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Minimizing strategic deception through individual values

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ABSTRACT

It is widely held in the corporate environment that strategic deception is a legitimate strategic tool and means of competition. Organizations rarely pause to identify by-standing stakeholders such as customers and suppliers that could be victims of strategic deception. Why should deceptive strategies be good for organizations yet unacceptable in most peoples' private lives? Many CEOs execute deceptive strategies that they would not if they were to apply a personal ethics framework. Beyond the ethical concerns, there are issues regarding the moral conduct of corporations while interacting with employees and other stakeholders, disproportionate use of the commons and pushback against rules and norms that would sustain the environment. While this problem has persisted, with corporate ethics consistently falling short of expectations, business scholars seem to be disconnected from their ethics counterparts. The study proposes a set of universal individual values and an ethical strategic framework that will minimize deleterious effects of corporate deception, while enhancing value-driven business practices.

Keywords: values, deception, strategy, ethics, strategic leadership

INTRODUCTION

Within the corporate environment, it is widely held that strategic deception is a legitimate part of the strategic process. Scholars have hypothesized on different dimensions of deception such as feints, gambits and curveballs (McGrath, Chen & McMillan, 1998; Hendricks & McAfee, 2006; Stalk, 2006). Deception is not new in strategy and goes back to early writings by Sun Tzu, Machiavelli and Aristotle, among others. Strategic deception refers to strategic actions aimed at misleading rivals from the true strategic intent. Unlike outright unethical practices, strategic deception often falls in the grey area of ethics though it is legally acceptable and, for many firms, normal business practice. CEOs are constantly in an arms race to execute the most effective deceptive strategies, more so in current conditions of globalization, environmental turbulence and intense competitive rivalry. Deception involves creative strategic actions that, in many cases, cannot be identified as unethical or illegal because the actions by their innovative nature do not fall within existing laws and regulation. The corporate competitive environment is full of such strategies. For example, puffery, green-washing, signaling to competitors with misinformation that diverts their attention and increases their costs, structuring complex credit default swaps without specifying underlying risks or narcissistically deploying planned-obsolescence are a few recent acts of strategic deception.

In most firms, CEOs are responsible for strategic decisions within their firms, including strategic deception. These executives have significant influence over firm strategies and organizations and the strategies they adapt are a reflection of those executives (Hambrick & Mason, 1984; Boal & Hooijberg, 2000; Finkelstein & Hambrick, 1996). It is these senior corporate executives that make strategic choices, deceptive or otherwise and to a large extent, are accountable for resultant firm outcomes. From this perspective, it seems logical to assume that CEOs cause or minimize the amount of deceptive strategies within their organizations.

Deception has far-reaching consequences. Many organizations take a value-neutral, rational position while implementing competitive strategies and rarely pause to identify by-standing societal stakeholders who could be victims of deception. However, organizations exist within the bounds of society and there is yet a justifiable logic why societal norms and values should not apply across the board. Why should deceptive strategies be good for organizations yet unacceptable in most peoples' private lives? We have created such a clear disconnect that some CEOs act in ways that they would not if they were to apply a personal ethical values framework. If in fact organizations exist within societies, such organizations should espouse societal ethical values. On the contrary, many in executive leadership positions have created a veil of ignorance between their personal ethical values and the values that are practiced within their firms. This may lead some CEOs to operate at multiple ethical levels, resulting to ambiguity and rationalization. Beyond strategic deception, there are ethical concerns regarding the conduct of corporations when interacting with employees and other stakeholders, misuse and waste of the commons, as well as overt pushback against regulations and norms that would create some moral responsibility. While this problem has persisted over the decades, with corporate ethics consistently falling short of expectations, business scholars seem to be disconnected from their ethics counterparts and have shunned from embedding values in business models and decision processes. The purpose of this study is to integrate the literature on strategic deception, evaluate the gap between CEO corporate and personal values and develop a framework that will minimize unintended effects of strategic deception on society. The main argument is that CEO values that are universally endorsed could provide a legitimate individual ethical framework, based on

individual responsibility and accountability which would have universal appeal within the global business community. The study proposes the development of a codified set of universal CEO values that can be applied to strategic leadership, to lead to more humane and sustainable business practices.

For simplicity, this study distinguishes between deceptive behaviors that fall within legitimate competitive strategies and deceptive actions that are intentionally or deliberately misleading and have deleterious effects on other stakeholders. The main interest is in the second category of deception. It is further assumed that CEOs have private information and are able to distinguish between the two categories. From a strategic perspective, deception minimizes the competitive space to a zero-sum game and eliminates possibilities of mutual cooperation and forbearance. Zero-sum competition has additional social costs of reduced consumer choice. Deception may also lead to mutual distrust among stakeholders and competitors, forcing them to spend additional resources on transaction costs such as information-seeking, crafting credible commitments and monitoring contractual obligations. Other effects on the consumer may include overpriced and/or poor quality products.

