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Deception in Negotiations: The Role of Emotions

Francesca Gino[1] and Catherine Shea[2]

[1]Harvard University, [2]Duke University

Negotiation offers many opportunities for deception. Imagine, for example, that you were interested in buying a car. Even though this is the first dealership you have visited, during the negotiations with the salesperson, you tell them that you have negotiated a better price for the same car at another dealership. This represents a clear case of deception (even possibly fraud) in a negotiation. When are negotiators most likely to use deception in negotiation? Why do they use this strategy when they do? This chapter addresses these questions and describes the existing research on when individuals are likely to deceive. In addition, the chapter identifies new directions for future research by incorporating emotions into the deception calculus.

In most bargaining situations, parties have the potential to profit by not disclosing information, by misrepresenting information they have or by using false statements (Bazerman, Curhan, Moore & Valley, 2008; O'Connor & Carnevale, 1997). Whenever negotiators transmit information that implicitly encourages the counterpart to draw incorrect conclusions they are using deception (Murnighan, 1991). The negotiation literature has identified multiple strategies that qualify as deceptive, including misrepresenting information, bluffing and lying (Boles, Croson, & Murnighan, 2000).

Early research on deception in exchange relationships proposed that people engage in a rational, cost-benefit analysis when deciding whether to misrepresent information in order to advance their self-interest in negotiation. For instance, Lewicki (1983) suggested that people lie to the extent that lying benefits them. Similarly, Tenbrunsel (1998) found that incentives increase a person's willingness to misrepresent information to another party in a social exchange. These findings are consistent with traditional economic models, which argue that people make rational, self-interested decisions to deceive based on the incentives they face at the time of the decision (e.g., Jensen & Meckling, 1976; Prendergast, 1999).

More recently, however, research has uncovered the role of other important factors in driving the decision to deceive a counterpart in negotiation, including power, trust and emotions. This chapter will describe the body of literature examining the antecedents of deception in the next section. Next, we will discuss research in a new and emerging area in deception, the role of *emotions* experienced by the focal negotiator. We will conclude the chapter by outlining directions for future research on the impact of discrete emotions on deception in negotiations. In discussing venues for future research, we focus on the potentially counterintuitive effects that emotions can have on the focal negotiator's decision to deceive.

The Use of Deception in Negotiation

To deceive or not to deceive? This is a fundamental dilemma for negotiators. In most negotiations, the parties have incomplete and private information and thus face an information dilemma. Namely, revealing information facilitates value creation, but may inhibit value claiming by exposing negotiators to the possibility of being exploited by their counterpart (Aquino, 1998; Murnighan, Babcock, Thompson, & Pillutla, 1999). Honesty may be the best policy for creating value, but it increases personal risk. Consequently, negotiators face the temptation to engage in deception as a self-protective strategy (Dees & Cramton, 1991).

By definition, deception intentionally misleads another party in a way that implicitly provides an advantage to the deceiver (Aquino, 1998; Boles et al., 2000; Lewicki, 1982). Deception can be an active process, as when individuals misrepresent a situation by giving false information, or a passive one, as when individuals conceal information (Bok, 1978; Ekman, 2001). These two forms of deception are frequently referred to in the negotiation literature as sins of commission and sins of omission, respectively (Murnighan et al., 1999; O'Connor & Carnevale, 1997; Schweitzer & Croson, 1999; Spranca, Minsk & Baron, 1991).

Any situation that has a competitive element, including negotiations, is likely to involve deception (Aquino & Becker, 2005; Hegarty & Sims, 1978; Lewicki, Saunders & Minton, 1999; Murnighan, 1991; Tenbrunsel, 1998). However, still relatively little is understood about the factors that trigger deception in negotiation. In the early 90s, research by Lewicki et al. (1994) and by Murnighan (1991) identified four factors driving deception in negotiation: greed, competition, uncertainty and experienced injustice. Because of these factors, self-interested negotiators are likely to deceive their counterpart so that they can reach better outcomes for themselves (Boles et al., 2000). These drivers have received empirical support over the last two decades. For instance, Lewicki and Spencer (1990) found that negotiators who expect to negotiate with a competitive counterpart are more willing to deceive than negotiators who expect to negotiate with a cooperative counterpart.

