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Conflict in Roles: Lying to the In-Group Versus the Out- Group in Negotiations

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Abstract

This empirical study examines how group membership affects the likelihood of lies occurring in a two-person negotiation setting involving an experimental design with a repeated ultimatum bargaining. To better understand the reasoning of the negotiator in in-group and out-group bargaining exercises, the authors also examined perceptions of fairness in relation to offers for the in-group and out-group. The authors find that when negotiating, individuals tell lies of greater magnitude to out-group members than to in-group members. In both situations, the magnitude of the initial lie predicts the likelihood that a concealment lie (i.e., another lie to conceal the initial lie) will be told. The study also finds that in negotiations with in-group members, the relationship between the initial lie and the concealment lie is moderated by the negotiator's perceptions of unfair treatment toward the in-group bargaining partner. The authors assert that concealment lies with in-group members allow the individual to appear to maintain both the roles of a self-interested negotiator and a fair group member. The authors tested three hypotheses using a natural group of 42 undergraduate students who belonged to a sports team at a large Northeastern university. Implications for stakeholder research are addressed.

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The negotiations literature provides rich empirical research on individual and situational variables that predict the likelihood of lying in bargaining situations. This literature typically focuses on the self-interested economic motivations of the negotiators. Several studies provide evidence that the strength of incentives, information asymmetry, and greed increase the likelihood that individuals will lie in a negotiation (Boles, Croson, & Murnighan, 2000; Tenbrunsel, 1998). Others argue that past research focuses too heavily on the economically motivated actor and overlooks the importance of social factors (Robert & Carnevale, 1997). For instance, Greenhalgh (1995) asserts that the current economics-oriented paradigm, which views the individual as a utility-optimizing egoist, derives from an overly narrow view of the relationship between the actors in a transaction. In order to gain a better understanding of negotiation in different contexts, Greenhalgh suggests considering dimensions beyond “competitive self-interest, economic exchange, and power” (p. 264) in the relationship between negotiating parties.

To understand the social factors that predict lying in negotiations, the authors examined the literature on social exchange, which addresses how different transactions invoke distinct allocation goals and rules for the distribution of resources (Blau, 1964; Fiske, 1992). For instance, when a situation points toward an economic exchange, then resources tend to be distributed among individuals based on their input, effort, or performance (equity allocation). In contrast, in interactions that contain an exchange of socioemotional benefits, such as interactions with family or members of one’s community, resources tend to be distributed equally among all group members (equality allocation) or based on how much someone needs (need allocation; Fiske, 1992). Following work by Carles and Carver (1979), Parks et al. (1996) confirm the influence of the orientation of the transaction as well as indicate that the type of relationship one has with others influences the choice of allocation rules. In choosing an allocation rule, friendship is a powerful influence, since the refusal to share with others in such a relationship is seen as a threat to the future quality of the relationship—almost comparable to a sanction that is associated with norm transgression. Although this research does not specifically address lying, it highlights the way in which different transactions are associated with distinct economic and noneconomic allocation rules. It also suggests that affiliation of individuals in a transaction will affect the choice of allocation rules and perceptions of fairness.

Even though the research that suggests allocation rules change based on the nature of the exchange, most of the past findings regarding lying in negotiations posit an adversarial relationship where the negotiating partners do not share group membership.¹ Interaction with group members, according to social exchange theory, should influence allocation rules and what is perceived as fair. This study compares how individuals negotiate with someone from their own group (a sports team) as opposed to someone from an out-group (a rival sports team) in order to see how group membership affects the extent and likelihood of lying in a negotiation setting. To understand better the reasoning of the negotiator in in-group and out-group bargaining exercises, the authors also examined perceptions of fairness in relation to negotiation offers for the in-group and the out-group.

Lying Versus Bluffing

A growing literature exists on lying in organizational behavior. Many studies examine the individual and situational factors that predict lies, approaches for recovering from lies, and methods for detecting lies (Grover, 1993; Grover & Hui, 1994; Lewicki, 1983; Lewicki & Robinson, 1998; Scott & Jehn, 1999, 2003). The terminology and definitions of lying vary in the literature—lying is often referred to as deception, misrepresentation, or dishonesty. Whereas some scholars offer nuanced interpretations of these constructs (see Scott & Jehn, 2003), others use the terms interchangeably (see Grover, 1993). In this study, the authors use the term “lie” and adopt the most common definition of a lie, which assumes that the act is intentional and voluntary and involves the offering of incorrect information (Bok, 1989; Grover, 1993; Lewicki, 1983; Scott & Jehn, 1999).

