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Artful Paltering: The Risks and Rewards of Using Truthful Statements to Mislead Others

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Paltering is the active use of truthful statements to convey a misleading impression. Across 2 pilot studies and 6 experiments, we identify paltering as a distinct form of deception. Paltering differs from lying by omission (the passive omission of relevant information) and lying by commission (the active use of false statements). Our findings reveal that paltering is common in negotiations and that many negotiators prefer to palter than to lie by commission. Paltering, however, may promote conflict fueled by self-serving interpretations; palterers focus on the veracity of their statements ("I told the truth"), whereas targets focus on the misleading impression palters convey ("I was misled"). We also find that targets perceive palters to be especially unethical when palters are used in response to direct questions as opposed to when they are unprompted. Taken together, we show that paltering is a common, but risky, negotiation tactic. Compared with negotiators who tell the truth, negotiators who palter are likely to claim additional value, but increase the likelihood of impasse and harm to their reputations.

Keywords: deception, lying, negotiation, paltering, risk

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> *Jim Lehrer: "No improper relationship" – define what you mean by that.*
>
> *President Bill Clinton: "Well, I think you know what it means. It means that there is not a sexual relationship, an improper sexual relationship, or any other kind of improper relationship."*
>
> *Jim Lehrer: "You had no sexual relationship with this young woman?"*
>
> *President Bill Clinton: "There is not a sexual relationship—that is accurate."*
>
> —"NewsHour" With Jim Lehrer, January 21, 1998

Referring to his relationship with Monica Lewinsky, U.S. President Bill Clinton claimed "there is not a sexual relationship." The Starr Commission later discovered that there "had been" a sexual relationship, but that it had ended months before Clinton's interview with Jim Lehrer. During the interview, Clinton made a claim that was technically true by using the present tense word "is," but his statement was intended to mislead: Jim Lehrer and many viewers inferred from Clinton's response that he had not *had* a sexual relationship with Monica Lewinsky. We categorize Clinton's claim as *paltering*: the active use of truthful statements to create a false impression. We distinguish paltering from both lying by omission and lying by commission, document the prevalence of paltering, identify important consequences of paltering, and explore why people prefer paltering to lying by commission.

Deception pervades human communication and interpersonal relationships (Bok, 1978): DePaulo et al. (1996) found that people tell, on average, one or two lies per day. Though many lies are harmless, some are significant and consequential. One domain in which deception can substantially change outcomes is negotiations (Bazerman, Curhan, Moore, & Valley, 2000; Boles, Croson, & Murnighan, 2000; Gaspar & Schweitzer, 2013; Koning, Van Dijk, Van Beest, & Steinel, 2010; Lewicki, 1983; Olekalns & Smith, 2009; Schweitzer & Croson, 1999; Shell, 1991; Tenbrunsel, 1998). Negotiations are characterized by information dependence, and negotiators can often exploit their counterpart by using deception (Lewicki & Robinson, 1998; O'Connor & Carnevale, 1997).

Prior deception research has distinguished lying by commission, the active use of false statements (e.g., claiming the faulty transmission on one's car works great), from lying by omission, the passive act of misleading by failing to disclose relevant information (e.g., failing to mention any information about a faulty transmission). We make a novel contribution to the deception literature by identifying a third, and common, form of deception: paltering (a term initially highlighted in this context by Schauer and Zeckhauser [2009]). Rather than misstating facts (lying by commission) or failing to provide information (lying by omission), paltering involves actively making truthful statements to create a mistaken impression. Though the underlying motivation to deceive a target may be the same, paltering is distinct from both lying by commission and lying by omission. Unlike lying by omission, paltering

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involves the *active* use of statements, and unlike lying by commission, paltering involves the use of *truthful* statements. Like lying by omission, paltering can involve failing to disclose relevant information, but unlike lying by omission, paltering involves the active disclosure of true but misleading information: paltering enables would-be deceivers to actively influence a target's beliefs.

We investigate the prevalence of paltering and conjecture that deceivers will often choose to palter rather than lie by commission or lie by omission. A critical antecedent to engaging in deception is self-justification (Schweitzer & Hsee, 2002), and a related concern is the need to preserve one's moral self-image (Aquino & Reed, 2002). By using truthful, but misleading statements, those who palter may be able to effectively mislead others while justifying their behavior and maintaining a positive self-image. As a result, many deceivers may prefer to palter than lie by commission. In addition, unlike lying by omission, paltering does not require the target to be complicit by failing to demand relevant information. That is, paltering may be a common tactic, because deceivers have abundant opportunities to palter, and because paltering is relatively easy to justify.

Our investigation advances our understanding of deception in several important ways. First, our research makes a conceptual contribution by challenging the paradigm that has focused on the dichotomy between lies by omission and lies by commission. Whereas prior work conceptualized deception as involving dishonest statements (lying by commission) or relevant omissions (lying by omission), we identify paltering as a distinct and important type of deceptive behavior.

Second, we show that paltering is subject to prediction error. Palterers hold a mistaken mental model, failing to anticipate how negatively the targets of their palters will perceive them should they detect their deceit. As a result, paltering can promote conflict. By failing to anticipate its adverse consequences, disputants may be tempted to engage in paltering and fail to appreciate how paltering can escalate conflict. As a result, developing our understanding of paltering contributes to our understanding of both deception and conflict.

Third, we describe an important distinction between two different types of paltering: prompted (by a question) and unprompted. Targets perceive palters to be more unethical when palters are offered in response to a direct question or prompt, as opposed to when they are unprompted. This distinction has implications for deception research more broadly. Our findings suggest that, at least in some cases, deceiving targets in response to a direct question is more unethical than deceiving targets proactively.

Finally, we explore paltering in negotiations, a context in which deception poses a particularly important challenge. Our findings contribute to the negotiation literature by documenting a prevalent behavior that impacts both the negotiation processes and negotiator outcomes. Though our experiments focus on negotiation, we expect paltering to pervade interpersonal interactions from romantic relationships to foreign affairs, whenever individuals or groups are tempted to mislead others.

Across our studies, we investigate paltering in different contexts (including face-to-face and online negotiations) and participant samples (including experienced negotiators). We show that paltering is common and that deceivers prefer to palter than to lie by commission. In our studies, negotiators who paltered obtained similar outcomes to those who lied by commission, but deceivers found paltering easier to justify than lying by commission. Importantly, although those who palter believe paltering to be more ethical than lying by commission, once deceptions is exposed targets judge the ethicality of the two forms of deception very similarly.

In some respects, however, paltering is very similar to other forms of deception. Paltering enables deceivers to claim value, but also increases the odds of an impasse and, once exposed, can cause significant reputational harm.

Deception in Negotiation

Deception is an integral part of human communication (O'Sullivan, 2003). Though people often deceive others for prosocial reasons (e.g., "Your haircut looks great" or "I enjoyed reading your manuscript"; Levine & Schweitzer, 2014, 2015), self-serving deception is common. This is particularly true in negotiations, because individuals can gain a strategic advantage by misleading their counterpart (Anton, 1990; Aquino, 1998; Carr, 1968; O'Connor & Carnevale, 1997; Schweitzer & Croson, 1999; Schweitzer et al., 2005). Deception is also difficult to detect in face-to-face interactions (Bond & DePaulo, 2006; Ekman & O'Sullivan, 1991; Ekman, O'Sullivan, & Frank, 1999). The opportunity to exploit a counterpart combined with the difficulty targets have in detecting deception makes deception a pervasive feature of negotiations (Murnighan, Babcock, Thompson, & Pillutla, 1999; Schweitzer & Croson, 1999). In one study, Murnighan et al. (1999) found that more than one third of experienced negotiators engaged in deception, and in a related study, Aquino and Becker (2005) found that 53% of negotiators lied to their counterpart.

Though several studies have distinguished lies according to their content (e.g., Anton, 1990; Lewicki, 1983),[1] the most important distinction scholars have made with respect to deception has been between lying by commission and lying by omission (Bok, 1978; Gaspar & Schweitzer, 2013; O'Connor & Carnevale, 1997; Spranca, Minsk, & Baron, 1991). Lying by commission involves the use of false statements, whereas lying by omission involves the omission of relevant information (see Table 1). In general, lying by commission is viewed more seriously, both legally and morally, than lying by omission (Shell, 1991; Spranca et al., 1991), and people appear to be more willing to lie by omission than by commission. For example, when individuals are not asked about a critical issue, they often omit information, but when asked a direct question they become far more likely to honestly reveal the critical information (though some do resort to lying by commission; Schweitzer & Croson, 1999; see also Olekalns & Smith, 2009). For example, in a negotiation simulation involving the sale of a computer with a faulty hard drive, Schweitzer and Croson (1999) found that buyers who did not ask direct questions were never informed about the faulty hard drive.

[1] For instance, Lewicki and his colleagues (Lewicki & Robinson, 1998; Lewicki & Spencer, 1991) identified five categories of questionable negotiation tactics: (a) traditional competitive bargaining (e.g., high demands, low concessions); (b) misrepresentation of information (i.e., misleading arguments); (c) bluffing (i.e., misleading intentions); (d) information collection (i.e., trading favors or gifts for information); and (e) influencing an opponent's professional network.

Table 1
Dimensions on Which Lying by Omission, Paltering, and Lying by Commission Differ

Dimension	Lie by omission	Palter	Lie by commission
Aversiveness			
Veracity of specific claim(s)	None	True	False
Deceiver's actions	Passive	Active	Active
Effectiveness			
Addresses the relevant issue	No	Yes, indirectly	Yes, directly
Attempt to influence beliefs	No	Yes	Yes

We introduce and investigate a novel form of deception: paltering. To illustrate this form of deception, consider a recruiter interested in hiring a new marketing manager. After carefully sifting through more than 100 applications, the recruiter identifies a small set of candidates with suitable backgrounds to interview. Though many of the applicants are impressive, after interviews have been completed, the recruiter decides that only one candidate, Claire, has the requisite skills and qualifications for the job. When the recruiter offers the job to Claire and begins to negotiate the offer, the recruiter could convey the false impression of having strong alternatives (and hence more leverage). For example, the recruiter might say, "There is a great deal of demand for this position from a large number of impressive individuals. We received more than 100 résumés, and I interviewed the ten with the strongest credentials." Though these statements are truthful, they convey the false impression the recruiter has several other well qualified candidates should she not accept the job offer.

