

This is Google's cache of <https://www.forbes.com/sites/hbsworkingknowledge/2016/12/05/how-to-deceive-others-with-truthful-statements-its-called-paltering-and-its-risky/>. It is a snapshot of the page as it appeared on 12 Aug 2022 10:47:49 GMT. The [current page](#) could have changed in the meantime. [Learn more.](#)

[Full version](#) [Text-only version](#) [View source](#)

Tip: To quickly find your search term on this page, press **Ctrl+F** or **⌘-F** (Mac) and use the find bar.

LEADERSHIP STRATEGY

How To Deceive Others With Truthful Statements (It's Called 'Paltering,' And It's Risky)

HBS Working Knowledge Contributor ©
Business research for business leaders

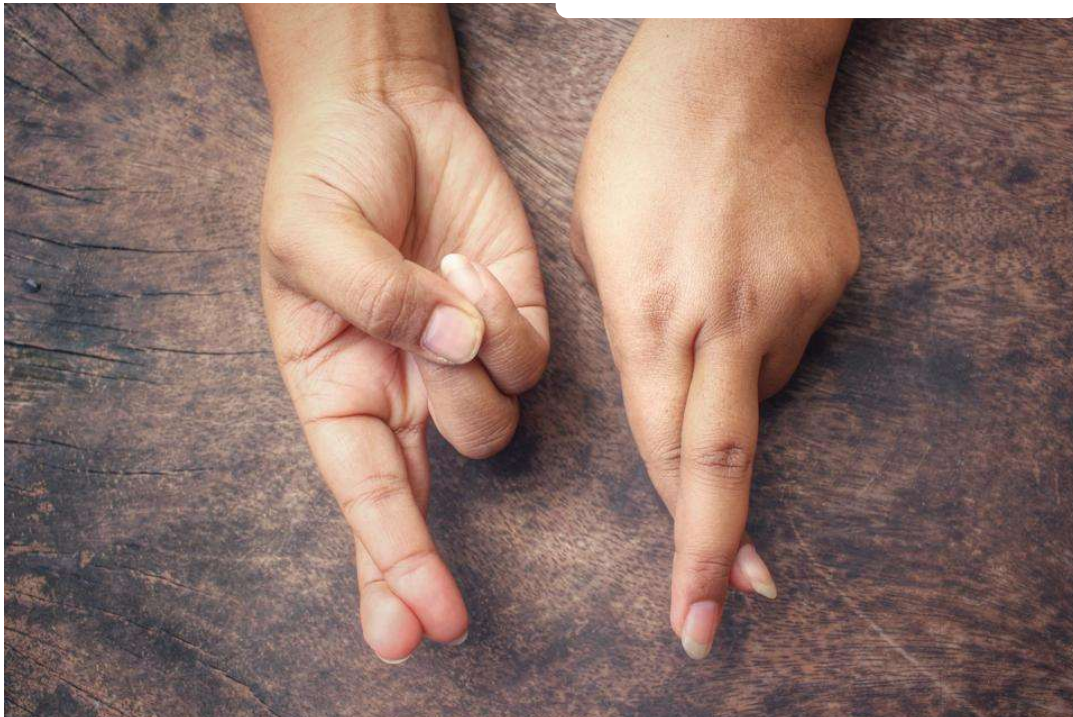
Dec 5, 2016, 10:41am EST

New!

Follow this author to stay notified about their latest stories.

Got it!

By **Dina Gerdeman**



Shutterstock

Business executives regularly use sly tactics to get a better deal during negotiations—often making statements that are technically true, but are purposely skewed to mislead the other side.

It's a distinct form of deception called paltering: the active use of truthful statements to influence a target's beliefs by giving a false or distorted impression. But it's not just businesspeople who palter. Donald Trump has done it. Hillary (and Bill) Clinton, too. Chances are you have paltered.

New research indicates that many people who palter see nothing wrong with it, whereas people on the receiving end feel scammed. People who palter may gain some ground in negotiating a better deal for themselves in the short run, but if their cunning ways are discovered, they can do long-term damage to relationships, according to a new paper, "[Artful Paltering: The Risks and Rewards of Using Truthful Statements to Mislead Others.](#)"

“It's interesting to see the difference between the person who is deceiving and the person being deceived,” says co-author Francesca Gino, the Tandon Family Professor of Business Administration in the Negotiation, Organizations & Markets Unit at Harvard Business School. “People seem to be using this strategy because in their minds, they're telling the truth, so they think they're being honest. But the people being deceived think they're being just as dishonest as if they lie outright to their faces.”

The paper, forthcoming in the *Journal of Personality and Social Psychology*, was co-written with Harvard Business School's Michael I. Norton, the Harold M. Brierley Professor of Business Administration; Harvard Kennedy School's Todd Rogers, associate professor of public policy, and Richard Zeckhauser, the Frank P.

Ramsey Professor of Political Economy; and The Wharton School's Maurice E. Schweitzer, the Cecilia Yen Koo Professor of Operations, Information and Decisions.

The different forms of deception.

