Misleading in social decision-making: a motivational approach
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The Netherlands was shocked when, in February 2003, Royal Ahold announced that its revenues had been overstated for years by a total of at least $500 million ("Opzettelijke misleiding," 2003). The shares of Ahold, one of the largest Dutch companies and the world's biggest food retailer, lost about 60 percent of their value after the accounting irregularities became public ("Ahold," 2003; "Börse," 2003). The massive scale of deception and withholding of information dumbfounded investors, customers, and the general public alike (Meeus, 2003), and even comparisons with the Enron case emerged (Gumbel, 2003).

About one year previously, large-scale accounting irregularities led to the implosion of energy trader Enron Corp., causing the biggest bankruptcy in U.S. history (Kadlec, 2002). During Senate investigations, chairmen of the Enron board laid the blame on company accountants and the management, who had been withholding key financial information and had misled even members of the company's executive board ("Enron board," 2002). Other charges against a group of Enron executives included insider trading and illegally inflating the company's stock price by lying about the existence of a certain Internet technology (Eichenwald & Markoff, 2003).

To cite two more recent examples of corporate deception, WorldCom Corp. have inflated their profits by more than $9 billion within less than three years (Feder, 2003), and HealthSouth Corp., the largest chain of rehabilitation hospitals in the United States, reported income of $1.6 billion before tax, falsifying business records in an attempt to match Wall Street expectations. In reality, however, they had only made $169 million. The accounting fraud spanned more than a decade (Freudenheim & Abelson, 2003).

Company deceit is not limited to the provision of fraudulent accounting information. Drugmaker Parke-Davis wrote articles about the alleged effects of the
drug Neurontin in treatments, for which it was neither effective, nor approved by the FDA (i.e., the United States Food and Drug Administration). The company even paid scientists to publish such articles in professional journals (Carey, 2002). Tobacco companies are often accused of misrepresenting the facts about the addictive properties of their products ("Blowing smoke," 1996; Day & Glater, 2003).

Many marketing practices aim to mislead the consumer (Aditya, 2001). One marketing con trick is to represent products as if they were the means to achieve a highly desired end, like status or popularity. Aditya describes the example of a US mail order company promoting a shoe insert that increases a person's height without changing the outward appearance of the shoe. The company promoted the insert by creating the (obviously false) impression that the shoe insert would help to increase career success. Some companies hope to capitalize on the gullibility of consumers who fall for the simple advertising trick of using blue handwriting fonts to create the impression of a personal note in letters advertising dubious products or services. Furthermore, direct marketers send unsolicited promotional materials by e-mail (often referred to as "spam") and give their messages titles like "RE: our meeting" to trick the recipients into believing that the content is personal in nature. As the number of people who access the Internet keeps growing, so does the number of con tricks, swindles, and frauds, which now already cost American consumers over $100 billion per year (Black, 2003; Hafner & Flynn, 2003; Kimmel, 2001; Langenderfer & Shimp, 2001).

These randomly chosen examples show that lying, deception, and misleading are phenomena that can have tremendous consequences. Of course, to engage in lying and deception is not a privilege of leading figures in business, marketing, or politics. Rather, providing inaccurate information about one's opinion, priorities, or interests is a common activity, with people telling about one or two lies a day on average (DePaulo, Kashy, Kirkendol, Wyer, & Epstein, 1996).

In this dissertation, I will address such questions as "When and why are people likely to deceive an interdependent counterpart?"; "How do people fine-tune the provision of accurate and inaccurate information to influence the other's decision-making?"; "What motivates people to engage in lying and deception?"; or "What factors affect people's decisions to refrain from lying and deception?" Approaching lying and deception from a motivational perspective, I will
investigate the influence of people's own social value orientation (i.e., whether they are pro-socially or selfishly motivated) and the influence of people's expectations about their counterpart's motivational goal (i.e., whether they expect to interact with a cooperative or a competitive opponent)\(^1\) on the provision of accurate and inaccurate information. Further, I will investigate the role of fear of exploitation, greed, and punitive sentiments as factors which promote the use of lying and deception, on the one hand, and concern with reputation and self-monitoring as factors inhibiting lying and deception in social decision-making, on the other hand.

In the remainder of this chapter, I will first discuss some definitional issues to clarify what is meant by lying and deception and then proceed with some classifications of lying and deception. Thereafter, I will discuss four lines of research on lying and deception, namely (1) the social-psychological analysis of patterns of deceptive behavior, (2) a forensic-psychological analysis of differences between liars and truth-tellers, and (3) an organizational-psychological orientation towards developing scales to measure integrity and faking on personality measures. Subsequently, I will review (4) the literature on when and why people deceive in interdependent decision-making, such as experimental games and negotiations. These studies provide the background against which the current dissertation research was conducted.

### Defining Lying and Deception

What do we mean when we talk about lying and deception? Webster's dictionary (Cayne, 1991) defines the terms *deception* and *deceit* as "the state of being deceived; something that deceives or tricks; a hoax; imposture" and "to make (someone) believe what is false; to mislead." The latter term *to mislead* is defined as "to deceive by causing to infer something not actually true." A *lie*, finally, is defined as "an intentionally false statement or impression."

From a philosopher's point of view, the intention to mislead is crucial to the distinction between the terms deceiving and lying. Sisela Bok (1978), for example, argues that we are deceived all the time, through no one's fault. We are deceived

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\(^1\) For ease of reading, the term *social value orientation* will refer to the (questionnaire-measured) personality trait of the participant, and the term *motivational goal* will refer to the (instruction-manipulated) expectation about the interdependent other.
when messages are misunderstood, which can happen due to a variety of distortions, such as noise, fatigue, or language problems. Our eyes frequently deceive us as well. According to Bok, deception can only be called a lie, when it is done with the intention to mislead. In her definition, a lie is "any intentionally deceptive message which is stated" (p. 13).

