
A nasty but effective negotiation strategy: misrepresentation of a common-value issue. Kathleen M. O'Connor; Peter J. Carnevale.

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Conflicts sometimes involve issues for which both parties want the same outcome, although frequently parties fail to recognize their shared interests. These common-value issues set the stage for a nasty misrepresentation strategy: feigning opposed interest on the common-value issue to gain an advantage on other issues. In a laboratory negotiation simulation, participants used misrepresentation in 28% of their negotiations. The strategy was more likely to occur when negotiators had individualistic motives and was less likely to occur when both parties realized their common interests. Use of the strategy led to favorable outcomes, and these were best predicted by negotiator aspirations, rather than perceptual accuracy. The authors discovered two forms of the strategy: misrepresentation by commission (the user actively misrepresented his or her common-value issue preferences) and misrepresentation by omission (the user concealed his or her common-value issue interests when the other person made a favorable offer).


Issues in negotiation are typically structured so that what one party wants is directly opposed to what the other party wants. This is apparent in Coombs's (1987) basic types of conflict: Either the parties want different things but must settle for the same thing, (e.g., husband and wife differ on where to spend their vacation), or they want the same thing but must settle for different things (e.g., one nation wants the land, and so does another nation). But conflicts sometimes include issues in which parties want the same thing but do not realize it. These are called common-value issues (Lax & Sebenius, 1986; Pruitt & Carnevale, 1993; Raiffa, 1982, p. 142; cf. Thompson & Hastie, 1990). The presence of a common-value issue sets the stage for a nasty but effective strategy. This strategy is nasty in that it entails misrepresentation--namely, feigning opposed interest on the common-value issue to gain an advantage on other issues--but it is also effective in the sense that it can produce favorable negotiation outcomes.

An example, provided by Lax and Sebenius (1986), is illustrative: A husband and wife enter divorce negotiations. Two issues are on the table: custody of the children and the level of alimony payments to the wife. She wants custody of the children and a generous alimony payment. And she assumes that her husband wants custody of the children, too, and to provide only a paltry alimony payment. But the fact is that he actually does not want custody of the children. In other words, both the husband and the wife want the same thing on this issue--for the children to go with her. But the husband feigns opposed interest on the custody issue and thus gains an advantage. He states to her: "Ok, take the children, but in exchange you will have to accept the smaller alimony." She agrees, thinking that they each achieved something on the two issues. But, in fact, the husband, via misrepresentation, achieved his preferred position on both issues. Misrepresentation
of common value in negotiation is, indeed, nasty. But it is often effective, at least as far as producing favorable outcomes for the user.

This research focused on the occurrence and form of misrepresentation of common-value issues in negotiation. Previous research has not shown whether, and to what extent, negotiators use the strategy. The experiment reported here was designed to see whether negotiators use it and to examine two possible moderating factors: (a) a negotiator's motivational orientation (cooperative vs. individualistic) and (b) the level of information among negotiators about the common-value issue (complete, incomplete, and asymmetric). A secondary focus of the experiment was to analyze the means by which negotiators reach agreement on common-value issues.

**Two Forms of Misrepresentation**

Our first hypothesis was that negotiators will indeed misrepresent common-value issues. We expected two forms of misrepresentation: commission and omission (cf. Spranca, Minsk, & Baron, 1991).

Commission. Misrepresentation by commission entails an active, conscious attempt to employ the strategy. Sometimes, such attempts are detected by mediators. Kressel, Frontera, Forlenza, Butler, and Fish (1994), for example, reported a case involving two child-custody issues, visitation and money. The mediator noted that the husband was feigning opposed interest on the visitation issue to gain favorable terms on the money issue: "This remark, together with the surprising absence of any genuine negotiating on Mr. B's part to alter the prevailing visitation terms, strongly suggested to the mediator that Mr. B's entire motivation in the dispute had been to pressure Mrs. B over money and that his 'issues' on visitation were essentially a smoke screen" (p. 11).

Omission. Misrepresentation by omission occurs almost unwittingly, when one party essentially invites the other to use it. It occurs when someone offers a concession on one issue in exchange for a concession on the common-value issue. By doing this, the person fails to realize that the other party will get favorable terms on both issues. This can be illustrated hypothetically in the case reported by Kressel et al. (1994). Imagine that Mrs. B's first statement to Mr. B was: "I'll give you what you want on money if we leave visitation where it is." If Mr. B accepted this, which is likely, then he would have done quite well on both issues. And Mrs. B would have fallen prey to his misrepresentation by omission--that is, his failure to inform her that he, too, had no real need to change the visitation plan.

**Misrepresentation and Information**

A necessary precursor to using the misrepresentation strategy may be the relative level of information that the parties have about the common-value issue. If both negotiators know about the common-value issue, then its use as a strategic ploy is compromised. In this case, an offer to exchange a concession on the common-value issue is transparent, and the strategy should fail.(1) But if one negotiator identifies the common-value issue and the
other does not, then the knowledgeable negotiator may gain a strategic advantage. He or she can exploit this issue and extract concessions from the other negotiator on a different issue. Over the course of negotiation, a clever negotiator may detect the existence of a common-value issue and exploit this knowledge in the same sense that negotiators who have access to inside information take advantage of that information (Brodt, 1994).

This reasoning led to our second hypothesis: When both parties have accurate information about a common-value issue, they will be less likely to attempt misrepresentation on that issue than when only one party, or neither party, has such information.

**Misrepresentation and Motivational Orientation**

Misrepresentation is a form of dishonesty that has the goal of producing outcomes favorable to the self. Other negotiation behaviors that have the same goal, called contentious tactics, include threats, positional commitments, and contrived arguments designed to convince the other negotiator to make unilateral concessions (Pruitt, 1981).

