Trust and Deception in Negotiation: Culturally Divergent Effects

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ABSTRACT   We investigate how trust reduces the tendency to use deception in negotiations from a culturally contextual perspective. We find culturally divergent patterns across Chinese and American negotiators. Specifically, for Chinese negotiators, cognition-based trust decreases the approval of using negative emotional and informational deception, whereas affect-based trust increases the approval of using informational deception. For American negotiators, affect-based trust decreases the approval of using negative emotional deception. We discuss theoretical and practical implications on the need for culturally specific strategies in managing deceptions in negotiations.

KEYWORDS   cross-cultural management, deception, ethical decision making, ethics, negotiation, trust

INTRODUCTION

Negotiation is 'a process of potentially opportunistic interaction by which two or more parties with some apparent conflict seek to do better through jointly decided action than they could otherwise' (Lax & Sebenius, 1986: 11). As negotiators may encounter the risk of being exploited when they disclose information, such as their settlement preferences (Dees & Cramton, 1991; Murnighan, Babcock, Thompson, & Pillutla, 1999), *deception,* or the 'deliberate act taken by one party with the intention of creating or adding support to a false belief in another party' (Cramton & Dees, 1993: 361), is a common practice in negotiations (Lewicki, Saunders, & Barry, 2006). When negotiators deliberately misrepresent information to the other party, they employ *informational deception* (O'Connor & Carnevale, 1997; Tenbrunsel, 1998). When negotiators intentionally display emotions without real experience to influence others, they use *emotional deception* (Barry, 1999; Fulmer, Barry, & Long, 2009). Relatively speaking, informational deception verbally conveys feelings and intentions explicitly, while emotional deception nonverbally signals them implicitly (Keltner & Kring, 1998; Putnam & Jones, 1982).

As deception hinders effective information exchange, decreases joint gains, and endangers the relationship among parties (Aquino, 1998; Murninghan, Babcock,

Thompson, & Pillutla, 1999; Steinel & De Dreu, 2004), scholars have investigated the antecedents of deception in negotiations (Cohen, 2010; Ma & McLean Parks, 2012; O'Connor & Carnevale, 1997; Olekalns & Smith, 2009). One of the prominent arguments is that mutual trust may prevent deception (Cramton & Dees, 1993; Dees & Cramton, 1991). *Trust* is the willingness to expose one's vulnerability to the other party (Mayer, Davis, & Schoorman, 1995), and when negotiators have reasons to trust their opponents, they are willing to be honest (Dees & Cramton, 1991). McAllister (1995) further differentiated cognition-based trust and affect-based trust. Cognition-based trust develops among parties who share confidence in each others' knowledge-based reliability and credibility (Butler, 1991; Cook & Wall, 1980; Zucker, 1986), and affect-based trust grows among individuals who find each other likeable and connectable emotionally (Drolet & Morris, 2000; Lewis & Weigert, 1985; Rempel, Holmes, & Zanna, 1985). Interestingly, as a recent study conducted in Western societies has suggested (Olekalns & Smith, 2009), cognition-based trust and affect-based trust have distinct effects on informational deception in negotiation. Moreover, the effects of these two types of trust are also contingent upon other factors, such as power and opponenet's motivation (Olekalns & Smith, 2007). Such findings have highlighted the importance of building a fine-grained theory when exploring the relationship between trust and deception by carefully specifying the dimensions of the core constructs and by taking contextual actors into consideration (Olekalns & Smith, 2009).

Despite these invaluable insights, one critical contextual factor, culture, has still received limited attention in this literature. Culture is 'the way in which a group of people solves problems and reconciles dilemmas' (Trompenaars & Hampden-Turner, 1997: 6), and people from different cultures may follow distinct norms to judge appropriateness in both informational and emotional interactions (Kopelman & Rosette, 2008; Ma, 2010). For example, collectivists such as Chinese who lie to outgroup members for the benefit of the ingroup are thought to be fulfilling obligations, whereas such obligations are less likely to propel individualists such as Americans to use deception (Triandis et al., 2001). Similarly, the norms of expressions of emotion in negotiations may also vary across cultures. Collectivists such as Chinese are unwilling and regard it socially inappropriate to express negative emotions such as anger (Adam, Shirako, & Maddux, 2010). In contrast, individualists such as Americans are more experienced and comfortable with expressing negative emotions as personal feelings (Chentsova-Dutton & Tsai, 2010), and consider emotional deceptions acceptable (Fulmer et al., 2009).

Incorporating these discussions into negotiation, we theorize and empirically examine culture as an important contextual factor that influences deception. Our study has two objectives. First, we explore how culture may influence negotiators' perceived appropriateness of both informational and emotional deceptions. Most previous studies on deception in negotiations are conducted in Western cultures without considering the impact of culture. Although scholars have started comparing negotiators from different cultures (e.g., Ma, 2010), the scope of

such comparisons is limited to informational deception. Such a limitation reflects a recent critique that most negotiation studies have paid much attention to cognitively driven behaviours but only little to emotion (Barry, Fulmer, & Goates, 2006). In the present study, we examine both informational and emotional deception by comparing negotiators from China and the U.S., two countries with distinct cultural and institutional settings. Such an extension can provide a more comprehensive examination of how culture influences deception.