The social psychologist Paul Ekman adds to this definition the notion that the target of deception gets no warning. A magician, for example, does deceive his audience. However, he is not lying, because his audience expects to be misled. In Ekman's (1985) definition of a lie, "one person intends to mislead another, doing so deliberately, without prior notification of this purpose, and without having been explicitly asked to do so by the target" (p. 28). Aldert Vrij (2000) adds to this definition that also unsuccessful attempts to deceive are lies, and defines lying as "a successful or unsuccessful deliberate attempt, without forewarning, to create in another a belief which the communicator considers to be untrue" (p. 6). Finally, the sociologist Irving Goffman (1974), in his definition of what he calls fabrications, adds the notion that both deceiver and target can be more than one individual. He defines fabrications as "the intentional effort of one or more individuals to manage activity so that a party of one or more others will be induced to have a false belief about what it is that is going on" (p. 83). In the present dissertation, I will only use the term deception to refer to actions that one individual directs towards one interdependent other. This restriction also excludes the area of self-deception. Self-deception is an irrelevant phenomenon for this thesis, as people who fall prey to self-deception are neither lying, nor are they deliberately misleading someone.

The purpose of this thesis is to explore when, how, and why people mislead an interdependent opponent and to shed light on people's motivations behind the provision of misleading information. Hence, the focus is on intended rather than unintended deceit, which makes the philosophical distinction between the terms lying and deception redundant. DePaulo et al. (2003) define deception as a deliberate attempt to mislead others and use the terms lying and deception interchangeably. In order to keep my terminology clear, I will use the term lying to refer to the act of providing inaccurate information about one's own interests to an interdependent other, whereas deception will be used to refer to dishonest behavior towards an interdependent other regarded in its entirety.
Another term, which some authors use as a synonym for lying and deception, is *misrepresentation* (e.g., O'Connor & Carnevale, 1997; Tenbrunsel, 1998). Misrepresentation is a broad term. Webster's dictionary (Cayne, 1991) defines *to misrepresent* as "to give a false impression or account of, either deliberately or unintentionally," while, in popular use, the term conveys the idea of intentional untruth. Thus, misrepresentation can refer to any deceptive statement. With the purpose of keeping my terminology clear and coherent in mind, I will use the term misrepresentation only in a restricted sense. For example, I do not refer to deceitful exaggerations as misrepresentations. Only then will I call a deceptive statement misrepresentation, when the aim is to make things "look the other way round," that is, when one pretends to have interests which are opposed to his or her actual interests.

**Classifying Lying and Deception**

Seeking to describe the concept of deception, scholars have reasoned about possible motivations which drive liars to engage in deceptive communication. Goffman (1974), for example, distinguishes between *exploitive fabrications* and *benign fabrications*. Benign fabrications are construed "in the interest of the person contained by them, or, if not quite in his interests and for his benefit, then at least not done against his interest" (p. 87). Benign fabrications can take various forms, such as playful deceit (e.g., pulling someone's leg), training hoaxes (e.g., a fire drill to train the evacuation of a school building), or paternal construction (e.g., a pilot who does not mention technical problems during the flight, in order to keep the passengers from worrying too much). Experimental hoaxing, that is, lying to participants in a psychological experiment, which is often unavoidable for methodological reasons, is another form of benign fabrication. Exploitive fabrications, on the other hand, aim to serve the interests of the liar and are "clearly inimical to the private interests" (p. 103) of the target of deception.

Other scholars, communication researchers, sociologists, and psychologists alike, have designed a variety of similar taxonomies, which classify lies according to the suspected motivation of the liar (e.g., Camden, Motley, & Wilson, 1984; Hample, 1980; Lippard, 1988; Lindskold & Walters, 1983; Saarni & Lewis, 1993; Turner, Edgley, & Olmstead, 1975). Far from claiming completeness, and in no
particular order, here are some reasons for lying: People may lie to help others (e.g., I tell my boss that my colleague is at the dentist's, even though I know that he has overslept), people may lie to avoid conflict (e.g., when I receive an angry phone call, I pretend that the battery of my cell phone is dead), people may lie to make a good impression (e.g., I pretend to recognize the fine whisky by its taste, whereas I simply caught a glimpse of the label on the bottle), people may lie to protect themselves (e.g., I tell my boss that my computer crashed just the moment before I finished my work, even though the computer is working fine, and I have been lazy), people may lie for their own benefit (e.g., My colleague asked me to buy him a bottle of single malt whisky during my vacation in Scotland. I did so, and pretended that I paid the regular price, while I bought it duty-free), or people may lie to harm others (e.g., a tourist asked me the way in a rather unfriendly way, so I pointed in the wrong direction).

These classifications have two main disadvantages: First, they suffer from a high level of subjectivity, as behaviors (i.e., acts of deception) are classified according to an observer's assumptions about the actor's underlying motivations. Second, the number of classes is virtually unlimited. Therefore, some authors (e.g., Metts, 1989) classified the reasons why participants lie into the following four broader categories: partner-focused (e.g., making a false compliments about a friend's new hair-do), teller-focused (e.g., not admitting a mistake out of concern with self-presentation), relationship-focused (e.g., pretending to agree in order to avoid conflict and unpleasant scenes), or issue-focused (e.g., lying about issues because they are too private).

