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Another negotiator's dilemma: Negotiating against a counterpart with a bad reputation

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ANOTHER NEGOTIATOR'S DILEMMA: NEGOTIATING AGAINST A COUNTERPART WITH A BAD REPUTATION

BY

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ACCEPTANCE

This dissertation was prepared under the direction of Jeff Schatten's Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Business Administration in the J. Mack Robinson College of Business of Georgia State University.

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ANOTHER NEGOTIATOR'S DILEMMA: NEGOTIATING AGAINST A COUNTERPART WITH A BAD REPUTATION

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Since the publication of Albert Carr's controversial article from 1968, "Is Business Bluffing Ethical?" there has been a flurry of interest, both from researchers and practitioners, into the use of deception in negotiation. Far from being a hypothetical question, the use of deception in negotiation has been shown to be a common negotiation tactic. Aquino and Becker (2005) suggest that deception occurs in 55% of negotiations. Deception has been used in negotiation contexts as wide-ranging as supply chain management, contracts, use car sales, mergers and acquisitions, and trade agreements between sovereign nations.

Scholarly research has thus far established two streams of research to explain when deception is likely to occur. The first line of inquiry claims that negotiator characteristics are the proximal cause of unethical behavior, such as deception. Such

authors point to personality characteristics, tendencies, and traits that are unique to the individuals who use deception. This group of scholars point to evidence that certain individuals, regardless of the situation, rely on deception to achieve their goals. A second line of research has emerged that claims that the predominant factor is the negotiation situation. Thus, departing from an individual characteristics angle, these authors have argued that certain negotiations, such as when the stakes are high or when one negotiator is far more powerful than the other, present dynamics in which deception is more likely to take place. When considered together, these two research streams give a rich account of deception in negotiation.

However, in this series of three essays, I argue that a third, equally valid perspective ought to be explored: the role of a counterpart's reputation. I explain that the characteristics of one's negotiation counterpart could be important factors in explaining why someone might resort to deception. I argue that the most relevant characteristic is that of a negative or bad reputation. To make these theoretical contributions, I draw on equity theory and prisoner's dilemma. I argue that a negative reputation will lead a negotiator to believe that his or her counterpart might act in a deceptive manner and that to restore this inequity, the negotiator might be more likely to use deception. Further, I argue for important mediators and moderators in this process.

The first essay is a theoretical exploration of the relationship between a counterpart's reputation, the use of deception and negotiation outcomes. I look at the role that deception plays in negotiation and how the threat of a counterpart's use of deception might impact how a negotiator thinks of deception. In this paper, I develop propositions that will be tested empirically in the second and third essay. One of the

main contributions of the theoretical piece is the movement away from the two current theories that belie the current deception literature, negotiator characteristics and negotiation situation. In this essay, I draw on equity theory to suggest that the drive to make a negotiation equitable might best explain the phenomena. Further, I lay the theoretical foundation for propositions that recommend that deception might lead to positive distributive outcomes but negative integrative outcomes.

The second essay looks specifically at a model that tests the relationship between counterpart reputation and the use of deception. In this essay, I develop a moderated mediation model, in which counterpart reputation leads to the assessment of unfairness and that this assessment leads to the use of deception. In my model, the relationship between counterpart reputation and negotiator use of deception is moderated by prosocial motivation, negotiation self-efficacy, Machiavellianism, and Schwartz values. I report two different studies to test this model.

The third essay hones in on the relationship between principal use of deception and negotiation outcomes. I use leakage theory, which suggests that some who use deception inadvertently "leak" clues to the fact that they are acting deceptively, as a basis to look at the relationship between the constructs. I argue that political skill and emotional intelligence are key moderators of this process. I use a negotiation experiment to test this model.

This three-essay dissertation achieves the goal of exploring a very important aspect of deception in negotiation. As it stands, this gap in the literature presents a picture of deception that is potentially missing an entire branch of causality: the role of the counterpart in a negotiator's use of deception. This project will hopefully spur new

research and interest into understanding, more broadly, how a counterpart impacts ethical or unethical decision making in negotiation. For practitioners, these studies might be able to illustrate that the use of deception is not only about the one who deceives. Rather, a negotiator must also understand how other people might illicit behavior from the negotiator, both behaviors that are honest and deceptive. In addition, the practitioner might be in a better position to understand how his or her own reputation might impact a counterpart's use of deception.

Chapter 2: Essay 1

ANOTHER NEGOTIATOR'S DILEMMA

ABSTRACT

Previous research has pointed to two factors, negotiator characteristics and negotiation situation, to explain when deception occurs in negotiation. In this theoretical development, I argue for the need for an analysis into the way in which a negotiator's use of deception is impacted by a counterpart's reputation. I draw on equity theory and prisoner's dilemma to claim that, when a counterpart has a bad or negative reputation, the primary negotiator is more likely to use deception. I also describe propositions for moderating variables.

"You must be a great liar and hypocrite. Men are so simple of mind and so much dominated by their immediate needs, that a deceitful man will always find plenty who are ready to be deceived."

Machiavelli, The Prince

General Introduction

Because negotiators have conflicting interests and the ends that they desire are interdependent, there are many opportunities for conflict and ultimately deception. Each negotiator is interested in pursuing his or her own self-interests, which, if actualized, can act as a direct detriment to the other party. The negotiation process is based on information dependence, such that typically an effective negotiator must simultaneously assess a counterpart's ends and objectives and hide one's own preferences (Kelley & Thibaut, 1969). Thus, the extent to which a counterpart knows what a principal wants and the bottom line reservation price that a principal is willing to accept, the more disadvantaged the principal is. As a result, if a principal is too open or too honest, a counterpart might have the opportunity to take advantage of the situation (Paese, Schreiber & Taylor, 2003). Studies have shown that many negotiators use deception precisely because they can do so without being detected (Schweitzer, DeChurch & Gibson, 2005; Bond, 2006), and that those who successfully use deception do so to leverage the subsequent information imbalance to increase their odds of achieving higher outcomes for themselves or their organizations (Gaspar & Schweitzer, 2013;

Bazerman, Curhan, Moore & Valley, 2000). At its core, negotiation contains elements of both competing and cooperating. Because each negotiator is uncertain when the other is competing or cooperating, deception is inherently difficult to detect (Lax & Sebenius, 1985). Lax and Sebenius (1985) refer to this difficulty as the "Negotiator's Dilemma."

Research has, in great detail, documented the prevalence of deception. Broadly speaking, DePaulo, Kashy, Kirkendol, Wyer, and Epstein (1996) found that the average person tells between one to two lies per day. In terms of negotiation, when there were high incentives to lie, researchers found that over 55% of negotiators use active forms of deception (Aquino & Becker, 2005). Further, Murnighan, Babcock, Thompson, & Pillutla (1999) found that over a third of negotiators with high levels of experience used deception in a single negotiation. Deception has been found to exist in negotiations that are as wide ranging as labor negotiations, corporate mergers, salary negotiations and global climate change negotiations (Ma & Parks, 2012), just to name a few.

The social science literature has relied on two key theoretical perspectives to explain deception in negotiation. The first stream of literature explains deception by claiming that the situation drives behavior. Situational factors, such as when there is one party who has more power (Olekalns, Horan, & Smith, 2014), one party faces specific and unmet goals (Schweitzer & Croson, 1999), when a negotiator is negotiating against a group rather than an individual (Lewicki, Poland, Minton, & Sheppard, 1997), or when the stakes are high (Tenbrunsel, 1998), can lead to an increase in the use of deception. Second, the literature points to individual characteristics as an explanation for the use of deception. Some examples of these findings include low trustworthiness

(Olekalns et al., 2014), high anger (Tenbrunsel, 1998), envy (Moran & Schweitzer, 2008), low expectation of feeling guilty (Ruedy, Moore, Gino, & Schweitzer, 2013), or personal standards (Perry and Nixon 2005).

However, largely absent from this important discussion has been the effects of a counterpart reputation. One might think of reputation as the "combination of salient personal characteristics and accomplishments, demonstrated behavior, and intended images presented over some period of time" (Ferris, Treadway, Perrewe, Brouer, Douglas, & Lux, 2007, p213). In social science research, an individual's reputation has been shown to have broad reaching effects. Drawing on social exchange theory, which suggests that relationships operate similarly to economic exchange, in that they can be seen in terms of their costs and benefits (Blau, 1964), Blickle, Schneider, Liu, and Ferris (2011) argue that reputations are often leveraged to reap positive rewards from those in authority or dominant positions. In this case, those with positive reputations are given positive reinforcements and those with negative reputations are given negative reinforcements. Reputation also has the capacity to showcase competence and garner respect from others (Ferris et al., 2007). Reputation has a direct effect on the behavior of others, but this occurs because reputation acts as a signaling mechanism that reduces the uncertainty about the way in which another person might behave (Spence, 1974). In essence, a reputation is formed based on past behavior, which leads to a cognitive shortcut in the belief about the way in which an individual will behave in the future. A positive reputation can lead to lasting benefits such as high liking by others (Johnson, Erez, Kiker, & Motowidlo, 2002), the perception of being skilled (Gioia & Sims, 1983) and even positive career outcomes (Cooper, Graham, & Dyke, 1993).

Because of the centrality of reputation in understanding individual behavior in general, there is a potentially important gap in the literature in explaining why some people use deception in negotiation while others do not. By demonstrating that the reputation of an opponent is a key driver in determining the use of deception, researchers will have a far more full picture of what determines the use of deception. Tinsley, O'Connor, & Sullivan (2002) noted that even though negotiators are aware of their own reputations, the research literature understands "very little about the dynamics of reputations' influence on negotiation" (p. 622). The authors suggest that one reason why there could be a low level of research into reputation could be a general lack of interest into "social" information, as in negotiation factors that are social in nature such as likeability, rapport or reputation. This research will help fill in this gap in the literature, in pointing to the centrality of reputation in explaining deceptive practices. For practitioners, this will be important because it might suggest that simply understanding themselves as individuals (i.e. personality) and the negotiation scenario, will not be enough to predict if they will be likely to engage in deception. Likewise, practitioners will be better equipped to handle their own reputation, positive or negative, and how that reputation might lead an opponent to use deception or to act in a more honest manner. Finally, this research will allow negotiators to better predict when their reputation might lead a counterpart to use deception.

In this research, I draw on the equity theory literature to show that principals might choose to use deception or to tell the truth based on their counterpart's reputation. Specifically, I offer that when the counterpart has a reputation for what is considered unethical or dubious behavior, it increases the chance that the negotiator

will use deception. I show how a principal might use deception or truth telling to create a more balanced environment, one in which deception is more likely to be matched with deception and honesty is more likely to be matched with honesty. Further, as a second theoretical lens, I suggest that prisoner's dilemma provides a unique perspective to understand why individuals might choose to use deception. I also suggest that personal values and individual characteristics act as moderators of this process. Finally, I discuss some of the ethical considerations of this process.

Deception in Negotiation

Deceit is a common negotiation tactic that principals use to try and gain the upper hand on a negotiation counterpart (Aquino, 1998; Giordano, Stoner, Brouer, & George, 2007; Olekalns & Smith, 2007; Stawiski, Tindale, & Engblade, 2009). Some have gone so far as to suggest that deceit and bluffing are fundamental parts of the game of business—expecting principals to do otherwise is tantamount to asking football players to refrain from tackling (Carr, 1968). Thus, it is not surprising that deceptive practices have been noted to occur in arenas as wide-ranging as car sales, political agreements, employee contracts, and nonprofit management (Gneezy, 2005), just to name a few.

There has been a rich history of research that explains when someone might engage or refrain from engaging in deception in negotiation. At its core, both honest disclosure and deceit carry heavy risks to a negotiator. Divulging too much information in a negotiation context can lead to information asymmetry, in which a principal stands the risk of being taken advantage of or exploited by a counterpart (Murnighan, Babcock,

Thompson, & Pillutla, 1999). This can result in failed outcomes in which negotiation objectives are not realized. On the other hand, if counterparts detect deception, they can become hostile (Aquino & Becker, 2005) and distrustful (Olekalns, Horan & Smith, 2014). This too can lead to a breakdown in negotiation, leading to principals reaching agreements that fail to reach optimal outcomes. For these reasons, we see principals in a precarious situation in which the optimal strategy often involves nuanced approaches, such as framing and partial disclosure, which results in the principal to using neither outright deception nor telling "the truth, the whole truth, and nothing but the truth."

Deception in negotiation is summed up appropriately by Rubin and Brown (1975, p.14), "To the extent that the other party knows both what the first wants as well as the least that he will accept, he (the other) will be able to develop a more effective, more precise bargaining position than would be possible in the absence of this information about the other's preferences, while at the same time disclosing minimal (or misleading) information about his own position."

Research has largely explained the decision to tell the truth or use deception in terms of pragmatism and self-interest, not as a question of ethics or morality. Elangovan and Shapiro (1998) argue that should one's opposition detect even a small degree of dishonesty, the result could be detrimental to a principal's long-term interests. Counterparts who detect deception can act in an angry or retaliatory manner (Boles, Croson, & Murnighan, 2000). Therefore, astute negotiation might warrant truth-telling on account of the negative ramifications of getting caught in a lie.

Negotiator Situation and Negotiator Characteristics

There have been two mature streams of research that predict the use of deception in negotiation: negotiator situation and negotiator characteristics.

Negotiation researchers have traditionally distinguished between the way in which individual differences and situational factors predict the use of deception. In this first stream of research, the literature suggests that certain situations lead to the use of deception. According to Olekalns et al. (2014), those who are high in power are more likely to exploit their power by using deception, thus taking advantage of counterparts who have lower power. In addition to power differentials, principal goals can also predict deceptive behaviors. Schweitzer and Croson (1999) found that when principals have goals that are both specific and unmet, they are less likely to be truthful and will use deception to meet their goals. This occurs in such situations because negotiators feel that without the use of deception they will fall short of their goals. The literature also point to the importance of external forces. For example, outcome uncertainty and negotiation with a group, as opposed to an individual, creates situations in which the principal might feel that he or she is dealing with a more abstract entity, which can lead to the use of deception. In contrast, when negotiating with an individual, the use of deception decreases (Lewicki et al., 1997). Further, Tenbrunsel (1998) found that high stakes can predict deception. In a controlled experiment, she found that people are more likely to lie to win larger dollar values ($100) than smaller dollar values ($1).

Research has also shown that negotiator characteristics can help predict use of deception in negotiation. Deception is used more frequently by those who, in general, are low in trustworthiness (Olekalns et al., 2014). Likewise, this pattern applies to

principals who are pro-self, rather than prosocial. Affective processes, such as anger (Tenbrunsel, 1998) and envy (Moran & Schweitzer, 2008) help to predict deception. In addition, one who expresses negative emotions during a dyadic negotiation can lead to the use of deception (Olekalns & Smith, 2009). Finally, if a principal does not expect to feel guilty about the use of deception, the chance of lying is increased (Ruedy et al., 2013).

Characteristics of the Counterpart

To date, research has largely explained deception in terms of the negotiation situation, and the individual characteristics of the negotiator. As discussed above, negotiators are more likely to use deception when they feel that they have no other option or if they perceive that the power differential is in their favor and they can take advantage of the situation. In terms of individuals, research shows that certain personal characteristics might lead one to use deception. However, little research has been conducted in regards to the characteristics of the counterpart. For example, while researchers have shown that deception can be triggered when a counterpart asks indirect questions (for example, a potential buyer asks a used car salesman, “tell me about the car?”), as opposed to direct questions (“Is there something wrong with the transmission?”) (Schweitzer & Croson, 1999), such analysis still primarily investigates a situational variable (indirect vs. direct questioning), but not a characteristic that is intrinsic to the counterpart (i.e. counterpart affect or counterpart reputation).

As negotiation occurs between people, there is surprisingly little known about how the characteristics of a negotiator’s counterpart might illicit deception. Specifically,

research has ignored a potentially important variable, the reputation of one's counterpart. In my literature search, I could only find research that shows that a principal is more likely to lie when the counterpart is wealthy (Gino & Pierce, 2009).

Yet there is reason to believe that counterpart reputation might have a significant impact on negotiator behavior. The literature from the social sciences supports the idea that reputations have a dramatic effect on how people perceive and ultimately act toward those with a given reputation. Research suggests that positive reputations can lead to higher levels of trust (Whitmeyer, 2002), and that higher trust can lead to better integrative negotiation outcomes (Kong, Dirks & Ferrin, 2014; Kong, 2015). Individuals use reputation as a cognitive shortcut to assess others and act on the basis of those assessments. Thus, if I can show that counterpart reputation significantly contributes to the use of deception, it will greatly enhance our understanding of this third pillar of the literature. This will enable researchers to fill in an important void in the literature, and practitioners will be in a better position to understand how their own reputation might affect a counterpart's decision to use deception and likewise how they might respond to a counterpart's reputation.

Theoretical Development

Use of Deception in Negotiation. The central quality that defines lying is the *intent* to deceive. Absent deceptive intention, a lie is reduced to something that was stated incorrectly, or might be considered a mistake. Bok suggests that lying occurs when "the intention to mislead is obvious, where the liar knows what he is communicating is not what he believes and where he has not deluded himself into believing his own deceits"

(1978, p.16). Shapiro and Bies (1994) suggest that principals lie in order to tilt the power differential in their favor. This occurs because information is at the center of negotiation and information asymmetry can create an imbalance of power. Lewicki & Hanke (2012) distinguish between six different types of potentially deceptive practices within negotiation.

- Competitive bargaining— not telling walkaway price, making an "inflated opening offer."
- Emotional manipulation—pretending to be angry or disappointed**.**
- Misrepresentation—giving false information.
- Misrepresentation to peers—destroying a counterpart's reputation.
- Unethical information gathering—using bribes to get information.
- Bluffing—making threats or promises on which an agent does not intend to follow through.

For example, Lewicki and Litterer (1985) indicate that a common example of deception in negotiation is of a representative who is prepared to pay union members $15 an hour but explicitly states that all he can afford is $14. In this case, the representative is deliberately misrepresenting information. In this study, I will only be concerned with this type of deceit, misrepresentation of information. While the other types of deceptive practices are interesting from a theoretical and practical standpoint, it is important that I limit the scope of this inquiry. I chose to focus on misrepresentation of information for several reasons. First, misrepresentation of information has been shown to be the most common form of deception (Lewicki & Litterer, 1985). In terms of

misrepresentation, previous research has differentiated between passive and active forms of deception (Olekalns & Smith, 2007), otherwise known as sins of omission and sins of commission. Active deception (sins of commission) occurs when a negotiator gives false information; whereas passive deception occurs when a negotiator withholds information that would be pertinent to disclose (sins of omission). Second, the literature has shown that misrepresentation of information is an important variable in negotiation, and has been linked to an increase in power (Shapiro & Bies, 1994), negotiation outcomes (Aquino, 1998), and information imbalance (Bazerman et al., 2000). Because misrepresentation of information has the most real-world use, and its centrality to the conversation thus far in the literature, I am choosing to use it as my focus for this exploration.

In a study of MBA students, Robinson, Lewicki and Donahue (2000) found that participants consider it acceptable for principals to use tactics that are deemed "tough but fair," such as stating that they have a small budget, or exaggerating their best alternative to a negotiated agreement (BATNA). These "more acceptable" forms of deception coincide with the above-mentioned concepts of competitive bargaining and emotional manipulation. However, participants found it less acceptable to engage in tactics that are considered outright lies, such as false promises and misrepresentation of information. The authors suggest that the majority of negotiators do not expect their counterparts to tell the whole truth and nothing but the truth, but they do expect their counterparts to refrain from misrepresentation, misrepresentation to peers, unethical information gathering and bluffing.

While deception occurs frequently in negotiation, there is still no consensus as to whether it is acceptable. As discussed previously, Carr (1968) suggested that deception within negotiation is similar to bluffing in poker—that it is an integral part of the game and not a violation of it. In contrast, some scholars have stated that one ought to refrain from lying in negotiation (Dees & Cramton, 1991). Still, many have distinguished between which types of lies are acceptable and which should be avoided. For example, Strudler (1995) concludes that misrepresentation about one's bottom line price is not problematic, but deception concerning material facts crosses the line. However, while the acceptability of deception is debated, the fact that it is commonly used is not. In fact, in a study on undergraduate students, O'Connor and Carnevale (1997) suggest that deception occurred 28% of the time in dyadic negotiations. Specifically, the authors noted that deception was most likely to occur when negotiators had motives that were individualistic in nature.

Distributive and integrative outcomes.

We must take a moment to distinguish between distributive and integrative outcomes for the purpose of this discussion. Distributive negotiations are the type in which there is a "win-lose" paradigm, such that one party's gain is at the behest of a counterpart's loss. These types of negotiations are often once-off in nature, such as a buyer-seller negotiation over a used bicycle, in whichever extra dollar gained by the seller is a dollar lost by the buyer. In contrast, an integrative negotiation is one in which there are opportunities for "win-win" tradeoffs, such that both parties are better off. An example of this might be an employer and job applicant in which the job applicant highly

values time off and the employer highly values offering a lower salary. In this, the job applicant can push for more time off and the employer might meet the needs of the prospective employee by negotiating a lower salary. In the end, by finding a mutually agreeable solution, both parties are better off. Integrative negotiations are more common in business, especially in supply chain negotiations and job offer negotiations. The negotiation literature has paid careful attention to both distributive (for specific articles, see the meta-analysis, Huffmeier, Freund, Zerres, Backhaus, & Hertel, 2014) as well as integrative negotiations (De Dreu, Weingart & Kwon, 2000). For the purpose of this paper, I will be interested in both distributive and integrative negotiations.

Once-off negotiations. While it is common to have negotiations that occur once and negotiations that occur multiple times, for the purpose of this essay I will be focusing on once-off negotiations. As once-off negotiations tends to be the standard in the literature (see Olekalns & Smith, 2009; Miles & LaSalle, 2008; Fulmer, Barry & Long, 2008), I have decided to limit the scope of this essay to considering deception in once-off negotiations.

Ethical standpoint. The discussion in this essay will take an ethically neutral point of view, one that centers on negotiator strategy, not negotiator ethical choice. To better understand this, we should think of Cramton and Dees' (1993) concept of a fictional world called Metopia. In this world, everything is the exact same as our world, except people only operate in pure self-interest. In Metopia we can understand if someone will or will not adopt a particular behavior based on the author's definition of self interest:

"an action is in a party's self-interest if, given the party's beliefs at the time of decision, the action yields greater expected utility for the party than any other available action."

Does deception work? Schweitzer and Croson (1999) found that those who use sins of omission in negotiation achieve greater distributive outcomes than those who refrain from using deception. However, the authors suggest that those who use sins of commission outperform both those who use sins of omission and those who act honestly. This would suggest that the use of sins of commission would be the dominant strategy in a single negotiation in which the parties will not enter into a recurring negotiation relationship. On the whole, those who use deception have been shown to be successful in negotiation, because their counterparts often do not find out that they have been using deception (Lewicki & Hanke, 2012). Thus, people often use deception because they correctly believe that it is more likely to generate what they want.

When caught, more skilled negotiators diffuse the potentially damaging situation by using various verbal strategies to regain trust and prevent the negotiation from failing. Lewicki and Hanke (2012) suggest that some deceivers will utilize verbal strategies such as "It was an accident" or "I'm really sorry; I got carried away, and I will never do this again." If the deceiver convinces his counterpart to believe that such apologies or explanations are genuine, then the damage to the deceiver might be minimized. Interestingly, in multiple experiments, Kim, Ferrin, Cooper, & Dirks, (2004) found that the dominant negotiation strategy for those caught in a lie was to accept responsibility when there was irrefutable evidence that the negotiator had lied but deny

responsibility if there was any evidence of innocence. Further, the authors suggest that negotiators ought to apologize for mistakes involving competency but deny fault for integrity violations. Thus, the authors suggest that repairing trust after being caught in deception is a difficult task—the strategies that one should use depends on the nature of the misdeed and the amount of evidence present that the deception took place.

Reputation

Much of the social science literature has conceived of reputation as occurring at the group level, either between organizations or between nations. For example, a recent meta-analysis looked at the broad reaching consequences of corporate reputation (Ali, Lynch, Melewar, & Jin., 2015). However, I want to ensure that the focus of this discussion is on reputation as it operates at the individual level. As mentioned earlier, for the purpose of this theoretical exploration, reputation will be thought of as the "combination of salient personal characteristics and accomplishments, demonstrated behavior, and intended images presented over some period of time" (Ferris, et al., 2007, p. 213).

In general, people do not begin negotiation in a blank slate scenario, in which one person is agnostic about trust in another. Rather, most people begin relationships with a high level of default trust (Meyerson, Weick & Kramer, 1996), which varies based on how each party assesses their counterpart's reputation. In addition, genetics (Sturgis, Hatemi, Zhu, Trull, Wright, & Martin, 2010) and individual orientation (Bianchi & Brockner, 2012) can impact an individual's dispositional trust.

Reputation is the combined perception of others in regard to an individual's characteristics, accomplishments and behavioral tendencies (Ferris et al., 2003) and can be thought of as, according to Sabater and Sierra (2005), "the opinion or view of someone about something." These assumed characteristics, assigned by a combination of groups and individuals, serve as a cognitive shortcut in assessing the totality of another person (Origgi, 2012). Reputation can exist for individuals, teams, groups or ethnicities (Nakai, 2014). Ultimately, an individual's reputation can act as a substitute for actually knowing and assessing a person. As it is not possible to understand all the component parts of someone else's character and how that character leads to behavior, reputation allows others to reduce a complex character into a certain set of generalized behaviors. The lasting effects of reputation have been well documented in the literature. Examining reputation through the lens of confirmation bias, a recent study of student evaluations of their professors found that professor reputation before the course began significantly impacted student's experience of the course and evaluation of the professor (McNatt, 2010). Baumeister and Jones (1978) suggest that reputation acts in a cyclical manner: consistent behavior leads to reputation, and reputation acts to solidify *consistent* behavior. In the end, reputation acts to reduce the uncertainty of other's behavior (Spence, 1974). Interestingly, this ties into Goffman's concept of face theory (1967), in which he posits that reputation is somewhat fluid, in that in some contexts an individual might be acting as a good friend, while in another they might be playing the part of being an expert witness. It is not that these are contradictory, but rather that they explain how the same person can act

differently under different circumstances and how someone might ultimately attain a different reputation among different groups.

In their examination of the reputation effect in negotiations, Tinsley, O'Connor, and Sullivan (2002) found that those who maintain trustworthiness and reliability in a negotiation will enjoy repeated interactions and maximized outcome potential. Connected with agency theory, it has been suggested that having a positive reputation leads others to trust the person more, and consequently, lower the amount of monitoring that would otherwise take place (Whitmeyer, 2002), thus reducing the transaction costs associated with business relationships. Also, by lowering costs and increasing communication, a positive reputation can have a positive impact the integrative outcomes of a negotiation (Tinsley et al., 2002). In the end, trust in one's negotiating counterpart can arise from the belief that the counterpart has acted honestly in the past (Brockner & Siegel, 1996) and the belief that such past actions will predict behavior in current negotiations.

In negotiations, both sides are aware that deception could be used by a counterpart. Thus, the negotiator will look for insights or characteristics that might be evidence that deception is more likely to be used. Reputation can act as a shortcut in the assessment of potential deception.

How others respond to reputation. In social and business contexts, individuals use the reputation of others in order to generalize expected behavior, and act on such generalized assessments. Reputation acts as a time and attention-saving shortcut, enabling individuals to avoid the limitless amount of information that is potentially available about a given person's character, which results in an efficient assessment of

character. For those who deviate from social norms, the result can be a negative reputation (Castelfranchi, Conte & Paolucci, 1998). Origgi (2012) suggests that the Internet has made reputational assessments even more quick and efficient. As reputation is inherently connected to sharing of information about another person, the advent of Google and similar outlets has seen exponential growth in the capacity for sharing reputation-relevant information. However, while digital access has enabled individuals to establish quickly the reputation of others, it has also created the possibility that false information can lead quickly to undeserved reputations. There is also the issue that seemingly minor or irrelevant connections, issues or events can end up on the first page of a Google search. Nonetheless, search engines such as Google have been shown to be essential in the estimation of trust in others (Josang, Ismail & Boyd, 2006).

Equity Theory

In organizational research, equity theory posits that rather than focusing on specific outcomes that come about from the result of work or effort, people instead hone in on balancing the ratio of inputs and outcomes so that they are fair in comparison to other individuals (Adams, 1963). For example, one should feel that their inputs (i.e. quality of work, effort, time spent, etc.) reflects the outcomes that they receive (i.e. payment, office location, job title, etc.) These results are compared to comparison others, including people who are deemed comparable (i.e. coworkers). When equity is out of sync, those who are overpaid or overcompensated will respond by reducing their output, but increasing the quality of their output, while those who are underpaid or

undercompensated will look to balance their equity situation by increasing their output but decreasing the quality of their output (Griffeth, Vecchio & Logan Jr., 1989). People have an innate desire to limit psychological tension (Festinger, 1957). Because inequity creates an internal feeling of tension, the act of restoring equity can lead to a decrease in felt tension (Harder, 1991). When someone feels that they have been taken advantage of or manipulated, one way that the individual can restore equity is by harming the one who the individual believes is responsible for the inequity (O'Leary & Dengerink, 1973).

Research suggests that one important predictor of who will try to change an inequitable situation is the degree to which an individual believes that his or her actions will actually bring about the desired change (Mowday, 1991). For example, if someone believes that they do not have the power or the influence to change an inequity, they are unlikely to take the risk to do so (Cook & Hegtvedt, 1986). For example, in a study of almost 5000 employees across various sectors, researchers found that employees who felt that the company had taken advantage of them were more likely to engage in counterproductive work behavior, such as theft, as a means to reverse the feeling of perceived injustice (Hollinger & Clark, 1983). Such behaviors tilt the perceived balance of power back into the hands of the individual and might lead to a feeling of restored equity. The idea of restoring equity through retaliatory measures is not a new idea. In the law literature, Shafer (1960) suggests that the drive to curb inequity through retaliatory measures has been around as early as Hammurabi's code, which gave us the phrase "an eye for an eye, a tooth for a tooth."

In developing the idea of a mutual trust principle and addressing the violation of trust, Dees and Cramton (1991) suggest that it might be justified to engage in what would otherwise be considered unethical behavior if you believe your counterpart is acting unethically. However, they suggest that one central goal in negotiation should be the establishment of mutual trust, which can decrease the desire to use deception by both parties. The authors acknowledge the limits of moral commitments, namely, that they are dependent on a counterpart sharing such a commitment. Thus, when equity is breached through deception, or the belief that one is being deceived, one would expect that individuals would counter with deception. Dees and Crampton (1993) note that "a sense of fair play can motivate individuals with strong ethical commitments to engage in what they would otherwise consider unacceptable behavior" (p. 2).

Fairness heuristics. The process by which an individual assesses whether something is fair or unfair has been explained as fairness heuristic theory (Van Den Bos, Lind & Wilke, 2001). The theory stems from the proposition that trusting others or giving authority over to others can result in opportunities for exploitation (Lind, Allen & Tyler, 1988). In response to this potential threat, people quickly and efficiently develop an assessment of the fairness of the other party and act in alignment with this prognosis. If the opposition appears to be acting in a manner that is exploitative in nature, the principal is likely to disobey the wishes of the person in question or act in opposition to him or her (Lind, Allen, & Tyler, 1988). Likewise, if a counterpart is acting in what appears to be a legitimate or forthright manner, it is less likely that it will be interpreted as exploitative, and the focal negotiator will be more likely to act cooperatively.

