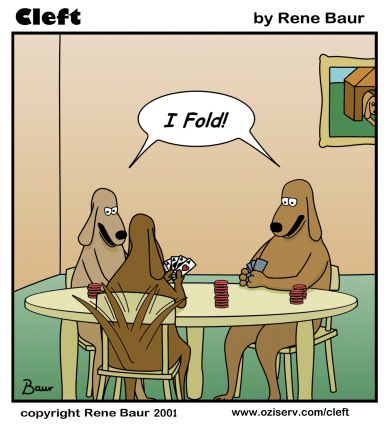
# Bluffing, BullshiTting, and Plain Old Lying: Honesty in Business

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).

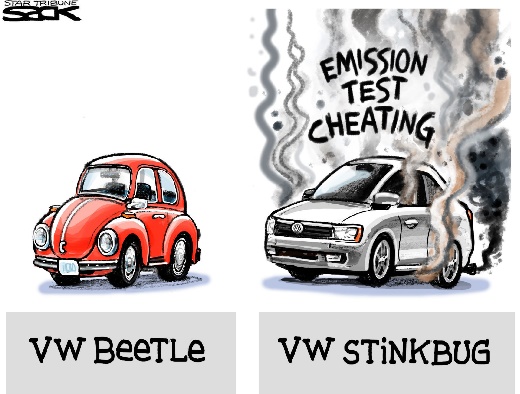
**Is business a game?** Carr compares the ethical norms of business to those governing competitive games like poker. While there are clearly some moral norms of poker (no hiding aces in your sleeve!), these are not the same moral norms that govern the rest of life. In poker, one is *expected* to do whatever 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 1 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 2 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 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



Figure Like Dilbert's boss, most of us have a tendency to evaluate others based on criteria that we don't make clear to them (or even to ourselves). While this doesn't (always) \*consciously\* involve deception, it nevertheless raises moral problems.

**The moral obligation to give honest criticism.** Many businesses hire outside consultants to evaluate various aspects of their business practices and make suggestions for improvements. In many cases, however, these consultants face a moral dilemma: on the one hand, their contractual obligation to aid the business (and moral obligation to follow relevant laws) requires that they be *honest* about the various shortcomings they discover. On the other hand, however, the owners and managers of businesses (like most people) are often strongly attached to their current ways of doing things, and often have bad reactions to a consultant’s negative feedback (and they may not make the changes suggested in any case). This, in turn, may make it less likely that they will hire this consultant in the future, and may lead to a consultant acquiring a “bad reputation” among potential clients. This same sort of problem occurs when supervisors attempt to provide feedback to those they supervise, or when peers attempt to evaluate one another. In these cases, the desire to avoid “hurt feelings” or “bad reactions” makes it difficult to provide substantive criticism, even where this criticism is appropriate (and could be helpful).

**What can be done?** While the issue of providing effective feedback is often addressed in books on management and business, it’s important to remember that this question has a moral dimension, as well. Managers and supervisors, for instance, plausibly have moral obligations *both* to the business that employs them AND to help their employees’ professional development. It is important to distinguish these moral obligations from the more practical, self-focused concerns that also play a role in our decision-making: the desire to avoid stressful confrontations, to look good in front on one’s superiors, and so on. So, how can all of these things be balanced? While there is no hard-and-fast guideline that applies to every situation, a few common ideas include the following:

* **Describe behavior, don’t evaluate character.** Feedback should focus on specific behaviors, rather than on general “character” issues. If you describe a person as “dishonest”, “lazy,” or “sloppy,” they will (quite reasonably, in many cases) interpret this as a claim that you think they are a bad person. Moreover, this doesn’t actually identify what *specifically* they can do to improve. (While this rule seems like an obvious one, it can be a tough one to follow when you are angry or upset.)
* **Give feedback promptly and regularly.** People don’t benefit (much) from getting an annual list of things they did “well” or “poorly.” With this in mind, it’s much more helpful to provide feedback as soon as realistically possible, given the inevitable time constraints. This is especially true of negative feedback, since allowing things to “fester” out of a desire to avoid a confrontation doesn’t benefit either the business or that person, at least in the long run.
* **You can’t always trust your gut.** Most of us have strong, intuitive “gut” feelings regarding the moral behavior of others (for good or for bad). In many cases, these feelings are valuable indicators that something is going on that is worthy of our attention. However, it is important to remember that these gut feelings are often *mistaken* (among other things, studies have consistently shown that we place far too much weight on “first impressions,” and don’t revise these in the light of new evidence). With this in mind, it is important to remember that however certain you “feel” that a given person is in the wrong, it is possible *you* are wrong. To ensure your evaluation is accurate, you’ll need to actively seek out evidence for “their side of the story”—listening to what they say, examining potential shortcomings in your own initial evaluation, and so on.

# More Trust, Less Bullshit

Developing a culture of “trust” is crucial to the long-term success of almost any institution, from romantic relations to families to sports teams to military organizations to entire nations. This is true of business, as well. If employees cannot trust their coworkers or managers to “do their part” for the team, or to provide honest feedback when asked, it is almost impossible to accomplish any large-scale task. This is a problem with both moral and nonmoral dimensions, since a lack of trust harms not only the individuals who work there, but often the business profits as well. With this in mind, we’ll be taking a look at what exactly *trust* is, and how it might be effectively cultivated.

## What Exactly is trust, Anyway?

**Trust as an intrinsically moral process.** Robert Solomon and Fernando Flores argue that **trust**is, among other things, a “dynamic aspect of human relationships. It is an ongoing process that that must be initiated, maintained, sometimes restored, and continuously articulated. Trust isn’t a social substance or a mysterious entity; trust is a social practice, defined by choices.” In defining trust in this way, they want to emphasize that trusting somebody is something you *do,* rather than something you *know.* So, for example, it is tempting to think that “trusting” a given person involves knowing certain things about them: for example, that they are the sort of person that can be depended on to keep their promises. One problem with this view is that, absent a trusting relationship, it is very difficult to see *how you could possibly know such things.* This isn’t to say that you should simply trust people blindly—it’s just that trusting will always involve a risk that isn’t fully supported by your knowledge.

Solomon and Flores also reject the idea that trusting people is simply a manner of pursuing (self-interested) efficiency. So, for example, they would reject the idea that thoughts like “Well, I have to trust this person, because it’s the only way the job will get done” represent genuine trust. By contrast, they argue that trust is a fundamentally *moral* notion—people morally deserve (or morally don’t deserve) our trust. While trust often has the *effect* of allowing us to increase business efficiency, this isn’t the essential “nature” of trust.

**OK, so what exactly does trusting someone mean?** Carolyn McCleod argues that **trusting** requires that we are:

1. “vulnerable to others (vulnerable to betrayal in particular);
2. think well of others, at least in certain domains; and
3. be optimistic that they are, or at least will be, competent in certain respects.”

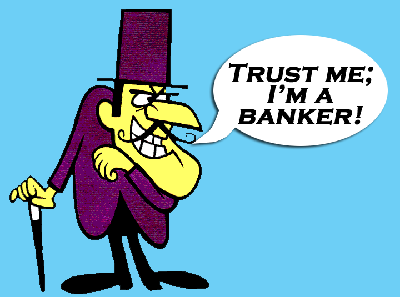
So, trusting someone involves taking a *risk—*if the person chooses to betray us (or if they simply aren’t competent to do the task we’ve trusted them to), this will genuinely harm us. Trusting also involves a certain sort of belief—that the trustee is a “good” person, in certain non-trivial respects (she won’t betray us, she’s good at her job, etc.). McCleod these conditions to be uncontroversial. She also notes a fourth condition which IS controversial:

1. we are “optimistic that the trustee will have a certain kind of motive for acting.”