In contrast to paltering, lying by commission involves the active use of false statement to mislead a target. For example, the recruiter might lie by commission by stating that, "There are three other individuals to whom I would happily offer this position." Both paltering and lying by commission are active. They involve the use of statements to create a mistaken belief. We conceptualize both paltering and lying by commission as *active* acts of deception. In contrast to paltering and lies by commission, lies by omission omit relevant information. For example, if Claire were to remark, "You must have many other qualified candidates," the recruiter could lie by omission by remaining silent and failing to correct Claire's mistaken belief. The active nature of paltering and lying by commission—making statements—may cause targets and observers to judge these acts more harshly than lies by omission (see Knobe, 2003; Leslie, Knobe, & Cohen, 2006).

Paltering as a Distinct Form of Deception

By engaging in deception, individuals can often advance their economic interests, at least in the short-run. Deception, however, entails risks and costs. If discovered, reputations and long-term relationships will suffer, and the use of deception can trigger a psychological cost. Individuals strive to maintain a positive self-concept (Adler, 1930; Allport, 1955; Kruger & Dunning, 1999), and the overt use of deception interferes with their ability to preserve a moral self-image. Mazar et al. (2008) introduced the term self-concept maintenance to account for the competing concerns of self-interest and self-concept to explain why people curb their dishonest behavior.

We build on self-concept maintenance theory to develop our understanding of paltering. We postulate that potential deceivers balance two competing concerns: how effective their deceit will be and how aversive the use of deception will be to their moral self-concept.

We conceptually distinguish paltering from both lying by omission and lying by commission with respect to their efficacy, and the extent to which they challenge the deceivers' moral self-concept (see Table 1). With respect to efficacy, we consider the extent to which deception is likely to effectively influence the beliefs of the target individual. We expect active forms of deception that use statements to shape false beliefs (such as lies by commission and paltering) to be more effective than passive deception (lies by omission), for two reasons. First, lies by omission require targets to be complicit in the deception. For lies by omission to succeed, targets must hold and make known relevant mistaken beliefs and/or fail to ask relevant direct questions. Second, active forms of deception harness conversational norms to shape false beliefs. Both paltering and lies by commission communicate information that is relevant and informative. Even if targets were initially unsure or skeptical, paltering and lies by commission can lead targets to form false beliefs.

We also predicted differences among the three forms of deception with respect to their tendency to allow deceivers to maintain their moral self-concept; the three forms of deception afford different opportunities for justification, which is a critical antecedent for the deception process (Gino & Ariely, 2012; Schweitzer & Hsee, 2002; Shalvi, Gino, Barkan, & Ayal, 2015). We expect passive deception, lies by omission, to pose the smallest challenge to one's moral self-image. Individuals can justify lying by omission by pointing to the fact that they did not change the target's beliefs, that the target was responsible for failing to investigate the relevant issue, and that they did not actively mislead the target. In general, passive forms of deception are considered more moral than active forms of deception (Spranca, Minsk, & Baron, 1991).

Compared with lying by commission, we expect paltering to pose a lesser challenge to one's moral self-image. Deceivers who palter can justify their behavior by pointing to the fact that they made truthful statements. Deceivers who lie by commission, however, are unable to employ the same justification.

Taken together, we expect paltering and lying by commission to be similarly effective, but because paltering involves the use of truthful statements and lying by commission involves the use of false statements, we expect lying by commission to be more aversive to would-be deceivers, and we postulate that individuals will prefer to palter than lie by commission in a distributive negotiation (*Hypothesis 1*).

A Broken Mental Model: Palterers See Their Behavior as More Ethical Than Targets Do

We expect targets of paltering, however, to view paltering as far less ethical than palterers do. Whereas palterers are likely to focus on their use of truthful statements to justify the ethicality of their behavior, we expect targets to focus on having been actively deceived to conclude that the use of paltering was unethical.

Deceivers who engage in paltering are likely to engage in motivated reasoning. Self-interest often guides how individuals perceive the morality of their own behavior (Kronzon & Darley, 1999; Uhlmann, Pizarro, Tannenbaum, & Ditto, 2009). For example, people may engage in morally questionable behaviors but rationalize their behavior in a way that allows them to think of themselves as moral (Bandura, 1991; Chance, Norton, Gino, & Ariely, 2011; Mazar, Amir, & Ariely, 2008). Deceivers who lie by commission are constrained in their ability to justify their behavior, because they used statements that were explicitly untrue. Deceivers who palter, however, can focus on their use of truthful statements and discount the misleading consequences or attribute the misleading inference to the target (who should have paid closer attention to exactly what the deceiver was saying). Thus, deceivers who palter are likely to justify their use of deception more readily than deceivers who lie by commission. As a result, we expect deceivers who palter to judge their behavior as more moral than deceivers who lie by commission (*Hypothesis 2*).

Targets of deception, however, may be unlikely to reach the same conclusion. We expect targets of paltering to blame deceivers for actively influencing their beliefs and misleading them. That is, we expect targets of paltering and targets of lies by commission to similarly apportion blame when the deception is revealed. We hypothesize that compared with telling the truth, both paltering and lying by commission will cause substantial reputational damage to would-be deceivers when targets learn the truth (*Hypothesis 3*).

The Costs and Benefits of Paltering

We expect negotiators who palter to gain at least a short-term benefit from misleading their counterpart. Negotiations are characterized by information dependence (Kelley & Thibaut, 1969); to reach agreement, negotiators must exchange information. At the same time, negotiators seek to claim value. By misleading a counterpart, negotiators can influence a target's beliefs and increase their personal gains at the target's expense (Gaspar & Schweitzer, 2013; Schweitzer et al., 2005). Thus, deception can enable negotiators to gain an advantage (Chertkoff & Baird, 1971) and claim a larger share of total profit (O'Connor & Carnevale, 1997; Schweitzer, Brodt, & Croson, 2002). We expect paltering to be a particularly effective form of deception because the use of active, truthful statements is likely to both distort a target's beliefs and be very difficult to detect. Thus, in distributive negotiations we expect paltering to enable negotiators to claim greater profits than telling the truth (*Hypothesis 4*). In fact, we expect deceivers who palter to gain an advantage similar to deceivers who lie by commission. Specifically, we expect deceivers who palter and deceivers who lie by commission to extract similar concessions and claim similar amounts of surplus.

Paltering, however, may also increase the likelihood of impasse when a positive bargaining zone exists. By distorting the information-sharing process, paltering deprives targets of complete and accurate information. As a result, negotiators may fail to identify opportunities to reach a deal. In other research, scholars have found that the absence of accurate information can increase the likelihood of an impasse (Pinkley, Griffith, & Northcraft, 1995; Thompson, 1991). As a result, we hypothesize that relative to truth tellers, for negotiations with a positive bargaining zone[2] negotiators who palter increase the likelihood of reaching an impasse (*Hypothesis 5*).

In our investigation, we also consider whether or not the target of deception asked a direct question. In general, targets of deception may or may not seek relevant information. For example, a used car buyer may or may not ask about the past accident history for the vehicle. We term cases in which the target of deception seeks relevant information (e.g., by asking a direct question) and the deceiver actively misleads the buyer as *prompted deception*. We term cases in which the deceiver proactively misleads the target as *unprompted deception* (e.g., the deceiver volunteers misleading information).

Given our main interest in paltering, in this paper we compare prompted and unprompted paltering. We postulate that prompted paltering will be judged to be less ethical than unprompted paltering. Prompted deception violates conversational norms, and actively shifts beliefs about a topic the target identified as uncertain and relevant to their decision process. As a result, we hypothesize that individuals will judge prompted palters to be less ethical than unprompted palters (*Hypothesis 6*).

The Present Research

We tested these hypotheses in two pilot studies and six experiments. Across our studies, we contrast paltering with both lying by commission and lying by omission, and demonstrate that paltering is a distinct form of deception. We begin by demonstrating that the concept of paltering is both readily comprehensible and easy for laypeople to distinguish from lying by omission and lying by commission (Pilot Study 1). We also investigate the prevalence of paltering among experienced negotiators. We find that experienced negotiators report that they engage in paltering as often as they lie by omission and more often than they lie by commission (Pilot Study 2).

Supporting Hypothesis 1, we find that would-be deceivers prefer to palter than to lie by commission (Study 1). In a face-to-face negotiation (Study 2), we compare the use of paltering to the use of lying by commission and test Hypotheses 3, 4, and 5. We find that paltering, like lying by commission, enables negotiators to claim value, but that both paltering and lying by commission, once revealed, have substantial long-term reputational consequences. In Study 3, we replicate an aspect of Study 2 that tests Hypothesis 3 and find that those who palter can suffer reputational consequences akin to the consequences of those who lie by commission when the deceptions are detected. Studies 4A and 4B test Hypothesis 2 and find that palterers perceive their deception to be significantly more moral than their counterparts do. Finally, in Study 5, we contrast prompted palters and unprompted palters. Supporting Hypothesis

[2] In negotiations with a negative bargaining zone, deception may actually reduce impasses (Kray, Kennedy, & Van Zant, 2014).

6, we find that participants judged palters that were prompted by a question to be significantly less ethical than unprompted palters.

Pilot Study 1: Laypeople Distinguish Between Paltering and Other Forms of Deception

In Pilot Study 1, we examine whether laypeople recognize that paltering is different from two other common forms of deception: lying by commission and lying by omission. In the study, we provide participants with definitions of paltering, lying by commission, and lying by omission, and then describe a series of deceptive acts and ask participants to categorize them.

Method

Participants. We recruited 100 participants (M_{age} = 35.9, SD = 12.63; 48% female) via Amazon's Mechanical Turk using an announcement that offered to pay them \$0.75 and required that they be located in the United States. This sample size was chosen in advance somewhat arbitrarily. We analyzed these data after all participants had completed the study, and we report all measures.

Design. We presented participants with the following definition of each type of deception that can occur in a negotiation setting:

> There are at least three ways negotiators might mislead their counterparts.
>
> First, negotiators could mislead with active commission. That is, they could actively say untrue facts to their counterparts. For example, imagine that over the last 10 years your sales have grown consistently, but that next year you expect sales to be flat. If asked by your counterpart "How do you expect sales to be next year?" misleading through active commission would involve replying with something like "I expect sales to grow next year."
>
> Second, negotiators could mislead with active paltering. That is, they could actively say truthful facts that knowingly lead their counterparts to false conclusions. For example, imagine that over the last 10 years your sales have grown consistently, but that next year you expect sales to be flat. If asked by your counterpart "How do you expect sales to be next year?" misleading through an active palter would involve replying with something like "Well, as you know, over the last 10 years our sales have grown consistently." This specifically does not highlight your expectation that sales this coming year will be flat, but you know it is likely to create the impression in your counterpart that sales will grow.
>
> Third, negotiators could mislead with passive omission. That is, they could passively fail to correct a mistaken belief that they know their counterpart holds. For example, imagine that over the last 10 years your sales have grown consistently, but that next year you expect sales to be flat. If your counterpart makes a statement like "Because sales have gone up the last 10 years, I expect them to go up next year," misleading through passive omission would entail you not actively correcting this false belief.