According to Van Den Bos, Lind, Vermunt, & Wike (1997), the development of fairness assessment is information dependent, such that individuals will access only the information that is available at the time that they go through the fairness assessment. Thus, the fairness heuristic process can act as a cognitive shortcut to the fairness assessment. Once fairness assessments have been established, they are used as a heuristic, relied upon as a shortcut for the actor in question (Van den Bos et al., 1997). As Rodell and Colquitt (2009) explain, the heuristic process acts as a "cognitive shortcut used to help determine whether to cooperate" (p. 991) with someone who is or is not acting in a perceived just manner. Such cognitive shortcuts allow an individual to assess quickly fairness perceptions and establish fast responses to perceived challenges (Lind, 2001). In fact, Loi, Yang & Diefendorff (2009) suggest that past regular interactions provide cognitive shortcuts that allow individuals to engage in behavioral responses that are not simply bound by affective states, such as emotions or moods.

One of the most important elements that enables one to believe that outcomes are fair is the ability to have a voice, or make an appeal, to an authority or to a counterpart. When the information is taken into consideration and used to help change or modify the process, the individual in the matter is more likely to interpret the overall process as being fair (Lind, Kulik, Ambrose, & de Vera Park, 1993). However, in many negotiation contexts, there is rarely such an opportunity. If the opposition is believed to be dishonest, it is unlikely that the principal will be able to modify the process in response to a belief that the other side is unscrupulous. Instead, one may merely back out of the negotiation altogether. However, in many negotiations, the party might decide

not to end the relationship. In some negotiations, backing out is not an option or it might be believed that doing so would be a strategic blunder. If this is the case, then the principal might decide to take dramatic action, which might include the use of deception. In this sense, the effects of the negative reputation will be even more enhanced on account of fairness heuristics and equity theory. Fairness heuristic theory posits that people want to know if they can trust other people who might have power or influence over them. To make such assessments, an individual will look at whatever information one has at his or her disposal (Arnadottir, 2002). Taking the above information into consideration, I believe that counterpart negative reputation will impact the principal, such that the principal will believe that equity theory is out of balance and will thus view the counterpart as being an unfair negotiator.

Proposition 1: Principals negotiating against counterparts with a negative reputation are more likely to view their counterpart as an unfair negotiator than are principals negotiating against counterparts with a neutral reputation.

Revenge and preemptive strikes. There are many reasons why an individual who thinks that he or she will be lied to, might choose, in turn, to act in a deceptive manner. As discussed above, a feeling of leveling the playing field, attributed to equity theory, can help explain why one might use deception. One further explanation comes from the law literature and political science. According to Cahn (1949), justice is "the *active process* of remedying or preventing that which would arouse the sense of injustice" (p.

13). According to Cahn, we would expect to see both resulting (revenge) and anticipatory (preemption) actions against a potential deceiver.

The doctrine of preemption has largely been developed in the realm of international relations. For example, in 2002, President George W. Bush focused on the notion of preemption as a justification for war against Iraq, claiming through The Bush Doctrine, that the potential threat posed by Iraq warranted a "compelling the case for taking anticipatory action to defend ourselves (White House Archives, 2002)." Likewise, the phrase "preemptive war" was used in 1967 in the Six-Day War, in which Israel attacked first against Egypt, sparking a conflict in which Israel doubled the size of its territory.

Preemptive actions have not only occurred in the world of international affairs. Such actions appear also to be relevant between individuals. In an interesting economic investigation on preemptive strikes, Simunovic, Mifune and Yamagishi (2013) set up a game-theory experiment in which two players have the opportunity to inflict damage on one another, even though doing so would be a suboptimal strategy for both themselves and their counterpart. However, by acting in a preemptive manner, the "first mover" is able to block aggressive behaviors by his or her counterpart. Such behaviors suggest that individuals, in fact, think of potential aggressors as legitimate threats, which sometimes warrant preemptive action, or acting first in anticipation of aggressive behaviors on the part of a counterpart. In competitive environments between individuals, preemptive actions can occur, not just on the threat of attack in economic affairs, but even when an individual feels that his or her honor might be under threat (VanderMeer, 2014).

A second explanation of deceptive action comes from a retaliatory perspective. The extent to which someone believes that someone else is going to or has lied to the principle agent, it is expected that the individual might want to retaliate and use deception in response. It has been suggested that those who feel wronged or taken advantage of in negotiation often feel manipulated or angry (Lewicki & Litterer, 1985). When people believe that they have been wrongfully harmed, one of the ways that they might react is by "getting even" through actions of revenge. In management contexts, employees have sought revenge for perceived injustices, which can lead to a restoration of self-esteem on the part of the aggrieved (Bies & Tripp, 1998). Revenge behaviors have likewise been linked to a reversal in treatment to the aggrieved, such that revenge can act as a means for restorative justice. Bies and Tripp (1997) suggest that individuals often engage in acts of revenge anticipation of aggressive counterpart behavior. In terms of this study, the most interesting form of revenge relates to revenge enacted as a response to lies or deceit. Aquino, Tripp and Bies (2006) found that individuals are more likely to seek revenge when they feel that rules are violated and that the justice climate is unfair.

Prisoner's Dilemma

As discussed previously, prior research, personal experience and intuition can offer good reason why one might use deception in negotiation: it provides a potential advantage for the one who uses it. This appears to be the case especially in once-off negotiations, in which long-term trust or lengthy relationships are unlikely to occur. In these cases, the potential negative reputational effects that can occur from the use of

deception are minimal. As noted by Goffman (1967), in this context one does not need to be concerned with presenting a face consistent with previous reputation or consistent with a desired future reputation.

The prisoner's dilemma has been used extensively to model cooperative and competitive behavior in economics (Raiffa, 1982; Rasmusen, 1990) and psychology (Dawes, 1980). Examples of prisoner's dilemma have been suggested to include oligopoly pricing, auction bidding, political bargaining and arms races (Rasmusen, 1990). Moreover, Gibson (2003) argues that prisoner's dilemma can happen any time you have a social interaction between two or more decision makers, in which the outcome depends on the choices of all the players, and every player has preferences among the possible outcomes.

The two-party version is the most common version used. Each party has to choose independently between two options: cooperation or defection. In all versions of prisoner's dilemma, the payoff of one party depends upon the choice made by the other party. In most standard prisoner's dilemma examples, no matter what one party does, the other can always increase her or his payoff by defection, choosing the option that betrays or harms the counterpart.

The basic scenario is as follows (Campbell, 1985): You and a fellow criminal are arrested on robbery charges and are brought into questioning. You and your accomplice are split up into different rooms and are investigated separately. The investigator tells you, "there is enough evidence that even if you both remain silent, each of you will still spend a year in jail. However, if you confess to the crime, and help us convict your silent accomplice, we will let you go free. But if you stay silent and he

confesses, then you will serve 10 years in jail and your accomplice will go free. If both of you confess, then you will both spend 9 years in prison. So what will it be?" The decision is summed up here:

Table 1: Prisoner's dilemma decision nexus

	Accomplice stays silent	Accomplice confesses
You stay silent	You-1 year; Accomplice-1 year	You-10 years; Accomplice-go free
You confess	You- go free; Accomplice-10 years	You-9 years; Accomplice-9 years

In this classic economic thought experiment, no matter what the opposing side does, each of the accused is better off confessing to the crime. In the condition that the accomplice stays silent, you are better off confessing and going free. Should the accomplice confess, you are better off confessing and serving 9 years in jail, instead of 10 years in jail. Likewise, the accomplice faces the same pay-off schedule, so he or she is also better off confessing under both conditions. The result is a suboptimal result for both, with both of the accused ending up with 9 years in prison, instead of both facing just 1 year in prison, should both parties stay silent.

Deception in negotiation and prisoner's dilemma. While prisoner's dilemma was established in the field of economics, the question remains whether we could use prisoner's dilemma to better understand deception in a negotiation context. Could it be that, from a purely pragmatic perspective, that once-off negotiation is the perfect context for a prisoner's dilemma? To explore this possibility, I will offer an example for guidance.

For this example, we should assume that both negotiators are expert deceivers, who are certain not to be detected by their counterpart.

Let us suppose that there is a principal negotiator and counterpart. The principal has been granted a job offer by the counterpart, and the two must negotiate salary. The principal does not have any other job offers, but believes that he might negotiate a higher salary if he says that he is considering other alternatives. The counterpart does not have any other qualified candidates to choose from, but believes that she might negotiate a lower salary if she says that she is choosing among several applicants. Both the principal and counterpart consider the fact that their opposition might tell the truth and that they might lie.

Considering the options, the principal thinks to himself, “Imagine that my counterpart tells the truth, I will be at a distinct advantage if I use deception. However, should my counterpart lie, I should certainly use deception myself, lest I be taken advantage of. By deceiving, I will level the playing field.” Similarly, the counterpart will face the same trade-off considerations, and will likely choose to use deception in either case.

Table 2: Prisoner’s dilemma as truth or lie

	Counterpart tells the truth	Counterpart lies
P Truth	Neutral	Principal- disadvantage; Counterpart-advantage
P Lies	Principal- advantage; Counterpart-disadvantage	Neutral

As we can see, both the principal and the counterpart are at no point better off telling the truth, thus using prisoner’s dilemma, we might expect both parties to use

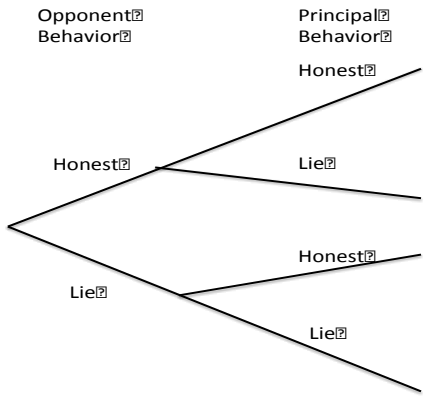
deception. Should either the principal or the counterpart decide not to use deception, he or she will be at a distinct disadvantage and will reach further suboptimal results.

Ethical decision making against an unethical counterpart

The crux of the issue for one deciding to use deception in negotiation or to act in an honest manner can be thought of as a two-layered process, in which the individual first considers what the counterpart might do, then decides how to respond. We can imagine in a typical negotiation context that P might consider what the payoff structure would be under 1) the counterpart lying or 2) the counterpart telling the truth. The principal might consider, “If I think that my counterpart might lie, then I ought to lie,” or “If I think that my counterpart might lie, I ought to tell the truth.” Likewise, the principal might have a similar thought about the condition in which his or her counterpart tells the truth.

The saturated decision tree would thus look as follows:

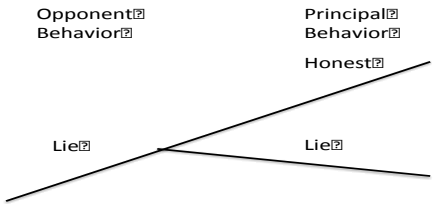
Figure 1: Saturated decision tree



In this case we can imagine four different situations, in which the principal must decide how he will respond if he thinks that the counterpart will be honest or if he believes the counterpart will be truthful. However, the information and implications that are associated with the negative reputation condition fundamentally changes the way in which the principal is likely to approach the situation. How is the choice to use deception different for someone who thinks the other will be lying (treatment) versus someone who does not know one way or the other (control)? In traditional prisoner's dilemma, both individuals move at the same time, but their actions impact the result of their counterpart. However, in this example, reputation effects alter the scenario, such that the counterpart essentially moves first. In this, the principal, on the basis of a counterpart's reputation, is lead to believe that the counterpart will act in a certain

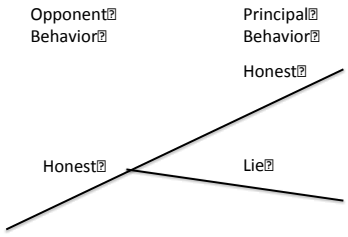
manner. This prompts the negotiator's response. Let us suppose that the principal believes the counterpart will lie. The decision tree is thus changed as follows:

Figure 2: Decision tree when the principal believes the counterpart will lie



In this case, the principal has good reason to believe that the counterpart will lie to him, and thus the principal's ethical decision making comes from a very different perspective. Might we expect that the principal will think it is appropriate to use deception once he or she believes that the counterpart will be using it as well? In prisoner's dilemma, I argued that when the principal believes that the counterpart will act in an aggressive manner (by defecting), the principal is more likely to defect. Likewise, in negotiation, we might expect that the principal will act deceptively if the principal believes that the counterpart is going to act in an unethical manner. However, the decision tree might be reversed should the counterpart have a positive reputation. The following is the decision tree for the principal, with the counterpart in the positive reputation condition:

Figure 3: Decision tree when the principal believes the counterpart will tell the truth



In the positive reputation condition, the principal is likely to believe that the counterpart is going to act in an honest manner. Because of the fairness heuristic and equity theory, the principal is more likely to act in an honest manner. However, some will choose to defect to maximize their own benefit (Prisoner's dilemma principle). This is supported by Cox (1991) who found that individualist oriented people tend to act opportunistically when they think the other party will cooperate in prisoner's dilemma games. Monteverde, Paschke, and Tedeschi (1974) claim people will punish others for acting exploitatively. They found that individuals who claim, in a PD game, that they will act cooperatively, who then act exploitatively, elicit revenge behavior from their counterpart. Thus, an overarching fear in acting in a deceitful manner could be that one's opposition will act in a retaliatory manner.

Taken together, previous theoretical development on equity theory, prisoner's dilemma and reputation imply*:*

Proposition 2: Principals who negotiate with a counterpart with a negative reputation will be more likely to use deception than principals who negotiate with counterparts with a neutral reputation.

Political science and prisoner's dilemma. Much of the prisoner's dilemma context has been explored through the lens of political science and international relations. One key theory has been developed, claiming that states have two preferences 1) to maximize individual gains and 2) minimize gaps in gains favoring partners. Realist theory states that states assess their own level of achievement in any domain of activity by comparison to the performance of other states (Grieco, 1988). In such a competitive environment, states don't ask "will both of us gain" but "who will gain more?" (Waltz, 1979). For example, a nation might achieve preference 1 by growing its GDP by 4% annually, but fail at achieving preference 2 if the nation's competitor (e.g. United States versus Russia) has GDP growth of 6%. This relativism streak is seen in corporate competition as well, documented by the tendency of companies to look toward both the bottom line and gaining market share (Porter, 1998).

Since there is no central authority to govern behavior in international relations, a dynamic occurs in which individually rational behavior results in a collectively suboptimal outcome (Busch & Reinhardt, 1993). For this reason, we often see collective actions that are in neither party's best interests such as arms races and

escalation of conflict. If enforceable binding agreements are not possible, states will not cooperate (Snidal, 1985).

This connects to individual action through ultimatum games, in which party one is able to set the distribution of money at their own choosing (i.e. party one gets $9, party two gets $1). However, in ultimatum games the second party is able to reject the entire offering for both parties. Guth, Schmittberger & Schwartz (1982) found that individuals usually reject anything less than 20% offered in an ultimatum game, even though pure rationality would suggest that the second party should accept whatever offer party one makes. We can see from international relations and the results from ultimatum games that actors will often act in an irrational manner, being willing to sabotage one's own best interests to prove a point.

Other Effects

At this point, I will move the discussion from the main effects that stem from the relationship between counterpart reputation and the use of deception to that of moderating factors that impacts this relationship.

Machiavellianism. Certain individual characteristics are likely to impact whether an individual decides to act in a deceptive manner. I use the definition, established by Wilson (1996), of Machiavellianism (Mach) as a "strategy of social conduct that involves manipulating others for personal gain" (p. 295). It has been shown that high Machs (individuals higher in this characteristic) are more likely to engage in criminal activity and are more likely to be con artists (Tang, Chen & Sutarso, 2008). This damaging personality trait that promotes self-gain above all else has been tied to patterns of lying

and of deviating from the truth. High Machs are also more likely to be convincing and avoiding detection when engaging in deception (Geis & Moon, 1981). Some of the tendencies toward manipulation and lying stem from a "mistrust in human nature, lack of conventional morality, opportunism, and lack of affect in interpersonal relationships" (Drory & Gluskinos, 1980).

In an experiment that allowed individuals in a negotiation context to act in a manipulative way, Christie and Geis (1970) found that those who are high in Machiavellianism were found to be more likely to make attempts at manipulation and endure at manipulation for longer periods. The authors distinguished between three different elements that are central to Machiavellianism: cynicism about human nature, manipulativeness, and detachment from norms and values. With regard to negotiating, the most significant elements of the scale are connected with manipulation, which is captured by items such as "The best way to handle people is tell them what they want to hear," "Never tell anyone the real reason you did something unless it is useful to do so," and "Honesty is the best policy in all cases" (reverse coded). They also found that Machs acted more opportunistically in negotiation, were more likely to achieve higher distributive outcomes, and to "take initiative" to ensure that they benefited from the negotiation. In the study the authors used a bargaining game in which two people out of a group of three will get to share $20. The results showed that high Machs averaged $11.14, medium Machs averaged $6.28, while low Machs averaged $2.58. The authors suggested that the high Machs' overall success in the game was due to the unrelenting push to get the other players to make a deal. In a connected area, it is suggested that

high Machs are significantly more likely to believe that cheating is an acceptable means to achieve one's goals (Bloodgood, Turnley & Mudrack, 2008).

Interestingly, the pattern of Machiavellian behavior begins at a young age. In a study on 10-year-old children, Braginsky (1970) offered to pay participants $0.05 for each bitter cookie they could get another child to eat. High Machs averaged 6.46 cookies while low Machs averaged 2.79. The strategies that the high Machs employed were lying, bribery and coercion, something that low Machs avoided.

From this pattern of findings, it should follow that those high in Machiavellianism are more likely to use deception in negotiation.

Proposition 3: Negotiators who are high in Machiavellianism are more likely to use deception in negotiation than are those who are low in Machiavellianism.

Schwartz values. Schwartz set out to transform the conversation concerning cross-cultural research from that of the group and group values to that of the individual. In doing so he established that "values (a) are concepts or beliefs; (b) pertain to desirable end states or behaviors; (c) transcend specific situations; (d) guide selection or evaluation of behavior and events, and (e) are ordered by relative importance" (Schwartz, 1992, p. 4). These values, which act as guiding principles in individuals' lives, exist on a "circular motivational continuum" (Schwartz, 1992). Schwartz's values include *Power*, *Achievement*, *Hedonism*, *Stimulation*, *Self-direction*, *Universalism*, *Benevolence*, *Tradition*, *Conformity*, and *Security*. According to Schwartz and Bilsky (1987), values emerge from three basic human needs, the needs of:

- Individuals as biological organisms
- Coordinated social interaction
- Survival of groups

In delineating the tendencies of individuals to act in a self-enhancing or self-transcendent manner, Schwartz suggested that individuals fall on a continuum between self-transcendence and self-enhancement (Schwartz & Huisman, 1995). This discrepancy represents an internal conflict in people between promoting one's own interests and the interests of others. According to Schwartz (1992, p.11) self-transcendence is a cluster value that combines the two values of benevolence, "preservation and enhancement of the welfare of people with whom one is in frequent personal contact," and universalism, "understanding, appreciation, tolerance and protection for the welfare of all people and for nature." This gives rise to individuals who transcend self-enhancement and act to benefit other individuals and groups. In contrast, self-enhancement is made up of the values achievement and power. Individuals high in self-enhancement, value superiority, and esteem (Sawyerr, Strauss & Yan, 2005) and act in a manner that serves their own self interest, even when doing so comes at the expense of others. Those who are high in self-enhancement are more likely to control and take power positions over others (Schwartz, 1992).

The distinction between self-transcendence and self-enhancement motivated Roccas (2003) to test the relationship between these two value sets and how they predict identification with group status. She found that those who are self-enhancement oriented are more likely to identify with groups that are higher in status in comparison

with those who are high in self-transcendence. In fact, Schwartz (2010) found that those who are high in self-transcendence are more likely to engage in altruistic activities such as working to save the environment and fight poverty.

It should be noted, that I exclude from this discussion Schwartz's concept of conservation, which encapsulates values that surround order, self-restriction and preservation of the past, as well as openness to change, which covers values brought about by independence of thought, action and readiness for change (Schwartz, 2012). Schwartz's orthogonal value system suggests that the difference between his concept of conservation and openness to change centers on varying perspectives on whether change is ideal or whether one ought to try and "maintain things as they are" (Lipponen, Bardi & Haapamaki, 2008, p. 242).

Taken together, I suggest that those who are higher in self-transcendence are more likely to care for their counterpart and are less likely to act in a deceptive manner.

Proposition 4a: Negotiators who are high in self-transcendence are less likely to use deception in negotiation than are those who are low in self-transcendence.

Proposition 4b: Negotiators who are high in self-enhancement are more likely to use deception in negotiation than are those who are low in self-enhancement.

Prosocial motivation

The organizational and psychology literature suggests that those with prosocial motivation engage in helping behavior because it is enjoyable, as it "feels good" to "do

good" (Carlo, Okun, Knight, & de Guzman, 2005; Grant, 2008; Williamson & Clark, 1989). Consequently, those with prosocial motivation enjoy spending time and energy in the effort to help other people (Batson, 1987) and are more likely to work in environments that have opportunities to help (Grant, 2008). Grant and Mayer (2009) conducted two studies that supported their hypotheses that employees who are prosocially motivated engage in organizational citizenship behaviors. They maintain that there are three key reasons why prosocial motivation is connected with behaviors that help others. First, they suggest that prosocial oriented individuals are more likely to put their attention outward toward others, rather than inward toward themselves. For this reason, they are more likely to engage in organizational citizenship behaviors. Second, these motives explain why such individuals are largely concerned for other people. Third, because they are concerned for others, those with prosocial motivations are capable of choosing to help others even at the expense of themselves.

This concern for others extends to negotiation. Drawing on dual concern theory, Pruitt (1998) suggests that prosocial negotiators are high in concern for others. However, prosocial motivation is contrasted with a proself orientation, a motivation in which concern for the other party is low. The primary distinction between these two motivations is a matter of perspective. Those who are prosocially motivated, see negotiation as a process that is based on trust and naturally leads to integrative outcomes; whereas, proself individuals see negotiation as an exchange relationship, which leads to a focus on distributive outcomes (McClintock, 1988).

Those who are proself in orientation tend to seek self-maximizing distributive outcomes in negotiation (Van Lange, De Bruin, Otten, & Joireman, 1997). In fact, in

order to gain an upper hand, those who are proself use more aggressive negotiation strategies, such as accosting or threatening a counterpart (De Dreu, Weingart & Kwon, 2000). In contrast, the prosocially oriented act in a more cooperative manner, seek integrative outcomes and are more likely to reach agreement with their counterparts (McClintock, 1988; Harinck & De Dreu, 2011).

Proself negotiators have been found to be more likely to take part in behaviors that are considered competitive (De Dreu, Beersma, Stroebe, & Euwema, 2006). Such actions, in addition to the tendency to showing less concern for their counterparts, suggests that negotiators might be more likely to use deception in order to add further to their chances of maximizing their own outcomes. Camac (1992) suggested that proself negotiators frequently seek methods to take advantage of the other negotiator. Olekalns and Smith (2003) suggest that one way that a proself negotiator might attempt to take advantage of others is by engaging in sins of omission, by keeping important information from their counterpart.

Proposition 5: Negotiators who are high in prosocial motivation are less likely to use deception in negotiation than are those who are low in prosocial motivation.

Negotiation self-efficacy

Bandura's (1977, 1982) self-efficacy theory is a social-cognitive approach to explaining behavior that specifically includes the concept of constraints. Bandura suggests that self-efficacy predicts the level of motivation and effort that will be placed toward overcoming challenges and adversity. Self-efficacy is an individual's belief that

he or she will be able to perform successfully the behavior required to produce desired outcomes (Bandura, 1977). Therefore, the strength of an individuals' efficacy will influence whether he or she will attempt to cope with particular situations: "Efficacy expectations are a major determinant of people's choice of activities, how much effort they will expend, and of how long they will sustain effort in dealing with stressful situations" (Bandura, 1977, p. 194), and are theorized to influence motivation and affect, and consequently behavior (Bandura, 1986). People who have high levels of efficacy will persevere in their coping efforts despite constraints, whereas those who have doubts about their capabilities may reduce their efforts or cease the behavior (Bandura, 1982).

Self-efficacy has been connected to performance both in and outside of the realm of negotiation. For example, Eden and Kinnar (1991) suggest that employees who can achieve gains in self-efficacy are likewise able to make improvements in their job performance. Such confidence in one's abilities is expected to have an impact that applies to various situations (Bandura, 1982), including negotiation (O'Connor & Arnold, 2001). Higher belief in one's abilities leads to increased distributive and integrative outcomes (Miles & LaSalle, 2008). Self-efficacy shares many attributes with internal locus of control, in that those who are high in internal locus of control believe that the ability to impact one's situation lies with internal, as opposed to external forces (Wilson, 2013: Sierra, 2014). In fact, in a study on cheating behavior, Srull and Karabenick (1975) found that those who were high in internal locus of control were more likely to cheat when they believed skill determined outcome, but that they did not have sufficient skill to accomplish a task, and that externals cheated more when they believed that luck

determined outcomes.

During negotiation, it is expected that there will be episodes of tension and uncertainty, which could impact the use of deception. Thus, those who are stronger in negotiation self-efficacy will have, as a whole, higher beliefs in their ability to succeed in negotiation. From this discussion, I expect those high in negotiation self-efficacy will be more likely to focus on their own abilities and draw on their negotiation skills, rather than resort to deception.

Proposition 6: Negotiators who are high in negotiation self-efficacy are less likely to use deception in negotiation than are those who are low in negotiation self-efficacy.

Thus far I have explored some of the key moderators that might have an impact on the relationship between counterpart reputation and the use of deception. Conceptually, I have argued that certain characteristics, namely values, prosocial motivation, Machiavellianism and negotiation self-efficacy moderate the relationship between counterpart reputation and the use of deception in negotiation. It is important, at this point, that I turn the discussion to evaluating the relationship between the use of deception and negotiation outcomes. In the following sections, I will argue that deception will predict an increase in distributive outcomes, but a decrease in integrative outcomes. In addition, I will look at the moderating effects of political skill and emotional intelligence.

Deception and Outcomes

While the above discussion illustrates why an individual might act or not act in a

deceptive way, it is essential to understand how such decisions might influence negotiation outcomes. Opportunism is at the heart of the decision to use deception. Lewicki and Stark (1996) suggest that in addition to opportunism, negotiators use deception when they feel desperate. When negotiators use deception, they experience an increase in perceived power over their counterparts (Shapiro & Bies, 1994), suggesting that their counterparts, even if they do not detect the deception, might nonetheless feel that they are at a disadvantage in terms of power. Deception in negotiation, while ethically dubious, is one act, of many, that fall into the category of acting in a competitive manner. In negotiation, participants commonly use other competitive methods that are considered acceptable, such as putting in a low opening offer, and being opaque about one's bottom line (Lewicki & Robinson, 1998). Those who do so effectively are at a distinct advantage against their counterparts. Therefore, both ethically sound and ethically dubious negotiation tactics would fit in with Kelley and Thibaut's (1969) suggestion that, at its heart, central to negotiation is the notion that it takes place through information asymmetry. To the extent that one can gain a competitive advantage, there should be increased distributive outcomes.

Those who use deception often attain greater outcomes for themselves. In an experiment with MBA students looking at ethical organizational climate and the use of deception in negotiation, Aquino (1998) found that those who used deception had greater distributive outcomes than did those who did not use deception. Aquino tested for sins of commission and sins of omission in a single-negotiated scenario based on the price of aluminum hoods from a manufacturer. From an ethically agnostic perspective, the author argues that, by strategically withholding information, negotiators

end up having the upper-hand against a counterpart. Bacharach and Lawler (1988) found that the use of deception leads to a significant power imbalance, which is further supported by Bazerman et al. (2000), who concluded that negotiators who control information are at an advantage against those who do not. This is supported by Kelly and Thibaut (1969), who suggest that a significant aspect of negotiation success boils down to a principal's ability to know the true intentions and preferences of his or her counterpart while concealing his or her own objectives.

While it is expected that negotiation outcomes will be greater for those who use deception, I suggest that there will be stark differences between distributive and integrative outcomes. As deception might increase distributive outcomes for an individual, it has been shown to erode trust (Olekalns, Kulik & Chew, 2014), which is connected positively to integrative outcomes (Kong, Dirks & Ferrin, 2014; Kong, 2015). However, the use of deception has been suggested to increase one's share of joint outcomes, but at the expense of one's counterpart (O'Connor & Carnevale, 1997) Thus, the use of deception could lead to a decrease in integrative outcomes, such that negotiation results have a decreased chance of reaching Pareto optimality.

For this discussion, I would like us to consider the difference between distributive and integrative negotiation outcomes. In an integrative negotiation, there are opportunities for join-gains or "win-win" solutions. For example, if two nations are engaging in a negotiation centered on a trade agreement, for one nation the vital interest might be reduction of carbon emissions while the other nation values a reduction in international trade tariffs. Through questions and perspective taking, the two nations might naturally discover trade-offs in which both are able to achieve the

specific objectives that they have set out. In contrast, in a distributive negotiation, the stakes are zero-sum or "win-lose," such that there are no opportunities for joint gains. An example of this would be a negotiation between two neighbors over a property line. Each inch that is given up by one neighbor is an inch that is gained by the other.

Proposition 7a: Negotiator use of deception is positively related to distributive outcomes.

Proposition 7b: Negotiator use of deception is negatively related to integrative outcomes.

Now that I have explored the direct effects that negotiator deception might have on negotiation outcomes, I will now turn my attention to the relevant moderators of this relationship.

Political skill

There has been significant research into the relevance and impact of political skill in organizational contexts. Political skill is considered "the ability to effectively understand others at work, and to use such knowledge to influence others to act in ways that enhance one's personal and/or organizational objectives" (Ferris, Blass, Douglas, Kolodinsky, & Treadway, 2005, p. 127). Those with high political skill are able to use their innate understanding of human beings to enhance their own objectives, as well as that of an organization (Ferris et al., 2005). Political skill has connections to relevant aspects of negotiation. With ambiguity and scenarios of low procedural justice,

political skill becomes even more important in relation to performance (Andrews, Kacmar & Harris, 2009). Those who have strong political skills have strong awareness of the needs, wants, and desires of others, and are able to use this knowledge to influence others. They are able to use power and influence to encourage others to be on their side (Ferris, Treadway, Perrewe, Brouer, Douglas & Lux, 2007). Further, when influencing others, they are often able to come across as genuine and honest (Ferris, Davidson, & Perrewe, 2005).

Further attesting to the idea that those who are high in political skill are able to hide their intentions, Harris and Harris (2007) showed that high politically skilled individuals were better able to engage in impression management. The use of impression management is at its core similar to deception in that it involves concealment of what is authentic (Barocas & Christensen, 1968; Roulin, Bangerter & Levashina, 2014). Because those with political skill are better able to frame and manage high-stress relationships (Perrewe, Zellars, Ferris, Rossi, & Kacmar, 2004), it is expected that those who do engage in deception in negotiation will be less likely to be detected. For example, those with high political skill taking part in ingratiation are more likely to be viewed as likable and less likely to be viewed as manipulative (Treadway. Ferris, Duke, Adams, & Thatcher, 2007). Such detection avoidance will make it more likely that politically skilled individuals will better achieve their own self-enhancement ends in a negotiation context.

Proposition 8: Negotiators who are higher in political skill will execute deception more effectively than those lower in political skill.