RELEVANT LITERATURE

The term strategy is derived from *strategos*, a Greek term used to describe a military commander during the Hellenistic times that marked the zenith of Greek influence around the Mediterranean region. Bracker (1980) offers meaningful insight into the Greek verb *stratego*; a plan to destroy ones enemies through effective use of resources. Within strategic management, there has often been a romanticized view of strategy through the strategic exploits of Sun Tzu, Hannibal, Machiavelli and the Normandy invasion, among others. The writings of Sun Tzu are an important reading in many business schools while an entire stream of organizational research is devoted to Machiavelli. Despite the rich anecdotal evidence of strategic deception, there are many gaps to be filled by research. For one, there is a need to investigate the various forms of deception used in organizations. Is deception good for business? In the recent past, scholars have been interested in four main perspectives of strategic deception: deception as a strategic calculus, signaling effects of deception, ethical implications of deception, and the Bayesian game theoretic perspective.

Some studies have framed the concept of strategic deception as a game, just like poker, where the main objective is to win. Carr (1968) observes that strategic deception is an integral part of business practice. Subtle deceptions of the half-truth or misleading omission are often enacted in successful businesses and those executives who fail to master deceptive techniques are most likely to fail. This implies that strategic deception is a valid and legitimate tool in implementing firm strategy and that there needs to be a veil of ignorance between the executive's personal ethics and conduct as a corporate executive. By contextualizing strategic deception as a value-neutral choice, the implicit conclusion is that strategic deception merits consideration alongside other mainstream business strategies and that individual values of strategic decision-makers are insulated from such decisions. This is a false dichotomy. In reality, firms and individuals in executive positions have to deal with situations of conflicting personal and corporate values as well as grey ethical space.

The exploitation of private information is prevalent in most strategic concepts. McGrath, Chen & McMillan (1998) propose the means by which a firm may use asymmetric information for competitive advantage. A firm's resource allocation logic is driven by specific actions of

competitors, and strategists can use the signaling effect of resource allocation to influence how rivals allocate their resources. Using a variety of strategies such as thrusts, feints and gambits, the firm will effectively divert competitors' resources from where they can be used most effectively, consequently enhancing the firm's competitiveness in such areas. A second order benefit from this strategy is the avoidance of direct rivalry that is costly to both competitors and fraught with unintended consequences. Stalk (2006) identifies four strategic acts of deception that are likely to fool the competition. The first, curveball strategy, involves luring competitors away from crown jewels to marginal customers. The second is the use of unfamiliar strategies that may include mimicking strategies from other industries. The third and fourth strategies involve utilizing asymmetric information by disguising success and leading competitors to focus on the wrong variables or encouraging rivals to misinterpret your business model which led to that success.

Scholars have shown interest in game theoretic implications of strategic deception. Using game theory in a condition of bounded rationality, Crawford (2003) found that in some leading cases of misrepresenting intentions to competitors, rational players exploited boundedly rational players but were not themselves fooled. In other cases, rational players' strategies offset each other's gains, thereby protecting all players from being exploited. Other scholars have examined strategic deception using signaling theory. Hendricks & McKafee (2006) found that firms often use feints to disguise their true intent while introducing new products or entering new markets. A feint will work if there is potential payoff from fooling the competition. The competitor is more likely to respond in a less noisy world because information in this context is meaningful. However, in such environments, the attacker always invests more resources in attack than feints.

Strategic deception has received considerable attention from an ethical dimension. Using a variety of arguments business ethicists have argued the ethical implications of strategic deception. On one end of the divide, some researchers perceive strategic deception as a legitimate means of competition such as playing poker (Carr, 1968) or as role-differentiated positions (Allhorf, 2003). Others have proposed that bluffing does not constitute lying because businessmen do not always guarantee that what they say is true (Carson 1993; 1988). On the other side of the argument, some studies have formulated deception in the same context as other forms of unethical practice such as misrepresentation, lying and dishonesty (Crawford, 2003). In an empirical analysis of bluffing in competitive rivalry, Guidice, Adler & Phelan (2009) found that corporate executives had two different perceptions on misleading competitors as opposed to other firm stakeholders. Less unethical executives were more likely to bluff while bluffing had negative consequences on performance in repeated transactions. Bluffing as a strategy was effective in the short-term but caused potential rivals to be more vigilant. Tenbrunsel & Smith-Crowe (2008) have offered a comprehensive summary of the state of research in this area.

In summary, deception literature has three theoretical perspectives: game theory, signaling theory, and ethics theory. Signaling and game theory are largely based on CEOs' cognition and asymmetric information. From strategic leadership literature (Hambrick & Mason, 1984; Boal & Hooijberg, 2000), the strategic leader's values play a significant role in determining the field of vision, interpretation and eventual strategic choice. Through the embodiment of the strategizing process with codified values that are universally accepted, most potential deceptive strategies can be filtered out of the strategic process.