Next, participants answered three comprehension check questions presented in random order. The questions were: "Which of the following involves saying truthful statements that you expect will lead your counterpart to believe something that is untrue? Active paltering, passive omission, active commission." "Which of the following involves saying untruthful statements that you expect will lead your counterpart to believe something that is untrue? Active paltering, passive omission, active commission." And, "Which of the following involves failing to correct an untrue belief that a counterpart holds? Active paltering, passive omission, active commission." Participants then read descriptions of nine different deceptive acts (reported in supplemental online materials). After reading about each deceptive act, participants were asked to classify each one as either an "active palter" (palter), "active commission" (lie by commission), or "passive omission" (lie by omission). For example, one of the scenarios read:

> Imagine that the following two statements are true about a car that you owned for one year: (a) Twice in the last year this car would not start and both times you had to have a mechanic fix it; (b) This car drives very smoothly and handles very well. Just last week it started up with no problems when the temperature was −5 °F.

Next, participants read three different negotiation exchanges that involved different types of deception. We asked participants to classify the deception as one of the three forms of deception. For example:

1. Imagine that a potential buyer says, "This car seems like it works perfectly. I expect it has not had any mechanical problems."

   If the potential then buyer asks you, "Has this car ever had problems?"

   If you replied "This car has never had problems" you would be misleading by: Active paltering, passive omission, active commission.

2. Imagine that a potential buyer says, "This car seems like it works perfectly. I expect it has not had any mechanical problems."

   If the potential buyer then asks you, "Has this car ever had problems?"

   If you replied "This car drives very smoothly and handles very well. Just last week it started up with no problems when the temperature was −5 degrees Fahrenheit." you would be misleading by: Active paltering, passive omission, active commission.

3. Imagine that a potential buyer says, "This car seems like it works perfectly. I expect it has not had any mechanical problems."

   If the potential buyer then moves on to talk about a different topic.

   If you did not correct the potential buyer's mistaken belief that the car has not had mechanical problems you would be misleading by: Active paltering, passive omission, active commission. Across participants, we randomized the order of the survey pages, the scenario questions, and the multiple-choice answers.

Results

Eighty-three percent of participants answered all three of the comprehension questions correctly. Sixty-three percent of participants answered all nine scenario questions correctly, and the most

common number incorrect was one: on average, participants answered 7.9 ($SD = 1.38$) out of nine questions correctly.

Among participants, 73% correctly answered all three paltering questions, 76% correctly answered all three questions involving lies by omission, and 75% correctly answered all three questions involving lies by commission. On average, participants answered 2.58 ($SD = 0.79$) out of three paltering questions correctly, 2.67 ($SD = 0.67$) out of three lie-by-omission questions correctly, and 2.65 ($SD = 0.7$) out of three lie-by-commission questions correctly. Participants' accuracy in classifying the type of deception did not differ across the three types of deception, Hotelling $F(2, 98) = 0.99$, $p = .37$.

Discussion

This first pilot study reveals that laypeople can discriminate among paltering, lying by omission, and lying by commission. Moreover, participants were as accurate in classifying paltering as they were in classifying the two other forms of deception.

Pilot Study 2: Experienced Negotiators Palter

Having confirmed that laypeople can distinguish paltering from lying by omission and lying by commission, we conducted a second pilot study to assess how often experienced negotiators palter and their evaluations of the ethicality of this tactic.

Method

Participants. Participants in this study were enrolled in an executive education course at Harvard Business School that focused on advanced negotiation strategies. They were all mid- to senior-level managers from a broad cross-section of industries. All 184 executives, all of whom negotiate as part of their normal activities, participated in the study. Because we wanted to keep the questionnaire as short as possible, we did not collect demographic information. Participants were not compensated. We analyzed these data after all participants had completed the study, and we report all measures.

Procedure. As in Pilot Study 1, participants read definitions of the three forms of deception. The only difference in this study is that we eliminated the words active and passive from the definitions we provided (but used these qualifiers in the questions we asked afterward). Participants then answered three comprehension check questions. For each form of deception (palter, lie by omission, lie by commission), we then asked participants (a) how often in negotiation they mislead their counterpart using this form of deception (response options: most of their negotiations, some of their negotiations, or few of their negotiations); (b) when they do mislead their counterparts with each form of deception, whether they think they are being honest or dishonest; and (c) when they do mislead their counterparts using each form of deception, do they do so because they think this will allow them to get a better deal, or not.

Results

All participants passed the three comprehension check questions, suggesting that they understood the difference between palters, lies by omission, and lies by commission.

Many of these experienced negotiators (52%) reported that they paltered in some or most of their negotiations. About the same proportion reported that they paltered in some or most of their negotiations as reported that they lie by omission in some or most of their negotiations (57%) (McNemar test of significance: $\chi^2 = 2.08$, $p = .150$).[3] A much smaller percentage reported that they lie by commission than paltered in some or most of their negotiations (21%), (McNemar test of significance: $\chi^2 = 52.56$, $p < .001$).

More of these negotiators indicated that they perceived their palters to be honest (32%) than indicated that they perceived their lies by omission to be honest (23%; McNemar test of significance: $\chi^2 = 4.92$, $p = .026$). Similarly, a greater proportion indicated that they perceived their palters to be honest than indicated that they perceived their lies by commission to be honest (5%; McNemar test of significance: $\chi^2 = 48.08$, $p < .001$). A greater proportion indicated that they perceived their lies by omission to be honest than indicated that they perceived their lies by commission to be honest, McNemar test of significance: $\chi^2 = 27.52$, $p < .001$.

When they palter, most of these negotiators (88% of them) do so in an attempt to get a better deal. This did not differ from the proportion of these negotiators reporting that getting a better deal was their motivation when they lied by commission (84%; McNemar test of significance: $\chi^2 = 2.00$, $p = .16$). Similarly, this proportion did not differ from the proportion of these negotiators reporting that getting a better deal was their motivation when they lied by omission (91%; McNemar test of significance: $\chi^2 = 1.47$, $p = .23$).

Discussion

These results show that experienced negotiators commonly use palters, that they believe palters to be strategically advantageous, and that they think palters are more ethically acceptable than both lies by omission and lies by commission.

Study 1: Paltering Is Preferred Over (More Lucrative) Lying by Commission

In Pilot Studies 1 and 2, laypeople and experienced negotiators distinguish paltering from both lying by omission and lying by commission. Having demonstrated that paltering is a distinct deception tactic and that it is often used in negotiation, we now examine whether people prefer it over lying by commission—as suggested by the finding in Pilot Study 2 regarding the frequency with which paltering is used. We focus on lying by commission as a comparison since it is the deception tactic known in the literature as leading to the relatively best negotiation outcomes. Moreover, the opportunity to palter or lie by commission is always present. In contrast, the opportunity to lie by omission is limited. Deceivers can only lie by omission when the target of deception holds and communicates a relevant false belief and/or fails to ask a relevant question. That is, compared with lies by commission and paltering, deceivers have fewer opportunities to engage in lies by omission, especially when they interact with experienced counterparts.

In Study 1, we investigate whether potential deceivers find paltering to be more ethically acceptable than lying by commis-

[3] We use the McNemar test of significance because it is the most appropriate version of a chi-square test for within-subjects data.

sion, as our findings in Pilot Study 2 suggest. To assess this relative preference, we explore whether participants would be willing to forgo profit to palter rather than lie by commission. That is, we investigate whether or not potential deceivers are willing to pay to avoid lying by commission.

Method

Participants. We recruited 550 participants (M_{age} = 35.15, SD = 11.08; female = 53%) via Amazon's Mechanical Turk. The announcement offered to pay participants $0.36, and required that they be located in the United States. This sample size was chosen to have sufficient statistical power as determined based on pilot testing. We analyzed these data after all participants had completed the study, and we report all measures and manipulations.

Design. Participants are told to imagine that they are trying to sell a used car on eBay.com and that if they succeed in selling the car they will receive $1.00 in bonus compensation. Participants are told that they are motivated to make the sale and that the following two statements are true: "Twice in the last year this car would not start and both times you had to have a mechanic fix it" and "This car drives very smoothly and is very responsive. Just last week it started up with no problems when the temperature was −5 degrees Fahrenheit."

Participants are told that a potential buyer e-mails and asks, "Has this car ever had problems?" We randomly assigned participants to one of two conditions. In each condition, participants choose to send one of two email messages: an honest message or a misleading message. In the Lie by Commission condition, participants choose between the truth ("Twice in the last year this car would not start and both times I had to have a mechanic fix it") and a lie by commission ("This car has never had problems"). In the Palter condition, participants choose between the truth ("Twice in the last year this car would not start and both times I had to have a mechanic fix it") and a palter ("This car drives very smoothly and is very responsive. Just last week it started up with no problems when the temperature was −5 degrees Fahrenheit.").

Before the participants make a choice, they are told that their answer will affect their probability of success. Participants in both conditions have a 30% chance of selling the car and earning the $1.00 bonus payment if they choose to tell the truth. In the Lie by Commission condition, participants have an 80% chance of selling the car and receiving the $1.00 bonus compensation if they choose to mislead (i.e., lie by commission). In the Palter condition, participants have only a 60% chance of selling the car and receiving the $1.00 bonus compensation if they choose to mislead (i.e., palter). A random number generator determines whether or not participants "make the sale" and earn the bonus payment based on the response participants' decide to send. That is, participants in the Lie by Commission condition reap an expected value of $0.80 if they choose to lie by commission. Participants in the Palter condition reap an expected value of $0.60 if they choose to palter. The expected value of choosing to tell the truth in both conditions is $0.30.

Participants then indicate how honest (1 = *not at all honest*, 7 = *very honest*), ethical (1 = *not at all ethical*, 7 = *very ethical*), and deceptive (1 = *not at all deceptive*, 7 = *very deceptive*) the misleading option they were offered is. (In this study, our ethicality index included "ethical" rather than "trustworthy," because it is a better fit in our experimental context.)