Types of lies are also distinguished according to the behavior actors apply in order to deceive (e.g., Buller & Burgoon, 1994; Ekman, 1985; Metts, 1989; Turner et al., 1975) – that is, whether liars leave out crucial information in order to make others draw false conclusions, whether they slightly alter what would otherwise have been accurate information, or whether they fabricate inaccurate information. Usually, three classes of lies are distinguished: **omissions** (some authors call these concealments), **distortions** (or equivocations), and **falsifications** (or outright falsehoods). Falsification means to maintain information that contradicts the truth (e.g., a car salesman explicitly tells a customer that the car has run only 50,000 kilometers, even though he knows that the car has run twice as much, and he has
tampered with the odometer). Distortion is the manipulation of information through exaggeration or minimization, so that a listener would misinterpret the information provided (e.g., the car dealer mentions that the car has a low mileage), and omission means to withhold crucial information (e.g., not mentioning that the brakes do not work properly).

DePaulo et al. (1996) developed a taxonomy of lies which categorizes lies along their (1) content, (2) type, and (3) referent. The content of a lie can be a feeling (e.g., feigning a feeling or a judgment: "Your muffins are the best ever!"), an achievement (e.g., "I did well on the test."), an action (e.g., lying about what one has done, is doing, or is planning to do: "I will go out with you sometime"), an explanation (e.g., misstating the reason or explanation for one's behavior, like "I did not take out the garbage because I don't know where to put it."), or a fact (e.g., lying about facts about objects, events, people or possessions, like "My uncle runs that restaurant."). DePaulo et al. differentiate between three types of lies. The first type of lies is outright lies. These are total falsehoods (e.g. "I never drink any alcohol at all"). The second type is exaggerations. These overstate the facts or stretch the truth (e.g. "I am so terribly sorry that I am too late"). Finally, the third type is subtle lies. Telling subtle lies means telling the literal truth, but designing a misleading impression by omitting relevant details (e.g., "Sorry that I'm late, there was a traffic jam," not mentioning that the traffic jam was in the lane in the opposite direction, and the liar simply slept too long). The last factor in DePaulo et al.'s taxonomy of lies is the referent. The referent of the lie is not to confuse with the target of the lie – the target is the person to whom the lie is told, whereas the referent is the person about whom a lie is told. The referent can be the liar him or herself, when the lie refers to something the lie-teller did or felt (e.g., "I model for a New York agency"). Analogously, the referent can also be the target of the lie, another person, or any other object or event.

Most of the experiments reported in Chapters 3 and 4 of this thesis are laboratory experiments which use a relatively context-poor decision-task. As I will explain in detail in Chapter 2 where I discuss the Information Provision Game developed for this dissertation research, people can choose between providing accurate information, providing information which deviates to some extent from what is objectively true, or giving no information at all. Lies can be self-oriented, for
example when participants lie in order to increase their own outcomes, or other-oriented, for example when participants lie in order to decrease the opponent's outcomes. Lying by omission is hardly possible in the experimental situation I have used, because there are no cues in the situation that would create a false impression when no information is given. Therefore I do not consider omissions as lying, but rather as the provision of no information. Lying and misleading thus refer to giving falsified information about facts concerning the liar (i.e., own priorities and preferences in an interdependent task) to an interdependent other. Those falsifications can be self- or other-oriented.

Exploring Patterns of Deceptive Behavior

The key questions in the social psychological approach to lying and deception are "Do people behave differently when they are lying as compared with when they are telling the truth?" and, as a consequence, "How can deception be detected?" Ekman and Friesen (1969), for example, developed a theoretical framework in an attempt to pin down the behavioral aspects of deception. They described specific types of body movements and facial expressions which accompany dishonest behavior and attempts to hide deception, and called those cues leakage clues and deception clues: "Deception clues tip him [the target of deception] off that deception is in progress but do not reveal the concealed information; the betrayal of that withheld information we call leakage" (p. 89). Leakage clues can result from the deceiver's attempt to obey social norms. Ekman and Friesen describe how deceivers not only attempt to inhibit certain unwanted displays (e.g., trying hard not to show nervousness in a job interview), but also try and simulate wanted displays (e.g., appearing self-assured in a job interview). Ekman (1985) extended the theory by looking at the role of emotions in deception. In order to detect deception, he argues, one has to understand the emotions liars are experiencing in a certain situation. Detection apprehension, for example, could leak in high-pitched voice or speech hesitations, whereas guilt could leak in lower pitch and downward gazing.

In their Four-Factor Model, Zuckerman, DePaulo and Rosenthal (1981) tried to explain the processes governing deceptive behavior. Their model does not list a set of behaviors which are more or less likely to be observed when people are lying
as compared to when they are telling the truth. Rather, the model identifies four factors which influence people's behavior while they are lying. These are (1) general arousal, (2) feelings that liars experience, (3) cognitive aspects of deception, and (4) attempts to control the situation. Consequently, there is not just one single type of behavior clearly indicative of deception. Rather, there are a couple of behaviors which occur more or less frequently when people are telling the truth as compared to when they are lying. Liars could, for example, show more blinking, more speech disturbances and greater pupil dilation due to increased general arousal. They may experience feelings like guilt or anxiety, and might, as a consequence, speak in a more distant way by using the third person rather than the first. The Zuckerman et al. model conceptualizes lying as cognitively more demanding than telling the truth. The cognitive challenge could accordingly manifest itself in longer response latencies or more speech hesitations. Finally, attempts by liars to control the situation and to hide their deception could result in suspicious uncommon behaviors.