Some differences exist between the social science and philosophical analyses of lying in negotiations. This study focuses on the misstating of one’s bargaining position, which some refer to as bluffing, rather than lying. Although the moral legitimacy of lying in negotiations is debated in the literature (see, for example, Alhoff, 2003; Carr, 1968; Carson, 1993; Varelius, 2006), there is less disagreement about the pervasive nature of different forms of lying as part of the negotiation process and this sheds some light on the moral implications.

Carr (1968), for example, has argued that bluffing is actually part of the business “game” and a mark of a good negotiator, and Cramton and Dees (1993) see bluffing, exaggeration, and misrepresentation as tactics that enhance negotiation success. Carson (1993, 2005) does not make a comparison with poker games as Carr does, but he also uses the common occurrence

of bluffing in negotiations as a starting point to argue that bluffing is not a form of lying and might be justified.

Alhoff, on the other hand, does not use the rules of the negotiation “game” as a basis for his moral evaluation of bluffing due to criticism of the nature of this analogy (Koehn, 1997). Invoking the concept of role-differentiated morality, Alhoff argues that bluffing is part of the negotiator role and thus is permissible and even required because “without bluffing, the idea of negotiations itself almost (though not quite) becomes incoherent” (Alhoff, 2003, p. 287) His statement is an echo of a claim White (1980) made almost 25 years ago: “To conceal one’s true position, to mislead an opponent about one’s true settling point is the essence of negotiation” (p. 928).

The common assumption of lying about one’s position as integral and acceptable parts of negotiating has also been empirically tested. Anton’s study of MBA students and clergymen found that misstating one’s position was generally considered acceptable (Anton, 1990). Subsequently, Lewicki and Robinson (1998) also surveyed business students and achieved similar results showing that, on average, misrepresenting one’s position was deemed very acceptable and was a tactic that survey participants would be quite likely to use in a negotiation setting.

Although this study does not examine the moral justification of lying (or bluffing), it is useful to draw on normative debates regarding lying in order to situate this study among discussions of differentiated morality. Lying in negotiations might not be considered as moral by everyone; it is nevertheless common, is often expected as part of the negotiation situation, and is a characteristic of the negotiator role. In short, it is common for individuals to lie in negotiations. The purpose of this study is to test whether or not this holds true for transactions with in-group members where norms and expectations regarding treatment and favoritism may conflict with self-interest.

Model and Hypotheses

As discussed above, this study aims at increasing scholarly understanding of lying in negotiations. In particular, the authors are interested in examining how different social settings affect the likelihood that individuals will use lies during negotiations. Since differences in social settings change the expectations that negotiators have about their role and behavior, this study will also examine how perceptions of fairness of the negotiation affect the occurrence of lying. Figure 1 illustrates the relationships between the variables examined in this study and the hypotheses that will be developed and tested below.

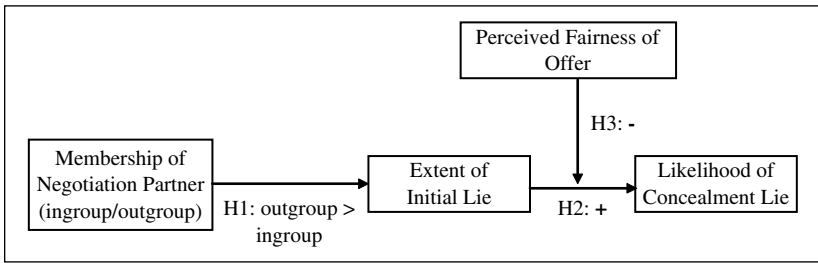


Figure 1. Model and hypotheses tested in the study.

Note: Extent of initial lie indicates the difference between how much money negotiators *claimed* they had for distribution and how much they *actually* had.

Influence of Group Membership on Lying Behavior

According to social identity theory (Tajfel & Turner, 1985), individuals hold positive biases (e.g., favoritism) toward members of their in-group and negative biases (e.g., discrimination) toward members of the out-group (Chen, Brockner, & Katz, 1998). Past research suggests individuals negotiating with in-group members exhibit more cooperation and generosity and distribute resources more favorably than when negotiating with out-group members (Gomez, Kirkman, & Shapiro, 2000; Robert & Carnevale, 1997). Individuals may also refrain from opportunistic behaviors with in-group members to avoid nonmonetary penalties such as loss of credibility and loss of social ties with the in-group (Brass, Butterfield, & Skaggs, 1998). There also are other studies that do not specifically focus on lying but still theorize that a relationship exists between a person's group membership and opportunism (Chen, Peng, & Saporito, 2002; Ghoshal & Moran, 1990; Insko, Schopler, Hoyle, Dardis, & Graetz, 1990).