There has been interest in formulating a universal set of values in strategic leadership. Asgary & Mitschow (2002) have proposed a code of ethics for global corporations. Most multinationals have some form of a written code of ethics (Schwartz, 2005). While this is a step

in the right direction, there are unresolved issues including competing ethical values, a need to have coordination mechanisms, and an incentive to apply those codes. The onus of adhering to such a universal code of ethics would be on multinational corporations but this cannot happen effectively if there is no adequate incentive. Similarly, Schwartz (2005) has made a case for the establishment of core universal values derived from corporate codes of ethics, global codes of ethics, and business ethics literature, by which corporate codes of ethics can be ethically constructed and evaluated.

Another stream of research has hypothesized a universal, spiritual framework for corporate CEOs. Dalla Costa (1998) synthesizes various moral, ethical and spiritual values, which are shared universally among world religions with significant membership. The interfaith declaration embracing Judaism, Christianity and Islam has four main themes: justice, mutual respect, stewardship and honesty (See interfaith center for corporate responsibility – not much traction). Other scholars such as Boje (2007) are more ambivalent on this proposition and warn of potential dangers regarding the abuse of spiritual gifts for selfish gain or to manipulate compliance.

The need for a universal framework of individual CEO values is even more urgent considering fundamental flaws in rational economic models of capitalism. Support for this process can be found in stakeholder theory, implicit leadership theory and negated by flaws in rational economic models of capitalism. Pirson & Lawrence (2010) have called for a paradigm shift from rational economic thinking to a “humanistic” paradigm that reconnects organizations with sustainable organizations such as social enterprises which have embedded value models.

PERSPECTIVES ON VALUES

Despite being adapted as a strategic tool of competition in business, not much has been written on strategic deception. The fact that it is not considered unethical may be the reason why a topic such as competitive bluffing (a kind of deception) has, for the most part, been ignored except in academic discourse in ethics (Guidice, Alder & Phelan, 2009). Guidice, et al.’s study revealed that strategic decision makers believed that it was more ethical to mislead competitors than to mislead the company and would also be willing to use tactics such as bluffing with competitors. Guidice, et al. (2009) also found that the use of such deceptive practices did not necessarily lead to higher performance. Deceptive tools for the purpose of strategy are considered to fall in the grey area and are not considered unethical by decision makers in this study (Guidice, et al., 2009). On the other hand, traditional approaches to ethics in business have been compliance-driven and code-based programs (Jackson, 1999). A limitation of a compliance-driven approach is that it views law as the norm although ethical issues are much more complex than merely obeying the law. The compliance perspective is also reductionist and minimizes the role of the executive and responsibility to prescribed organizational imperatives.

Ethics and Fragmentation

Even though a more holistic world view is emerging, the mainstream mindset of business is one of fragmentation. Fragmentation is what keeps the “business as usual” mentality and ignores the business’ impact on and relationships with society. Problems in organizations usually cannot be solved as isolated problems separate from other parts of the organization, but we treat many things as fragmented. Accordingly, business cannot exist in isolation from other aspects of

the society. Wheatley (1992) noted that in the west, we have analyzed parts or placed variables in a cause and effect diagram or positioned things as polarities. “Virtually everything about our modern system of management is based on fragmentation, and the inevitable competition that results” (Senge, 2010).

Competition is one of the most prevalent forces in the business world is competition. Corporations believe that they need to compete to win, given scarce resource or take advantage of the limited opportunities. There is a felt need to constantly fight for survival and dominate the competitive environment. Business is perceived as war. All these notions are taken for granted as normal in business. Overemphasis on competition keeps us focused on short-term results (Senge, 2010). Short-term imperatives, given organizational contexts and needs, often push executives with good intentions to adopt some unethical behaviors. Bazerman (Robinson, 2008) notes that organizational goals, such as quarterly earnings targets, would lead to more unethical behavior than if the goals were not present.

Independent and Competitive View of Humans

Philosophers such as Hobbes, Hume, and Locke in the 18th and 19th century thought human cognitive process was universal and viewed self as general, atomistic, individualistic, non-social, and egoistic (Allen, 1997). Capitalist economists such as Adam Smith constructed economic models in which humans behave as separate individuals. The rational modern economics is based on the notion of an independent self. One of the fundamental propositions of free market economics is for all people at all times to seek maximization of e self-interest/personal utility.” Humans as “homo economicus” pursue their own interests in opportunistic, transactional ways. This view of humans has inherently contributed to the notions of competition, fighting for resources, and mistaken interpretation of Darwin’s “survival of the fittest” (Pirson & Lawrence, 2010). The concept of humans based on economics has resulted in management theories with competitive, short-term gain assumptions (Pirson & Lawrence, 2010). Contrary to the economic view of humans, on which management theories are based, a more relational, emotional, interdependent view of humans has been emerging. There has been an increasing number of organizational studies on emotions (Fineman, 1993), compassion (Dutton, et al., 2002), and human flourishing (Roberts, 2005; Spreitzer, et al., 2005). Management theories and business practices continue to assume humans to be the independent, materialistic, utility-maximizing being while there is evidence that people look for more than personal short-term gains (Tyler, 2006). The disconnectedness of strategic decision makers experience seems to lie here.

