Two Practical Guidelines for Resolving Truth-Telling Problems

J. Brooke Hamilton, III
David Strutton

ABSTRACT. The news reminds us almost daily that the "truth" is apparently not highly valued by many in business. This paper develops two prescriptive standards – the Expectation and Reputation guidelines – that may help businesspeople avoid violating clearly accepted truth standards. The guidelines also assist in determining whether truth is required in circumstances where honesty seems in conflict with the practical demands of business. A discussion of why, when and how these guidelines may be applied to facilitate truth-telling by business organizations follows, along with illustrative examples.

The deceptively simple matter of truth-telling presents an ongoing problem for business practitioners. No matter what business scandal is considered – and history offers numerous examples – it has usually involved some aspect of a failure to tell the truth (Howard, 1992). Whether the misrepresentations have been targeted toward customers, stockholders or regulators, truth is apparently not highly regarded by many in business (Green, 1992). These disheartening trends appear unlikely to improve on their own in the near term – for example, two of five college students indicated they had recently lied to a boss and a survey of high school students indicated the same disturbing willingness to be dishonest (Morin, 1992; Manion, 1992).

The standards for honesty in the conduct of business appear clear. Norms exist within the American cultural traditional prescribing "honesty as the best policy" and that "one should always tell the truth." As many as 95% of the truth-telling problems that occur in the American marketplace involve violations of such overtly accepted standards (Velasquez, 1992). When, for instance, defense contractors bill the government for time spend on civilian projects or investment bankers misrepresent the safety of bond issues, few question whether their actions are wrong.

A fundamental problem associated with the issue of honesty in business, then, is how to motivate people to do what they already know is right – to avoid *violating accepted standards* of honesty (a "violations problem"). A related issue involves the business decision maker's *uncertainty regarding whether absolute truth standards apply* in a given situation (an "uncertainty problem"). These situations extend to all manner of transactional (exchanging information, ideas, goods, services, or money) dilemmas in which business people do not know whether, or to what degree, truth-telling is morally required (Bok, 1978). Should suppliers promise delivery on a date they know can not be met it similar misrepresentations are common within this particular industry?

J. Brooke Hamilton III, Assistant Professor of Management, University of Southwestern Louisiana. He was head of the Philosophy Department at Tuskegee Institute, worked 14 years in industry, and returned to academe after receiving his M.B.A. His work appears in the Journal of the Southeastern Academy of Legal Studies in Business *and the Proceedings of the Southern and Southwestern Marketing Associations.*

David Strutton is the Acadiana Bottling Professor of Marketing at the University of Southwestern Louisiana. Strutton's research has appeared in the Journal of Advertising Research, Journal of the Academy of Marketing Science, Journal of Business Research, Journal of Macromarketing, Journal of Personal Selling & Sales Management, *and* Psychology & Marketing, *among other outlets.*

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Or, are negotiators ethically required to tell the truth about their final offers? The issue of *how much* truth is appropriate in such situations is difficult to resolve. Individuals facing such decisions in the press of the work day are torn between absolute moral standards requiring truth-telling and a need for realistic and effective business behaviors in a competitive world. Since practitioners generally have no convenient way to resolve such conflicts, they often conclude moral considerations are not relevant to the conduct of business (DeGeorge, 1990).

Organizations which remain committed to ethical behavior in the face of these problems have several strategies for dealing with honesty issues. Companies can adopt ethical codes (Keough, 1988; Hoffman and Petry, 1992) or restructure their organization or psychological culture in ways that inspire ethical behavior (Strutton *et al.*, 1993; Waters, 1978). Ethics training sessions can be held. A commitment toward telling the truth to all stakeholders can be emphasized as part of a total quality management approach (Axline, 1991; Mason, 1992). As longer term strategies, business schools can teach a virtue-centered approach to ethics (Paine, 1991) or teach future managers how to employ ethical theories in problematic cases (Boatwright, 1993). However, given the pervasiveness of *violation* and *uncertainty* problems associated with truth-telling, additional approaches are needed.

Research objectives

Our first objective is to introduce two simple decision rules (hereafter: guidelines) that can help business practitioners understand why honesty is required in the marketplace. These guidelines will also provide an easily accessible vocabulary to express this obligation. The second objective is to illustrate how these guidelines can be used to resolve uncertainty over whether truth-telling is morally required in particular situations. If individuals understand why truth-telling is required they may be less likely to *violate* accepted standards of honesty and better able to resolve *uncertainty* over whether a standard of truth applies with a given setting. The guidelines can not be used to prove to individuals that they must be ethical or must tell the truth. A fundamental feature of ethical behavior in cultures and markets that value individualism is that ethical principles must ultimately be self-imposed if they are to have the desired effect (L'Etang, 1992). Individuals and firms that are already committed to ethical conduct will be able to use these guidelines to resolve ethical dilemmas.

The truth-telling guidelines

Truth involves the conveyance of objective, trustworthy information or knowledge (Hunt, 1992). The acts of telling the truth, failing to disclose the truth, or lying in a business encounter intrinsically involve the communication of some message through verbal, written or visual mediums. The speaker, writer or producer (the message sender) conveys this information to a listener, reader or viewer (the message receiver). In business transactions, honesty requires senders to provide what is believed to be accurate information to their target audience with the intention of informing each receiver as to the facts. Senders are acting honestly when they provide partial information or no information if they have no intention to mislead. Dishonesty, or lying, involves the delivery of false, partial, or no information, with the intention to mislead. It is no less dishonest to mislead by a failure to disclose than by an outright falsehood if the intent to deceive is also present (Ekman, 1985).