Results

We find that participants in the Palter condition choose to mislead more often (71%) than did those in the Lie by Commission condition (55%), $\chi^2(1) = 14.58$, $p < .001$. Measures of honesty, ethicality, and deceptiveness (reverse-coded) were highly correlated in both the palter ($\alpha = 0.79$, $p < .001$) and the lie by commission ($\alpha = 0.88$, $p < .001$) conditions so we take the average of these measures to form an ethicality index. This index reflects participants' perceptions of the ethicality of the single option they were offered for misleading the prospective buyer. Participants in the Palter condition rated the ethicality of the palter option, while participants in the Lie by Commission condition rated the ethicality of the Lie by Commission option. Participants in the Palter condition reported that the deceptive option they were offered to mislead the potential buyer was of higher ethicality (M = 4.05, SD = 1.36) than did participants in the Lie by Commission condition (M = 2.12, SD = 1.42; $\beta 1 = -1.93$, $p < .001$, Cohen's d = 1.39).

When we add the ethicality index as an independent variable in a logit model in which condition assignment is the other independent variable and choosing the misleading option is the dependent variable, the relationship between condition assignment and choosing the misleading option became insignificant ($\beta 1 = 0.16$, $SE = 0.269$, $p = .410$). At the same time, the indirect effect of ethicality remained significant ($\beta 1 = 0.455$, $SE = 0.077$, $p < .001$). To test the significance of the indirect effect of ethicality on choosing the misleading option, we used the Sobel-Goodman bootstrapping method (Preacher, & Hayes, 2004). The resulting 95% confidence interval for the bias-corrected indirect effect did not contain zero (lower bound = −0.249, upper bound = −0.111; confidence interval without bias correction: lower bound = −0.244, upper bound = −0.105). This is consistent with an interpretation that perceived ethicality of the option to mislead the potential buyer mediates the effect of condition assignment on choosing the option to mislead.

Discussion

Consistent with Hypothesis 1, participants preferred paltering to lying by commission. When choosing between telling the truth and lying by commission, participants were more willing to palter than they were to lie by commission—even though the expected value of paltering was substantially lower than the expected value of lying by commission. This result is particularly noteworthy given that this experiment was conducted in an anonymous environment (Amazon's Mechanical Turk). Many factors that deter lying by commission in natural settings were not present in this experiment: participants did not know the identity of their bargaining partners, they were not in the physical presence of their bargaining partners, and they had no chance to encounter their bargaining partners again. Moreover, participants were faced with only hypothetical choices. For these reasons, our findings offer a conservative test of the extent to which people find lying by commission less palatable than paltering. Importantly, we also found that participants preferred paltering over lying by commission because they feel less ethical lying by commission than paltering.

Study 2: Face-to-Face Negotiation

In Study 2, we extend our investigation by exploring the potential costs and benefits of paltering and lying by commission in a face-to-face negotiation. Both tactics involve active attempts to mislead. We assess whether paltering, like lying by commission, offers short-term benefits (gaining better outcomes) but incurs longer-term costs if targets become aware that they have been deceived (reputational harm). These results would point to an ironic pattern: though negotiators seem to prefer paltering over lying by commission, when the deceptions are discovered negotiators experience the same reputational cost from paltering as they do from lying by commission.

Method

Participants. We recruited 80 students (M_{age} = 22.11, SD = 3.49; 60% female) from a university in the northeastern United States to participate in a study in exchange for a $7 payment and the opportunity to earn additional money during the experiment. Participants reported an average of 2.75 years of work experience. We used an intensive scheduling process that matched each participant with a confederate. Each dyad negotiated face-to-face in a separate room. This procedure enabled us to measure reactions to face-to-face deception in a controlled environment, but the intensive nature of the study limited our recruitment to 80 participants. We recruited as many participants as we could schedule during a summer session. We analyzed these data after all participants had completed the study, and we report all measures and manipulations.

Design. After participants arrived at the laboratory, they were informed that they would take part in a negotiation study. They were told that they would be randomly assigned to the role of either buyer or seller. In reality, we assigned every participant to the role of seller, and we paired each seller with a confederate buyer. We assigned participants to one of three between-subjects conditions: Truth, Lie by Commission, and Palter. The confederate-buyers' responses to participants' questions during the negotiation differed depending on condition.

Procedure. Participants and confederates arrived at the experiment at the same time, and everyone checked in with the experimenter. The experimenter then assigned each person to a role. Though the process was designed to appear random, the experimenter assigned every participant to the role of seller and every confederate to the role of buyer. The experimenter paired each participant (seller) with a confederate buyer and assigned each dyad to a group study room, where both the confederate-buyer and the participant-seller received packets of materials. The confederate-buyer's packets contained background materials, comprehension questions, a Deal Sheet, a bonus payment sheet, a sealed folder containing the answers to the comprehension check, and a sealed folder containing a postnegotiation survey. The participant-sellers' packets contained background materials, comprehension questions, a Deal Sheet, a bonus payment sheet, a sealed folder containing the answers to the comprehension check, a sealed folder containing an Immediate Post-Negotiation survey, and a sealed folder containing a Full Disclosure Post-Negotiation survey (see supplemental materials for all materials).

A common instruction sheet indicated that since the buyer had one fewer sheet to complete, the buyer would be in charge of managing time. This aspect of our design gave the confederate-buyer some control over the negotiation process. We asked both parties to read through their background information. Both the participant-seller and the confederate-buyer then answered a series of multiple-choice comprehension check questions to ensure that they understood the material. They used the answer sheet to self-check their comprehension check answers. Once they had verified their answers, they proceeded to the negotiation.

In the negotiation, we used a modified version of the Hamilton Real Estate negotiation (Malhotra, 2010). We asked participant-sellers to imagine themselves as the owner of a property they were looking to sell. They were told that the value of the land varied greatly depending upon what the buyer planned to do with it. If the land were used for a residential development, it would be worth $36 to 44 million. If it were used for luxury condominiums, it would be worth $44 to 52 million. If it were used for commercial development, it would be worth more than $60 million. We informed participant-sellers that they would earn a bonus payment according to the following schedule:

> You will report your offer: the amount you are willing to accept to sell the property (between $38 million and $60 million).
>
> The BUYER will report her/his offer: the amount s/he is willing to pay (between $38 million and $60 million).
>
> If the amount of your offer is LESS than the amount of the BUYER's offer, you will reach a deal.
>
> The price will be the average of your two prices.
>
> If the amount of your offer is more than the amount of the buyer's offer, you will not reach a deal.
>
> You will receive a cash bonus for a deal. the higher the deal price, the bigger the bonus.
>
> You will earn $0.50 in bonus cash for every $1 million dollars over $38 million that the final deal price is. For example, if the deal price is $40 million dollars, you will earn bonus cash of $1. If the deal price is $60 million dollars, you will earn bonus cash of $11.
>
> If you do not reach a deal at the end of the negotiation, you will not earn any bonus cash.

We prompted the participant-seller to ask the confederate-buyer two questions: (a) "Are you negotiating with other parties as well?" (b) "Are you going to use the property for commercial development?" The participant-seller knew that the confederate-buyer ran a residential development firm. They did not know that the confederate-buyer intended to develop the land for commercial purposes.

The confederate-buyer's response to this question fell under one of three predetermined conditions. In the Truth condition, confederate-buyer told participant-sellers that they planned to develop the land for commercial use. In the Lie by Commission condition, the confederate-buyer told the participant-seller that they planned to develop the land for residential use. In the Palter condition, the confederate-buyer emphasized their past experience in the residential market and avoided stating a specific development plan. That is, they used true statements to create a false impression. The confederate-buyer received specific instructions and training for how to deliver each type of answer (from one of the authors). For example, in the Palter condition, their first re-

sponse was, "We have only ever developed residential property before." (See the supplemental materials for more details on how confederate-buyer was coached.)

After the negotiation ended, confederate-buyer and participant-seller filled out separate Deal Sheets and turned them face down so that the other party could not see what they had written. These Deal Sheets determined the total payoff for each participant, according to the incentive scheme described above. The confederate-buyer was always instructed to write \$60 million as the highest price they would pay for the property (their willingness-to-pay). We instructed the participant-seller to write the lowest price they would be willing to accept for the property.

After the participant and confederate completed the Deal Sheets, the participant-seller completed the Immediate Post-Negotiation survey to assess their perceptions of their confederate-buyer. In this survey, they reported how much they trusted their counterpart (their confederate-buyer) on 7-point Likert scales (1: *not at all*, 7: *completely*), what they thought their confederate-buyer intended to do with the property (commercial, luxury condo, residential, no idea), how certain they were of their answer regarding their confederate-buyer's intentions (7-point Likert scale ranging from *not at all* to *completely sure*), if they would negotiate with their confederate-buyer again in the future (7-point Likert scale ranging from *definitely would not* to *definitely would*), and some additional demographic questions.

After the participant-seller completed the Immediate Post-Negotiation survey, they received more information about the negotiation. Specifically, they opened an envelope that revealed their (confederate) buyer's true intentions: to use the property for commercial use. That is, each participant-seller then learned that their confederate-buyer either had been honest or had misled them either by paltering or lying by commission. The participant-seller then completed a Full Disclosure Post-Negotiation survey.

In this survey, we again asked the sellers how much they trust their counterpart (the confederate-buyer) on a 7-point Likert scale (1: *not at all*, 7: *completely*), to rate their confederate-buyer's honesty (1: *very dishonest*, 7: *very honest*), to report an open-ended overall impression of their confederate-buyer, and if they would negotiate with their confederate-buyer again in the future (7-point Likert scale ranging from *definitely would not* to *definitely would*). Simultaneously, the confederate-buyer filled out their own post-negotiation survey, which asked them to report if their participant-seller asked them about their intentions for developing the property, how they responded to the question (truth, palter, lie by commission), if they discussed specific offer values with their participant-seller during the negotiation, and any additional comments they might have.

After the participant-seller submitted responses, both s/he and the confederate-buyer filled out bonus payment sheets and found out what their counterpart had written on the Deal Sheet. After all of this paperwork was completed, the confederate-buyer and the participant-seller gathered up all of the materials, returned the materials to the lab manager, were paid, and received debriefing information.

Results

We first report analyses of final prices. Then, we report how much participants trusted their counterpart immediately after negotiating and again after they learned about their counterpart's true intentions.