Ethical Relativism

World cultures and other social groups have unique beliefs and values that may even be at odds with each other. Ethical relativism implies that morality is relative to the rules and norms of each culture, and therefore, what is morally right and what is morally wrong in one culture may be acceptable in another culture. Some argue that we are all different, and beliefs of each culture are valid for the people who are in it. An ethical relativist would argue that it would be impossible to have universal moral standards that would work for everyone. Although some level of ethical relativism may and should be accepted, universal ethical standards should be applied in fundamental issues such as human rights or the environment where we have common bonds of

humanity and the commons. We recognize that every society has committed atrocities in the name of culture, and absolute ethical relativism would leave our differences as “irreconcilable differences” while assuming that each ethical system, even with its atrocious practices, is valid. In an increasingly global world where we work and interact with people from other cultures, ethical relativism without any common ethical understanding will not suffice. Even though the differences are often pronounced, the question we should be asking is whether there are commonalities that override the differences (Jackson, 1999).

Business as a game is a kind of ethical relativism. Others have argued that business is like a game, with its own rules that allow some practices, such as deceiving or bluffing, which would normally be considered unethical outside of business. Although writers such as Koehn (1997) showed that deception is also immoral in business, not much has been done or discussed to put business in its proper perspective. There may be some insights that business strategists can learn from the game theory, but framing business strategy as a game may have fundamental ethical implications.

Deontological and utilitarian arguments have been used by some critics to argue that business is not a game (Koehn, 1997). A deontological approach is one that emphasizes the duties and obligations of an individual. The ethical principles based on the deontological approach is that individuals’ good intentions, rather than consequences, are valued and expected to produce beneficial outcomes. Deontology is also a universal approach with an underlying notion that the end does not always justify the means because humans are assumed to hold themselves to a higher standard and that it is possible to bridge philosophical divides and arrive at common themes, transcending narrow business interests.

Kant’s Categorical Imperative consisting of three formulations: universalization, respect for rational beings, and autonomy (Kant, 1964). In universalization, Kant he argues that, for an action to be moral, it must be possible to extend the rule to everyone. The moral agent must be comfortable with the idea that anyone else, under the same circumstances, would make the same choice and the action would still be considered moral or right. He also contends that a rational being is not only acting to satisfy his or her first-order needs but also being conscious of him-or herself as a person. As a consequence, a rational being has worth in and of him- or herself, and should be treated as an end in himself, in herself, and not as a means to an end (Kant, 1964). According to Kant, to act rationally is to act morally, and vice versa. To be moral is part of the very nature of a rational and moral being. Therefore, the moral imperatives are not rules imposed but rather those that are self-imposed. According to De George (1982), Kant’s perception of autonomy involves three aspects of morality: freedom, the self-imposition of the moral law, and the universal acceptability of the moral law (p.62). Kant’s formulations, most relevant in showing deception (accepted by the game theory) immoral, are to 1) act in the way that you want others to act and to 2) treat others with dignity and respect (Hosmer, 2008).

The other ethical argument used to show that deception in business is immoral is utilitarianism. Utilitarianism is a teleological approach, which emphasizes the outcome. Jeremy Bentham, the father of utilitarianism focused on net consequences instead of individual character or intentions. This theory calculates the net benefits and harms in a given situation, which must be calculated equally for everyone. The decision would be considered right if it creates the greatest benefit for the society. “‘The greatest good for the greatest number’ takes precedence in Utilitarian theory over ‘the greatest good for a smaller, more elite number’ in cost-benefit analysis” (Hosmer, 2008, p. 107).

Scholars have deconstructed the perspective of ethics as a game. Koehn (1997) rejected the business-game analogy by analyzing a “game” trait by trait. He identified nine traits of a game: 1) a game is played to win, 2) in games, losers suffer few consequences, 3) a game is constituted by certain rules, 4) the rules of the game are fixed, 5) rules of the game are accepted by all who play the game, 6) players act intermittently, 7) in games, the scope for bluffing is quite narrow and well-understood, 8) in a game, it is clear to whom any gain belongs (Koehn, 1997, p. 237-241). Koehn then showed that the analogy is weak and that treating business as a game has serious negative ethical consequences.

Evidently, business continues to evolve as a distinct *business culture*, different from that of other societal groups. With prevalent notions such as competition and survival of the fittest in business, one feeds into the illusion that somehow it is acceptable to do in business that would otherwise be unethical. As a result, strategic decision makers, who would never consider deceiving anyone in their personal lives, end up using deceptive strategic tools and consider it reasonable to do what is wrong for the right reasons (making short-term profits). Clearly there is a need to have a better understanding of strategic deception. More important, is the need to identify different ways of minimizing harmful deceptive behavior by some CEOs. For-profit organizations exist as part of the larger society. It is not too much to require such organizations to live by values that are espoused in the larger society.

SOURCES OF INDIVIDUAL UNIVERSAL VALUES

In order to develop a set of individual values that are widely acceptable, it is important to acknowledge the diversity of values that are applicable in a business context. Secondly, some of the values may be at odds with each other. The main objective is to identify those values that are truly non-contradictory and common across the sources. This study develops a rationale and framework for individual values from existing literature on international culture, organizational behavior, spirituality, global corporate codes of ethics, global religious codes of ethics, and the concept of wisdom.