The two guidelines that can be used to help firms understand why and when honesty in business communications requires telling the truth are offered below. They are:

1. Businesses (and their agents) should tell the truth when it is expected by the recipient of the communication (an **Expectation guideline**).
2. Businesses (and their agents) should tell the truth when telling the truth is consistent with the firm's (or the agent's) reputation for truth-telling (a **Reputation Guideline**).

To determine whether truth-telling is required

in a given situation, firms should answer two concise sets of questions that derive from these guidelines. The levels of these questions are shown in the Truth-Telling Decision Tree (Fig. 1)

The expectation guideline

The Expectation guideline states that when firms are expected to tell the truth in a situation they are also morally obliged to tell the truth in that situation. The nature and scope of receiver expectations can be evaluated at three distinct levels. Firms need to inquire whether the recipients of their business communication have a right to expect the truth, whether a reasonable person would expect the truth, or whether this particular person actually expects the truth *in this situation*. If the answer is yes at any of these levels, then the firm has an obligation to tell the truth. If the recipient has no basis to expect the truth at any level, the firm's evaluation of the ethical decision outcome in this situation should proceed to the Reputation guideline.

Level 1. Does the receiver have a right to expect the truth? This decision criteria asks whether the receiver has a legitimate expectation of the truth based on *legal, contractual* or *fundamental human* rights. For example, borrowers have a legal right to the truth concerning a loan's effective annual rate of interest that is based on federal truth in lending statues. When individuals contract with real estate agents with the intent of selling property, they have a *contractual right* to a full and truthful disclosure of what their agent knows about the transaction. Workers seeking employment have a right to the truth about potential workplace hazards because of their fundamental *human right* of self-determination (Faden and Beauchamp, 1988).

Level 2. Does the receiver have a reasonable expectation of being told the truth? This criterion seeks to establish a reasonable person standard similar to that developed in many areas of the law. The firm should actually attempt to decide whether a reasonable person in these circumstances would expect the truth. If, for example, the exchange transaction occurs within a cooperative business setting in which the message sender and recipient are collaborating for the benefit of both, then the receiver could reasonably expect a high degree of truth. Different standards of reasonableness are likely to prevail for transactional communications that take place in competitive realms. The generally accepted norms governing negotiations over scare resources of for responding to the inquiries of a competitor may allow for bluffing tactics or for withholding selected fragments of the truth. It may, in fact, sometimes be unreasonable for receivers to expect the truth in competitive environments.

Other factors can help determine the nature of "reasonable expectations" within cooperative transactional settings. First, the relative importance of the truth to the target audience should be evaluated to ascertain how much truth those individuals should reasonably expect. Individuals processing advertisements associated with health care products can reasonably expect the whole truth, in light of the consequences of misinformation. If, however, the advertising is describing the intangible virtues of an automobile – perhaps its capacity for reflecting the "heartbeat of America" – a reasonable person would not expect a strict adherence to the truth.

The opportunity that message recipients have to independently evaluate and verify claims also influences the character of "reasonable truth expectations." A pharmaceutical marketer's customers could reasonably expect a high standard of truth because of the requirement that there be extensive laboratory testing to confirm any claims. However, an experienced industrial purchasing agent might not reasonably expect the same full disclosures of product limitations from a salesperson if that information is readily available in the marketplace.

Level 3. Does the receiver actually expect to be told the truth? The *reasonable* person criteria limits a firm's responsibility for people with unreasonable expectation, e.g., the proverbial fools and drunkards. However, mentally weighing the nature of the *actual expectations* held by one's audience requires the firm to focus attention on