Emotional intelligence. While political skills address the general ability to use influence on others, emotional intelligence is "the ability to carry out accurate reasoning about emotions and the ability to use emotions and emotional knowledge to enhance thought" (Mayer, Roberts, & Barsade, 2008, p. 21). Emotional intelligence can be thought of as containing four components (Wong & Law, 2002):

- Self-emotional appraisal: the ability to understand one's own emotions and express such emotions.
- Others' emotional appraisal: the capacity to understand the emotions of others.
- Regulation of emotion: the ability to control one's emotions.
- Use of emotion: the capacity to use one's emotions to increase one's performance or outcomes.

Emotional intelligence is an ability, much in the same way that one has the ability to read or to analyze data through regression. Because of this, researchers have suggested that emotional intelligence can be measured through problems (Mayer, DiPaolo, Salovey, 1990). In a survey, emotional intelligence can be measured most accurately by asking participants to solve emotional problems as presented in a story. Emotional intelligence can also be tested through self-report survey responses (Mayer, Salovey, & Caruso, 2002).

Each of the above four elements contribute to emotional intelligence, which has been shown to contribute to task performance (Cote´ & Miners, 2006; O'Boyle et al., 2011) as well as general outcomes in negotiation. Fulmer (2004) suggests that emotional intelligence leads to greater negotiation outcomes, because emotional

intelligence is linked to “information acquisition, decision making, and tactical choices.” Those who are able to recognize and strategically respond to the emotions of others, as well as control their own emotions in such a way that acts as an advantage to the negotiator, should be able to perform better in negotiation contexts. By tapping into and understand other people, or in this case the needs, wants, and desires of a counterpart, an individual with high emotional intelligence ought to be in a better position to use deception effectively to navigate the negotiation process. Part of this connects to the idea put forth by Wagner and Sternberg (1985), who suggested that by intuitively making sense of others, those who are high in emotional intelligence are better able to connect with others and understanding their drives and motivation. In addition to understanding the motivations of others, those high in emotional intelligence are likely to be high in problem solving skills (Salovey & Mayer, 1990). Thus, for those who decide to use deception in a negotiation scenario, it could logically follow that a general response might be lower levels of detection for those whose high emotional intelligence includes better problem solving skills. This might enable such negotiators to read their counterpart and use problem solving skills to avoid detection in deception. This scenario stands in contrast to the negotiator using deception who is low in emotional intelligence. Because this individual does not have the ability to read others emotions and regulate his or her own emotions, the result is more likely to be that the deception is detected. In turn, this will negatively impact negotiation outcomes. Jordan, Ashkanasy and Hartel (2002) suggest that low emotional intelligence leads to higher levels of negative emotions. We might expect that due to the expression of negative emotions, those with low emotional intelligence might be more likely to be detected

when attempting to use deception in negotiation.

Thus, I expect that those who are high in emotional intelligence are better able to understand the emotions of others and are, consequently, less likely to be caught or suspected when using deception. Such success in deception should lead to positive negotiation outcomes.

Proposition 9: Negotiators who are high in emotional intelligence are more likely to obtain greater distributive outcomes.

Discussion

Research has long established that deception is common in negotiation, as deception is a phenomenon that occurs because of one party's desire to hide preferences and objective from a counterpart (Kelley & Thibaut, 1969). Research shows that those who are too open or too forthcoming in a negotiation are at a distinct disadvantage and might be more likely to be exploited (Paese, Schreiber & Taylor, 2003). To date, the social sciences literature has largely explained the use of deception in terms of a) understanding the dynamic of the negotiation and b) exploring the characteristics of the negotiator. For example, in the first case, the research literature has shown that when there is a high power differential, the one that has more power is more likely to use deception (Olekalns et al., 2014). In addition, when a negotiator's goals are specific and unmet, he or she is more likely to use deception (Schweitzer et al., 1999). In the second arena, research has analyzed negotiator characteristics to explain deception. For example, those low in trustworthiness (Olekalns & Smith, 2009)

and those who are high in anger propensity (Tenbrunsel, 1998) are more likely to use deception.

The area of counterpart characteristics has been largely ignored by the literature. To address this, in this theoretical exploration, I outline the arguments as to why it is important for researchers to look at the role of the counterpart, specifically counterpart reputation. The social science literature is replete with theory suggesting the integral effects of reputation. While individuals tend to begin relationships, in general, with a high default level of trust (Meyerson, Weick, & Kramer, 1996), a reputation, either positive or negative, can act to circumvent a disposition to trust, and lead an individual to use such a reputation as a shortcut to evaluate the risk and likelihood that another person will act in accordance with or violate the trust of another. Thus, a reputation leads to the reduction in uncertainty regarding the behavior of another person (Spence, 1974).

I suggest that I can use the effects of reputation to predict how a negotiator might respond to a counterpart with a negative reputation. To do so, I looked at the logical structure provided by equity theory to argue that, through the lens of fairness heuristics, a negotiator might be led to believe that because the counterpart is more likely to use deception, the only logical way to level the playing field will be to use deception in return. I suggest that this is more likely to occur because, when equity is viewed as being absent, individuals are more likely to feel that outcomes are not predictable (Thibaut & Walker, 1975). Further, I lay out how the relationship between counterpart reputation and the use of deception might be moderated by values, prosocial motivation, Machiavellianism, and self-efficacy. Finally, I argue that emotional

intelligence and political skill are likely to moderate the relationship between the use of deception and negotiation outcome.

Chapter 3: Essay 2

COUNTERPART REPUTATION PREDICTS PRINCIPAL USE OF DECEPTION THROUGH THE MEDIATING EFFECTS OF PRINCIPAL BELIEF THAT THE COUNTERPART IS UNFAIR

ABSTRACT

In this empirical piece, I use equity theory to suggest that the belief that a counterpart is unfair will explain why a negotiator uses deception. Thus, I argue that a counterpart's reputation predicts a negotiator's use of deception, but that this process is mediated by the belief that a counterpart is unfair. In this essay, I also explain that prosocial motivation, negotiation self-efficacy, Machiavellianism, and Schwartz values will moderate the mediated effects. I use two different studies to test these relationships. The first is a scenario-based online game, in which participants negotiate in an international relations scenario. In the second study, participants negotiate in a one-on-one buyer/ supplier deal. While the results do not support the main hypothesis that negative counterpart reputation leads to an increase in negotiator use of deception, the data does support moderation effects of distributive negotiation self-efficacy and self-transcendence.

Introduction

That negotiators use deception can be dated back at least to a narrative from the Old Testament, in which Lavan fools Jacob, his stepson, into believing that if Jacob works six-years for his stepfather, he will be rewarded by being able to marry Lavan's youngest daughter, Rachel. Jacob fulfills his end of the bargain; yet when it comes to Lavan's turn to marry off his daughter it becomes clear that he had presented misinformation from the start. Negotiation scholars have long recognized the use of deception in negotiation. At its core, deception occurs because the ends of one party are often at odds with the goals of the counterpart, and because each party's ends and desires are dependent on one another, deception emerges as a common tactic. While deception can be detrimental to the Pareto optimality of a negotiation, an aspect of the challenge is that it can be difficult to detect. Lax and Sebenius (1985) claim that part of this difficulty is connected to what they term a "Negotiator's Dilemma," such that each member of the dyad is not clear if the counterpart is engaging in cooperative or competitive behaviors. Nonetheless, the extent to which one party is able to hide his or her intentions, bottom line objectives and reserve price, while at the same time come to unveil such information about a counterpart, the negotiator is at a competitive advantage in the negotiation process (Kelly & Thubaut, 1969). Likewise, a negotiator who discloses too much about his or her preferences or bottom line price, is likely to be at a disadvantage.

The prevalence of deception has caught the attention of researchers and practitioners alike. In a controversial, yet highly influential article that appeared in *The Harvard Business Review*, Carr (1968) wrote that "most bluffing in business might be regarded simply as game strategy—much like bluffing in poker, which does not reflect on the morality of the bluffer" (p. 143). In fact, in a recent study, Jeppeson and Lakhani (2010) found that over 48% of lawyers surveyed in her study agreed with the statement, "Deception is a normal part of the negotiation process" (p. 10). When negotiation is most important—when there are high stakes—the odds that deception will be used increases. Aquino and Becker (2005) found that when incentives are high, over 55% of negotiators use active forms of deception. The high prevalence of deception partially explains the broad interest that researchers across disciplines have had in exploring deception in negotiation.

Thus far, a rich literature has formed in the assessment of deception. The first line of research has claimed that the key to understanding who does and who does not use deception is to understand the characteristics of the individual. These theorists point to factors such as low trustworthiness (Olekalns, Horan & Smith, 2014) to suggest that when an individual has an innate distrust of others he or she is less likely to act in a truthful manner in negotiation. Aggressive personality traits, such as those high in base-level anger (Tenbrunsel, 1998) and high envy (Moran & Schweitzer, 2008) have likewise been linked to unethical practices in negotiation.

Moving beyond a trait based analysis of deception, research has suggested that situational cues are drivers of negotiator deception. For example, in a study on power imbalance, Olekalns, Horan, and Smith (2014) found that, in negotiations with high

power imbalance, the more powerful party is more likely to use deception than in situations in which the power dynamic is more balanced. Likewise, when the stakes are high (Tenbunsel, 1998) or when negotiator goals are specific and unmet, lying in negotiation becomes increasingly more likely. Thus, the dynamic of the situation can help determine the likelihood of this phenomenon.

Nonetheless, there is a third, largely unexplored dynamic, one that has drawn but little attention from researchers: the reputation of the counterpart. Because negotiation, by definition, takes place between two different individuals or entities, it might be worthwhile to explore the way in which the reputation of one's counterpart might impact negotiation behavior. Reputation can be thought of as the "combination of salient personal characteristics and accomplishments, demonstrated behavior, and intended images presented over some period of time" (Ferris, et al., 2007, p. 213). Reputations can act as a cognitive shortcut for others, so that the potential behaviors that an individual might engage in are reduced in the mind of the assessor (Spence, 1974). Thus, Spence argues, reputation acts as a signaling mechanism that reduces behavioral uncertainty. For example, let us suppose that a colleague, John, has a reputation as a gossip. Since it is unlikely that any individual knows the history or John's life, his complete characteristics, including genetic and personality tendencies, the fact that he has a reputation as a gossip will act as a cognitive shortcut for his colleagues, and his colleagues are likely to behave in such a way that reflects assumptions based on this reputation. It is not surprising that a positive reputation can lead to being liked by others (Johnson, Erez, Kiker, & Motowidlo, 2002) and perceptual thoughts that the person in question is a skilled individual (Gioia & Sims, 1983). In the

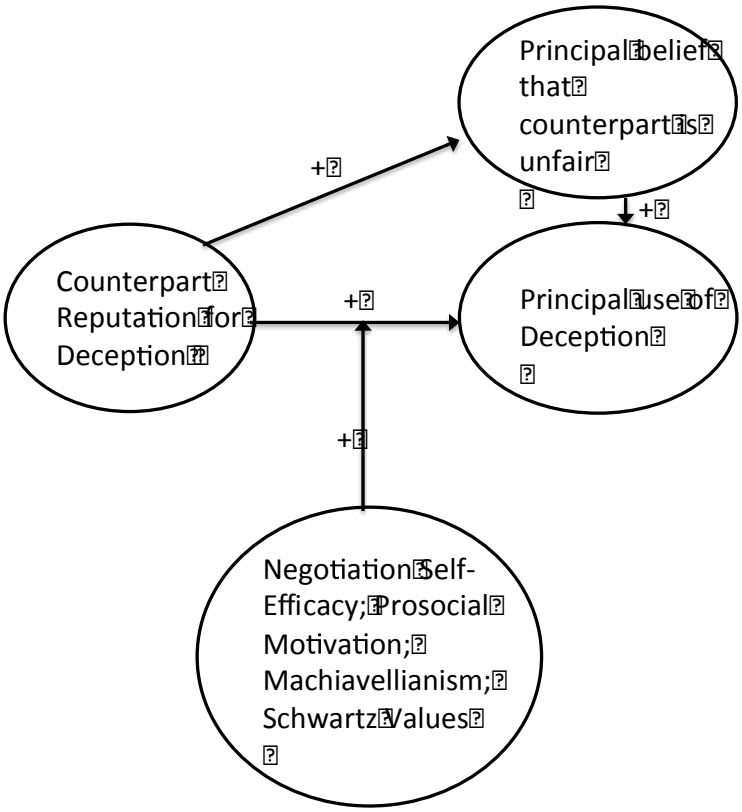
end, those who have positive reputations receive positive reinforcements to continue to support the behaviors that led to the positive reputation. In contrast, negative reputations come with a broad array of negative reinforcements from others (Ferris et al., 2007).

As reputation is central in the social science literature in explaining behavioral responses of others (Spence, 1974; Ferris et al., 2007), this empirical paper attempts to draw an important connection between the reputation of a negotiation counterpart and the decision to use deception by the negotiator. If the hypotheses are supported, this paper will fill in an important gap in the literature, showing that there is an unexplored third pillar that explains deception in negotiation. It will help support that claim by Tinsley, O'Connor, and Sullivan (2002) that very little is understood about the effects that reputations have on negotiations. For practitioners, the findings in this study will hopefully enable them to have a better strategic understanding of how their own reputation might impact the use of deception by a counterpart, as well as a developmental and introspective understanding of their own actions might be impacted by an opponent's reputation. Also, this paper explores important moderating variables such as value, prosocial motivation, Machiavellianism and negotiation self-efficacy. I will suggest in this paper that while there is a strong connection between counterpart reputation and negotiator use of deception, these relationships are strengthened or weakened depending on the moderating variables.

For this essay, I use equity theory to show why a principal is likely to use reputation in order to decided whether to act in a deceptive manner. I suggest that when a counterpart has a reputation for behavior that is considered unethical, the

principal might be more likely to use deception. I also suggest that the process of assessing a counterpart as unfair partially mediates the relationship between counterpart reputation and the use of deception. In addition, I draw on prisoner's dilemma as a way to further explain the use of deception. Please see Figure 4 below, which is the visual model of this paper.

Figure 4: Hypothesized model



Theory

Progressing from situational variables to counterpart reputation

In this research, the goal is to move beyond the literature, which has, to date, relied heavily on negotiator characteristics and situational analysis to explain deception. As an example of a typical study in the extant literature, in an experiment in which the researchers manipulated states, such that in certain conditions the participants were negotiating over low stakes ($1) and in other situations the negotiators were dealing with higher stakes ($100), the authors found that the size of payout had a dramatic impact on the use of deception (Tenbrunsel, 1998). The authors suggest that research ought to look into high stakes negotiations to fully understand the phenomena. Other situational variables, such as outcome uncertainty, have been connected with the use of deception (Schweitzer & Croson, 1999). These studies show that there are common situations that tend to elicit unethical behavior. Little has been researched concerning the behavior or characteristics of a counterpart, and how such variables might impact deception. However, there has been evidence that, when a counterpart is wealthy, the negotiator is more likely to use deception (Gino & Pierce, 2010). The influence of counterpart characteristics, especially reputation, ought to extend beyond that suggested by Gino and Pierce. In addition to some of the evidence discussed earlier in the paper, reputation has been shown to lead to higher levels of trust between parties (Whitmeyer, 2002). This is significant as trust has been shown to help facilitate mutual benefits for both negotiation parties through higher integrative outcomes (Kong, 2015). Likewise, positive reputation can lead to higher levels of liking (Kim, 1996).

One ought to think of reputation as a manner in which other people consider an

individual's behavioral tendencies and characteristics (Ferris, Blass, Douglas, Kolodinsky, & Treadway, 2003). Another way to put it, is that reputation is "the opinion or view of someone about something" (Sabater & Sierra, 2005). Across research fields, it has been common to think of reputation as a group-level phenomena, as something that takes place between organizations or between nations. One focus in strategic management research has been the effects of corporate reputation (Ali, Lynch, Melewar & Jin, 2015). In contrast, this discussion of reputation takes place on the individual level.

In most business contexts, negotiators know one another before the negotiation takes place. There tends not to be a blank slate situation. In fact, research has shown that the majority of negotiations take place between people with high default levels of trust (Meyerson, Weick & Kramer, 1996), which might change based on reputation effects. Dispositional trust can also be impacted by one's trust orientation (Bianchi & Brockner, 2012). A more nuanced view of reputation has been suggested by Origgi (2012), who posited that reputation acts as a cognitive shortcut for individuals in which to assume that there are enduring characteristics about the person for whom there is a reputation. In some ways, a reputation can act as a shortcut for knowing someone on a deeper level. Since one cannot know the complexities that make up the behavior of other human beings, reputation acts to provide guidance as to what would otherwise be completely uncertain behavior.

Intent and justice

In order for an action to be considered deceptive, it must be intentional. When

someone accidentally or unknowingly uses incorrect information, it is a matter of competence or understanding, not an issue of deception. Bok (1978) goes so far as to claim that the *intent* must be obvious, in that the deceiver is well-aware that they are working with misinformation. While there are many different types of unethical behavior that can come about in negotiation, such as threats or using bribes (Lewicki & Hanke, 2012), the literature has largely focused on the use of misinformation to gain an upper hand. For this paper, I have chosen to focus on misrepresentation of information for several reasons. First, misrepresentation of information has been shown to be the most common form of deception (Lewicki & Robinson, 1998). Prior research has drawn a distinction between the active and passive forms of deception, also known as sins of commission and sins of omission, respectively (Olekalns & Smith, 2007). A sin of commission could be said to occur when someone provides information that is blatantly false, which they know not to be true. In contrast a sin of omission occurs when someone fails to disclose information that would be important for the other person to know. For example, if someone knowingly sold a car with a defective engine and did not mention the engine issue in the sale, this would be considered a sin of omission. This is considered material information that the buyer would want to know. In contrast, sin of commission is typified by a direct misrepresentation of the facts. In our car example, this would occur if the buyer asks the seller about the condition of the engine and the seller tells the buyer that it is in very good condition.

One of the most important theories that helps explain individual concern for fairness, resides in the justice literature, which suggests that people fundamentally value justice over injustice and that injustice causes a general feeling of dissatisfaction

(Aquino, Griffeth, Allen & Hom, 1997). The focus on justice stems from early suppositions of equity theory, originally put forth by Adams (1963) who suggested that employees look not only at outcomes, but more importantly, at the ratio of inputs to outcomes. Specifically, Adams' suggests that employees do so as a reference process to their colleagues or others who are comparable. At its core, justice in organizational settings "refers to perceptions of fairness in decision-making and resource allocation environments" (Colquitt & Rodell, 2011, p1183). Over time, justice allows society and the individuals in it to operate with a sense of equilibrium and that in the long run, justice enables human beings to progress in a sustainable manner (Rawls, 1971).

When someone feels that the inequity is due to being taken advantage of or by being manipulated, one way to restore equity is by getting even or by harming the one who is perceived as responsible for the inequity (O'Leary & Dengerink, 1973). One central element in understanding attempts to change inequity is that only those who think that outcomes are changeable will take action to remedy an inequity (Greenberg, 1990; Mowday, 1991). Responses to inequity can sometimes be drastic. For example, Cook and Hegtvedt (1986) found that inequity can lead to counterproductive work behaviors, such as theft, as a means to reverse the state of affairs. Connected to negotiations, Tripp, Sondak, and Bies (1995) argued that fairness considerations are essential elements of the negotiation process. Without feelings of fairness, principals act out in ways that are detrimental to both parties. Principals view an unethical counterpart as less trustworthy (Boles, Croson & Murnighan, 2000). This results in varying affective responses at the end of a negotiation, and is supported by the finding that principals are more satisfied with outcomes if they feel they have been treated fairly than if they feel

they have been treated unfairly (Schroth, 2008). Thus, when principals feel that a negotiation has been conducted in an ethical manner, they will feel better about the negotiation.

Van den Bos, Lind, and Wilke. (2001) discuss the importance of fairness heuristics, which is the way that people decide whether something is fair or unfair. Their analysis comes from the prospect that there is a strong link between trust and the opportunity for exploitation (Lind, Allen & Tyler, 1988). Because of the possibility of exploitation, individuals quickly assess the likelihood that a counterpart will act in an exploitative manner. If an agent determines that his or her counterpart is likely to act exploitatively, then the agent is likely to act in an oppositional manner (Lind, Kulik, Ambrose & de Vera Park, 1993). In contrast, if someone acts in a way that appears to be upfront then their counterpart might be unlikely to view it as a threat and will, in turn, act an a manner that is agreeable.

Hypothesis 1a: When principals negotiate with counterparts with negative reputations, they are more likely to view the counterpart as an unfair negotiator.

Hypothesis 1b: When principals negotiate with counterparts with negative reputations, they are more likely to use deception in the form of sin of omission.

Hypothesis 1c: When principals negotiate with counterparts with negative reputations, they are more likely to use deception in the form of sin of commission.

Consequences of Reputation

The social science literature has pointed to broad reaching effects of reputation. Drawing on face theory, Goffman (1967) suggested that reputations can vary across individuals in different social dynamics, such that the same person might have a different reputation among different groups. For example, an investment banker might have a very professional reputation at work but quite a different reputation among cycling friends on the weekend. Goffman's study exhibits some of the negative consequences of reputation, as such cognitive shortcuts, which can mislead or even create an overly reductionist point of view about a given individual. History is replete with examples of the negative consequences of gross generalizations of both individuals and groups.

Reputation effects can extend over long periods of time. For example, in a study by McNatt (2010), the author found that professor reputation predating the start of a course significantly impacts student experience and course evaluations several months later at the end of a course. Baumeister and Jones (1978) suggested that reputation takes its form in a cyclical pattern, such that behavioral pattern cause others to assess reputational elements, and these reputation effects lead to consistent behavior. In sum, the authors suggest that an established reputation leads to behavior that furthers that reputation, because individuals tend to behave in ways that are in line with the expectations that are a part of their reputation.

Turning to negotiation, there are positive consequences to developing a positive reputation. For example, those with positive reputations are morel likely to have repeated negotiations with their counterparts due to increased feelings of

trustworthiness and reliability (Tinsley, O'Connor & Sullivan, 2002). Drawing on transaction cost analysis, Whitmeyer (2002) suggests that the key long term effect of reputation is that it leads others to avoid the expensive costs associated with monitoring, such that integrative outcomes can be increased because of the joint gain that can be claimed by the cost savings. Negotiators are likely to infer from a counterpart's reputation that their past honest behavior is indicative of future honest behavior (Brockner & Siegel, 1996).

Prisoner's Dilemma

Prisoner's dilemma experiments have been adopted in many different forms in a variety of fields to test topics as diverse as action bidding, political bargaining, nuclear war negotiations and oligopoly pricing (Rasmusen, 1990). The key attributes of prisoner's dilemma can occur when outcomes of two entities or individuals depends on the mutual choices of both parties and when each participant has preferences among the outcomes (Gibson, 2003).

The most common form of prisoner's dilemma scenarios are the two-party type, in which each participant must make decisions to either defect or cooperate. In all versions of the prisoner's dilemma the results or outcomes of one party is dependent on the actions of the others. The most common forms of prisoner's dilemma are structured such that both parties are incentivized and better off by acting in a manner that is disloyal to the other party.

The basic scenario (Campbell, 1985) supposes that there are two criminals who are arrested and are taken to the police station for questioning. The two criminals are

divided into two different rooms so that they can be investigated independent of one another. The investigator tells the first suspect, “there is enough evidence that even if you both remain silent, each of you will still spend a year in jail. However, if you confess to the crime, and help us convict your silent accomplice, we will let you go free. But if you stay silent and he confesses, then you will serve 10 years in jail and your accomplice will go free. If both of you confess, then you will both spend 9 years in prison.”

The whole scenario can be thought of in the following table:

Table 3: Prisoner’s dilemma outcomes

	Accomplice 1 stays silent	Accomplice 1 confesses
Accomplice 2 stays silent	Accomplice 2-1 year; Accomplice 1-1 year	Accomplice 2-10 years; Accomplice 1-go free
Accomplice 2 confesses	Accomplice 2- go free; Accomplice 1-10 years	Accomplice 2- 9 years; Accomplice 1- 9 years

This thought experiment, which has become a classic in the field of economics, suggest that in every condition, independent of the action of a counterpart, it is in each participant’s best interest to confess to the crime and betray their fellow accomplice. Should the accomplice stay silent, the criminal is better off confessing and leaving without serving any jail time. Let us suppose that the accomplice confesses. In this case it is still better to confess, because it is better to serve 9 years in jail than it is to serve 10. Thus, the end result is that both parties are incentivized to confess, bringing about the worst collective outcome, namely, both serving 9 years in jail.

Deception and prisoner's dilemma. We are left with the undertaking to understand how prisoner's dilemma might shed light on the broader issue of deception in negotiation. While prisoner's dilemma lies in the realm of economics, it could be that distributive negotiations could be an interesting context to apply this game-theory paradigm. In order to better understand this let us suppose that there is a negotiation between two people selling a cell phone. They will meet once in person to exchange money for the phone. Let us suppose that the buyer does not have any other sellers from whom to buy the phone and let us suppose that the seller does not have any other buyers from whom to sell the phone. Both the buyer and seller believe that if they were to talk about alternative options that they could gain a more favorable situation for themselves.

Thus, the seller might think, "If the buyer decides to tell the truth, I will be at a great advantage over the buyer. Should the buyer lie, then I need to lie. I don't want to be made a fool." Likewise, the buyer might face similar trade-offs, thus we can see how both parties might be inclined to use deception. In this case, both parties are better off using deception.

Measuring outcomes. It is important for the purpose of this discussion to discuss the difference between distributive and integrative outcomes in negotiation and how each might be relevant to the interplay of deception in negotiation. Distributive outcomes are the type of negotiation outcomes with which most people are familiar. These are considered "fixed pie," in that $1 made by the negotiator is $1 lost by the counterpart. One example if a distributive negotiation would be someone buying an art piece at a

market. The two parties go back and forth and settle on a price. In contrast, integrative outcomes are joint outcomes; these take place typically when there are multiple pieces to a negotiation. A classic example, suggested by Mary Parker Follett (1940), is the negotiation over an orange. One party would like to eat the fruit while the other would like to use the orange peel for a recipe. Should the two parties negotiate a settlement that purely splits the orange in half, there would be much waste, since half the fruit and half the peel will be thrown away. However, through questions and discussion, if the parties realize that their interests are aligned, one will take the whole fruit and the other will take the whole peel.

Retaliation. Another way in which we might understand deception comes from a point of view of retaliation. To the extent that one believes that a counterpart is operating in an unfair manner, there is an increased likelihood that such assessments will trigger retaliation (Van Segbroeck, Pacheco, Lenaerts, & Santos, 2012). Those who feel wronged in a negotiation are likely to feel angry (Druckman & Olekalns, 2008). At times, various revenge tactics might be deployed in order to make things more appear to be fair. Those who feel that there is an unfair justice climate and that rules have been violated are more likely to use revenge behaviors, which includes the use of deception. An important element of restoring justice, as suggested by Bies and Tripp (1998), is the connection to the restoration of self-esteem for the one who has experienced perceived injustice. Revenge behaviors have likewise been linked to a reversal in treatment to the aggrieved, such that revenge can act as a means for restorative justice. Revenge actions are almost always in response or anticipation of wrongdoing by another party

(Tripp & Bies, 1997).

Further, the authors suggest that respondents who want to enact revenge relate feelings of being “enflamed and enraged” and “consumed by the thoughts of revenge.” We should expect that some negotiators, who believe that their counterparts will act in a deceptive manner, will likewise experience intense affective emotions and will respond to such emotions. The foundation of this response will be a belief that acting in a retributive manner will even the playing field. Lewicki and Litterer (1985) conducted an interesting experiment, concerning buyers and sellers in negotiation. They showed that when buyers believe that sellers are making “too much profit” they will cease to buy, even when it is against their economic best interests. Such buyers are willing to pay a price to enact revenge on sellers for profit-taking, even at their own expense. Since justice is at the core of revenge, I expect that principals will use deception as a means of retribution and to level the playing field.

It is believed that fairness perceptions will be one mediating mechanism that explains the relationship between counterpart reputation and the use of deception. However, it is unlikely that fairness perceptions are the only mediating mechanism. Since other mediators could exist, such as negative affect or negative liking, I am only hypothesizing that fairness is a partial mediator.

Hypothesis 2a: Principal belief that a counterpart is unfair will partially mediate the relationship between counterpart reputation and principal use of deception in the form of sin of omission.

Hypothesis 2b: Principal belief that a counterpart is unfair will partially mediate the relationship between counterpart reputation and principal use of deception in the form of sin of commission.

The power of negotiation self-efficacy. Negotiators come to the negotiation table with varying levels of negotiation experience and varying levels of self-confidence of one's ability to succeed in a negotiation. The key concept that addresses such confidence is Bandura's (1977, 1986) self-efficacy theory, which suggests that those who have higher levels of self-efficacy, or belief in one's own abilities, will increase the effort and motivation needed to meet their goals and surpass challenges and roadblocks. Those strong in negotiation self-efficacy are better able to handle uncertainty and deal with challenging negotiation situations by not buckling under pressure. Bandura suggests that "efficacy expectations are a major determinant of people's choice of activities, how much effort they will expend, and of how long they will sustain effort in dealing with stressful situations" (1977, p. 194). Hence, we might expect that those who are highly efficacious are able to persevere in coping (Bandura, 1982) and might be less likely to need to take short-cuts in negotiation, such as using deception.

Research has shown that self-efficacy relates to performance in business contexts in general, as well as in relationship to negotiation specifically. Confidence in one's abilities has been shown to increase integrative as well as distributive outcomes (Miles & LaSalle, 2008). This has been shown to have overlap with internal locus of control, such success and failure is attributed to internal forces, rather than seeking

explanation by virtue of external forces (Wilson, 2013: Sierra, 2014). One study found that in situations in which participants believe that skill determines outcomes, but that the participant did not have enough skill to succeed, that those higher in internal locus of control were more likely to cheat. In contrast, when participants believed that luck was the primary determining factor driving success, it was those who were high in external locus of control who were more likely to engage in cheating behaviors (Srull & Karabenick, 1975).

In fact, in a study on cheating behavior, Srull and Karabenick (1975) found that those who were high in internal locus of control were more likely to cheat when they believed skill determined outcome, but that they did not have sufficient skill to accomplish a task, and that externals cheated more when they believed that luck determined outcomes. More broadly, Eden and Kinnar (1991) found that employee job performance can be partially predicted by increases in self-efficacy.

In terms of negotiation, the distinction must be made between those who have self-efficacy regarding their ability to succeed in distributive negotiations (win-lose), in which a negotiator's gains come at the expense of the negotiator's counterpart, verses integrative negotiations (win-win), in which a negotiator is able to expand the pie so that both parties can achieve gains in a negotiation.

Sullivan, O'Connor, and Burris (2006) demonstrated that those who have higher distributive negotiation self-efficacy were more likely to use distributive tactics in negotiation, such as threats, antagonistic comments and references to alternatives. Thus, it is expected that such distributive tactics might be more prominent when a negotiator is negotiating with a counterpart with a bad reputation. Given the propensity

to use distributive tactics to begin with, someone who has higher levels of distributive negotiation self-efficacy might recognize the potential threat posed by someone with a negative reputation and, in turn, be more likely to use deception. In contrast, someone who has lower levels of distributive negotiation self-efficacy, is less likely to believe in his or her abilities to utilize distributive negotiation techniques and might thus be less likely to leverage such capacities against a counterpart with a negative reputation.