Literature on social exchange also lends support to the significance of group membership in transactions. When individuals negotiate with members of their own group, research suggests that group membership will activate the psychological mode of communal sharing and the perception of friendship as well as emphasize the "sense of community"—all of which point toward the salience of the equality or need allocation rules (Fiske, 1992; Parks et al., 1996). Conversely, negotiations with out-group members have more characteristics of an economic exchange, which activates psychological modes of market pricing or equity allocation rules. Consequently, competitive reasoning associated with negotiations should lead to more lying in

negotiations with out-group members than with in-group members, which should reflect communal sharing reasoning.

Hypothesis 1: Individuals will tell lies of larger magnitude when transacting with members of the out-group than with members of the in-group.

Influence of the Magnitude of Initial Lie on the Likelihood of a Subsequent Concealment Lie

The literature on escalating commitment and rationalization, though not specifically focusing on lying behavior, suggests that those who tell a first lie are likely to tell a second. In his seminal work, Staw (1976) found that individuals followed one bad behavior with another bad behavior in order to justify the initial behavior. Beauvois, Joule, and Brunetti (1993) shed more light on the reasons for the escalation of commitment. Their experimental studies suggest that individuals who do not have time to rationalize their initial behavior in a cognitive way, perhaps by adjusting their attitudes, engage in additional problematic behaviors, “in order to rationalize a previous problematic behavior (i.e. to make the behavior less problematic)” (Beauvois et al., 1993, p. 2)

The authors hypothesize that this general process also holds true for telling lies. Given what is known about fairness, the initial lie in general may be viewed as a bad course of action. Furthermore, if the magnitude of the initial lie is large, it will be more likely that participants will perceive the lie as a bad course of action. Thus, if participants are given the opportunity to lie more than once in a negotiation, the magnitude of the initial lie should predict the likelihood of a secondary concealment lie.

Hypothesis 2: The magnitude of the initial lie affects the likelihood of a concealment lie.

Influence of Perceptions of Fairness on the Relationship Between the Initial Lie and the Concealment Lie

Lying in negotiations has been conceptualized as a tactic for some time. Individuals will be more likely to lie if it helps them to achieve the outcomes they desire without major harm to their relationship with the negotiation partner (Lewicki, 1983). However, Grover argues that in situations that go beyond a simple dyadic relationship, the self-interest model of lying is not adequate because it does not consider prosocial theories of behavior. He

proposes a more extensive model of lying that considers “the intrapersonal conflict of a performance expectation” (Grover, 1993, p.481) in addition to self-interest. This model explains lying as a mechanism to reduce dissonance and individual distress that a liar might experience in situations involving role conflicts. That is, in situations where the roles an individual is expected to conform to are in conflict, “one may behave according to one role and report, state, or create the illusion that one has behaved in accordance with the other role” (Grover, 1993, p. 482). The accuracy of the model, and particularly the interaction between self-interest and role-demands, has been confirmed by empirical work. Grover and Hui find that “in fact both self-interest and role conflict influenced lying behavior and that people were most likely to lie when both role conflict and some reward for lying were present” (Grover & Hui, 1994, p. 301).

This work is particularly appropriate for understanding the difference in the extent of lying in negotiations with in-group members, as compared to negotiations with out-group members, since the role expectations differ. In both situations, self-interest should be a major factor in determining lying behavior. However, in a setting where individuals negotiate with members of their own group, an additional conflict between the self-interested role of a negotiator and the demands of a role as a group member should be present. Group member expectations might require prosocial and community-oriented behavior inconsistent with the self-interested tendencies of negotiator roles.

Extending the work by Grover (1993) and Grover and Hui (1994) to such scenarios, the authors suggest that individuals may experience role conflict and distress when they negotiate with members of their own group, and that lying may serve to alleviate this distress by creating the illusion that both role expectations are met. The source of this distress is routed in a sense of fairness. Research on organizational justice, and in particular, distributional justice, suggests fairness in allocations is particularly important and that attributes of the social interaction play a role in what an individual might perceive as a fair distribution and which allocation rule will be chosen or activated (Blau, 1964; Deutsch, 1975; Larwood, Kavanagh, & Levine, 1978; Leventhal, 1980; Sheppard, Lewicki, & Minton, 1992). This research suggests individuals select the fairness model that fits the task at hand and the norm that is portrayed.

