharach and Lawler, 1981; De Dreu, 1995) or as an attribute of the relationship (Blau, 1964; Emerson, 1962; Somech and Drach Zahary, 2002; Wolfe and McGinn, 2005). In social exchange settings, such as negotiations, focusing on the individual does not capture the dynamic aspects of the interaction. As negotiators are in an interdependent relationship, each party's outcomes are to some extent determined by the actions of their partner. The interdependent nature of negotiating relationships highlights two distinct dimensions of power: *mutuality* of dependence and *level* of dependence (Rusbult and van Lange, 2003). We consider how these two aspects of interdependent relationships affect negotiators' decisions to engage in deception.

Mutuality of dependence

Mutuality describes the extent to which two negotiators are equally dependent on each other. When both negotiators have the same level of power they are mutually dependent. When negotiators have different levels of power and one negotiator relies more heavily on the other to obtain outcomes, they are nonmutually dependent (Rusbult and van Lange, 2003). Importantly, mutuality affects perceived threat which is greater in nonmutual than mutual relationships alerting negotiators to the likelihood of

a power struggle and exploitation (Rusbult and van Lange, 2003). In nonmutual relationships, where concerns about exploitation are highest, *both* negotiators use more threats, personal attacks, and persuasive arguments, resulting in less effective negotiating (De Dreu and Van Kleef, 2003; Giebels et al., 1998a, 2000; Rubin and Zartman, 1999, 2000). These findings are consistent with a *fair trade* model and imply that the greater perceived threat in nonmutually dependent dyads will encourage negotiators to take more self-protective action than negotiators in mutually dependent relationships, consequently increasing their use of deception.

Set against these findings is questionnaire-based data showing that negotiators report offering *more* accurate information when power is asymmetrically distributed (Tenbrunsel and Messick, 2001), arguably because low power negotiators fear the cost of detection. Extending this finding implies that negotiators try to create a power advantage for themselves when power is symmetrically distributed rather than when it is asymmetrically distributed (Lawler, 1992). These arguments are congruent with an *opportunistic betrayal* model and lead to the prediction that deception will be higher in mutually dependent dyads.

H3a: Deception will be used more frequently in nonmutually dependent dyads than in mutually dependent dyad (fair trade)

vs.

H3b: Deception will be used more frequently in mutually dependent dyads than in nonmutually dependent dyad (opportunistic betrayal).

Level of dependence

A second dimension of interdependence is the degree to which negotiators rely on their partners to obtain outcomes. Negotiators with many alternatives (low dependence) are less dependent on their partners than negotiators with a few or no alternatives (high dependence). One consequence is that negotiators in low dependence relationships can more readily exit relationships than negotiators in high dependence relationships. As high power individuals

are more likely to take action than low power individuals (Anderson and Berdhal, 2002; Galinsky et al., 2003; Keltner et al., 2003), they are more likely to walk away from a negotiation. The ability to do so reduces the costs of deception for a negotiator and may, from the other party's perspective, increase concerns about the likelihood of exploitation. This concern reflects the underlying question primed by a *fair trade* model, "Will the other party exploit me?," and leads to the prediction that deception will be higher in low dependence relationships. Set against these findings is the greater emphasis that low power individuals place on maintaining harmonious relationships (Coupland, 1994). Consistent with an *opportunistic betrayal* model, the emphasis on social harmony may result in negotiators assessing the costs of detection to be low and increasing their use of deception (e.g., Kim et al., 2005).

H4a: Deception will be used more frequently by dyads with low dependence than by dyads with high dependence (fair trade)

vs.

H4b: Deception will be used more frequently by dyads with high dependence than by dyads with low dependence (opportunistic betrayal).

An interactionist model of deception

Drawing on an interactionist perspective, we also consider whether characteristics of the setting interact with either characteristics of the target or the actor to affect decisions to deceive (e.g., Lewicki, 1983; Olekalns and Smith, 2007; Trevino, 1986). Research in other domains suggests that the effects of power are moderated by either characteristics of the setting or individual differences (e.g., Chen et al., 2001; Overbeck and Park, 2001). As one example of such an interaction, in negotiations and other social settings, individuals' goals affect the exercise of power. This research shows that a competitive context amplifies the effects of power whereas a cooperative context attenuates the effects of power (De Dreu and Van Kleef, 2003; Giebels et al., 2000). There is emerging evidence that power

interacts with both trust (Giebels et al., 1998b; Olekalns et al., 2007) and affect (Anderson and Thompson, 2004; Anderson and Galinsky, 2006; van Kleef et al., 2006) to shape negotiators' outcomes and behaviors.

We extend this theme of amplification and attenuation to consider how power interacts with trust and affect to shape decisions to deceive. Our broad argument is that contextual and interpersonal cues can create either positive or negative congruence, in which case the effects that we have described previously will be amplified. These cues can also create incongruence, in which case the effects that we have described will be attenuated. Positive congruence occurs when a negotiation is characterized by contextual and interpersonal factors that decrease deception whereas negative congruence occurs when a negotiation is characterized by contextual and interpersonal factors that increase deception. In the sections below, we specify the conditions that create positive and negative congruence.

