# The Business of Lying

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Lying is pervasive. It seems that while humans are not the only primates to deceive, they do have the unique intelligence and language skills to construct lies. As a result, the fine art of lying can be an effective strategy used to gain wealth and security, to build social status, or even to attract a mate. Lying can be very effective because most humans are not very good at deciphering lies from truth-telling. (Persaud, 2005) In accordance, lying and getting away with it also are pervasive in the business environment. The purpose of this paper is to examine lying behavior in the business environment. The definition and classification of lies are provided as well as a discussion of the increasing use of lying in the business environment. Thereafter, the when and why of lying behaviors are presented, followed by the results of lying and specific strategies that individuals use to neutralize the effects of lying. The next section of the paper examines how to detect a lie and presents the most difficult lie to detect, self-deception. Then, the article ends with a discussion of how to build honesty in a business organization, followed by a conclusion.

### **INTRODUCTION**

Lying is pervasive. It seems that while humans are not the only primates to deceive, they do have the unique intelligence and language skills to construct lies. As a result, the fine art of lying can be an effective strategy used to gain wealth and security, to build social status, or even to attract a mate. Lying can be very effective because most humans are not very good at deciphering lies from truth-telling. (Persaud, 2005) Lying and getting away with it also are pervasive in the business environment. For example, 40-70% of individuals have exaggerated on their resumes while only 36% of businesses have fired an employee after uncovering a lie on the

resume. (Wood, et.al., 2007) However, most people are genuinely reluctant to lie or deceive when they feel it will result in serious harm to themselves or others. (Aquino, et.al., 2005)

The purpose of this paper is to examine lying behavior in the business environment. The definition and classification of lies are provided as well as a discussion of the increasing use of lying in the business environment. Thereafter, the when and why of lying behaviors are presented, followed by the results of lying and specific strategies that individuals use to neutralize the effects of lying. The next section of the paper examines how to detect a lie and presents the most difficult lie to detect, self-deception. Then, the article ends with a discussion of how to build honesty in a business organization, followed by a conclusion.

#### WHAT IS A LIE?

#### "There are three kinds of lies: lies, damned lies, and statistics." - Mark Twain

Very simply, a lie is an untruthful statement with the intention to deceive and gain self benefit from the lie such as maintaining a secret or reputation, protecting someone or something, or avoiding punishment. The intention in this untruthful statement is to have it taken as the truth by someone else regardless of whether it is an oral, written, or implied statement or incomplete statement. Or, stated more precisely by Gneezy (2005, 386), a lie is "a successful or unsuccessful deliberate attempt, without forewarning, to create in another a belief that the communicator considers to be untrue in order to increase the communicator's payoff at the expense of the other side." Along the same vein, Buller and Burgoon (1996, 113) have noted that lying and deception are "a sender's knowingly transmitting messages intended to foster a false belief or conclusion in the receiver." Or, as noted by White (2000, 12), "Lying is a deliberate attempt not only to conceal, but to conceal well." DePaulo, DePaulo, Tang, and Swaim (1996, 377) have defined lying as "intentionally conveying an impression that the communicator believes to be false." That is, lying is an intentional act that does not require an overt statement or act by the communicator. To this end, lying can include impression management, failure to correct, and silence. (Wood, Schmidtke, and Decker, 2007)

Lying also can be defined from a legalistic point of view. That is, common law fraud requires five simple elements: (1) false representation of a material fact, (2) knowledge or belief as to its falsity, (3) intent to induce the other party to lie on the representation, (4) justifiable reliance by the injured party, and (5) damage or injury to the innocent party. Based on the strictness of this definition, it may be interpreted that it is illegal to lie when bargaining, something of great interest in the business environment. (Adler, 2007)

While concealed deceit is the core of a lie, lying does go by many names: bald-faced lie, lying by omission, lie-to-children, white lie, noble lie, lie of necessity, emergency lie, evasion, perjury, slander, misrepresentation, half-truth, bluffing, misleading, dissembling, false excuse, exaggeration, incomplete data, stretching the truth, expense report padding, bragging, false or misleading research, media deception, nondisclosure, underestimating costs, manipulating financial statements, incomplete databases, self-defense lie, false excuses, justification for inequities, and an inconvenient or political truth covering issues such as pollution, sweatshops, high gas prices, poverty, sickness, and death. ("Lie," 2008; Reeves, 2006; Mann, Vrij, and Bull, 2002; Adler, 2007; and Hsieh, 2004)

Lying can take many forms and it can occur at the minutest level of detail. To demonstrate this point, a very specific example of lying can be seen in criminal identity deception. Wang, Chen, and Atabakhsh (2004) have found that criminals lied by misspelling their name, using a name with a similar pronunciation, false abbreviations and add-ons, changing the middle initial, swapping the name, using a partly missing name, or using a deceptive name. In terms of residency, they deceived on the street number, street direction, or the street type. Date of birth often was modified as well as identification numbers such as social security number.

According to Gneezy (2005), three perspectives are useful in understanding a lie: moral, economic self benefit alone, and self benefit weighed against cost to others. In the first, lying can be viewed from a moral, normative perspective such as "To me, however, it is certain that every lie is a sin…" (St. Augustine) or "Thou shalt not bear false witness…" (Bible, Exodus 20:2-17). Kant (1787) also has voiced this uncompromising moral stance against lying. According to the second perspective, a lie will be told if it is economically beneficial, that is, one will act selfishly while being unconcerned about the well-being of others if it is beneficial to the liar's self-interest. In the third perspective, lies will be told if they are useful in that benefits will be weighed against harm and happiness against unhappiness. This is exemplified by Martin Luther, "What harm would it do, if a man told a good strong lie for the sake of the good and for the Christian church… a lie out of necessity, a useful lie, a helpful lie, such lies would not be against God, he would accept them." In support of this perspective, Gneezy (2005) has found that people generally care about their own gain from lying and also about the harm that lying may cause the other side. He also found that the average person prefers not to lie particularly when it increases the liar's payoff a little and reduces the other's payoff a great deal.