A second objective of the current study is to investigate the relationships between two types of trust (cognition-based and affect-based) and two types of deception (informational and emotional), taking a contextualized view (Tsui, 2004, 2006, 2007; Whetten, 2008). Although trust is generally assumed to prevent deception (Dees & Cramton, 1991), its function may be contingent upon situational factors (Olekalns & Smith, 2007, 2009). As people from different cultures endorse different norms regarding information-exchange and emotion-laden behaviors (e.g., Hwang, 1987; Markus & Kitayama, 1991; Mesquita & Frijda, 1992; Tung, Worm, & Fang, 2008), understanding deceptions during negotiation and the role of trust in attenuating deceptions under various cultural contexts is critical.

Using Chinese and US samples to illustrate distinctive cultural profiles among negotiators, we propose that culture affects the prevalent forms of deception, and moderates the relationships between trust and deception. The culturally divergent effects of cognition-based versus affect-based trust provide theoretical and practical implications on how to manage deception in negotiation under different cultural contexts. Our findings highlight the importance of culturally sensitive processes of trust building that facilitate deception management in negotiations.

THEORETICAL BACKGROUND AND HYPOTHESES

The defining properties categorizing the two types of trust are the psychological processes grounding 'good reasons' for trust (Chua, Morris, & Ingram, 2009; Lewicki & Bunker, 1996; Lewis & Weigert, 1985; McAllister, 1995): *cognition-based trust* centres on the knowledge of others' dependability and reliability (Butler, 1991; Cook & Wall, 1980; Zucker, 1986), whereas *affect-based trust* hinges on the emotional ties among people (Drolet & Morris, 2000; Lewis & Weigert, 1985; Rempel et al., 1985). The two types of trust are not exclusive, and cognition-based trust often precedes affect-based trust, which is regarded as a deeper form of trust (McAllister, 1995, 1997).

Trust influences deceptions through cost-benefit analysis (Olekalns & Smith, 2007, 2009). Deceptions, on the one hand, may gain favourable outcomes for negotiators (e.g., O'Connor & Carnevale, 1997). On the other hand, negotiators have to face the risks and consequences if deceptions are detected (Ma & McLean Parks, 2012). Once deception is detected, the deceptor may face economic loss from retribution during negotiation, and relational and reputational loss afterward. According to mutual trust perspective (Cramton & Dees, 1993; Dees & Cramton,

1991), when the other party is trustworthy, the focal person may decrease the usage of deception because of decreased fear of exploitation. We propose that culture not only directly influences two types of deception through concern for harmony, likelihood of detectability, and consequences of deception, but also moderates the relationships between cognition- and affect-based trust and deception.

Culture and Deception

Culture is 'the way in which a group of people solves problems and reconciles dilemmas' (Trompenaars & Hampden-Turner, 1997: 6). In other words, culture shapes the concerns for personal utility and group welfare, emotional display preferences, and norms for harmony in social interactions (e.g., Markus & Kitayama, 1991; Oyserman, Coon, & Kemmelmeier, 2002), all of which may influence people's intention to deceive (Triandis et al., 2001). Culture also represents institutional factors, such as availability of industrial information and explicitly codified legal systems, which also influence the likelihood and consequence of a deception (Tung et al., 2008). For example, the availability of industrial information in a certain society influences the detectability of dishonesty (Tung et al., 2008), whereas institutional policies aggravate the seriousness of dishonesty (Mazar & Ariely, 2006).

In particular, culture influences the acceptability of negative emotional deception. The interpersonal consequence of negative emotional deception include estrangement of the other negotiator (Mesquita & Frijda, 1992). People from different cultures have various degrees of relationship concern (Markus & Kitayama, 1991). The norm of harmony regulates social interactions and cultivates interpersonal relationships among collectivists (Leung, Brew, Zhang, & Zhang, 2011). To Chinese, harmonious interpersonal relationships not only provide affective comfort, but are also used to acquire desirable resources (Hwang, 1987). Chinese usually refrain from expressing negative emotions or aggressive outbursts toward others for fear of disrupting harmony (Hwang, 1987; Markus & Kitayama, 1991; Trompenaars & Hampden-Turner, 1997). Averting negative emotional expressions maintains a harmonious atmosphere (*heqi 和气*) because destructive emotions may hurt relationships and even lead to the disintegration of interpersonal relations (Leung et al., 2011). The consequence can be especially devastating in an institutional environment where businesses rely heavily on personal relationships (Tung et al., 2008). Thus, expressing anger in negotiations is culturally inappropriate and uncomfortable for the Chinese (Adam et al., 2010). However, to some extent, using negative emotional deception is not psychologically or culturally accessible to Chinese negotiators. Tung et al. (2008) reported that in the 'clannish' Chinese commercial society, such deviant behaviours are unusual and can be easily detected, and the performer of such behaviours loses not only potential benefits but also damages critical relationships by, for example, losing critical social connections among one's *guanxi* networks (Tinsley, O'Connor, & Sullivan, 2002).

In contrast, Americans have little social concern for expressing ego-focused negative emotions (Markus & Kitayama, 1991) that may offend and create social separation from others. Such behaviour does not necessarily mean that Americans feel more comfortable with interpersonal disharmony; it just carries relatively less social consequences. The individualistic cultural context makes the expression of negative emotions more socially acceptable, and members of individualistic cultures have opportunities to practice such skills. Americans are relatively less dependent on personal relations to conduct business, and therefore have less social concern in offending others by using negative emotional deception for individual gain. Compared with informational deception, emotional deception is more difficult to detect and verify (e.g., Fulmer et al., 2009; Olekalns & Smith, 2006). According to Fulmer et al., (2009) American negotiators consider emotional deception to be more ethically acceptable than misrepresentation of material facts. Hence, the use of negative emotional deception are more culturally available and accessible for American than Chinese negotiators.