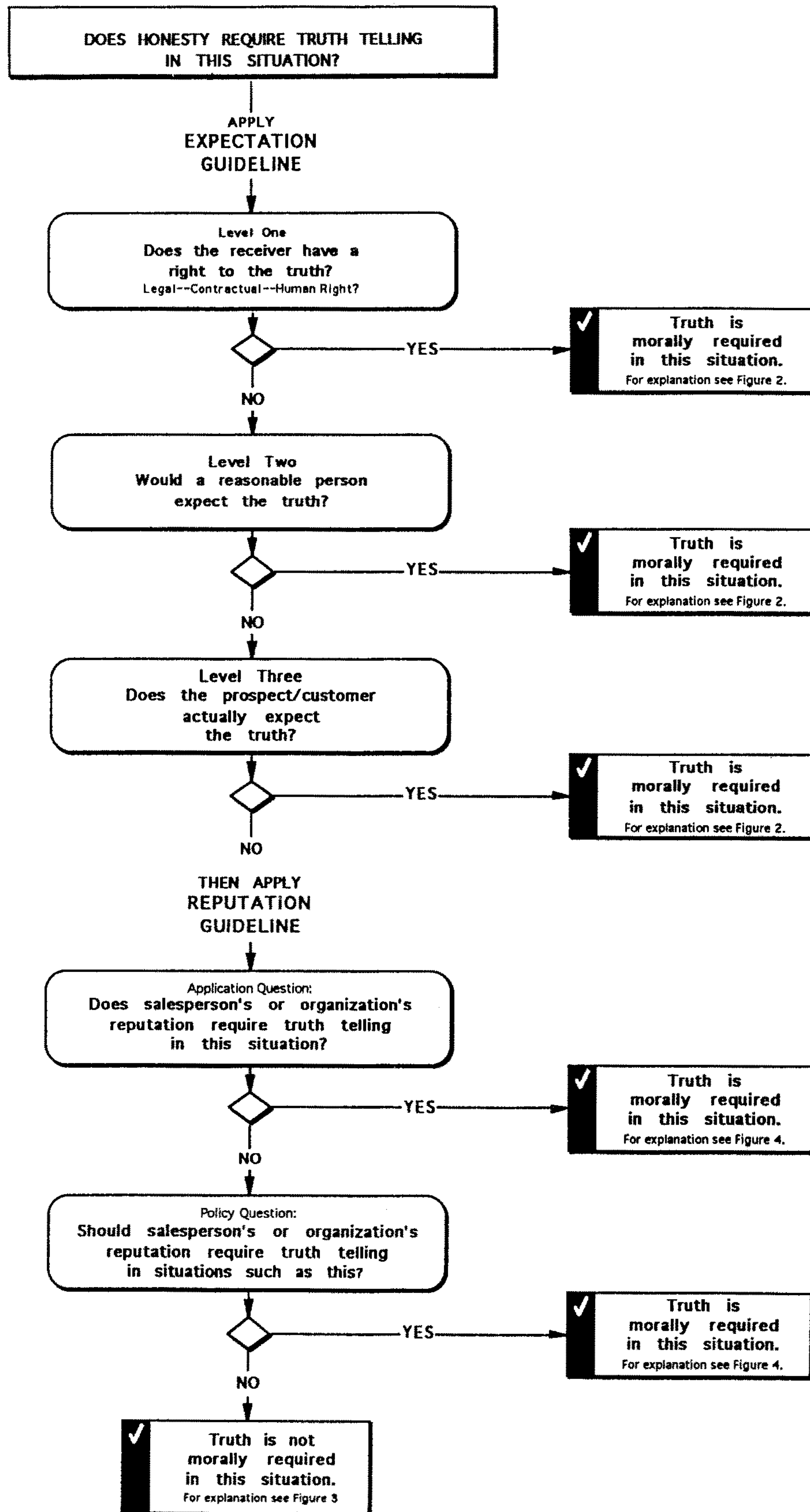

Fig. 1. Truth telling decision tree.

the special standard of care that applies when especially vulnerable individuals are the recipients of the communication. The frequent inability of children to distinguish television programming from advertising illustrates the universal need for a higher level of truth in children's advertising (Beauchamp and Childress, 1989). Practical considerations make this level of the expectation standard difficult to apply in typical business encounters. Business transactions generally lend neither the time nor a context appropriate to overtly asking whether one's counterpart actually expects the truth. Asking such a question would certainly raise suspicions of a practitioner's motives and business acumen. However, if indications of the receiver's *actual* expectations are known or can be determined in a reasonable manner, they deserve moral reflection.

Understanding the validity of expectations as guides to avoiding "violations problems"

Knowing how to apply the three levels of the Expectation Guideline is not sufficient to eliminate *violations of standards* problems. Practitioners must also understand why the expectations of others are valid guides to moral obligations to tell the truth. The Truth Telling Decision Tree (Fig. 1) indicates the decision outcomes based on the Expectation Guideline. The Explanation Module (Fig. 2) explains why these decisions have moral validity by translating the insights and justifications of ethical theories into a set of business concepts keyed to the receiver's expectations. These expectations provide the context for understanding the strong sense of obligation attached to truth-telling in the deontological theory of Kant, and in Justice and Right theories.

The clearest moral claims to the truth are based on *legal rights*. Truth-telling is important to the maintenance of a functional society, a point emphasized by the fact that certain forms of moral behavior are prescribed by law. Understanding why society sets aside certain areas for judicial attention should allow business practitioners to move beyond a cursory acceptance of the general moral obligation to obey all just laws and toward an appreciation of the moral forces supporting a particular law. Truth-in-lending requirements, for example, can be explained in terms of the consequences associated with a failure to tell the truth or of the obligations of powerful institutions toward less powerful individuals. A working knowledge of the legal requirements for the practice of business in general and for a given firm's particular area of specialty provides an appropriate starting point for avoiding violations of truth-telling standards.

Contractual rights to the truth derive directly from the exchange relationships that provide a basis for contracts to be struck. These rights derive from the implied *contractual* condition that each party, in good faith, agrees to give-up something of value in exchange for something of value. For both contracting parties to provide their genuinely informed consent to the terms of exchange, each must have available the truth about what is to be exchanged and under what conditions. Therefore, parties entering in contracts have a *right* to the truth at a fundamental level. Many of the particulars associated with the truth requirements of contracts are prescribed in the law on the basis of what is just. Another instance in which a contractual relationship establishes the requirement to tell the truth arises when an individual or organization contracts to act as an agent representing the interest of another. Insurance salespersons, for example, who represent their client's best interests have a more rigorous obligation to discuss all available options and evaluate competing products than do salespeople engaged in straight two-party sales relationships.

An understanding of the *fundamental human right* to the truth that people are owed in business transactions can be developed from two perspectives. One argument is that honesty is essential to showing others the respect they deserve. Recognizing the expectations of others expresses the respect required by the moral principle: "always treat others as ends and never simply as means" (Kant, 1963: reprint). Because the recipients of business communications generally expect truthful information as a basis for making a rational decision, business people are treating their publics only as means and not as persons