Based on these perspectives, Gneezy (2005) has classified lies into four major categories:

- 1. Lies that help both sides or, at least, do not harm anyone, e.g., the white lie "you look good today"
- 2. Altruistic lies that help the other person even if it harms the liar so that the overall total result may be enlarged
- 3. Lies that do not help the liar but can harm both sides or at least the other person, e.g., spiteful reaction to unfair behavior
- 4. Lies that increase the payoff to the liar and decrease the payoff to the other party, that is, a cost-benefit relationship between the deceiver's gain and the other's loss

As witnessed in these perspectives and classifications, lies are constructed: what is lied about, content of the lie, how the lie is told, to what specific audience, and the intended result. Lies also are continually negotiated or crafted, i.e., whom to tell, how much to tell, whom not to tell, timing, degree of distortion and imagination, forms of concealment, the imagined power and reception of a specific version of events, the crafting to make them sound true, and the collusion or secrecy to maintain the lie. It is interesting to note that even the bother to construct a lie can signify the worth or significance of the content or situation of the lie, that it, it is important enough to go to the trouble of lying. In general, lying can be constructed to give a charged status to the information or situation. Additionally, lies often are constructed from private experience which becomes a strategy wherein stories are circulated making them into experience for others and end up being validated with "it happened to me, too." (White, 2000)

### LYING SEEMS TO BE INCREASING

"He who permits himself to tell a lie once, finds it much easier to do it a second and third time, till at length it becomes habitual." – Thomas Jefferson

American culture in general is supportive of the truth (Snell, 2005). However, few people can make it through a typical day without lying (Adler, 2007; Greengard, 1997). More specifically, workers are being tempted to lie more often because they are being pushed harder than ever with downsizing, lower profit margins, intense competition, high pressure sales, and longer work weeks. Also, traditional attitudes of trust and loyalty seem to be deteriorating. The end result is that while companies want to do the right thing, unethical behavior abounds. One study found that 56% of all workers feel some pressure to act unethically or illegally. An astounding 48% of employees actually had engaged in an unethical or illegal act in the last year, typically by cutting corners or quality, covering up incidents, abusing or lying about sick days, deceiving customers, lying to a supervisor or underling, or taking credit for a colleague's ideas. Some 60% of workers felt more pressure now than five years ago to do something unethical or illegal. (Adler, 2007) And, 75% of subjects in one study of lying behavior confessed that they would lie again if given the chance (Lindner, 2008).

According to McConnon (2007) and the latest biennial survey of the nonprofit Ethics Resource Center, some 25% of surveyed U.S. employees said that they had observed their company or colleagues lying to customers, suppliers, workers, or the public. This was up from 19% in 2005. They also found that industries most likely to bend the truth were hospitality and food (34% of employees observed falsehoods); arts, entertainment, and recreation (34%); and wholesalers (32%).

According to Wang and Kleiner (2005), the top three major forms of employee dishonesty include (1) top management fraud, (2) worker compensation fraud, and (3) employee lying and theft. Top management fraud often exists because of loose control systems, self interest, and higher risks and competition in a changing environment. American businesses lose approximately 6% of revenues to employee fraud which does not include unethical employee conduct such as false resume credentials, lying about criminal records, stealing, running a competitive business on the side, covert effects of substance abuse, or robbing employers of time, productivity, money, or reputation. This is so pervasive that it is estimated that 30% of all business failures are a direct result of employee theft and dishonesty.

In the business environment, salespeople often have a negative reputation for not telling the full truth. For example, they may lie about nonexistent services, over promise benefits, or over exaggerate the company's capabilities. In addition, they sometimes lie about products, output, reliability, and price. That is, salespeople may try every trick in the book to get a sale, and may feel justified in attempting to deceive. If a client catches a seller lying, it often has significant consequences such as a disillusioned customer that goes to the competition. (Cummings, 2005) However, salespeople are more likely to lie to some stakeholders than to others. For example, the possibility of lying to a customer or a channel partner is considerably higher than lying to their own company. In addition, the likelihood of a seller lying to a competitor is much greater. (Ross and Robertson, 2000)

In addition, Shellenbarger (2005) has found that the number of job applicants reporting false academic credentials hit a three-year high with some 12% of resumes containing false information. In a related and more recent study of the most conservative estimates of human resource managers, 25% of all resumes were found to contain significant lies (Adler, 2007).