Buller, Burgoon and colleagues (Buller & Burgoon, 1994; Buller, Burgoon, Buslig, & Roiger, 1994; Buller, Burgoon, White, & Ebesu, 1994; Buller, Strzyzewski, & Comstock, 1991; Buller, Strzyzewski, & Hunsaker, 1991; Burgoon & Buller, 1994; Burgoon, Buller, Dillman, & Walther, 1995; Burgoon, Buller, Ebesu, & Rockwell, 1994; Burgoon, Buller, & Guerrero, 1995; Burgoon, Buller, Guerrero, Afifi, & Feldman, 1996; Burgoon, Buller, White, Afifi, & Buslig, 1999) developed the Interpersonal Deception Theory. They approach deception from a communication perspective and argue that deception is a dyadic and interactive event. Central to the theory is the notion that in order to deceive successfully, people have to simultaneously engage in several strategic behaviors. These strategic behaviors include, apart from actually conveying the message, inter alia, signaling trustworthiness and sincerity, suppressing signs of negative arousal and closely monitoring the target of the deceptive message. In case the receiver shows suspicion of the message, the deceiver has to adapt his/her behavior. This variety of demands makes deceptive communication a taxing task, which may strain the mental capacity of the communicator. As a result, a liar does not only show strategic behavior, but also tell-tale non-strategic behaviors, like increased arousal or impaired communication performance.
The early social-psychological approaches to deception discussed thus far share the assumption that lying is a stressful, sophisticated and shame-evoking process. Lying is considered a selfish act, and people lie in order to gain advantages for themselves. It is only logical then that the selfish liar is highly motivated not to get caught in a lie, as detected lies could have tremendous consequences. That is what makes lying an emotionally demanding task. Lying is cognitively demanding too, because it involves the construction of an alternative coherent story, while truth-telling is simply referring to known facts or scripts. All this can lead to increased arousal during lying, therefore signs of a liar's increased arousal or a liar's attempts to hide such signs could indicate that deception is in progress. What the above mentioned approaches have in common is that they explicitly or implicitly consider lying an event which is somehow out of the ordinary.

However, as DePaulo et al. (1996, p. 979) note, "the debate on deceit has in some important ways proceeded virtually unconstrained by data." In an early study, Turner, Edgley, and Olmstead (1975) analyzed 130 dyadic conversations and found that people lied in about two thirds of their conversations. DePaulo et al. (1996) conducted a larger and more systematic diary study, involving a community sample and a sample of college students. Their data confirmed the view that lying is not extraordinary, but rather a fact of daily life. Community members reported telling about one lie a day, students two (formal polite answers like "fine" to the question "how are you?" were not regarded as lies). This means that community members told a lie in about one out of five interactions, and, during one week, they lied at least once to 30% of the people they interacted with. Students reported a slightly higher frequency of lying.

This high rate of deceptive behavior does not necessarily imply that people are selfish liars who mislead others for the pursuit of material gain. DePaulo et al. (1996) also assessed the situations in which lies are told, the object of the lie, the motivation for lying, the consequences of each instance of deception and the liar's own feelings about having lied. Similar patterns emerged from both samples. In favor of the depiction of liars as "selfish," the overwhelming majority of lies were self-serving, in that people lied about themselves, and twice as many lies were told to benefit the liar rather than other people. Contradicting the assumption of the selfish liar, however, people hardly ever lied in pursuit of material gain. Most lies
served psychological rather than material benefits. People lie in order to appear smarter or more sophisticated than they think they are, or to protect themselves from embarrassment or disapproval. In a recent meta-analysis of 116 studies in which behavior while telling the truth was compared to behavior while lying, DePaulo et al. investigated more than one thousand estimates of 158 cues to deception. The two main findings were, first, that effect sizes for cues to deception were generally weak, and, second, that cues were stronger when the motivation to lie was identity-relevant rather than instrumental.

**Telling the Guilty from the Innocent and Exposing Falsifiers and Fibbers**

The knowledge about how people behave when they are telling the truth and when they are lying is of special importance to two major fields of applied psychology, namely forensic psychology and organizational psychology. A key question for forensic psychologists has always been to determine whether a testimony is true or false, that is, whether a defendant who pleads not guilty and insists that he or she has not committed the offence under scrutiny is lying or telling the truth.

One of the first articles dealing with interview techniques to determine guilt or innocence was published in 1925 (Larson, 1925) and since then much research has addressed people's ability to detect lies (for a recent review, see DePaulo et al., 2003). Forensic psychologists have considered the effectiveness of using instruments to observe ocular stability (e.g., Berrien, 1942), pupillary responses (e.g., Harney, 1943), and voice modulation (e.g., Olechowski, 1967). Perhaps the most widely known method is the polygraph, a device which accurately measures a variety of bodily activities, like palmar sweating, blood pressure and respiration, sometimes also brain electrical activity. Changes in physiological activity are often associated with arousal.

The standard procedure to investigate whether a suspect is guilty (i.e., he or she is lying when pleading innocent) or innocent (i.e., he or she is not lying when pleading innocent) is the Control Question Test, which comprises three different types of questions. Neutral questions (i.e., name, place of birth) are used as distractors. Control questions are questions related to a crime, but not to the crime in question (i.e., if the suspect had ever stolen anything when he or she was a child).
Control questions are formulated in such a way that the examinee's negative answer will always be untruthful. Guilty and innocent suspects are expected to respond with the same level of arousal to those control questions. However, guilty suspects should show stronger reactions to the so-called relevant questions (i.e., questions directly related to the crime in question), than to the control questions, whereas innocent suspects should show weaker reactions to the relevant questions. Polygraph tests are currently used in criminal investigations in countries all over the world, including Canada, Israel, Japan, South Korea, Mexico, Pakistan, the Philippines, Taiwan, Thailand and the USA (Lykken, 1998).