Seller willingness-to-accept. Three participant-sellers in the Truth condition reported willingness-to-accept prices that were higher than \$60 million, the highest value in the zone of agreement. We include these responses in our analyses by recoding their willingness to accept as \$60 million. Excluding them does not change the primary results (see the supplemental materials). To control for the possibility that there were main effects by the research assistants who served as the confederate-buyer, in all of our analyses we control for the research assistant.

The three conditions resulted in significantly different willingness-to-accept prices, $F(2, 80) = 25.59$, $p < .001$. First, participant-sellers in the Lie by Commission condition ($M =$ \$45.23 million, $SE = 0.92$) accepted a lower price than those assigned to the Truth condition ($M =$ \$53.64 million, $SE = 0.886$; $\beta = -8.41$, $SE = 1.28$, $p < .001$, Cohen's $d = 1.57$). Second, participant-sellers in the Palter condition ($M =$ \$46.46 million, $SE = .87$) were willing to accept a lower price than those in the Truth condition ($M =$ \$53.64 million, $SE = 0.89$; $\beta = -7.18$, $SE = 1.25$, $p < .001$, Cohen's $d = 1.41$). Third, participant-sellers in the Lie by Commission condition were willing to accept amounts that were not significantly different from the price sellers in the Palter condition were willing to accept ($\beta = -1.23$, $SE = 1.27$, $p = .33$). That is, participants who were deceived, whether by lying by commission or by paltering, accepted lower prices. These results support Hypothesis 3, which predicted that in distributive negotiations, paltering, as compared with telling the truth, would enable negotiators to claim greater profits. In fact, we hypothesized, paltering would increase value-claiming as much as would lying by commission.

Immediate postnegotiation seller perceptions. The three conditions resulted in significantly different postnegotiation seller perceptions, $F(2, 80) = 106.31$, $p < .001$. Participant-sellers in the Truth condition were more likely to believe that their confederate-buyers were going to use the property for commercial purposes ($M = 92\%$, $SE = 0.048$) than were those in the Palter condition ($M = 8\%$, $SE = 0.047$; $\beta = 0.84$, $SE = 0.067$, $p < .001$). Participant-sellers in the Truth condition were also more likely to believe that their confederate-buyers were going to use the property for commercial purposes than those in the Lie by Commission condition ($M = 3.0\%$, $SE = 0.05$; $\beta = 0.89$, $SE = 0.07$, $p < .001$). Those in the Palter and Lie by Commission conditions did not differ in their beliefs regarding how likely their buyer was to develop the property for commercial use ($\beta = 0.05$, $SE = 0.07$, $p = .45$). That is, lying by commission and paltering similarly distorted participants' beliefs.

Immediately after the negotiation concluded, and before participants learned the truth, participants across the three conditions were similarly interested in negotiating with their counterpart in the future. Participant-sellers in the Truth condition were equally interested in negotiating again with their confederate-buyers ($M = 5.78$, $SE = 0.195$), as were those in the Palter condition ($M = 5.48$, $SE = 0.191$; $\beta = 0.30$, $SE = 0.27$, $p = .28$). Participant-sellers in the Truth condition were equally interested in negotiating again with their confederate-buyers as were those in the Lie by Commission condition ($M = 5.38$, $SE = 0.202$; $\beta = 0.40$, $SE = 0.28$, $p = .16$). Those in the Palter and Lie by Commission conditions also did not significantly differ ($\beta = 0.10$, $SE = 0.280$, $p = .72$). Analyzed using analysis of variance (ANOVA), the three condi-

tions do not differ significantly from each other, $F(2, 80) = 1.10$, $p = .34$.

Before deception was revealed, participant-sellers did not differ across conditions in how much they trusted their confederates-buyers. Participant-sellers in the Truth condition did not trust their confederate-buyers ($M = 4.67$, $SE = 0.23$) more than did those in the Palter condition ($M = 5.05$, $SE = 0.22$; $\beta = -0.385$, $SE = 0.32$, $p = .23$). Participant-sellers in the Truth condition did not trust their confederate-buyers more than did those in the Lie by Commission condition ($M = 4.82$, $SE = 0.23$; $\beta = -0.16$, $SE = 0.33$, $p = .66$). Neither did those in the Palter and Lie by Commission conditions differ significantly ($\beta = 0.23$, $SE = 0.32$, $p = .48$). Analyzed using ANOVA, the three conditions do not differ significantly from each other, $F(2, 80) = 0.74$, $p = .48$.

Full disclosure postnegotiation seller perceptions. The three conditions differ significantly in the full disclosure postnegotiation seller perceptions, $F(2, 79) = 43.5$, $p < .001$.[4] After the confederate-buyers' true intentions (to redevelop the property for commercial use) were fully disclosed, participant-sellers in the Truth condition were less likely to believe that their confederate-buyers were dishonest ($M = 5.99$, $SE = 0.29$) than were participants in both the Palter condition ($M = 2.98$, $SE = 0.29$; $\beta = 3.01$, $SE = 0.42$, $p < .001$, Cohen's $d = 1.57$) and the Lie by Commission condition ($M = 2.32$, $SE = 0.30$; $\beta = 3.67$, $SE = 0.42$, $p < .001$). Those in the Palter and Lie by Commission conditions did not differ significantly ($\beta = 0.657$, $SE = 0.42$, $p = .12$). These results support Hypothesis 3, which predicted that, after deception is revealed, both paltering and lying by commission would incur substantial reputational damage.

To assess how disclosing the truth affected participant-sellers' interest in negotiating again with the confederate-buyers, we conducted a repeated measures within-between ANOVA where the question about the participant-sellers' interest in negotiating again in the future with their confederate-buyers is asked twice as the within-participant factor. We asked participants about their interest in negotiating with their counterpart before we disclosed the truth and again after we disclosed the truth. The between-participants factor is condition assignment. This analysis shows that after the truth had been disclosed, participant-sellers were less likely to want to negotiate again in the future with their counterpart in both the Lie by Commission condition ($M = -2.12$, $SE = 0.25$) and in the Palter condition ($M = -2.11$ $SE = 0.24$). Participant-sellers' interest in negotiating again in the future with their confederate-buyers in the Truth condition did not change ($M = -0.26$, $SE = 0.14$); within-subjects factor $F(3, 79) = 31.4$, $p < .001$, between-subjects factor $F(2, 79) = 7.89$, $p = .001$.

Similarly, to assess how disclosing the truth affected participant-sellers' trust in their confederate-buyers, we conducted a repeated measures within-between ANOVA. The trust question is asked twice as the within-participant factor—once before we disclosed the truth and once after—and the between-participants factor is condition assignment. This analysis shows that participant-sellers' trust in their confederate-buyers significantly decreased after the full truth was disclosed in the Lie by Commission condition ($M = -2.24$, $SE = 0.20$) and in the Palter condition ($M = -1.85$, $SE = 0.27$). Trust did not change in the Truth condition ($M = 0.56$, $SE = 0.13$); within-subjects factor $F(3, 79) = 31.52$, $p < .001$, between-subjects factor $F(2, 79) = 13.55$, $p < .001$.

Discussion

Consistent with Hypotheses 3, 4, and 5, Study 2 shows that paltering is a risky strategy for negotiators if the truth is likely to become known and where reputation is important. Like lying by commission, paltering enabled individuals to claim value in the short-term. However, when the full truth was disclosed, paltering incurred significant reputation damage. In our study, as compared with telling the truth, the benefits (increased profit) and the costs (reputation damage) of paltering were similar to those of lying by commission.

An important feature of this study is that participant-sellers negotiated with a confederate who was trained to lie by commission, palter, or disclose the complete truth. Although this constrained the study's realism, it ensured that all negotiations reflect the intended form of deception or disclosure.

Study 3: Counterparts Evaluate Paltering as Severely as Lying by Commission

Study 3 leveraged a different paradigm to replicate the findings in Study 2 regarding the reputational consequences of paltering compared with lying by commission. Whereas Study 2 used confederates in a real face-to-face negotiation, Study 3 uses an online simulation. Although it lacks to external validity of a real negotiation, Study 3 ensures that confederates do not communicate experimenter demands across condition. Study 3 examines how counterparts perceive paltering—when it is disclosed to them—and how a reputation for paltering impacts opportunities for future negotiations.

Method

Participants. We recruited 160 participants ($M_{age} = 30$, $SD = 8.96$; 39% female) via Amazon's Mechanical Turk. We restricted our sample to participants in the United States, and we offered participants $0.50. Five participants failed an attention check that occurred before we assigned them to a condition, leaving a final sample of 155 participants. The sample size of 160 was chosen to have sufficient statistical power as determined based on pilot testing. We analyzed these data after all participants had completed the study, and we report all manipulations and measures.

Procedure. After passing an attention check, we presented participants with an adapted version of the materials we used Study 2. Instead of asking participants to negotiate as a buyer or Seller, we asked participants to imagine being responsible for the sale of a large piece of property. We explained that the land would be worth 1.5 to 2 times as much if it were developed for commercial use. Participants also read that they would soon meet with a potential buyer to negotiate a deal for the sale of the property, and that the buyer represents a company that invests primarily in residential properties.

We then asked participants to imagine that during their negotiation they asked the following question: "Do you plan to develop the property for residential use?" Following this question, they

[4] One participant did not answer the honesty question, thus reducing the sample size to 79.

received one of the following three replies: In the Palter condition, the buyer replied, "I have only ever developed properties for residential use before." In the Honest condition, the buyer replied, "No, I intend to develop the property for commercial use." In the Lie by Commission condition, the buyer replied, "Yes, I intend to develop the property for residential use."

We then informed participants of the following, "You later discovered that, at the time of negotiations, the buyer knew that the property would soon be zoned for commercial development, thus making the value of the property higher."

Now, with the palter or lie by commission exposed, we asked participants to indicate the extent to which they thought the answer the buyer gave was unethical, dishonest, and immoral ($\alpha = 0.91$) using a seven-point scale (from 1 = *not at all*, to 7 = *extremely*). Participants answered another three questions rating how unethical, dishonest, and immoral ($\alpha = 0.92$) they thought the buyer was using the same scale.

Next, we asked participants to imagine that they had the chance to engage in another negotiation with the same buyer. Participants then indicated how likely they would be to negotiate with the same buyer versus search for a different partner (1 = *not likely at all*, 7 = *very likely*). Finally, we asked participants to imagine that they had to negotiate with the same buyer and to indicate the extent to which they would trust the buyer (1 = *not at all*, 7 = *very much*). Finally, we asked participants demographic questions about their age and gender. We asked participants several other demographic questions that were never analyzed.