However, employees also are lying more about their personal concerns and family time. For example, employees calling in sick have hit a five-year high with three-fifths of these individuals not being sick at all. In general, these "sick" days are used to tend to personal needs, family emergencies, or just plain entitlement "I deserve a day off." More employees are stretching the truth about taking time off, even claiming that a cold warrants medical leave. This sense of entitlement seems to be growing, particularly among the younger generation. With complex lives, workers want to save face overall rather than jeopardize their careers. Some additional areas in which employees use lying behaviors include using personal software on company computers such as personal banking and calendar software, stretching expense accounts, pilfering office pens and legal pads, and stretching revenue forecasts. (Shellenbarger, 2005)

## WHEN PEOPLE LIE

"People never lie so much as after a hunt, during a war or before an election." – Otto von Bismarck

People lie in both official and unofficial circumstances. In workplace deception, official lies are often needed and a fundamental part of the job. For example, a workplace may require covert surveillance, access to confidential records, shredding or falsifying records, or working with fellow colleagues to learn about others' personal lives. This deception may even require detailed fictional biographies, rehearsed performances, and necessary improvisation, e.g., secretaries falsely covering for their bosses. More specifically, a survey of U.S. and Canadian secretaries found that 58% have lied about their boss's location, 27% have notarized a document without witnessing the signature, 12% have seen the official minutes of corporate meetings changed, and 10% have removed or destroyed damaging information. (Sharpe, 1998)

Unofficial deception typically is learned or spread through informal social networks and gossip rather than manuals and formal training. Unofficial lies may take the form of misleading financial reports, false promises to colleagues, covering up and blaming others for mistakes, showing outer respect for supervisors while covertly undermining them, back stabbing, and goofing off while pretending to work. That is, lying can be a form of social currency or power used to create a positive image and impression management. In general, it appears that some deception is necessary and that employees cannot live by the rules alone. However, to justify this unofficial deception, employees often blame superiors, colleagues, abstract organizational principles, and external market pressures. (Perina, 2002)

While most people are basically honest, people tend to not be completely honest or completely dishonest. They range somewhere in between and choose when to lie. In general, ethical or fully moral individuals never lie because they experience infinite disutility from lying. On the other hand, economic individuals are willing to tell any lie necessary to maximize wealth because they experience no disutility from lying. These individuals typically are honest for all payoffs below their personal disutility threshold and lie to maximize wealth for all payoffs at or above the threshold. (Gneezy, 2005)

In essence, people make choices about lying based on how much there is to gain. However, they also generally care about how much the other side loses. The unselfish motive diminishes as the potential gain increases. For example, the used car dealer may not lie about the brakes but may not tell the whole truth about the air conditioner. In addition, people are more accepting of fraudulent behavior by individuals rather than corporations because corporations can cause more damage. Also, people are more accepting of employee lies than employer lies and are more apt to deceive companies rather than individuals, e.g., insurance company. (Gneezy, 2005)

Even though lying is based on gain, individuals will make unique adjustments to their lying behavior. For example, individuals apply specific criteria when deciding whether to lie, that is, people have non-consequential preferences in which they may treat the same monetary outcome differently given the process leading up to it. These preferences are weighed differently by different individuals. For example, if you do not trust someone or if someone is rude to you, you may be less willing to negotiate on a price concession. Also, the willingness to punish an unfair action is sensitive to whether this action was preceded by a deception. In a situation where there is this preceding deception, the situation may turn counterproductive and result in even more lies. (Gneezy, 2005)

In business situations, people sometimes lie purely for their own benefit. However, often there are competitive and social pressures or precursors that increase lying behavior. People in identical situations vary in their individual propensity to lie. In business bargaining situations, nearly all people lie. However, only some people lie when faced with mildly conflicting expectations. Because people need to rationalize their lies, organizational cultures promoting honesty seem to drive lying underground rather than reducing it. (Grover, 2005)

Only three out of 10 people think that business leaders can be trusted to tell the truth (Reeves, 2006), with only the government ranking lower than corporations in perceived trustworthiness (Greengard, 1997). Most likely, this is because there is often a fine line or even a gray area in business truth telling. For example, when should a company offer full disclosure in terms of its financial situation or if a product is faulty. Business leaders often have to tell the truth selectively and consciously with a degree of confidence in their decisions that is far from the accurate reflection of their actual views. This seems to require that business managers both respect the truth and recognize that honesty is not always the best policy. Interestingly, leaders often get caught in the lie based on the story about the event rather than on the event itself. If the facts are inaccurate, the leader is usually alright. However, if there is intent and lack of integrity in lying, then there is usually retribution. (Reeves, 2006)

Another business example of when individuals lie is on resumes or job applications. It is estimated that between 40-70% of individuals exaggerate on their resumes (George and Marett, 2004). Approximately 30-40% of background checks revealed that applicants misrepresented themselves, typically in education, job history, job responsibilities, job titles, and compensation (Babcock, 2003). Some 44% of applicants lied about work histories, 41% lied about education, and 23% even lied about credentials or licenses. In fact, a majority of graduating seniors felt that managers expected a degree of exaggeration on resumes, e.g., omitting a job held for a short time or misstating the number of employees supervised. (Wood, Schmidtke, and Decker, 2007)

The increase in lies on resumes is interesting given that more companies are conducting background checks and detecting these sorts of resume lies. About 36% of businesses fired an employee after uncovering a lie on the resume, the remainder did not. Wood, Schmidtke, and Decker (2007) found that human resource professionals were actually more likely to hire individuals who had misrepresented information on their applications. The type or degree of the lie and the relevance of the information to the job expectations are important to the recruiter. To counteract for resume lying, the recruiter may end up needing to adjust for the size of the applicant pool particularly in times of low unemployment as well as adjusting for the thinking that questionable ethics is part of the business world.