If misrepresentation in negotiation is a contentious tactic, then its occurrence should correspond with the occurrence of other such tactics. This led to our third hypothesis: Misrepresentation of common-value issues should be correlated with other contentious tactics (e.g., threats) in negotiation.

Many studies have found that contentious negotiation behaviors are more likely to occur when negotiators adopt individualistic rather than cooperative motives (Pruitt, 1981). This finding is reflected in a basic proposition of the dual-concern theory of negotiation—that high concern for one's own outcomes, combined with low concern for the other party's outcomes, produces contentious behaviors (Carnevale & Pruitt, 1992; Pruitt & Carnevale, 1993; Pruitt & Rubin, 1986). Motivational orientation was first implemented in negotiation experiments by Pruitt and Lewis (1975), via instructions to maximize either joint outcomes (cooperative motive) or own outcomes (individualistic). Over the years, research has shown that a dyad that is individualistically oriented will move to either mutual cooperation or mutual competition (an interest in doing better than the other; see Deutsch, 1994, p. 14), depending on which outcome is encouraged by situational circumstances or by personality predispositions (De Dreu & Van Lange, 1995; McClintock & Liebrand, 1988).

This reasoning about negotiator motives led to our fourth hypothesis: Misrepresentation of common-value issues should be more likely to occur when negotiators adopt an individualistic rather than a cooperative motive.

So far, we have not said much about the impact of misrepresentation of common-value issues on negotiator outcomes, other than the assumption that the user of the strategy should gain an advantage and thus do better than the target of the strategy. This assumption led to our fifth hypothesis: Misrepresentation of common-value issues should be positively associated with the user's outcome. However, it is unclear what effect
misrepresentation has on joint negotiator outcomes—that is, on the integrativeness of the agreement.

**Which Way to Agreement on Common-Value Issues?**

The discussion so far has emphasized a strategic aspect of reaching agreement on common-value issues—namely, an (deceptive) effort to trade agreement on a common-value issue for agreement on another issue. But agreement on common-value issues can be achieved without strategic maneuvering. Thompson (1990), for example, argued that a "random process" may lead negotiators to "stumble into choosing the best alternative on compatible [common-value] issues" (p. 88).

We identified two theoretically distinct routes to agreement on common-value issues—namely, (a) cooperative, mutual information exchange and (b) aspirations. Both routes can produce optimal outcomes on a common-value issue for the simple reason that the most favorable outcome for the individual is also the optimal joint outcome. In other words, an effort to maximize individual outcomes on a common-value issue will also maximize joint outcomes on that issue, because both persons want the same thing. Suppose, for example, that delivery date in a buyer-seller negotiation for a car is a common-value issue: Both the car salesperson and the buyer want immediate delivery (the buyer needs the car right away; the dealer needs the floor space). In this case, the most favorable outcome for each individual—early delivery—is also the optimal joint outcome.

Agreement via cooperative information exchange. Even though negotiators prefer the same outcome on common-value issues, optimal outcomes may escape them. Some researchers have suggested that suboptimal outcomes on common-value issues reflect a perceptual error that negotiators make in interpreting the structure of such issues and that this error is driven by faulty information exchange (Thompson & Hastie, 1990). The negotiators assume that their interests are incompatible when, in fact, they are congruent. If only negotiators exchanged more information, then perceptual errors would vanish.

Many studies have found that information exchange in negotiation, and accuracy of perceptions, increases when negotiators adopt a cooperative motivation (Carnevale & Pruitt, 1992). A cooperative motivation can occur when negotiators (a) expect to interact cooperatively in the future (Ben-Yoav & Pruitt, 1984), (b) are given instructions to be cooperative (Carnevale & Lawler, 1986; Lewis & Fry, 1977; Pruitt & Lewis, 1975), (c) are given cooperative incentives (Schulz & Pruitt, 1978), or (d) are placed in a good mood (Carnevale & Isen, 1986).

These findings on cooperative motivation led to our sixth hypothesis (actually a small set of hypotheses) about the information route to settlement on common-value issues. Cooperatively motivated negotiators, compared with individualistically motivated negotiators, should (a) exchange more information about the common-value issue (Hypothesis 6a), (b) have more accurate perceptions of the common-value issue
(Hypothesis 6b), and (c) reach better agreements on the common-value issue (Hypothesis 6c).

Agreement via aspirations. But information exchange and its associated accuracy is just one possible route to agreement on common-value issues. The other route involves high individual aspirations. Consider, again, the common-value issue of delivery date in the car negotiation mentioned earlier. If the buyer felt strongly about this issue (had high individual aspirations) and thus demanded immediate delivery, then the dealer would be likely to agree right away because he or she also wanted immediate delivery. Hence agreement on delivery was reached not through mutual problem solving and information exchange but simply as a result of one negotiator having high aspirations and making strong demands. Pruitt (1981) identified several indicators of high aspirations in negotiation, including making high first offers and making many offers that provide a relatively high level of benefit.

In other words, an optimal outcome can be reached on a common-value issue, in the absence of information exchange and accurate perception, if the negotiators have high aspirations on the issue. This is akin to the discovery of integrative agreements in negotiation without information exchange, which can occur via "heuristic trial and error" (Pruitt, 1981) or "systematic concession making" (Kelley & Schenitzki, 1972).

This reasoning about individualistic negotiator motives and aspirations led to a set of alternative hypotheses about the settlement of common-value issues. Negotiator aspirations (measured by first offers and frequency of offers) should be positively correlated with outcomes for common-value issues (Hypothesis 7a). Individualistically motivated negotiators should have higher aspirations on the common-value issue than cooperatively motivated negotiators (Hypothesis 7b). Finally, individualistically motivated negotiators should reach higher outcomes on the common-value issue than cooperatively motivated negotiators (Hypothesis 7c).