Characteristics of the target

We identified the other party's trustworthiness as one determinant of deception. Depending on whether negotiators were oriented to the likelihood of exploitation (fair trade) or the costs of detection (opportunistic betrayal), we hypothesized that high perceived trustworthiness could, respectively, decrease or increase deception. If negotiators approach their task from a *fair trade* perspective, positive congruence is created when high perceived trustworthiness occurs in mutually dependent or high dependence relationships whereas negative congruence is created when low perceived trustworthiness occurs in nonmutually dependent or low dependence relationships. These same conditions trigger the reverse pattern of congruence if negotiators approach their task from an *opportunistic betrayal* perspective. Combining the predictions derived from characteristics of the target with those derived from characteristics of the setting results in the hypotheses that:

H5a: Deception will decrease when high perceived trustworthiness occurs in mutually dependent or low dependence relationships and will

increase when low perceived trustworthiness occurs in nonmutually dependent or high dependence relationships (fair trade)

vs.

H5b: Deception will increase when high perceived trustworthiness occurs in mutually dependent or low dependence relationships and will decrease when low perceived trustworthiness occurs in nonmutually dependent or high dependence relationships (opportunistic betrayal).

Characteristics of the individual

We also identified negotiators' expressed emotions as associated with their use of deception. Based on a *fair trade* model of negotiation, we predicted that high positive affect would lower deception whereas high negative affect would increase deception. Positive congruence is created when high positive affect occurs in mutually dependent or low dependence relationships whereas negative congruence is created when high negative affect occurs in nonmutually dependent or low dependence relationships. Conversely, the same set of conditions triggers the reverse pattern of congruence if negotiators approach their task from an *opportunistic betrayal* perspective. Integrating characteristics of the individual and the setting results in the predictions that:

H5a: Deception will decrease when high positive affect occurs in mutually dependent or low dependence relationships and will increase when high negative affect occurs in nonmutually dependent or high dependence relationships (fair trade)

vs.

H5b: Deception will increase when high positive affect occurs in mutually dependent or low dependence relationships and will decrease when high negative affect occurs in nonmutually dependent or high dependence relationships (opportunistic betrayal).

Method

Participants

One hundred and twenty undergraduate students at a large metropolitan university participated in a simulated employment contract negotiation. Of these, 29 participants were male and 91 were female, with an average age of 19.1 years. Participants were allocated to one of 3 experimental conditions: symmetric power (low), symmetric power (high), and asymmetric power.

Procedure

Participants negotiated a simulated employment contract. Written instructions assigned participants to the role of either an employer or an employee, described the eight issues that comprised their employment contract, and gave participants their payoff schedule. This schedule, shown in Table I, told participants what the value of each issue was for them. High maximum points meant that an issue had high priority for a negotiator; low maximum points meant that an issue had low priority. As can be seen in Table I, negotiators were required to reach agreement on eight issues. Each negotiator had one *indifference issue*, that is, one issue that was worth no points. Past research has shown that such issues trigger deception (Carnevale et al., 2001). For recruiters, it was job assignment; for applicants, it was start date. Before negotiating, participants calculated the value of four hypothetical contacts to ensure that they understood the points system. Each negotiation was conducted face-to-face and was videotaped for subsequent transcribing.

Power

A *power* manipulation was embedded in the instructions. Negotiators were given information about the availability of alternative employees (if they were the employer) or alternative employers (if they were the employee). In the high power condition, negotiators were told that they had several alternative, desirable candidates/employers with whom they could negotiate. Conversely, in the low power condition, negotiators were told that they had

TABLE I
Applicant and recruiter information

Applicant profit table							
Salary		Vacation (weeks)		Moving expenses		Performance bonus	
\$110,000	000	2	000	40%	000	2%	000
\$120,000	1,500	3	1,000	50%	600	4%	400
\$130,000	3,000	4	2,000	60%	1,200	6%	800
\$140,000	4,500	5	3,000	70%	1,800	8%	1,200
\$150,000	6,000	6	4,000	80%	2,400	10%	1,600
Location		Start date		Additional benefits		Job assignment	
A	000	In 2 weeks	000	\$2,000	000	Research	000
B	200	In 3 weeks	000	\$4,000	800	Marketing	1,000
C	400	In 4 weeks	000	\$6,000	1,600	Finance	2,000
D	600	In 5 weeks	000	\$8,000	2,400	Human resources	3,000
E	800	In 6 weeks	000	\$10,000	3,200	Consulting	4,000
Recruiter profit table							
Salary		Vacation (weeks)		Moving expenses		Performance bonus	
\$110,000	1,600	2	4,000	40%	2,400	2%	6,000
\$120,000	1,200	3	3,000	50%	1,800	4%	4,500
\$130,000	800	4	2,000	60%	1,200	6%	3,000
\$140,000	400	5	1,000	70%	600	8%	1,500
\$150,000	000	6	000	80%	000	10%	000
Location		Start date		Additional benefits		Job assignment	
A	3,200	In 2 weeks	4,000	\$2,000	800	Research	000
B	2,400	In 3 weeks	3,000	\$4,000	600	Marketing	000
C	1,600	In 4 weeks	2,000	\$6,000	400	Finance	000
D	800	In 5 weeks	1,000	\$8,000	200	Human resources	000
E	000	In 6 weeks	000	\$10,000	000	Consulting	000