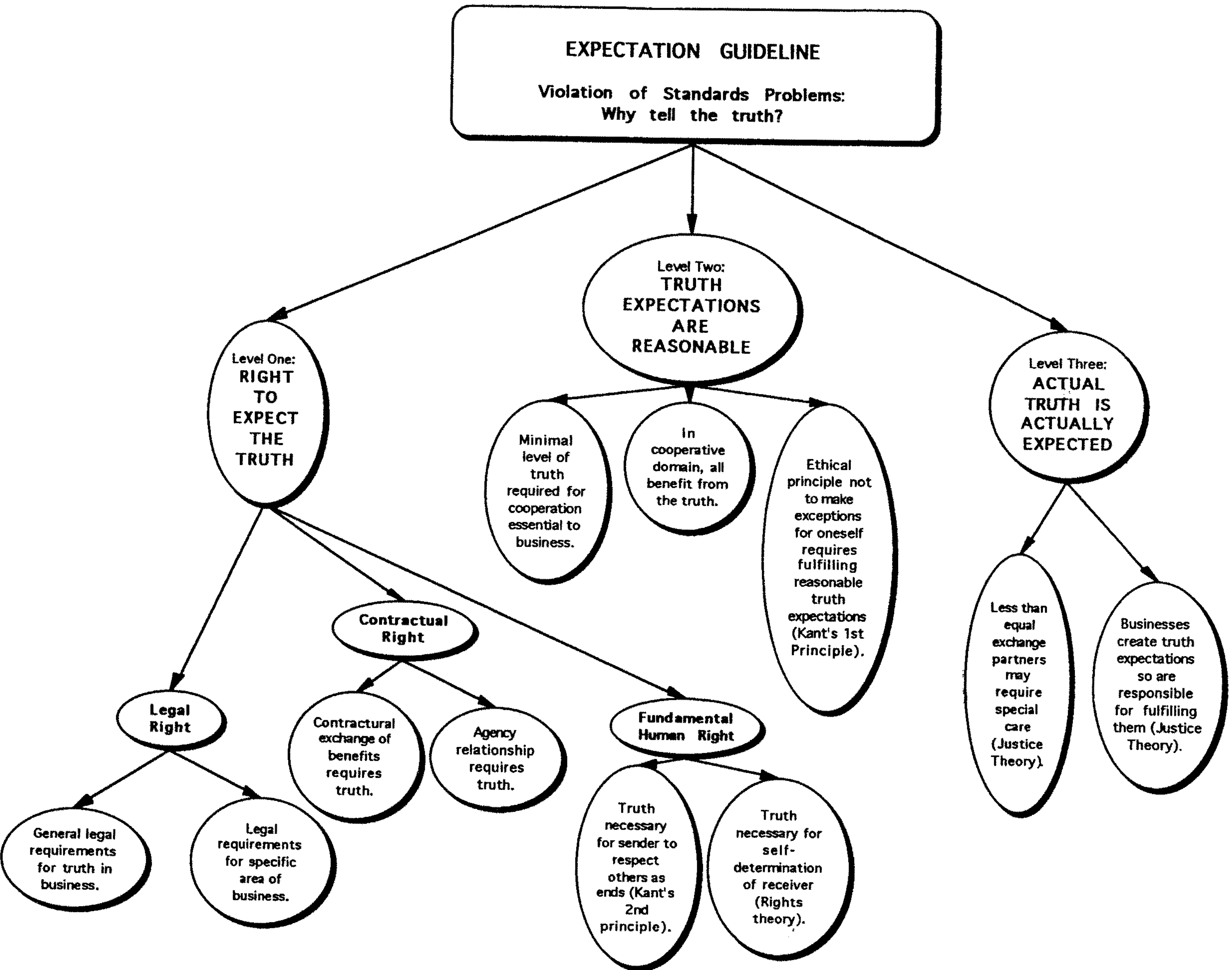

Fig. 2. Explanation module.

worthy of respect when they fail to provide an expected truth. Secondly, rights theory implies truth is essential to each transactional partner's fundamental human right to self-determination (Armentaro, 1991). Persons have a right to the accurate information needed to make informed choices regarding the type of lives they wish to live (Boatwright, 1993; Velasquez, 1992).

Understanding when it is *reasonable* for a firm's transactional counterpart to expect the truth requires the evaluation of three related issues. First, it is generally reasonable for people to expect honesty in business because just as honesty is essential to the existence of society (Kant, 1964: Reprint) it is essential to the successful conduct of business. Without a general regard for truth-telling, business as we know it would cease to function. Business people must first cooperate with fellow workers, suppliers, regulatory agencies, financial institutions, etc., to achieve or maintain the ability to vigorously compete in a capitalistic market. If customers could not trust the product claims of manufacturers or resellers, conventional purchasing acts would require untenable amounts of time. Still, honesty exists as a relative concept in business. What is "honest" in business varies on the basis of domain and transactional setting. Different industries (life insurance versus banking), geographic regions (Chicago, III. versus Carbondale, III.) or cultures (Middle Eastern versus Western) commonly display divergent perceptions of the "absolute" levels of honesty necessary for the conduct of business (Fraedrich, 1992; Hoffman *et al.*, 1991). Yet, some minimum baseline of an expectation for truth-telling remains essential for the consummation of business regardless of industry or setting. On that basis, an expectation for truth-telling in business is usually reasonable.

Second, a realization that the conduct of business is not always a "zero sum game" can establish the expectation level of truth-telling that is *reasonable*. Poker is a zero sum game in which one player's gain is another's loss. Business is sometimes conducted under zero-sum conditions where, if firm A gets the contract, firm B does not (Carr, 1968). However, business transactions also take place as an additive sum game within cooperative rather than competitive settings. There, the gain of one party contributes to the gain of other parties. When firm A obtains a contract, all stakeholders, employees and suppliers of firm A benefit, along with the business entity for whom the contract is performed. Since all parties stand to gain from these transactions, each can expect the truth from the other to facilitate the exchange. Truth-telling expectations may differ in the competitive domain, but in the cooperative domain all parties can reasonably expect the truth as a means to increasing the benefits of each.