The aspiration hypotheses differ from the information hypotheses in a critical way. The information hypotheses require that negotiators have accurate perceptions about the optimal outcomes on the common-value issue. There should thus be a positive correlation between perceptual accuracy and outcomes. The aspiration hypotheses, however, require no relationship between perceptual accuracy and outcomes.

METHOD

Participants and Design

Participants were 176 introductory psychology students whose work helped them to fulfill a course requirement. All participants were randomly assigned to same-sex negotiation dyads (N = 88 dyads), whose members were always unacquainted. Data from five other dyads were collected but not included in the analyses because problems with audiotaping resulted in a lack of process data.
A 3 x 2 between-factorial design involved three levels of information symmetry: In the complete-information conditions, both parties had complete information about the common-value issue; in the incomplete-information conditions, neither party had information about the common-value issue; and in the asymmetric-information conditions, one party had complete information about the common-value issue, but the other did not. And there were two levels of negotiator motive (cooperative and individualistic). There were either 14 or 15 dyads in each cell of the design.

As an incentive, all participants were told that 10 cash prizes worth $10 each would be awarded to individuals at the end of the semester, contingent on their performance. The probability of winning these prizes was thus related to the number of points the negotiators earned.

**Negotiation Task**

The task was a face-to-face simulated bilateral negotiation, as developed by Pruitt and Lewis (1975; Lewis & Fry, 1977), but with the addition of one common-value issue (cf. Thompson & Hastie, 1990). The negotiation required pairs of participants, assigned the role of union or management representative, to agree on five employment issues: salary, vacation, start date, annual raise, and medical benefits. The union representative was instructed to negotiate on behalf of the employees of "Steelcorp"; the management representative was instructed to negotiate on behalf of Steelcorp managers.

Each negotiator had a payoff schedule that could not be shown to his or her partner (see Table 1). Associated with each issue were five possible agreement levels, with an associated payoff (the number in parentheses in Table 1). On the union representative's schedule, salary had the highest potential for payoff (400), and medical benefits had the lowest potential (60); these priorities were reversed for the management representative. Thus the task had integrative (logrolling) potential, because high joint outcomes could be achieved if the negotiators exchanged concessions on their high- and low-priority issues. The start date issue was the common-value issue, and the vacation and annual-raise issues were distributive issues (cf. Thompson & Hastie, 1990).

**TABLE 1: Management and Union Payoff Schedules**

<table>
<thead>
<tr>
<th>Management Payoff Schedule</th>
<th>Vacation (in weeks)</th>
<th>Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,000 (0)</td>
<td>3</td>
<td>Jun 1 (0)</td>
</tr>
<tr>
<td>$23,000 (15)</td>
<td>2 1/2 (30)</td>
<td>Jun 15 (50)</td>
</tr>
<tr>
<td>$22,000 (30)</td>
<td>2</td>
<td>Jul 1 (100)</td>
</tr>
<tr>
<td>$21,000 (45)</td>
<td>1 1/2 (90)</td>
<td>Jul 15 (150)</td>
</tr>
<tr>
<td>$20,000 (60)</td>
<td>1</td>
<td>Aug 1 (200)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Union Payoff Schedule</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,000 (400)</td>
<td>3</td>
<td>Aug 1 (200)</td>
</tr>
<tr>
<td>$23,000 (300)</td>
<td>2 1/2 (90)</td>
<td>Jul 15 (150)</td>
</tr>
<tr>
<td>$22,000 (200)</td>
<td>2</td>
<td>Jul 1 (100)</td>
</tr>
<tr>
<td>$21,000 (100)</td>
<td>1 1/2 (30)</td>
<td>Jun 15 (50)</td>
</tr>
<tr>
<td>$20,000 (0)</td>
<td>1</td>
<td>Jun 1 (0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management Payoff Schedule</th>
<th>Annual Raise</th>
<th>Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,000 (0)</td>
<td>15% (0)</td>
<td>100% (0)</td>
</tr>
</tbody>
</table>
Union Payoff Schedule

<table>
<thead>
<tr>
<th>Salary</th>
<th>Annual Raise</th>
<th>Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>$24,000</td>
<td>15%</td>
<td>100%</td>
</tr>
<tr>
<td>$23,000</td>
<td>12%</td>
<td>80%</td>
</tr>
<tr>
<td>$22,000</td>
<td>9%</td>
<td>60%</td>
</tr>
<tr>
<td>$21,000</td>
<td>6%</td>
<td>40%</td>
</tr>
<tr>
<td>$20,000</td>
<td>3%</td>
<td>20%</td>
</tr>
</tbody>
</table>

NOTE: Number of points participants receive for each alternative are in parentheses.

A compromise agreement (the midpoint on each issue) yielded a joint outcome score of 1,020 points (510 points for each negotiator). An integrative solution yielded a joint outcome score of 1,560 (780 points each).

Procedure

The experiment was conducted in a laboratory with a large common middle room and four separate negotiating rooms. All participants were given instructions in the common room. Between two and four dyads were run in each session, which lasted approximately 50 min. Participants were randomly assigned to conditions. Each participant was given a folder labeled either Union or Management that contained a brief description of the company, payoff schedules, and a memorandum appropriate for that condition. They were told that the experiment was a laboratory simulation of a union-management negotiation. They were told that the negotiation would involve several issues relevant to labor relations, and their main task was to try to reach agreement, in face-to-face discussions, on those issues.