One aspect of resume embellishment is that everyone does it. Ultimately, all candidates who bother to lie will make a rise from the lying. However, it does appear that some individuals are better liars or embellishers than others. Hence, the really good candidates still are likely to come out on top. In accordance, resumes may be better used to qualify candidates than to select candidates and more candidates should be interviewed before making a selection. (Marcoux, 2006)

While lying generally is thought of as bad in the business environment, it appears to be tacitly and tactfully expected. In particular, lying seems to enhance the climb up the corporate ladder as well as provide some amusement or entertainment for the business environment rather than a truth-laden environment that may be more tedious and fractious. Not all employees who cheat, steal, or lie are fired, it basically depends on how valuable they are. Finally and just like everyone else, it seems that even business people like to answer the benign "Fine" when asked how they are. (Righton, 2006)

Business bluffing is an important aspect of the business environment. As in poker and Risk, many individuals expect and reason moral acceptability in business bluffing. This acceptance is based on three claims: (1) various roles make certain questionable acts permissible, e.g., lying while bartering over the price of a car; (2) various roles also can make permissible acts be impermissible, e.g., telling someone bad new; and (3) various roles may make acts obligatory that would otherwise not be obligatory, e.g., managers abiding by fair treatment and employment laws. As such, certain roles allow for business bluffing because the participants endorse the practice, and the notion that negotiations presuppose that bluffing is allowed. (Varelius, 2006)

Some business people feel strongly that honesty is not the best policy and that lying or conveniently stretching the truth is just a normal part of business. After all, one has to "sell" oneself to get the job and often that may include taking credit for others' work in order to get approval or promotion. Research suggests that in an average 10-minute business conversation, most people will tell a lie 2.9 times, often using "always," "never," "nobody," or "everybody" to distance them from the lie. Careerbuilder.com found that 19% of workers ribbed at work at least once a week with 26% using it to appease a customer, 13% using it to cover up a mistake or missed deadline, 8% to cover up being late or absent, and 5% to look better in front of a boss or colleague. (Reynolds, 2006)

Biever (2004) found that people are twice as likely to tell lies over the phone as compared to email. Most likely, this is because an email is a traceable record and an individual could be held accountable. Also, people are more likely to lie in real time rather than if they have time to think of a response. That is, many lies are spontaneous responses to an unexpected demand.

Individuals lie to a fairly significant degree when marketers request information from them over the Internet. They lie more about identifying and sensitive information. It appears that consumers weigh the perceived cost of disclosure against any benefits they might receive from that disclosure. (Horne, Norberg, and Ekin, 2007)

As a last set of varying comments regarding when people lie, subjects were reported to lie 30-50% of the time on topics including their feelings, actions, plans, and whereabouts. College students admitted that at least 70% of their excuses for missed assignments are lies (Perina, 2002). Some 60% of newly introduced individuals lie to each other within minutes to create the right impression, with dating couples apparently lying even more. People lie less to their significant, others most likely because they have more invested with them and hence more to lose (Lindner, 2008). Also, lying behavior starts as early as age three or four. (Adler, 2007)

### WHY PEOPLE LIE

"'Like it or not, individuals are willing to sacrifice a little of almost anything we care to name, even reputation or morality, for a sufficiently large quantity of other desired things...' That is, when push comes to shove, every man and every woman is a willing prostitute. Everything, everyone, every value, and every situation has its price." – Jensen and Meckling (1994)

People on average tell three lies for every 15 minutes of conversation (Bartolini, 2004). Accordingly, it seems indisputable that individuals lie. As noted by Smith (2004, 15), "Lying is not exceptional; it is normal, and more often spontaneous and unconscious than cynical and coldly analytical. Our minds and bodies secrete deceit." So, it becomes a matter of better understanding lying behavior, that is, why people lie. As one might expect, people lie for many reasons. The following list includes the major reasons why people lie:

- 1. People lie because they like to lie, to mislead. In general, they may like it because it provides a sense of power or pleasure for them. At the same time, however, they must be good at not being misled themselves, e.g., one would not expect full disclosure at the flea market or used-car lot. A pathological liar might be an example of this type of liar, but to a very severe degree. (Adler, 2007) Also, these individuals may tell a lie because they get away with it once and never come to any harm. However, it appears that lying and getting away with it will lead to more lying. So, it is a challenge to the liar to see whether or not he can get away with lying (Jensen, Arnett, Feldman, and Cauffman, 2004). In the beginning, the liar considers whether to lie but eventually will lose the earlier ability to even consider it and, in the process, the lying will become automatic. (Darnton, 1989)
- 2. Individuals lie to gain an advantage over an opponent or another individual. This often takes the form of evasion or omission, e.g., the oil company not telling the farmer that it wants to buy his land so that the price will stay low. To gain an advantage, liars often will change the subject or answer questions that have not been asked. (Adler, 2007) Another example of this is when individuals lie for strategic advantage about planned actions or intentions. This type of lying often takes the form of extreme active misrepresentation as opposed to omission. The misrepresentation may be via agreements, statements, or non-statements that in and of themselves have little or no direct costs. In this situation, the two parties have predominantly conflicting interests that benefit the deceiver at the expense of the deceived. (Crawford, 2003)
- 3. People lie to achieve and justify a particular end result such as self-enhancement or minimizing conflict. For example, individuals may lie to support a larger good, e.g., political lies may be in the name of the country's overall well-being. (Shulman, 2006)
- 4. Individuals lie because it is socially advantageous to them. Individuals may lie to enhance prestige, i.e., to get a more active social calendar or even to get a date. The social structure of a lie encompasses the relative status of the source and recipient of a lie, the degree of social distance between them, and the status of any third party or supporter and their relationship to the principals and among themselves. In particular, downward lies may be greater than upward lies, lying may increase with social distance, and third-party supporters may increase the quantity of lying. (Shulman, 2006) Also, lying may be used to retain politeness (Talwar and Lee, 2002), trust, or vibrancy in a relationship. Or, individuals may lie to protect their reputation within the larger community as well as within a relationship. (Hsieh, 2004)

