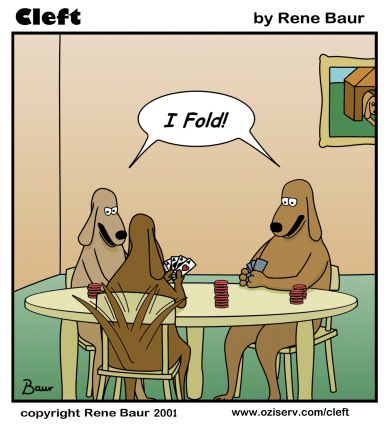
# A Complex Relationship with the Truth: Bluffs, Secrets, and Feedback

Many ethical issues in business revolve around issues of honesty and trust. This is because the pursuit of profits and professional advancement can, at least in some cases, lead to situations where it is advantageous to deceive (or at least mislead) customers, coworkers, suppliers, regulators, competitors, and others. While it is easy to say things like “Honesty is the best policy,” it is much more tricky to figure out how this applies to many common business practices (such as bargaining over wages, or bidding for contracts) that seem to presuppose that that people are not entirely “honest.”

## “The Game of Business”: Carr on the Ethics of Bluffing

In his famous article, “Is Business Bluffing Ethical?” (1968), Albert Carr argues that the moral norms governing the business world are very different from the moral norms that hold in the rest of society. In particular, Carr thinks that the moral norm of truth-telling does not apply to business in the same way that it does to the rest of your life. So, for example, while it is (usually) morally wrong to intentionally deceive one’s friends, family, or neighbors, Carr argues that is often morally OK to do this when one is engaged in business. While one cannot simply lie, one can **bluff,** or represent one’s own position as being different than it actually is. So, for example, a used car dealer can (justifiably, in Carr’s view) try to convince a potential customer to buy a car at well above the seller’s **reservation price,** or the lowest price the seller would *actually* be willing to accept. Potential car buyers can, in turn, attempt to mislead the dealer about *their* reservation price, by saying things like “I absolutely can’t afford more than $7,000” (when they’d actually be willing to pay $9,000).

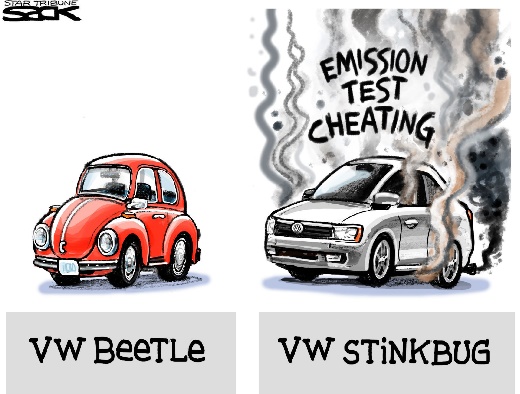
**Is business a game?** Carr compares the ethical norms of business to those governing competitive games like poker. While there are clearly some moral norms of poker (no hiding aces in your sleeve!), these are not the same moral norms that govern the rest of life. In poker, one is *expected* to do whatever one can (within the rules) to win the most money, even when this involves deceiving other players. Any poker player who refused to recognize this, and honestly told their competitors about their hand, would almost surely lose their money quickly. Carr holds that something similar holds for business—any business person who *didn’t* engage in tactics such as bluffing would place themselves (and their business) at a serious competitive disadvantage. On Carr’s account, then, complete honesty is simply *incompatible* with success in business.

**Is doing the bare minimum enough?** Carr recognizes that there are clear cases in which business behavior has harmed society as a whole: food producers have mislabeled foods, auto makers have produced vehicles they know are unsafe, and private businesses (such as schools, utilities, medical facilities etc.) have misused public funds that are “supposed” to be used for the common good. Carr argues, however, that businesses have no obligation to do anything more than follow the *letter* of the law. If their actions violate the spirit of the law, or if they lead to widespread harms, this is NOT the business person’s responsibility. Instead, Carr argues that it is *society’s* responsibility, since they could prevent these harms by passing stronger laws, hiring more regulators, and so on.

Figure Success in business negotiations, as in poker, may sometimes require deception.