Results

In Table 2, we report the descriptive statistics of the main variables measured in the study by condition. In Table 3, we report the correlations among each pair of variables.

Unethical answer and unethical buyer. The three questions on ethics were strongly correlated; hence, we averaged these items to create an ethicality index, see Table 3. As expected, participants' ratings of how unethical the buyer's behavior was varied by condition, $F(2, 152) = 9.23$, $p < .001$. Participants rated the behavior of the buyer who paltered as more unethical than the behavior of the buyer who answered honestly ($B = 1.06$, $SE = .36$, $p = .002$), but no different from the buyer who lied by commission ($B = -0.31$, $SE = 0.34$, $p = .36$). Participants also rated the buyer's response to be less ethical in the Lie by Commission condition than in the Honest ($B = 1.37$, $SE = 0.34$, $p < .001$) condition.

Similarly, participants' rating of the ethicality of the buyer varied by condition, $F(2, 144) = 4.73$, $p = .01$. Participants rated the buyer who paltered or the one who lied by commission to be more unethical than the buyer who answered honestly ($B = 0.91$, $SE = 0.34$, $p = .008$; and $B = 0.87$, $SE = 0.33$, $p = .01$, respectively). The buyer who paltered and the buyer who lied by commission were regarded as equally unethical ($B = 0.04$, $SE = 0.34$, $p = .91$).

Table 3
Correlations Among the Main Variables Measured, Study 3

Variable	*M*	*SD*	2	3	4
1. Unethical answer	4.03	1.81	.82**	−.51**	−.56**
2. Unethical buyer	4.16	1.71		−.61**	−.59**
3. Trust in buyer	2.77	1.72			.76**
4. Likely to negotiate again	3.72	1.74			

** $p < .001$.

Trust in the buyer and future negotiations. Similarly, participants' trust in the buyer varied by condition, $F(2, 152) = 9.92$, $p < .001$. Participants had more trust in the honest buyer than the one who paltered or the one who lied by commission ($B = -1.0$, $SE = 0.32$, $p = .002$; and $B = -1.36$, $SE = 0.32$, $p < .001$, respectively). The latter two were regarded as equally untrustworthy ($B = 0.36$, $SE = 0.32$, $p = .26$).

This lack of trust in those who palter and those who lie by commission played out in Sellers' likelihoods of voluntarily negotiating again with the same buyer in the future. Those likelihoods varied by condition, $F(2, 152) = 3.65$, $p = .028$. Participants reported that they were more likely to negotiate again with the buyer who answered honestly than the buyer who paltered ($B = -0.78$, $SE = 0.33$, $p = .02$), or the buyer who lied by commission ($B = -0.77$, $SE = 0.33$, $p = .02$). The latter two had the same likelihood of securing another negotiation ($B = -0.01$, $SE = 0.33$, $p = .97$).

Discussion

Palters may never be discovered by counterparts. But when palters are discovered, Study 3 (like Study 2) shows that they can negatively affect negotiators' reputations, which in turn impacts negotiators' prospects for future negotiations. This is consistent with the findings of Study 2. When individuals discover that a prospective negotiation partner had paltered to them in the past, they are less likely to trust that partner. And because they are less likely to trust that person, they are less likely to negotiate with that person again. Importantly, palterers did no better in this respect than negotiators who lied by commission. The counterparts of these individuals assigned them equivalently poor ethical standing.

Studies 4A and 4B: Palterers Think Palters Are More Ethical Than Do Targets

In Pilot Studies 1 and 2 and in Studies 1 through 3, we identify paltering as a distinct form of deception that is frequently used by

Table 2
Mean (and Standard Deviations) of the Main Variables Measured by Condition, Study 3

Condition	Unethical behavior	Unethical buyer	Trust in buyer	Likely to negotiate again
Palter condition	4.30 (1.62)	4.49 (1.42)	2.54 (1.61)	3.44 (1.68)
Honest condition	3.24	3.58 (1.82)	3.54 (1.76)	4.22 (1.60)
Lie by Commission condition	4.61 (1.66)	4.45 (1.72)	2.18 (1.49)	3.45 (1.84)

experienced negotiators. We find that people prefer to palter than lie by commission; even though paltering and lying by commission are similarly effective, paltering is easier to self-justify than lying by commission. Targets, however, view paltering as unethical as they do lying by commission. In Studies 4A and 4B, we extend our investigation of the divergence between how potential deceivers and targets view paltering.

Study 4A

In Study 4A, we investigate how palterers and targets evaluate the exact same behavior (thus directly testing Hypothesis 2). We predict that palterers perceive their behavior to be moral even though targets perceive revealed paltering to be dishonest and immoral. Whereas a palterer is likely to focus on the veracity of their statements, a target is likely to focus on the mistaken impression that the statements successfully conveyed.

Method

Participants. We recruited 258 participants (M_{age} = 31.70, SD = 9.35; female = 37%) via Amazon's Mechanical Turk using an announcement that offered to pay participants $0.36 and required that they be located in the United States. Workers on Amazon's Mechanical Turk were excluded from participating in the study if they participated in a related previous study. Based on pilot testing we aimed to recruit 260 participants so as to have sufficient statistical power. We analyzed these data after all participants had completed the study, and we report all measures and manipulations.

Design. Participants were randomly assigned to be a buyer or a seller in a hypothetical car negotiation. Participants in the Palterer condition (N = 130) were told that they listed their car on eBay.com, that their car has two small dents, that it drives smoothly on the highway, and that it needed a mechanic twice in the last four months because the car would not start (see supplemental materials for full study materials). These participants were then told that a potential buyer emailed them and asked if the car had any dents or engine or performance problems. Participants were then asked, "If you were unwilling to tell the potential buyer something that you knew to be untrue—but you wanted to sell the car for the most money possible—which of the following would you reply to the potential buyer?" (1 = *The car has two small dents (the size of a dime) on the back bumper. The car drives very smoothly on the highway and is very responsive; just last week it started up with no problems when the temperature was freezing*. 2 = *The car has two small dents (the size of a dime) on the back bumper. Twice in the last 4 months the car would not start and both times I had to have a mechanic fix it.*) The first response option involves a palter because it aims to lead the buyer to believe that there are no mechanical problems. The second response is truthful because it transparently discloses that there are mechanical problems. 78% of participants (N = 102) indicated that the paltering response would yield them the greater monetary amount. The 22% of participants (N = 28) who chose the more truthful response were asked the same question again. Nearly 80% of these participants (N = 22) switched their answer and chose to palter in the negotiation after being prompted to read the question again. The remaining six participants who indicated that the truthful response would be in their best monetary interest were then asked to imagine the scenario in which they had responded with the palter. All participants in the Palterer condition were told that the potential buyer replied to the participant's palter by stating that he or she will buy the car at the listed price and that the buyer left the negotiation with no knowledge of the car's mechanical problems. Participants then indicated how honest (1 = *not at all honest*, 7 = *very honest*), trustworthy (1 = *not at all trustworthy*, 7 = *very trustworthy*), and deceptive (1 = *not at all deceptive*, 7 = *very deceptive*) they, the seller of the car, were.

Participants in the Target condition (N = 128) were told they are interested in a car listed on eBay.com and that the car's dents and engine performance are important to them. Participants in the Target condition were then asked which of the following emails to the seller would be more useful, given their interests (1 = *I am interested in your used car. How many dents does the car have? And, does the car have any engine or performance problems?* 2 = *I am interested in your used car; How many dents does the car have?*). Only one participant failed this comprehension test, choosing not to ask about the car's engine performance. This participant corrected his or her answer when asked a second time. All participants in the Target condition were then told that they had made a deal with the buyer when the buyer responded to their email by stating: "The car has two small dents (the size of a dime) on the back bumper. The car drives very smoothly on the highway and is very responsive. Just last week it started up with no problems when the temperature was freezing." This is the paltering response that 95% of participants in the Palterer condition thought would yield the most amount of money for the car. Participants in the Target condition were told that, after they made the transaction, they became aware that the seller knowingly withheld the relevant facts about the car's engine performance while actively creating the opposite impression. Similar to participants in the Palterer condition, participants in the Target condition were asked how honest (1 = *not at all honest*, 7 = *very honest*), trustworthy (1 = *not at all trustworthy*, 7 = *very trustworthy*), and deceptive (1 = *not at all deceptive*, 7 = *very deceptive*) the seller was. An analysis plan was preregistered before data analysis began. It can be found at https://osf.io/8k4t5/.

Results

We tested whether participants in each condition evaluated the ethicality of the seller differently, given their assigned perspectives. Measures of honesty, trustworthiness, and deceptiveness (reverse-coded) were highly correlated in both the Palterer (α = 0.87, $ps < .001$) and Target (α = 0.92, $ps < .001$) conditions so we took the average of these measures to form an ethicality index. We find that participants assigned to be targets judged the paltering seller as being less ethical (M = 2.49, SE = 0.13) than did participants assigned to be the paltering seller (M = 3.42, SE = 0.12), $t(256) = 5.14$, $p < .001$, Cohen's d = 0.64.

Study 4B

In Study 4B, we extend our investigation of the broken mental model to a computer mediated negotiation. In this study, we measure both the deceivers' and the targets' perceptions of the ethicality of paltering.

Method

Participants. We recruited participants via Amazon's Mechanical Turk using an announcement that offered to pay participants between $3 and $5 and required that they be located in the United States. We collected data from 200 valid participants (M_{age} = 31.69, SD = 9.74; 51% female).

Design and procedure. This study linked negotiators in an online chat session embedded in the Qualtrics survey platform. The technical back end was an expanded version of the software initially developed by Brooks and Schweitzer (2011). We randomly assigned participants to the role of buyer or seller. For participants in the buyer role, we randomly assigned them to one of two experimental conditions: Palter or Honest.

Participants first answered demographic questions and then read background information for a modified version of the Hamilton Real Estate negotiation (Malhotra, 2010), similar to Studies 1 and 2. In this negotiation, a seller offers to sell a property to a buyer. The zone of agreement ranges from $38 million to $60 million. The buyer knows that zoning laws will soon change, and that the property could then be developed for commercial rather than residential purposes. This zoning change would make the property much more valuable. The seller lacks this information. Buyers read a description of the "public knowledge" to which sellers had access; it did not explicitly state that sellers may lack this information, but the description did imply it.

In this negotiation, participants negotiate over the single issue of price for the property. That is, the negotiation is a single-issue, distributive negotiation.