Hypothesis 1a: Chinese negotiators will approve the use of negative emotional deception less than American negotiators.

Culture also influences the acceptability of informational deception. Informational deception can be considered as a kind of indirect tactic to influence others. To achieve the goals of both harmony and personal gain, informational deception offers Chinese negotiators an opportunity to grant the other party 'face' for yielding and claim a bigger piece of the 'pie'. Furthermore, the powerful position gained through informational deception by one party reduces the cycles of harmony-damaging haggling. Chinese people maintains harmony by reciprocating 'face' and often favor instrumental reasons (Hwang, 1987). To gain favour, instrumental means are mixed with the premise of harmony. Confrontation in a negotiation will sabotage harmony among negotiators. During a negotiation, positional bargaining is likely to strain the relationship among parties, and haggling often taints the harmonious atmosphere. Thus, Chinese negotiators are more often found to use compromise, indirect communication, and avoidance (e.g., Briley, Morris, & Simonson, 2006; Friedman, Chi, & Liu, 2006), all of which facilitate a harmonious norm. The high context and indirect communication styles used by Chinese negotiators may make detecting informational deception more difficult. At the same time, institutional factors such as a lack of industrial information, or the tenuous legal system, make deceptions difficult to detect, and potential sanctions for detected deceptions even more ambiguous (Tung et al., 2008). Debunking the lie means others lose face, and thereby affects harmony. Sometimes, when Chinese negotiators deceive for the welfare of the collective group (Triandis et al., 2001), the deceiving individual is disengaged from moral responsibility (Mazar & Aggarwal, 2011). As a result, the detection of informational deception may not taint the deceiver's reputation in Chinese society. According to Triandis et al. (2001), vertical collectivists, such

as Chinese negotiators, tend to lie more than horizontal individualists, such as American negotiators.

Compared with Chinese, Americans prefer direct approaches to communication, such as arguments and debates (e.g., Brew & Cairns, 2004; Morris et al., 1998; Tinsley & Brett, 2001; Wang, Lin, Chan, & Shi, 2005), and striving to be honest, thereby reducing cognitive dissonance resulting from lies (Markus & Kitayama, 1991). The established institutional environment and legal systems are conducive for detecting and punishing lies or misrepresentation of material facts. Individualists must assume the consequences of their own behaviour if deception is detected, and individualized moral sanctions hold them back from informational deception (Mazar & Aggarwal, 2011). Compared with collectivistic negotiators, individualists are less likely to consider informational deceptions appropriate (Triandis et al., 2001).

Hypothesis 1b: Chinese negotiators will approve the use of informational deception more than American negotiators.

Culture, Trust, and Deception

Although trust can reduce deception (Cramton & Dees, 1993; Dees & Cramton, 1991), the way that trust affects deception in negotiation may be contingent upon cultural contexts. Next, we provide specific arguments for the culturally divergent effects of cognition-based trust and affect-based trust in reducing deception in negotiation.

Cognition-based trust. Cognition-based trust is rooted in the trustor's knowledge or evidence regarding the trustee's credibility, competence, reliability, and reputation, which motivates the trustor's further action toward the trustee (Chua, et al., 2009; McAllister, 1995). For Chinese, the nature of harmony ranges from genuine harmony to superficial harmony, depending on their judgment of the other party (Huang, 1999). The tendency to be other-focused (Markus & Kitayama, 1991) makes Chinese more sensitive to interpersonal information and more flexible in behaviour. When they perceive trustworthy signals from the other party, they believe that their risk of being exploited is low (e.g., Olekalns & Smith, 2009) and that they can meet each others' expectations (Triandis et al., 2001). The reciprocation of sincere goodwill cultivates genuine harmony that further improves and consolidates relationships. Chinese negotiators are highly sensitive to reciprocity and harmony-building (Liu, Friedman, & Chi, 2005). The detection of dishonesty by the other party may degrade genuine harmony to superficial harmony, which is reflected in a decrease of benevolent reciprocity, conflicts, and damaged relationships, all of which are of high concern for Chinese (Earley, 1997; Friedman et al., 2006; Holtgraves, 1997; Leung et al., 2011; Ting-Toomey et al., 1991). As discussed earlier, negative emotional deception is less culturally acceptable among Chinese

than Americans. When Chinese negotiators share a high level of cognition-based trust among one another, they are more confident on each other's competence and dependability, and consequently the use of negative emotional deception becomes unnecessary to achieve desirable outcomes. Deceiving for the benefits of the collective is understandable for Chinese, but their face and social connections will suffer even more damage if they violate the norm of reciprocity in honesty. Chinese consider it disastrous to be verified that they are not worthy of being treated with honesty. Thus, a higher level of cognition-based trust, which already brings the benefit of reliability of the other party, will further deter Chinese negotiators from using negative emotional deception.

With a clear distinction between ingroup and ourgroup circles, Chinese deem the maintenance of harmony as conditional. They will break the harmony if the benefit calculation and risk assessment do not make it worth their while to maintain harmony, especially with outgroup members (Hwang, 1987). When less cognition-based trust exists, Chinese negotiators can legitimately deceive other parties, and even use the harmony-destroying negative emotional deception more. Therefore, if Chinese negotiators place cognitive trust on others, they tend to decrease the usage of both informational and negative emotional deception; conversely, if cognitive trust is low, more deception might be expected.