In addition to these four main drivers, prior research on deception has suggested that the characteristics of the individual and the situation will affect individuals' propensity to deceive, either alone or in interaction (e.g., Hegarty & Sims, 1978; Lewicki, 1982; Schweitzer & Croson, 1999; Trevino, 1986). They are higher for males (Robinson, Lewicki & Donahue, 2000), in dyads with high cognitive trust (Olekalns & Smith, 2009), for negotiators with an individualistic orientation (O'Connor & Carnevale, 1997; see also De Dreu & Van Lange, 1995), and in bargaining contexts where the victims are powerless and anonymous (Tenbrunsel & Diekmann, 2007).

Regardless of the reasons motivating deception in negotiation, once negotiators intentionally misrepresent information at the bargaining table they recruit various justifications for their unethical actions (see Ayal & Gino, 2011 for a discussion of justifications individuals generally use after cheating). For instance, they may justify their actions by convincing

themselves that their counterpart did not have good intentions and was likely going to lie in the negotiation as well (Tenbrunsel, 1998). In related research on lying, Sagarin, Rhoads, and Cialdini (1998) found that after lying to another person, the liar is more likely to judge the person being lied to as less honest compared to other individuals. These results indicate that individuals' temptation to deceive their counterpart bias their perception of the other parties' intentions, thus leading to a potentially vicious cycle (Boles et al., 2000).

Importantly, negotiation research has also identified ways through which deception can be attenuated. For instance, deception is less likely to occur when mutual interests are uncovered by the parties negotiating (O'Connor & Carnevale, 1997), when negotiations occur face-to-face rather than over email (Valley, Moag & Bazerman, 1998), when ethical standards are salient (Aquino, 1998), in negotiations where parties have high affective trust (Olekalns & Smith, 2009), and when negotiators ask direct rather than indirect questions to their counterparts (Schweitzer & Croson, 1999).

Over the years, then, this body of work has uncovered important antecedents of deception and has also identified conditions under which deception can be reduced. One question that has received less attention to date is how emotions affect negotiator behavior (Brooks-Wood & Schweitzer, 2011), and deception more specifically. During a negotiation, parties are likely to experience different emotions, or they may approach the negotiation with particularly good or bad feelings (e.g., anger or anxiety). In fact, the conflict nature that is often embedded in negotiations makes discussions at the bargaining table frequently emotional and/or contentious (Barry, 1999; Barry & Oliver, 1996). The emotions that negotiators "bring to the table" can greatly impact their decision making, their strategies and their actions (Frijda, 1986; Brooks-Wood & Schweitzer, 2011), and, as a result, the subsequent negotiated outcomes. How do

emotions influence negotiators' behavior? And, more specifically, what is the impact of the emotions negotiators experience during the negotiation on their likelihood to deceive their counterpart?

In the remainder of the chapter, we address these questions and examine ways in which emotions affect deception. We first review existing work on the role of emotions in negotiation more generally, and then identify areas that have not yet received attention in the literature and that could provide fruitful venues for future research.

<u>Emotions in negotiations</u>

Over the last two decades, there has been a growing interest in studying the influence of discrete emotions in negotiation. Some of this work has focused on developing theoretical arguments or frameworks regarding the role of affect and affective processes in negotiation (e.g., Allred, 1999; Barry & Oliver, 1996; Davidson & Greenhalgh, 1999; Lawler & Yoon, 1995; Morris & Keltner, 2000; Thompson et al., 1999). Other work, instead, has focused on empirical studies with emotions in negotiation as the central focus (e.g., Baron, 1990; Carnevale & Isen, 1986; Friedman et al., 2004; Kramer, Newton, & Pommerenke, 1993; Shapiro, 1991; Shapiro & Bies, 1994; Sinaceur & Tiedens, 2006; Steinel et al., 2008).

In approaching emotion research, it is important to keep clear definitions in mind. Although these terms are at times used loosely, emotions and moods are distinct constructs in the literature on emotions; affect is a third, related construct that generally includes the other two. Emotions involve physiological arousal that arises in response to specific events or situational stimuli (Parrott, 2001; Smith & Ellsworth, 1985). Emotions are more specific, differentiated and also of shorter duration than moods, which are defined as diffuse feelings of either positive or negative valence that are both enduring and pervasive (Forgas, 1992; 1998). Both emotions and

moods are important in the study of negotiation, since negotiations generally give rise to many emotions.

Early research in negotiation focused on the role of mood and found that, in general, positive moods are associated with cooperative behavior (Barry & Oliver, 1996); they increase concession making, and they elicit creative problem-solving (Baron et al., 1990; Forgas, 1995; 1998). Instead, negative moods are associated with competitive behavior (Barry & Oliver, 1996); they decrease initial offers as well as joint gains, and they increase the use of self-interested and competitive strategies at the bargaining table (Pillutla & Murnighan, 1996).