To minimize experimenter effects, the instructions were presented via audiotape while the participants followed along with a written version. The experimenters were present and periodically stopped the tape to give participants a chance to examine their payoff schedules and profiles and to complete the quizzes. Participants were given an instructions quiz and a task quiz, which assessed their understanding of the instructions and the negotiation task. All the participants answered the quiz questions correctly.

Following the instructions, each dyad was taken to a smaller negotiating room. Participants sat at either end of a table divided by a low barrier. They could see one another over the top of the barrier, but they could not see one another's payoff schedule. A microphone was placed on each side of the barrier, and the negotiations were taped on audio cassettes. The recording began when the participants initiated the negotiation and continued through to the completion of the postexperiment questionnaire.

Participants were allowed a few minutes to review their materials and devise a strategy. They were told they would have 20 min to arrive at a mutually acceptable agreement. If they were able to reach an agreement, then their names were entered into a lottery at the end of the semester. If the dyad was unable to reach a settlement, then neither
representative could enter the lottery. Following the negotiation, the participants answered questions about the negotiation, were debriefed, and were dismissed.

**Independent Variables**

Motives. In the individualistic motive condition, the participants were told the following:

It is EXTREMELY important to remember that your job is
to get the most from your opponent, the other negotiator.

Do not be at all concerned with their needs and welfare. The
needs and welfare of the other negotiator are unimportant to
you. In other words, your task is to maximize your own
point winnings, disregarding how many points your
opponent gets.

In the cooperative motive condition, the participants were told the following:

It is EXTREMELY important to remember that your job is
to get the most for both you and your partner, the other
negotiator. You should be concerned with their needs and
welfare. The needs and welfare of the other negotiator are
important to you. In other words, your task is to maximize
not only your own point winnings, but the point winnings
of your partner as well.

Information. In the complete-information condition, both negotiators had their own payoff schedules and the start date information (outcomes) from the opponent's payoff schedule. Therefore, each person had information regarding the common-value issue for both negotiators. In addition, each person was told that the other negotiator knew he or she had this information and that the other negotiator also had his or her information.

In the incomplete-information condition, each negotiator had his or her own payoff schedule, and no information about the opponent's schedule was provided. Both negotiators were told that they had information only about their own outcomes.
In the asymmetric-information condition, one of the negotiators had both his or her own payoff schedule and the start date information (outcomes) from the opponent's payoff schedule. The other person did not have this additional information. The negotiator with complete information was told that the other person did not have this information and that the other person did not know that the negotiator had the information on the start date. For half of the dyads in this condition, the additional information was given to the union representative. For the other half, the additional information was given to the management representative.

**Dependent Variables**

The primary dependent measures were derived from the negotiators' performance (offers and outcomes), their verbal behavior during the negotiation, and their perceptions of the other side's priorities among the issues.

Negotiation performance. The performance measures were determined by the number of points that the negotiators earned in their agreement. Each dyad had three outcome scores: the score to each individual, and the dyad's joint outcome score, which was the sum of the individual outcome scores. To isolate the effects of the independent variables on settlement of common-value issues, outcomes for the common-value issues were analyzed separately.

The negotiators' first offers and their number of offers were measures of aspirations (Pruitt & Lewis, 1975). Aspirations for each negotiator were considered separately. These variables were analyzed separately for negotiators who used strategic misrepresentation (the sources) and for those who were the target of misrepresentation.

Behavioral measures of negotiation process. All negotiation sessions were audio-recorded and transcribed. A content analysis of these transcriptions was conducted, following Pruitt and Lewis (1975). Codes included the following: give numerical information, give priority information, request information, make threats, make positional commitments, give warnings, make an offer, and reject an offer. Additional codes were assigned for occurrences of misrepresentation by commission and misrepresentation by omission. And codes were given for statements of information exchange about the common-value issue. Each category of codes (e.g., giving information) was divided by the number of statements uttered by the dyad to yield proportion scores.

Each transcript was coded at least once. An expert second coder recoded one half of the transcripts. Both coders were blind to the experimental conditions. Interrater reliability was high (Cohen's Kappa = .89, z = 76.59, p < .05; Siegel & Castellan, 1988), consistent with past research using this coding system (Pruitt, 1981). The two sets of codes for all double-coded transcripts were compared. Disagreements were resolved by the expert coder, yielding one set of codes for each transcript.

Other measures. Other measures included answers to a posttask questionnaire that assessed the success of the manipulations. The question designed by Thompson and
Hastie (1990) for assessing accuracy of negotiator perceptions on the issues was used. This asked each negotiator, after the negotiation, to attempt to reproduce the point values in the other negotiator's payoff chart. The absolute value of the difference between their estimates and the true value of the issue level was calculated for the common-value issue (start date). This score was the incompatibility error score, as described by Thompson and Hastie (1990). The smaller the number, the more accurate the perception (0 was perfect accuracy).

RESULTS

The analyses first examined participants' responses to the postquestionnaire items to assess the impact of the experimental manipulations. Subsequent analyses tested each hypothesis in turn.

Manipulation Checks

An ANOVA in the participants' responses to postquestionnaire items provided support for the implementation of cooperative and individualistic motives. In response to the question "What approach did you take in this task?" (1 = Was very cooperative in order to win the cooperation of the other negotiator and 5 = Was very competitive in order to make as much as I possibly could), negotiators in the cooperative conditions reported they were more cooperative (M = 1.89, SD = .83) than did those in the individualistic conditions (M = 3.11, SD = 1.28), t(1, 172) = -7.39, p [is less than] .0001.