Americans have less concern for interpersonal harmony-building. The individual-focused tendency motivates them to seek instrumental means that enable the attainment of personal goals (e.g., Markus & Kitayama, 1991; Oyserman & Markus, 1993; Triandis, 1995). The trustworthiness of a negotiation opponent signals predictability in behaviour (Rempel et al., 1985) and, therefore, the opponent becomes susceptible to deception tactics. Americans are more likely to perceive a negotiation as a competitive situation (Ting-Toomey, Yee-Jung, Shapiro, Garcia, Wright, & Oetzel, 2000), which provides an optimal opportunity to take advantage of the more cognitively trustworthy opponent to promote self-interest through deceptions. Individualists in pursuit of self-interest may even use more informational deception (O'Connor & Carnevale, 1997; Schweitzer, DeChurch, & Gibson, 2005). When Americans negotiators obtain the knowledge or evidence that the other side is reliable with high cognitive trust, they tend to perceive the situation to be more exploitable with both deceptions, but more negative emotional deception due to lower risk of being detected (Olekalns & Smith, 2009). On the other hand, when they have knowledge or evidence of the other party being less trustworthy, negotiators are more cautious of the risk of deception (e.g., Olekalns & Smith, 2007). Therefore, we hypothesize a moderating effect of culture on the realtionship between cognition-based trust and deception.

Hypothesis 2a: The negative relationship between cognition-based trust and the approval of negative emotional deception will be stronger for Chinese negotiators than for American negotiators.

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Hypothesis 2b: The negative relationship between cognition-based trust and the approval of informational deception will be stronger for Chinese negotiators than for American negotiators.

Affect-based trust. Affect-based trust is rooted in the emotional connection between the trustor and trustee (McAllister, 1995). Emotional affiliation with others is culturally embedded (Chiu & Hong, 2006; Keesing, 1974). In Chinese culture, an emotion-laden social relationship does not reject instrumental consideration, but is used to procure instrumental benefits (Luo, 2011). Chinese people tend to mix emotional and instrumental concern (Chua et al., 2009; Sanchez-Burks, 2002; Sanchez-Burks, Lee, Choi, Nisbett, Zhao, & Koo, 2003). Paradoxically, while people 'utilize the affective tie as an instrument to procure some desired material resource . . . its expressive component always claims precedence over its instrumental component' (Hwang, 1987: 949). A dispassionate negotiation renders the perception of social distance (Ting-Toomey & Cocroft, 1994), which is inconsistent with the genuine harmony expected in close ties. When an emotionally charged episode occurs, negative emotional deception is difficult to detect, and informational deception can be a more peaceful and efficient way to secure power, serve the purpose of saving face, (DePaulo & Bell, 1996) and maintain harmonious relationships than honest and direct bargaining (Ho, 1976).

When there is a high level of affect-based trust among Chinese, concern for each other's welfare (McAllister, 1995) making them emotionally safe (Rempel et al., 1985), and in turn results in the relatively stable and permanent relationship (Hwang, 1987), and therefore there is less concern to disengage from the other party due to the detection of deceptions. On the other hand, cognitive trust emerges from the trustor's rational knowledge and evidence on the trustworthiness of the trustee (McAllister, 1995); therefore the relationship based on cognitive trust may be more professional than personal. When there is affective trust, even if the other parties are aware of potential deceptions, the negotiators may not be willing to debunk the deceptions and accuse deceivers of lying because their affective relationship is personal. The affective affiliation with the deceiver can be socially contagious – Chinese negotiators believe that concession in this negotiation will be traded for the deceiver's yielding in their future interactions.

In the American culture, people have more relational concerns in non-work settings (Sanchez-Burks et al., 2003), where affect-based trust develops. The communal nature of affect-based trust means to sacrifice one's own needs to respond to a partner's needs (McAllister, 1997). Thus, when American negotiators affectively trust others, they tend to be honest. The betrayal of affective trust is inconsistent with the Western belief of communal relationships, and produces cognitive dissonance. Communal relationships lead to less deception (e.g., Schweitzer & Croson, 1999), and therefore affect-based trust lessens informational deception (Olekalns & Smith, 2009) and negative emotional deception. Conversely, in the case of less affect-based trust, Americans, who have fewer social concerns, face a low likelihood of being detected, assume less of the consequences, and tend to use more deceptions

for individual gain. Hence, we hypothesize a moderating effect of culture on the realtionship between affect-based trust and deception.

Hypothesis 3a: The positive relationship between affect-based trust and the approval of negative emotional deception will be stronger for Chinese negotiators than for American negotiators.

Hypothesis 3b: The positive relationship between affect-based trust and the approval of informational deception, will be stronger for Chinese negotiators than for American negotiators.

METHOD

Sample

The hypotheses were tested on data collected using the same experiment in the U.S. and in China. The participants of the present study consisted of 124 Chinese (62 males, 62 females) and 136 American (64 males, 72 females) undergraduate students. The effect of the reference group may conceal the cultural differences between individualism and collectivism using self-reported questionnaires in respective cultures (Heine, Lehman, Peng & Greenholtz, 2002). Individualists may cherish some values more than collectivists (Triandis, McCusker & Hui, 1990). Therefore, the subjects were asked to fill out Schwartz's (1992) culture value scales before they read the background material in order to test directly whether the participants were culturally representative.