From an organizational behavior perspective, there is ample theoretical underpinning to support the quest for universal values among strategic leaders. Five theoretical frameworks are relevant: social cognitive theory, implicit leadership theory (ILT), collective identity theory, servant leadership theory and spiritual identity theory. According to basic tenets of the social cognitive theory (Bandura, 1991), human behavior is motivated and regulated by self-influence through self-monitoring, judgment of one’s behavior according to personal standards and effective self-reaction. Self-monitoring is based on preexisting cognitive structures and self-beliefs, personal and social standards of behavior. The theory partly explains the rationale of defining values as individual rather than organizational level constructs and the reluctance of CEOs to take personal responsibility for organizational outcomes, some of which are outside their control. Implicit Leadership Theory posits that people develop sets of beliefs about the behaviors and characteristics of leaders versus non-leaders as well as effective versus ineffective leaders (House, Wright, & Aditya, 1997). These implicit theories are represented by prototypes that contain specific configurations that characterize the most common features of a certain type of leader (Phillips & Lord, 1981). Because leadership prototypes influence the extent to which an individual accepts and responds to others as leaders (Lord and Maher, 1991), these prototypes are also thought to influence the selection and appraisal of leaders. Knowing the spirituality value component of most cultural societies, many organizational members will expect some form

of spirituality in their leaders' characteristics. CEOs with demonstrable spiritual values are more likely to be viewed positively than negatively. Similarly, servant leadership theory (Greenleaf, 1970; 1996) is partly based on the need for the servant to tap into the spiritual consciousness of the followers, while the call to serve is based in part from a self-concept of altruism and morality.

“...the difference manifests itself in the care taken by the servant—first to make sure that other people's highest priority needs are being served. The best test is: Do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? (Greenleaf, 1970, p. 4).

Studies have shown cultural influence on managerial beliefs and values (Shaw, 1990; House et al 1999). However, there is evidence of cross-national cultural similarities in values and beliefs that provide a foundation for developing universal cultural values. The GLOBE studies (House, et al., 2004) involving the study of 62 cultural societies has identified 22 culturally-supported attributes that contribute to effective leadership. Among these attributes are ethical values such as integrity and dependability. The GLOBE findings demonstrate that despite the cultural diversity among nations, there are shared ethical values that contribute to effective leadership. The GLOBE universally endorsed cultural attributes are being trustworthy, just, honest, having foresight, planning ahead, encouraging, positive, dynamic, being a motive arouser, confidence builder, motivational, dependable, intelligent, decisive, effective bargainer, win-win problem solver, administrative skilled, communicative, informed, coordinator, team builder and excellence oriented.

Efforts have been made to develop a spiritual leadership theory (Benefiel, 2005; Fry, 2003; Sanders, et al., 2002). Spiritual leadership is a causal leadership theory for organizational transformation designed to create an intrinsically motivated learning organization (Fry, 2008). Anderson (2000) describes a person's spirit as the vital principle or animating force traditionally believed to be the intangible, life affirming force in self and all human beings. The concept of spirituality at the workplace has been perceived as a framework of organizational values evidenced in the culture that promotes employees' experience of transcendence through the work process, facilitating their sense of being connected in a way that provides feelings of compassion and joy (Giacalone & Jurkiewicz, 2003). Corporate leaders with a sense of spirituality shape an organization that recognizes the importance of an inner life or spiritual practice which enables both leaders and followers to participate in meaningful work that takes place in the context of community. This inner life practice is the fundamental source for spiritual leaders to draw on that ultimately produces the follower trust, intrinsic motivation, and commitment necessary to simultaneously optimize human well-being, corporate social responsibility, and organizational performance. Spiritual leadership provides a foundation for evaluating spiritual values which resonate with organizational members and are in alignment with organizational goals. Table 1 (appendix) provides a representative summary of some of the research that has endeavored to develop common organizational spiritual values. From the studies, there appears to be commonly accepted spiritual values. The common values include honesty, integrity, a sense of hope and various dimensions of humanism.

Spiritual leadership seeks to develop the workplace as a source of community (Ashmos & Duchon, 2000) and help individuals to achieve a meaning of who they are, what they are doing and the contributions they are making (Vaill, 1998). However, some religious values have been perceived as a potential deterrent to organizational deception and other negative byproducts of

unrestrained free markets (Hirsch, 1976; Levenson, et al., 2003; Loy, 2002). Shared values such as having a conscience, ethics, empathy, compassion and giving back to the community can be collectively achieved in both secular and religious environments. Many firms reflexively lean towards rational, profit-driven strategies and constantly seek arms-length interactions with all things spiritual. This stance has discouraged many CEOs from overtly advancing spiritual values, including their own personal values. However, for many employees, the organization is the only community they have. Spiritual leadership has a significant role in the increasingly turbulent economic environment and for value-driven consumers, employees and other stakeholders who perceive a deeper connectedness with organizations in their communities.