- 5. Individuals lie as a means of self preservation. Lying can begin as a white lie and progressively spreads to a complex net that has to be maintained. The original lie may be an act of self preservation as well as the necessity to preserve oneself by maintaining the original lie. As such, individuals tell lies to keep up the illusion of truth. (DeMont, 2003) Individuals may lie to preserve positive self-image or the illusion of moral goodness. (Hsieh, 2004)
- 6. Individuals lie to get what they want, to benefit them, and to avoid punishment. For example, children who have manipulative personalities often are skilled at telling lies to get what they want. Children with a high desire for power often lie to achieve their goals. These kids were often so good at lying that adults were impressed more with them than with the honest children. (Darnton, 1989) In general, people are more apt to lie for their own self interest, e.g., comfort, sex, image, or power. In addition, most individuals need a positive cost-benefit ratio before they lie. (Horne, Norberg, and Ekin, 2007)
- 7. One may lie to break or neutralize tyrannical omniscience or omnipotence. That is, lying is used to excuse ourselves from a situation, to get away, or to escape. For example, when a child lies, he may feel that the tyranny of parental approval is broken and then lie again to continue to assert the new found freedom. The child needs to be a separate individual and may use lying as a means to this end. Also, one may lie to get out of trouble. Fear of disapproval and incarceration seem to account for quite a few lies. (Darnton, 1989; Hsieh, 2004)
- 8. Individuals lie because deception is necessary and we could not live without it. (Shulman, 2006) That is, it seems as if life demands lying behavior. Some go so far as to argue that lying is a natural phenomenon serving a useful and necessary function in everyday life. (Hsieh, 2004) At the least, individuals live simply to conform and survive.
- 9. People may lie based on purely legal grounds that avoid the moral implications of one's conduct. That is, the lie is alright because it is not illegal, regardless of the moral aspects of the lie. (Shulman, 2006)
- A lie may be better to tell because the truth can be spitefully difficult or painful. So, we tell our colleagues that they look great rather than say something mean or negative. (Darnton, 1989)
- 11. Lying a lot may actually be a warning sign asking for help and attention. For example, children who are being treated for psychological problems lie about three times as much as well-adjusted kids. (Darnton, 1989)
- 12. Individuals may lie in order to maintain their privacy and to shield against awkward and inappropriate revelations of private thoughts and actions (Hsieh, 2004) or disclosures of personal information (Horne, Norberg, and Ekin, 2007).

# **RESULTS OF LYING AND NEUTRALIZATION STRATEGIES**

"Truth is the safest lie." – Jewish Proverb

Being caught at lying can result in a number of unpleasant results such as distress, denial, guilt, shame, reduced social desirability, losing trust, retribution, being fired or demoted, incarceration, or exclusion. Meltzer (2003) lists the following unfavorable outcomes of human deception: (1) adverse effects on both trust and cooperation, (2) misgivings about one's personal worth, (3) possible undermining of institutions, and (4) suspicion, betrayal, or ostracism.

Positive effects of lying may include (1) avoidance of an unwise or tedious environment of "total honesty," (2) provision of ideological support, (3) maintenance of social bonds, and (4) facilitation of research on criminals and deviant groups. (Meltzer, 2003) An additional positive benefit may be to learn how to apologize and forgive (Kerfoot, 2007).

Because lying generally is perceived as deviant and unethical, getting caught at telling a lie can threaten a person's moral and competent self-image. In order to maintain a positive self-image, the liar often participates in neutralization strategies meant to legitimize deviant behavior and reduce intra-psychic distress. Some of the neutralization strategies include denial of responsibility, denial of injury, condemning the condemners, appeal to higher loyalties, denial of the victim, rejection or redefining of norms, deflecting comparisons, redefining the behavior, changing perceptions of behavior, minimizing the lie, denigrating the target, and denial. (Aquino and Becker, 2005; Sykes and Matza, 1957; and Robinson and Kraatz, 1998)

## HOW TO DETECT A LIE

"No mortal can keep a secret. If his lips are silent, he chatters with his fingertips; betrayal oozes out of him at every pore." – Sigmund Freud

There is an immense literature and Internet base of ideas and materials that can be used to better detect a lie. For example, in law enforcement, Vrij (2000) noted three ways to detect lies. The first is to observe the liar's non-verbal behaviors, body movements, emotional expressions, facial expressions, and vocal characteristics. There appear to be automatic links between emotions and non-verbal behaviors. The second way to detect a lie is to analyze verbal characteristics including negative statements, plausible answers, irrelevant information, overgeneralized statements, self-references, direct answers, and response length. Some verbal criteria are more likely to occur in false rather than in truthful statements, for example, taking longer pauses. Two popular instruments for detecting verbal cues are Statement Validity Assessment (SVA) and Reality Monitoring. The third way to decipher the truth is to examine physiological responses including blood pressure, heart rate, palm sweating, and respiration. The polygraph is an instrument for detecting physiological clues. (Wang, Chen, and Atabakhsh, 2004) It is interesting to note that politicians and lawyers often are judged to be among the best liars because they can neutralize their body language and silence their gestures (Reynolds, 2006).