By the nature of negotiations, there are often times that negotiators experience feelings of tension, which has the potential to drive the use of deception. However, those who have higher levels of integrative self-efficacy might be expected to have stronger beliefs in their ability to surmount the uncertainty that is inherent in negotiations. Thus, it is expected that those who are higher in integrative negotiation self-efficacy will be in a better position to use legitimate negotiation skills rather than engaging in deception. When someone with higher levels of integrative negotiation self-efficacy faces a counterpart with a bad reputation, they might be less likely to use deception. In a similar vein, those who have low levels of integrative negotiation self-efficacy might lack the confidence to achieve integrative solutions against a counterpart with a bad reputation so they might be more inclined to resort to deceptive practices.

Hypothesis 3a: Distributive negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in distributive negotiation self-efficacy are more likely to use deception in the form of sin of omission.

Hypothesis 3b: Distributive negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in distributive negotiation self-efficacy are more likely to use deception in the form of sin of commission.

Hypothesis 3c: Integrative negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in integrative negotiation self-efficacy are less likely to use deception in the form of sin of omission.

Hypothesis 3d: Integrative negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in integrative negotiation self-efficacy are less likely to use deception in the form of sin of commission.

Prosocial orientation. In recent years Adam Grant and several of his colleagues have helped develop the concept of prosocial motivation, which suggest that those who operate at high levels of the construct are, at the core, organizational actors who engage in helping behavior because doing good for others is fulfilling. Put simply, it feels good to be helpful (Carlo, Okun, Knigh, and de Guzman, 2005; Grant, 2009; Williamson & Clark, 1989). Because, more generally people do the things that they enjoy, those who are prosocially motivated end up spending more time and effort helping others (Batson, 1987). Such individuals are likely to seek out employment and

interact with colleagues who value prosocial behavior and who will provide positive feedback.

Pruitt (1998) used dual concern theory to establish the link between prosocial motivation and concern for others. Those who are low in prosocial orientation have overall lower concern for others than those with a prosocial orientation. McClintock (1998) suggests that the key distinction for these two types of individuals, in regards to negotiation, is that those who are prosocially oriented have the innate tendency to look for joint gains, to ensure that both parties are better off (integrative negotiations); whereas, a low prosocial negotiator is far more concerned with distributive outcomes. In negotiation, those low in prosocial orientation are more likely to increase competitive behaviors (De Dreu, Beersma, Stroebe, and Euwema, 2006). This might especially be the case when negotiating against a counterpart with a bad reputation. Such actions, in addition to the tendency to show less concern for their counterparts, suggests that low prosocial negotiators might be more likely to use deception in order to add further to their chances of maximizing their own outcomes. Camac (1992) suggested that low prosocial negotiators frequently seek methods to take advantage of the other negotiator. This can take the form of choosing to withhold information from a counterpart (Olekalns & Smith, 2003). De Dreu, Weingart and Kwon (2000) found that proself negotiators were more likely to use confrontational strategies such as threats and demands, in order to try and gain an advantage over their counterparts. As discussed previously, the presence of a negative reputation might give a negotiator reason to believe that his or her counterpart might be more likely to use deception. Thus, since they already have a tendency to act in a manner that is self-promoting, those who are high in proself

orientation might be expected to have a higher likelihood of using deception when negotiating against a counterpart with a negative reputation.

Those who are highly prosocial in nature have been found to take part in cooperative negotiations and are more likely to meet the needs of their counterpart and settle in agreements than are those who are proself (McClintock, 1988; Harinck & De Dreu, 2011). Further, prosocial negotiators are more interested in finding a fair outcome that is the best for both sides of the negotiation. In contrast proself negotiators only want to see their own outcomes maximized (Van Lange, De Bruin, Otten, & Joireman, 1997). For the prosocial individual, when negotiating against a counterpart with a bad reputation, such a person might give the benefit of the doubt to his or her counterpart and be more likely to refrain from using deception or other nefarious negotiation strategies.

Hypothesis 4a: Prosocial motivation moderates the relationship between counterpart reputation and principal deception, such that those high in prosocial motivation are less likely to use deception in the form of sin of omission.

Hypothesis 4b: Prosocial motivation moderates the relationship between counterpart reputation and principal deception, such that those high in prosocial motivation are less likely to use deception in the form of sin of commission.

Machiavellianism. Named after Niccolo Machiavelli, a Renaissance era political philosopher, Machiavellianism has been considered to be a “strategy of social conduct

that involves manipulating others for personal gain" (Wilson, 1996, p. 295). The social science literature has found broad reaching implications for the behavior of those who are found to be high in this trait. Those that express high levels of Machiavellianism have been shown to engage in higher levels of crime (Tang, Chen & Sutarso, 2008). Further, the central theme for such individuals is the drive toward self-achievement and self-promotion, even at the expense of others. High Machs have been shown to use deception and other forms of unethical behavior in order to achieve their ends (Geis & Moon, 1981).

Interestingly, the pattern of Machiavellian behavior begins at a young age. In a study on 10-year-old children, Braginsky (1970) found that to make small amounts of money, children who are high in Machiavellianism are more likely to convince their peers to eat bitter cookies than are children who are low in Machiavellianism.

Christie and Geis (1970) identify three contributing factors that help comprise the construct Machiavellianism, namely, detachment from norms and values, manipulativeness, and cynicism concerning human nature. In their experiment, participants engaged in a bargaining activity in which two out of three people will be able to split $20. Christie and Geis found that by using manipulation and opportunistic behaviors high Machs were able to outperform those who do not exhibit Machiavellianism. Other findings in the study include the suggestion that high Machs act opportunistically and that they are better able to achieve better outcomes in distributive negotiations. This ties into the findings of Bloodgood, Turnley, and Mudrack (2008), who suggest that high Machs express the belief that cheating is an acceptable way to get what they want.

From this pattern of findings, in combination with the previous discussion on retaliation (Van Segbroeck, Pacheco, Lenaerts, & Santos, 2012), in which it was established that individuals might act in an aggressive manner when they perceive the potential for a counterpart to act opportunistically, it should follow that those who are high in Machiavellianism will be more likely to increase their use of deception when negotiating against a counterpart with a bad reputation. Those high in Machiavellianism will be more attuned to the potential threat that might come about from someone with a negative reputation and might preemptively use deception.

In contrast, someone with low Machiavellianism is less likely to be aware of potential threats to his or her self-interest (Wilson, 1996). Such individuals are less likely to act in an opportunistic manner (Bloodgood, Turnley, & Mudrack, 2008). By being in the dark concerning the downside risk that a counterpart with a negative reputation might pose, those who are low in Machiavellianism are less likely to respond to such reputational effects and are, in turn, less likely to use deception. Thus, we might suppose that low Machiavellians, in negotiating against a counterpart with a bad reputation, might engage in lower levels of deception.

Hypothesis 5a: Machiavellianism moderates the relationship between counterpart reputation and principal deception, such that principals higher in Machiavellianism are more likely to use deception in the form of sin of omission.

Hypothesis 5b: Machiavellianism moderates the relationship between counterpart reputation and principal deception, such that principals higher in Machiavellianism are

more likely to use deception in the form of sin of commission.

Schwartz values. Shalom Schwartz sought to draw on cross-cultural research to distinguish the relationship between group values and values of individuals. He suggested that "values (a) are concepts or beliefs; (b) pertain to desirable end states or behaviors; (c) transcend specific situations; (d) guide selection or evaluation of behavior and events, and (e) are ordered by relative importance" (Schwartz, 1992, p. 4). These values act as guiding principles in individual's lives (Schwartz, 1992). Schwartz's values include *Power*, *Achievement*, *Hedonism*, *Stimulation*, *Self-direction*, *Universalism*, *Benevolence*, *Tradition*, *Conformity*, and *Security*. According to Schwartz and Bilsky (1987), values emerge from three basic human needs, the needs of: Individuals as biological organisms, coordinated social interaction, and survival of groups

Schwartz thought of individuals as operating in a manner that tends toward one end of the spectrum, self-transcendence, or the other end of the spectrum, self-enhancing (Schwartz & Huisman, 1995). At its core, this represents a fundamental difference in the way in which people are oriented, whether toward promoting one's own self-enhancement or toward looking out or the general interests of others.

Schwartz (1992) developed the concept of self-enhancement, which is comprised by the values of power and achievement. Those who are typified by self-enhancement, value esteem and superiority (Sawyerr, Strauss & Yan, 2005). Individuals who are high in self-enhancement are more likely to engage in behaviors that are dominating and rely on seizing power over others (Schwartz, 1992). Schwartz established self-

transcendence as being comprised of universalism and benevolence. Universalism can be thought of as “understanding, appreciation, tolerance and protection for the welfare of all people and for nature” and benevolence can be thought of as “preservation and enhancement of the welfare of people with whom one is in frequent personal contact” (Schwartz, 1992, p. 11). I have excluded from this discussion the Schwartz concepts of conservation, which draws on order, self-restriction and preservation of the past. Likewise, I decided not to concentrate on the Schwartz value of openness to change, a set of values that are made up of readiness for change and independence of thought and action (Schwartz, 2012). Schwartz’s orthogonal value system is established so that the difference between conservation and openness to change deal with differing motivations on “change and novelty with the motivation to maintain things as they are” (Lipponen, Bardi & Haapamaki, 2008, p. 242). These values are theoretically separate from the self-promotion and self-transcendence behaviors or moral fortitude priorities that are connected with the discussion of deception (Pruitt, 1998).

The trend for those high in self-transcendence to care for causes outside of themselves has been supported by Schwartz (2010), who suggests that this set of values predicts participation in organizations devoted to eradicating poverty and saving the environment. In fact, those high in self-transcendence are also more likely to reach outward and trust individuals and institutions (Devos, Spini, & Schwartz, 2002), as well as to try actively to help other people (Daniel, Bilgin, Brezina, Strohmeier & Vainre, 2014). Thus, when confronted with a counterpart with a bad reputation it is expected that someone who is high in self transcendence will operated from a general

perspective of trust, as is common for individuals high in self-transcendence (Wilson, 1996), and will be less likely to use deception.

In contrast, it is expected that someone who is low in self-transcendence might view a counterpart with a bad reputation as a potential threat and will consequently be more likely to use deception. Roccas (2003) tested the relationship between self-transcendence and self-enhancement and how these two constructs predict identification with group status. In doing so, Roccas suggests that those who are high in self-transcendence are less likely to be focused on identifying with those who are in high status groups than are those who are high in self-enhancement. Taken together, it follows that when negotiating against a counterpart with a bad reputation someone who is high in self-enhancement will be more likely to use deception than someone who is low in self-enhancement. It is expected that those who are low in self-enhancement will operate from a perspective that is less likely to see the counterpart as potentially acting opportunistically and will thus refrain from using deception.

Hypothesis 6a: Self-transcendence moderates the relationship between counterpart reputation and principal deception, such that those high in self-transcendence are less likely to use deception in the form of sin of omission.

Hypothesis 6b: Self-transcendence moderates the relationship between counterpart reputation and principal deception, such that those high in self-transcendence are less likely to use deception in the form of sin of commission.

Hypothesis 6c: Self-enhancement moderates the relationship between counterpart reputation and principal deception, such that those high in self-enhancement are more likely to use deception in the form of sin of omission.

Hypothesis 6d: Self-transcendence moderates the relationship between counterpart reputation and principal deception, such that those high in self-transcendence are less likely to use deception in the form of sin of commission.

METHOD

Study 1

Participants

Data was collected from a participant pool of undergraduate business majors at a southeast university in The United States. In all, 246 students in an introduction to organizational behavior course participated in the study. They had the opportunity to earn extra credit for class by participating in the experiment. The usable sample was 198. Out of the group that participated, 46 responses were taken out of the sample, 35 of which were due to insufficient attention (surveys completed in less than 2 minutes were taken out) and 11 were taken out due to exiting the activity before completion. The 35 completed survey, which were done in under 2 minutes, are considered careless responses. In Meade and Craig's (2012) article on careless responding, the authors found that their experiments had a careless response rate around 10-12%, which is similar to the rates found by Kurtz and Parish (2001). Mead and Craig suggest that

online studies naturally have higher careless response rates than experiments conducted in person, as online surveys are more anonymous and create a feeling of distance from the people conducting the study. However, the authors nonetheless advocate for more online studies, as the benefits of gathering data online exceed the cost of higher careless responding. Thus, since Study 1 had a careless response rate of 15% (35 careless respondents out of 235 surveys), it appears to be marginally higher than the findings of Meade and Craig. In the usable sample, the average age was 23 years, and 57% of respondents were female. In terms of demographics, 23% reported that they were Caucasian, 32% African American, 10% Hispanic and 35% Asian. Participants had an average of 3.5 years of work experience. Participants were asked to provide demographic variable data and moderator variable data before the experiment began.

Design

I designed a prisoner's dilemma type negotiation game using Qualtrics. Students were able to participate in the entire game-type scenario online. In the game, participants were told that "a cold war has developed between the US and Gondol [fictitious country]. Tensions reached their high-point when Mr. Yanken, the prime minister of Gondol, claimed that he was going to develop a series of high-tech weapons systems." The participant was instructed that he or she was to negotiate on behalf of The United States in regards to the development of weapons systems.

The participant was informed, "You and Mr. Yanken must choose, without knowing the other's choice, between acting honestly with another and deceiving one

another." After each turn, both sides of the negotiation received a certain amount of token gold coins. These were fake coins that essentially acted as points. There was no monetary value for these coins. The payout was as follows:

*If both act honestly, then both receive 7 gold coins.

*If one acts honestly, but the other has been deceptive, the deceptive one will receive 10 gold coins and the honest one 0 gold coins.

*If both act deceptively, then both receive 3 gold coins.

The participants played three rounds of the game, negotiating three different technologies that will either receive or not receive investment (e.g., nuclear drones). At the beginning, participants did not know exactly how many rounds there would be. In addition, the participants did not know that Mr. Yanken behaved in the same manner no matter the behavior or strategy of the participant. This made it so counterpart's choices were the same for each participant. I did not try to convince participants that they were negotiating against a real person.

Measures

Negotiation self-efficacy

As used by Miles and Maurer (2012), I used the 8-item Sullivan et al. (2006) negotiation self-efficacy scale, which involves distributive self-efficacy and integrative self-efficacy. Participants read the following instructions:

Think of negotiation situations in general, not any one specific negotiation.

Please estimate your level of confidence that, in a typical negotiation, you could perform effectively in each of the negotiation elements listed below if that particular element were relevant to the negotiation.

Participants responded on a 5-point Likert scale (1- strongly disagree, 5- strongly agree). An example item for distributive self-efficacy is "convince the other negotiator to agree with you." I used an average of the scale to give a total score for distributive negotiation self-efficacy as well as integrative negotiation self-efficacy, with higher scores indicating greater levels of negotiation self-efficacy. Sullivan et al. (2006) found that the overall reliability of integrative negotiation self-efficacy was .80 and distributive negotiation self-efficacy was .83. The complete measure is provided in Appendix A.

Prosocial motivation

I measured prosocial motivation using the scale developed by Grant and Sumanth (2008), which has a reliability score of .96 (Grant & Sumanth, 2008). Participants were instructed, "For each question below, please indicate your extent of agreement or disagreement." They answered the 5-item questionnaire on a 5-point Likert scale (1- strongly disagree, 5- strongly agree). One sample item is, "I get energized by working on tasks that have the potential to benefit others." This prosocial motivation scale has been featured in the *Academy of Management Journal* (Grant & Berry, 2011), as well *The Journal of Applied Psychology* (Grant & Sumanth, 2009). Scores were calculated by averaging the five items, with higher scores indicating greater prosocial motivation. The complete measure is provided in Appendix B.

Machiavellianism

I measured Machiavellianism using the 16-item scale developed by Dahling, Whitaker and Levy (2009). Participants were instructed, “For each question below, please indicate your extent of agreement or disagreement.” They answered on a 5-point Likert scale (1- strongly disagree, 5- strongly agree). One sample item is, “Status is a good sign of success in life.” It should be noted that I did not use the Mach IV measures. This is due to the fact that there is too large a range of reliability in the scale across groups. For example, one study found that the reliability of the Mach IV for women was .39, but .73 for men (Geis, 1970). In addition, the Mach IV have been suggested to have reliabilities as high as .79 (Christie & Geis, 1970) or .76 (Hunt & Chonko, 1984), while others have found it to be as low as .46 (White, 1984). In contrast, I am more confident about the Dahling scale, as it has a reliability measure of .82, and has been validated by Mesko, Lang, Czibor, Szijjarto, and Bereczkei (2014). Further, DeShong, Grant and Mullins-Sweatt (2015) tested the construct and found reliability scores of .84.

There are four subscales for the Machiavellianism measure, which include amorality, desire for control, desire for status, and distrust of others. I used an average of the subscales to give a total score for Machiavellianism, with higher scores indicating greater levels of Machiavellianism. Averaging the four subscales into a single score was enacted in a recent study by DeShong et al. (2015). The complete measure is provided in Appendix C.

Schwartz values

Schwartz values were measured using the self-transcendence and self-enhancement questions developed by Schwartz (1992). Self-transcendence is composed of benevolence and universalism. Self-enhancement is composed of achievement and power. The internal reliabilities are as follows: benevolence .68; universalism .73; achievement .65; power .66 (Sagiv & Schwartz, 2000). I chose Schwartz values, as it is one of the most common methods in the top journals for assessing values, suggested to have the most robust measures, as indicated in a recent meta-analysis (Vauclair, Hanke, Fischer & Fontaine, 2011).

Participants were instructed: In this questionnaire you are to ask yourself: "What values are important to ME as guiding principles in MY life, and what values are less important to me?" Participants evaluated 24 items, and were asked to rank them from 1 to 5.

- 1--means you are opposed to this value.
- 2--means the value is not at all important, it is not relevant as a guiding principle for you.
- 3--means the value is important.
- 4--means the value is very important.
- 5--means the value is of supreme importance

An example item is equality (equal opportunity for all) and social power (control over others, dominance).

Scores for self-transcendence and self-enhancement were calculated as averages across sub-scale items. High raw scores for both self-transcendence and self-

enhancement were be coded as high levels for the construct. Similarly, low raw scores translated to low overall levels for the construct. The complete measure is provided in Appendix D.

Control Variables

Similar to Olekalns, Kulik and Chew (2013), I controlled for work experience (in years), gender (0 female, 1 male), and age (in years), due to the possibility that these variables might explain the use of deception.

Deception

Deception was measured by each time the participant chose to act against the agreement that he or she made. For example, if the participant promised not to develop a nuclear drone, but then builds one anyway, this choice was coded as deception. Participants could have deception scores of 0,1,2 or 3, depending on how many times they use deception. Because there were three iterations, and one can use deception only once in a negotiation, the highest deception score for each participant was three. For this study there was only the opportunity for sin of commission.

Manipulation

Reputation was manipulated as a part of the experiment. Through the Qualtrics randomization function, participants were randomly assigned to either the treatment group or the control group. Contained in the instructions for the treatment or “bad reputation” group was the line “Mr. Yanken has a reputation for lying and deceit. Others

have called him ‘distrustful’ and ‘unpredictable.’” For those in the control group, the above line was removed.

Manipulation Check

Podsakoff, Whiting, Podsakoff, and Mishra (2011) suggest that to show the validity of an experiment a researcher must demonstrate the two different conditions are markedly different in the treatment verses the control group. For this reason, at the end of the experiment participants in both the treatment and control group were asked, “How would you rate Mr. Yanken’s reputation?” The option is to rank Mr. Yanken’s reputation from 0 to 100, with 0 being a “really bad reputation” and 100 being a “really good reputation.” Over the first 10 days of the experiment, 40 respondents responded and these responses were pilot tested to see if the manipulation was effective. The effects of this manipulation were supported by subsequent analysis. A one-way ANOVA (*F= 8.03, df=38, p<.01,)* demonstrated that the mean rating of counterpart reputation was indeed dramatically different for the group that was told in the beginning of the negotiation that their counterpart had a negative reputation (*M*= 30.92) verses the control group which was given no information about reputation (*M*=48.73). Likewise, in the broader sample (n=198), the mean for the treatment group (*M*=33.71) was dramatically different (*F=18.13, df*=187, *p<.01*) than the mean for the control group (*M*=47.18).

Analysis

It should be noted that Study 1 was conducted at the individual level. Since the

counterpart (Mr. Yanken) response is automated in a pre-programmed format (i.e., no matter what the participant does, the computer response will be the exact same), there is no need to analyze these results at the dyad level. For this analysis, all independent variables were centered to mitigate issues of multicollinearity.

Descriptive Statistics

The descriptive statistics, correlations, and reliabilities are presented in Table 5. The means and standard deviations in Table 5 are reported for uncentered variables.

Table 5- Descriptive statistics, correlations and reliability measures.

	Mean	SD	1	2	3	4	5	6	7	8
1. Deception	1.52	.88	-							
2. Dist. neg self-efficacy	3.65	.60	.09	*0.68*						
3. Int. neg self efficacy	3.95	.39	-.04	.23**	*0.8*					
4.Machiavellianism	2.87	.56	.08	.23**	-.01	*0.85*				
5. Pro social motivation	4.10	.67	.05	.32**	.34**	-.15*	*0.89*			
6. Self-enhancement	3.86	.58	-.01	.34**	.21**	.32**	.26**	*.79*		
7. Self transcendence	4.16	.58	-.11	.26**	.29**	-.09	.50**	.55**	*.89*	
8. Prescribed reputation	0.51	.50	.1	-.02	.01	-.05	.03	.03	.03	-

***P<0.01; *P<0.05*

Confirmatory factor analysis

For Study 1 I ran a confirmatory factor analysis, in which I created a model with six factors (distributive negotiation self-efficacy, integrative negotiation self-efficacy, prosocial motivation, Machiavellianism, self-enhancement and self-transcendence). The completely standardized loadings can be seen in Table 6. The model is a poor fit for the data (X^2=2644, *p<.01*, RMSEA=.09, CFI=.68, SRMR=.11). Hu and Bentler (1995) suggest a cutoff for RMSEA of .06 and CFI of .95. Thus, the fit of the overall model appears to be poor. It should be noted that much of the poor fit appears to be

due to the measures of Machiavellianism, which has loadings as low as .21. I reran a CFA taking out Machiavellianism, and by doing so, the CFI improves from .68 to .79, the SRMR improves to .08. However, the RMSEA does not appear to make significant improvements.

Table 6- Confirmatory factor analysis, completely standardized solution

Item name	Distributive negotiation self-efficacy	Integrative negotiation self-efficacy	Prosocial motivation	Machiavellianism	Self enhancement	Self transcendence
Dist 1	.54					
Dist 2	.67					
Dist 3	.79					
Dist 4	.46					
Int 1		.83				
Int 2		.61				
Int 3		.77				
Int 4		.65				
Pro 1			.79			
Pro 2			.82			
Pro 3			.78			
Pro 4			.77			
Pro 5			.76			
M1				.61		
M2				.62		
M3				.73		
M4				.73		
M5				.60		
M6				.41		
M7				.54		
M8				.25		
M9				.40		
M10				.26		
M11				.21		
M12				.38		
M13				.54		
M14				.59		
M15				.39		
M16				.56		
ST1					.63	
ST2					.58	
ST3					.51	
ST4					.63	
ST5					.52	
ST6					.65	
ST7					.73	
ST8					.53	
ST9					.54	
ST10					.73	
ST11					.75	
SE1						.19
SE2						.44
SE3						.44
SE4						.66
SE5						.82

SE6						.71
SE7						.45
SE8						.75

Results

Table 6 summarizes my findings. In Table 6, regression weights are unstandardized. Since Study 1 was not designed to address the mediating effects of perceived fairness, hypothesis 1a was not tested in Study 1. Also, due to the fact that there was no opportunity for sin of omission, hypotheses 1b was not tested in Study 1. Hypothesis 1c predicted that principals who negotiate against a counterpart with a negative reputation will be more likely to use deception in the form of sin of commission. Model 1 illustrates the effects of reputation on deception, controlling for gender, age and work experience. Model 1 is not statistically significant. Thus, hypothesis 1c is not supported.

Since Study 1 did not address sins of omission, hypotheses 2a, 2b, 3a and 3c were not tested in Study 1. Hypothesis 3b predicted that distributive negotiation self-efficacy would moderate the relationship between counterpart reputation and principal use of deception in the form of sin of commission. Model 2 illustrates the moderating effects of distributive negotiation self-efficacy. The interaction variable is statistically significant at the .05 level. Thus, distributive negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in distributive negotiation self-efficacy are more likely to use deception. Hypothesis 3b is supported. See Figure 5 for the graph of the moderating effects. The graphed pattern shows that those with high distributive negotiation self-efficacy are more likely to use deception against a counterpart with a bad reputation than are those who are low in

distributive negotiation self-efficacy. The moderating variable for hypothesis 3d, which claimed that integrative negotiation self-efficacy will moderate the relationship between counterpart reputation and the use of sin of commission, is shown in Model 3 and is not significant. Thus, hypothesis 3d could not be supported.

Hypothesis 4a was not tested in Study 1. Hypothesis 4b predicted that prosocial motivation would moderate the relationship between counterpart reputation and principal use of deception in the form of sin of commission. Model 4 illustrates the moderating effects of prosocial motivation. The interaction variable has an unstandardized beta weight of .027 and is not statistically significant. Hypothesis 4b is not supported.

Hypothesis 5a was not tested in Study 1. Hypothesis 5b predicted that Machiavellianism would moderate the relationship between counterpart reputation and principal use of deception for sin of commission. Model 5 tests the moderating effects of Machiavellianism. The interaction variable has an unstandardized beta weight of .347 and is not statistically significant. Hypothesis 5b is not supported. It should be noted that the direct effect of the beta weight of Machiavellianism is .221, significant at the .10 level, which suggests a moderate connection between Machiavellianism and the use of deception. This provides further support for the research by Christie and Geis (1970), who suggested a connection between Machiavellianism and the use of deception.

Hypotheses 6a and 6c were not tested in Study 1. Hypothesis 6b predicted that self-transcendence would moderate the relationship between counterpart reputation and principal use of deception in the form of sin of commission. Model 6 illustrates the

moderating effects of self-transcendence. The interaction variable has an unstandardized beta weight of -.466 and is significant at the $p<.01$ level. Hypothesis 6a is supported. The simple slopes are graphed in Figure 6. This figure illustrates that those who are high in self-transcendence are less likely to use deception against a counterpart with a bad reputation than are those who are low in self-transcendence.

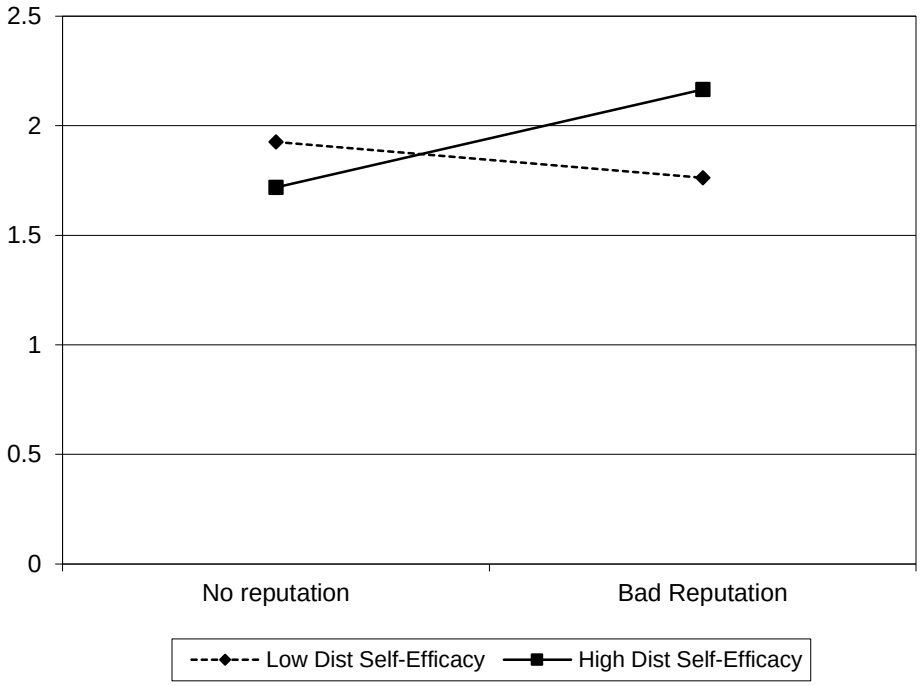
Hypothesis 6d predicted that self-enhancement would moderate the relationship between counterpart reputation and principal use of deception. Model 7 illustrates the moderating effects of self-enhancement. The interaction variable has an unstandardized beta weight of -.064 and is not statistically significant. Hypothesis 6d is not supported.

Table 6
Model analysis for predicting sin of commission

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6		Model 7	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Control variables														
Gender	-.25	.13	-.16	.13	-.23	.13	-.25	.13	-.18	.13	-.27	.13	-.26	.13
Age	-.01	.02	-.01	.02	-.01	.02	-.01	.02	-.01	.02	-.01	.02	-.01	.02
Work experience	.03	.02	.03	.02	.04	.02	.03	.02	.03	.02	.03	.02	.03	.02
Main effects														
Prescribed Reputation	.13	.129	.14	.12	.15	.12	.13	.13	.15	.12	.14	.12	.13	.13
Dist negotiation self-efficacy			.08	.10										
Int negotiation self-efficacy					-.22	.16								
Prosocial motivation							.05	.10						
Machiavellianism									.22*	.12				
Self-transcendence											-.24***	.11		
Self-enhancement													-.03	.11
Two-way interactions														
Dist negotiation self-efficacy*rep			.50**	.21										
Int negotiation self-efficacy*rep					-.46	.33								
Prosocial motivation*rep							.02	.20						
Machiavellianism*rep									.34	.23				
Self-transcendence*rep											-.46***	.22		
Self-enhancement *rep													-.06	.23
F	3.0		3.2		2.6		2.0	2.9			3.5			2.0
R^2	.07		.10		.09		.07	.09			.11			.07
ΔR^2			.03		.01		.00	.01			.02			.00

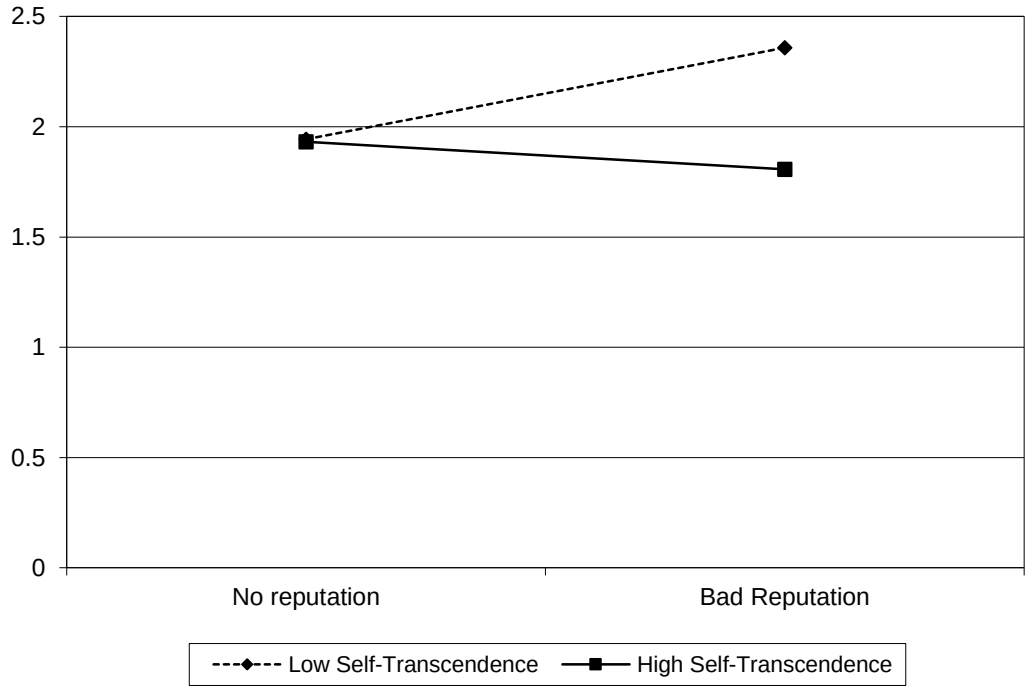
*** $p<$ 0.01, ** $p<$ 0.05, * $p<$ 0.10
Note: All independent variables are centered

Figure 5: Moderating effects of distributive negotiation self-efficacy on the relationship between counterpart reputation and deception.