Third, if it is reasonable to expect truth in business as a necessary condition for transactions to occur and as a means of increasing the benefits for all, are firms morally required by these reasonable truth expectations to tell the truth? Would it not be possible to let others expect the truth but have one's own firm not tell the truth? The answer is always no. If business people are committed to moral behavior, then the truth expectations of others require truth-telling. Taking the moral point of view requires one to follow universal moral rules and to not make exceptions for oneself (Goodpaster and Matthews, 1982). This implies that if it is morally acceptable for one business to lie, then all businesses should be permitted to lie. However, if everyone lied, lying would become impossible because no one would expect the truth (since none would be deceived by misrepresentations) (Kant, 1964: Reprint). The "make no exceptions" rule of morality requires everyone to tell the truth when it is expected.

The moral requirement for truth-telling when others actually expect it also derives force from justice considerations arising from the way in which *actual* expectations of truth are created in the marketplace. The corporate expends substantial effort to establish trust which can, in turn, facilitate business exchange. When insurance firms' clients expect honesty, these expectations may be in no small measure a result of the industry's promotional efforts describing how they have the client's best interests at heart (Beauchamp and Bowie, 1989). Since they are frequently responsible for creating truth expectations with the goal of benefiting from the

exchange relationships made possible by those expectations, business persons are responsible for fulfilling the expectations. Simple justice requires no less. Justice considerations also establish the claim of less than equal exchange partners to special care in honoring their actual expectations of receiving the truth. Failure to recognize their special needs would be to place an unfair share of the exchange burdens on them while taking an unfair share of the benefits.

Understanding the validity of expectations as a guide to resolving "uncertainty problems"

It is not surprising, given the conflicting interests involved in many business exchanges, that business practitioners frequently encounter situations in which they are uncertain whether, and to what degree, truth-telling is morally prescribed. The expectation standard can be applied to explain why, in special circumstances, not telling the truth (failing to fully disclose) is morally acceptable (see Fig. 3). For truth-telling obligations to be violated, the business communicator must fail to disclose information or give partial or false information with the intent to deceive while the recipient of the communication *has an expectation that they will receive the truth.* If each of these circumstances prevail there is wrongful deception. But if both parties recognize that the receiver does not expect the truth, a failure to provide it does not result in deception. The honesty of the sender is not violated. For example, Italian tax authorities expect companies to understate their income and overstate their expenses during the first stage of the process of negotiating yearly taxes. As a result, Italian businesses are not acting dishonestly when submitting a tax return which does not reflect true

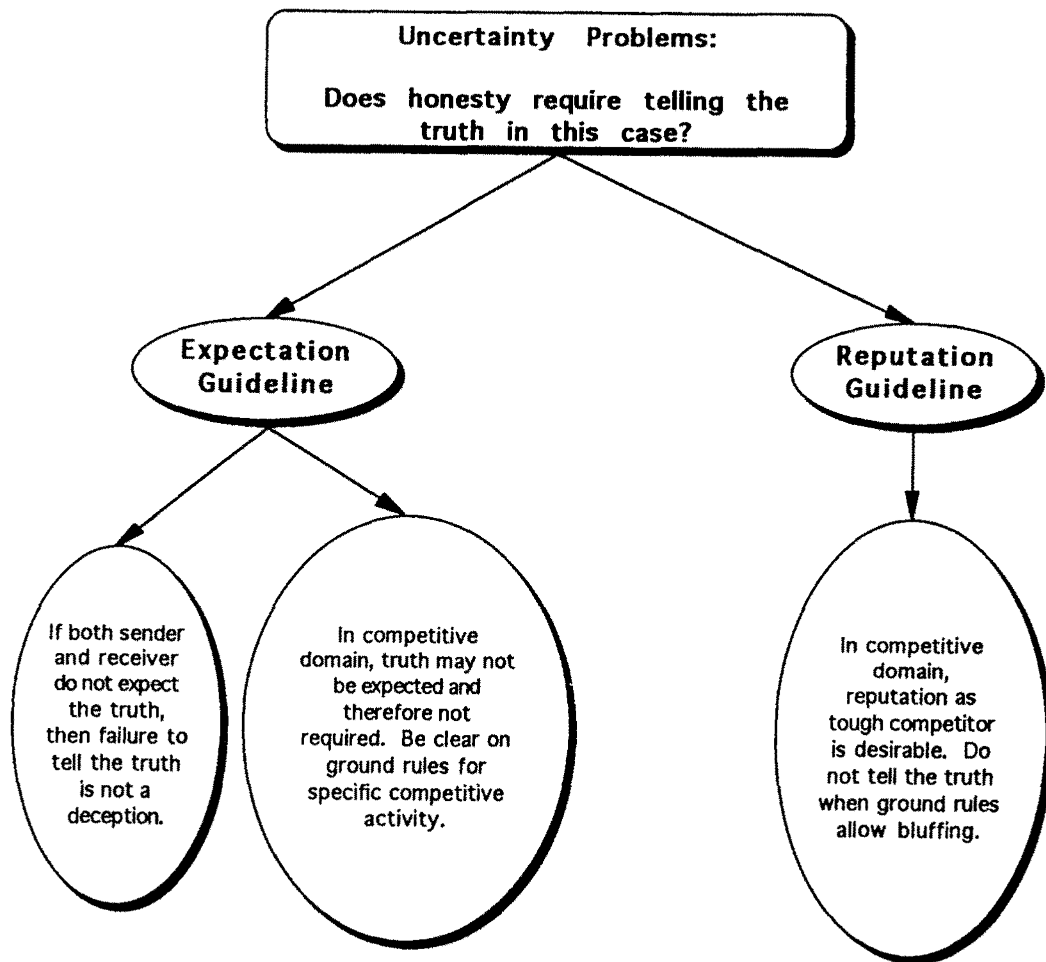

Fig. 3. Explanation module.

figures (Kelly, 1977). By contrast, because Internal Revenue Service expectations differ, American businesses act dishonestly when they submit inaccurate tax returns.