To see why this last condition is controversial, an example may help. Imagine that you work for a successful company with trustworthy leadership. Employees look out for one another, and violations of company policy are usually discovered and punished appropriately. Now imagine that you have a coworker Jones who you have good reason to believe (based on things you know about his private life) is a bit of lazy jerk—when it is possible, he regularly takes advantage of others to benefit himself. Can you trust Jones at work? According to some theorists, the answer might be “yes,” so long as your business culture ensure that it is *in Jones’ self-interest* to not betray you (if he did betray you, he’d be punished). According to other theorists, the answer is “no,” since we only trust people whose motives are *good* (“I trust Jane, because she genuinely cares about my well-being.”)

Figure 4 In the Lord of the Rings, can Frodo and Sam (right) trust the villainous Smeagol (left)? Smeagol’s cooperation is ensured solely by self-interest (find the ring, avoid punishment), and NOT by genuine concern for the heroes.

## How to Build a Culture of Trust

A number of authors have argued that there is growing “culture of distrust” in ordinary people’s attitudes toward both government and business, especially in the areas of finance and banking. Tamar Frankel has argued that this growing culture of distrust may actually lead to greater long-term harms than will the acts of fraud or malfeasance that have inspired it. However, she also argues that there are definite steps involving moral norms, laws, and market mechanisms, we can take to rebuild a culture of trust.

**Why trust matters.** Frankel begins by defining *culture* as “social habits,” or as the sorts of things we do “without second thought.”. She defines *trust* as the “reasonable belief that trusted persons will (1) tell the truth and (2) keep their promises.” So, where a culture of trust assumes that people can be trusted (until evidence shows otherwise), a culture of distrusts assumes that people CANNOT be trusted, except in special cases. Among other things, those living in a culture of distrust will have a much harder time getting things done, and building effective institutions. (The political scientist Francis Fukuyama has argued that a society’s level of trust is one of the most important predictors of how effective and fair the government is). On an individual level, people living in a culture of distrust may be reluctant to invest their money, to start new businesses, and even to pay taxes for common goods.

Figure Beliefs such as "bankers have become more untrustworthy in recent years" can cause significant harm to ordinary people, regardless of this belief’s underlying truth.

**Problem 1: Changing moral norms.** It is plausible some parts of our moral judgement are instinctive—for example, the vast majority of humans feel empathy for those in obvious pain, and feel angered by obvious “unfairness” (studies have increasingly shown that chimps respond similarly). Similarly, there is some sense in which an ability to “trust” may be part of our biological hardware. However, this capacity can be significantly strengthened or weakened by our education. So, for example, Frankel suggests that certain aspects of business and economics education (the emphasis on rational, self-interested behaviors) may contribute to the growing culture of distrust, since these models (implicitly) encourage those going into business to adopt these sorts of behaviors.

**Problem 2: Weakening protection of the law.** Starting in around the mid-1970s, governments have increasingly deregulated various markets (such as telecommunications, housing, securities, and so on), and have weakened various “consumer protection” regulations. The idea behind this “market regulation” was that, so long as companies provided their customers with all of the relevant information, customers should be free to do whatever they want with their money. However, because this information was often too complex for consumers to understand, these changes could (and did) lead to cases where customers lost large amounts of money.

**Problem 3: The increasing scope of the market.** Defenders of market regulation note that the market can (and does) punish untrustworthy companies who exploit their consumers—after all, when their bad behavior is discovered, no one will do business with them in the future. Frankel grants this point, but argues that allowing the market to enforce violations of trust is often much more costly and painful than would solutions based on morality and the law. This is not to say that she thinks the market has no role whatsoever—it is simply that the market (by itself) cannot be counted on to rebuild a culture of trust (which will itself have long-term negative consequences for the market).