Strong support exists for the relationship between fairness perceptions and allocations in negotiations, but this research typically does not focus on lying. Pillutla and Murnighan (1995) found that *appearing* fair for exploitative reasons was important in certain ultimatum bargaining circumstances such as those involving independent third-party judgments (bargaining partner

perceptions were less of a concern). Actually behaving fairly, however, was neither a concern nor common in their study. These behaviors and perceptions only occurred in experiments with individuals who were strangers, making the conditions more akin to out-group conditions in which community allocation rules are less important. By adding the dimension of group membership, it is expected that negotiators will be concerned with fairness when negotiating with the in-group.

In short, allocation rules should affect reasoning such that those who tell a concealment lie to in-group members do so because they feel they have treated the in-group bargaining partner unfairly. An individual who negotiates with an out-group member lacks concern about community norms or friendship norms; thus, concealment lies occur in negotiations with out-group members because they improve the likelihood that the economic gain will occur rather than because of concerns about fairness.

Hypothesis 3: The relationship between an initial lie told to the in-group and a concealment lie is moderated by a sense of fairness. The less the offer is perceived as fair, the more likely a concealment lie is told. Conversely, the more the offer is perceived as fair the less likely a concealment lie is told.

Study Design

Negotiation. An experimental design with a repeated ultimatum bargaining game adapted from Boles et al. (2000)² was used to create the negotiation setting for this study. Generally an ultimatum bargaining game consists of two stages. In the first stage, one party (the proposer) makes an offer to the other party (the responder) about how to distribute a certain amount of money (the pie). In the second stage, the responder evaluates the offer and decides to accept or reject it. If the offer is rejected, neither the proposer nor the responder receives any money. If the offer is accepted, the proposer and responder receive their share of the pie as the proposer had suggested in his or her offer.

For this study, participants were told that they were negotiating first with a member from their own sports team (in-group condition) and subsequently with a member from a sports team from another university (out-group condition). In order to eliminate any variability due to the interaction with a specific individual, the actual negotiation occurred only in the proposal portion of the traditional two-stage bargaining game. Thus, only one side of the negotiation actually took place and all individuals played the part of the proposer.

No individuals from the other sports team were present, though this was not revealed to the participants. The proposer knew that the responder was aware of the pie size range but was unaware of the exact size of the pie. The structure of this negotiation allowed the proposer to lie about the pie size.

Participants. Study participants were 42 undergraduate students who belonged to a sports team at a large Northeastern university. The sample included 21 men and 21 women, and the average age of participants was 20 years. The benefit of using a sports team for the experiment was that the group occurred naturally, a circumstance strengthening the external validity of the study. Although this study group still consists of undergraduate students, and is subject to that criticism or limitation, the natural occurrence of the group at least moves the simulation setting outside the classroom. Many negotiation simulation studies have occurred within the classroom.

Procedure. The participants were divided into two groups of approximately equal size. The two groups were seated in separate rooms where they were given identical verbal instructions and experimental materials by the experimenters. They were instructed to refrain from talking with other participants and were also told when to open the envelopes with experimental materials each participant received.

After initial instructions had been given, the experimenter instructed that the participants open the envelope that contained the explanation of the negotiation, an offer sheet on which the participants indicated their offer to the responder and their pie size, and two small envelopes. The offer sheet collected information used to determine the magnitude of the initial lie as well as the occurrence of the concealment lie (see description of measures below). The first small envelope contained six individual dollar bills that constituted the pie, and an empty envelope, marked with "to my teammate," in which the amount offered to the responder was to be placed together with the offer sheet. The experimenter read the instructions out loud. Participants then made their offer to their teammates, distributed the money and placed the offer sheet in the envelope marked "to my teammate," sealed it, and handed it to the experimenter.

In the second round of negotiations, the experimenter told the participants that they would now negotiate with a member of a sports team from another large Northeastern university (though no participants from the other sports team were actually present). The participants then opened a second envelope, whose contents were identical to the first, except that both the small envelopes and the offer sheet were addressed to "the XXX team member" (XXX indicates the name of the university). Again, the experimenter read the instructions out loud, gave participants time to make their offer, and then collected the offer envelopes.

After the two rounds of negotiations, a questionnaire that assessed understanding of the negotiation, perceptions of fairness, and demographic variables was administered. Everyone was debriefed after the experiment was completed.