Some of the more specific behaviors of liars may include blinking less, tenser or high-pitched voices, restrained movement, fill their speech with pauses, lying takes longer, make fewer speech errors, and rarely back track to fill in forgotten or incorrect details. (Lock, 2004; Walczyk, 2005) Abrupt subject changes and being overly defensive also may signal lying. To ferret out the truth, one can repeat the question and ask the liar to reword their answer to see if the listener can catch any inconsistencies. (Domingo, 2008)

No matter how good the liar is, the body seems to still rebel against the lying. Given that 90% of lies are accompanied by "tells," this is a useful technique for deciphering a lie. A "tell" refers to signals that players unintentionally give off as in poker to conceal their cards. To be good at reading a "tell," one has to be able to hide one's feelings and to read people by observing their behaviors and listening to what they say, particularly between the lines. (Reynolds, 2006)

However, Mann, Vrij, and Bull (2002) have debunked the notion that there is a typical indicator of deceptive behavior. At the very best, there may be minor indicators such as longer

pauses and blinking less when lying. Their conclusion is that there is no universal or easily readable sign of lying. (Adler, 2007)

One of the surest ways to detect lying is to establish a base level and then watch for departures from that base level. Liars are more apt to be lying at the points of departure from their base or normal behavior. So, if their eyes always are shifty, then one would not use that as a signal of lying because it is part of the base reading. ("How to Tell If Someone Is Lying," 2008) There typically are clusters or patterns of departure from the base reading that signal deception (Potter, 2004; Jaeckel, 2007).

Another method for detecting lying is Neuro-Linguistic Programming (NLP) that looks at eye-accessing cues to see if someone is constructing or remembering information. In construction, the eyes go to the left and in remembering, the eyes go right. ("NLP, Eye Accessing Cues", 2008) So, if one is lying, the eyes are apt to go to the left.

Trained professionals rarely do better than lay observers at deciphering a lie. (Adler, 2007) However, Persaud (2005) is studying how "wizards" or those with the best rates for spotting lying behavior are detecting the presence of deception. Earlier findings are being reconfirmed in that fleeting facial expressions leak emotions such as anger or guilt and are key indicators of lying. The "wizards" are able to spot micro-expressions which may last less than 1/5 of a second. As such, they can detect the nuances of facial expressions. Persaud (2005) also found that those with higher self-awareness were better deceivers.

So, detecting a lie can be very difficult. The Editor of eHow Relationships and Family ("How to Know If Someone Is Lying," 2008) suggests the following proposed formula for knowing if someone is lying:

- 1. Look for body language that might indicate someone is lying.
- 2. Listen for inconsistencies in what the person tells you.
- 3. Notice if the person defensively or steadfastly resists answering any questions.
- 4. Notice if the person projects on to you and accuses you of lying or being deceitful when you really have not been.
- 5. Listen to your gut and intuition.
- 6. Consider asking directly if the person has lied to you.
- 7. Try to be understanding and listen to the person's reasons for lying.
- 8. Look at your possible role in having someone lie to you.

So, it appears that we can detect lies, but in actuality, people are quite incompetent at detecting a lie, with odds that rarely exceed random choice. Ironically, liars will read about these methods for catching a liar and then practice these methods to get better at lying and to throw their pursuers off track. (Adler, 2007)

# THE HARDEST LIE TO UNCOVER

"The most common lie is that which one lies to himself; lying to others is relatively an exception." – Friedrich Nietzsche

The most difficult lie to uncover is when one also is lying to one self, that is, self-deception. In self-deception, one is unconscious of the lie and actually believes the lie. So, the lie basically is hidden in an unconscious layer of the psyche rather than a conscious or semi-conscious layer. The issue is that a conscious or semi-conscious lie requires more effort to keep the lie hidden. As a result, duping oneself makes one a better liar. The unconscious mind may be where the deepest lies are hidden with the conscious mind being a social network or front maintained to deceive others as needed. In that way, when an individual lies unknowingly, the signs of lying are apt to be absent, for example, no sweaty palms, no fidgeting, or no shifting eyes. (Motluk, 2001)

Self-deception overall also can make one a better player. For example, students exaggerating their own academic success justified such relaxed lying as positive thinking and as a wishful tool to improve educational success. That is, rather than consider it as telling a lie, they are feeling it as a future truth. ("Twisting the Truth," 2008) This should allow one to "play" better and carry off the bluff. In this regard, self-deception can be seen as a socially desirable skill. It seems to support more effective group work as group work usually means suppressing at least some of the interests of its members. In addition, not being able to deceive oneself might create a reluctance to cooperate. (Motluk, 2001; Meltzer, 2003; Anderson, 2003; Williams, 2000)

Individuals immerse themselves in their own lies because it provides them with many benefits. For example, the liar does not need to remember multiple stories and can more easily maintain the network of logic and contradictions that surround the lie. It also is easier for the liar to reduce or mask incongruent nonverbal behavior. Accordingly, the slippery slope of lies becomes more manageable. Additionally, the consequences from others for the lying may be reduced when the liar believes the lie, that is, the liar is given some leeway for owning up to his delusion. In the end, however, the lie becomes more robust and durable when it is based on self-deception. Self-deception can dull the emotional sting and have the effect of white-washing one's morality, preserving one's self-image as a moral and reasonable person. In addition, self-deception can spare the humiliation of amends, the expense of restitution, and the trouble of reshaping our character. In this regard, self-deception can be seen as a natural, moral, indispensible, and maybe even healthy way to maintain positive self-image. The downside is that the self-deceived liar often is very unjust in their behavior and in their projected judgments of others, lies can ooze out in neurotic or dysfunctional behavior, and the liar has to keep himself numb or unconscious in certain areas of his life. (Hsieh, 2004; Meltzer, 2003)

As an aside in the domain of romantic relationship, self-deception is an important component of lasting intimate relationship. This may have powerful implications for business because while not everyone tells lies to themselves about their partner's traits, those who do are much more likely to have an enduring relationship. That is, little white lies to oneself about one's partner seem to be effective in keeping the relationship together. (Motluk, 2001) This may have unexplored implications for relationship marketing and business partnerships.