**Criticisms of Carr.** There are a number of criticisms of Carr’s argument. One complaint concerns his potential confusion between descriptive ethics (“How do business people currently act?” or “What are the laws governing business right now?”) for a normative question (“How *should* business people act?” or “What *should* the laws be?”). This leaves open the possibility that the current way of doing things is not the *best* way of doing them. While Carr may be correct in claiming that, *given the way the world is,* a business person has no choice but to “bluff,” he doesn’t provide any argument for thinking this aspect of business practice couldn’t (or shouldn’t) change, either at the level of individual firms, or throughout society. Another criticism concerns the strength of his conclusion. Many writers on business ethics have been willing to grant Carr’s general idea that “bluffing” is sometimes (but not always!) morally acceptable. At times, however, Carr comes close to endorsing a much stronger conclusion—that “anything goes” in business so long as you don’t get caught—that is much more controversial (and is in fact widely rejected). This conclusion is, in any case, not very well-supported by Carr’s poker analogy, since the people *harmed* by unethical business activity are often “innocent bystanders,” as opposed to willing participants in a competitive game with well-understood rules and stakes.

## Bok on SecreTs, for good and Bad

A second set of moral issues related to honesty concerns the role of *secrecy* and *privacy* in the world business. As with bluffing, it seems plausible that the norms governing these are *different* in the business world than they are in private life. These concerns show up in various ways:

* What sorts of information are businesses *morally* allowed to conceal from their competitors? Their customers? Government regulators? On the one hand, a functioning free market requires that firms be permitted *some* level of concealment from one another; on the other hand, allowing too much concealment makes it much more difficult to uncover cases of fraud, abuse, or corruption.
* What sorts of “private” information—regarding health, relationship status, substance use, religious practices, political activities, etc.—are business *employees* morally entitled keep secret from their employers, or from the government? Again, there is a clear tradeoff between the individual employees’ wellbeing, and the “greater good” of those whose lives are affected the employee’s choices.

Figure In 2015, it was discovered that some Volkswagen cars had been secretly designed to "cheat" on emissions tests. The increased emissions may have led to 50+ premature deaths in the US. It is important to remember that laws protecting “private” corporate data can also enable wrongdoing.

**Secrecy vs. privacy.** The philosopher Sissella Bok (1989) defines **secrecy** as “intentional concealment” and **privacy** as “the condition of being protected from unwanted access to others.” She notes that, while these are related, they are not the same thing. For example, governments and corporation often have secret meetings regarding plans whose *effects* are not private. Similarly, one’s “private” life (especially if involves social media) need not be all that secret. Partially because of this, Bok rejects the (simplistic) view that that giving individuals (or businesses) more power to keep things “secret” is an inherently good thing. So, we need to be very careful when businesses claim a “right to privacy” to justify keeping secrets (the contents of which may well be anything but private).

**The benefits and harms of keeping secrets.** On the other, Bok also rejects the idea that keeping secrets is akin to lying, or that it is inherently morally wrong. In fact, she argues that giving people (and, presumably businesses) some power over what stays secret is *necessary* for the formation of personal identity, long-term planning, the execution of these plans, and even for preserving a notion of “private” property. Like Carr, Bok rejects the idea that we should continually aim for “more honesty” or “more openness.” Unlike Carr, however, Bok explicitly recognizes that keeping secrets can have both morally good and morally bad effects, and that these will need to be carefully weighed when considering what ought to be done in a particular case.

## Case Study: Giving Effective Feedback

To be clear, instruction—telling people what steps to follow or what factual knowledge they’re lacking—can be truly useful: That’s why we have checklists in airplane cockpits and, more recently, in operating rooms. There is indeed a right way for a nurse to give an injection safely, and if you as a novice nurse miss one of the steps, or if you’re unaware of critical facts about a patient’s condition, then someone should tell you. But the occasions when the actions or knowledge necessary to minimally perform a job can be objectively defined in advance are rare and becoming rarer. What we mean by “feedback” is very different. Feedback is about telling people what we think of their performance and how they should do it better—whether they’re giving an effective presentation, leading a team, or creating a strategy. And on that, the research is clear: Telling people what we think of their performance doesn’t help them thrive and excel, and telling people how we think they should improve actually hinders learning. (Buckingham and Goodall) [[1]](#footnote-1)

One of the more ethically challenging aspects of working in any sort of leadership role involves giving effective *feedback* to your subordinates or peers. So, suppose someone that you supervise has been struggling in certain (important) aspects of their job. On the one hand, failing to give such feedback can have disastrous consequences for both the organization (since the bad work will likely continue) and quite possibly for that employee as well (after all, if they don’t learn to improve, they might eventually lose their job). On the other hand, recent research has suggested that giving poor feedback can actually make things *worse* (in the straight-forward sense that it will actually make people worse at their job).