Attempts have been made to globalize corporate codes of ethics (Kapstein, 2004; Schwartz, 2005). Kapstein (2004) reports that 53% of the largest firms in the world have some form of corporate code of conduct. Kofi Annan, in his speech on global ethics in Germany in 2003, addressed the need for universal values, especially in this increasingly global world. He stated that “globalization has brought us closer together in the sense that we are all affected by each other’s actions, but not in the sense that we all share the benefits and the burdens (Annan, 2003).” Annan also proposed global values that can bind us together and that the values should be there for people, and there is a need for “the mechanism of cooperation strong enough to insist on universal values, but flexible enough to help people realize those values in ways that they can actually apply in their specific circumstances”. UN Global Compact (United Nations, 2009) is a strategic policy initiative that aligns business practices with ten universally accepted principles: human rights, labor, environment, anti-corruption, business and peace, financial markets, partnerships for development, UN/business partnerships, supply chain sustainability (United Nations, 2009). These principles are derived from other international agreements such as the Universal Declaration of Human Rights. Schwartz (2005) argues that these values do not explicitly address the universal moral values. Others have also expressed the need for universal moral values and norms especially in global business settings (O’Brien, 1992; Rallapalli, 1999; Berenbeim, 1999; Payne, Raiborn & Askevik, 1997).

The question is how such global values can be developed. Jackson (1999) asserts that inquiring into various spiritual principles and values is a starting point in identifying common values that can help us formulate global ethical principles. Although religious and spiritual differences are usually more pronounced in debates, many similarities are existent but obscured. Corner (2008) believes that workplace spirituality has a great deal to contribute to business ethics in the sense that the link between the two reexamines the notion of success in business; success means more than economic sustainability. Schwartz (2005) generated six universal moral values from companies’ codes of ethics, global codes of ethics (Getz 1990; Frederick, 1991), and business ethics literature. These six universal moral values are as follows:

1. Trustworthiness (including notions of honesty, candor, integrity, reliability, and loyalty)
2. Respect (including notions of civility, autonomy, and tolerance)
3. Responsibility (including notions of accountability, excellence, and self-restraint)
4. Fairness (including notions of process, impartiality, and equity)
5. Caring (including notions of concern for the welfare of others, as well as benevolence)
6. Citizenship (including notions of respecting the law and protecting the environment) (Schwartz, 2005, p. 36)

Evidently, there are common values that are shared universally. More important, there is a felt need for enactment of these values by various stakeholders. Careful development of universal values can result to a win-win situation where individuals can achieve a sense of meaning from the work they do, actualize their aspirations and any other spiritual desires. Similarly, there are organization benefits that include employee commitment, trust and an intrinsic desire to help fulfill organizational goals. Resulting is a greater benefit to society as a whole.

A benefit of striving for universal values is that the process requires that we question our own assumptions and reexamine the validity of some of our traditional beliefs and practices. Ethical progress is possible when we understand other traditions, religions and cultures' values and reexamine our own. The issue of including religion in economic transactions is especially controversial and, for many legitimate reasons, given a wide berth by business scholars. However, one of the most inclusive document on corporate values has been crafted by a consortia of distinguished Jewish, Christian, Muslim and business thinkers such as the International Chamber of Commerce. The Interfaith Declaration (1993) provides a framework of common key values among different religions. The common values for business interactions are justice (just conduct, fairness and exercise of authority in maintenance of right), mutual respect (consideration for others, empathy and compassion), stewardship (accountability, responsibility, sustainability and care and proper use of commons) and honesty (truthfulness, reliability and integrity). The religious consortium further recognizes that application of ethical values is a matter of personal judgment rather than rules.

Universal values: pulling together fragmented values

In consolidating universal values, the main issue is to identify common values across the four philosophies of spirituality, religion, codes of ethics and world cultures. Common values bring together the diversity in philosophy while acknowledging conflicting values that may not be easy to resolve. Corporate CEOs are likely to embrace and assume individual responsibility for common values that have been drawn from four global philosophies. Figure 1 (appendix) summarizes the four value-based philosophies, unique values in each category and common values across all categories that are likely to resonate with managerial executives globally. The four universal values that are common across the four categories are integrity, honesty, humanity and fairness. These four values are supported by one of the largest global stakeholder constituents as being positive attributes in a leader. The four values are assumed to contribute to acceptance of organizational leaders. Organizational leaders, on the other hand are likely to accept these values as personal values that resonate with their private lives. Acceptance and deployment of universal values may not necessarily translate to positive firm performance. Executives are deemed to exercise these values because, in their wisdom, an organization is one dimension of multiple dimensions that connects human beings together and facilitates transcendence to higher goals of reconciling complex and often contradictory goals, duality, achieve higher goals of actualization, provide a sense of higher purpose and humanity to the organization and fulfill sustainability responsibilities for the environment.