Expectations for honesty also differ in the cooperative and competitive domains of business. Truth-telling is not always expected in competitive market environments. When responding to the inquiries of competitors, businesses are generally not expected to reveal the entire truth, nor do they expect their competitors to be completely forthright. Buyers and sellers engaged in real estate negotiations typically do not expect the truth from one another regarding their genuine final price. These transactional circumstances are similar to those described in Carr's analogy comparing business to poker (1968). Bluffing is sanctioned by the mutually agreed-upon "rules" that administer such settings.

Consequently, when there is (1) no *right* to expect the truth and (2) no *reasonable* person should expect it, truth-telling is not morally required. It is necessary to establish whether the norms of competition prescribe that truth is *not* expected. If both players are performing on a level field – that is, one's counterpart is not vulnerable by virtue of his/her status as a child or some other mentally constraining condition – and there is no expectation of truth, a failure to fully disclose the truth is morally permissible. However, if truth is not required by the Expectation Guideline, businesses should then invoke the Reputation standard.

The reputation guideline

Throughout an organization's life cycle, each act of truth-telling (lying) contributes to a reputation for honesty (deceit). There is a widespread recognition of the importance of one's reputation among those in business. Individuals and organizations engage in tacit and overt public relations efforts in the hope of sustaining or cultivating reputations, advertise based on them, and even capitalize them in balance sheets as part of "good will" (Belch and Belch, 1990). Given all the evidence that the stock market is forward-looking, the value of reputational capital is actually reflected in *current* stock prices (Smith, 1992).

In deciding whether to tell the truth when one's fully competent exchange partner has no expectation of it, the agents of a firm should consider whether their ultimate actions are consistent with their organization's reputation for honesty. This requires a two-stage decision process – first, at an *application* level, which applies the guideline to the particular case at hand, and then, at a *policy* level, where a decision regarding the type of reputation the organization desires is ascertained or updated. For each truth-telling dilemma, the business communicator's initial question should be: "Is this instance of truth-telling (lying) consistent with my current reputation?" This question is straightforward. An answer does not involve complicated calculations of the probability that one's untruthfulness will be discovered, nor of how adverse the consequences would be upon discovery, a useful property since the time constraints and imperfect information inherently associated with the practice of business renders accurate calculations unlikely, in any case.

Business practitioners should also ask what level of truth-telling is consistent with their *desired* reputation – and subsequently determine their reputational policy. This policy issue – pertaining to the nature of one's *desired* reputation – should be reviewed periodically in the course of developing an overarching truth philosophy. For example, does the organization desire a reputation as one which always tells the truth about product quality? Probably. But does the firm desire a reputation as one which discloses completely in union negotiations? Perhaps not. The answer depends on how the organization's long-term moral goals are defined. The Reputation guideline thus immerses the firm into moral deliberation regarding how their business *ought to be conducted*, a process which should lead to the formation of realistic and actionable codes for corporate honesty.

Since the consequences associated with a firm's reputation for honesty depend upon how well the truth expectations of their stakeholders are accommodated, it might appear logical to subsume the Reputation standard within the

framework of the expectation guideline. However, the guidelines focus attention on different aspects of the moral decision making process. The Expectation guideline addresses a firm's *obligation* to transactional partners. The Reputation decision rule focuses on the moral character and goals of the initiator of the business communique, in effect, an organization's *obligations* to itself and on the *consequences* of the organizations' reputation for its success in business. Since distinct decision criteria, evaluative processes and outcomes may be associated with application of the respective decision rules, the set is heuristically superior to either alone.

Understanding the validity of reputation as a guide to avoiding "violations problems"

As with expectations, it is essential to understand not only how to apply the Reputation guideline but also why it is a valid guide to ethical behavior (See Fig. 4). The Reputation guideline is a utilitarian standard since the consequences of truth-telling for the reputation that the firm has or desires to have is (at least implicitly) calculated. The guideline unabashedly emphasizes to business people that in matters involving moral conduct consequences matter. Although it is an abstract concept, a reputation is an immediate and concrete commodity to a firm. Firms' reputations have a direct effect on their ability to conduct business. Evaluating the type of reputation for truth-telling desired by a firm is more suited to the bounded rationality of most business people than is considering the myriad factors reflected in the "greatest good for the greatest number" calculations generally prescribed within the utilitarian approach to moral behavior (Hunt, 1992). Any calculations that are initiated are more workable than those required by full-blown utilitarianism since the consequences are associated with only one entity (the firm), rather than for all those potentially affected by the truth value of the communiqué. This property also allows the truth-telling consequences to be satisfied rather than maximized (March and Simon, 1958). Rather than seeking the truth-telling level that maximizes the "greatest good" calculated for society as a whole, the firm can determine the reputation for honesty which they wish to possess.

Applying the Reputation standard tacitly underscores to decision makers the fact that their firm's reputation for truthfulness will affect their success in the long run. A firm's reputation and performance eventually converge (Heide and Miner, 1992; Peters and Waterman, 1982; Rappaport, 1989). In fact, lying is often discovered in the short run. Exchange partners can rely on a number of telltale clues to successfully separate those who tell the truth from those who not (Frank, 1988). If they are unaware, organizational decision makers need to be informed as to these facts.