Note: High condition is one standard deviation above the mean of distributive negotiation self-efficacy and low condition is one standard deviation below the mean. For ease of interpretation, variables are not centered. The Y-axis is the number of times the participant used deception.

Figure 6- Moderating effects of self-transcendence on the relationship between counterpart reputation and deception.



Note: High condition is one standard deviation above the mean for prosocial motivation and low condition is one standard deviation below the mean. For Figure 6, for ease of interpretation, variables are not centered. The Y-axis is the number of times the participants used deception.

Table 7- General summary of hypotheses and results for Study 1

Hypothesis	Result
1a	**Tested in Study 2**
1b	**Tested in Study 2**
1c	**Hypothesis not supported**
2a	**Tested in Study 2**
2b	**Tested in Study 2**
3a	**Tested in Study 2**
3b	**Significant at p<.05**
3c	**Tested in Study 2**

3d	**Hypothesis not supported**
4a	**Tested in Study 2**
4b	**Hypothesis not supported**
5a	**Tested in Study 2**
5b	**Hypothesis not supported**
6a	**Tested in Study 2**
6b	**Significant at p<.01**
6c	**Tested in Study 2**
6d	**Hypothesis not supported**

Study 1 Discussion

In Study 1 I used an online simulated negotiation in which participants acted as the President of The United States negotiating against a counterpart from a fictitious country. In this negotiation reputation was manipulated, in that the treatment group was informed that their counterpart had a negative reputation. The results from Study 1 suggest that those with high distributive negotiation self-efficacy are more likely to use deception against a counterpart with a bad reputation than are negotiators with a low distributive negotiation self-efficacy. Sullivan et al. (2006) suggested that the use of exploitative negotiation techniques, such as antagonism and threats, can be predicted by those who are high in distributive negotiation self-efficacy but not by those high in integrative negotiation self-efficacy. This study shows that those high in distributive negotiation self-efficacy respond to reputation effects by enhancing their aggressive negotiation responses by increasing the use of deception. In contrast the group that has low distributive negotiation self-efficacy does not experience a significant change in the use of deception in the case of a counterpart with a bad reputation. If anything, the low distributive negotiation self-efficacy group experiences a slight decrease in deceptive behaviors.

In terms of self-transcendence, Study 1 showed that when negotiating against a counterpart with a bad reputation, those who have high self-transcendence are less likely to use deception than are those with low levels of self-transcendence. My analysis suggests that there is no difference between the two groups in terms of the use of deception when negotiating against a counterpart with no mention of reputation. This suggests that reputation triggers such behavioral responses in a way that the absence of reputation does not. A study on the relationship between situational power and self-transcendence in ultimatum bargaining (Lonnqvist, Walkowitz, Verkasalo, & Wichardt, 2011), suggested that self-transcendence was activated, and thus impacting bargaining behavior, only in those who were told that they were in a high power situation. Thus, the moderation effects for self-transcendence in Study 1 suggest that self-transcendence can activate behavioral differences in deception when there is an impetus, such as a counterpart with a bad reputation.

Study 2

In Study 1, I used the theory from prisoner's dilemma to test the effect that reputation has on the decision to use deception. The results did not suggest that a negative reputation leads to the use of deception. However, there was support for the hypotheses that suggest that both distributive negotiation self-efficacy and self-transcendence moderate the relationship between counterpart reputation and the use of deception. The limitation of Study 1 is that it is a computer-generated test done through Qualtrics, in which one person is playing against an automated response. It could be that there is an overall greater or smaller effect of reputation on deception due to the

nature of the test itself. Further, the moderators could also be impacted by the virtual element of the online experiment. Because Study 1 was conducted with automated responses, it is important that I test hypotheses laid out in Study 2 with human dyads in an experimental scenario. For this reason, Study 2 was a negotiation that took place between two dyad members. Further, in Study 2, I tested for the mediation effects of perception of fairness as well as for both sin of omission and sin of commission. In Study 1, I did not test for fairness, nor did I test for sin of omission.

Participants

Data were collected from the population of undergraduate students taking a management course at a large southeastern university in the United States. Students from 6 sections were offered extra credit for participating in the study. Total participants were 144 or 72 dyads. One dyad did not finish the activity, thus there is a usable sample of 71 dyads. Of the participants, 53% identified as female, and the average age was 23.40 (*SD* =4.95). Participants identified as Caucasian (27%), African-American or black (37%), Hispanic (8%), Asian American or Asian (21%), Other or no response (7%). Average full-time work experience was 2.02 years (*SD*=1.46).

Design

In this study, participants negotiated in a simulated negotiation, which is an adapted version of “General Automotive,” developed by Aquino (1998). Permission was granted by Aquino to adapt his negotiation case for this study and to use it for the purposes of this dissertation.

In this negotiation subjects were randomly assigned the role of either a representative of a large car manufacturer, General Automotive, or as the president of a metal parts firm. The negotiation activity takes place at the end of a longer negotiation process between the two sides, which would enable the small firm to have a multi-year agreement to produce aluminum hoods for the car manufacturer. The participants must negotiate a single, final price for the price of each delivered aluminum hood. Both the representative of the car manufacturer and the president of the small firm were given a confidential set of instructions that explains their own, unique agenda.

In confidence, the General Automotive representative was provided with information that could potentially elicit deceptive behaviors. Specifically, he or she was told that " (a) improvements in design will make the aluminum hood obsolete in three years and (b) General Automotive planned to produce the new design in-house." Representatives for General Automotive were likewise informed that the contract resulting from the negotiations could be nullified by General Automotive at any point that the company chooses. Therefore, the contract negotiated could be nullified and no longer valid three years from the time of the negotiation. They were also informed that the supplier does not know this information. In short, the representative knows that his or her company will likely nullify the contract in three years and that his or her counterpart does not know this information. The representative for General Automotive is the focal negotiator for this experiment and is the only one in the dyad that has the opportunity to engage in deception. The supplier is not of interest in this study.

Representatives for General Automotive were also told that the target price was $25 per hood. According to the profit scenario (see Appendix G) this would result in a

$1.5 million loss for the supplier over three years, but would be a $7.5 million profit if the contract ran nine years.

There were two different versions of the General Automotive representative confidential instructions. In the treatment group, the representatives were told that their counterpart (the supplier) has a bad reputation, specifically, that they have a history of lying in negotiations. In the control group, there was no information given about the counterpart.

The supplier was also provided with a confidential sheet. This information indicated that the supplier was eager to settle an agreement with General Automotive, in order that the supplier can become a major player in the industry. The supplier is informed that this contract is considered a good first step in their broader, long-term strategy.

The supplier received information about profits at various price levels in a graph (see Appendix H). This chart shows that the supplier is aware that if the contract were to be terminated before 3 years, any price lower than $30 per hood will cause the supplier to take significant losses. In their scenario write-up, the supplier was informed that the reason for this loss is the high start-up costs that will come about due to the manufacturing capital expenditures that must be built to produce the aluminum hoods.

Before the negotiation began, participants were asked to provide information that includes demographic information as well as the measures for negotiation self-efficacy, prosocial motivation, Machiavellianism, and Schwartz values.

Manipulation check

At the end of the negotiation, participants were asked “what is the reputation of your counterpart?” They were given the option of bad, moderately bad, neither good nor bad, moderately good and good, 1 to 5, respectively. I pilot tested the first 10 dyads to see if the manipulation was effective. The effects of this manipulation were supported by subsequent analysis. A one-way ANOVA, (*F= 12.50, df=9, p<.01*) demonstrated that the mean rating of counterpart reputation was indeed dramatically different for the group that was told in the beginning of the negotiation that their counterpart had a negative reputation (*M*=1.60) as opposed to the control group, which was given no information about reputation (*M*=3.60). Likewise, in the broader sample (n=71), the mean for the treatment group (*M*=1.91) was dramatically different than the mean for the control group (*M*=3.61), *F=11.83, df=70, p<.01*.

Dependent Variable

As did Aquino (1998), I tested deception by asking, not the representative, but rather the supplier “Did the agent tell you how many years they will need you to make hoods for them?” and “If so, how many?” This allowed me to code for sins of commission for lying about the length of the contract and for sins of omission by not being forthright about the contract being canceled in three years. Thus, if a General Automotive representative does not mention how many years that they will be buying aluminum hoods (honest answer is three years), then this qualifies as sin of omission, since it is material information that is vital to the supplier. If the General Automotive representative says that the contract will be for nine years, then this is sin of commission or direct deception, because the representative knows that it will be only three years.

Measures

For Study 2, I used the same measures for Schwartz values, prosocial motivation, Machiavellianism and negotiation self-efficacy that I used for Study 1.

Perception of fairness of a counterpart

To answer if the participant viewed the counterpart as being a fair negotiator, participants were asked the three-item measure developed by Zapata-Phelan, Colquitt, Scott, & Livingston (2009). A sample item is, “In general, my counterpart was fair.” Participants answered these questions on a 5-point Likert scale (1- strongly disagree, 5- strongly agree). Perception of fairness measure can be found in Appendix G.

Control Variables

Similar to Olekalns, Kulik and Chew (2013), I initially controlled for work experience (in years), gender (0 female, 1 male), and age (in years), due to the possibility that these variables might explain the use of deception. However, when I tested the models with the control variables in, none of the control variables were statistically significant. Therefore, I removed the control variables from the model, and present the model without the use of control variables. This is in line with a recent article by Spector and Brannick (2011) who suggested that one should reconsider using control variables that are not connected to the statistical model.

Analysis

It should be noted that Study 2 was conducted at the individual level. The only relevant measurements for the study were the measurements for the buyer in the negotiation, such that all data regarding sellers are not relevant to the analysis. In addition, there is a lack of group level data to analyze. Thus, it was determined that all data should be analyzed at the individual level. For this analysis all independent variables were centered to mitigate issues of multicollinearity. I used same-person mean replacement for missing data.

Descriptive Statistics

The descriptive statistics, correlations, and reliabilities are presented in Table 7.

Table 7: Descriptive statistics, correlations and reliability measures. [1]

	Mean	SD	1	2	3	4	5	6	7	8	9	10
Treatment	0.51	0.5	-									
Fairness	3.85	0.69	-0.10	*.75*								
Integrative Self-efficacy	3.68	0.60	-0.08	0.36**	*.59*							
Distributive Self-efficacy	3.76	0.63	-0.15	0.31**	0.38**	*.61*						
Pro-social motivation	3.95	0.64	-0.18	0.55**	0.51**	0.32**	*.85*					
Machiavellianism	2.92	0.47	0.00	-0.26*	-0.08	0.09	-0.17	*.72*				
Self-transcendence	3.86	0.99	-0.04	0.43**	0.48**	0.33**	0.47**	-0.03	*.89*			
Self-enhancement	3.54	1.07	0.07	0.48**	0.44**	0.40**	0.37**	-0.02	0.70**	*.85*		
Sin of omission	0.42	0.50	0.07	-0.10	-0.10	-0.09	-0.15	0.15	0.03	0.08	-	
Sin of commission	0.44	0.50	0.04	0.15	0.09	0.25*	0.10	0.21	0.21	0.16	-0.41**	-

***P<0.01; *P<0.05*

Confirmatory factor analysis

[1] The means and standard deviations reported are for uncentered variables.

For Study 2 I ran a confirmatory factor analysis, in which I created a model with seven factors (fairness, distributive negotiation self-efficacy, integrative negotiation self-efficacy, prosocial motivation, Machiavellianism, self-enhancement and self-transcendence). The completely standardized loadings can be seen in Table 8. The model is a poor fit for the data (X^2=1558, *p<.01*, RMSEA=.06, CFI=.48, SRMR=.12). Hu and Bentler (1995) suggest a cutoff for RMSEA of .06 and CFI of .95. While the RMSEA value appears to be within the cutoffs set by Hu and Bentler, the CFI shows misfit. Thus, the fit of the overall model appears to be poor. It should be noted that much of the poor fit appears to be due to the measures of Machiavellianism, which has loadings as low as .19. I reran a CFA without Machiavellianism and found that the RMSEA did not improve overall. However, the CFI improved to .69 and the SRMR improved to .10.

Table 8: Confirmatory factor analysis, completely standardized solution

Item	Fairness	Distributive negotiation self-efficacy	Integrative negotiation self-efficacy	Prosocial motivation	Machiavellianism	Self enhancement	Self transcendence
Fair 1	.85						
Fair 2	.78						
Fair 3	.72						
Dist 1		.53					
Dist 2		.79					
Dist 3		.56					
Dist 4		.25					
Int 1			.46				
Int 2			.63				
Int 3			.62				
Int 4			.40				
Pro 1				.77			
Pro 2				.69			
Pro 3				.71			
Pro 4				.75			
Pro 5				.74			
M1					.46		
M2					.55		
M3					.66		
M4					.61		
M5					.40		
M6					.44		

M7					.56		
M8					.40		
M9					.66		
M10					.30		
M11					.33		
M12					.22		
M13					.20		
M14					.37		
M15					.23		
M16					.19		
ST1						.61	
ST2						.74	
ST3						.60	
ST4						.50	
ST5						.62	
ST6						.69	
ST7						.59	
ST8						.64	
ST9						.65	
ST10						.62	
ST11						.63	
SE1							.33
SE2							.66
SE3							.63
SE4							.68
SE5							.64
SE6							.69
SE7							.67
SE8							.72

Results

Table 8 and Table 9 summarize the findings of Study 2. It should be noted, that I removed the control variables of age, gender and work experience, because when I ran the analysis, these variables were not significant. Hypothesis 1a stated that, when principals negotiate with counterparts with negative reputations, they are more likely to view the counterpart as an unfair negotiator. I ran a one-way ANOVA to test this hypothesis, which resulted in $F=1.10, df=70, p<.40$. Thus, hypothesis 1a could not be supported.

Hypothesis 1b stated that when principals negotiate with counterparts with negative reputations, they are more likely to use deception in the form of sin of omission. I ran a one-way ANOVA to test this hypothesis, which resulted in *F=.33, df=70, p<57*. Thus hypothesis 1b could not be supported.

Hypothesis 1c suggested that when principals negotiate with counterparts with negative reputations, they are more likely to use deception in the form of sin of commission. I ran a one-way ANOVA to test this hypothesis, which resulted in *F=.12, df=70, p<.74*. Thus hypothesis 1c could not be supported.

Hypothesis 2a and 2b suggested that the principal belief that a counterpart is unfair will partially mediate the relationship between counterpart reputation and principal use of deception in the form of sin of omission and sin of commission. In order to establish mediation effects there must be a significant relationship between the mediating and the dependent variable (Shrout and Bolger, 2002). Using linear regression, the relationship between fairness and sin of omission (*F=.03, df=70, p<.87)* as well as fairness and sin of commission (*F=.28*, df=70, p<.60) could not be supported. Thus neither hypothesis 2a nor 2b could be supported.

Hypotheses 3a (see Model 2 in Table 8) and 3b (see Model 2 in Table 9) suggest that distributive negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in distributive negotiation self-efficacy are more likely to use deception in the form of sin of omission and sin of commission. For sin of commission, the moderating effects of distributive negotiation self-efficacy had an unstandardized beta value of -.331 but were not statistically significant. When running the model without the moderating effects, distributive

negotiation self-efficacy has main effects of .212, which is significant at the .05 level. Hypotheses 3c and 3d (see Model 4 in Table 9) suggest that integrative negotiation self-efficacy moderates the relationship between counterpart reputation and principal deception, such that those high in integrative negotiation self-efficacy are less likely to use deception in the form of sin of omission and sin of commission. These hypotheses could not be supported.

Hypotheses 4a (see Model 3 in Table 8), 4b (see Model 5 in Table 9), 5a (see Model 4 in table 8), and 5b (see Model 6 in Table 9) suggested that prosocial motivation and Machiavellianism moderated the relationship between prescribed reputation and use of deception. These hypotheses could not be supported.

Hypotheses 6a (see Model 5 in Table 8), 6b (see Model 7 in Table 9), 6c (see Model 6 in Table 8) and 6d (see Model 8 in Table 9) suggested that self-transcendence and self enhancement moderates the relationship between counterpart reputation and principal deception, such that those high in self-transcendence are less likely to use deception in the form of sin of omission and sin of commission and that those high in self-enhancement are more likely to use deception in the form of sin of omission and sin of commission. However, the moderating effects of both self-transcendence and self-enhancement could not be supported, neither for sin of commission nor sin of omission.

Table 8
Model analysis for predicting sin of omission

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Main effects												
Prescribed Reputation	.07	.12	.06	.12	.06	.12	.04	.12	.07	.11	.07	.12
Dist negotiation self-efficacy			-.05	.10								
Prosocial motivation					-.08	.10						
Machiavellianism							.12	.10				
Self-transcendence									.10	.13		
Self-enhancement											.02	.06
Two-way interactions												
Dist negotiation self-efficacy*rep			.14	.20								
Prosocial motivation*rep					-.07	.20						
Machiavellianism*rep							-.16	.19				
Self-transcendence*rep									-.41	.26		
Self-enhancement*rep											-.01	.12
F	.33		.41		.50		.76		1.48		.13	
F p-value	.56		.74		.61		.51		.23		.94	
R^2	.01		.02		.01		.03		.06		.01	
ΔR^2	n/a		.01		.00		.01		.03		.00	

*** *p*< 0.01 level; ** *p*< 0.05 level; * *p*< 0.10 level
Note: There are no overall models that are statistically significant at the *p<.05* level

Table 9
Model analysis for predicting sin of commission

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6		Model 7		Model 8	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Main effects																
Prescribed Reputation	.04	.12	.08	.11	.07	.12	.04	.12	.05	.12	.04	.12	.05	.12	.02	.12
Dist negotiation self-efficacy			.21**	.10	.18*	.10										
Int negotiation self-efficacy							.08	.10								
Pro social motivation									.08	.10						
Machiavellianism											.26**	.13				
Self-transcendence													.11*	.06		
Self-enhancement															.11	.11
Two-way interactions																
Dist negotiation self-efficacy*rep					-.26	.19										
Int negotiation self-efficacy*rep							-.04	.20								
Pro social motivation*rep									-.18	.19						
Machiavellianism*rep											.22	.26				
Self-transcendence*rep													-.01	.12		
Self-enhancement*rep															-.02	.21
F	.11		2.44		2.31		.24		.62		1.33		1.12		.48	
F p-value	.73		.09		.08		.86		.60		.27		.34		.69	
R^2	.00		.10		.09		.01		.02		.06		.05		.02	
ΔR^2	n/a		n/a		.03		.00		.01		.02		.00		.00	

*** *p*< 0.01 level; ** *p*< 0.05 level; * *p*< 0.10 level
Note: There are no overall models that are statistically significant at the *p<.05* level

Study 2 Discussion

In Study 2, I tested the same hypotheses as I did in Study 1 with the addition of testing the mediation effects of fairness perceptions as well as incorporating sin of omission in addition to sin of commission. Study 2 moved beyond a simple online negotiation to a dyadic negotiation between participants playing the role of buyer or supplier for an automotive company. Overall none of the hypotheses could be supported. However, it should be noted that for sin of commission, the moderating effects of distributive negotiation self-efficacy had an unstandardized beta value of -.331 but was significant at the .11 level. Further, when running the model without the moderating effects, distributive negotiation self-efficacy has main effects of .212, which is significant at the .05 level. In regards to negotiation self-efficacy, the findings from Study 2 appear to support the findings from Study 1, which had a sample size of 198. However, Study 2 appeared to show no support for the role of self-transcendence neither as a direct effect nor as an interaction effect with reputation.

General Discussion

Much of the discussion on deception in negotiation has centered on negotiator characteristics (Olekalns et al., 2014l Tenbrunsel, 1998) and characteristics of the negotiation itself (Schweitzer & Croson, 1999; Lewicki, Poland, Minton, & Sheppard, 1997). This stream of research has yet to include empirical or theoretical studies that examine the characteristics of a negotiator's counterpart, specifically the role of counterpart reputation. In this paper I conducted two experiments that looked at the

relationship between counterpart reputation and the use of deception. The following are the conclusions that seem warranted from these studies.

First, unfortunately these two studies were unable to demonstrate a significant direct connection between counterpart reputation and the use of deception. While for both studies, the manipulation check demonstrated that the treatment group, in fact, understood that their counterpart had a bad reputation, their resulting behavior did not lead to a change in the use of deception. These insignificant results, in both Study 1 and Study 2, also limited the possible mediating effects of perceived fairness, which was tested in Study 2. One possible explanation for the nonsignificant results is the inherent limitations of negotiation experiments, which stands in contrast to field studies. It is common in negotiation experiments for participants to understand a manipulation but not to act on the manipulation presented (Miles & Schatten, 2015). Thus, future research ought to incorporate field experimentation to see if, in actual negotiation settings, there is a connection between counterpart reputation and the use of deception. Another explanation is that perhaps the experience of the negotiator matters and that by conducting experiments with undergraduate students who are less likely to have significant negotiation experience, the direct effects between counterpart reputation and use of deception might be muted. One possible remedy is to run future studies with MBA students or to conduct negotiation training before such experiments take place. This will make it more likely that the participants will be more mindful about the counterpart and will draw on analytical frameworks. In the end, reputation might feel more salient and will be more likely to have main effects.

Second, these two studies largely confirmed the significant role of distributive negotiation self-efficacy in the relationship between counterpart reputation and the use of deception. In Study 1, I showed that distributive negotiation self-efficacy moderates the relationship between counterpart reputation and the use of deception. This confirms the theoretical considerations discussed concerning prisoner's dilemma, namely that someone is more likely to act in an aggressive manner when facing off against a counterpart who is viewed as likely to act in an aggressive manner (Campbell, 1985). These results suggest that those who believe strongly that they are capable at distributive negotiations (win-lose) might recognize that an individual with a negative reputation is more likely to act in an aggressive manner and thus, use deception in return. While the moderation effects of distributive negotiation self-efficacy for Study 2 were not significant (only significant at the $p<.11$ level), there is good reason to believe that findings of Study 2 would confirm the findings in Study 1 should I collect more data in the future. Further, Study 2 was able to confirm the direct effects of distributive negotiation self-efficacy on the use of sin of commission. As sin of commission is considered the direct form of deception (Olekalns et al., 2014), it is not surprising that distributive negotiation self-efficacy was found to lead to sin of commission but not sin of omission.

Third, my difficulty in finding significant results appears to stand in contrast to other studies on deception in negotiation. Other studies appear to confirm that certain characteristics, such as power or perception that a counterpart is benevolent, activate deception (Olekalns, Horan & Smith, 2014; Olekalns & Smith, 2007). However, in these studies, I was unable to support the hypothesis that counterparts with a bad reputation

lead to a negotiator to use deception. One possible explanation is that this might occur due to the fact that counterpart characteristics are not as salient an effect as negotiator characteristics or characteristics of the negotiation.

Fourth, the results from Study 1 found that self-transcendence moderates the relationship between reputation and the use of deception. These results suggest that those who are high in self-transcendence are less likely to use deception against a counterpart with a bad reputation than are those who are low in self-transcendence. Unfortunately, these results were not confirmed in Study 2. There are two important reasons why this might have occurred. First, the in person negotiation for study two relied on longer introductory readings by participants and a more in-depth negotiation than did the simple online negotiation. There are inherent limitations in relying on undergraduate students for negotiation experiments. For this experiment, unenthusiastic student participation may have hindered the overall effects. A second explanation could be the fact that the option to use deception was overtly stated in Study 1 (participants chose explicitly to either use deception or to act honestly). The effects of self-transcendence might have been more pronounced when participants were asked whether they wanted to act deceptively or act honestly.

Practical Implications

For practitioners, negotiators should be aware of the way in which their own reputation might impact the behavior of their counterparts. Specifically, if a negotiator knows that he or she has a bad reputation, they should be keenly aware if their counterpart has high levels of distributive negotiation self-efficacy. If this is the case, the negotiator should be on guard for potential increased likelihood that such a counterpart

will engage in deceptive practices. Likewise, should a counterpart appear to have low levels of self-transcendence, they should be on heightened alert for counterpart use of deception.

Second, negotiators negotiating against a counterpart with a bad reputation should be aware of their own potential to lapse into unethical behaviors such as the use of deception. A negotiator should know that if they have high levels of distributive negotiation self-efficacy, that they are more likely to use deception when negotiating against a counterpart with a bad reputation. By acknowledging this possibility, such a negotiator can draw on other negotiation skills that fall within the realm of ethical negotiations. Further, negotiators should know that if they have a relatively low level of self-transcendence, that they are more likely to use deception. Again, understanding such potential behavioral changes might lead to guarding against the use of deception.

Future research

In addition to gathering more data to address some of the limitations of Study 2, future research should extend this work to incorporate ascribed reputation. This paper explored prescribed reputation, in which I looked at individual responses to being told that another person has certain reputation characteristics. Love and Kraatz (2009) suggest that a second type of reputation, ascribed reputation plays an important role. Ascribed reputation is the reputation that an individual internalizes about another person. We can imagine that there are distinct differences between the ways in which an individual responds to what they are told about another person's reputation versus what they actually think about that person's reputation. Thus, there could be dramatic differences in the use of deception between ascribed and prescribed reputation.

Further, as discussed previously, the use of field data might find a stronger connection between ascribed reputation and the use of deception.

In this paper I looked exclusively at the effects of negative reputation. I recommend that future research examine the role of positive reputation and its effects on counterpart use of deception in negotiation. One avenue would be to test for affective responses to positive reputation, seeking to understand if negotiator positive affect comes about as a response to counterpart positive reputation, and that this, in turn, decreases the use of deception. Drawing on the extensive work of Grant on prosocial motivation (see Grant & Mayer, 2009; Grant, Parker & Collins, 2009; Grant & Sonnentag, 2010), future studies should test way in which positive reputation impacts ethical decision making for those with varying levels of prosocial motivation. A stream of research on positive or virtuous cycles and the impact on the use of deception could have an impact on practitioners, especially how negotiation is taught in undergraduate and MBA courses.

Additionally, future research might also further investigate the role of reputation, specifically addressing the possibility that reputation might have multiple dimensions, and that these varying dimensions could evoke different responses. For instance, in this study I looked exclusively at negative reputation; however, other dimensions, such as reputation for aggression or reputation for altruism. In each, research might show differing outcomes concerning the use of deception.

Conclusion

In these studies I tested the impact that counterpart reputation has on the use of deception. While I could not find support for the main proposition, that negotiators are more likely to use deception when negotiating against a counterpart with a bad reputation, support could be garnered for the moderating effects of distributive negotiation self-efficacy and self-transcendence.

Chapter 4: Essay 3

DECEPTION AND ITS EFFECTS ON NEGOTIATION OUTCOMES

ABSTRACT

In this essay, I use leakage theory to suggest the case that negotiation outcomes are impacted by principal use of deception and that these effects are moderated by emotional intelligence and political skill. Also, I argue that deception is positively related to distributive outcomes but negatively related to integrative outcomes. I test my hypotheses with a negotiation experiment. While the main effects could not be supported, I was able to find moderating effects of emotional intelligence and political skill.

Using deception in negotiation is inherently a risky proposition. It involves a person or a group of people intentionally misleading another individual or another group of people, often in a matter that is of significance, or concerning situations in which much is at stake. Those who use deception often do so at their own peril. Over time, the repeated use of deception can lead to a negative reputation, which can be difficult to reverse (Goffman, 1967). Discovery of deception can destroy business relationships (Lewicki & Hanke, 2012) and can lead to the unraveling of negotiations (Olekalns & Smith, 2007), producing a lose-lose situation for both negotiation parties. In addition to business and reputation effects, those who use deception run the risk of debilitating legal consequences. In fact, The United States Supreme Court (NLRB v Truitt Manufacturing Company, 1956) established an "Honest Claim" doctrine, which mandates that parties in labor negotiations should operate under good faith, in that "claims made by either party should be honest claims." For many negotiations, the variable that is the subject of deception (i.e. delivery date, promised quality, number of employees that will be devoted to a project, etc.) can be verified and used as evidence in lawsuits filed against the deceiver (Reilly, 2015). With such relatively known risks, it might be surprising to find that deception in negotiation, far from on the retreat, can be seen with great regularity. Researchers found that over 55% of negotiators use active forms of deception when there are high incentives to lie (Aquino & Becker, 2005). Even those with extensive negotiation experience have been shown to use deception, with

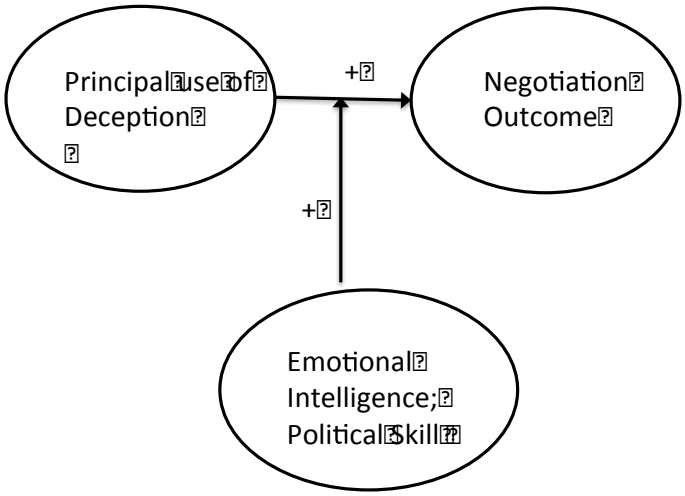
one study suggesting that experienced negotiators use deception in at least a third of negotiations (Murnighan, Babcock, Thompson, & Pillutla, 1999).

According to Bok (1978) the key to differentiating deception from non-deception is that with deception there is a deliberate attempt to mislead. In fact, the very reason that many negotiators use deception is the belief that the negotiator will not get caught (Schweitzer, DeChurch & Gibson, 2005; Bond & DePaulo, 2006). The use of deception has been connected to attaining an information imbalance, which can thus be used to achieve better negotiation outcomes (Gaspar & Schweitzer, 2013; Bazerman, Curhan, Moore and Valley, 2000). Lax and Sebenius (1985) noted that negotiation has elements of competition and cooperation—that the two are inherent to negotiations, and that the difficulty in knowing when to be competitive and when to be cooperative was appropriately called the “Negotiator’s Dilemma.”

Schweitzer and Croson (1999) claim that research has yet to explore specifics of deception in negotiation, such as how deception impacts distributive verses integrative outcomes. There has been little account for how certain personality traits might impact the relationship between deception and negotiation outcomes. It is important for research and practice to fill in these gaps. By understanding how deception impacts distributive and integrative negotiations, researchers will more broadly better account for what leads to the most efficacious negotiation strategies. Further, certain personality characteristics could be important in this analysis. For practitioners, it is important to understand how best to guard against deceptive practices, and this study will hopefully identify some of those implications.

In this paper, I suggest that leakage theory helps explain why some use of deception results in positive negotiation outcomes while some deception does not. Further, I argue that political skill and emotional intelligence are two key moderating variables that explain the connection between deception and negotiating outcomes. This relationship is visualized in Figure 5.