no alternative, desirable candidates/employers with whom they could negotiate. In order to reinforce these instructions, we used a priming task to establish a power mind-set. Negotiators in the high power condition wrote a short essay describing a situation in which they had felt powerful and negotiators in the low power condition wrote a short essay describing a situation in which they had felt powerless. Previous research has shown that this task significantly affects individuals' power mind-set (Anderson and Galinsky, 2006; Galinsky et al., 2003).

Before negotiating, participants were asked to rate their power on a 1 (low) to 7 (high) scale. There were reliable differences in perceived power at the start of the negotiation as a result of the essay task, $F(1,118) = 40.69, p < 0.001$. Negotiators in the high power condition rated themselves as having more power ($M = 5.45, SD = 1.1$) than negotiators in the low power condition ($M = 3.9, SD = 1.4$). One-third of participants negotiated in dyads with equal, low power, 1/3 negotiated in dyads with equal, high power, and 1/3 negotiated in dyads where power was unequal (i.e., one negotiator had high power

TABLE II
Correlations between predictor variables

	Cognitive trust	Affective trust	Pos feelings	Optimism	Anxiety	Anger
Cognitive trust	–					
Affective trust	0.16	–				
Pos feelings	0.02	0.09	–			
Optimism	–0.05	–0.15	–0.05	–		
Anxiety	–0.11	0.02	0.21*	0.14	–	
Anger	–0.03	–0.14	–0.08	0.09	0.02	–

* $p < 0.05$.

and the other negotiator had low power). In the unequal power condition, high and low power instructions were counter-balanced across the role of recruiter and applicant.

Trust

Although our hypotheses treat trust as a unitary construct, we identified two distinct forms of trust, cognition- and affect-based. Elsewhere in the literature, these two forms of trust have been shown to have different antecedents and consequences (Lewicki and Wiethoff, 2000; McAllister, 1995; Olekalns and Smith, 2005). Differentiating them in our analyses may therefore provide additional insight into what triggers deception. We used a shortened version of Lewicki et al.'s Trust Scale (1997), to measure cognitive trust ($\alpha = 0.81$). This scale uses a 1 (strongly disagree) to 7 (strongly agree) scale. We measured affective trust using a set of seven bipolar adjectives: bad (1)–good (7), unhelpful–helpful, not well-intentioned–well-intentioned, insincere–sincere, dishonest–honest, unjust–just, untrustworthy–trustworthy ($\alpha = 0.82$). We computed scores for each type of trust by averaging across questions or ratings. High scores indicate high reliability, predictability, benevolence, and cognitive and affective trust. Table II shows intercorrelations between these variables.

Affect

In order to examine the relationship between affect and deception, we employed Pennebaker's Linguistic Inquiry Word Count (LIWC) program. LIWC is based on the idea that words act as markers of emotional states, social identity, and cognitive styles (Pennebaker et al., 2003). The program scans text and categorizes 2,300 words into broad psy-

chological, affective, and cognitive categories. It has been used in a wide variety of contexts, including to predict social connectedness, to differentiate individuals who attempt or succeed to suicide, and to distinguish depressed from nondepressed individuals (Burke and Dollinger, 2005; Handelsman and Lester, 2007; Rude et al., 2004). Using this program, Newman et al. (2003) have shown that the presence of nonfluencies in language predicts deception (also, Bond and Lee, 2005; Vrij et al., 2007). Using a similar word count program, Zhou et al. (2004) showed that negative affect was associated with deceptive communication. The LIWC analysis reports the percentage of words in a each semantic category included in the LIWC dictionary. We examined the relationship between expressions of positive feelings, optimism, anger, and anxiety and the use of deception.

Deception

After transcribing negotiations, we identified every occasion on which negotiators mentioned the two indifference issues. Although deception can be theoretically categorized as either active or passive, very little is known about whether the two forms of deceptions are triggered by different cues. Consequently, our hypotheses are at the level of deception. Nonetheless, there is preliminary evidence to suggest that the two forms of deception may be triggered by different interpersonal and contextual cues (Olekalns and Smith, 2007). Consequently, it may be informative to differentiate between the two forms of deception in our analyses.