Among the 10 individual-level values, *universalism, achievement,* and *stimulation* are most relevant to the present research questions, and therefore appropriate for a validation check of the subjects' cultural profiles. According to Schwartz (1992, 1994), the value of *universalism* suggests understanding, appreciation, tolerance, and protection for the welfare of all people and for nature. Those with high universalism often value broadmindedness, wisdom, social justice, equality, a world at peace, and protecting the environment. The value of *achievement* indicates the importance of personal success through demonstration of competence according to social standards. Those who value achievements highly often aspire to be successful, capable, ambitious, and influential. The value of *stimulation* means that excitement, novelty, and challenge are of high importance in life. Those who value stimulation highly often emphasize a daring, varied, and exciting life. These three values were considered as most influential on a person's beliefs and behaviours related to trust, deception, and the potential for ethical considerations. Universalism is related to tendencies of trusting others and taking care of social justice (Trompenaars & Hampden-Turner, 1997); achievement and stimulation might motivate individuals to take risks and demonstrate unethical behaviour for individual gains (Morris et al., 1998; Schweitzer et al., 2005). The analysis of variance (ANOVA) on universalism ($\alpha = 0.77$) indicated a significant variance in cultural profiles of the two samples (F = 198.68, df = 258, p < 0.001). Universalism was significantly higher for Americans (mean = 5.10) than for Chinese (mean = 3.97). The value of achievement

($\alpha = 0.69$) also showed variation in cultural profiles, F = 106.26, df = 258, p < 0.001. Achievement was significantly higher for Americans (mean = 5.50) than for Chinese (mean = 4.69). A significant difference (F = 375.42, df = 258, p < 0.001) was observed in the value of stimulation ($\alpha = 0.76$) between Americans (mean = 5.34) and Chinese (mean = 3.03). The results are consistant with previous studies (e.g., Morris et al., 1998; Trompenaars & Hampden-Turner, 1997).

Procedure

For the negotiation, and to elicit different levels of affect-based trust, the current research recruited either friends or individuals who were then paired up with a stranger in order to create differences in trust levels in the dyads. Upon arrival, each friend or stranger dyad was sent to a room. Each dyad was given a maximum of 25 minutes to negotiate. At the onset, participants were welcomed and given instructions. They were then asked to read the negotiation materials and to complete a pre-negotiation questionnaire. Once the negotiation was over, participants filled out a post-negotiation questionnaire. For their participation, the Chinese students received 15 RMB, and the American students received extra course credits.

Negotiation Task

An integrative negotiation task (Gelfand & Realo, 1999) was modified to serve the purpose of the current study. The negotiation concerned a brochure-printing contract that involved four issues. To meet the urgent demand of a client for advertising brochures, two representatives occupying organizational boundary positions, one from the Red Star Advertisement Company and the other from Blue Sky Advertisement Company, needed to reach agreements on four issues. In each of the four issues, negotiators were given five alternatives, with each representing certain values for negotiators (in terms of points). Two issues (paper quality and the number of colour pages) were distributive (i.e., one party's gain is the other party's loss), in which buyers and sellers had perfectly opposite interests. Integrative potential was present in the other two issues (i.e., the number of copies and the billing date). Failure to reach an agreement resulted in zero points for each negotiation party.

Measures

Trust. We adopted previously established measures for two reasons. First, they allowed our findings to be compatible and comparable with previous findings. Second, we were able to adjust the established measures to fit our current research context. Our measure of cognition-based trust consisted of a modified calculus-based trust scale ($\alpha = 0.78$) with 5 items is adopted from Lewicki, Stevenson, and Bunker (1997). For example, the original item 'I hear from others about this person's good reputation' was modified to 'This person should deserve good reputation'

because we want to record the subjects' trust judgement in the negotiation process. We measured affect-based trust with a five-item scale developed by McAllister (1995) ($\alpha = 0.88$). We modified the scale by deleting 'at work' from the original items to fit the negotiation context. To lower the effect of the measurement problem on the outcomes (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), temporal separation of measurement was used by measuring affect-based trust before negotiation, and assessing deceptions after negotiation, thereby preventing affect-based trust from the impact of negotiation. Cognition-based trust is measured after negotiation, which is proximally separated from deception items. This measure enabled negotiators to know each other better in the negotiation context in line with the definition of cognition-based trust, thereby mitigating the problem of potential covariance between the measures of cognition-based trust and deceptions. In addition, the common method variance was not problematic in terms of interaction effects (Evans, 1985).

Culture. In the main test, country proxy was used with 1 for China and 0 for US. In robustness test, an average values score was calculated to measure culture.

Deception. The seven-item scale with different response formats ($\alpha = 0.72$) (Fulmer et al., 2009) was used to measure the negotiator's approval of using negative emotional deception. A misrepresentation scale of four items (Fulmer et al., 2009) was used to measure the negotiator's approval of using informational deception ($\alpha = 0.86$).

Consistent with previous approach (e.g., Fulmer et al., 2009), the present study measured the behavioral judgement of the participants, rather than real behaviors, for both negative emotional and informational deceptions. Subjects were asked to judge the appropriateness of the deception tacitcs if negotiating with the same person again.

Control variable. A better relationship leads to higher trust and less deception. To control the effect of friendship on the outcomes, the type of recruited dyads (friends vs. strangers before negotiation) were assigned as a control variable (relationship condition).

RESULTS

Table 1 describes the means, standard deviations, and correlations among the variables.

We ran hierarchical linear regressions to test the hypotheses (Table 2). Hypothesis 1 predicts that culture has main effects on negative emotional deception and informational deception. Results showed that the variable 'culture' (American = 0, Chinese = 1) had a significant effect on the approval of negative emotional

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Table 1. Descriptive statistics and correlations

	Mean	SD.	1	2	3	4	5
1. Informational Deception	2.19	1.14					
2. Negative Emotional Deception	3.16	0.64	− 0.02				
3. Relationship condition[†]	0.49	0.50	0.08	− 0.07			
4. Cognition-based Trust	4.50	0.73	− 0.03	− 0.17	− 0.40**		
5. Affect-based Trust	3.71	1.30	0.04	− 0.11	0.59**	0.37**	
6. Culture[‡]	0.48	0.50	0.84**	− 0.40**	0.02	− 0.01	0.00

Notes: * p<0.05, **p<0.01, two-tailed test.