In addition to their background information, we gave buyers and sellers additional instructions. We instructed sellers to ask their buyer two specific questions during the negotiation: "Are you going to use the property for commercial development?" and "Are you negotiating with another party as well?"

In addition, we instructed buyers to employ one of two strategies in response to an anticipated question about their intended use of the property. In the Paltering condition, we instructed buyers to palter; specifically, we instructed them to avoid answering a property development question directly, but still to provide a factually correct answer (e.g., by answering "As you know, we have only ever done residential development"). In the Honesty condition, we instructed buyers to "give an accurate answer to this question by answering it directly and without lying."

We informed all participants that they would have 8 min to complete the negotiation and that they would earn a bonus based on how well they performed in the negotiation; sellers would earn $0.25 for every $1 million they received above $38 million; buyers would earn a bonus of $0.25 for every $1 million they paid under $60 million. In a pilot study, we found that 8 min was sufficient for most negotiators to reach an agreement.

After reading the materials, participants answered attention and comprehension check questions. All participants then read all the correct answers, whether or not they answered the comprehension check questions correctly. We then directed participants to the chat session, in which they negotiated with their counterpart. Neither buyers nor sellers were told what instructions were given to their counterparts. We gave participants a 2-min warning before the allotted 8 min of negotiation was complete. At the end of the 8 min, we told participants to complete the negotiation immediately. In reality, we gave participants who were still negotiating after 8 min an additional 2 min before the session conclusively terminated.

At the conclusion of the negotiation, participants indicated whether or not they had reached a deal and reported their final negotiated price. As a manipulation check, we asked sellers what they believed their buyer's intentions were for developing the property. We also asked buyers how honest they were in revealing their intended use of the property on a 7-point scale that ranged from very dishonest to very honest.

Finally, we informed sellers that buyers anticipated that the property would be rezoned for commercial development, and we asked them to rate, on a 7-point scale, how honest their buyer had been.

Data exclusions. We recruited 300 participants. Because of timing and programming constraints and errors, we were unable to pair 14 participants and to record data for 24 dyads. We excluded an additional 11 dyads for the following reasons: comprehension (e.g., at least one of the pair members failed 40% or more of the comprehension-check questions), disagreement (e.g., the parties did not agree when reporting the agreement they had reached), participation in a prior pilot (e.g., one member had participated in the pilot study of this experiment). We report results from 98 dyads. Of these, 90 dyads reached agreement, and eight reached an impasse. These inclusion/exclusion decisions do not affect the nature and significance results of the analyses reported below (see supplemental materials). Based on pilot testing we aimed to recruit 100 successful dyads so as to have sufficient statistical power. We analyzed these data after all participants had completed the study, and we report all measures and manipulations.

Results

Manipulation checks. Our manipulation influenced sellers' perceptions of buyers' intentions. Compared with sellers in the Honest condition, sellers in the Palter condition were more likely to believe, mistakenly, that their counterpart planned to develop a residential property (83% vs. 38%), $\chi^2(1) = 20.39$, $p < .001$. In addition, buyers in the Palter condition rated themselves as less honest (M = 5.0, SE = .23) than buyers in the Honest condition (M = 6.1, SE = 0.15), $t(95) = 4.10$, $p < .001$, Cohen's d = 0.85.

Two research assistants coded all the negotiation transcripts, including those excluded from the studies. Coders were blind to the condition as they coded for the following: the buyer lied about his or her intentions for the property when asked; the buyer paltered (told a true statement, but knowingly led—or tried to lead—the seller to a false conclusion) about his or her intentions for the property when asked; the buyer did not give an answer about his or her intentions for the property, though the buyer was asked by the seller; the buyer was not asked by the seller and did not state his or her intentions for the property; and the buyer told the truth about his or her intentions for the property. The coders rated 50 of the same transcripts and had nearly perfect reliability, Cronbach's alpha = 0.99.

Table 4 reveals that 81% of buyers in the Palter condition paltered and 51% of buyers in the Honest condition were honest.

Impasse. Negotiation dyads in the two conditions differed in how often they reached an impasse. Participants in the Palter condition were significantly more likely to reach an impasse than those in the Honest condition (15% vs. 2%), $\chi^2(1) = 5.46$, p = .019. This analysis compares the negotiation outcomes based on what buyers were instructed to do. An alternative analysis would

Table 4
Actual Behavior by Condition, Study 4B

Condition	Palter	Honest	Lie	Not Asked	Other
Palter condition	81% (38)	4% (2)	0% (0)	6% (3)	9% (4)
Honest condition	20% (10)	51% (26)	6% (4)	16% (8)	6% (3)

involve comparing rates of impasse based on buyers' "actual" responses. This entails comparing the rate of impasse among all dyads in which the buyer is coded as having paltered ($N = 48$) to all dyads in which the buyer is coded as having been honest ($N = 28$), thus looking at actual responses (see Table 5).

This alternative analysis reveals a similar directional difference in the likelihood of impasse, though it is not statistically significant, $\chi^2(1) = 0.539$, $p = .46$. We note that this actual response analysis is biased because buyers who were instructed to be honest and chose to palter are a different kind of negotiator than buyers who were instructed to palter and did so. Conversely, buyers who were instructed to palter but were honest are different than buyers who were instructed to be honest and complied.

Profit. Of buyers who reached an agreement, those in the Palter condition earned $1.6 million more in profit (16% more) than those in the Honest condition, $t(88) = 1.99$, $p = .05$. This result is consistent with Hypothesis 4. When we include dyads that reached an impasse, we find no difference in profit earned between the Palter and Honest conditions ($10.6M vs. $10.5M), $t(96) = 0.090$, $p = .93$.

Evaluation of buyers. After the negotiation concluded, sellers learned that the buyer anticipated that the property would be zoned for commercial development. Sellers in the Palter condition rated their buyer counterpart to be less honest ($M = 2.8$, $SE = 0.22$) than did sellers in the Honest condition ($M = 4.6$, $SE = 0.25$), $t(95) = -5.34$, $p < .001$, Cohen's $d = 1.09$.

To examine differences in perceptions of honesty, we conducted an OLS regression with an interaction term, 2 (role: buyer vs. seller) × 2 (condition: Palter vs. Honest), clustering by dyad. This analysis revealed a marginally significant interaction ($\beta = -0.69$, $SE = 0.39$, $p = .081$). Buyers in the Palter condition rated their actions as less Honest ($M = 5.0$, $SE = 0.23$) than did buyers in the Honest condition ($M = 6.1$, $SE = 0.15$), $t(95) = -4.1$, $p < .001$, Cohen's $d = 0.85$. Sellers' evaluations of buyers' honesty, however, were much harsher than buyers' self-evaluations. Sellers in the Palter condition rated their buyer's integrity much lower than the buyers rated their own integrity ($M = 2.8$ vs. $M = 5.0$), $t(45) = -7.01$, $p < .001$, Cohen's $d = 1.41$. This is consistent with our hypothesis for a broken mental model, as buyers perceived their own paltering to be somewhat dishonest, whereas sellers perceived buyers' paltering as very dishonest.

Discussion

In both Studies 4A and 4B, we identify paltering as a risky strategy. Although paltering may increase a negotiator's surplus, it also increases the risk of impasse and, if discovered, causes significant reputational harm.

Reputation and trustworthiness are critical elements to effective negotiations (Lewicki, McAllister, & Bies, 1998; Valley et al., 1998), and paltering places both at risk. Interestingly, in Study 4B, even when buyers were explicitly instructed to be honest, 20% paltered anyway. This finding suggests that people are both tempted to deceive by paltering and that potential deceivers may perceive paltering as similar to honesty. Notably, 49% of participants assigned to the Honest condition engaged in opportunistic and dishonest behavior. This finding speaks to the temptation of deception and suggests that our findings offer a conservative test of the value-claiming consequences of paltering versus honesty.

Finally, results from both Studies 4A and 4B highlight the broken mental model negotiators have for paltering. When it was made clear to targets that the actor used deception in answering questions, we found that palterers perceive their actions to be far more moral than targets do.

Study 5: Paltering When Prompted Is More Unethical Than Paltering When Unprompted, Partly Because of Perceived Sense of Obligation

In our final study, we refine our understanding of paltering by extending our investigation of the broken mental model we identify in Study 4. In this study, we consider differences between palters that were and were not prompted by a direct question.

Method

Participants. We recruited 255 participants ($M_{age} = 35.80$, $SD = 11.81$; female = 60%) via Amazon's Mechanical Turk using an announcement that offered to pay participants $0.36 and required that they be located in the United States. This sample size was chosen to provide adequate power based on the results of pilot studies. We analyzed these data after all participants had completed the study, and we report all measures and manipulations.

Design. Participants were assigned to be the seller in a hypothetical car negotiation. The scenario was modeled after the one we used in Studies 2 and 4a. We informed participants that they listed their car on eBay.com, that their car has two small dents, that it drives smoothly on the highway, that it started last week in very cold weather, and that it needed a mechanic twice in the last four months because the car would not start. (See the supplemental materials for full study materials.) We then informed these participants that a potential buyer emailed them and asked if the car had any dents or engine or performance problems. Participants were then asked, "If you were unwilling to tell the potential buyer something that you knew to be untrue—but you wanted to sell the

Table 5
Impasse Frequency, Instructed Versus Actual Responses (Study 4B)

	Instructed to:		
	Palter	Honest	Eligible Dyads*
Actual response:			
Palter	6	0	48
Honest	1	1	28
Total Dyads	47	51	

* "Eligible Dyads" denotes dyads in which the seller asked the buyer about his/her intentions for the property. "Total Dyads" denotes all dyads assigned to a condition.

car for the most money possible—which of the following would you reply to the potential buyer?" (1 = *The car has two small dents (the size of a dime) on the back bumper. The car drives very smoothly on the highway and is very responsive; just last week it started up with no problems when the temperature was freezing*. 2 = *The car has two small dents (the size of a dime) on the back bumper. Twice in the last 4 months the car would not start and both times I had to have a mechanic fix it. It needs a lot of engine work, which will be expensive*). The first response option involves a palter because it aims to lead the buyer to believe that there are no mechanical problems. The second response is truthful because it transparently discloses that there are mechanical problems. Seventy-three percent of all participants indicated that the paltering response would yield them the most money possible. The 28% of participants who chose the more truthful response were asked the same question again. Fifty-six percent of these participants switched their answer and chose to palter in the negotiation after being prompted to read the question again. The remaining participants who indicated that the truthful response would be in their best monetary interest were then asked to imagine the scenario in which they had responded with the palter.