Responses to the question "How much of the other person's payoff schedule did you have?" (1 = None to 5 = All five issues were provided) indicated that the information manipulation was generally successful, $\chi^2 (4) = 92.28$, p [is less than] .0001. An assessment of the participants' responses to this item (including those in the asymmetric-information conditions) indicated that 70% of the participants who had incomplete information accurately reported that they had no information. A total of 78% of those who had one issue of information accurately reported that they had been provided with one issue from the other party's payoff schedule. The lack of 100% accuracy may have reflected either a lack of understanding about the inside information or possibly confusion about the wording of the information question. Negotiators may have interpreted the question as "How much information do you currently have?" rather than "How much information did you receive with your instructions?" If the former interpretation was made, then the item would have reflected information exchange during negotiation.

Hypotheses

Hypothesis 1. The hypothesis that some negotiators use misrepresentation of common-value issues in negotiation was supported. Of the negotiation dyads, 28% (25 out of 88 dyads) engaged in misrepresentation. Furthermore, both forms of misrepresentation (commission and omission) occurred; omission accounted for the largest share (18 out of the 25, or 72%). Consistent with our expectations, misrepresentation occurred only on the
common-value issue. When misrepresentation by omission occurred, it involved the target of the tactic making an offer for an exchange of concessions--giving a concession on one issue for a concession on another issue, without realizing that the latter issue was common value. When such offers were made, the opposing negotiator always accepted them.

Some examples of misrepresentation by commission and omission are shown in Table 2. Loglinear analysis indicated a main effect for type of misrepresentation, $\chi^2 (1) = 4.23, p < .04$. Misrepresentation by omission was almost three times as common as misrepresentation by commission (18 out of 88 dyads, or 21% for omission; 7 out of 88 dyads, or 8% for commission).

TABLE 2: A Sample of Statements That Reflected Misrepresentation by Commission and Misrepresentation by Omission (Both Negotiators Wanted an August 1 Start Date)

<table>
<thead>
<tr>
<th>Misrepresentation by Commission</th>
<th>Management</th>
<th>&quot;... well, August 1st would be a good starting date.&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union</td>
<td>&quot;Okay, well yeah, I'll go along with that, that's fine. Since we are starting so late, you know, in the summer, we uh, you know, we're missing a couple of weeks there so, I mean you can at least give us the uh, agree with the annual raise, even though it, an extra 3%, considering we're starting late, later than we thought we would, so, we would need that extra, that compensation, income, 3% to cover it.&quot;</td>
<td></td>
</tr>
<tr>
<td>Misrepresentation by Omission</td>
<td>Management</td>
<td>&quot;Instead of having 2 1/2 weeks vacation, I was going to give you 3 weeks vacation if you started August 1 rather than July 15.&quot;</td>
</tr>
<tr>
<td>Union</td>
<td>&quot;That's fine with me.&quot;</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>&quot;Medical 40%.&quot;</td>
<td></td>
</tr>
<tr>
<td>Union</td>
<td>&quot;With 40% medical can I get a start date of August 1?&quot;</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>&quot;Okay, I think we can agree to that.&quot;</td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis 2. The hypothesis that negotiators will be less likely to attempt misrepresentation when they both have accurate information about the common-value issue was supported, but at a marginal level of statistical significance. As can be seen in Table 3, loglinear analysis indicated that the lowest levels of misrepresentation occurred in the complete-information conditions, $\chi^2 (2) (2) = 3.12, p < .08$. It was surprising that five occurrences of misrepresentation occurred in the condition in which both negotiators had knowledge of the common-value issue. These were all misrepresentation by omission.

TABLE 3: Occurrence of Misrepresentation as a Function of Negotiator Motives and Information About the Common-Value Issue

<table>
<thead>
<tr>
<th></th>
<th>Cooperative</th>
<th>Individualistic</th>
<th>Row</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>%</td>
<td>(ns)</td>
<td>(ns)</td>
<td>(ns)</td>
</tr>
<tr>
<td>Both</td>
<td>00</td>
<td>33 (5/15)</td>
<td>17 (5/30)</td>
</tr>
<tr>
<td>Neither</td>
<td>14 (2/14)</td>
<td>53 (8/15)</td>
<td>35 (10/29)</td>
</tr>
<tr>
<td>One</td>
<td>29 (4/14)</td>
<td>40 (6/15)</td>
<td>35 (10/29)</td>
</tr>
<tr>
<td>Column</td>
<td>14 (6/43)</td>
<td>42 (19/45)</td>
<td>28 (25/88)</td>
</tr>
</tbody>
</table>
NOTE: ns = negotiation dyads, one management and one union; Both = conditions in which both negotiators had knowledge of the common-value issue; Neither = conditions in which neither had such knowledge; One = conditions in which one had such knowledge.

Hypothesis 3. We expected that misrepresentation would be used as a contentious tactic and thus would be positively associated with the use of contentious tactics, such as threats. Indeed, the combined forms of misrepresentation were positively associated with the use of threats and warnings ($r = .25$, $n = 88$, $p < .02$), and also with negotiator self-reports of competitiveness ($r = .36$, $n = 86$, $p < .001$).

Hypothesis 4. We expected that misrepresentation of common-value issues would be more likely when negotiators adopt an individualistic rather than a cooperative motive, and this was the case. A main effect for motive was obtained such that the highest levels of misrepresentation occurred in individualistically motivated dyads, $\chi^2(1) = 8.08$, $p < .01$. The relevant data are shown in Table 3. The distribution of the (infrequent) misrepresentation by commission was relatively even, occurring twice in the cooperative conditions and five times in the individualistic conditions. The relatively small number of commission cases suggests that the motive effect was driven largely by misrepresentation by omission.