Figure 5: Hypothesized Model



Theoretical Development: Deception in Negotiation

Why use deception?

The most common form of deception occurs through the intentional misrepresentation of information (Lewicki & Robinson, 1998). One example of this is if, in an employment contract negotiation, a hiring representative informs the prospective employee that they have five other competitive candidates when, in fact, they do not have other competitive candidates. Such misrepresentation of information, in this case, is used to change the power balance to be in the hiring agent's favor. Such information signals that the hiring representative will be less likely to grant concessions, due to falsely claimed information. There have been two different types of deception that have been noted in the literature, that of sin of omission and sin of commission (Olekalns & Smith, 2007). Sin of omission occurs when an individual withholds information that would otherwise be important for a counterpart to know. This is an indirect form of deception. Sin of commission occurs when someone directly presents or tells knowing, false information. This form of deception is considered a direct form of deception.

Leakage theory

Leakage theory suggests that there are clues that unconsciously come out during the use of deception that make it more likely that the deceptive attempt will be noticed (Ekman & Friesen, 1969). For example, Hancock, Curry, Goorha, and Woodworth (2008) found that liars are more likely to speak in the third person than are those who are telling the truth. Part of this is connected to the fact that it is more cognitively taxing to engage in deception as opposed to telling the truth. Because of this, deceivers have more difficulty controlling their verbal and nonverbal behaviors (Buller, Stiff, & Burgoon, 1996). Buller, Stiff and Burgoon suggest that deceivers are more likely to use strong emotion than are those who are telling the truth. Leakage can also arise due to

emotional cues from the deceiver, which can occur, for example, when the deceiver experiences emotions such as guilt or fear, which is the antithesis of the emotion that the deceiver is attempting to show (Ekman, 2001). Even though an individual might attempt to control their felt emotions, such emotions can lead to counterparts doubting the veracity of the principal negotiator (Ekman & Friesen, 1969).

Research has also shown that individuals with experience in employment that inherently involves elements of deception are more effective in using deception across areas, including negotiation (Kraut & Poe, 1980). One example given by Ekman and Friesen (1974) is that of a nurse who must regularly conceal his or her emotions concerning a patient's medical condition; this, in turn, makes the nurse more adept at deception in negotiation. Similarly, we might expect that politicians, who frequently disguise their private thoughts, feelings and emotions, might build up deceptive skills that will make them less likely to be detected using deception in negotiation. Part of this skill might emerge from less leakage.

Negotiators respond differently when they are caught in a lie, which can occur through high levels of leakage (Ekman & Friesen, 1969). Verbal skills are often used to mitigate the damage that can come about from a counterpart detecting deception. For example, Lewicki and Hanke (2012) show that principals caught in a lie will use verbal strategies such as, "It was an accident" or "I'm really sorry; I got carried away, and I will never do this again." The deceiver will often try to convince the counterpart that the explanation or apology is legitimately reflecting authentic regret. It has been suggested that accepting responsibility is paramount if a negotiator is caught in a lie (Kim, Ferrin, Cooper, & Dirks, 2004).

This is significant for the purpose of this discussion because there are certain individual characteristics that might moderate the way in which leakage is or is not likely to be noticed by a counterpart. Later in this paper I explore the way in which high and low levels of political skill and emotional intelligence might impact the relationship between the use of deception and integrative and distributive negotiation outcomes. Since leakage can occur at varying levels (Ekman & Friesen, 1969), this might explain why we might find strong moderation effects of political skill and emotional intelligence.

Deception predicting distributive and integrative negotiation outcomes

For this discussion, it is important to draw distinctions between distributive and integrative negotiation outcomes. In a distributive negotiation, the results are typically of a "fixed-pie" or zero-sum situation, in which the gains for one person are an equal loss for the other. One example of this would be a negotiation that takes place over the price of a used car, in which every dollar that is saved by the buyer is a dollar that is lost by the seller. In contrast, in an integrative negotiation, or a "win-win" negotiation, there are items to be negotiated that can collectively enhance the outcomes of both parties. The classic example is that of an orange, put forth by Mary Parker Follett (1940). In a distributive negotiation the parties might split the orange down the middle. However, in an integrative negotiation, it might turn out through asking questions that one party wants the peel for decorative purposes and the other wants the fruit. Thus, by giving one party the peel and the other the fruit, both benefit optimally. For this paper, I test and discuss both distributive and integrative outcomes.

While the previous discussion illustrates why an individual might act or not act in a deceptive way, and how leakage theory might lead to a negotiators' deception being

detected, it is essential to understand how such decisions might influence negotiation outcomes. In negotiation, using deception, while unethical in nature, is but one type of behavior that is considered to be competitive in nature. There are other negotiation behaviors, such as using an aggressive opening offer or leveraging opacity concerning one's bottom line, which are common and still considered within the realm of acceptable negotiation behavior (Lewicki & Robinson, 1998). These behaviors are used in order to give a negotiator an advantage. Thus, both those behaviors that are considered ethical and unethical fit into what Kelly and Thibaut (1969) considered information asymmetry, in which one party has a distinct informational advantage over the other, which is a key to establishing a dominant position within negotiation. While a negotiator might use deception in order to gain an upper hand in a negotiation, one potential negative impact that might occur is an increase in distributive outcomes as a consequence of decreasing integrative outcomes. Integrative outcomes are increased through realizing join-gains, which is often achieved through asking questions and exploring the ways in which both sides can benefit. However, when an individual acts in a deceptive manner it is unlikely that they will promote the welfare of their counterpart; thus, we might expect that integrative outcomes might be impacted in the process.

Deception often includes the attempt to act opportunistically and take advantage of a given situation. There are times that this ambition arises out of a feeling of desperation (Lewicki & Stark, 1996). The result is a feeling of increased power. This can be felt by both the deceiver and the counterpart (Shapiro & Bies, 1994). This would imply that, even if a counterpart does not detect the deception, per se, they are more likely to feel that they have less power than they would in a situation in which deception

was not being used. This could in turn have a positive impact on distributive outcomes and a negative impact on integrative outcomes.

There have been, thus far, a few studies that have looked at deception and negotiation outcomes. For example Schweitzer and Croson (1999) found that those who lack negotiation experience are particularly ineffective when using deception. Yet Zhou, Sung and Zhang (2013) suggest that experience in using deception leads to negative outcomes. Aquino (1998) conducted a study with MBA students that examined the relationship between ethical organizational climate and deception. A part of the conclusion of this study contained the finding that those who used deception achieved higher distributive outcomes than those who negotiated ethically. Aquino suggested that at its core those who used deception had informational advantages over those who did not, both for those using sins of omission and sins of commission. The findings of Aquino is supported by the work of Bazerman et al. (2000), who suggested that information control is central to achieving a competitive advantage in negotiation.

Thus, the bulk of research points to deception as largely being an effective strategy. However, little has been conducted in regards to the difference between distributive and integrative outcomes. I suggest that deception will operate differently for integrative and distributive outcomes. Research has found that deception, while delivering higher distributive outcomes, can lead to an overall decrease in trust (Olekalns, Kulik & Chew, 2014). This can hamper integrative outcomes since integrative outcomes are connected to trust (Kong, Dirks & Ferrin, 2014; Kong, 2015). Further, the increase in power that comes from the use of deception (Lewicki & Stark, 1996), might be leveraged in such a way that distributive outcomes are increased while

integrative outcomes are decreased; thus harming the interests of a counterpart who is negotiating in an ethical manner.

In the end, distributive gains by the deceiver might result in decreased shared integrative outcomes. Hence, I believe that deception will result in decreased integrative outcomes, yet increased distributive outcomes.

Hypothesis 1a: Negotiator use of deception, including sins of omission and sins of commission, is positively related to distributive outcomes.

Hypothesis 1b: Negotiator use of deception, including sins of omission and sins of commission, is negatively related to integrative outcomes.

At this point, this discussion will navigate from the direct effects that deception has on negotiation outcomes and pivot to a discussion of relevant moderators.

Political skill. The social science literature has recently devoted significant attention the important of political skill in a broad array of areas, from its impact on social networks (Fang, Chi, Chen, & Baron, 2015) to its role in buffering the relationship between aggression and strain in the workplace (Zhou, Yang & Spector, 2015). One can think of political skill as "the ability to effectively understand others at work, and to use such knowledge to influence others to act in ways that enhance one's personal and/or organizational objectives" (Ferris et al., 2005, p. 127).

Individuals who are able to leverage their ability to understand and predict human behavior are able to further their own, personal objectives as well as the objectives of the organization (Ferris, et al., 2005). By using their knowledge and deep understanding of human beings, those with high political skill find themselves better able to achieve their own personal and professional objectives (Ferris et al., 2005). Andrews, Kacmar and Harris (2009) suggested that political skill is amplified in cases in which there is high ambiguity and low procedural justice, which is often the case in negotiations. Those high in political skill are better able to understand the position, ideas, needs and wants of the other party and are able to impact the behavior of their counterparts to reach agreement. Thus, when those high in political skill use deception they might be less likely to be discovered, and might have better outcomes in negotiation. In addition, those who are high in political skill are able to use persuasion to convince a counterpart to see complex issues from their perspective. This results in convincing a counterpart to join their side (Ferris et al., 2007). A large contributing force is the fact that those high in political skill are able to appear honest, forthright and genuine (Ferris, Davidson, & Perrewe, 2005).

Buller, Stiff and Burgoon (1996) suggest that a key component in the success or failure of one who uses deception is the ability to use strong communication skills, as communication lies at the heart of coming across as behavior that is normal. Such skills tie in with the Ferris et al. (2007) concept of political skill, which centers on the ability to manage information and behavior. Likewise, Burgoon, Buller and Guerrero (1995) maintain that effective deceivers use positive affect and composure, but also an appropriate amount of hesitancy, in order to manage the reactions of their counterparts.

Thus, if someone who is high in political skill engages in deception, it might follow that the result will be higher levels of distributive negotiation outcomes, since distributive outcomes reflect the self-interest of the focal negotiator.

Because those with political skill are better able to frame and manage high-stress relationships (Perrewe, Zellars, & Ferris, 2004), it is expected that those who do engage in deception in negotiation will be less likely to be detected. For example, those with high political skill taking part in ingratiation are more likely to be viewed as likable and less likely to be viewed as manipulative (Treadway, Ferris, Duke, Adams, & Thatcher, 2007). Such detection avoidance will make it more likely that politically skilled individuals will better achieve their own self-enhancement ends in a negotiation context. Research also demonstrates that those who are high in political skill are better able to conceal their bottom line or their genuine intentions, as well as keep up higher levels of impression management (Harris & Harris, 2007). In contrast, those who are low in political skill might be less effective in the use of deception in negotiation. They may be less likely to manage high stress situations (Perrewe, Zellars, & Ferris, 2004) and be more likely to be detected by their counterpart. The result would be a decrease in distributive negotiations.

In integrative negotiations, a key component that is crucial to increasing integrative outcomes is that of effective communication and information exchange (Thompson, 1991). Since effective communication is at the heart of political skill (Ferris et al., 2005), it might follow that even when using deception those who are high in political skill are better adept at using effective communication that results in higher levels of integrative outcomes. In contrast, those who are low in political skill might be

expected to have the opposite impact: namely, that due to lesser skill in communication and information exchange, when engaging in deception that the result might be lower levels of integrative outcomes.

Ferris et al., (2005) distinguish between four different dimensions of political skill: networking ability, interpersonal influence, social astuteness, and apparent sincerity. According to the authors, social astuteness is the capacity for those who have political skills to be in observance of other people, especially in social contexts. Such individuals are able to understand the meaning of what people say and how they behave in social situations. By understanding other's social tendencies those who have social astuteness are better position to achieve their own objectives. As a second dimension, Ferris et al., (2005) discuss the impact of interpersonal influence, which is that those who have strong political skills are better able at using their own personality to impact and influence others in their sphere. Such individuals strategically change their own behavior in order to elicit targeted behavior from a counterpart. The third dimension is that of networking ability. Politically skilled individuals are strong at leveraging friends, family, acquaintances and their larger network to achieve their own ends and objectives. Further, such individuals are capable of fostering networks and drawing on them to meet organizational and personal objectives. Finally, the Ferris et al. (2005) final component of political skill is called apparent sincerity. Those who have strong political skills are able to come across as having integrity and genuineness. By appearing to have sincere concern for others, those high in political skill are more successful in influencing other people.

Taking the above points together, there is strong evidence that for each

dimension of political skill, those who are high in political skill will, when engaging in deception, be less likely to be detected and, therefore, be more likely to obtain higher distributive outcomes. Thus, those higher in political skill will execute deception more effectively than those lower in political skill.

Hypothesis 2a: Networking ability moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those with high networking ability are more likely to obtain greater distributive outcomes.

Hypothesis 2b: Interpersonal influence moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those with high interpersonal influence are more likely to obtain greater distributive outcomes.

Hypothesis 2c: Social astuteness moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those with high social astuteness are more likely to obtain greater distributive outcomes.

Hypothesis 2d: Apparent sincerity moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those with high apparent sincerity are more likely to obtain greater distributive outcomes.

Hypothesis 2e: Networking ability moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those with high networking ability are more likely to obtain greater integrative outcomes.

Hypothesis 2f: Interpersonal influence moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those with high interpersonal influence are more likely to obtain greater integrative outcomes.

Hypothesis 2g: Social astuteness moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those with high social astuteness are more likely to obtain greater integrative outcomes.

Hypothesis 2h: Apparent sincerity moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those with high apparent sincerity are more likely to obtain greater integrative outcomes.

Emotional intelligence. Emotional intelligence is “the ability to carry out accurate reasoning about emotions and the ability to use emotions and emotional knowledge to

enhance thought" (Mayer, Roberts, & Barsade, 2008, p. 21). Emotional intelligence has been shown to be a cause of higher general performance in the workplace (Cote´ & Miners, 2006; O'Boyle, Humphrey, Pollack, Hawver, & Story, 2011) as well as general outcomes in negotiation. Those who are high in emotional intelligence are able to better understand the motivations of others, as it connects with others' need for achievement, need for affiliation and need for power (Wagner & Sternberg, 1985). Another suggestion came from Fulmer (2004) who framed the idea that emotional intelligence leads to greater negotiation outcomes, because emotional intelligence is linked to "information acquisition, decision making, and tactical choices." This occurs because of the simultaneous ability of someone with high emotional intelligence both to respond to the emotions of others as well as to control their own emotions.

Along with intuitiveness, which leads to understanding counterpart motivations, emotional intelligence has been shown to be connected with problem solving (Salovey & Mayer, 1990). For this reason it might follow that those with high emotional intelligence who use deception in negotiation might be less likely to be detected by a counterpart. By being better able to understand and predict the behaviors of others, those high in emotional intelligence might evade detection. Thus, it is expected that when using deception, those with high emotional intelligence will achieve higher levels of distributive outcomes. Likewise, because those with high emotional intelligence have been shown to have greater abilities of problem solving (Salovey & Mayer, 1990), it is expected that such individuals, even when engaging in deception, will be better equipped to achieve greater integrative negotiation outcomes.

In contrast to those with high levels of emotional intelligence, low levels of emotional intelligence have been connected with bringing out negative emotions from others (Jordan, Ashkanasy & Hartel, 2002). Deceivers have been noted to use social skills and interpersonal communication to confuse other people (Buller, Stiff, & Burgoon, 1996). The authors note that two ways that this is done is through the use of positive affect and controlling expressed anxiety. Thus, when engaging in deceptive practices, those with low levels of emotional intelligence are expected to be less effective at deception and more likely to be discovered by their counterparts. This, in turn, will lead to lower distributive outcomes. In addition, due to a lesser ability to communicate, those who are low in emotional intelligence might also have lower integrative outcomes.

Wong and Law (2002) divided emotional intelligence into four different dimensions: self emotional appraisal, others' emotional appraisal, regulation of emotion, and use of emotion. The authors suggest that those who have high self emotional appraisal are able to better understand and express their own emotions. Others' emotional appraisal involves the ability to understand the emotions of other people. Such individuals are more empathetic and can intuitively understand how others are feeling. Those who are high in regulation of emotion are able to control their own emotions, especially in times of uncertainty or duress. Finally, use of emotions is centered on the capacity to leverage one's emotions to achieve higher levels of performance.

Hypothesis 3a: Self-emotional appraisal moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive

negotiation outcomes, such that those high in self-emotional appraisal are more likely to have higher distributive outcomes.

Hypothesis 3b: Other's-emotional appraisal moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those high in other's-emotional appraisal are more likely to have higher distributive outcomes.

Hypothesis 3c: Use of emotions moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those high in use of emotions are more likely to have higher distributive outcomes.

Hypothesis 3d: Regulation of emotions moderates the relationship between the use of deception, including sins of omission and sins of commission, and distributive negotiation outcomes, such that those high in regulation of emotions are more likely to have higher distributive outcomes.

Hypothesis 3e: Self-emotional appraisal moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those high in self-emotional appraisal are more likely to have higher integrative outcomes.

Hypothesis 3f: Other's-emotional appraisal moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those high in other's-emotional appraisal are more likely to have higher integrative outcomes.

Hypothesis 3g: Use of emotions moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those high in use of emotions are more likely to have higher integrative outcomes.

Hypothesis 3h: Regulation of emotions moderates the relationship between the use of deception, including sins of omission and sins of commission, and integrative negotiation outcomes, such that those high in regulation of emotions are more likely to have higher integrative outcomes.

Method

Participants

Data were collected from the population of undergraduate students taking a management course at a large southeastern university in The United States. The total sample was 67 dyads or 134 unique participants. Of all respondents, 54% identified as female, average age was 22.90 (*SD* =4.20). Participants identified as Caucasian (23%),

African-American or black (37%), Hispanic (9%), Asian American or Asian (16%), Other or no response (14%). Average full-time work experience was 2.33 years *(SD* =1.44).

Stimulus materials

An employment contract negotiation scenario was based on Margaret Neale's New Recruit case (permission granted by Dr. Neale), which has been used extensively in the negotiation literature (e.g. Naquin, 2003; Curhan, Elfenbein & Xu, 2006; Miles & Clenney, 2012; Belkin, Kurtzberg & Naquin, 2013).

In the instructions, participants were told that they were either acting as the employer or job candidate. The participants read about the negotiation context as well as the outcomes (points) that could be achieved based on various negotiated issues. The employer and candidate were instructed to try to reach agreement on eight different issues. These are the only issues that were discussed, and each negotiation was the exact same in its structure. Each party had one issue that was an indifference issue, which had no value to them. Indifference issues have been shown to lead to the use of deception in negotiation (Olekalns, Horan, & Smith, 2014). Before the negotiation began, participants completed self-report measures for emotional IQ, political skill, as well as demographic information.

Participants were instructed to maximize their own outcomes. While the original New Recruit case allows for integrative and distributive negotiation, my adapted version converts two distributive issues into indifference issues, in which one party is indifferent (all possible options will generate 0 points) and the other has a payoff preference.

These issues are for the area of job assignment and starting date. I used these because it is not obvious what the preference of the other side would be. In contrast, if for example salary were to be an indifference issue, it would be clear right away what the preference of the other side would be. For issues such as job assignment and start-date, it is not clear. In this case, it takes more determination and forethought to use deception, since the participant must first assess the preference of the counterpart before using deceptive practices. Thus, bonus, vacation days, moving expense reimbursement and insurance coverage are integrative issues. Job assignment and starting date are indifference issues, and location and salary are distributive issues.

Measures

Emotional intelligence

In order to test emotional intelligence, I used the Wong and Law (2002) 16-item Emotional Intelligence Scale. In recent years, this measure has been used extensively in social science research (e.g., De Clercq, Bouckenooghe, Raja, & Matsyborska, 2014; Kafetsios, Konstantinos, & Zampetakis, 2008; Lassk & Shepherd, 2013; Zacher, McKenna, & Rooney, 2013). The scale has four subscales, which address the four key components of emotional intelligence, as described by Mayer and Salovey (1997) and described in detail earlier in this paper. The four main aspects are self-emotional appraisal, other's emotional appraisal, use of emotion and regulation of emotion, which had reliability estimates of .89, .85, .88 and .76 respectively (Mayer & Salovey, 1997). Participants answered on a 5-point Likert scale (1- strongly disagree, 5- strongly agree).

One sample item is, “I have good understanding of the emotions of people around me.” The complete measure is provided in Appendix E.

Political skill

In order to test political skill, I used the 18-item measure from Ferris et al. (2005). In recent years, there has been strong research support for this measure, including publications from Brouer, Duke, Treadway, and Ferris (2009), Semadar, Robins and Ferris (2006), and Treadway et al. (2007). The scale has four subscales, which include networking ability, apparent sincerity, social astuteness, and interpersonal influence, and the reliability coefficients were .87, .81, .79, and .78, respectively. Participants answered on a 5-point Likert scale (1- strongly disagree, 5- strongly agree). One sample item was, “I am able to make most people feel comfortable and at ease around me.” The complete measure is provided in Appendix F.

Deception

In order to measure deception, I used the method that was used by Olekalns et al. (2014). All negotiations were audio recorded with a digital recorder. Recordings were transcribed. Previous research has differentiated between passive and active forms of deception (Olekalns & Smith, 2007), otherwise known as sins of omission and sins of commission. Active deception (sins of commission) occurs when a negotiator gives false information; whereas passive deception occurs when a negotiator withholds information that would be pertinent to disclose (sins of omission).

As operationalized by O'Connor and Carnevale (1997), as well as Olekalns and Smith (2007), sins of omission were coded as an occurrence each time a negotiator uses an indifference issue to leverage desired ends in another area. For example, if an employee, who does not care which division he or she will be placed (each offer 0 points), uses division placement to achieve desired ends in another area, this would be coded as a sin of omission. In contrast, sins of commission were coded when a negotiator claims that the indifference issue is significant. For example, if the employer claims that an October 1 start date is very important, this would be coded as a sin of commission.

Table 4- Coding examples

Direct quotes	Deception type
Recruiter: You want New York, then you are going to get the worst option for starting date. Candidate: Sept 15 and my bonus are really important to me. Recruiter: Look, if I give you Sept 15, then I need the 6% bonus.	Sin of omission
Recruiter: Okay, your starting date, how about October 15, this is important to me.	Sin of commission
Recruiter: So if I were to let you start on September 15th, would you be willing to take my preferred insurance?	Sin of omission

Recruiter: I don't think we can budge, October 1st, it's the earliest we can start.	Sin of commission

Negotiation outcome

Negotiation outcome was measured by the negotiation points achieved as a part of the payoff schedule listed in the negotiation chart. Distributive outcomes were calculated as the total points achieved in negotiation activities that were distributive (location and salary). Integrative outcomes were calculated as the total points achieved by both participants summed together for negotiation activities that had integrative potential (bonus, job assignment, vacation days, starting date, insurance, and moving expense reimbursement). The complete payoff schedule appears in Table 5.

Table 5: Recruiter and candidate payoff schedule

Bonus	Candidate	Recruiter	**Job Assignment**	Candidate	Recruiter
10%	4000	0	**Division A**	0	2400
8%	3000	400	**Division B**	0	1800
6%	2000	800	**Division C**	0	1200
4%	1000	1200	**Division D**	0	600
2%	0	1600	**Division E**	0	0
Vacation Days	Candidate	Recruiter	**Starting Date**	Candidate	Recruiter
30	1600	0	**15-Sep**	2400	0
25	1200	1000	**1-Oct**	1800	0
20	800	2000	**15-Oct**	1200	0
15	400	3000	**1-Nov**	600	0
10	0	4000	**15-Nov**	0	0
Moving expense reimbursement	Candidate	Recruiter	**Insurance coverage**	Candidate	Recruiter
100%	3200	0	**Blue cross**	800	0
90%	2400	200	**Prudential**	600	800

			health		
80%	1600	400	**Kaiser prepaid health**	400	1600
70%	800	600	**CIGNA**	200	2400
60%	0	800	**Insure America**	0	3200
Salary	Candidate	Recruiter	**Location**	Candidate	Recruiter
$90,000	0	-6000	**New York**	1200	0
$88,000	-1500	-4500	**Boston**	900	300
$86,000	-3000	-3000	**Chicago**	600	600
$84,000	-4500	-1500	**Atlanta**	300	900
$82,000	-6000	0	**San Francisco**	0	1200

Data Analysis

It should be noted that this study was conducted at the individual level. The only relevant measurements for the study were the measurements for the employer in the negotiation, such that all data from candidates is not relevant to the analysis. In addition, there is a lack of group level data to analyze. Thus, it was determined that all data should be analyzed at the individual level. For this analysis, all independent variables were centered to mitigate issues of multicollinearity. I used same-person mean replacement for missing data, which occurred infrequently. I used moderated regression analysis for the results that are discussed in the following section.

Results

Two different coders coded the transcripts for sins of omission and sins of commission. After the two coders completed the coding, I used Cohen's Kappa to test for inter-rater reliability. For sins of commission the inter-rater reliability value was .77, while for sin of omission the inter-rater reliability value was .86. Landis and Koch (1977)

suggest that inter-rater reliabilities between .60 and .80 are considered substantive, while inter-rater reliabilities between .81 and 1.00 are considered near perfect agreement.

The descriptive statistics and correlations are shown in Table 6. From the correlations we can see that there are connections between sins of omission and regulation of emotion as well as interpersonal influence.

Table 6: Descriptive statistics and correlations

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Omission	0.56	0.90	-												
2. Commission	0.28	0.59	**.34	-											
3. Reputation	3.18	1.61	*-.25	-.15	-										
4. Self emotion appraisal	4.21	0.96	-.09	-.04	.00	*.84*									
5. Other emotional appraisal	3.80	0.77	-.17	-.06	.01	**.64	*.83*								
6. Use of emotion	4.10	0.79	-.10	.06	.07	**.58	**.78	*.85*							
7. Regulation of emotion	3.88	0.93	*-.25	-.05	.20	**.57	**.62	**.70	*.89*						
8. Networking ability	3.75	0.85	-.18	-.01	.00	**.56	**.60	**.66	**.73	*.87*					
9. Interpersonal influence	3.21	0.72	*-.27	-.04	.18	**.55	**.68	**.71	**.80	**.87	*.85*				
10. Social Astuteness	3.86	0.91	-.20	-.03	.22	**.52	**.70	**.72	**.70	**.79	**.84	*.75*			
11. Apparent Sincerity	3.93	1.12	-.12	.01	.19	**.47	**.60	**.56	**.56	**.63	**.75	**.66	*.93*		
12. Distributive outcomes	3776	1723	.11	.12	.00	-.16	-.12	-.01	.12	-.11	-.08	.00	-.09	-	
13. Integrative outcomes	14038	1684	.01	-.01	.19	-.20*	-.15	-.14	-.02	-.09	-.06	.09	-.17	.16	-

*** p< 0.01; * p< 0.05*

Confirmatory factor analysis

For Study 1 I ran a confirmatory factor analysis, in which I created two different models, each with four factors (Model 1: networking ability, apparent sincerity, interpersonal influence and social astuteness; Model 2: self emotional appraisal, other's emotional appraisal, use of emotions, and regulation of emotions). For Model 1 the completely standardized loadings can be seen in Table 7. The model is a poor fit for the data (X^2=224, *p<.01*, RMSEA=.10). Hu and Bentler (1995) suggest a cutoff for RMSEA of .06. Thus, the fit of the overall model appears to be poor. The completely standardized loadings for Model 2 can be seen in Table 8. The model is a moderate fit for the data (X^2=157, *p<.01*, RMSEA=.08, CFI=.88, SRMR=.08). While both the RMSEA and CFI values appear to be beyond the cutoffs set by Hu and Bentler, both values come very close to their limits and suggest that the fit is mediocre.

Table 7: Confirmatory factor analysis, completely standardized solution, Sin of Commission, Political skill

Item	Networking Ability	Interpersonal Influence	Social Astuteness	Apparent Sincerity
Networking 1	.65			
Networking 2	.55			
Networking 3	.65			
Networking 4	.52			
Networking 5	.39			
Networking 6	.67			
Networking7	.59			
Interpersonal influence 1		.75		
Interpersonal influence 2		.77		
Interpersonal influence 3		.74		
Interpersonal influence 4		.42		
Apparent sinc. 1			.51	
Apparent sinc. 2			.63	
Apparent sinc. 3			.73	
Apparent sinc. 4			.68	
Social astuteness 1				.76
Social astuteness 1				.47
Social astuteness 1				.51

Table 8: Confirmatory factor analysis, completely standardized solution, Sin of commission, Emotional intelligence

Item	Self emotional appraisal	Other's emotional appraisal	Use of emotions	Regulation of emotions
Sea1	.77			
Sea2	.90			
Sea3	.59			
Oea1		.61		
Oea2		.60		
Oea3		.46		
Oea4		.79		
Uoe1			.56	
Uoe2			.67	
Uoe3			.59	
Uoe4			.77	
Uoe5			.58	
Roe1				.59
Roe2				.93
Roe3				.58

Roe4				.84

I ran the analysis for 32 different models, which varied by eight different moderators (four different political skill moderators, four different emotional intelligence moderators), sin of omission and sin of commission, as well as for integrative and distributive outcomes. Results for these models can be seen in Tables 8, 9, 10 and 11. Table 8 features sins of omission as the independent variable and distributive negotiation outcomes as the dependent variable. Table 9 features sins of omission as the independent variable and integrative negotiation outcomes as the dependent variable. Table 10 features sins of commission as the independent variable and distributive negotiation outcomes as the dependent variable. Table 11 features sins of commission as the independent variable and integrative negotiation outcomes as the dependent variable. Table 7 gives an overview of the hypotheses, models and findings.