"Honest" organizations will enjoy access to business that organizations with a reputation for a lack of honesty will not have. While others may conduct business with firms that have an unpredictable reputation for truth-telling, they will likely do so only after various protective measures have been initiated. These measures impose an additional levy on the marginally dishonest firm. Firms' reputations also affect their internal environments. Employees who believe their company is truthful work harder (Goldfarb, 1992). Those who believe their firm is less than honest tend to work less hard, be less honest in their intra-organizational relationships and to seek other employment (Goldfarb, 1992). The Reputation guideline should help firms deal with *violation of standards* problems by reinforcing the fact to managers and employees that in business results count. Since the firm's reputation affects vitually all results that will be subsequently obtained (at least for a reasonable time horizon), the Reputation guideline reinforces the importance of maintaining a position of integrity.

Understanding the validity of reputation as a guide to resolving "uncertainty problems"

The Reputation standard also permits practitioners to account for the fact that in certain circumstances honesty does not require truth-telling or full disclosure (See Fig. 3 Above). In competitive bargaining encounters, the reputa-

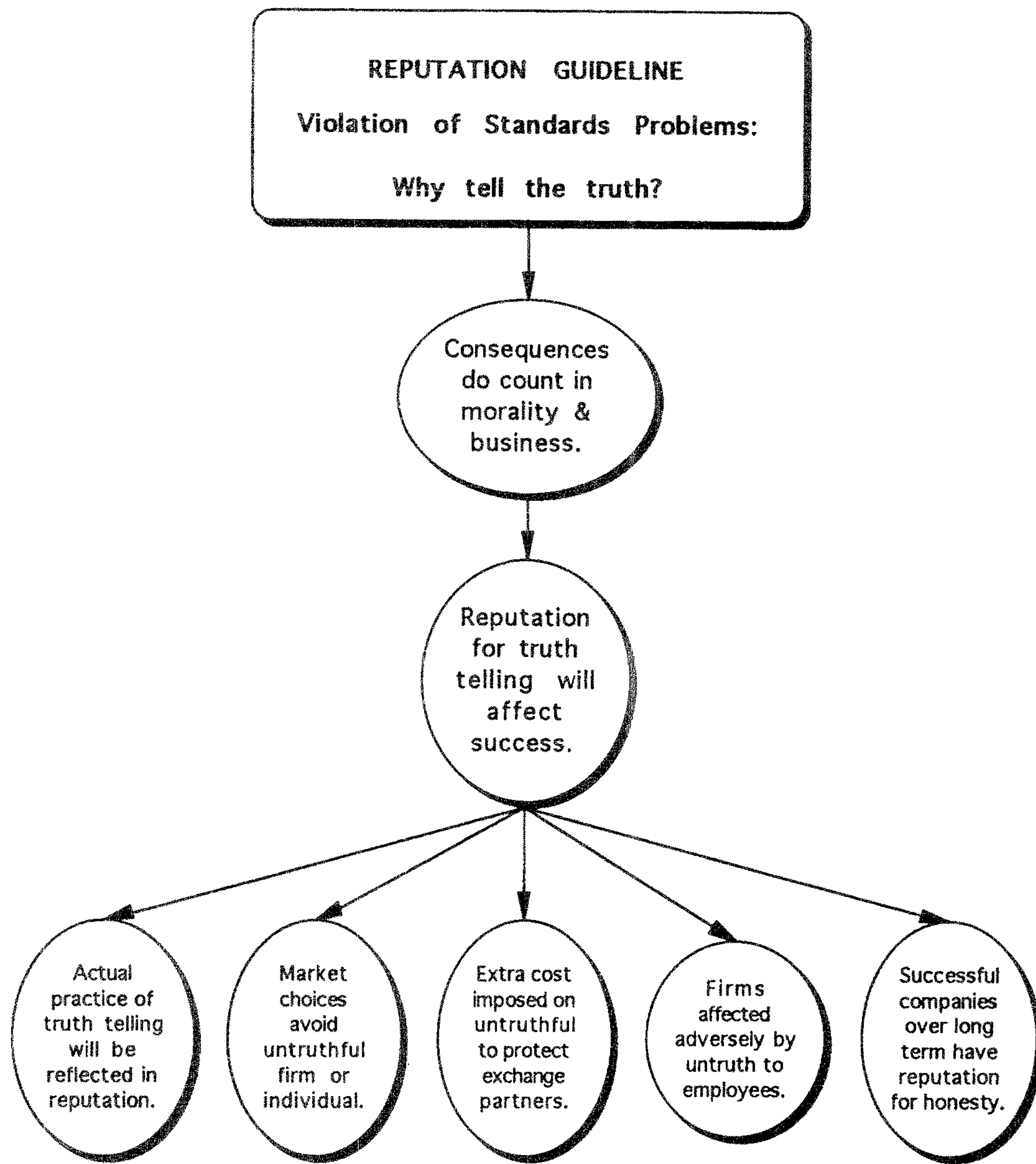

Fig. 4. Explanation module.

tion for being a hard-nosed negotiator who discloses no more than is necessary to reach an agreement is a valuable and portable asset. When the norms governing a particular business activity require decision making under conditions of risk, or absent complete information, a failure to disclose full information (e.g., bluffing) can be consistent with a reputation for honesty. In fact, the reputation for answering questions with a full disclosure of the truth would be a liability when negotiating to purchase scarce resources. Thus, the guideline can be wielded to illustrate that organizations sometimes should pursue reputations as players who understand the *realpolitik* of the marketplace and compete vigorously within the arena.