In particular, Buckingham and Goodall have argued that some common practices/beliefs about feedback (basically, they oppose the idea that you should focus on telling people what they did wrong, and describe step-by-step how to do it better) don’t work, at least for the sorts of *general* abilities that managers are often trying to assess in their employees (e.g., it’s fine to give step-by-step feedback on how to use MS Word when the person doesn’t understand a particular function; the problem is when you start trying to give feedback on “how to be a good office manager” or “how to be good at sales.”). They link the popularity of this sort of feedback to three mistakes:

1. **We (incorrectly) think that we can consistently see important “truths” about employees that they can’t see.** It’s tempting for supervisors to think that, because of their experience/training, they can “see” certain personality characteristics that the employee themselves can’t see (for example, that the person is rude, or sloppy, or anxious, or whatever). However, research has repeatedly revealed that we are NOT good at making these sorts of judgements about other people (instead, we are heavily biased based on all sorts of irrelevant factors, from appearance to accent to shared culture to sex/gender, etc.).
   1. *What to do instead?* Talk to the person about what *they* feel their strengths are, and how they’ve used these in the past. Help them apply these strengths to the new position.
2. **We (incorrectly) think we can “teach” people to improve by pointing out what they are lacking.** Most managers supervisors achieved their positions by being good at their jobs. With this is mind, its easy to think that they can \*improve\* those who are falling short by holding up themselves as models (“you’re not good at writing ads, but Don Draper is good at it. You should just copy whatever he does.”). Again, though, research doesn’t support this idea about learning, at least for these general sorts of skills (again, this works perfectly well for teaching more concrete things!). Instead, it seems that people achieve the same sort of “excellence” (e.g., “being a good goal-keeper in soccer” or “being a good three-pointer shooter in basketball”) in all sorts of ways, with each person building on their own (existing) strengths.
   1. *What to instead?* Make sure to emphasize “positive feedback”—highlight the sorts of things they seem to do well/differently (or, at least, the sorts of things they seem to show potential for).
3. **We (incorrectly) think there is a unique “form” of being “good” at your job.** As the previous point illustrates, there are generally LOTS of ways of being “good” at any given skill, and we should NOT assume that what “worked for us” will always “work for the people we supervise.”
   1. *What to do instead?* This doesn’t mean you shouldn’t share your experience; it’s just that you shouldn’t assume that your path to excellence will necessarily be the same one as your employees.

It’s important to note that not everyone agrees with Buckingham and Goodall on their claims re: feedback (and, in particular, on their strong claims about the importance of avoiding negative feedback). So, for example, some critics[[2]](#footnote-2) have argued that **constructive criticism** also has a place, so long as this criticism is *specific* (make sure it describes something that can be directly observed, both by you and the person being criticized) and *actionable* (you need to be able to describe precisely what it is they need to different; don’t just say “you need to be better at this.”).

## Review Questions

1. Do you agree with Carr’s idea that the “ethics of business” are like the “ethics of poker”? To what extent is this true? To what extent is it false?
2. In recent years, many businesses (including Google, Microsoft, Apple, and others) have been asked by the government to hand over customer data to allow the government to identify potential terrorists. If you were the CEO, what you do about such requests? Suppose that you are neither legally required to do so, nor legally forbidden to do so, as has sometimes been the case.
3. Give an example of some (hopefully memorable) feedback that you have either given or received (from a supervisor, teacher, etc.). According to the guidelines above, was this feedback helpful? Unhelpful? How do you think it could have (realistically) been improved?

## For Further Reading

* Allhoff, Fritz. 2003. “Business Bluffing Reconsidered.” *Journal of Business Ethics* 45 (4): 283–89.
* Bok, Sissela. 1989. *Secrets: On the Ethics of Concealment and Revelation*. Vintage.
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* Phoel, Cynthia M. 2015. “Feedback That Works.” *Harvard Business Review*. Accessed December 29. <https://hbr.org/2009/04/feedback-that-works>.

1. Marcus Buckingham and Ashley Goodall, “The Feedback Fallacy,” *Harvard Business Review*, March 1, 2019, https://hbr.org/2019/03/the-feedback-fallacy. [↑](#footnote-ref-1)
2. Craig Chappelow and Cindy McCauley, “What Good Feedback Really Looks Like,” *Harvard Business Review*, May 13, 2019, https://hbr.org/2019/05/what-good-feedback-really-looks-like. [↑](#footnote-ref-2)