However, the use of polygraphs is disputed, as there are doubts as to whether polygraph outcomes are accurate, valid and reliable, whether it could pass unnoticed when suspects do falsify information during polygraph examinations, and whether the use of polygraphs is ethical (for critical reviews and discussions, see Bashore & Rapp, 1993; Ekman, 1991; Ford, 1995; Iacono & Lykken, 1997; Iacono & Patrick, 1999; Saxe, 1991,1994; Vrij, 2000).

In connection with the increased awareness about national security in the United States, alternative means to detect deception suited for mass security screening are being developed. One such technical means is thermal imaging (Pavlidis, Eberhardt, & Levine, 2002a). A remote thermal camera assesses instantaneous warming around the eyes of an unaware subject during interrogation. Increased blood circulation could hint at a fright/flight response of the sympathetic nervous system, which could be indicative of deceit. However, this method suffers from a high false-positive rate, which makes it problematic for security screening purposes (Pavlidis, Eberhardt, & Levine, 2002b).

Detecting deceitful answers during interrogation is a challenge not only in legal proceedings, but also in organizational contexts. In the area of personnel selection, for example, Walley and Smith (1998) have described how deception on the part of the job candidate and the selector alike can extend over the whole duration of the selection procedure. Selectors may provide misleading information about the job, working conditions, pay scales or promotion criteria, or conceal unfavorable information, for instance about possible reorganization or takeovers, to name but a few options. Candidates may provide inaccurate information about their qualifications, experience, or biographical details, or misleadingly omit
unfavorable information such as an earlier dismissal, health problems, or a criminal record. Candidates' self-presentation strategies are sometimes truthful, like, for example, when candidates highlight their own qualities, but can also involve "false advertising' through the use of exaggeration, fabrication, deception and outright lying" (Rosenfeld, Giacalone, & Riordan, 1995, p. 7).

Job interviews are vulnerable to deceit, because interviewers' impressions about interviewees are highly subjective. Interviewers are fallible due to various biases and errors in information processing. In a field study among personnel and line managers who completed assessments of 330 interviewees, Anderson and Shackleton (1990) found that interviewers' overall evaluations of an applicant as suited for a job is strongly correlated with personal liking and with ratings of similarity to self. Outcome decisions depended strongly on the interviewees' self-presentation and non-verbal behavior. The authors concluded that "the purpose to which the interview is devoted in graduate recruitment therefore requires careful re-appraisal" (p. 75).

Likewise, applicants are not always entirely trustworthy during the selection process (Donovan, Dwight, & Hurtz, 2002; Levin & Zickar, 2002). Levin and Zickar (2002) estimated the prevalence of deception among job applicants, and found remarkably high base rates (i.e., about 40% in most cases) for a variety of deceitful behaviors, such as exaggerating own positive attributes, work experience, or own skills, fabricating information about oneself in order to get the job, or giving false opinions. Though not directly tested, it is a safe assumption that applicants adjust their self-presentation in a way they think would meet their interviewer's demands.

Hoping to detect such tendencies, selectors append psychometric tests to the interviews (Walley & Smith, 1998). Personality tests, however, do not preclude deception (Viswesvaran & Ones, 1999). Psychometrics scholars have been concerned with the fact that lying manifests itself in distortions and biases in questionnaire responses. This concern has resulted in the development of tests measuring integrity, of so-called honesty tests (O’Bannon, Goldinger, & Appleby, 1989; Ones, Viswesvaran, & Schmidt, 1993; Sackett, Burris, & Callahan, 1989; Sackett & Harris, 1984) and of several techniques to detect bias in answers and self-reports due to social desirability and self-presentation concerns (Hough & Ones, 2001; see also Yuile, 1989).
When, Why, and How do People Deceive? The Present Dissertation

As the examples at the beginning of this chapter illustrate, deception occurs at all levels in organizations, and egregious lies can have exorbitant consequences. As became clear in the preceding sections, researchers have been trying to uncover what people do when they are lying and deceiving, and how liars can be differentiated from truth-tellers. Research has remained relatively silent, however, about the conditions that foster or inhibit tendencies to mislead others. Investigating when, why, and how people mislead interdependent others will thus be the focus of this dissertation.

This dissertation research investigates lying and deception in the context of conflict and negotiation. Conflict – the state of two (or more) parties who perceive their goals as incompatible – almost necessarily arises when people interact (Pruitt & Carnevale, 1993), and is common to organizational life (De Dreu & Van de Vliert, 1997). In social interaction, inside and outside organizations, individuals experience mixed-motive interdependence. They are interdependent, because their outcomes depend in part on the decisions of the other. The interdependence structure is mixed-motive because parties have cooperative incentives to work together so as to increase joint gain, and competitive incentives to work against each other so as to increase personal gain (Axelrod, 1980; Dawes, 1980; Carnevale & Pruitt, 1992; Komorita & Parks, 1995; Schelling, 1960).

The cooperative incentive present in mixed-motive interdependence makes the situation particularly conducive to the exchange of honest and accurate information, because doing so successfully fosters high joint gain (Thompson, 1991). The competitive incentive present in mixed-motive interdependence makes the situation particularly conducive to using misrepresentation and deception, because doing so successfully fosters one's immediate, personal self-interest (Triandis et al., 2001). Thus individuals in mixed-motive interdependence find themselves in what has been called the information dilemma – should they provide accurate information to achieve high collective outcomes, or strategically misrepresent their preferences to foster good personal outcomes (Kelley & Thibaut, 1978; Murnighan, Babcock, Thompson, & Pillutla, 1999)?