Contributions of the guidelines

The two guidelines are designed to allow people to apply, in their workplace decisions, values and

norms that most of them have long since accepted. The environments of many businesses have apparently not permitted these values and norms to positively affect ethical decision outcomes despite a widespread cultural acceptance of shibboleths such as "honesty is the best policy." These simple decision rules, and the levels of questioning and moral reasoning that accompany them, may provide useful guidance in circumstances involving truth-telling dilemmas which have heretofore often contributed to ethical lapses. However, no one should be so naive as to believe use of these decision rules could eradicate the purposeful misrepresentations of businesses.

The Expectation and Reputation guidelines fill a useful niche between the mind-numbing specificity of many corporate codes and the unapproachable (to many) abstraction of most ethical theories. The framework provides user-friendly "rules of thumb" allowing businesses to apply the insights of ethical theory without the need for a comprehensive understanding of those theories. Not all ethical problems can be resolved through the framework. However, the guidelines succinctly lay out easily understood issues that should be considered during the evaluative process. The guidelines should help businesses and their agents understand precisely *why* truth-telling is generally required. As a result, those businesses should be less likely to violate clearly accepted standards for truth-telling. At the same time, those who face ethical dilemmas in which there is uncertainty regarding whether honesty requires truth-telling can understand why truth (full-disclosure) is not always morally required. By understanding when and why truth-telling is morally required, businesses may not be as likely to accept the myth of amoral business or to abandon truth-telling as a moral requirement.

While business decision makers are probably comfortable discussing goals and strategies based on quantifiable terms such as "return on investment" or "market share," few concrete terms exist permitting ethical obligations and strategies to be expressed with precision (Waters, 1978). The guidelines offer accessible terminology through which businesses can specifically express their commitment to honesty. Individuals who would like to follow accepted moral standards may sometimes be prevented from doing so because of their inability to explain to peers or superiors why such standards are important. The Expectations and Reputation guidelines contribute the precision necessary to make corporate truth-telling requirements concrete and quantifiable. In applying the three levels of the Expectation guideline,the specific criteria against which a firm's moral obligation is measured is not the expectation of a transactional counterpart, but rather that entity's legal, contractual or fundamental human rights. In many instances, a firm's business counterpart has the right to the truth and the firm has the obligation to deliver it regardless of whether the truth was actually expected. However, in keeping with the framework's heuristic nature, the notion of *expectation* links the "ethical analyses" together, and provides a means by which the three levels may be easily recalled. Also, when there is a focus on the expectations of the individual/firm receiving the communication, businesses should find it difficult to depersonalize the communication. This, in turn, makes it more difficult to avoid moral responsibility by denying the existence of a victim – a claim that no one is hurt by a failure to tell the truth (Sykes and Matza, 1957).

The dynamic nature of these guidelines provides an additional advantage. Consumer and business market expectations for truth-telling have evolved over time as have the nature of the reputations businesses may wish to pursue. A cultural standard of *caveat emptor* has gradually yielded to consumer protection and full disclosure laws, while social Darwinism has been replaced by greater corporate social responsiveness. Additional changes are inevitable. With respect to any single business, the manner in which the guidelines are interpreted can be continuously updated in response to currently prevailing marketplace conditions. But all the while the guidelines intimate the possibility of higher standards of ethical behavior for that same organization. Once market standards for ethical conduct are identified, firms can either accept them or attempt to exceed them.

The flexibility of the framework should also prove helpful in dealing with the different

cultures in which multinational businesses operate. Attuning oneself to the truth expectations of another culture and the type of honesty reputation desirable in that culture would help businesses operate realistically within the environment of a host country. Finally, the policy level question associated with the Reputation guideline emphasizes the fact that, whether it is done consciously or unconsciously, individuals and firms do choose the moral level on which they operate (Goodpaster and Matthews, 1982). The Reputation guideline obliges businesses to overtly deliberate and consciously attempt to control the outcomes associated with this decision.

Limitations and future research

The guidelines are limited in some ways. The moral requirement to fulfill the truth expectations of others will provide sufficient motive only for businesses recognizing that the moral point of view involves making no exceptions for one's own business, treating others with respect, recognizing their right to the truth, and understanding the justice associated with fulfilling expectations that are created by the business. In sum, the framework will not brace the truth-telling behavior of individuals who are not already interested in being ethical. The consequences associated with a reputation for honesty should be extremely important to firms and individuals committed to long-term relationships with customers, employees and suppliers. However, emphasizing the importance of reputation is not likely impress those with short-run views.

The framework is also limited in that its ability to solve intricate *uncertainty* problems is only as good as the consequentalist and deontological reasoning the provides the guidelines with their moral underpinning. The guidelines pose concrete questions that can begin the process of sorting out whether and to what extent the truth is required in a particular case. However, in difficult cases the pursuit of answers to these questions will inevitably lead to value judgements regarding the nature of contractual obligations or precisely which fundamental human rights should be considered. To fully resolve these difficult value judgements, businesses would be required to consult ethical theories to understand the basic moral concepts that underlie the standards.

Research is needed to validate the utility of these standards in dealing with truth-telling problems in business. Conceptual analysis should be done on actual *violations* and *uncertainty* problems that arise in the conduct of business to determine whether the standards are useful in resolving the problems. Empirical research relating to the application of the guidelines also needs to be conducted. For example, the issues of whether the guidelines provide answers that correspond to what business persons perceive to be ethical or whether persons who are trained in the use of the guidelines report fewer violations of truth-telling standards could be addressed.

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Department of Management,
College of Business Administration,
The University of Southwestern Louisiana,
Lafayette, LA 70504-3570,
U.S.A.