Regardless of the context of self-deception, plenty of people are narcissistic and have convinced themselves that they are the greatest thing since sliced bread. Most people believe their own lies and participate in careers that traffic these illusions. That is, self-deception probably is the norm rather than the exception in business. (Liberman, 2004) However, individuals still will balance their self-deceptive self-interest with concern for others (Mintzberg, Simons, and Basu, 2002).

#### HOW TO BUILD HONESTY

*"This above all: To Thine Own Self Be True. And it must follow as the night the day Thou canst not then be false to any man." –* William Shakespeare Business people by and large behave honestly, particularly in light of the high price they may have to pay for dishonesty. The fact is that the impression of dishonest business people is most likely to be exaggerated due to Hollywood and some isolated cases. That is, lying and deception often are highly publicized which can create an exaggerated impression. Accordingly, business people and employers are becoming progressively interested in how to build honesty in their organizations. (Jehn and Scott, 2007) Business people are interested in building honesty because an economy with honest people can generate more wealth than one in which people are chronically dishonest. Credible businesses and products are more profitable over the long run. Credible assurances of business honesty can turn potential customers into actual customers. (Lee and Mckenzie, 1995)

The business environment is complex and it is not a simple task to eliminate dishonesty. By and large, honest behavior is the rule rather than the exception. On the other hand, it is foolish to assume that all business people are honest. It appears that lying behaviors in the business environment may be precipitated by accelerating corporate change, outdated policies, no code of ethics, top executives who create an environment conducive to dishonesty, overzealous whatever-it-takes attitudes, and bosses who do not want to hear the same old excuses over and over. (Shellenbarger, 2005; Cummings, 2005) For example, rank and file employees are less likely to report misconduct with 44% saying they resist doing so compared to 28% for managers. Younger managers with three or less years of experience are nearly twice more likely than older managers to feel pressure to violate ethical principles. (Shellenbarger, 2005) Accordingly, it is important that employers create an honest and satisfactory working environment of fairness, positive reinforcement, and clear communication. In addition, disincentives might include radical audit reform, regulation and rotation, stopping abuses of stock option and insider trading, and harsher punishment. (Wang and Kleiner, 2005)

Various business practices and arrangements can be understood as a means of ensuring that sellers do honest dealing. The situation with the most temptation is probably the one-time transaction. So, building an environment of repeat business will contribute to business honesty. That is, businesses need to let customers know that they are in it for the long term and are not operating out of the back of a van. It is good business practice to have sellers advertise how long they have been in business and the intent of their honest dealings. However, dating a business relationship to end at a certain time can contribute to a potential breakdown in honesty. This goes so far as to include sons and daughters in succession to take over the family business. So, one important way to build honesty is to stay in business ethically over a long period of time with no ending date. (Lee and McKenzie, 1995)

In this way, the business puts its reputation for honest dealing into the hands of the customer as guaranteed collateral. This works because a firm's reputation is very valuable to the company. For example, companies spend an enormous amount of money to build logo and brand identities. Customers grow to see the logo as an indication of the company's commitment to honesty and ethical business practice. As such, a logo is a non-salvageable investment that companies put on themselves to penalize themselves for the temptation and possibility of dishonest dealing. In addition, expensive logos and brands tell consumers that the company is making money and can well afford the logo or brands. (Lee and McKenzie, 1995)

Long-term contracts also can be used as an assurance of honest business practice. A contract is more than a promise to not raise prices or to maintain quality. Rather, a contract is a mutual agreement that binds the seller and buyer. In addition, tying repairs and sales together can be a useful way to honestly bind buyers and sellers together. (Lee and McKenzie, 1995)

Adler (2007) offers the following suggestions for reducing the use of lying in negotiations: establish negotiation ground rules before the discussions begin, ask the same questions in different ways, ask questions to which you already know the answer, include written claims in the formal agreement, and use contingent agreements or performance bonds.

People are more likely to lie when rewarded for doing so. In addition, performance pressures at work lead people to lie about their performance. Very simply, managers need to create rewards that reinforce the use of honesty and not dishonesty. Also, managers need to be conscious of performance pressures be it time and resource pressures, conflicting roles within the same person and between others, and incompatible policies. If a manager creates too much time pressure, an employee may engage in deceit particularly when it is involved with merit raises, promotions, and bonuses. (Grover and Hui, 2005; Wang and Kleiner, 2005)

Additionally, managers and top executives can increase honesty in the workplace by setting a good example. Subordinates are likely to feel that they can do whatever the boss does. So, if the boss lies, then the employees will use that to justify their lying. (Darnton, 1989; Wang and Kleiner, 2005)

Another thing that businesses can do is to train employees to disseminate information quickly and accurately throughout the organization. This will enable customer contact employees to access the truth so that they do not make up answers or claim ignorance. Employees also could be taught to know what responses appear evasive or deceptive to customers. The more customers find the dishonest event to benefit the company, the more likely they will be to perceive deception even when there is none. (Jehn and Scott, 2007)

"There's been a change in the answer to the question, 'What do consumers really want?' Yes, consumers want low costs and high quality – value for their dollar – but they also want to enjoy the experience of their purchase, and they won't if it's tainted by fakery, phoniness, and manipulation. In a world where businesses offer more and more deliberately and sensationally staged experiences, consumers increasingly choose to buy or not buy based on how genuine they perceive an offering to be. Authenticity is becoming a critical consumer sensibility. Executives must therefore learn to understand, manage, and excel at delivering authenticity. To be blunt, businesses must get real." (Pine and Gilmore, 2008, 35)