Table 7- Summary of Models

Hypoth.	Model Location	Independent variable	Moderator variable	Moderator Family	Dependent variable	Results	Graph
1a	N/A	Omission	N/A	N/A	Distributive	Not significant	
1a	N/A	Commission	N/A	N/A	Distributive	Not significant	
1b	N/A	Omission	N/A	N/A	Integrative	Not significant	
1b	N/A	Commission	N/A	N/A	Integrative	Not significant	
2a	Table 7, model 5	Omission	Networking ability	Political skill	Distributive	Not significant	
2a	Table 9, model 21	Commission	Networking ability	Political skill	Distributive	Not significant	
2b	Table 7, model 6	Omission	Interpersonal influence	Political skill	Distributive	Not significant	
2b	Table 9, model 22	Commission	Interpersonal influence	Political skill	Distributive	Not significant	
2c	Table 7, model 7	Omission	Social astuteness	Political skill	Distributive	Significant at *p<.05*	Figure 1
2c	Table 9, model 23	Commission	Social astuteness	Political skill	Distributive	Not significant	
2d	Table 7, model 8	Omission	Apparent sincerity	Political skill	Distributive	Significant at *p<.05*	Figure 2
2d	Table 9, model 24	Commission	Apparent sincerity	Political skill	Distributive	Significant at *p<.05*	Figure 3
2e	Table 8, model 13	Omission	Networking ability	Political skill	Integrative	Not significant	
2e	Table 10, model 29	Commission	Networking ability	Political skill	Integrative	Not significant	
2f	Table 8, model 14	Omission	Interpersonal influence	Political skill	Integrative	Not significant	
2f	Table 10, model	Commission	Interpersonal influence	Political skill	Integrative	Not significant	

	30						
2g	Table 8, model 15	Omission	Social astuteness	Political skill	Integrative	Not significant	
2g	Table 10, model 31	Commission	Social astuteness	Political skill	Integrative	Not significant	
2h	Table 8, model 16	Omission	Apparent sincerity	Political skill	Integrative	Not significant	
2h	Table 10, model 32	Commission	Apparent sincerity	Political skill	Integrative	Not significant	
3a	Table 7, model 1	Omission	Self-emotional appraisal	Emotional intelligence	Distributive	Significant at *p<.05*	Figure 4
3a	Table 9, model 17	Commission	Self-emotional appraisal	Emotional intelligence	Distributive	Significant at *p<.05*	Figure 5
3b	Table 7, model 2	Omission	Other's-emotional appraisal	Emotional intelligence	Distributive	Significant at *p<.05*	Figure 6
3b	Table 9, model 18	Commission	Other's-emotional appraisal	Emotional intelligence	Distributive	Not significant	
3c	Table 7, model 3	Omission	Use of emotions	Emotional intelligence	Distributive	Significant at *p<.05*	Figure 7
3c	Table 9, model 19	Commission	Use of emotions	Emotional intelligence	Distributive	Significant at *p<.05*	Figure 8
3d	Table 7, model 4	Omission	Regulation of emotions	Emotional intelligence	Distributive	Not significant	
3d	Table 9, model 20	Commission	Regulation of emotions	Emotional intelligence	Distributive	Not significant	
3e	Table 8, model 9	Omission	Self-emotional appraisal	Emotional intelligence	Integrative	Not significant	
3e	Table 10, model	Commission	Self-emotional appraisal	Emotional intelligence	Integrative	Not significant	

	25						
3f	Table 8, model 10	Omission	Other's-emotional appraisal	Emotional intelligence	Integrative	Not significant	
3f	Table 10, model 26	Commission	Other's-emotional appraisal	Emotional intelligence	Integrative	Not significant	
3g	Table 8, model 11	Omission	Use of emotions	Emotional intelligence	Integrative	Not significant	
3g	Table 10, model 27	Commission	Use of emotions	Emotional intelligence	Integrative	Not significant	
3h	Table 8, model 12	Omission	Regulation of emotions	Emotional intelligence	Integrative	Not significant	
3h	Table 10, model 28	Commission	Regulation of emotions	Emotional intelligence	Integrative	Not significant	

Hypotheses 1a predicted that sins of omission and sins of commission would be positively related to distributive outcomes. Controlling for gender, age and work experience, I regressed distributive outcomes on sins of omission, which gave an unstandardized beta coefficient of 189, but was not statistically significant. I regressed distributive outcomes on sins of commission, which gave an unstandardized beta coefficient of 401, but was not statistically significant. Thus hypothesis 1a could not be supported.

Hypothesis 1b predicted that negotiator use of deception, including sins of omission and sins of commission, would be negatively related to integrative outcomes. Controlling for gender, age and work experience, I regressed integrative outcomes on

sins of omission, which gave an unstandardized beta coefficient of 19, but was not statistically significant. I regressed integrative outcomes on sins of commission, which gave an unstandardized beta coefficient of 34, but was not statistically significant. Thus hypothesis 1b could not be supported.

Hypotheses 2a and 2e predicted that networking would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those with high networking ability are more likely to obtain greater distributive and integrative outcomes. Table 8-model 5 and Table 10-model 21 show the analysis for distributive outcomes as the dependent variable and Table 9-model 13 and Table 11-model 29 show the regression analysis for integrative outcomes. Since the interaction effects were not statistically significant, hypotheses 2a and 2e could not be supported.

Hypotheses 2b and 2f predicted that interpersonal influence would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those with high interpersonal influence are more likely to obtain greater distributive and integrative outcomes. Table 8- model 6, Table 9-model 14, Table 10-model 22, and Table 11-model 30 demonstrate the regression analysis for interpersonal influence. Since the interaction effects were not statistically significant, hypotheses 2b and 2f could not be supported.

Hypotheses 2c and 2g predicted that social astuteness would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those with

high social astuteness are more likely to obtain greater distributive and integrative outcomes. For the model drawing on the interaction effects between social astuteness and sin of omission as a predictor of distributive outcomes, the interaction unstandardized beta value is 1273 and is significant at the $p<.05$ level. This model had an R^2 of .19, significant at the .05 level. Thus, hypothesis 2c is supported. The simple slopes are graphed in Figure 1. For Figure 1, I modeled the simple slopes of the eight moderators that were statistically significant at *p<.05.* The moderator is shown at a high level, which is one standard deviation above the mean, and a low level, which is one standard deviation below the mean. This same graphical method applies to all other graphs in this paper. For Figure 1, this pattern suggests that when those who are high in social astuteness use sins of omission, they are more likely to achieve increased distributive outcomes than those who are low in social astuteness. Table 9-model 15, Table 10-model 23, and Table 11-model 31 demonstrate the regression analysis for social astuteness. Since the interaction effects were not statistically significant, hypothesis 2g could not be supported.

Hypotheses 2d and 2h predicted that apparent sincerity would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those with high apparent sincerity are more likely to obtain greater distributive and integrative outcomes. For hypothesis 2h, which centered on integrative outcomes, the interaction effects were not statistically significant. This can be seen in Table 9-model 16 and Table 11-model 32. Thus, hypothesis 2h could not be supported. However, for distributive outcomes, both the models for sins of omission and sins of commission

were significant at the .05 level. For sins of omission (see Table 8, model 8), the interaction effect has an unstandardized beta value of 1329, significant at the $p<.05$ level. The simple slopes are graphed in Figure 2. This model has an R^2 of .21 and is significant at the $p<.05$ level. These results suggest that when using sins of omission, those who are high in apparent sincerity have higher distributive negotiation outcomes than those with low apparent sincerity. For sins of commission (see Table 10, model 24), the interaction effect has an unstandardized beta value of 1955, significant at the $p<.05$ level. The simple slopes are graphed in Figure 3. This model has an R^2 of .20 and is significant at the .05 level. These results suggest that when using sins of commission, those who are high in apparent sincerity have higher distributive negotiation outcomes than those with low apparent sincerity.

Hypotheses 3a and 3e predicted that self-emotional appraisal would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those high in self-emotional appraisal are more likely to have higher distributive and integrative outcomes. For hypothesis 3e, which centered on integrative outcomes, the interaction effects were not statistically significant. This can be seen in Table 9-model 9 and Table 11-model 25. Thus, hypothesis 3e could not be supported. However, for distributive outcomes, both the models for sins of omission and sins of commission were significant at the $p<.05$ level. For sins of omission (see Table 8, model 1), the interaction effect has an unstandardized beta value of 727, significant at the $p<.05$ level. This model has an R^2 of .22 and is significant at the $p<.05$ level. The simple slopes are graphed in Figure 4. These results suggest that when using sins of omission, those who are high

in self-emotional appraisal have higher distributive negotiation outcomes than those with low self-emotional appraisal. For sins of commission (see Table 10, model 17), the interaction effect has an unstandardized beta value of 1475, significant at the $p<.05$ level. This model has an R^2 of .22 and is significant at the $p<.05$ level. The simple slopes are graphed in Figure 5. These results suggest that when using sins of commission, those who are high in self-emotional appraisal have higher distributive negotiation outcomes than those with low self-emotional appraisal.

Hypotheses 3b and 3f predicted that other's-emotional appraisal will moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those high in other's-emotional appraisal are more likely to have higher distributive and integrative outcomes. For hypothesis 3f, which centered on integrative outcomes, the interaction effects were not statistically significant. This can be seen in Table 9-model 10 and Table 11-model 26. Thus, hypothesis 3f could not be supported. For sins of omission predicting distributive outcomes (see Table 8, model 2), the interaction effect has an unstandardized beta value of 1055, significant at the $p<.05$ level. The simple slopes are graphed in Figure 6. This model has an R^2 of .22 and is significant at the $p<.05$ level. These results suggest that when using sins of omission, those who are high in other's emotional appraisal have higher distributive negotiation outcomes than those with low other's emotional appraisal.

Hypotheses 3c and 3g predicted that use of emotions would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those high

in use of emotions are more likely to have higher distributive and integrative outcomes. For hypothesis 3g, which centered on integrative outcomes, the interaction effects were not statistically significant. This can be seen in Table 9-model 11 and Table 11-model 27. Thus, hypothesis 3e could not be supported. However, for distributive outcomes, both the models for sins of omission and sins of commission were significant at the $p<.05$ level. For sins of omission (see Table 8, model 3), the interaction effect has an unstandardized beta value of 1182, significant at the $p<.05$ level. This model has an R^2 of .23 and is significant at the $p<.01$ level. The simple slopes are graphed in Figure 7. These results suggest that when using sins of omission, those who are high in use of emotion have higher distributive negotiation outcomes than those with low use of emotion. For sins of commission (see Table 10, model 17), the interaction effect has an unstandardized beta value of 1823, significant at the $p<.05$ level. This model has an R^2 of .22 and is significant at the $p<.05$ level. The simple slopes are graphed in Figure 8. These results suggest that when using sins of commission, those who are high in use of emotion have higher distributive negotiation outcomes than those with low use of emotion.

Hypotheses 3d and 3h predicted that regulation of emotions would moderate the relationship between the use of deception, including sins of omission and sins of commission, and distributive and integrative negotiation outcomes, such that those high in regulation of emotions are more likely to have higher distributive and integrative outcomes. Table 8- model 4, Table 9-model 12, Table 10-model 20, and Table 11-model 28 demonstrate the regression analysis for interpersonal influence. Since the

interaction effects were not statistically significant, hypotheses 3d and 3h could not be supported.

Taken together, the data does not seem to support the relationship between deception and negotiation outcomes. However, there is support for moderation effects of two political skill dimensions: social astuteness and apparent sincerity. In addition, there is support for moderation effects of three emotional intelligence dimensions: self-emotional appraisal, others' emotional appraisal, and use of emotions. The significant results can be found in Table 12.

Figure 1: Moderation effects of social astuteness on the relationship between sin of omission and recruiter distributive outcomes

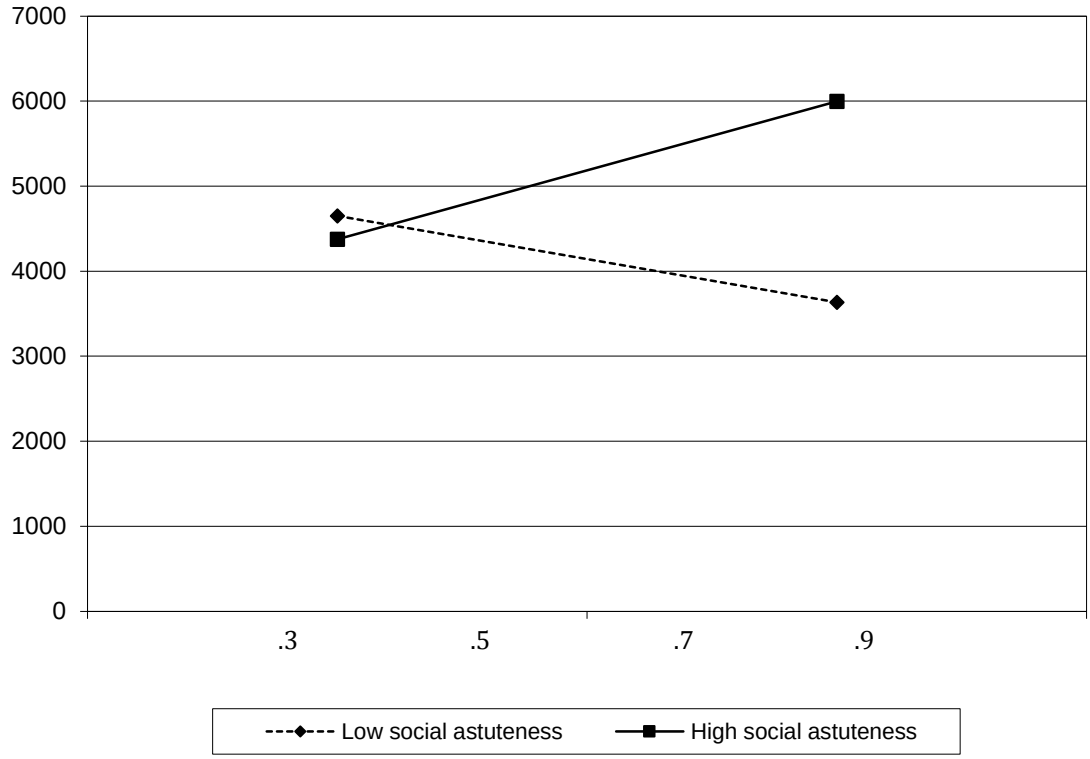


Figure 2: Moderation effects of apparent sincerity on the relationship between sin of omission and recruiter distributive outcomes

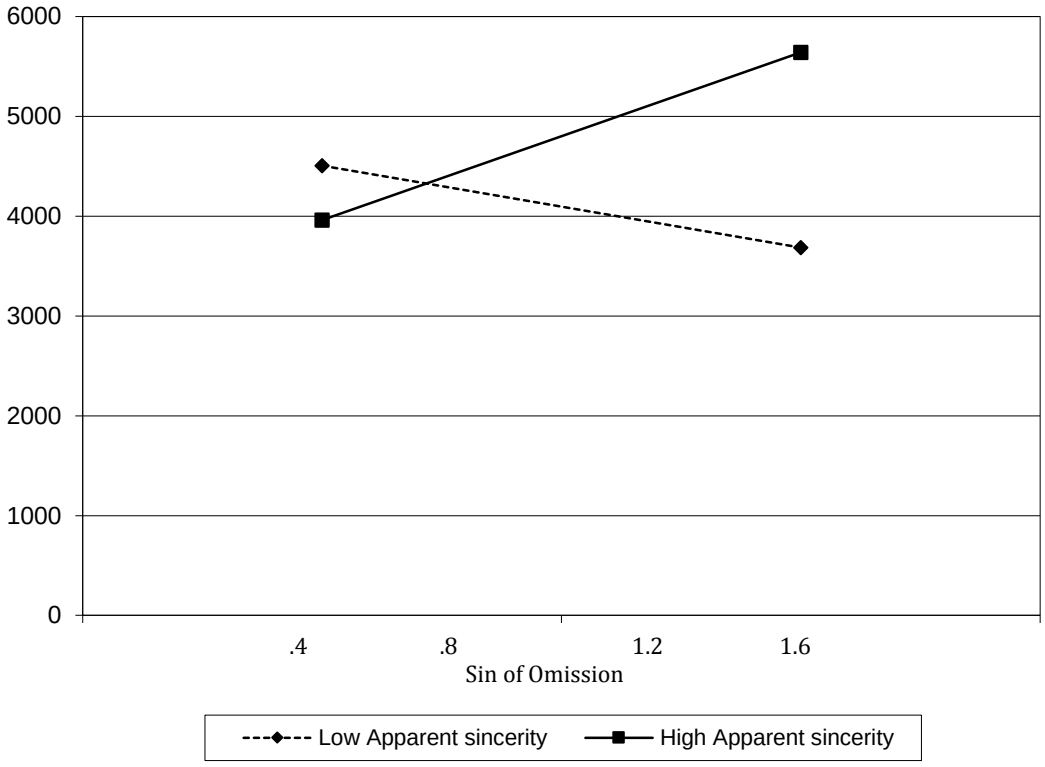


Figure 3: Moderation effects of apparent sincerity on the relationship between sin of commission and recruiter distributive outcomes

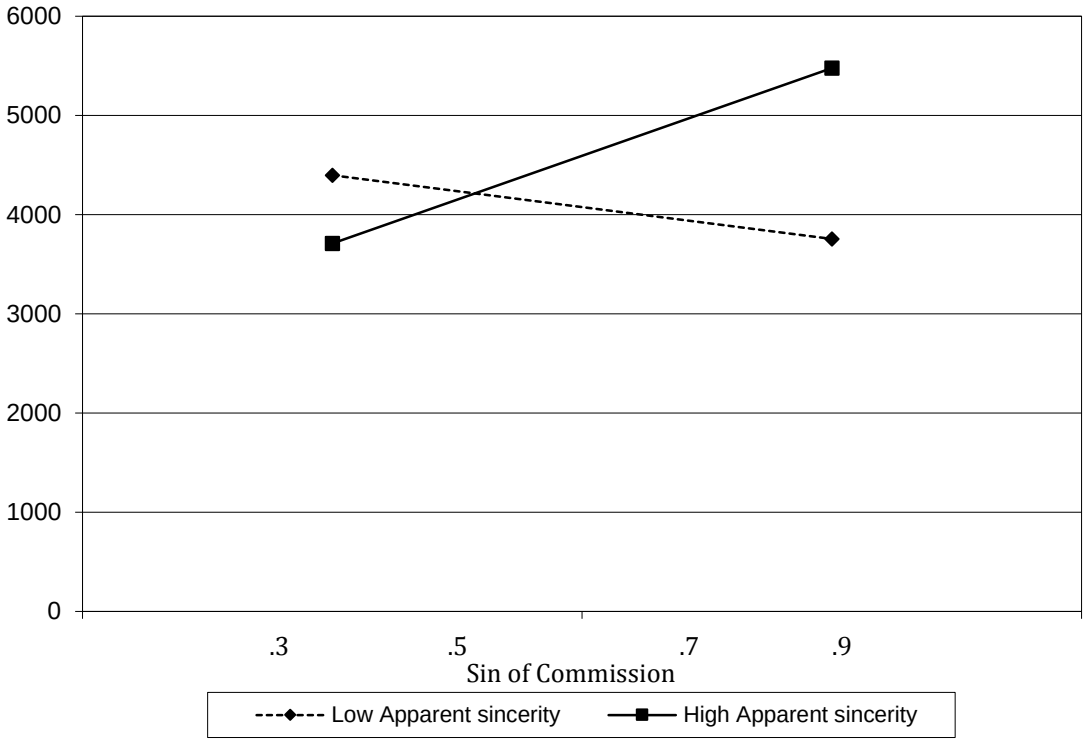


Figure 4: Moderation effects of self-emotional appraisal on the relationship between sin of omission and recruiter distributive outcomes

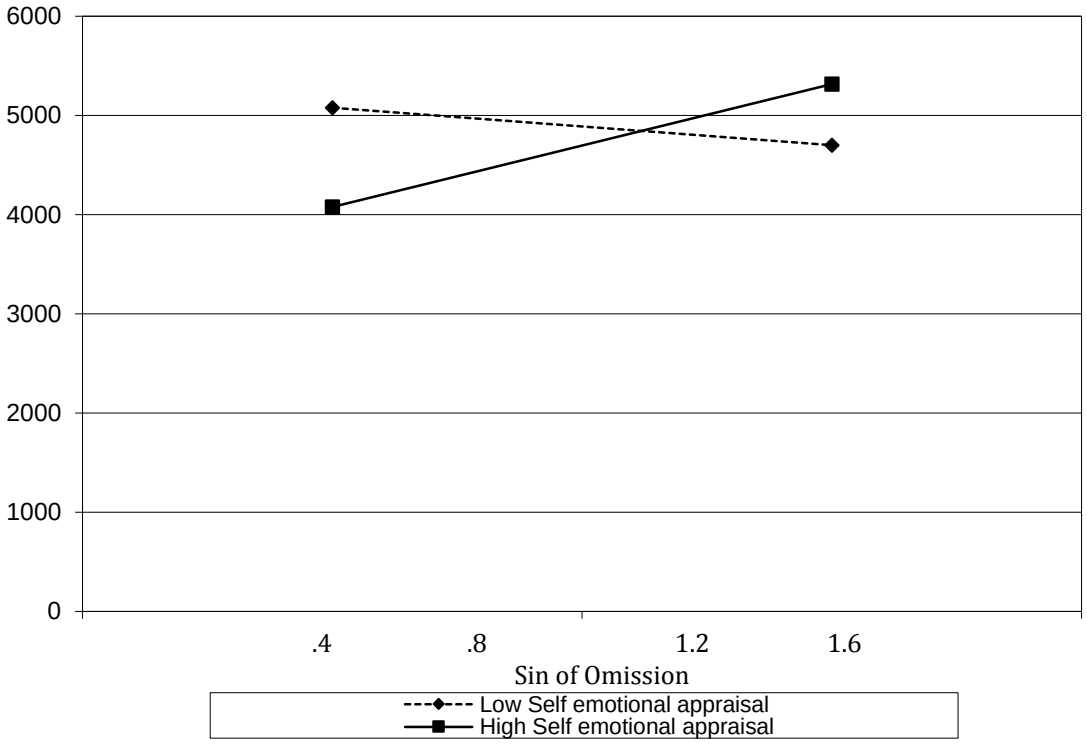


Figure 5: Moderation effects of self-emotional appraisal on the relationship between sin of commission and recruiter distributive outcomes

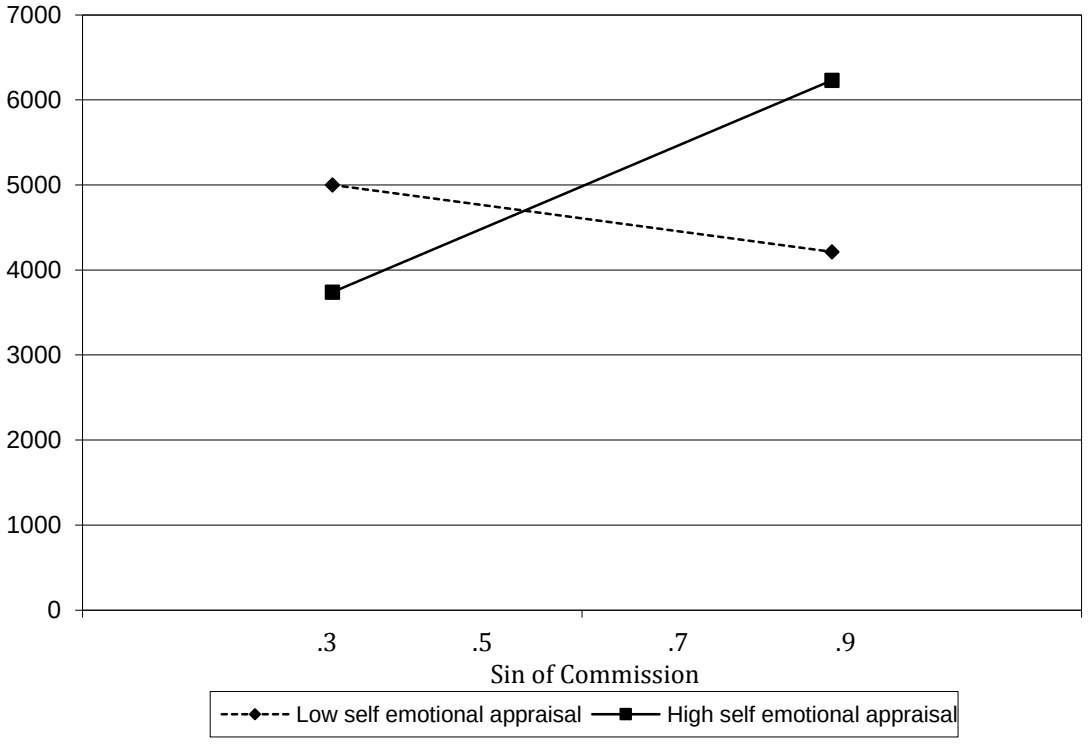


Figure 6: Moderation effects of other's emotional appraisal on the relationship between sin of omission and recruiter distributive outcomes

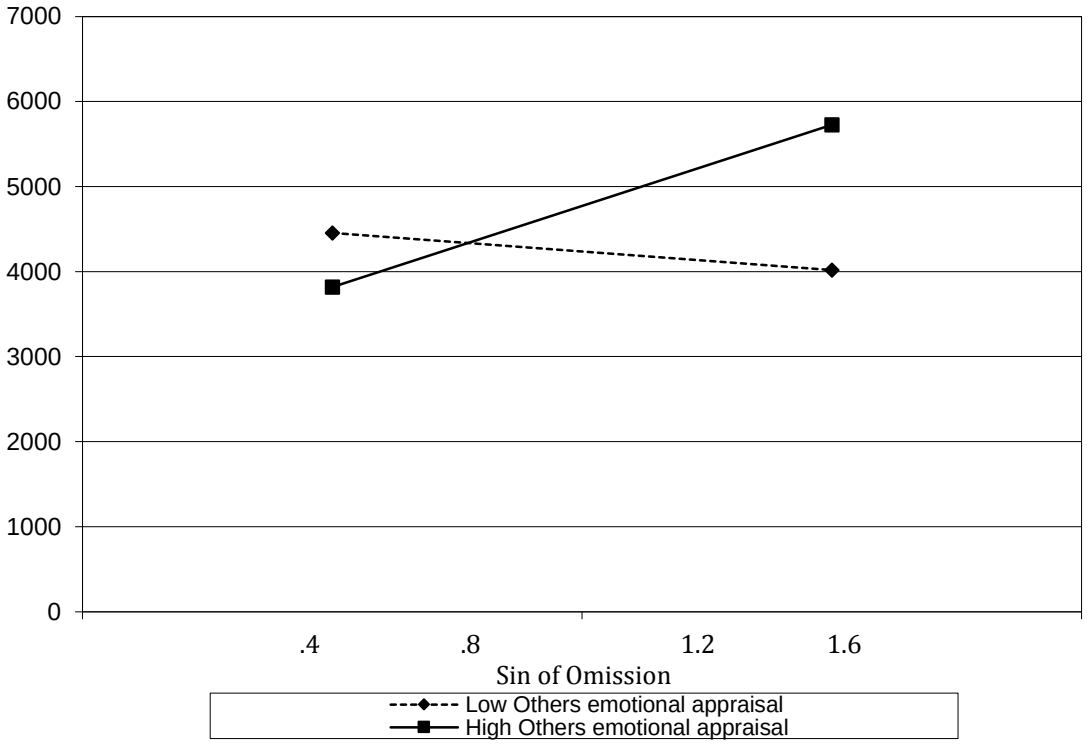


Figure 7: Moderation effects of use of emotion on the relationship between sin of omission and recruiter distributive outcomes

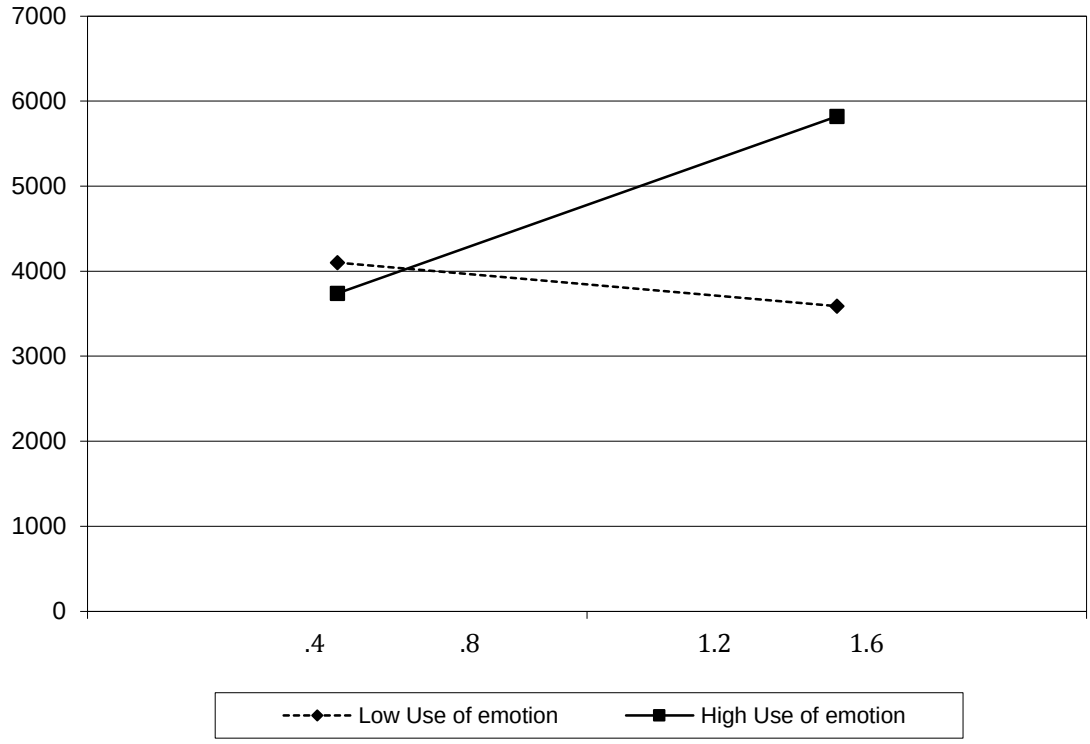


Figure 8: Moderation effects of use of emotion on the relationship between sin of commission and recruiter distributive outcomes

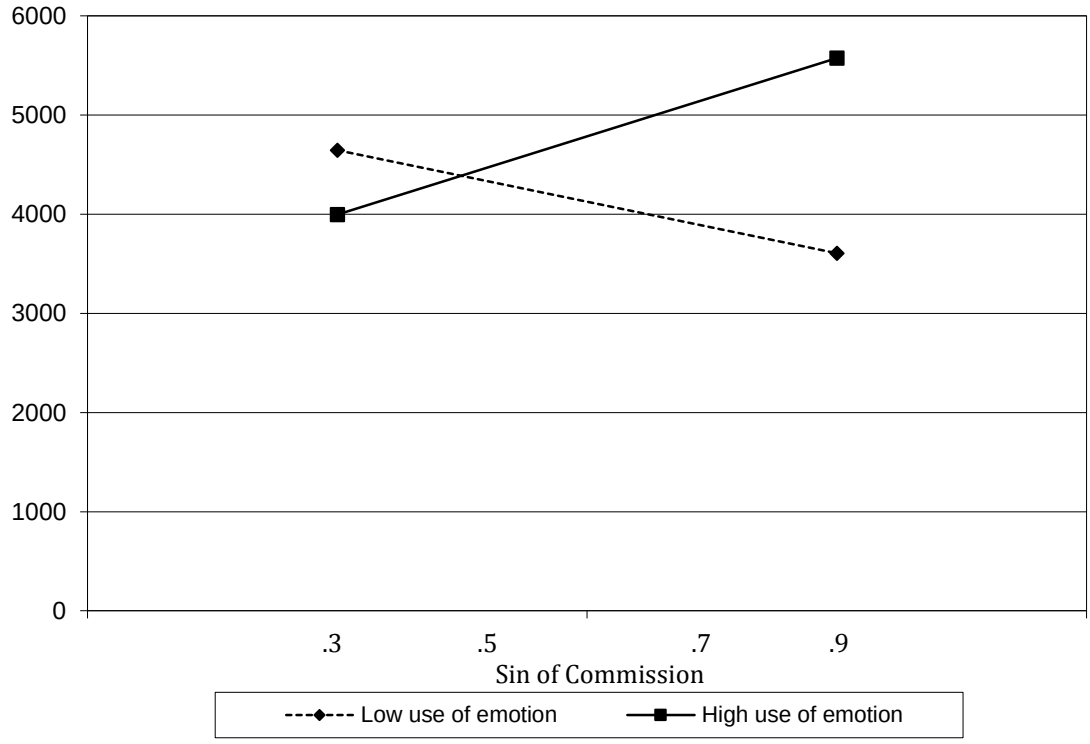


Table 8: Model analysis for sin of omission predicting recruiter distributive negotiation outcomes