[†] For variable of "relationship condition", 1 = friends, 0 = strangers.

[‡] For the variable of "culture", 1 = Chinese, 0 = Americans.

Correlation coefficients were based on the dyadic-level data (N = 130).

Table 2. Regression analysis of culture and trust on deception

	Deception			
	Negative Emotional Deception		Informational Deception	
	Model 1	Model 2	Model 3	Model 4
Constant	3.16***	3.15***	2.13***	2.12***
Control				
Relationship condition[†]	0.05	0.07	0.10	− 0.02
Independent				
Cognition-based Trust	− 0.26***	− 0.12	− 0.27***	− 0.13
Affect-based Trust	0.04	0.02	0.14*	0.14
Culture[‡]	− 0.27***	− 0.26***	0.93***	0.94***
Interaction				
Culture *cognition-based Trust		− 0.23**		− 0.22**
Culture *affect-based Trust		0.14*		0.17*
Adjusted R^2	0.27	0.33	0.75	0.76
ΔR^2		0.06**		0.02**
N	129	129	129	129

Notes: All coefficients presented were raw coefficients.

* p<0.05, **p<0.01, ***<0.001, two-tailed test.

[†] For variable of 'relationship condition', 1 = friends, 0 = strangers.

[‡] For the variable of 'culture', 1 = Chinese, 0 = Americans.

deception (Model 1 in Table 2, B = −0.27, p < 0.001) and informational deception (Model 3 in Table 2, B = 0.93, p < 0.001). Thus, Hypotheses 1a and 1b were supported.

Hypothesis 2 predicts the interactive effects between culture and cognition-based trust. The regression showed that culture and cognition-based trust had a significantly interactive effect on the approval of negative emotional deception (Model 2 in Table 2, B = −0.23, p < 0.01). To examine the interactive pattern, we include Fiure 1, which provides a simple slope analysis (Aiken & West, 1991), and shows that cognition-based trust was significantly negatively related to the approval of negative emotional deception for Chinese negotiators (t = −5.52, p < 0.001), but was
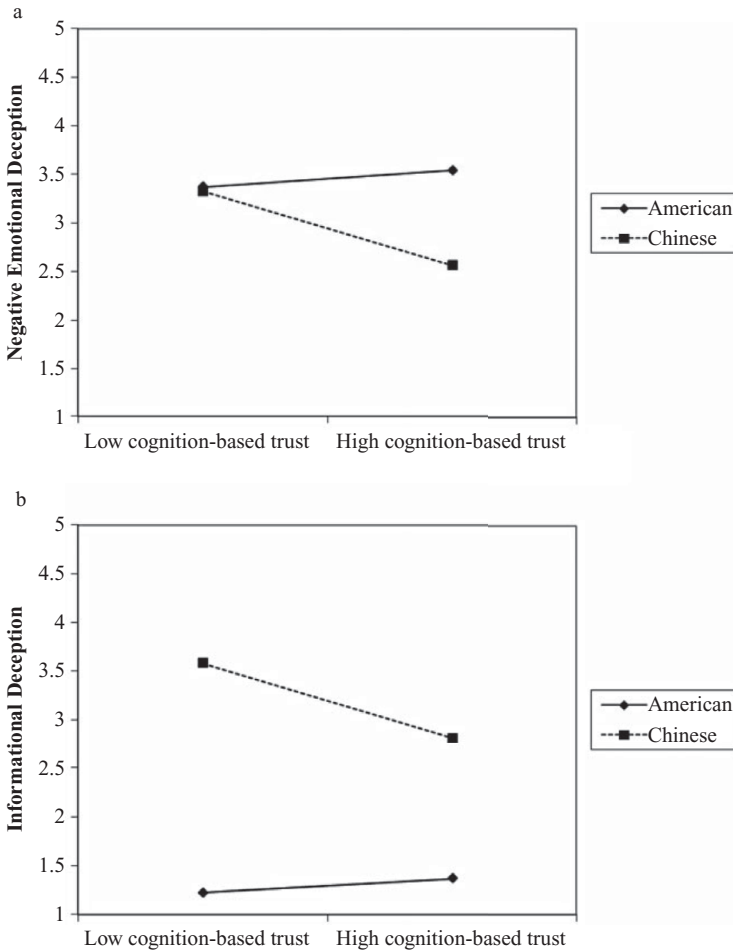
Figure 1. Effects of the interaction between culture and cognition-based trust on deception
H2a: Approval of negative emotional deception as dependent variable
H2b: Approval of information deception as dependent variable.

non-significantly positively related to the approval of negative emotional deception for American negotiators (t = 0.98, p = 0.33). Thus, Hypothesis 2a is supported.

Culture and cognition-based trust also had significantly interactive effects on the approval of informational deception (Model 4 in Table 2, B = 0.22, p <0.01). Figure 1 also shows that cognition-based trust was significantly negatively related to the approval of informational deception for Chinese negotiators (t = −5.58, p < 0.001), but was non-significantly positively related to the approval of informational deception for American negotiators (t = 0.74, p = 0.46). Thus, Hypothesis 2b is supported.