Measures

Extent of initial lie. The offer sheet requested information about the offer size and the pie size. If a lie occurred, the pie size indicated on the offer sheet did not match the actual pie size, which was uniformly US\$6. By calculating the difference between actual and reported pie size, a numerical variable for the extent of the initial lie was created, with 0 indicating no lying and 4 indicating the maximum extent of the initial lie (the lowest pie size the proposers can claim to have received is US\$2, since the pie size range revealed to the responder was between US\$2 and US\$10).

Occurrence of concealment lie. Participants were able to choose one of three reasons to persuade their negotiation partner to accept the offer. The three reasons were (a) I offered you more than I kept for myself, (2) you and I split the money equally, and (3) you should agree to any amount because something is better than nothing, which is what we both receive if you do not accept my offer. These reasons were drawn and adapted from the literature on social exchange, which discusses allocation rules that are grounded in communal (equal split or more for you), and competitive (something better than nothing) reasoning (Carles & Carver, 1979; Fiske, 1992).

From these reasons, a dichotomous variable was constructed that indicates whether the individual lied in the logic provided for the offer, that is, whether a concealment lie occurred. The variable was constructed by comparing the reason given for the offer with the actual offer. The reason given was considered a concealment lie if either the claim was that the pie was split equally, but the offer was less than US\$3 (the actual pie size was US\$6) or if the claim was that the individual offered more than what was kept for self, but the offer was less than US\$4. If the third reason was chosen (something is better than nothing), then no concealment lie occurred.

Perception of fairness. To measure the degree to which the study participant viewed a particular offering as fair toward his or her negotiation partner, the authors included a question that asked participants to rate the degree to which they agreed (on a 7-point scale) with the following statement, "My offer to my teammate was fair" or, for negotiations with the out-group, "My offer to the XXX team member was fair." Table 1 provides an overview of the variables used in the study, and Table 2 provides descriptive statistics.

Table 1. Variables Used in the Study.

Variable	Description	Values
Magnitude of initial lie	A difference score representing the difference between what the proposer reports the size of the pie is and the actual size of the pie.	0, 1, 2, 3, 4 (0 = no lie, 4 = maximum magnitude of lie)
Occurrence of concealment lie	A concealment lie occurs when a proposer gives a false reason for why the responder should accept the proposer's offer.	0 = no concealment lie, 1 = concealment lie
Perceived fairness of offer	The degree to which proposer thinks a fair offer has been made, as measured on a 7-point Likert-type scale.	1, 2, 3, 4, 5, 6, 7 (1 = strongly disagree that offer was fair to 7 = strongly agree that offer was fair)

Table 2. Means, Standard Deviations, and Correlations.

Variable	Mean	SD	1	2	3	4	5
1 Magnitude of initial lie to in-group	0.83	1.53					
2 Magnitude of initial lie to out-group	1.45	1.70	.66***				
3 Occurrence of concealment lie to in-group	0.31	0.47	.45**	.20			
4 Occurrence of concealment lie to out-group	0.36	0.48	.07	.15	-.59***		
5 Perceived fairness of offer to in-group	5.38	2.06	-.49**	-.51***	-.26	-.40**	
6 Perceived fairness of offer to out-group	4.33	2.44	-.21	-.41**	-.51***	-.56***	.53***

* $p < .05$. ** $p < .01$. *** $p < .001$.

Results

In analyzing the experiment results, the authors first examined the differences in the extent of the initial lies between the two negotiation situations using a paired-sample t test to compare the means in the two conditions.

Table 3. Results of Logistic Regression of Magnitude of Initial Lie on Likelihood of Concealment Lie in Transactions With Out-group Negotiation Partners.

Variables	Model 1		Model 2		Model 3	
	B	SE	B	SE	B	SE
Initial lie	1.28***	0.37	1.13**	0.41	1.49	1.08
Perception of fairness	—	—	-0.35	0.21	-0.18	0.49
Initial Lie × Perception of Fairness	—	—	—	—	-0.07	0.19
Constant	-3.02	0.89	-1.50	1.29	-2.35	2.61
Chi-square	22.04***	—	24.96***	—	25.11***	—
-2 log-likelihood	32.71	—	29.79	—	29.64	—
df	1	—	2	—	3	—

Note: N = 42. Model 1 tests the effect of the magnitude of the initial lie on the likelihood of a concealment lie. Model 2 tests the direct effect, and Model 3 tests the moderating effect of the perception of fairness on the likelihood of a concealment lie. For negotiations with out-group members the perception of fairness was not expected to be a significant predictor of the likelihood of a concealment lie.