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6		Model 7		Model 8	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Control variables																
Gender	-890**	349	-748**	7342	-611*	342	-681*	371	-791**	359	-669*	365	-691*	348	-636*	349
Age	427	293	568*	299	481	292	431	310	347	319	357	307	376	302	393	294
Work experience	-259	169	-358**	169	-299*	168	-299	181	-278	182	-294*	176	-307*	174	-263	170
Main effects																
Sin of omission	237	226	406	246	433*	233	257	236	175	232	80	231	165	221	242	219
Self-emotional appraisal	-564*	333														
Other-emotional appraisal			-156	343												
Use of emotion					106	330										
Regulation of emotion							233	372								
Networking ability									-448	394						
Interpersonal influence											-365	504				
Social astuteness													195	380		
Apparent sincerity															-68	396
Two-way interactions																
Self-emot. appr. *omis.	727**	345														
Other-emot. app.*omis.			1055**	431												
Use of emotion* omis.					1182***	406										
Regul. of emot. * omis.							586	497								
Networking ability* omis.									158	366						
Interpersonal infl.* omis.											855	569				
Social astuteness* omis.													1273**	569		
Apparent sincerity* omis.															1329**	528
F	*2.79*		*2.82*		*2.97*		*1.64*		*1.63*		*2.00*		*2.35*		*2.74*	
P-value	*.02*		*.02*		*.01*		*.15*		*.15*		*.08*		*.04*		*.02*	
R^2	*.22*		*.22*		*.23*		*.14*		*.14*		*.16*		*.19*		*.21*	
ΔR^2	*.06*		*.08*		*.11*		*.02*		*.00*		*.03*		*.06*		*.08*	

**** P< 0.01; ** P< 0.05 * P< 0.10*

Table 9: Model analysis for sin of omission predicting integrative negotiation outcomes

	Model 9		Model 10		Model 11		Model 12		Model 13		Model 14		Model 15		Model 16	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Control variables																
Gender	-506	349	-405	345	-351	353	-389	362	-363	353	-288	361	-353	348	-323	348
Age	708**	294	804***	302	718**	301	759**	303	628**	314	667**	303	739**	302	704**	293
Work experience	-402**	170	-465***	171	-421**	173	-468***	176	-398**	179	-424**	173	-465***	174	-401**	169
Main effects																
Sin of omission	2	227	28	248	64	240	60	231	-5	228	-61	228	13	221	51	218
Self-emotional appraisal	-622*	334														
Other-emotional appraisal			-505	346												
Use of emotion					-334	340										
Regulation of emotion							-183	363								
Networking ability									-285	387						
Interpersonal influence											-310	498				
Social astuteness													-304	380		
Apparent sincerity															-411	394
Two-way interactions																
Self-emot. appr. *omis.	299	346														
Other-emot. app.* omis.			274	436												
Use of emotion* omis.					284	418										
Regul. of emot. * omis.							464	485								
Networking ability* omis.									264	360						
Interpersonal infl.* omis.											679	562				
Social astuteness* omis.													516	569		
Apparent sincerity* omis.															813	526
F	*2.14*		*1.98*		*1.63*		*1.66*		*1.51*		*1.74*		*1.78*		*2.25*	
F p-value	*.06*		*.08*		*.15*		*.14*		*.19*		*.13*		*.11*		*.05*	
R^2	*.17*		*.16*		*.14*		*.14*		*.13*		*.15*		*.15*		*.18*	
ΔR^2	*.01*		*.00*		*.01*		*.01*		*.01*		*.02.*		*.01*		*.03*	

**** P< 0.01; ** P< 0.05 * P< 0.10*

Table 10: Model analysis for sin of commission predicting recruiter distributive negotiation outcomes

	Model 17		Model 18		Model 19		Model 20		Model 21		Model 22		Model 23		Model 24	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Control variables																
Gender	-859	348	-746*	349	-620*	346	-695*	367	-670*	371	-753**	367	-656*	362	-594	361
Age	498*	297	504	303	414	295	425	308	404	304	459	308	495	310	466	298
Work experience	-288*	169	-322*	172	-314*	169	-327*	180	-290	174	-326*	176	-360**	178	-320*	170
Main effects																
Sin of commission	469	350	581	372	224	337	255	353	349	344	262	365	417	346	481	341
Self-emotional appraisal	-517	333														
Other-emotional appraisal			-247	323												
Use of emotion					31	331										
Regulation of emotion							208	360								
Networking ability									-189	431						
Interpersonal influence											-460	508				
Social astuteness													32	374		
Apparent sincerity															-53	409
Two-way interactions																
Self-emot. appr. *comm.	1475**	717														
Other-emot. app.* comm.			1518*	851												
Use of emotion* comm.					1823***	687										
Regul. of emot. * comm.							1145	833								
Networking ability* comm.									1355	1042						
Interpersonal infl.* comm.											969	1186				
Social astuteness* comm.													1426	905		
Apparent sincerity* comm.															1955**	907
F	*2.81*		*2.37*		*2.79*		*1.81*		*2.02*		*1.81*		*1.95*		*2.51*	
F p-value	*.02*		*.04*		*.02*		*.11*		*.08*		*.11*		*.09*		*.03*	
R^2	*.22*		*.19*		*.22*		*.15*		*.17*		*.15*		*.16*		*.20*	
ΔR^2	*.05*		*.04*		*.09*		*.03*		*.02*		*.01*		*.03*		*.06*	

**** P< 0.01; ** P< 0.05 * P< 0.10*

Table 11: Model analysis for sin of commission predicting integrative negotiation outcomes

	Model 25		Model 26		Model 27		Model 28		Model 29		Model 30		Model 31		Model 32	
Steps and variables	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Control variables																
Gender	-490	350	-373	344	-295	349	-372	358	-297	370	-301	360	-329	357	-244	354
Age	721**	299	791	299	700**	297	742**	301	691**	303	734**	302	783**	306	745**	293
Work experience	-414**	170	-454	169	-427**	170	-491***	176	-424**	174	-447**	172	-487***	176	-438**	167
Main effects																
Sin of commission	9	352	135	367	-19	340	-59	345	35	344	-85	358	75	341	140	335
Self-emotional appraisal	-609*	335														
Other-emotional appraisal			-463	339												
Use of emotion					-319	334										
Regulation of emotion							-160	352								
Networking ability									-105	429						
Interpersonal influence											-304	498				
Social astuteness													-361	369		
Apparent sincerity															-335	401
Two-way interactions																
Self-emot. appr. *comm.	481	721														
Other-emot. app.* comm.			882	840												
Use of emotion* comm.					1046	693										
Regul. of emot. * comm.							1098	813								
Networking ability* comm.									809	1039						
Interpersonal infl.* comm.											1290	1164				
Social astuteness* comm.													633	893		
Apparent sincerity* comm.															1578*	891
F	*2.08*		*2.11*		*1.99*		*1.84*		*1.53*		*1.70*		*1.72*		*2.40*	
F p-value	*.07*		*.06*		*.08*		*.11*		*.18*		*.14*		*.13*		*.04*	
R^2	*.17*		*.17*		*.16*		*.15*		*.13*		*.14*		*.15*		*.19*	
ΔR^2	*.01*		*.02*		*.03*		*.03*		*.01*		*.02*		*.02*		*.04*	

**** P< 0.01; ** P< 0.05 * P< 0.10*

Table 12: Summary of significant findings

Hypothesis	Model Location	Independent variable	Moderator variable	Dependent variable	Results	Graph
2c	Table 7, model 7	Omission	Social astuteness	Distributive	Significant at *p<.05*	Figure 1
2d	Table 7, model 8	Omission	Apparent sincerity	Distributive	Significant at *p<.05*	Figure 2
2d	Table 9, model 24	Commission	Apparent sincerity	Distributive	Significant at *p<.05*	Figure 3
3a	Table 7, model 1	Omission	Self-emotional appraisal	Distributive	Significant at *p<.05*	Figure 4
3a	Table 9, model 17	Commission	Self-emotional appraisal	Distributive	Significant at *p<.05*	Figure 5
3b	Table 7, model 2	Omission	Other's-emotional appraisal	Distributive	Significant at *p<.05*	Figure 6
3c	Table 7, model 3	Omission	Use of emotions	Distributive	Significant at *p<.05*	Figure 7
3c	Table 9, model 19	Commission	Use of emotions	Distributive	Significant at *p<.05*	Figure 8

Discussion

Using deception in negotiation is a risky undertaking, both ethically and strategically. My main hypotheses predicted that the use of deception, both sins of omission and sins of commission, would lead to higher distributive negotiation outcomes and lower integrative negotiation outcomes. I also hypothesized that these effects would be moderated by political skill and emotional intelligence. To test these hypotheses, I ran a negotiation experiment with 68 dyads in which the participants in the recruiter condition were placed in a position in which they might decide to use deception. While I was unable to show direct connection between the use of deception and negotiation outcomes, the study yielded several important findings.

Before exploring the specific moderators that impact the relationship between deception and negotiation outcomes, it should be noted, from a broad level, that this study largely demonstrates that both emotional intelligence and political skill moderate the relationship between deception and distributive outcomes. In this study, I found eight different moderation effects for distributive outcomes. However, I was unable to show moderation effects for integrative outcomes. One possible reason for this disparity is that deception has been shown to be used for personal gain (Lewicki & Hanke, 2012), not as a means to increase joint gains. Thus, I found that those who have high political skill and high emotional intelligence are more effective at the use of deception and thus, produce larger distributive outcomes.

In terms of moderation effects, this study found that self-emotional appraisal, others' emotional appraisal and use of emotion moderate the relationship between sins of omission and distributive outcomes. Further, this study found that self-emotional

appraisal and use of emotion moderates the relationship between sins of commission and distributive outcomes. The first interaction effect that was found was that of use of emotion. Those who are better skilled at using their emotions to facilitate higher degrees of task performance (Wong & Law, 2002) are more likely to achieve higher distributive outcomes when using sins of omission as well as sins of commission. This suggests that such individuals are able to leverage their high emotional intelligence levels to increase their share of the negotiation outcomes when using deception. Interestingly, in the absence of deception, the distributive negotiation scores are similar between individuals who are high in use of emotion and individuals who are low in use of emotion, suggesting that use of emotion does not impact distributive outcomes in negotiations in which deception is not used. Second, this study found that self-emotional appraisal moderated the relationship between both sins of omission and sins of commission and distributive negotiation outcomes. These results suggest that those who are better able to understand their own emotions and how they express their own emotions use such understanding to increase their distributive outcomes in negotiations in which they use deception. It should be noted, that the graphs from the simple slopes indicates that in the absence of deception, those high in self-emotional appraisal actually underperform those with low self emotional appraisal. These findings support the research of Cote´ and Miners (2006) and O'Boyle et al. (2011), who found that emotional intelligence leads to higher task performance. Third, this study establishes moderation effects of others' emotional appraisal as a moderating factor. In this dimension, those who understand the feelings of others and are empathetic with the feelings of others have higher levels of distributive outcomes in negotiation when using

sins of omission. The hypothesis that this relationship would hold for sins of commission could not be supported. Nonetheless, this finding suggests that, at least for the passive form of deception, understanding other's emotions increases distributive outcomes.

The second type of moderation effects emerged from the interaction effects of political skills, specifically the dimensions of social astuteness and apparent sincerity. I hypothesized and found that social astuteness moderates the relationship between sins of omission and distributive negotiation outcomes. It should be noted that the data did not support the hypothesis that centered on sins of commission, only that of sins of omission. Thus, those who understand social situations and the social needs of others attain higher distributive outcomes when using sins of omission. This connects with the suggestion that those with higher levels of political skill are better able to handle high-stress relationships (Perrewe, Zellars, & Ferris, 2004), which can be triggered when deception is being used. Second, the dimension of apparent sincerity acted as a moderator for both sins of omission and sins of commission. This finding supports the hypothesis that those with high political skill are often able to appear that they are acting in a genuine manner and that this skill will lead to higher levels of distributive negotiation outcomes when an individual uses deception. This suggests that those who appear sincere are more effective deceivers than those who do not know how to appear in a sincere manner. Thus, in negotiations, we might expect that those who are low in apparent sincerity are more likely to be exposed as deceivers and less likely to attain higher distributive outcomes.

It was also interesting that neither sins of omission nor sins of commission led to higher integrative outcomes. All eight moderation effects show that various dimensions of emotional intelligence and political skill lead to more distributive outcomes, but not integrative outcomes. Thus deception, which is an inherently selfish action, only acts to support the individual but does not act to help the dyad. While this result is not surprising, it does further support the stream of literature that suggests that deception in negotiation is largely a selfish phenomenon (Lewicki & Robinson, 1998; Lewicki & Stark, 1996).

One possible explanation for the lack of direct effects between deception and negotiation outcomes might come from the fact that the participants in this study were undergraduate students with limited negotiation experience. Perhaps in future studies I will open this up to MBA students or prior to the negotiation, offer students negotiation training. The goal of this would be to enable the participants to be more thoughtful in considering the negotiation situation and to draw on an analytical framework to allow them to better understand their negotiation strategy. A second idea would be to increase the stakes of the negotiation by allowing participants to win small amounts of money or some prize that would encourage them to be invested in the outcomes of the negotiation.

Implications for Practice

Broadly speaking, this study found that when using deception, those who have high political skills and those who have high levels of emotional intelligence are more likely to achieve higher negotiation results for themselves than those who are low in political skills or low in emotional intelligence. In short, those who are politically adept

and strong in emotional intelligence are more successful deceivers. Negotiators should be cognizant that if a counterpart who is politically skilled or has a high level of emotional intelligence, uses deception, that they will be more likely to achieve higher distributive gains in negotiation. One way to counteract this is to ask direct questions about areas of interest in which a negotiator is concerned that a counterpart might act deceptively, as research has shown that direct questioning, as opposed to indirect questioning or refraining from questioning, is more likely to bring about an honest answer (Lewicki & Hanke, 2012).

Limitations and future research

This essay has several limitations, which should be noted. First, the negotiation experiment was conducted in a lab, which can have issues of external validity and generalizability (Miles & Schatten, 2015). It is recommended that future research test these hypotheses in a field study to ensure that the findings are generalizable. Using multiple methods is the strongest way to ensure that suggested findings are reflected in the external world (Cook & Campbell, 1979). Another limitation of this study is the oversimplification of sin of omission and sin of commission. While I followed precedent, so that my results could be readily compared to other studies, in reality these are much more complex than simple coding of the presence and absence of deception. For example, hypothesis 1b claims that negotiator use of deception, including sins of omission and sins of commission, is negatively related to integrative outcomes. The test of this hypothesis assumes that sin of omission is either present or absent, when in reality one cannot truly test for all of the possible sins of omission in a negotiation as for

each individual there are opportunities for sins of omission that cannot be captured in a post-experiment survey.

One key area for future research will be to extend this research to a field study to see if the moderation effects of political skill and emotional intelligence hold in a field setting. Further, researchers could benefit by conducting further studies into the relationship between sins of omission, as well as sins of commission, and negotiation outcomes. This study does not support the findings of O'Connor and Carnevale (1997), who found that deception leads to increased distributive outcomes. Thus, future research should continue to test the relationship between deception and distributive outcomes in order to more fully understand deception in negotiation.

One of the key findings of this paper was the moderating effect of use of emotions on the relationship between sins of omission and sins of commission and distributive negotiation outcomes. Future research might investigate the way in which the use of emotion impacts specific negotiation behaviors, such as perspective taking, or the way in which regulation of emotion in a negotiator impacts the emotional states, such as positive affect, of a counterpart. Further research could also extend into other negotiation actions such as brinksmanship or the use of threats and deception.

Conclusion

In this study I suggested that the use of sins of omission and sins of commission would lead to higher distributive outcomes and lower integrative outcomes. While the negotiation experiment did not support these hypotheses, the data supported the finding that various dimensions of political skill and emotional intelligence moderates the

relationship between sins of omission and distributive negotiation outcomes.

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Appendix A

Measure of Negotiation Self-Efficacy

To what extent does each of the following statements accurately describe you? Please indicate the degree to which you personally agree or disagree with each of the following statements

Integrative Questions

In a negotiation I believe that I can…

Find tradeoffs that benefit both parties

Strongly Disagree Disagree Neutral Agree Strongly Agree

Exchange concessions

Strongly Disagree Disagree Neutral Agree Strongly Agree

Look for an agreement that maximizes both negotiators' interests

Strongly Disagree Disagree Neutral Agree Strongly Agree

Establish a high level of rapport with the other negotiator

Strongly Disagree Disagree Neutral Agree Strongly Agree

Distributive questions

In a negotiation I believe that I can…

Persuade the other negotiator to make most of the concessions

Strongly Disagree Disagree Neutral Agree Strongly Agree

Convince the other negotiator to agree with you

Strongly Disagree Disagree Neutral Agree Strongly Agree

Gain the upper hand against the other negotiator

Strongly Disagree Disagree Neutral Agree Strongly Agree

Prevent the other negotiator from exploiting your weaknesses

Strongly Disagree Disagree Neutral Agree Strongly Agree

Appendix B

Measure of Prosocial Motivation

For each question below, please indicate your extent of agreement or disagreement."

I get energized by working on tasks that have the potential to benefit others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I like to work on tasks that have the potential to benefit others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I prefer to work on tasks that allow me to have a positive impact on others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I do my best when I'm working on a task that contributes to the well-being of others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

It is important to me to have the opportunity to use my abilities to benefit others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Appendix C

Measure of Machiavellianism

To what extent does each of the following statements accurately describe you? Please indicate the degree to which you personally agree or disagree with each of the following:

I believe that lying is necessary to maintain a competitive advantage over others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

The only good reason to talk to others is to get information that I can use to my benefit.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am willing to be unethical if I believe it will help me succeed.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am willing to sabotage the efforts of other people if they threaten my own goals.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I would cheat if there was a low chance of getting caught.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I like to give the orders in interpersonal situations

Strongly Disagree Disagree Neutral Agree Strongly Agree

I enjoy having control over other people.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I enjoy being able to control the situation.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Status is a good sign of success in life.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Accumulating wealth is an important goal for me.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I want to be rich and powerful someday.

Strongly Disagree Disagree Neutral Agree Strongly Agree

People are only motivated by personal gain.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I dislike committing to groups because I don't trust others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Team members backstab each other all the time to get ahead.

Strongly Disagree Disagree Neutral Agree Strongly Agree

If I show any weakness at work, other people will take advantage of it.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Other people are always planning ways to take advantage of the situation at my expense.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Appendix D

Measure of Schwartz Values

In this questionnaire you are to ask yourself: "What values are important to ME as guiding principles in MY life, and what values are less important to me?"

Use the rating scale below:

1--means you are opposed to this value.

2--means the value is not at all important, it is not relevant as a guiding principle for you.

3--means the value is important.

4--means the value is very important.

5--means the value is of supreme importance

AS A GUIDING PRINCIPLE IN MY LIFE, this value is:

opposed to my values	not important	important	very important	of supreme importance
1	2	3	4	5

VALUES LIST I

1 ____EQUALITY (equal opportunity for all)

2 ____SOCIAL POWER (control over others, dominance)

3 _____PLEASURE (gratification of desires)

4_____WEALTH (material possessions, money)

5____A WORLD AT PEACE (free of war and conflict)

6____UNITY WITH NATURE (fitting into nature)

7____WISDOM (a mature understanding of life)

8____AUTHORITY (the right to lead or command)

9____A WORLD OF BEAUTY (beauty of nature and the arts)

10____SOCIAL JUSTICE (correcting injustice, care for the weak)

11____LOYAL (faithful to my friends, group)

12____AMBITIOUS (hard-working, aspiring)

13____BROADMINDED (tolerant of different ideas and beliefs)

14____PROTECTING THE ENVIRONMENT (preserving nature)

15____INFLUENTIAL (having an impact on people and events)

16____CAPABLE (competent, effective, efficient)

17____HONEST (genuine, sincere)

18____PRESERVING MY PUBLIC IMAGE (protecting my "face")

19____HELPFUL (working for the welfare of others)

20____ENJOYING LIFE (enjoying food, sex, leisure, etc.)

21____RESPONSIBLE (dependable, reliable)

22____FORGIVING (willing to pardon others)

23____SUCCESSFUL (achieving goals)

24____SELF-INDULGENT (doing pleasant things)

Appendix E

Measure of Emotional Intelligence

To what extent does each of the following statements accurately describe you? Please indicate the degree to which you personally agree or disagree with each of the following statements

Self emotion appraisal

I have a good sense of why I have certain feelings most of the time.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I have good understanding of my own emotions.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I know whether or not I am happy.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Others' emotion appraisal

I always know my team members' emotion from their behavior.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am a good observer of other's emotions.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am sensitive to the feelings and emotions of others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I have good understanding of the emotions of people around me.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Use of emotions

I always set goals for myself and then try my best to achieve them.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I always tell myself that I am a competent person.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am motivated to do a task without needing pressure from other people.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I have good understanding of the emotions of people around me.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I would always encourage myself to try my best.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Regulation of emotions

I am able to control my temper and handle difficulties wisely.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am quite capable of controlling my own emotions.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I can always calm down quickly when I am angry.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I have good control of my own emotions.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Appendix F

Measure of Political Skill

To what extent does each of the following statements accurately describe you? Please indicate the degree to which you personally agree or disagree with each of the following statements

I spend a lot of time and effort at work networking with others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am able to make most people feel comfortable and at ease around me.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am able to communicate easily and effectively with others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

It is easy for me to develop good rapport with most people.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I understand people very well.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am good at building relationships with influential people at work.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am particularly good at sensing the motivations and hidden agendas of others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

When communicating with others, I try to be genuine in what I say and do.

Strongly Disagree Disagree Neutral Agree Strongly Agree

At work, I know a lot of important people and am well connected.

I spend a lot of time at work developing connections with others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am good at getting people to like me.

Strongly Disagree Disagree Neutral Agree Strongly Agree

It is important that people believe I am sincere in what I say and do.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I try to show a genuine interest in other people.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I am good at using my connections and network to make things happen at work.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I have good intuition or savvy about how to present myself to others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I always seem to instinctively know the right things to say or do to influence others.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I pay close attention to people's facial expressions.

Strongly Disagree Disagree Neutral Agree Strongly Agree

I have developed a large network of colleagues and associates at work whom I can call on for support when I really need to get things done.

Strongly Disagree Disagree Neutral Agree Strongly Agree

Appendix G

Measure of Assessment of fairness

In general, my counterpart was fair.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Overall, I felt that that my counterpart acted fairly.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

If asked, I would tell other students that my counterpart was fair.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Appendix H

General Automotive Case

General Automotive Corporation is a major manufacturer of passenger cars and light trucks. Two of General's most popular vehicles are the mid-sized Venus and the mid-sized Pluto. The vehicles' steel bodies are almost identical, however minor aspects of the trim and interior are different. Each of the two autos is sold through a different division of General, and is targeted at a different consumer group.

For General, vehicles with similar body styles are part of a platform. The Venus and Pluto comprise the □G car platform. By making the autos similar, General reduces costs by using the same production equipment and parts for a larger number of vehicles.

Environmental concerns have been driving a change in the automotive industry. The U.S. Government has been passing increasingly stringent environmental legislation. The Government has been pressing manufacturers to produce vehicles that get better gas mileage. The required weighted average fuel economy of a manufacturer's fleet of vehicles (corporate average fuel economy, CAFE) has increased. This saves fuel and also reduces noxious emissions. The CAFE requirement has just increased from 27.5 MPG to 32.0 MPG.

One way manufacturers can increase the fuel efficiency of an auto is to decrease its weight. Aluminum weights 1/3 less than steel, however, it also costs 3 times as

much. Though it is not cost effective to produce a vehicle made entirely of aluminum, substitutions can be made for certain strategic parts. This can significantly lower a vehicle's weight to sufficiently increase its gas mileage and satisfy CAFE requirements.

Pat Moldauer is a purchasing representative for General. He has been working for the company for seven years. Pat has been having preliminary discussions with Midwest Stamping (Midwest) regarding a supply arrangement whereby Midwest would produce an aluminum hood for General's G platform. General not only produces parts internally, but also out-sources them from suppliers like Midwest depending on internal capacity constraints.

Chris Sava is the President and owner of Midwest. Midwest is a small stamper of large metal parts for the appliance and office furniture industry. Midwest also manufactures mall piece parts for second tier automotive suppliers. Chris has been actively trying to grow Midwest. Securing the G car hood business would be a major accomplishment that would greatly enhance Midwest's reputation and visibility in the automotive industry. The auto manufacturers are among the largest users of stamped parts in the country.

The G car platform is integral to General's product line. The G car was introduced three years ago and General is in the midst of redesigning the platform for a new G car style that will be introduced in three years. General's intention was to use

the aluminum hood in the redesigned G car, but the unexpected tightening of the CAFE requirements has forced General to immediately incorporate the hood into the present version.

The press needed to produce the aluminum hood is somewhat specialized and costs $6,000,000. Midwest does not currently have such a press and would have to purchase one to produce the part for General. G car production is projected to average 100,000 units per year for at least the next 9 years.

A preliminary agreement has been reached between General and Midwest on all substantive aspects except price. Chris and Pat are meeting today to settle on price.

CHRIS SAVA'S CONFIDENTIAL INFORMATION

You are anxious to do business with General. In fact, you have been calling on them for five years waiting for an opportunity like this. In addition to this specific contract, you feel that you could do a lot more work for General and would like to establish a long-term relationship.

In your business a high quality rating from this manufacturer is deemed very important. It is so important in fact that not having such a rating has prevented you from getting contracts with other manufacturers. You are confident that if you are given the chance to produce this part for General you will receive a high quality rating from them, which will enhance your overall business prospects.

You are aware that many of your competitors could produce this part equally well for Genera, and would jump at the opportunity to bid on this contract. As a result, you are wary of playing hardball on price during the negotiations. You would be willing, if necessary, to accept a substandard return for this project. Your usual rate of return for a project of this size is 13.0%.

The $6,000,000 press cost is highly significant for Midwest. Though you are a smaller company you have the resources to finance the necessary equipment purchases and other costs necessary to complete this project. Your evaluation of the

total profits available to Midwest over a nine year horizon (three more years for the current design and six years for the redesign) based on a variable cost per unit of $10, along with the associated returns on investment are presented in Exhibit A. Assume that these figures are accurate and based on your best estimates of projected net profit taking all costs into account.

Option	Price	Profit/ (Loss) if 3 years	Profit/ (Loss) if 6 years	Profit/ (Loss) if 9 years
A	$35.00	$1,500,000	$8,000,000	$16,500,000
B	$32.00	$800,000	$7,000,000	$13,800,000
C	$30.00	$0	$6,000,000	$12,000,000
D	$25.00	($1,500,000)	$4,000,000	$7,500,000
E	$20.00	($3,000,000)	$0	$3,000,000
F	$16.67	($4,000,000)	($2,000,000)	$0

PAT MOLDAUER'S CONFIDENTIAL INFORMATION

(treatment group)

You have heard this morning that due to other planned improvements to the G car redesign due out in three years, the aluminum hood will no longer be necessary to maintain CAFE standards. You are certain that Midwest does not have this information. A steel hood has been recommended by engineering for the future design and, furthermore, General intends to produce this steel hood in house. An aluminum hood is still needed on the current G car for the remaining three-year period.

You know that General has the ability to unilaterally cancel contracts if material modifications are made to a given part. Therefore you realize that the nine year contract you sign today will not be binding in three years. Midwest most likely does not know this given that they have never dealt with General before.

After seven years with General, you are finally up for your first big promotion. However, so is one of your counterparts in another purchasing department. As a result of recent tightening in the budget you believe that only one of you can receive this promotion this year. You could greatly improve your personal track record by sourcing this important part at a favorable price.

You have investigated the track record of Midwest and believe them to be a reliable, high quality supplier. However, the person you will be negotiating with, Pat

Mouler, has a really bad reputation. He has a track record of using deception and acting in a manner that is considered unethical. You searched his name in Google and confirmed that his bad reputation was well warranted.

The hood project is critical to General's achievement of the CAFE requirements. As a result, you have the authority to pay whatever price is necessary to source this part. Though you will be commended for a low purchase price, you will not be reprimanded in any way for paying too much.

The finance and engineering departments at General have studied the costs and associated paybacks of this project under several different part price scenarios. Given today's decision to replace the aluminum hood in three years, the table below shows that price options D,E, and F will result in certain losses for Midwest. Assume that these figures are accurate and based on your best estimate of net profits taking all costs into account.

ANNUAL UNIT VOLUME 100.000 units/yr

VARIABLE COST/UNIT $10.00

PRESS COST $6,000,000

Option	Price	(ACTUAL POTENTIAL PROFIT TO MIDWEST GIVEN NEW INFORMATION) Profit/ (Loss) if 3 years	PROFIT POTENTIAL PERCEIVED BY MIDWEST BASED ON OLD INFORMATION Profit/ (Loss) if 9 years
A	$35.00	$1,500,000	$16,500,000
B	$32.00	$800,000	$13,800,000
C	$30.00	$0	$12,000,000
D	$25.00	($1,500,000)	$7,500,000
E	$20.00	($3,000,000)	$3,000,000

F	$16.67	($4,000,000)	$0

Purchasing has established a target price of $25 per part for the hoods based on past purchases of similar parts. You do not have another supplier lined up from whom you could purchase the part at that price.

Though you have never personally done it, it is not frowned upon by General to withhold facts of □stretch the truth with a supplier to get them to produce a unique or difficult part. At general, the company motto has always been profits are King.

You must come up with an agreement with Midwest on onse of the six price options in the chart in order to complete this contract; no other solutions are acceptable.

PAT MOLDAUER'S CONFIDENTIAL INFORMATION

(control group)

You have heard this morning that due to other planned improvements to the G car redesign due out in three years, the aluminum hood will no longer be necessary to maintain CAFE standards. You are certain that Midwest does not have this information. A steel hood has been recommended by engineering for the future design and, furthermore, General intends to produce this steel hood in house. An aluminum hood is still needed on the current G car for the remaining three-year period.

You know that General has the ability to unilaterally cancel contracts if material modifications are made to a given part. Therefore you realize that the nine year contract you sign today will not be binding in three years. Midwest most likely does not know this given that they have never dealt with General before.

After seven years with General, you are finally up for your first big promotion. However, so is one of your counterparts in another purchasing department. As a result of recent tightening in the budget you believe that only one of you can receive this promotion this year. You could greatly improve your personal track record by sourcing this important part at a favorable price.

You have investigated the track record of Midwest and believe them to be a reliable, high quality supplier. The hood project is critical to General's achievement of

the CAFE requirements. As a result, you have the authority to pay whatever price is necessary to source this part. Though you will be commended for a low purchase price, you will not be reprimanded in any way for paying too much.

The finance and engineering departments at General have studied the costs and associated paybacks of this project under several different part price scenarios. Given today's decision to replace the aluminum hood in three years, the table below shows that price options D,E, and F will result in certain losses for Midwest. Assume that these figures are accurate and based on your best estimate of net profits taking all costs into account.

ANNUAL UNIT VOLUME 100.000 units/yr

VARIABLE COST/UNIT $10.00

PRESS COST $6,000,000

Option	Price	(ACTUAL POTENTIAL PROFIT TO MIDWEST GIVEN NEW INFORMATION) Profit/ (Loss) if 3 years	PROFIT POTENTIAL PERCEIVED BY MIDWEST BASED ON OLD INFORMATION Profit/ (Loss) if 9 years
A	$35.00	$1,500,000	$16,500,000
B	$32.00	$800,000	$13,800,000
C	$30.00	$0	$12,000,000
D	$25.00	($1,500,000)	$7,500,000
E	$20.00	($3,000,000)	$3,000,000
F	$16.67	($4,000,000)	$0

Purchasing has established a target price of $25 per part for the hoods based on past purchases of similar parts. You do not have another supplier lined up from whom you could purchase the part at that price.

Though you have never personally done it, it is not frowned upon by General to withhold facts of □stretch the truth with a supplier to get them to produce a unique or difficult part. At general, the company motto has always been profits are King.

You must come up with an agreement with Midwest on onse of the six price options in the chart in order to complete this contract; no other solutions are acceptable.