Hypothesis 5. The hypothesis that misrepresentation produces better individual outcomes was supported. Across all issues, the use of misrepresentation was positively correlated with individual outcomes, ($r = .38$, $p < .001$). When the common-value issue was removed from this analysis, the use of misrepresentation was still positively correlated with individual outcomes ($r = .28$, $p < .01$).

An interesting and unexpected pattern emerged in an analysis of the joint outcomes for dyads. When at least one negotiator used misrepresentation, the dyad's joint outcome was higher than when neither person used misrepresentation, $F(1, 85) = 6.36$, $p < .01$. Even when common-value issue points were subtracted from joint outcomes, dyads in which the tactic was used achieved better outcomes than did those in which the tactic was not used, $F(1, 85) = 7.15$, $p < .01$. Dyads in which one negotiator used misrepresentation also achieved better outcomes on the common-value issue ($M = 400$, $SD = 0$, which means they all achieved the optimal level) than did those in which neither person used the tactic ($M = 344$, $SD = 87$), $F(1, 85) = 8.51$, $p < .01$.

We also identified and evaluated the high- and low-scoring member of each dyad. The high-scoring member achieved significantly better outcomes when misrepresentation was used ($M = 797$, $SD = 82$) than when it was not used ($M = 715$, $SD = 86$), $t(1, 70) = -3.70$, $p < .001$ (see Figure 1). But there was no significant difference in the outcomes achieved by the low-scoring members when misrepresentation was used ($M = 612$, $SD = 71$) and when it was not used ($M = 583$, $SD = 99$), $t(1, 70) = -1.20$, $p = .23$.

We also calculated the difference in outcomes between the high- and low-scoring dyad members. There was a greater discrepancy in outcomes when the misrepresentation tactic
was used (M = 190, SD = 108) than when it was not used (M = 131, SD = 101), t(1, 71) = -2.17, p [is less than] .04. This pattern is shown in Figure 1. Taken together, these data suggest that the use of misrepresentation improved the outcome achieved by the source of the strategy but did not affect the outcome achieved by the target of the strategy.

In the 25 dyads in which misrepresentation was used, was the user more likely to achieve the better outcome? Yes. The seven users of misrepresentation by commission always achieved the higher outcome. And when misrepresentation by omission was used, the person who used it achieved the higher outcome in 16 out of the 18 cases.

Hypothesis 6. We expected an information route to settlement on common-value issues, which led to three predictions--namely, that cooperatively motivated negotiators would (a) exchange more information regarding the common-value issue than individualistically motivated dyads (Hypothesis 6a), (b) have more accurate perceptions regarding preferences for the common-value issue (Hypothesis 6b), and (c) reach better agreements on the common-value issue (Hypothesis 6c).

Because statements relating to information exchange (giving numerical information, giving priority information, and asking for information) were highly correlated (at p [is less than] .01 or better), they were summed to create an information exchange index (Cronbach’s coefficient alpha = .76). An arcsine transformation on the proportions was conducted to address possible nonnormal distributions (Cohen & Cohen, 1983).

According to Hypothesis 6a, cooperatively motivated dyads should exchange more information about the common-value issue than individualistically motivated dyads. Consistent with this hypothesis, negotiators in the cooperative-motive condition exchanged more information about this issue (M = .054, SD = .09) than did their counterparts in the individualistic-motive condition (M = .005, SD = .019), t(1, 85) = 3.47, p [is less than] .001. (3) There was no main effect for the information independent variable on the information exchange measure, nor was there an interaction between motive and information on the exchange of information.

According to Hypothesis 6b, cooperatively motivated dyads should have more accurate perceptions regarding preferences for the common-value issue than individualistically motivated dyads. This hypothesis was not supported. Cooperatively motivated dyads were no more accurate than individualistically motivated dyads (M = 134, SD = 175, and M = 180, SD = 213, respectively), t(1, 84) = -1.09, p [is less than] .27. Moreover, perceptual accuracy for the common-value issue was not correlated with outcomes for that issue (r = .08, p [is greater than] .40, n = 78).

Finally, Hypothesis 6c suggested that cooperatively motivated dyads should achieve better outcomes for the common-value issue than individualistically motivated dyads. This hypothesis was not supported either. Indeed, as will be seen below, the opposite effect occurred.
Taken together, the data were not very supportive of the claim that settlement on common-value issues in negotiation follows an information route. The next set of hypotheses examined the alternative route, aspirations.

Hypothesis 7. The aspiration route to settlement on common-value issues led to three alternative predictions—namely, that negotiator aspirations should be positively correlated with outcomes for common-value issues (Hypothesis 7a), individualistically motivated negotiators should have higher aspirations on the common-value issue than cooperatively motivated negotiators (Hypothesis 7b), and individualistically motivated negotiators should reach higher outcomes for the common-value issue than cooperatively motivated negotiators (Hypothesis 7c).

Following Pruitt (1981), we used two indexes of aspirations: the personal value of the negotiators' first offer, and making and rejecting offers. For the latter measure, we coded the negotiation transcripts for instances of making an offer and rejecting an offer. These two behaviors were correlated (r = .31, n = 77, p [is less than] .01), so we combined them to create an offer exchange index (Cronbach's coefficient alpha = .80). This index reflected the proportion of the interaction that included making and rejecting offers.

We found a significant positive relation between first offers and outcomes for the common-value issue, r = .28, p [is less than] .001 (n = 176), consistent with Hypothesis 7a. Although there was no significant difference in first offers on the common-value issue between the members of individualistically motivated dyads (M = 154, SD = 50) and those of cooperatively motivated dyads (M = 144, SD = 53), the difference was in the expected direction, t(173) = -1.30, p [is less than] .19. Hypothesis 7b was supported, however. Individualistically motivated dyads exchanged more offers (M = .76, SD = .36) than did cooperatively motivated dyads, suggesting that the former had higher aspirations (M = .56, SD = .30), t(63) = -2.46, p [is less than] .02.