When people face an information dilemma, they can engage in a variety of deceitful activities (e.g., Kelley, 1966; Lewicki, 1983; Robinson, Lewicki, & Donahue,
Traditional competitive bargaining can involve deception. For example, negotiators may make an opening demand that is far greater than what they really expect to have to settle for, or they may convey the false impression that they are in a hurry, thereby putting time pressure on the opponent. Further, negotiators can make false promises. They may offer future concessions which they do not intend to make, or may guarantee that their constituents will approve a certain agreement while they know that they will not do so. They can lie in order to attack the opponent's network, for example by making the false threat that they could make the opponent look foolish in the eyes of his or her constituents. Negotiators can also deceive by misrepresenting information in various ways. They may intentionally misrepresent factual information to the opponent in order to strengthen their own position, or deny the validity of information provided by the opponent, despite knowing that it is true. These examples of deceptive bargaining tactics are taken from the items of a questionnaire measuring self-reported inappropriate negotiation strategies, the SINS scale (Robinson et al., 2000). The SINS scale consists of 16 items, each describing an inappropriate negotiation strategy. Several studies (e.g., Anton, 1990; Robinson et al., 2000) have shown that these 16 behaviors can be categorized into the broader tactics mentioned above, and that people perceive those behaviors as different on a continuum of ethical permissibility.

So, how do negotiators deal with the information dilemma? Under what circumstances do they engage in deceitful activities? A starting point for the investigation of lying and deception in organizational settings is Lewicki's (1983) behavioral model of lying and deception. Building on the assumption that the primary function of lying and deception in interdependent decision-making is to achieve a tactical advantage (e.g., French & Raven, 1959; Rubin & Brown, 1975), Lewicki conceptualizes lying and deception as influence strategies, which result from an influence situation (e.g., a negotiation) and have consequences for both the actor and the target of deception. Lewicki suggests a couple of factors which influence the motivation to select a deceptive influence strategy. On the one hand, deception is a function of the consequences of the (deceptive) behavior and the evaluation of these consequences. On the other hand, Lewicki suggests that situational factors, such as relationship between the parties, power, status, or norms, and individual differences, such as values, traits, or demographic variables,
influence the motivation to lie. Each of these will be discussed below.

Some scholars have cast individual differences in the tendency to lie and deceive in terms of Kohlberg’s (1969) model of cognitive moral development. According to that model, individuals can reach various stages of moral development, ranging from stage one, obedience and punishment orientation, to stage six, universal ethical principles. Reaching higher levels should lead to more moral actions, and, consequently, to fewer unethical behaviors, including lying and deception. Although some studies (e.g., Leming, 1978; Trevino, 1986) support the notion that people at higher stages of moral development cheat less, reviews of the literature (Blasi, 1980; Rest, 1979) conclude that moral reasoning is important, but does not totally explain unethical behavior.

Several studies have related lying and deception to Machiavellianism. Machiavellianism is a personality construct, which is measured on an attitude scale of items derived from the writings of the famous political philosopher Niccolo Machiavelli (1469-1527). His work “The Prince” brought him a reputation for being an amoral cynic, and is widely associated with a corrupt government. Consequently, individuals who score high on the Machiavellianism scale (Christie & Geis, 1970) are generally regarded as behaving selfishly and unaltruistically, being manipulative, lacking affect in personal relationships, and exhibiting a certain disregard for conventional morality.

Exline, Thibaut, Hickey, and Gumpert (1970) gave participants a chance to cheat on a test and confronted them afterwards with the accusation that they were dishonest. While high Machs (i.e., individuals who score high on the Machiavellianism scale) did not differ consistently in their moral conduct from low Machs, the former denied the accusation longer and were more convincing at it than the latter. High Machs, thus, did not lie more, but were better at manipulating people’s impressions than low Machs. DePaulo and Rosenthal (1979) found that high Machs employed successful deception strategies more often than low Machs. O’Hair, Cody, and McLaughlin (1981) assumed that high Machs, being the more skilled social performers, would be more convincing in telling spontaneous lies, whereas Machiavellianism should not influence the performance in telling prepared lies. While O’Hair et al. found no relationship between Machiavellianism and deception, Shapiro, Lewicki, and Devine (1995) found that Machiavellianism
was significantly related to employees' willingness to use deception when faced with unwanted organizational changes.

A third individual differences variable that has been brought up in connection with lying and deception is **locus of control**. Locus of control (Rotter, 1966) refers to individual differences in generalized beliefs about which forces determine the outcomes of behavior. People with an internal locus of control believe that the outcome of their behavior depends, for the most part, on their own ability or effort. People with an external locus of control, however, believe that the outcomes of their behavior depend on external forces, such as chance, luck, fate, the control of powerful others, or are simply unpredictable. Lewicki (1983) suggested that locus of control is related to the tendency to deceive. However, it depends on the situation and the reward structure which individuals are more predisposed to lie. Individuals with an internal locus of control may lie in negotiations in order to get better outcomes and boost their self-perception as good negotiators, whereas individuals with an external locus of control may lie in order to compensate for their lack of luck in the negotiation. In fact, people with an internal locus of control seem to be more likely to do what they think is right, and even to endure the disadvantages of that behavior (Lefcourt, 1982). Consequently, in management decision-making experiments, participants with an internal locus of control tend to exhibit more ethical behavior than participants with an external locus of control (Hegarty & Sims, 1978; Trevino & Youngblood, 1990).

Apart from moral development, Machiavellianism, and locus of control, Lewicki (1983) further suggests the possibility that individual differences in values could influence the motivation to engage in lying and deception. Homant and Rokeach (1970) manipulated the salience of honesty and assessed the cheating behavior of 12-year old children. However, the idea of personal values as predictors of lying and deception among adults has not received much attention in the empirical literature, maybe because the classifications of human values as they were proposed by several authors (e.g., Allport, Vernon, & Lindzey, 1960; England, 1967; Rokeach, 1973) are too broad to predict specific behaviors such as lying and deception in a particular situation (Lewicki, 1983). I will return to the role of personal values when I examine social value orientation in Chapter 3.