Participants in the Unprompted Palter condition were told that the potential buyer said, "I assume the engine has problems" and that the potential buyer asked only "How many dents does the car have?" These participants were also told that they had paltered about the condition of the engine by saying "The car drives very smoothly on the highway and is very responsive. Just last week it started up with no problems when the temperature was freezing" and told the truth about the number of dents the car has. Participants in the Unprompted Palter condition were told that the potential buyer left the negotiation believing that the car had no recent mechanical problems.

Participants in the Prompted Palter condition were told that the potential buyer said, "I assume the engine has engine problems. Is that correct? How many dents does the car have?" The rest of the information participants in the Prompted Palter condition were told was identical to that told to participants in the Unprompted Palter condition.

Participants then indicated how honest (1 = *not at all honest*, 7 = *very honest*), trustworthy (1 = *not at all trustworthy*, 7 = *very trustworthy*), and deceptive (1 = *not at all deceptive*, 7 = *very deceptive*) they, the seller of the car, were during the exchange. Participants were then asked to indicate how obligated they believe they were to say something about the engine's performance to the potential buyer (1 = *not at all obligated*, 7 = *extremely obligated*) and how strongly they thought the potential buyer expected them to say something about the engine's performance in the reply email (1 = *not at all strongly*, 7 = *extremely strongly*).

Results

We examined whether participants' evaluations of their own ethicality and disclosure-obligation differed based on whether their palters were prompted or unprompted. Measures of honesty, trustworthiness, and deceptiveness (reverse-coded) were highly correlated in both the Unprompted Palter ($\alpha = 0.91$, $ps < .001$) and Prompted Palter ($\alpha = 0.87$, $ps < .001$) conditions so we take the average of these measures to form an ethicality index. Similarly, we created a disclosure-obligation index because measures of perceived obligation and expectation to disclose were highly correlated ($\alpha = 0.70$, $p < .001$). Participants in the Prompted Palter condition judged themselves as less ethical ($M = 2.74$, $SE = 0.12$) than did participants in the Unprompted Palter condition ($M = 3.41$, $SE = 0.16$), $t(253) = 3.66$, $p = .001$, Cohen's $d = 0.42$. Further, participants in the Unprompted Palter felt less obligation to disclose ($M = 4.98$, $SE = 0.14$) compared with those in the Prompted Palter condition ($M = 5.41$, $SE = 0.11$), $t(253) = 3.66$, $p = .004$, Cohen's $d = 0.37$.

We then examined whether participants' disclosure-obligation index mediated the effect of condition on ethicality. Including participants' disclosure-obligation index in the model decreases the strength of the effect of condition on ethicality ($\beta_1 = -0.39$, $SE = 0.20$, $p = .029$). The indirect effect of participants' disclosure-obligation index remained significant ($\beta_1 = -.55$, $SE = 0.063$, $p < .001$). To test the significance of the indirect effect of participants' disclosure-obligation index on ethicality, we used the Sobel-Goodman bootstrapping method (Preacher, & Hayes, 2004). The resulting 95% confidence interval for the bias-corrected indirect effect did not contain zero (lower bound = −0.497, upper bound = −0.094; confidence interval without bias correction: lower bound = −0.483, upper bound = −0.083), suggesting that participants' disclosure-obligation index partially mediates the effect of condition on ethicality.

Discussion

In Study 5, we find that individuals judged prompted paltering to be less ethical than unprompted paltering. This study breaks new ground by distinguishing prompted from unprompted deception. In our investigation, we contrast prompted and unprompted paltering, but this distinction also applies to other forms of deception, such as lies of commission. That is, the extant deception literature has conflated unprompted and prompted lies, and findings from this study reveal that this distinction is not only theoretically important, but also practically important because the ethical consequences of the two forms of deception may be very different.

General Discussion

Deception is pervasive in social life: individuals mislead their relational partners, their family members, their friends, and their work colleagues. A large body of literature has examined two types of deception—lying by omission and lying by commission—and the resulting stream of research has informed interventions to decrease the likelihood of being deceived, such as the important prescription to ask direct questions to curtail the risk of being deceived by lying by omission. We identify a third type of deception, paltering, that we as well as our participants distinguish from both lying by commission and lying by omission. We define paltering as an active form of deception that involves the use of truthful statements to convey a mistaken impression. We demonstrate that laypeople can readily distinguish paltering from other forms of deception (Pilot Study 1) and that paltering is commonly used by experienced negotiators (Pilot Study 2).

Though paltering operates similarly to lying by commission insofar as it enables individuals to claim value (Studies 2 and 4B) at the risk of incurring reputational damage (Studies 2, 3, and 4B), we find that people view paltering to be less aversive than lying by

commission (Study 1). We also find that the ambiguity inherent in paltering enables self-serving evaluations: targets perceive paltering as the ethical equivalent of making false statements, but palterers judge paltering less critically (Studies 3, 4A, and 4B). Finally, some conditions moderate how ethical palters are perceived to be, notably whether or not a palter is offered in response to a direct question (Study 5).

Taken together, our studies identify paltering as a distinct and frequently employed form of deception. Paltering is a common negotiation tactic. Negotiators who palter claim value but also increase the likelihood of impasse and, if discovered, risk harm to their reputations. This latter finding suggests that those who might view paltering as a (deceptive) strategy for claiming more value in a negotiation must be cautious. It may be effective in the short-term but harmful to relationships if discovered. Paltering is less aversive to negotiators than lying by commission and just as likely to be effective. Indeed, these results inform the literature on self-concept maintenance (Mazar et al., 2008): by using truthful statements, paltering may provide a particularly palatable form of deception for deceivers.

Our findings expand our conceptual understanding of deception. By identifying paltering—the active use of truthful statements to mislead others—as a form of deception, we disentangle active deception from the use of false statements. This work introduces a novel framework for studying deception and creates the foundation for a substantial stream of future work.

Our findings have particular application to negotiations, where deception poses a unique challenge. Deception is prevalent in negotiations, influencing the negotiation process, negotiated outcomes, and negotiator reputations. Prior work has shown that detected deception harms trust (Boles et al., 2000; Schweitzer, Hershey, & Bradlow, 2006) and increases retribution (Boles et al., 2000; Wang, Galinsky, & Murnighan, 2009). Our studies reveal that when detected paltering may harm reputations and trust just as much as does lying by commission. Quite possibly, however, negotiators who palter may misperceive their behavior to be more acceptable than it is and thus fail to forecast the harmful relational effects their actions trigger—if their paltering is subsequently detected.

Though we investigate paltering with respect to negotiations, we expect paltering to pervade every interpersonal interaction characterized by information asymmetry and misaligned incentives. For example, paltering is likely to play an important role in persuasion (Petty & Cacioppo, 1996), strategic communication (Burgoon & Buller, 1994), and impression management (Leary & Kowalski, 1990). In addition, consistent with our findings in negotiation contexts, we expect individuals in these interpersonal contexts to frequently prefer to palter than to engage in other forms of deception.

Limitations and Directions for Future Research

Future work should extend our investigation of paltering to further explore a number of related questions. For instance, under what conditions is paltering most likely to arise relative to lying by commission? Pilot Study 2 with executives suggests that paltering is prevalent. However, further work, including field studies, should explore the frequency, efficacy, and perceptions of paltering. Similarly, future work should explore the short-term and long-term returns on paltering. In our experiments, we selected both the paltering language and the contexts in which to palter. Importantly, we ultimately revealed the deception involved. To fully assess the relative risk of paltering, however, it is important to discern how likely paltering and lying by commission are to be uncovered. This important question merits future research.

Those who palter in everyday life can determine how and when to palter. Presumably they choose contexts where paltering readily creates false impressions and where detection of paltering is unlikely. For both reasons, the self-selected use of paltering may be particularly effective. This may be especially true if people engage in paltering instead of lying by commission in domains where the costs of a detected palter may be less than the costs of a detected lie by commission (e.g., when a lie by commission would have legal consequences). Future experiments could explore this proposition and examine how targets of paltering and lying by commission apportion blame for being misled (e.g., do they blame themselves for not asking further questions when they are misled by paltering?).

Our experiments focused on negotiation contexts that are predominantly distributive. We believe that this is the right place to begin an investigation, and our findings demonstrate that paltering can enable negotiators to claim greater value. Quite possibly, these findings would be moderated in negotiations that are strongly integrative. In these domains, paltering—like other deceptive tactics—may impair information exchange and limit the ability of negotiators to discover mutually beneficial exchanges (Weingart, Bennett, & Brett, 1993).

Our studies were characterized by single-shot interactions, though we did inquire after the fact about trust, distrust, and willingness to negotiate in the future. Future work should explore the use of paltering in long-term relationships both within and explore how explicit ex-post justifications for paltering (e.g., "My statements were true.") moderate reactions to it.

Finally, we also call for future work to explore paltering in contexts outside of negotiations. In some domains, paltering may be even more common than we observe in our studies. For example, DePaulo and Kashy (1998) found that people tell fewer self-serving lies to friends than they do to acquaintances. We postulate that the aversion to lying by commission to a close friend may prompt the use of paltering, and as a consequence people may palter more to close friends than they do to acquaintances.

In addition, we suspect that paltering is likely to be particularly common in political discourse, as the quote at the beginning of this paper by President Clinton illustrates. Paltering may enable politicians to mislead others, but retain the ability to claim that their statements were true. Recent findings suggest that politicians are very careful about the claims they make. Clementson and Eveland (2016) found presidents tend to refuse to answer questions in press conferences when speaking to the public, whereas in debates they frequently change the topic—a tactic that often goes unnoticed (Rogers & Norton, 2011). We suspect that many politicians who are keen to avoid lying by commission find paltering a tempting alternative, and we expect studies of political communication to be a particularly ripe area for future investigation.

Conclusion

We identify paltering as a distinct form of deception. Unlike lies by omission, paltering involves the active use of statements to create a false impression. Unlike lies by commission, paltering

involves the use of truthful statements to mislead others. Importantly, paltering readily enables self-serving assessments of morality. By contrast, if discovered, targets harshly judge palterers who actively misled them. This contrast identifies a broken mental model. How greatly this broken model matters depends on how likely paltering is likely to be discovered relative to other deception tactics. Most importantly, we identify paltering as not only a distinct form of deception, but also a widely employed tactic in negotiations.

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