Drawing on past research, we distinguished between active and passive forms of deception. Deception can be active, as is the case when

TABLE III
Examples of deception and honesty

Strategy	Example	Explanation
Sin of commission	The other key criteria for me will I think be when I start the job (applicant)	Start date has no value for the applicant but this statement describes it as a "key criteria," implying high value.
Sin of omission	I think there's probably, if you're prepared to go to Location A, we could consider one of the other options for assignment, such as human resources or consulting (recruiter)	Job assignment has no value for the recruiter, but by using it to obtain concessions on location the recruiter implies it carries some value.
Honesty	Well, to be perfectly honest with you I don't really care about the assignment (recruiter)	

individuals misrepresent the situation by giving false information, or passive, as is the case when individuals conceal information (Bok, 1978; Ekman, 2001). These two forms of deception are frequently referred to as *sins of commission* and *sins of omission*, respectively (O'Connor and Carnevale, 1997; Schweitzer and Croson, 1999; Spranca et al., 1991). Sins of commission are perceived as more serious than sins of omission (Spranca et al., 1991). In Jones's (1991) terms, the magnitude of consequences is less for sins of omission than sins of commission.

Two coders, blind to the study's hypotheses, coded statements about the indifference issue as being honest, a sin of omission, a sin of commission, or "other." Following O'Connor and Carnevale, we coded a *sin of commission* as an active misrepresentation of the indifference issue's value and a sin of omission as the use of the indifference issue in a trade-off. This latter strategy implies that the issue has value to the negotiator, thus concealing true preferences. Examples of deception are shown in Table III. Inter-rater reliability, as measured by Cohen's κ , was 0.87. Not all forms of deception occurred in all dyads. Mean use of each tactic by individuals was honesty (0.52), sins of commission (0.43), and sins of omission (2.13). In the case of honesty and sins of commission, these means imply that not all individuals engaged in these behaviors.

Approach to data analysis

We used hierarchical linear modeling (HLM) to test our hypotheses. The use of HLM offers the advan-

tage of enabling us to examine individual behaviors while controlling for dyadic membership (Bryk and Raudenbush, 1992; Kenny et al., 1998). Our model allowed for a random intercept, but fixed all other slopes. Due to the relatively low frequency with which deception occurred, we modeled our dependent variables using a Poisson distribution.

Before testing our hypotheses, we tested the null model for each of our independent variables (sins of omission, sins of commission) by modeling the intercept with equations that had no Level 1 or Level 2 predictors in the model. The purpose of doing this was to demonstrate that there are significant between-group differences in our dependent variables. For each variable, we found this to be the case: sins of omission, $\gamma_{00} = 0.76$, $t(59) = 7.88$, $p < 0.001$, and sins of commission, $\gamma_{00} = -0.81$, $t(59) = -5.58$, $p < 0.001$.

We fit four models, two for each kind of deception. In two-level models, Level 1 predictor variables describe attributes of the individual and Level 2 predictor variables describe attributes of the dyad. In order to represent the dimensions of mutuality and level of dependence, we created two dummy variables. The first variable contrasted dyads with mutual dependence with those with nonmutual dependence (mutuality). In order to test hypotheses about level of dependence, we restricted our analysis to dyads with mutual dependence. Our second dummy variable then contrasted dyads with low dependence (two high power negotiators) to those with high dependence (two low power negotiators).

In the first set of models, which tested hypotheses about trustworthiness, our Level 1 predictor

variables were role, gender, cognitive, and affective trust. In the second set of models, which tested hypotheses about affect, our Level 1 predictor variables were role, gender, and positive feelings, optimism, anxiety, and anger. For all models, the two contrasts described above were entered as Level 2 (i.e., dyad level) predictor variables. In setting up each model, we specified interactions between our Level 2 variables (mutuality, dependence) and the Level 1 intercept, as well as between our Level 2 variable and trust or affect. Support for Hypotheses 1 and 2 would be provided by the finding that Level 1 variables (trust or affect) predicted deception. Hypothesis 3 would be supported by a finding that our Level 2 variables, mutuality and dependence, predicted deception. Significant cross-level interactions between trust *or* affect (Level 1) and power (Level 2) would support Hypotheses 4 and 5.

Results

Table IV summarizes our findings. By contrasting a fair trade and an opportunistic betrayal model of deception, we derived competing predictions about the relationships between trust, affect, power, and deception. Whereas the fair trade model resulted in the predictions that deception would be reduced under conditions of high trust, positive affect, mutual and low dependence, the opportunistic betrayal model predicted the opposite pattern of findings. With one exception, our analyses showed support for the relationships derived from the fair trade model: High cognitive trust and optimism decreased deception whereas high anxiety and anger increased deception. Consistent with an interactionist model of deception, these effects were amplified by both mutuality and level of dependence.

Mutuality of dependence

Our first set of models included mutuality as the Level 2 variable, contrasting negotiators in mutually dependent dyads (−1) with negotiators in nonmutually dependent dyads (+1). Our results show that mutuality was more strongly tied to the use of sins of commission than to the use of sins of omission.