More recently, negotiation research has started to examine the role of discrete emotions rather than mood, but the research is still sparse. To date, anger and happiness are the most commonly studied emotions in negotiations (e.g., Allred et al., 1997; Van Dijk et al., 2008; Van Kleef et al., 2004), while other emotions have not yet received a lot of research attention. The empirical studies on the effects of emotion in negotiation that have been conducted so far have found that positive emotions help negotiators create value and reduce contentious behavior, whereas other-directed anger has the opposite effect (for a review, see Barry, Fulmer, & Van Kleef, 2004). Yet, several questions regarding the emotional side of negotiation are still unanswered. We identify a few of these questions in the remainder of the chapter.

Morris and Keltner (2000) proposed two different approaches to integrating emotion into negotiation. The first is the affect and cognition perspective, which focuses on the *intra*personal processes that emotions evoke (e.g., how does a focal negotiator act under the influence of a particular emotion?). The second is the social-functional perspective, which focuses on the *inter*personal processes that emotions facilitate (e.g., how does a focal negotiator influence the dyad as a whole under the influence of a particular emotion?). Thus, while intrapersonal research

focuses on the effects that emotions experienced by a negotiator have on his/her behavior, interpersonal research focuses on the effects that the negotiator's emotions have on his/her counterpart.

In this chapter, we focus exclusively on the affect and cognition perspective, and examine how the felt emotions of the focal negotiator increase or reduce the use of deception. However, we see research following the social-functional perspective to be crucial in the understanding of negotiators' behavior at the bargaining table. We hope that future work will dedicate research attention to this important line of investigation.

Deception and Emotion: What We Know

Positive emotions have been shown to produce a wide variety of beneficial outcomes in negotiation and, as concluded by Anderson and Thompson (2004: 139), "…no observed disadvantages of being positively affective". One of the many benefits that positive emotions bring to the negotiating table is the ability to curb deception (Olekalns & Smith, 2009).

Negotiators experiencing negative emotions, instead, have been found to be more likely to use deception in negotiation (Olekalns & Smith, 2009; Moran & Schweitzer, 2008). More specifically, studies have found that rates of deception are higher when negotiators feel envious towards their counterpart (Moran & Schweitzer, 2008) or anxious (Olekalns & Smith, 2009). In addition, anger may also lead to deception. When anger is used intentionally throughout the negotiation, targets usually feel unfair, offended, and angry. As a result, they are motivated to retaliate and even deceive (Allred, 1999).

Interestingly, the emotions do not need to be triggered directly by the counterpart nor the negotiation context in order for these effects to occur. In fact, even *incidental* (rather than integral) emotions –i.e., emotions triggered by events unrelated to the current negotiation (and

that normatively should not influence it)– have been linked to deception (Moran & Schweitzer, 2008).

In short, although the extant research on emotions as antecedents to deception is scarce, negative emotions have commonly been found to increase deception and positive emotions have commonly been found to reduce it (Olekalns & Smith, 2009).

Deception and Emotion: Directions for Future Research

Given the importance of understanding the role of emotions in eliciting or curbing deception and the little research conducted so far, we believe future research would benefit from carefully examining the effect of discrete emotions on the decision to deceive during negotiation. Indeed, it would be useful to know how various emotions, of different valence, influence a negotiator's willingness and likelihood to use deception, why they have the effects that they do, and what factors may moderate their impact.

In line with the previous research on emotion and negotiation, we expect that positive emotions should have a predominantly positive effect on decreasing deception in negotiation, whereas negative emotions should predominantly increase deception. We outline two potentially fruitful venues for future research: (1) the study of the mechanisms linking emotions to deception in negotiation, and (2) the study of specific categories of emotions that may have counterintuitive effects on negotiators' use of deception at the bargaining table. We focus on emotions known as the *self-conscious evaluative emotions*.