* $p < .05$. ** $p < .01$. *** $p < .001$.

Hypothesis 1 predicts that individuals exhibit larger initial lies when negotiating with members of an out-group than when negotiating with members of an in-group. Supporting this hypothesis, the average initial lie for individuals negotiating with members of an out-group, US\$1.45, was significantly higher than the average initial lie for individuals negotiating with members of their own group, US\$0.833, $t(41, 42) = -2.428, p < .020$.

The authors next investigated the relationship between the initial lie and the concealment lie. Since the dependent variable is dichotomous and represents whether an individual lied about the offer reason or not, logistic regression was used to analyze the data. The results of the analyses are reported in Tables 3 and 4. Table 3 reports on the analyses for negotiations with out-group partners. Table 4 reports on the analyses for negotiations with the in-group partners.

Hypothesis 2 predicts that the magnitude of the initial lie will influence the likelihood of a concealment lie for both in-group and out-group negotiations. Supporting the second hypothesis, the regression analyses (Model 1 in Table 3 and 4) revealed that the initial lie parameter was a significant predictor of the likelihood of a concealment lie for both negotiations with the out-group and the in-group (out-group: $b = 1.28$, Wald chi-square = 11.966, $p = .001$; in-group: $b = .868$, Wald chi-square = 7.904, $p = .005$). The overall model likelihood ratios are significant at $p < .01$ and $p < .001$.

Table 4. Results of Logistic Regression of Magnitude of Initial Lie on Likelihood of Concealment Lie in Transactions With In-Group Negotiation Partners.

Variables	Model 1		Model 2		Model 3	
	B	SE	B	SE	B	SE
Initial lie	0.87**	0.31	0.66*	0.31	-1.03	0.59
Perception of fairness	—	—	-0.46*	0.22	-1.26*	0.52
Initial Lie \times Perception of Fairness	—	—	—	—	0.53*	0.23
Constant	-1.72	0.52	0.87	1.26	3.56	1.69
Chi-square	10.92***	—	15.65***	—	27.83***	—
-2 log likelihood	41.05	—	36.32	—	24.14	—
df	1	—	2	—	3	—

Note: $N = 42$. Model 1 tests the effect of the magnitude of the initial lie on the likelihood of a concealment lie. Model 2 tests the direct effect, and Model 3 tests the moderating effect of the perception of fairness on the likelihood of a concealment lie.

* $p < .05$. ** $p < .01$. *** $p < .001$.

Last, Hypothesis 3 predicts that the perception of fairness of the negotiation moderates the relationship between the initial lie and the likelihood of a concealment lie for negotiations with the in-group. In support of the hypothesis, the regression analysis (Table 4, Model 3) revealed that the interaction between the two variables—magnitude of initial lie and perception of fairness—is significant ($b = .527$, Wald chi-square = 5.343, $p = .021$). The expanded model likelihood ratio is significant at $p < .001$, with a strong association between the dependent and independent variables (Nagelkerke $R^2 = .683$). In contrast, the equivalent model was not significant for transactions with out-group members (Table 3, Model 3) with a nonsignificant likelihood ratio for the expanded model. Even the intermediate Model 2, which contains the perception of fairness parameter without the interaction term, was not significant.

Discussion

Past literature asserts that lying is an expected behavior in negotiations. This premise, however, has not been examined in situations that involve role conflict stemming from membership ties. Such conflict arises when traditional expectations associated with the bargaining role of a negotiator conflict with the expectations associated with fair treatment of those in one's in-group. Organizations present many opportunities for such conflict as individuals often negotiate with those belonging to the same organizational group

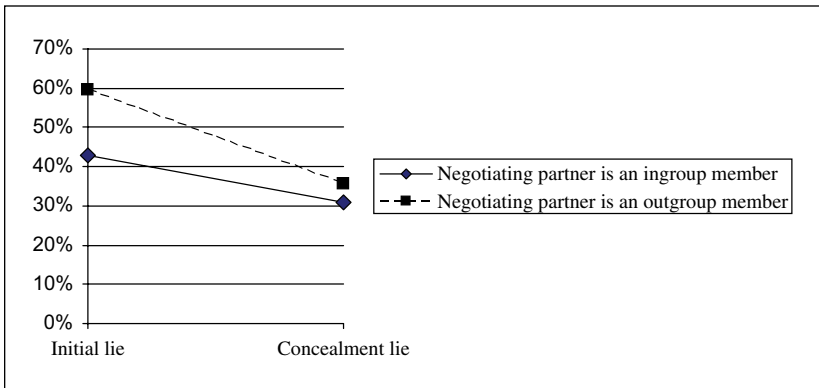


Figure 2. Percentage of negotiators telling initial lie and concealment lie.