Sins of commission

We found that both cognitive and affective trust predicted *sins of commission*, which were used more frequently when cognitive trust was low, $\gamma_{30} = -1.12$, $t(112) = -3.08$, $p < 0.005$, or when affective trust was high, $\gamma_{40} = 1.329$, $t(112) = 2.10$, $p < 0.05$. We found no support for H3a, which stated deception would be higher in nonmutual than mutual relationships. We did find considerable support for an interactionist perspective (H4, H5). *Sins of commission* were predicted by an interaction between cognitive trust and mutuality, $\gamma_{31} = -0.91$, $t(112) = -2.10$, $p < 0.05$. They were also predicted by an interaction between affective trust and mutuality, $\gamma_{41} = 1.23$, $t(112) = -2.06$, $p < 0.05$. In order to interpret this and all other interactions, we split the sample into thirds, based on participants' ratings of the other negotiator's trustworthiness. We classified scores falling into the top third of the distribution as "high" and those falling into the bottom third of the distribution as "low." Figure 1 shows that when cognitive trust was low sins of commission were used more frequently in nonmutually dependent relationships than mutually dependent relationships, whereas the reverse pattern was observed when cognitive trust was high. It also shows that high affective trust in the context of mutually dependent relationships leads to the highest use of sins of commission.

High optimism was associated with a lower use of sins of commission, $\gamma_{40} = -0.54$, $t(108) = -2.81$, $p < 0.01$. Again, support for an interactionist perspective emerged (H4, H5). Mutuality interaction with optimism, $\gamma_{41} = -0.84$, $t(108) = -2.81$, $p < 0.05$, and anger, $\gamma_{61} = 2.64$, $t(108) = 2.64$, $p = 0.01$, to influence the use of sins of commission. As can be seen in Figure 2, relative to negotiators mutually dependent dyads, those in nonmutually dependent dyads who also expressed low optimism or high anger used more sins of commission than negotiators in nonmutually dependent dyads who expressed high optimism or low anger.

Sins of omission

Consistent with H3a, negotiators in nonmutually dependent dyads used more sins of omission than

TABLE IV
Summary of significant effects

	Commission	Omission
Trust (H1a–H1b)	Cognitive trust (–) Affective trust (+)	Cognitive trust (–)
Affect (H1c)	Optimism (–) Anger (+)	Anxiety (+)
Power (H2a, H2b)		Mutuality (+)
Interactions (H3a, H3b)	Cognitive trust*mutuality Affective trust*mutuality Optimism*level Anger*mutuality Optimism *mutuality	Cognitive trust*level Pos feelings*level Anxiety*level

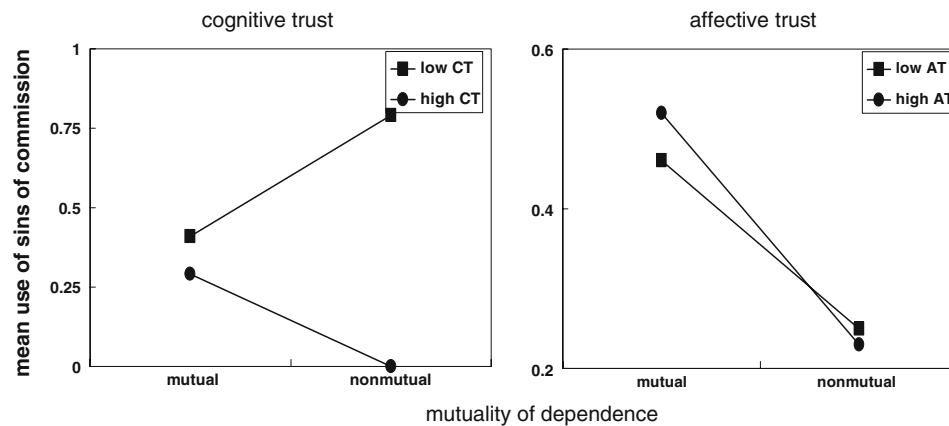


Figure 1. Mean use of sins of commission as a function of trust and mutuality of dependence.

those in mutually dependent dyads, $\gamma_{01} = 0.27$, $t(58) = 2.18$, $p < 0.05$. Sins of omission were also used more frequently by negotiators who expressed high anxiety, $\gamma_{50} = 1.52$, $t(108) = 4.25$, $p < 0.001$. However, an interaction between anxiety and mutuality, $\gamma_{51} = 1.48$, $t(108) = 3.94$, $p < 0.001$, showed that sins of omission were lowest when negotiators in nonmutual dyads expressed low anxiety (Figure 2).

Level of dependence

Our second set of models included level of dependence as the Level 2 variable. This analysis included

only negotiators in mutually dependent relationships ($n = 40$). We contrast negotiators in high dependence dyads (–1) with negotiators in low dependence dyads (+1). Our results show that level of dependence was more strongly tied to the use of sins of omission than to the use of sins of commission.