Mechanisms linking emotions and Deception

Although emotions may differ in valence, the same valenced-emotions (e.g., anger and fear) can produce different effects on individuals' behavior and decisions (Lazarus, 1991; Lerner & Keltner, 2000, 2001). According to the Appraisal-Tendency Framework (ATF), specific

emotions give rise to specific cognitive and motivational processes, which in turn result in different effects on behavior (Lerner & Keltner, 2000, 2001). In a well-known empirical paper, Smith and Ellsworth (1985) identified six cognitive dimensions that refer to the underlying appraisal patterns of different emotions: certainty, pleasantness, attentional activity, control, anticipated effort, and responsibility. For example, anger and fear differ in certainty and control, but not on the other dimensions. Anger is characterized by certainty about what happened and individual control over negative events. Fear, instead, is characterized by uncertainty about what happened and situational control. Thanks to these appraisals, emotions of the same or opposite valence can be compared. In addition, emotions carry with them motivational properties that can lead the emotions to have carry-over effects onto unrelated situations (Lerner & Keltner, 2000, 2001).

We suggest that future negotiation research would benefit from examining both cognitive and motivational drivers carefully to better understand how discrete emotions experienced at the bargaining table can produce powerful changes in the parties' behavior. Negotiations seem a ripe context for the study of the underlying appraisals of emotions, since features of the negotiation context itself could easily trigger them.

Self-conscious evaluative emotions and Deception

The class of self-conscious, evaluative emotions includes the negative emotions of guilt, shame and embarrassment and the positive emotion of pride. These emotions are also known as the moral emotions (Tangney, Stuewig & Mashek, 2007) due to their ability to nudge individuals into moral and ethical decisions. Self-conscious evaluative emotions are distinct from more basic emotions such as happiness and anger as they involve a complex self-evaluative process. That is, these emotions result from a *self*-evaluation whereas other emotions can result from a wide

variety of evaluations that do not implicate the self. Since they implicate the self, these are very

personal emotions and, as a result, they motivate behavior and influence decisions that are highly

central to self-identities, including the decision to act morally. Self-conscious evaluative

emotions are also tailored towards social group functioning and relationships (Tracy & Robbins,

2007). As such, these emotions may be linked to deception. In what follows, we focus on two

specific emotions, pride and guilt, and develop propositions regarding the link between these

emotions and the use of deception in negotiation. Our hope is that the following sections will

inspire researchers to conduct new research testing these and other propositions.

Pride and Deception

On the surface, pride seems like a straightforward emotion. People experience pride after

an important achievement, as an observer can easily realize by the "puffed-up" body stance of

the pride feeler (Ekman & Friesen, 1971). Pride is associated with a sense that the self is strong

and separate from others (Oveis, Horberg, & Keltner, 2006) and is thought to be a "cornerstone"

emotion as an important motivator to achieve (Tracy & Robbins, 2007).

Recent work on pride has uncovered two facets of pride: authentic pride and hubris pride

(see Tracy & Robbins, 2007). Authentic pride is associated with constructs such as achievement

and confidence, both of which direct behavior towards prosocial actions. However, hubris pride

is related to constructs of arrogance and conceit, which detract from prosocial behavior (Tracy &

Robbins, 2007). Additionally, these two facets of pride have differing cognitive antecedents with

authentic pride attributing success and achievement to effort and hubris pride attributing success

to ability. Thus, both facets of pride, although stemming from the same positive emotion and

representing themselves via the same non-verbal behaviors and physical stances, are likely to

lead to divergent outcomes in negotiations, especially regarding a negotiator's decision to engage in deception.

In an attempt to reinforce pride via achievement in a negotiating setting, pride is likely to serve the function of driving negotiators to maximize their outcomes. However, this outcome maximization may manifest itself in different routes based on the two aspects of pride. By motivating prosocial behaviors, authentic pride is likely to lead to strong relationship building, which, in turn, may reduce the use of deception. Hubris pride, on the other hand, should increase deception as a reasonable negotiating tactic.

In short, we suggest that the two facets of pride, namely authentic and hubris pride, provide an opportunity for future research to examine the counter-intuitive effect of positive emotions on deception in negotiations.

Guilt and Deception

Like certain positive emotions, there may be negative emotions emotions that lead to a *decrease* rather than an increase in deception when experienced by the focal negotiator. Negative emotions have been associated with increased use of deception (Olekalns & Smith, 2009; Moran & Schweitzer, 2008). Here, we focus on one negative emotion in particular, guilt, and suggest that it has the ability to both curb deception and increase prosocial behavior in negotiations. Prior theorizing on guilt in negotiation has posited that guilt maintains reciprocal cooperation by motivating efforts to reduce the harm that one may have caused in a negotiating dyad (Morris & Keltner, 2000). Building on this theorizing, we suggest that guilt can attenuate deception in negotiation.