(e.g., internal stakeholder groups). Drawing on theory regarding role conflict, this study examined the reasoning that drives an in-group member’s decision to lie to another member of the in-group. First the authors established that the group membership of the negotiation partner affects the magnitude of the lie such that individuals lie less to in-group members than to out-group members. Once the lie is told, the question is, do these individuals behave differently when persuading their bargaining partner to accept their deceptive offers? It was predicted that once an individual tells an initial lie to an in-group member, his or her concealment lies will resemble those of the out-group negotiations. The results suggest that individuals lie less to the in-group than to the out-group, but once they have told the initial lie, they are driven to conceal their initial lies at a level that resembles the concealment lies told to the out-group. This relationship is illustrated in Figure 2, which displays the percentage of participants telling an initial lie and then a concealment lie.

The motivation for this level of concealment lies is grounded in a concern that the in-group member was treated unfairly and a desire to conceal this unfair treatment from the in-group member. In the case of a negotiation with an in-group member, an individual experiences role conflict that is rooted in expectations regarding self-interested negotiating behavior and expectations related to group membership. The authors suggest that concealment lies with in-group members allow the individual to appear to maintain both roles, a self-interested negotiator and a fair group member.

The study is not without shortcomings. The use of undergraduate students in studies related to ethical decision making can be problematic because,

according to Treviño (1996), young people might not have reached the appropriate moral development stage. A naturally occurring group like a sports team is only a partial corrective for this problem. Also, the study design only incorporated proposers, which increases the likelihood of misrepresentation because proposers possess a more powerful bargaining position, particularly when the responder is unaware of how much money is to be distributed (Boles et al., 2000). Last, the sample for this study is relatively small. Given the small sample, the findings of this study must be regarded as exploratory or indicative.

Although the study involves a small sample of students, testing theory with participants from a naturally occurring group provides advantages over traditional undergraduate samples (as discussed in the section on study design). By using members of an existing group, the study entails conditions that resemble interactions of individuals who must engage in negotiations with their in-group. Furthermore, this sample was amenable to participation in a quasi-experimental study design that requires participants to engage in specific, comparable behaviors that could be tracked without relying on self-reported behavior. Thus, although the laboratory setting presents certain limitations, a controlled setting that allows real groups to engage in lying behavior offers a useful test of theory. Future research should examine these relationships with a larger sample of employees in a workplace.

The current controversy about the moral acceptability of lying in negotiations focuses mainly on the characteristics of the negotiation situation that might provide justifications for lying. Alhoff (2003) in particular argues that lying is morally acceptable because in business negotiations the involved parties assume specific roles and endorse certain behaviors that would otherwise be unacceptable. Several writers criticize these arguments and point out that not all people automatically endorse lying in all types of negotiations and that unless both parties have reason to believe that lying will occur it is impermissible (Carson, 2005; Koehn, 1997; Varelius, 2006). Neither side of the controversy presents empirical evidence for its claims about when and why people accept or reject lying. However, all writers do concede that lying in negotiations is frequent regardless of whether or not it is considered ethical by the negotiators.

Without attempting to formulate prescriptive claims from empirical observations, the authors want to contribute to the normative discussion by providing support for both sides of the debate, which might reduce the areas of controversy. First, the results of the present study confirm the view that not all negotiators automatically lie in negotiations when given the chance to do so (supporting Carson's, Koehn's, and Varelius' view). Second, the findings

indicate that role-differentiated morality might be a suitable framework for analysis given that the moral boundaries of role behavior and role conflicts are included in the model (thus supporting Alhoff's position while at the same time acknowledging Carson's criticism of Alhoff). In particular, individuals do not usually assume one role at a given moment, but rather hold several roles at the same time. If the demands of the different roles come into conflict, some behaviors that are usually acceptable in connection with one role might become less acceptable, thus creating moral boundaries for role behavior.

Although Carson does not explicitly refer to role conflicts in his analysis of lying, his statements point in that direction. He asserts, "It is usually impermissible to misstate one's negotiation position if one does not have reason to think that the other party is misstating her position" (Carson, 2005, pp. 399-400). In situations of role conflict, the individual knows that different types of behavior might be expected from him or her at the same time, for example, skilled negotiator *and* caring group member. This conflict might make it less clear what type of behavior the other party *actually* expects, which in turn reduces the likelihood that both parties expect the same behavior (in Carson's example, the misstating of one's position). This misalignment creates moral boundaries to behavior that might be acceptable in situations of role congruence.