Sins of commission

Optimism interacted with level of dependence to affect the use of sins of commission, $\gamma_{41} = 0.45$, $t(68) = 2.09$, $p < 0.05$. As can be seen in Figure 3, sins of commission were highest either when negotiators in a high dependence relationship expressed low

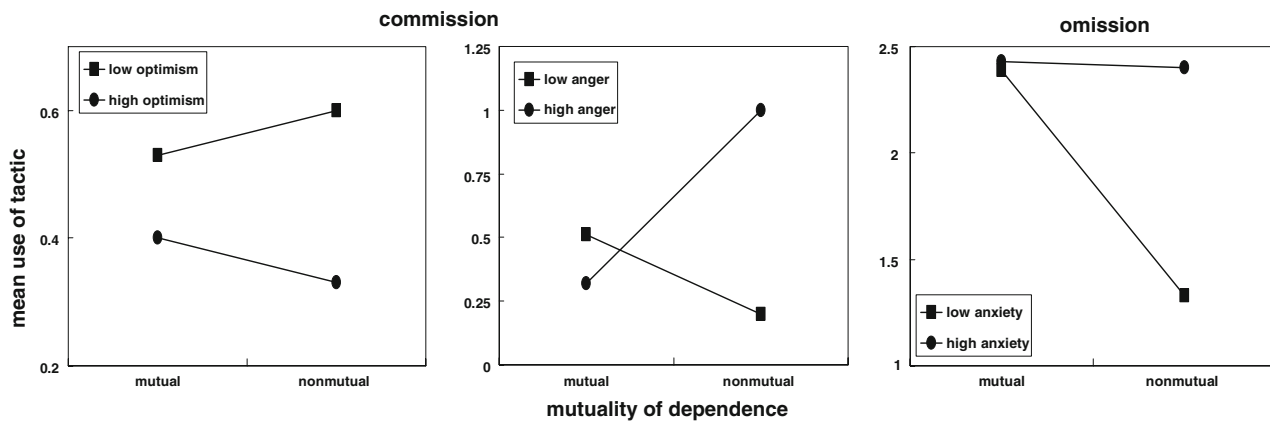


Figure 2. Mean use of deception as a function of affect and mutuality of dependence.

optimism or when negotiators in a low dependence relationship expressed high optimism.

Sins of omission

Negotiators used more sins of omission when they reported low trust in the other party, $\gamma_{30} = -0.38$, $t(72) = -4.18$, $p < 0.001$. Cognitive trust interacted with level of dependence, $\gamma_{31} = 0.25$, $t(72) = 3.13$, $p < 0.005$. As can be seen in Figure 4, sins of omission were stable across levels of dependence when trust was high. When trust was low, negotiators used sins of omission more frequently in high dependence relationships than in low dependence relationships.

Level of dependence also interacted with positive feelings, $\gamma_{31} = 0.02$, $t(68) = 2.53$, $p < 0.05$, and anxiety, $\gamma_{51} = -1.49$, $t(68) = -5.39$, $p < 0.001$, to influence the use of sins of omission. As can be seen in Figure 4, sins of omission remained stable across levels of dependence when negotiators expressed either a few positive feelings or little anxiety. When positive feelings were high, negotiators used more sins of omission in low dependence relationships than in high dependence relationships. When anxiety was high, negotiators used more sins of omission in low dependence relationships.

Discussion

Information exchange is the cornerstone of effective negotiation. Nonetheless, revealing information is

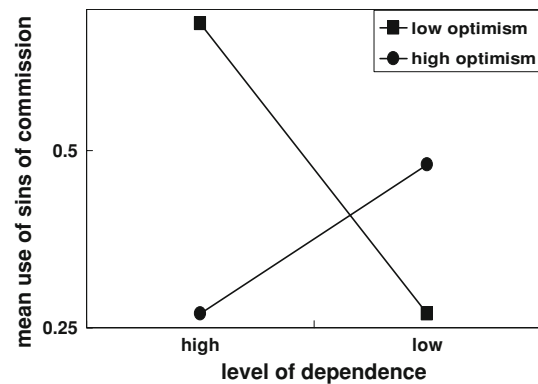


Figure 3. Mean use of sins of commission as a function of affect and level of dependence.

not without hazard: Negotiators who choose to openly reveal their preferences may improve their outcomes but also open themselves to exploitation by the other party. Consequently, they must determine when and whether to give the other party accurate information about their preferences. In this study, we investigated how trust, affect and power shaped negotiators' decisions to either conceal or misrepresent information to the other party. We found that the perceived trustworthiness of the other party, negotiators' own affective states, and the distribution of power all shaped the use of deception. Our results provided strong support for an interactionist perspective of ethical decision-making, in that characteristics of the setting (power distribution) combined with characteristics of negotiators (trustworthiness, affect) to influence the use of deception in this negotiation.