Employees in firms with clear and positive ethical climates are less likely to lie. An environment with clear ethical expectations and enforcement of these expectations leads to a reduced willingness to lie. As such, ethics codes and ethics clarity do have an effect on behavior. In addition, there are specific steps a firm may take to have an effect on employee ethical behavior. The first step is the communication of ethical clarity. The next step is to manage compensation policies and behavioral expectations carefully. The last step is to place emphasis on the importance of truthful dealings with all constituents. Employees are most reluctant to deceive their own companies. Possibly, there could be mechanisms put in place for extending this reluctance to customers, channel members, and competitors. In any event, companies can have an impact on the ethical behavior of their employees. (Ross and Robertson, 2000)

This means that companies must be proactive rather than reactive with regard to issues of lying. For example, employers can develop workplace ethics programs. This might include a handbook, an ethics policy, or a code of conduct. One method is to actually send out the policy and have each member sign a statement attesting to the fact that they have read it and understood it. Other possibilities are to implement an ethics hotline, ethics office, and other places where

employees can go for advice on ethical issues. A company also can give employees an option of whistle blowing or reporting dishonest behavior anonymously. Additional preventive measures might include frequent physical inventories, separate book-keeping functions, approval of book-keeping adjustments, control check signers, review monthly bank statements, tighten petty cash, separate buying and book-keeping, watch company credit cards, document all expense reports, and have a third party refund policy. (Wang and Kleiner, 2005)

One problem area with regard to companies lying is that companies aim for strategic positions that are not achievable. This may push the employees to lie or deceive and force customers to view the company as suspiciously new and changing. This unreasonable and unachievable strategic position is seen as unauthentic and can lead to an environment of dishonesty in that roles may conflict and newness may be viewed as fear inducing and lie provoking. Pine and Gilmore (2008) suggest eight principles for maintaining authenticity: (1) study your heritage, (2) ascertain market and industry positions, (3) gauge your trajectory, (4) know your limits, (5) stretch your execution capabilities, (6) scan the periphery, (7) formulate your strategic intention, and (8) execute well.

Of course, one method to build honesty is to have more government regulation and intervention. Government has an important role in promoting business honesty via adjudicating contractual disputes, protecting property rights, and prosecuting fraud. However, it is unlikely that more government will result in more honest business people. After all, government and politicians provide benefits to organized interests at a cost to the dispersed and unorganized public. For better or worse, the most powerful tool for building honesty then distills down to the empowered consumer alone with the voting power of the dollar, and not to an unsatisfactory political surrogate. (Lee and McKenzie, 1995)

In terms of personal resumes and company track records, the biggest deterrent probably is knowing that if one is discovered, one in likely to crash and burn in some important way. In general, deception often is a pathway to short-term profit but not a policy or activity that builds the long-term. Tricking by lying or overstating productivity or earnings certainly can cause wreckage. Consider, for example, that companies have received negative court judgments for failure to make a reasonable inquiry into employees' backgrounds prior to hiring. (Wang and Kleiner, 2005)

Peer pressure also can be used to reduce workplace lying and dishonesty. Once employees understand how certain dishonest behavior can hurt all of the members of an organization, then a social norm, behavioral standard, or an informal code of conduct is directly established such that informally everyone knows how things are done. These informal standards and networks will help to eliminate difficult people in the first place and troublesome behaviors before they spread. (Wang and Kleiner, 2005)

In an unusual prescription for business honesty, Shelala (2008) suggests that eventually each of us will be better trained in ESP and more able to decipher a lie. When this occurs, people will need to be more honest because their chances of getting caught will be greater. If this were to occur, everything ideally would or could be known publicly, there would be no secret information, crimes would be solved more easily, criminals and politicians could be monitored, and motives could be understood and remedied. (Ryzi, 2008)

More practically and more precisely, Shelala (2008) also suggests the following activities in order not to be lied to:

- 1. Sit in a higher chair.
- 2. Uncross your legs and open your arms, as in being open to the truth.

- 3. Challenge the liar and ask for minute details.
- 4. Do not tell them what you do know.
- 5. Invade their personal space so that they get uncomfortable.
- 6. Subtly mimic their posture and movements.
- 7. Speak in their style and listen to how they think.
- 8. Give them an out and make it easy for them to tell the truth.
- 9. Stay calm, never surprised or shocked.

## CONCLUSION

The purpose of this paper has been to examine lying behavior overall and particularly in the business environment. Even though most people do not like to lie and are basically honest, lying in the business environment still is pervasive. The explanation supposedly is that since fiascos like Enron and WorldCom, businesses are focusing more on compliance with the law alone rather than building cultures where lying is not tolerated (McConnon, 2007). However, employers can use preventive steps to build an honest and satisfactory work environment. This article began by defining what a lie is. Next, a discussion of the increasing use of lying was provided. Thereafter, when and why people lie were addressed as well as certain rewards and costs for lying behavior. Neutralization strategies for balancing costs and rewards were presented along with how to spot a lie, and the most difficult lie to detect, self-deception. The paper is concluded with a section on how to build honesty. Even though lying is common, it is useful and hard to detect. So, if you do not fancy the whole truth and nothing but the truth, just remember "You can fool all the people some of the time; you can even fool some of the people all of the time; but you can't fool all of the people all the time." (Abraham Lincoln and P.T. Barnum)

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