As noted earlier, Lewicki's (1983) model of lying and deception proposed
that certain *situational variables* influence lying and deception along with the individual differences mentioned above. In his review, Lewicki discussed contingent rewards and punishments, norms, power and status differences, and relationship between the actor and the target. More recent research has also focused on social motives and the distribution of information.

The proposition that lying and deception depends on the *rewards or punishments* an individual has received for earlier lying and deception has been given only little attention by empirical researchers. Hegarty and Sims (1978) had their participants engage in a simulated managerial decision-making task and manipulated the consequences of unethical business tactics. They found that the likelihood of unethical decisions increased when participants were rewarded, whereas threat of punishment counteracted the impact of rewards. Boles, Croson, and Murnighan (2000) had their participants engage in a series of four ultimatum bargaining tasks. One party, the proposer, had to divide a certain amount of money between him/herself and the other party, the responder, who could either accept the division, or reject it and receive an alternative payoff, while the proposer would receive nothing. In one experimental condition, responders did not know how much money the proposer had to distribute. This feature provided the proposer with an opportunity to lie about the amount (e.g., offer a little share to the responder and pretend it was a fair split). When the actual amount was revealed, the deceit became public and the proposer did not "get away with their lie," but rather had to face retribution by the deceived responders in subsequent rounds. Proposers did get away when the real amount was not revealed. In the former case, proposers offered considerably more to responders in subsequent rounds than in the latter. Although the study by Boles et al. was designed to investigate the dynamics of deception and retribution, it also suggests that rewards and punishments of earlier deceptive acts determine the likelihood of future deception. When proposers were rewarded (i.e., when they successfully deceived and their deceit was not revealed), they went on, whereas they became more honest and offered larger shares when they were punished (i.e., when their deceit was revealed and they had to face retribution).

Other studies have focused on incentives to lie and investigated how the expected rewards from deceptive behavior influence the tendency to deceive.
Rowatt, Cunninham, and Druen (1999) showed that people were more deceitful about themselves when they tried to initiate a date with a facially attractive (i.e., highly rewarding) rather than an unattractive (i.e., less rewarding) person. Aune, Levine, Ching, and Yoshimoto (1993) investigated the flip side of this, namely attributions of deceptiveness. Their subjects watched videotape messages showing either attractive or unattractive women. Although both displayed behaviors stereotypically associated with deceptiveness, the more attractive women was rated as significantly less deceptive. Both studies fit in Lewicki’s (1983) model that proposes that people lie to the extent that it benefits them. Tenbrunsel (1998) demonstrated both effects in an experiment on ethical decision-making. She found that incentives (i.e., the chance of winning a high vs. a low monetary prize at stake) influenced deceptive behavior of the target actor, and that the incentive of a target actor’s opponent influenced the target actor’s expectation that the opponent would engage in deception. Trevino and Youngblood (1990) showed that the likelihood of ethical conduct among managers increased with their likelihood of being rewarded for it by their organization.

In line with Lewicki’s (1983) proposition that group and/or cultural norms influence lying and deception, Aquino (1998) found that participants in a bargaining experiment deceived less when ethical climate was made salient, that is, when they were told that their company’s culture dictated that they should be honest with their customers and suppliers. Group norms do not only stimulate honest behavior, they also influence one’s perception of others’ behavior as honest or otherwise. Levine et al. (2000) asked college students to make veracity judgments about the behavior of another person, which either fitted with or deviated from a group norm and that was either expected or unexpected. Weird behavior, whether expected or unexpected, was rated as less honest than normative behavior.

Some studies have tested the link between power or status differences and the use of deception. Those studies, however, produced rather mixed results. Crott, Kayser, and Lamm (1980) had male students engage in dyadic bargaining in which one party was in an advantaged bargaining position as he had better payoff possibilities than his counterpart. Crott et al. reported that advantaged bargainers bluffed more frequently than disadvantaged ones, unless they were instructed to engage in honest communication. While one might argue that this relation between
bluffing and power difference could be an artifact of the paradigm—underestimating high payoff possibilities could be the better strategy than underestimating low ones, Keating and Heltman (1994) have shown that social power in fact relates to the ability to deceive. They independently assessed people’s dominance in social interactions and their capacity to send deceptive messages. Children and male adults who were more successful in encoding credible, deceptive messages exerted more dominance during peer group interactions. Keating and Heltman conclude that manipulative ability is integral to dominance and social power.

While these studies seem to suggest that powerful individuals are more successful or more frequent liars, the perception of having a lower status can motivate people to engage in deception, too. In a context of consumer behavior, Sengupta, Dahl, and Gorn (2002) found that status differences motivate people to engage in deceptive self-presentational actions. Their participants misrepresented the purchase price of luxury goods for self-presentational reasons. When talking to someone of a higher socioeconomic status, people were more likely to pretend that they paid the regular price when they bought a luxury good at a discount price. They did not lie towards someone with a comparable status.

Blair, Nelson and Coleman (2001) investigated the relationship among deception and power in students’ romantic relationships. They asked students to assess their power status relative to their romantic partner, and had them rate how likely they are to choose certain courses of (deceptive or non-deceptive) action in several relationship-related scenarios. Both men and women reported that men held significantly more power in the relationships. Men indicated significantly more than women that they would be inclined to use deceptive strategies. However, Blair et al. found no correlation between power and deception scores.