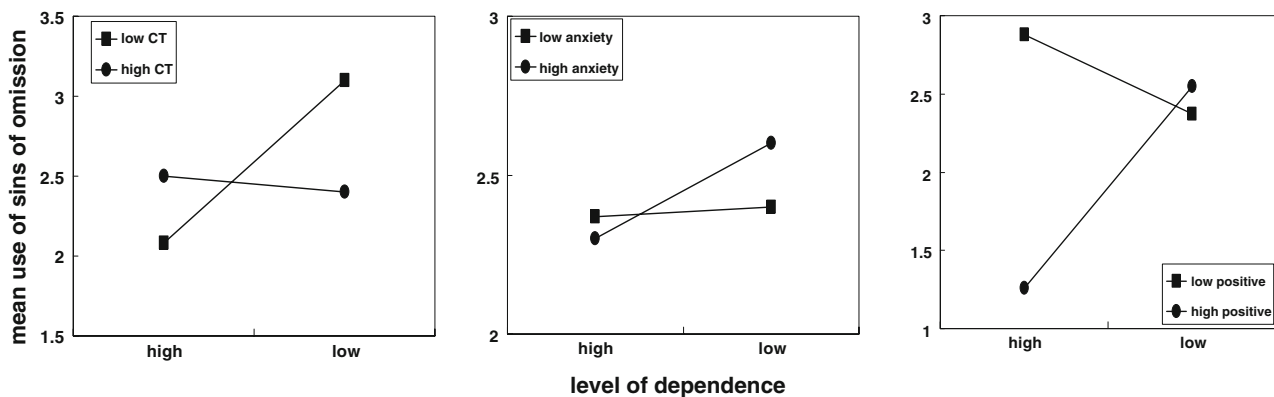


Figure 4. Mean use of sins of omission as a function of trust, affect and level of dependence.

Fair trade or opportunistic betrayal?

We found strong support for a fair trade model of deception. Our results suggest that negotiators look for information that addresses the question “Will the other party exploit me?” When negotiators have evidence that the other party will keep commitments (high cognitive trust) or when they themselves feel optimistic, deception decreases. Conversely, when negotiators express negative emotions, deception increases. Consistent with an interactionist perspective, these effects were amplified by the negotiating context. Positive congruence, created when high trust/positive affect combined with mutuality, led to further reductions in deception. Negative congruence, created when low trust/negative affect combined with nonmutuality or low dependence, led to increases in deception. Overall, these findings suggest that as more variables combine to increase concerns about the other party, negotiators choose to deceive.

The one exception to this pattern is the relationship between affect-based trust and sins of commission. Replicating earlier research (Olekalns and Smith, 2007), we found not only that sins of commission increased when affective trust was high but that their use was amplified in mutually dependent relationships. Consistent with an opportunistic betrayal model, negotiators increased their use of misrepresentation under the most *benign* of conditions. It is likely that both high affective trust and mutuality give negotiators greater latitude in their behavior. Affective trust, for example, is associated with decreased behavioral monitoring (Lewicki and Wiethoff, 2000). Moreover, the combination of high trust and reduced

behavioral monitoring leads to demonstrably poorer team performance (Langfred, 2004). In the context of negotiation, this benign environment loosens ethical constraints. One interpretation of these findings is that negotiators conclude they are more likely to be forgiven (Elangovan and Shapiro, 1998) by “nice” opponents and consequently seize the opportunity to improve their outcomes because they assess the probability and costs of detection to be less than the benefits of misrepresenting information.

An extended model of deception

In developing our hypotheses about the relationship between expressed emotion and deception, we focused on whether emotions were positively or negatively *valenced*. While valence was associated with the level of deception, *certainty* of emotions was associated with the choice between sins of omission and commission. Certain emotions are associated with the feeling that the future is predictable and lead to risk-seeking behavioral choices whereas uncertain emotions imply that the future is not predictable and lead to risk-averse choices (Lerner and Keltner, 2001; Raghunathan and Pham, 1999; Tiedens and Linton, 2001). Based on Tiedens and Linton’s (2001) classification of emotions, we interpret our results around the impact of certain (anger, optimism) or uncertain (anxiety, positive feelings) emotions. Our findings suggest that, within a fair trade model, negotiators who express certain emotions also vary their use of sins of commission whereas negotiators who express uncertain emotions vary their use of sins of omission. This pattern is

consistent with the greater consequences of misrepresentation (Jones, 1991).

To a large extent, positive and negative congruence affected deception in predictable ways. However, two findings show that incongruence can motivate a reduction in deception. We found that, in the context of nonmutually dependent relationships, high optimism and low anxiety were associated with less deception. One interpretation of these findings is that negotiators increase their use of deception only when they have compelling evidence that the other party is likely to exploit them, as is the case when negative affect occurs in nonmutually dependent relationships (negative congruence). In the context of a fair trade model, our findings suggest that negotiators are receptive to any information that suggests the other party is well-intentioned in making decisions about the use of deception. Moreover, when presented with conflicting cues, negotiators give priority to their own affective states. We speculate that this may be because affect provides on-line information that over-rides situational cues about the other party's intentions.

Finally, although we obtained strong support for a fair trade model of deception we also found that negotiators can be primed to operate from an opportunistic betrayal model under highly benign conditions. Consequently, our findings leave open the question of the conditions under which a fair trade or an opportunistic betrayal model of exchange is primed. We identified behavioral latitude and the likelihood of forgiveness as creating such conditions and shifting negotiators' mindsets. Drawing on Cropanzano and Mitchell's (2005) theorizing, we propose that an opportunistic betrayal model may be primed by an emphasis on the economic (outcome) aspects of the exchange whereas fair trade model may be primed by an emphasis on social (relational) aspects of the exchange. Consistent with this, negotiators who are primed to focus on their outcomes behave more in keeping with an opportunistic betrayal model than a fair trade model (Olekalns and Smith, 2007).