Hypothesis 3 predicts the interactive effects between culture and affect-based trust. The regression showd that culture and affect-based trust had a significantly interactive effect on the approval of negative emotional deception (Model 2 in

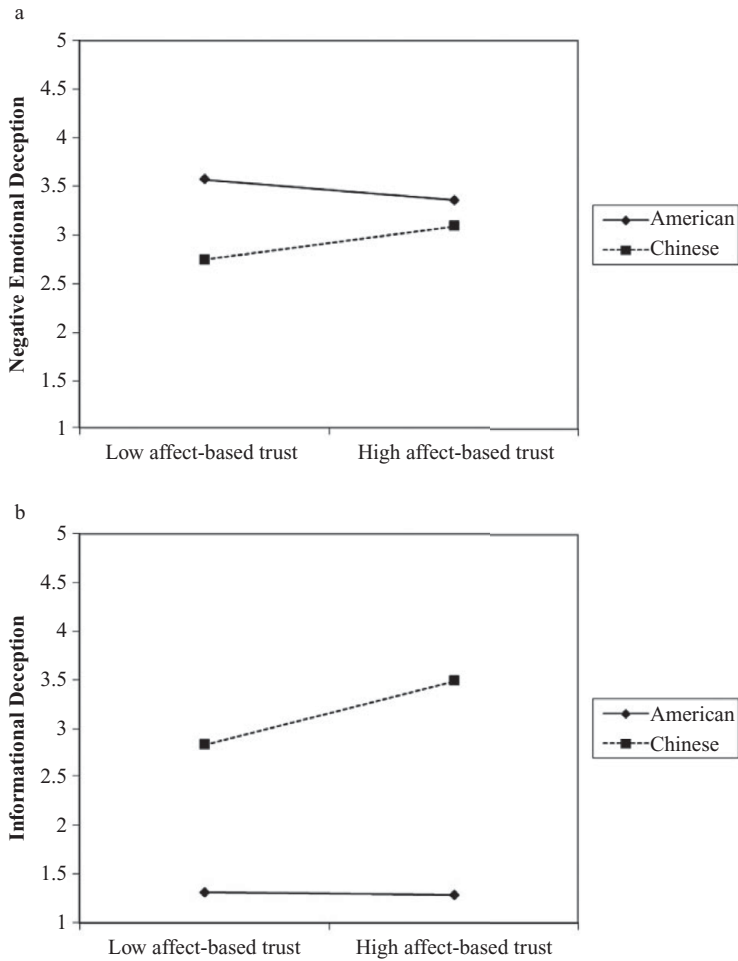© 2015 The International Association for Chinese Management Research

a

b

Figure 2. Effects of the interaction between culture and affect-based trust on deception
H3a: Approval of negative emotional deception as dependent variable
H3b: Approval of information deception as dependent variable.

Table 2, B = 0.14, p < 0.05). Figure 2 shows that affect-based trust was positively (though not significantly) related to the approval of negative emotional deception for Chinese negotiators (t = 1.45, p = 0.15), but was negatively (but not significantly) related to the approval of negative emotional deception for American negotiators (t = −1.38, p = 0.17). The significant interaction term and the different signs of the two groups suggest support for Hypothesis 3a.

Culture and affect-based trust also had a significantly interactive effect on the approval of informational deception (Model 4 in Table 2, B = 0.17, p < 0.05). Figure 2 also shows that affect-based trust was significantly positively related to the approval of informational deception for Chinese negotiators (t = 2.85, p < 0.01), but was non-significantly negatively related to the approval of informational deception for American negotiators (t = −0.34, p = 0.74); thus supporting Hypothesis 3b.

Robustness test

We also conducted robustness tests to examine whether the effect of culture (as a proxy variable) could be explained by cultural values. The three cultural values, Universalism (U), Achievement (A), and Stimulation (S), were highly correlated ($r_{UA} = 0.60$, $r_{US} = 0.76$, $r_{AS} = 0.68$, $p < 0.001$), and therefore an average values score was calculated as the index of cultural values. We put the cultural values score into regressions to test our hypotheses, controlling for country proxy. The results were consistent with the those reported in the hypothesis-testing section. In addition, affect-based trust was significantly and negatively related to negative emotional deception for American negotiators ($t = -2.03$, $p < 0.05$).

DISCUSSION

The findings show that Chinese negotiators approve of the use of negative emotional deception less than Americans while Chinese approve of the use of informational deception more than Americans. However, the tendency of accepting both deceptions among Chinese negotiators is weakened by a high level of cognition-based trust, but the tendency of accepting informational deception is intensified by a high level of affect-based trust. Conversely, the tendency to accept negative emotional deception among Americans is weakened by high affect-based trust. We propose that these results are based on cultural and institutional differences toward concern for harmony, detectability of deceptions, and seriousness of consequences. Culture moderates the relationship between trust and deceptions derived from the culture-specific effects of cognition- and affect-based trusts on harmony, detectability, and consequences.

Theoretical Contributions

The current study contributes to several research streams. First, the findings expand the literature on ethics in negotiation (Dees & Cramton, 1991) by addressing the potential ways to diffuse two types of deception, which is done by intervening with two types of trust in negotiation across cultures. The diffusion of deception in negotiation is contingent on the form of trust, which is affective trust for Americans and cognitive trust for Chinese. Counter-intuitively, trust increases deception, which differs from previous theoretical predictions (Cramton & Dees, 1993; Dees & Cramton, 1991). Second, our findings provide potential links between the perceptions of affect-based trust and the approval of using negative emotional deception for American negotiators. This finding is important because negative emotional deception is regarded as a negotiation tactic that is, at the very least, marginally ethically questionable (Fulmer et al., 2009). Specifically, this finding sheds light on affective trust as an antecedent of the likelihood of expressing negative emotions in negotiation. Third, the results expand the study of trust and deception in

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negotiation into a cross-cultural settings, providing evidence of culturally divergent patterns of those relationships, and enhancing the richness of the negotiation and ethics research in China and comparative contexts.