While Frankel is writing mainly about the effect of trust on society as a whole, these same factors also apply to individual organizations and businesses. Business environments which have an “every employee for themselves” culture, that fail to enforce effective policies concerning employee’s treatment one another, or that default to a “hand’s off” philosophy of handling intra-employee conflict are likely to be low in trust. Conversely, high trust environments are those where everyone feels they are on the same “team,” where policies governing bad behavior are enforced, and where those who are victimized can expect to be supported by their colleagues and supervisors.

## Bullshit and the Importance of Caring About the Truth

*“One of the most salient features of our culture is that there is so much bullshit. Everyone knows this. Each of us contributes his share. But we tend to take the situation for granted. Most people are rather confident of their ability to recognize bullshit and to avoid being taken in by it. So the phenomenon has not aroused much deliberate concern, or attracted much sustained inquiry. In consequence, we have no clear understanding of what bullshit is, why there is so much of it, or what functions it serves. And we lack a conscientiously developed appreciation of what it means to us. In other words, we have no theory. I propose to begin the development of a theoretical understanding of bullshit, mainly by providing some tentative and exploratory philosophical analysis. I shall not consider the rhetorical uses and misuses of bullshit. My aim is simply to give a rough account of what bullshit is and how it differs from what it is not, or (putting it somewhat differently) to articulate, more or less sketchily, the structure of its concept.” (Harry Frankfurt, “On Bullshit”)*

“On Bullshit” is a 1986 essay by the philosopher Harry Frankfurt. In 2009, it was made into a (very short) book, and Frankfurt appeared on the *Daily Show*, among other places. In the essay, Frankfurt tries to define **bullshit,** and argues that the tendency to “bullshit” is, in many cases, a much bigger problem for people and organizations than is out-and-out lying.

** Bullshit v. Lying.** A *liar* is someone who deliberately tries to get other people to believe something that he or she believes to be false. Lying requires that you consider what is really true, then figure out how to deceive your audience. By contrast, **bullshit** just requires that you try to present a certain image of yourself, regardless of whether this is based on truth. For the bullshitter, the truth or falsity of what they say is simply *irrelevant.* What they care about is the impression their audience—“Wow, that person sounds smart! They can really relate to me, and I can tell they’ve really thought about this issue.” The prototypical liar would be a salesperson who *knows* the product is bad, and consciously conceals this from the consumer. The prototypical bullshitter, by contrast, is a salesperson who has simply never seriously thought about whether the product they are selling is good or bad, since this is basically irrelevant to their job. The things they say to the customer don’t count as lies (since they don’t involve conscious deceit), but this certainly doesn’t mean they are true (since the bullshitter simply says whatever the customer wants to hear).

**Bullshit as an enemy of truth.** Frankfurt claims that bullshit is a “greater enemy of the truth than lies are.” Why? Both the habitual truth-teller and the liar have to pay attention to the way things really are when they speak. Habitual bullshitters, by contrast, simply say whatever strikes them. They pay no attention to the external world. In this sense, bullshit is a greater danger to communication than is lying. A workplace filled with bullshit is one where it’s very difficult to trust people to follow through on what they’ve said (since there’s no guarantee they actually meant what they said).

**Why is bullshit so widespread?** People are often asked to express opinions (in school, in the workplace, on social media, etc.) on complex scientific, business, political, or moral issues that they basically know nothing about. So they bullshit. People (falsely) believe there is no “right answer” about these important issues, and that “all opinions are equal.” So, they express their sincere beliefs about the issues without making any effort to consider how these beliefs relate to anything they believe, or how they relate to the evidence.

## 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?
4. What are some specific methods that a business might establish trust among its employees? What sorts of policies or behaviors do you think *interfere* with building trust? Defend your answer with information from the reading and/or from your own experience.
5. In what sorts of contexts do you think peoplemost likely to bullshit within the business world? Do you agree with Frankfurt’s argument that our tendency to “bullshit” is a major problem? Why or why not?
6. Do you think it is possible (or desirable) to build a “more trusting” society? What sorts of laws, policies, or institutions would this require?

## For Further Reading

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