The truth is, lying is common.

Previous research has found that on average, people tell one or two lies a day—often to partners, family members, friends, and work colleagues—many of them little white lies that are considered harmless.

Other lies are more serious and can lead to severe consequences. In the case of negotiations, which are information-dependent, deception can substantially change the outcome.

Paltering differs from two other deceptive practices:

- Lying by commission entails the active use of false statements, such as claiming the faulty transmission on a car works great.
- Lying by omission involves holding back relevant information—for example, by failing to mention any information about a faulty transmission.

The researchers conducted two pilot studies and six experiments to investigate the three deceptive tactics in different contexts, including face-to-face and online negotiations.

In one study, they asked participants to imagine this scenario: Over the last 10 years your sales have grown consistently, but next year you expect sales to be flat. If you are asked by your counterpart “How do you expect sales to be next year?” the response will be different depending on the type of deception:

- If you lie by commission, you might answer: “I expect sales to grow next year.” In this case, you are actively misleading your counterpart with false information.
- If you mislead with passive omission, you might remain silent if your counterpart says, “Since sales have gone up the last 10 years, I expect them to go up next year.” You are not actively correcting this false belief.
- If you mislead with paltering, you might say, “Well, as you know, over the last 10 years our sales have grown consistently.” This answer is technically true, but it doesn’t highlight your expectation that sales will be flat in the year ahead, and you are aware that it is likely to create the false impression by your counterpart that sales will grow.

After being given these definitions, the majority of participants were able to categorize the responses correctly, which shows that people can discriminate between paltering, lying by commission, and lying by omission.

Paltering is common.

Experienced negotiators report that they engage in paltering as often as they lie by omission and more often than they lie by commission. (See: [Paltering in Action](#))

In fact, in one of the pilot studies involving 184 mid- to senior-level business managers enrolled in an HBS Executive Education course—all of whom negotiate as part of their business activities in a variety of industries—52 percent reported that they paltered in some or most of their negotiations, whereas a smaller number, 21 percent, said that they lied by commission.

Perhaps they palter more often because it doesn't make them feel as badly as outright lying. The researchers found that negotiators consider paltering more ethically acceptable than both lying by commission and lying by omission.

People who lie by commission have trouble justifying the behavior in their minds because they are aware they gave statements that were explicitly false. However, many executives who palter tell themselves they aren't doing anything wrong. They feel justified in doing it since they tend to focus on the veracity of their statements—often by thinking, “I told the truth.” In some cases, they may even shift responsibility for the misleading impression to the target by believing the target should have paid closer attention to exactly what they were saying.

Why do they palter at all? It's simple: Most of the managers in the study—88 percent of them—said they palter in an attempt to get a better deal.

“When people palter, they are not answering the questions they were asked,” Gino says. “In a lot of negotiations, there is a temptation to deceive so you end up with a better deal, or at least this is what people tend to believe, especially in situations where they are claiming value.”

And here's another reason paltering may be popular: It works. Palters can be quite difficult to detect, so negotiators are often able to get away with deceiving others to gain a larger share of profits.

The risks of paltering.

But the researchers found through their experiments that the risks associated with paltering are huge: If the deception is discovered, negotiations often reach an impasse—and even worse, negotiators

who palter can do serious harm to their reputations that can permanently sever relationships.

That's because targets of paltering feel misled and consider the practice to be just as unethical as lying by commission. Participants said that in both cases, they were less likely to negotiate again with the people who deceived them in these ways.

“It's difficult for negotiators to realize that the world really is small,” Gino says. “When we use deception in negotiations, oftentimes the other side finds out. If that's the case, the reputation could be harmed to the point that you're unlikely to engage in negotiations with the same person. We're so focused on the short term, we don't think this through enough.”

It's considered even worse when a person is asked direct questions and chooses to palter, as opposed to unprompted paltering. “At least in some cases, deceiving targets in response to a direct question is more unethical than deceiving targets proactively,” the researchers write. says.

During negotiation exercises in her MBA classes, Gino has seen firsthand the damage paltering can do.

“In class, we have some fascinating discussions. People say to the person they deceive: ‘No, I didn't lie.’ Truthfully, they didn't lie. But they also gave the wrong impression,” she says. “And the people who are deceived have a strong reaction. They code the people as liars and actually keep their anger with them for the entire semester. Being lied to produces very strong feelings that affects the way people interact with each other in the future.”

Gino says she hopes the research will provide a lesson that executives/managers will take to heart: During negotiations,

beware of bending the truth.

“We are too focused on our own side of the business during negotiations,” she says. “Negotiators need to realize even if their focus is on truthful statements, the other side might view what they’re doing as very different in a way that really hurts the relationship in the future. People should realize more fully the consequences of their negotiating strategies.”

Follow me on [Twitter](#) or [LinkedIn](#). Check out my [website](#).



HBS Working Knowledge

Harvard Business School Working Knowledge looks at the latest research and ideas from the faculty of Harvard Business School.

[Editorial Standards](#)

[Reprints & Permissions](#)

ADVERTISEMENT