While Blair et al. (2001) investigated the influence of power distribution on the use of deceptive strategies within couples, other studies have directly linked lying and deception to aspects of the relationship and have thereby addressed Lewicki’s (1983) assumption that lying and deception depend on the relationship between actor and target of a lie. Studies investigating lying and deceptive communication in close or intimate relationships (e.g., Boon & McLeod, 2001; Cole, 2001; Loving & Agnew, 2001; Metts, 1989; see also Miller, Mongeau, & Sleight, 1986)
generally show that the quality of the relation influences the type of deceptive behavior people engage in. Metts (1989) found that dating couples engaged in more falsification, whereas married couples lied more by omission. Cole (2001) had student couples to fill in their questionnaires at the same time, but unobserved by their partner. He found that lying was related to lower levels of commitment, trust and intimacy. A person’s use of deception was associated with the belief that his or her partner engages in deception. Boon and McLeod (2001) found in their questionnaire study that the more strongly dating students endorsed the view that complete honesty is important in a romantic relationship, the less likely they were to report using falsification.

The relation between actor and target of a lie is not only influential within close relationships. Gruder (1971) reports that the perceived quality of one’s relation to an opponent influences the use of deception in interpersonal bargaining. He had his participants engage in a simulated bargaining task, in which the preprogrammed counteroffer of the fictitious opponent was either clearly exploitative or reasonable and fair. Participants who perceived their opponent as exploitative engaged in more deception than those who perceived their opponent as cooperative. Similarly, participants in a bargaining study by Schweitzer and Croson (1999) were more deceptive when they faced a stranger rather than a friend. When selling their car to a friend, they would not lie about a technical problem, even when they were not explicitly asked about it. When the seller was a stranger, however, they were much less likely to reveal the problem, especially when they were not directly asked.

Despite not originally being part of Lewicki’s (1983) model, two situational variables have been linked to lying and deception in recent empirical literature. These are social motives and distribution of information. O’Connor and Carnevale (1997) investigated the influence of social motive and of distribution of information on the use of deception in interpersonal bargaining. They assigned their participants the role of either a union or a management representative and had bargaining dyads negotiate a contract involving five employment issues, including one issue for which both parties wanted the same outcome. The common-value issue consisted in both parties’ preference for a late starting date of the contract to an early one. There were three different information condition: either both bargainers
knew what their opponent's interest on the common-value issue was, or only one party knew about the common-value character of the issue, or both parties were unaware of it. A bargainer who knows (or finds out) that his or her counterpart prefers a late starting date, too, can pretend opposed interests, offer a late starting date in exchange for a concession on a different issue, thereby getting excellent outcomes on two issues. Such misrepresentation occurred less frequently when both bargainers knew about the common-value issue, and occurred especially when bargainers were instructed to maximize personal rather than joint gains. Other studies have manipulated the distribution of information and bargaining experience within a dyad and found that deception increases when parties know the opponent lacks information (Boles et al., 2000) and that lying and deception are more likely to occur when negotiators have experience with the task at hand (Murnighan et al., 1999).

Overview of the Chapters to Follow

Lewicki's (1983) model provides a good starting point for addressing the question which individual differences and situations predispose people to lie and deceive. Subsequent research has addressed many of these factors. However, this research has several shortcomings. First, it has been systematically assumed that individuals in conflict and negotiation are exclusively motivated to do well personally and to disregard the outcomes of their negotiating partners. Second, the fact that individuals often have information or beliefs about their partner's cooperative or competitive goals has been ignored. Third, previous work remained silent on the fact that in conflict and negotiation people are more or less concerned with face and reputation. Fourth, and finally, past work has greatly illuminated when and how often people lie and deceive, but gave little insight over why they did, nor how they did so. All these issues will we addressed in the present dissertation.

Research into lying and deception has used an arsenal of different research paradigms, like questionnaires, scenario studies, face-to-face negotiations, or bargaining games. These experimental paradigms have strengths and weaknesses, which I will discuss in Chapter 2. Taking the strengths of the various paradigms to investigate the "when" and the "how" of misleading an interdependent other, and
avoiding their shortcomings, led to the development of the *Information Provision Game*, used in five of the experiments in this dissertation. I will describe and discuss the Information Provision Game in Chapter 2, as well.

Recognizing the importance of social value orientation for social decision-making, the first question of this dissertation is whether and how one's own social value orientation influences one's tendency to engage in lying and deception. As social decision-making involves choices of (at least) two persons, I reason that one player's expectation about the counterpart's social motive should be crucial in his or her attempt to influence the counterpart’s decision-making. The second question of this dissertation is, therefore, whether and how one's expectations about other's social motive influence one's tendency to engage in lying and deception. The third question that arises is to explore the mediating processes, or, the motives why certain people mislead other people. Is deception driven by greed, by fear of exploitation, or by some desire to punish (expected) wrongdoing?

These first three questions are addressed in Chapter 3, in which I try to shed more light on the factors that motivate people to engage in lying and deception. I argue that people take their perception of their opponent's motivational goal into consideration. I show that people honestly provide accurate information to a counterpart they believe to be cooperative, while they provide inaccurate and misleading information when they expect their counterpart to be competitively motivated. I further investigate the motivation behind that behavior.

Whereas the studies in Chapter 3 focus on factors that stimulate lying and deception, in Chapter 4, I investigate one possible motivation for refraining from self-serving lying, namely concern with reputation. I argue that people lie less when they have a reason to assume that engaging in lying and deception would harm their reputation. When and why reputation matters can be explained from a social psychological and an economic model of behavior. The predictions from both models will be contrasted, and an individual differences variable will be added to the list discussed above. Specifically, I argue and show that people's predisposition to engage in self-monitoring (Lennox & Wolfe, 1984; Snyder, 1974) moderates the effects of their concern with reputation on lying and deception.

In Chapter 5, I summarize the findings, provide a general discussion, and suggest some avenues for further research.