Wisdom

For organizational executives, consideration of ethical values while implementing managerial strategies is a difficult and conflicted decision. Due to asymmetric information,

executives may feign ignorance of ethical implications of deceptive decisions or be actually ignorant of broader implications of strategic actions. While it is important to espouse ethical values, it is even more important to live up to those values. Wisdom provides a viable transition that facilitates a deep discernment of individual values, complex corporate ethical considerations that transcend narrow corporate goals and meaningful implementation of ethical values. Early work by Aristotle realized the significance of applying wisdom to ethical judgment, “what one does just because one sees those actions as noble and worthwhile” (Hughes, 2001, p. 89). Wisdom has been described as developmental process involving self-transcendence. Self-transcendence is the ability to move beyond self-centered consciousness and to see things as they are with clear awareness of human nature and human problems, with a considerable measure of freedom from biological and social conditioning (Levenson, Jennings, Le & Aldwin, 2002; Levenson, Aldwin, & Cupertino, 2001). McKenna, Rooney & Boal (2009) argue that wisdom is an essential part of leadership which provides the capacity to discern the ethical complexity of a situation, integrate with other complexities and offer a plausible narrative that responds to that complexity. Clearly, wisdom is a core characteristic of organizational leaders which enables them to articulate their values and respond appropriately to the increasingly complex demands from the external environment. The considered view in this study is that wisdom provides the CEO with the means to have a better understanding of complex situations. Wisdom allows the CEO to make sense of unfamiliar ethical situations that are without precedence and most susceptible to deception. A sense of wisdom also allows the CEO to make the most sustainable decisions that, while bearing in mind short-term strategic needs of the organization, put even more focus on transcendence, multiple stakeholders and long-term implications of available options.

Figure 2 (appendix) highlights a rational strategizing process on the basis of existing regulatory framework as opposed to a value-based process that incorporates universal values.

DISCUSSION

Different arguments have been advanced to justify strategic deception. It is widely held in the corporate environment that strategic deception is a legitimate means of competition; utilizing asymmetric information to capture excess rents or arbitrage profits. Other scholars have argued for the separation of individual CEO values and organizational acts of deception, thus, insulating their strategic leaders from personal responsibility. There is yet another school of thought that perceives strategic deception as strategic games such as poker or chess; it is all about business with the players' moral values insulated from their actions. This is a faulty assumption because business is not a game, and consumers are not consciously aware that they are participating in a game (Shaw & Barry, 2010). The fact that business has its own moral standards, insulated from external evaluation, is ethical relativism which could result in serious moral consequences. Evidently, the issue is not settled. What is clear is that some organizational strategic leaders have exploited the uncontested value-free space to enact strategic deception and exploit other stakeholders in the process. From a legal and logical standpoint, it is not clear why capital should receive a higher priority than other stakeholders in the firm (Pfeffer, 2003).

The context of strategic deception is further compounded by globalization. Globalization has resulted to unintended consequences of having to operate on an uneven ethical values landscape. Local firms must compete with organizations that are dispersed across the globe with

widely different values and ethics. Unlike overt unethical behavior, most dimensions of strategic deception are accepted as normal business practice, and therefore, not subject to normal rules of ethical conduct. Due to the secretive nature of strategizing, it is not always clear whether ethical considerations and conscience have been factored into strategic choices. More complicated is establishing the fundamental intent of such choices in the absence of firsthand knowledge. From a strategic leadership position, CEOs have to make decisions partly based on conscience and personal values. However, it is not always clear when such considerations have been factored into strategic choices of that involve deception.

Why should deceptive strategies be good for organizations yet unacceptable in most peoples' private lives? It appears that this happens because bureaucratic control, which has achieved many positive outcomes of eliminating the evaluation of individuals on the basis of irrelevant characteristics such as race, gender, and social background, demands that CEOs leave part of themselves at the door and become someone else at work (Pfeffer, 2003). Many CEOs act in ways that they would not if they were to apply a personal ethics framework. It is possible for CEOs to enact personal values at the workplace if such values are widely accepted and codified. Most important, individual strategic leaders, rather than the organizations, will be responsible and accountable for such values. Throughout this study, the main focus has been the individual CEOs' personal values. It is important to highlight the level of analysis because strategic leaders of organizations have significant influence over their organizations and bear responsibility for organizational outcomes.

The study has explored strategic deception in organizations. While some acts of deception constitute legitimate competitive practice, other acts fall within a legal and ethical vacuum and may have deleterious effects on society. By nature, deceptive strategies are often shrouded in secrecy and characterized by stealth. Corporate executives with private information may be aware of intent and desired effects but will be still ignorant of unintended consequences to society. Individual ethical values such as honesty, integrity, fairness and justice provide a viable framework that can be used to guide executive behavior to minimize bad deception. Individual values are appealing because their motivations transcend narrow economic imperatives that often lead to deception.