Moreover, consistent with Hypothesis 7c, individualistically motivated dyads reached higher outcomes for the common-value issue than did cooperatively motivated negotiators (M = 187, SD = 28, and M = 169, SD = 46, respectively), t(85) = -2.13, p [is less than] .05.

**Additional Analyses**

Accuracy of perceptions. Analyses of the Thompson and Hastie (1990) measure revealed that negotiators who used misrepresentation were no more accurate in their perceptions of the other sides' priorities for the common-value issue (M = 226, SD = 251) than were those who did not use misrepresentation (M = 136, SD = 243), t(138) = -1.62, p [is less than] .12. This fits with the lack of support for the information route to settlement on common-value issues described earlier and suggests that negotiators do not gain much information about one another's preferences from offers and agreement on common-value issues.
Further, comparing the sources and targets of misrepresentation, there was no support for
the notion that users of this tactic had greater insight into the priorities of the other
negotiator. Negotiators who used misrepresentation were no more accurate (M = 226, SD
= 251) than the people they used that tactic on (M = 197, SD = 270), t(1, 47) = .37, p
= .70.

Other outcome effects. All of the negotiations ended in agreement. Analyses of the
effects of motive and information on joint outcomes, for all issues, revealed a main effect
for motive. Individualistically motivated dyads reached higher joint outcomes (M = 1,373,
SD = 131) than did cooperatively motivated dyads (M = 1,279, SD = 170), F(1, 86) =
8.00, p [is less than] .01. It should be noted that the joint outcome scores ranged from
1,020 to 1,560.

The amount of information available to negotiators about the common-value issue had
little impact on overall outcomes. There was no difference in joint outcomes among the
information conditions (M = 1,311, 1,355, and 1,315, for the complete-information,
asymmetric-information, and incomplete-information conditions, respectively), F(2, 85)
[is less than] 1. Considering the common-value issue separately, however, there was a
significant difference among the information conditions, F(2, 85) = 3.81, p [is less
than] .05. Tukey's tests revealed that dyads in the complete-information condition
achieved lower outcomes for this issue (M = 163, SD = 50) than did dyads without
information (M = 189, SD = 20), p [is less than] .05. Outcomes for dyads in the
asymmetric-information condition (M = 182, SD = 36) were not significantly different
from either of the other two conditions.

DISCUSSION

This study simulated a face-to-face bilateral negotiation using a task that contained a
common-value issue. The use and effects of misrepresentation of that issue were assessed.
The data indicated that a sizeable number of negotiators (28%) misrepresented the
common-value issue and that there were two basic forms of misrepresentation--
commission and omission. The latter form of misrepresentation was more common.
Other findings were largely consistent with the hypotheses that misrepresentation is (a)
inhibited by shared information about the common-value issue, (b) a contentious tactic, (c)
more likely when negotiators adopt an individualistic motive rather than a cooperative
motive, and (d) advantageous to the user.

This study also examined the processes associated with the settlement of common-value
issues. Negotiator aspiration, rather than information exchange, was the route to
settlement on the common-value issue. There were three notable effects: (a) Negotiator
aspirations and outcomes for the common-value issue were positively correlated; (b)
aspirations, as measured by making many offers, were greater for individualistically than
cooperatively motivated negotiators; and (c) negotiators with an individualistic
motivation achieved better outcomes on the common-value issue than did negotiators
who were cooperatively motivated.
One unexpected pattern in the data was that when misrepresentation occurred, the negotiators' joint outcome was higher than when neither party used misrepresentation. This effect was due to the outcome achieved by the high-scoring member of the dyad, which was higher when misrepresentation occurred than when it did not. An important component of this effect was the level of settlement on the common-value issue, which also was higher when misrepresentation occurred than when it did not. An ANCOVA revealed that the significant impact of the use of misrepresentation on the outcome of the high-scoring member of the dyad disappeared when settlement on the common-value issue was held constant. The best predictors of high settlement on the common-value issue were the use of misrepresentation \( (r = .36, p < .001) \), as well as aspirations, as mentioned earlier. Aspirations and the use of misrepresentation were also significantly related \( (r = .28, p < .01) \). Finally, it should be noted that the measures of information exchange, were not significantly related to level of settlement on the common-value issue, nor to the use of misrepresentation.

The data also indicated that individualistically motivated negotiators achieved better joint outcomes than did cooperatively motivated negotiators. This effect is consistent with past research. Carnevale and Lawler (1986) also reported that negotiators with individualistic motives did better (under low time pressure) than did negotiators with cooperative motives. This effect was interpreted in terms of aspirations: The individualistically motivated negotiators had higher aspirations than the cooperatively motivated negotiators. It should be noted that a well-supported proposition of the dual-concern theory is that concern for others, engendered by a cooperative motive, produces low aspirations and concession making if not paired with a variable that bolsters aspirations (Ben-Yoav & Pruitt, 1984).

Another interesting, if not unusual, aspect of the data was that five participants in the complete-information conditions were the targets of misrepresentation by omission. Why did they accept a "concession" on a common-value issue when they had complete information about that issue? Although these results were surprising, they are not inconsistent with findings from past research. Even when given information and cues, people can be poor at making judgments (Hammond, Stewart, Brehmer, & Steinman, 1975). Moreover, Pinkley, Griffith, and Northcraft (1995) found that when negotiators were given complete information prior to negotiation, many still did not understand the task preference structure. In their words, "While full information increases the probability of negotiating integrative agreements, full information alone is not sufficient" (p. 110).