Guilt is a negative, unpleasant emotion that belongs to the class of self-conscious, evaluative emotions. Individuals experience guilt after evaluating a specific action or inaction of

theirs as a failure when comparing it against an internal standard (Lewis, 1993), or after finding

that the particular action (or inaction) has resulted in a form of harm to another individual

(Baumeister, Reis & Delespaul, 1995).

Guilt differs on these two dimensions from shame, though the two emotions are often

confused with each other. Guilt evaluates a specific bad behavior, whereas shame evaluates a

general "bad self" (Lewis, 1971; Lewis, 1993; Tracy & Robbins, 2006). Suppose that an

individual engages in an action that harms someone else. If that person experiences guilt, she

might think, "That was a bad action." If she instead experiences shame, she might think, "I am a

bad person." Whereas the experience of shame leads to a motivation to change and alter the self,

experiencing guilt leads to intentions of changing one's behavior (Niedenthal, Tangney &

Gavanski, 1994). Both shame and guilt can result from the feeling that one has negatively

impacted another person (Tangney, 1992). Yet, guilt is concerned with the effects of that

behavior rather than with the others' opinion of the self (Tangney, Mashek, & Stuewig, 2007),

while shame incorporates feelings about others' evaluation of the self. Thus, guilt is centered on

self-evaluation of the behavior (Tangney, 1991, 1992).

Guilt often results from self-regulatory failures such as overspending (Baumeister, Reis

& Delespaul, 1995), from positive inequities bestowed upon one's in-group (favoritism) (Harsh,

Kessler & Leach, 2008), and, most importantly, from transgressions that jeopardize meaningful

relationships (Baumeister, Reis & Delespaul, 1995; Tangney, 1992; Keltner & Buswell, 1996).

However, these actions alone do not directly lead to feelings of guilt. Instead, guilt-prone

situations cause an individual to take the perspective of the person or people who were harmed,

and this perspective-taking leads to the actual experience of guilt (Leith & Baumeister, 1998). In

content analysis of guilt situations, the highest levels of guilt occurred when participants were having thoughts about others whom they felt they had harmed (Baumeister et al., 1995).

In addition to being an important self-regulatory mechanism (Lewis, 1971; Baumeister, Reis & Delespaul, 1995; Berr, Heerey, Keltner, Scabini & Knight, 2003), guilt has the motivational function of safeguarding interpersonal relationships (Baumeister, Stillwell, & Heatherton, 1994; Baumeister et al., 1995). Guilt can serve as a signal that one's current path of action is undesirable, thus motivating more prosocial behavior (Baumeister et al., 1995) and, when necessary, reparative action (Baumeister et al., 1995; Gino & Pierce, 2009). In a study of prejudice, Amodio, Devine, and Harmon-Jones (2007) found that guilt first serves as a negative, punitive cue regarding an enacted behavior and then can transform into an approach when a reparative opportunity presents itself. With the regular experience of an emotion, such as guilt, learning can occur, such that guilt can be felt in anticipation of a future transgression (Lewis, 1993) and shape future behavior (Baumeister, Vohs, DeWall & Zhang, 2007).

We propose that guilt reduces a negotiator's willingness to use deception by increasing her likelihood of taking her counterpart's perspective. As suggested by prior work, guilt functions as a motivation to promote and protect important relationships (Baumeister et al., 1995). Because of this central motivation, we expect guilty negotiators to be more prosocial and to engage in less deception as compared to negotiators who are in a neutral and other negative emotional state.

Conclusions

Our goal in this chapter was to describe the state-of-the-art in the study of emotions (especially pride and guilt) on the negotiation process and outcomes, and to identify a set of unanswered questions and a future direction for the field to move. This research area integrates

literatures on emotions, ethics, and negotiation. We hope that our synthesis of the previous

research and new analysis will stimulate empirical research on the important question of how

emotions in general, and self-conscious evaluative emotions in particular, affect negotiators'

deceptive tactics, even when those emotions are triggered by events unrelated to the negotiation

context.

More generally, multiple factors contribute to the decision to deceive in negotiations (e.g.

trust (Olekalns & Smith, 2009), power (Tenbrunsel & Diekmann, 2007) and individualistic

orientation (O'Connor & Carneveale, 1997). However, the role of emotions in the causes and

consequences of deception has been only lightly explored. We believe that further research in

this area would help to move our understanding of deception in negotiation forward, and will

enable us to better explain and predict the negotiation behaviors we observe in the world.

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