This study creates such a role conflict by having participants assume the role of negotiators as well as the role of in-group members. By asking participants to offer a share of money they were given to a member of their own team, participants had an incentive to keep as much of the money for themselves but had to operate under the expectations of how a good member of the team was expected to behave. Given the communal sharing relationship among members of a sports team, the expected and fair behavior would have been to distribute funds equally. In those instances where participants tried to conform to those expectations by claiming they shared the money equally even though they did not actually do so, they viewed this act as unfair. The perception of unfairness originates presumably from the awareness that only an equal split would be truly fair but the offer made did not constitute a fair split.

If one is willing to accept that a sense of fairness is a judgment of what is ethically appropriate, this self-assessment indicates that individuals recognized the moral boundary for their lying behavior. Interestingly, this recognition of moral transgression made a subsequent concealment lie more likely in order to create the appearance that the role expectation was fulfilled even though it was actually violated.

The behavior patterns that became visible in the present study are aligned with the larger management literature on the role of fairness in interactions between participants in the marketplace. Bosse, Phillips, and Harrison (2009)

offer a detailed review of the role of distributional, procedural, and interactional fairness on firm success. They point to literature showing that individuals try to conform to powerful norms of fairness even when pursuing their self-interest. Possible reasons for this bounded behavior include the threat of retaliation from interaction partners if they feel treated unfairly, both with regard to the outcomes of an interaction (e.g., distribution of bonuses) and with regard to the process of distribution and quality of treatment.

The present study confirms that giving one's interaction partner the feeling like they are both receiving a fair share and being treated fairly is an important motivator for behavior. However, the results also indicate that the powerful motivation to conform to fairness norms can also motivate negative behavior—lying, particularly in situations in which expectations of fairness from interaction partners are high. This suggests that fairness perceptions do not play the same role in affecting treatment of all stakeholders equally. If some stakeholders are perceived to be in-group members (e.g., employees, shareholders, unions) and others are clearly out-group members (e.g., environmental groups, regulatory groups), differences may occur in treatment among stakeholders during negotiations. The findings suggest stakeholders who are perceived as out-group members may suffer more misrepresentations in negotiations. Furthermore, negotiating with those in the in-group may present certain challenges that could result in the concealment of information as a means to appearing fair and appeasing role conflict, particularly when the conflict in role expectations of the actor is salient and pronounced.

Even Williamson's (1985) argument that some individuals will use deception and manipulation to help them in maximizing their utility may not be at odds with the extensive literature showing the important role fairness plays in creating boundaries for self-interested behavior. Rather, the present study indicates that further work could benefit from considering both literatures together: Individuals are concerned with fairness and know quite well what is considered fair in a situation, but they also might be more likely to try to create the appearance of fairness rather than acting fairly in some situations. Deception, once discovered, creates significant damage to the relationship between parties. Therefore, it becomes important to better understand the conditions under which deception might occur in order to alleviate the pressures and reduce the opportunities to engage in such behavior.

Conclusion

This study reveals important findings in the use of misrepresentations when negotiating with parties of various groups. Those who are considered part of the in-group experience less misrepresentation in negotiations than members

of the out-group. When misrepresentations occur, concealment lies are told to cover up the initial misrepresentation. However, concealment lies told to in-group members appear to stem from a sense of unfair treatment caused by the initial lie. These results suggest negotiations with in-group members create a role conflict for individuals who want to be a self-interested negotiator and a fair group member. The study findings have important implications for negotiations with various stakeholder groups, especially those who are perceived to be members of the in-group.

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Notes

1. Although many such negotiation simulations were conducted in the classroom, in which participants may share memberships with their classmates, in simulation research the relationship is generally assumed to be adversarial. The experimental design of this study moves from the classroom to the more natural setting of a university sports team.
2. Although the terms *bargaining* and *negotiating* are used interchangeably for the purpose of this study, there are important differences between naturally occurring negotiations, for example, in the business world, and the one-time exchange in an experimental ultimatum bargaining setting. Negotiation is usually a complex social process, whereas ultimatum bargaining exercises do not offer personal interaction. An ultimatum game allows for the controlled testing of hypotheses but at the expense of generalizability to more complex negotiation settings.

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