In the present study, negotiators who had complete information about the common-value issue achieved lower outcomes than did negotiators in both the no-information and the asymmetric-information conditions. This result is at odds with the information-exchange and perceptual-accuracy view of efficient agreement. However, Babcock, Thompson, and Murnighan (1994) found that when experienced negotiators had information regarding a naive negotiator's preferences for a common-value issue, outcomes for that issue were lower than when such information was not available (see Putnam & Jones, 1982).
Perceptual inaccuracy has often been blamed for deficient negotiation outcomes (Thompson & Hastie, 1990). However, the results of the present study do not support this view. Having accurate perceptions was unrelated to the quality of outcomes on the common-value issue. It appears that negotiators do not gain much understanding about one another's preferences from agreement on common-value issues. The victims of misrepresentation by omission offered a concession on one issue in an effort to induce a concession on another issue, but they did not realize that the other issue was common value. Their adversaries benefited from this but did not show any greater understanding of the structure of the task, perhaps because they attributed favorable offers on the common-value issue as concessions and not as an indicator of common value.

Negotiators are often advised to maximize personal outcomes. Consider, for example, Stevens's (1963, p. 32) "large initial demand rule": Start with high demands and concede slowly. This may be good advice for detecting common-value issues, especially in a cooperative setting. But it also sets the stage for negotiators to misrepresent their interests. Misrepresentation occurs, as can be seen in Table 2, when one person makes a favorable offer on the common-value issue, and then the other takes advantage.

Moreover, Stevens's (1963) advice does not apply to negotiators who want to misrepresent their interests on a common-value issue. To gain an advantage, one should get the other person to state his or her preferences on all the issues first and look for common value. Then it becomes possible to conceal one's true interests on the common value in exchange for favorable terms on other issues.

But a real practical issue involves the effects that such misrepresentation might have on long-term relationships. If the target discovers that he or she was misled, then trust is lost and the future relationship may be spoiled. Misrepresentation violates both the norm of truth in signalling in close relationships and the norm of mutual responsiveness (Pruitt & Carnevale, 1993, p. 137).

Earlier in this article, we raised the question of ethics with regard to misrepresentation. Raiffa (1982) asked the same question: "It's often said that dishonesty in the short run is a poor policy because a tarnished reputation hurts in the long run. The moral question is: Should you be open and honest in the short run because it is right to act that way, even though it might hurt in the long run?" (p. 345).

Our main concern in this study was the empirical description of misrepresentation in negotiation and the conditions of its occurrence more than the ethical aspects and implications of this tactic. Our results indicate that when a common-value issue is on the table or negotiators suspect that this kind of issue exists, playing one's cards close to the vest may be the best strategy to avoid exploitation. Clearly, some people (even university students) do withhold and/or distort information during negotiation, especially when they are motivated to maximize individual outcomes. But the more common problem is misrepresentation by omission, when people unwittingly allow themselves to be exploited. The implication is that negotiators should seek out common value and protect against misrepresentation.
A limitation of this study was the use of a laboratory paradigm with university students negotiating under the watchful eye of a psychologist. Even though 28% of the students used misrepresentation, it is not hard to imagine contexts, with high stakes and seasoned professionals, in which misrepresentation may be more likely. We speculate that, in such contexts, misrepresentation by omission would be less likely than misrepresentation by commission. A seasoned professional should be less susceptible to misrepresentation by omission. Future research might investigate the role of expertise in this domain.

Future research might also explore additional boundary conditions of the misrepresentation effect. The effect should be less likely to occur in cooperative contexts in general, as when negotiators expect to interact cooperatively in the future (Ben Yoav & Pruitt, 1984) or when negotiators are placed in a good mood (Carnevale & Isen, 1986). It might also be interesting to examine the impact of multiple common-value issues (the present experiment had just one) or how negotiators go about searching for common-value issues and adding them to the agenda of issues for purposes of misrepresentation and gaining advantage. A very important problem is the impact of misrepresentation on trust and subsequent relations, especially in the event of discovery.

In this study, people who took advantage of others through misrepresentation did better, but this increase in their outcomes was not associated with a decrease in the outcomes of their adversary. Thus one might endorse use of the tactic with a utilitarian or an ends-justifies-the-means argument. But such a conclusion is shortsighted, given the possibility of negative, long-term consequences if the tactic is discovered (especially in its commission form) and asymmetric outcomes are revealed. As Francois de Callieres (1716/1963) put it more than 250 years ago, in his still-relevant treatise on negotiation, "a lie always leaves a drop of poison behind ... it awakes in the defeated party a sense of aggravation, a desire for vengeance, and a hatred which must always be a menace to his foe" (p. 31).

NOTES

(1.) If common value is detected, then the clever negotiator may turn the tables, call the other person's bluff, and gain the advantage. In the Lax and Sebenius (1986) divorce example, the wife might say: "Okay, I, too, do not want custody; you take the children." This may elicit better terms for her on alimony. But bluffing tempts just how far antagonists will go in a game of chicken. And it tempts moral questions such as the welfare of children or other parties who may not be in a position to negotiate.

(2.) Each participant received a number of tickets equal to the number of points he or she earned in their negotiation. AD tickets were placed into a pool, and 10 tickets were drawn from the pool. The owner of each ticket drawn received a $10 prize. In this way, a participant could earn from $0 to $100. As noted by Thompson (1990), this procedure need not encourage competitive behavior, because participants do not know one another's payoff schedule and need not compete with one another when so many other negotiators are included in the pool.
Although very little of the bargainers' interactions involved information exchange (9% and 2% for cooperative and individualistic negotiators, respectively), these results are consistent with previous research. Information exchange typically accounts for 10% of negotiators' communication (Pruitt, 1981).

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