Implications for negotiators

Our analysis shows that different sets of cues trigger sins of omission and sins of commission. These cues

inform negotiators about the conditions under which the other party misrepresents or withholds information. Of particular importance for negotiators is our finding that high affective trust increases sins of commission, especially in mutually dependent relationships. The kinds of behaviors that build affective trust are the same behaviors often identified as the foundation for value creation and open information exchange. Negotiators who focus on relationship-building through the identification of shared values and goals should be aware that they may be encouraging opportunistic betrayal. Consequently, these relationship-building behaviors should be coupled with verification of the information provided by the other party (e.g., Malhotra and Bazerman, 2007). Deception was reduced when negotiators conveyed competence (cognitive trust), implying that negotiators are more likely to elicit accurate information from the other party if they convey the impression that they will keep promises than if they convey the impression that they are "nice." Indeed, there is a danger in appearing "nice," since this elicits misrepresentation.

Negotiators' decisions to deceive are most often shaped by a combination of interpersonal and situational factors. We found that the most likely trigger for deception is an environment that fosters a concern that the other party will behave exploitatively. This concern is amplified when nonmutual or low dependence relationships are accompanied by low trust or negative affect. It is offset by positive emotions in both nonmutual and high dependence relationships. Our findings suggest that the language used by negotiators is an important cue the way that they are managing information. In the context of nonmutual relationships, negotiators who express anger are also likely to misrepresent information whereas those who express anxiety are likely to simply withhold information. Conversely, negotiators who express optimism are also unlikely to misrepresent information whereas those who express positive feelings are unlikely to withhold information. When power is asymmetrically distributed, negotiators need to adapt their questioning and information search based on the way language, especially emotional expression, is used by the other party.

The complementary aspect of these findings is that the other party engages in the same screening

activities. Negotiators who do not monitor their language or who convey “niceness” rather than competence may, depending on the nature of the relationship, also convey the impression that they are not giving accurate information. The danger here is that they may inadvertently trigger a negative cycle of suspicion and distrust as the other party takes self-protective action (McKnight et al., 1998). Consequently, negotiators need to simultaneously assess the context and actions of the other party to determine the probability and nature of deception while managing their own behavior to prevent a downward spiral of increasingly limited or inaccurate information exchange.

Limitations, future directions and conclusion

Turning to limitations, our examination of deception looked only at negotiators’ behavior in relation to the indifference issue. Since participants in simulations need to engage in some level of fabrication in order to sustain the role play, this approach provided a clear measure of deception. However, it also limits our conclusions to negotiators’ decisions to deceive when confronted with issues that have no value to them. Our understanding of deception in negotiation would be further increased by research that expanded scope for deception beyond indifference issues.

A second limitation comes from our use of a word count program to examine expressed emotion. Such programs are unable to take account of the context in which specific words are used. As a result they miss subtle nuances of language and provide a relatively crude measure of emotion. Nonetheless, this program has been used successfully to predict the impact of anger on both the ability to resolve disputes and the speed with which they are resolved (Brett et al., 2007; Friedman et al., 2004). Finally, although we linked the expression of emotion to deception, we are unable to say whether deception triggered the emotions of anxiety and optimism, or whether these emotions triggered deception. Although Zhou et al.’s (2004) research provides some evidence that negative affect precedes decisions to deceive, a test of the causal relationship between

affect and deception provides a further avenue for research.

Our research identifies two avenues for further research. The first derives from our proposal that fair trade and opportunistic betrayal models may be primed by different representations of the underlying relationship. Investigating the relationship between how the exchange process is represented and deception is the next step in developing a model of deception in negotiation. Moreover, we developed these models based on the assumption that either concerns about exploitation (fair trade) or the costs of detection (opportunistic betrayal) determine which model is primed. Directly measuring negotiators’ assessment of these factors would further refine our understanding of the decision to deceive. A second avenue for further research stems from our finding that whereas emotional certainty influenced the choice between sins of commission and omission, emotional valence influenced the level of deception. Research in which emotions are manipulated would clarify the causal relationship between emotion and deception, as well as providing a more systematic test of how emotional valence and certainty affect deception.

In summary, we demonstrated that negotiators are most likely to use deception when situational and interpersonal factors combine to heighten concerns that the other party will exploit them. They thus demonstrate the moral pragmatism describe by Dees and Cramton (1991). By distinguishing sins of commission from sins of omission, we were able to provide a more nuanced understanding of the factors that trigger deception. Our analyses suggest that the use of misrepresentation, which has greater consequences than concealment (Jones, 1991), occurs under conditions of certainty whereas concealment occurs under conditions of uncertainty. Emotional valence is associated with the level of deception, which is higher when negotiators express negative emotions than when they express positive emotions.

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