Specifically, the understanding of the Chinese deception phenomenon from the perspective of normative harmony maintenance is enriched. Approval for deceptions by Chinese may partly stem from the good intention of face-saving for others or harmony-building among parties in affective relationships. Therefore, in addition to an advocacy for honesty, a culture-specific ethics viewpoint should be adopted in judging the ethicality of Chinese behaviour. The findings are consistent with the framework that indicates how Chinese influence others depending regarding judging types of relationships (*guanxi*) with others (Chen, Chen, & Huang, 2013; Hwang, 1987; Luo, Huang, & Wang, 2012). The present study has depicted how the two types of trust are related to deceptive influence tactics.

Our findings suggest that cognition-based trust decreases the tendency of using negative emotional deception for Chinese negotiators, whereas affect-based trust increases the tendency to use information deception for them; but for American negotiators, affect-based trust reduces the approval of the use of negative emotional deception. These findings provide evidence for the importance of culture-specific studies in negotiation. The culturally divergent findings on trust and deception indicate the dynamic role of cultural context in interpersonal and social transactions.

People from different cultures vary when they manage intrapersonal and interpersonal inconsistencies (Markus & Kitayama, 1991). Deception is one type of inconsistency between the internal psychological state and external attitudes and behaviour. Informational deception involves inconsistency between the inner cognitive state and the outer presented behaviour, such as lying about the reservation price in negotiation. Negative emotional deception occurs when expressing emotions not being experienced are expressed, giving rise to inconsistency between the inner emotional state and the outer expressed emotion. Our findings show that other-focused Chinese are more flexible to respond to the contextual cues in interpersonal interactions than Americans.

The attitudes of people from different cultures toward dealing with emotional and instrumental concerns are different. The Chinese often mix emotional and instrumental concerns, whereas Americans separate these two purposes (Chua et al., 2009; Sanchez-Burks, 2002; Sanchez-Burks et al., 2003). Our findings show that affect-based trust reduces the approval of Americans to use negative emotional deception. However, the American work culture often discouraged emotion-laden relationships by emphasizing professionalism and separation of work and life. The paradox is worth exploring with future research that investigates the convergence and divergence of affect and professionalism at work. At the same time, the finding that cognitive trust can reduce deception among Chinese can also illuminate future studies. This finding suggests that instead of building congenial relationships, Chinese negotiators should establish cognitive trust based on reliability and credibility in order to manage potential deceptions from the other

party in negotiation. Future research should explore the potential balance between relationship building and the role of cognitive trust among Chinese.

Limitations and Future Research

There are several limitations of this research, which suggest meaningful directions for future research. First, this study did not directly manipulate the cognition- and affect-based trust. Future research may do so by controlling contextual and causal factors because it would be helpful in pinpointing the underlying dynamics between trust and deception. Second, the current study only measured approval or judgement of behaviours rather than real deceptive behaviours. According to the theory of reasoned action (Fishbein & Ajzen, 1975), behavioural intentions and real behaviours are usually positively correlated, and empirical studies suggest positive relationships between ethical judgements and ethical behaviours (Honeycutt, Glassman, Zugelder, & Karande, 2001; Rallapalli, Vitell, & Barnes, 1998). However, future studies should directly measure deceptive behaviours through observations or other methods to confirm our predictions. Given the effect of trust on deception in negotiation, ways of building trust to lower levels as a means of curtailing negotiatior's own tendency for deception are worth exploring. Finally, studies investigating the link between deception and the economic, relational, and moral outcomes of negotiation should be fruitful as well. Future research may also observe responses to deceptions and ethical evaluations, especially in a cross-cultural context.

Practical Implications

The results offer practical strategies for practitioners in cross-cultural negotiations, where potential deceptions from the other side can be daunting. Chinese negotiators can reduce potential deceptions from the other party by actively build cognition-based trust with the other party. American negotiators need to cultivate emotional connections and build affective trust with their opponents to mitigate potentially deceptive situations. Furthermore, Chinese negotiators need to be aware that affect-based trust can give rise to more deception; thus, they need to detach emotion from the cognition-based analysis of the situation. Our findings point to the merits of cognitive trust for Chinese negotiators as well as the perils of too much emotion-involved *guanx*i for Chinese, and the benefits of affective trust for Americans. Therefore, individuals need to be consciously aware of the merits and traps of their own culture to make more culturally sensitive decisions in interpersonal interactions.

CONCLUSION

Deception in negotiation is not only a crux of business ethics, but an unavoidable phenomenon that negotiation scholars need to understand and explore further. People deceive and trust for culturally different reasons. A reduction of deception,

as well as an increase in deception, may depend on culture and the nature of trust. Trust has many well-documented benefits, as well as an equivalent meaning of virtue, at least in China. The emergence of the 'second face' of trust (McAllister, 1997) points to the dark side of trust in negotiation and business ethics. Both sides of trust deserve scholarly attention to develop a more comprehensive theory of ethics in negotiation, including the dynamic role of cultural and institutional contexts. The knowledge and skills of marshalling culturally sensitive types of trust to diffuse deceptions will allow us to gain more efficiency and confidence while navigating complex multicultural encounters.

NOTE

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