Corporate strategic leaders play an instrumental role in minimizing or enhancing acts of deception. Although deception may be caused by an individual-level behavior by organizational executives, it has firm-level and societal implications. In order to manage deception, it is important to, first, identify the means of influencing executive worldview, behavior or actions. Having organizational executives embracing prescribed values and permeating such values in the organization is a viable solution to the problem. Enacting universal values cannot be effective without incentive or responsibility for action. The notion of minimizing personal feelings from executive decision-making resonates with Taylorism and other perspectives of organizational literature. This perspective has disregarded some positive effects of values such as integrity and honesty, which would otherwise reduce unethical behavior. This study has tapped into this void by arguing for the inclusion of individual values in the strategizing process. Perhaps the solution lies in an early proposition by Drucker for the elevation of management into a profession (Drucker, 1974; Kanter, 2009). Professional business managers could be individually subject to some form of professional standards and ethics. Situating business management as a profession would also help redefine the role of business executives beyond narrow self-interest to the inclusion of broader value to society (Klein, 2000).

Society has used a variety of means such as the law, norms, and codes of ethics to regulate managerial behavior. This framework acts as a deterrent and occasionally punishes illegal and unethical corporate conduct. However, many acts of deception fall outside these boundaries and are harmful to society. A case in point is the recent economic meltdown that was due, in part, by deceptive behavior among some corporate executives in the banking and housing industries. Many executive actions involved complex transactions that frequently sidestepped existing regulations or operated in uncharted regulatory territory. Personal integrity and values would have certainly helped humanize some of the transactions. Evidently, the existing regulatory framework is not an efficient deterrent against strategic deception by CEOs. Demand for proper ethical conduct often targets organizations rather than individual executives in those organizations. It may be that executives wear a veil of ignorance or feel insulated from personal responsibility of their decisions. The main concern in this study was to highlight this anomaly and develop a feasible ethical framework that minimizes deceptive acts that fall outside the existing legal framework and are detrimental to society. Managerial executives are first and foremost, members of the larger society that operates within certain ethical expectations. Situating these executives in a social context provides a burden of personal responsibility for personal conduct, even in their executive capacities.

Organizational studies have consistently found that it is in the interest of CEOs to demonstrate values that are consistent with societal expectations. Various theories such as implicit leadership theory, servant leadership theory, wisdom theory, collective identity theory and social cognitive theory have found support for leaders whose behavior is reflective of societal aspired values. Acceptance of such leaders for their values has also been linked with positive organizational outcomes. As discussed in the philosophical and humane perspectives of man, integrating universal values into practice does not necessarily need to lead to desirable organizational outcomes. Values and ethics will sometimes conflict rational value-free choices that would have resulted to superior financial outcomes.

Granted that there are different perspectives of values scattered across the globe, this study has developed a set of values that is universally acceptable in different cultures, corporate entities and world religions. In proposing these values, the study has taken into consideration diverse ideologies and philosophies. Two broad categories of strategic deception have been distinguished. While some acts of deception may be ethical and constitute legitimate competitive practice, other activities fall in the deep grey area that puts both managerial executives and ethicists into a conundrum. It seems that many CEOs are disembodied from value implications of deceptive strategies during the decision-making process.

Different philosophies that are global in nature, such as ethical philosophies of relativism and universality, spirituality, corporate codes of ethics, world religions and cultures have been discussed. Clearly, there is diversity in values. However, there are some shared values that unify corporate executives, ethical philosophies and a significant group of stakeholders in the larger society. By individualizing these universally endorsed values and including them in decision-making processes, it is possible for CEOs to internally desire to enact individual values and take personal responsibility for their actions. Because unethical deceptive strategies are often publicly unrecognizable, CEOs have individual responsibility to make credible decisions on the basis of their value-orientation. The implementation of universal values is a judgment of conscience derived from the wisdom to transcend narrow profit maximizing goals and to seek a sense of fulfillment beyond material needs.

There is little evidence of a more value-driven competitive environment. This situation is likely to prevail in the foreseeable future for a number of reasons. While there may be some positive relationship between values and firm performance, this relationship is not clear-cut. Ethical values have other super ordinate goals that conflict profit-maximization. The other issue concerns the difficulty of delinking religion from spirituality. While it is conceptually possible to demarcate the two philosophies, practitioners may see them as similar themes that would rather be managed at personal level due to existing ethical and legal rules of separation of religion from public life. This situation is likely to prevail in the foreseeable future, even as scholars argue that spirituality is the vehicle, a moral agency, which provides a framework for genuine ethics at the workplace (Moe-Lobeda, 2002).

CONCLUSION

This study has explored the concept of strategic deception from a business perspective. Some aspects of deception are detrimental to society. Detrimental acts of strategic deception cannot be effectively managed within existing corporate laws, regulations and norms. Universal individual value orientation is a viable means of minimizing deception. There is ample justification for considering universal individual values from previous studies in philosophy, organizational behavior, spirituality and even as a rational economic calculus. The study has integrated different global perspectives on ethical values to arrive at a common set of individual values that are likely to resonate with the largest group of societal stakeholders. Literature on spirituality, ethical position of the consortium of world religions, corporate codes of conduct and global cultures have a common thread of individual values such as integrity, honesty, humanity and fairness. While individual values resonate with a large constituency of the global population, these values are individual by nature with no explicit requirement for compliance by corporations. Corporate leaders are likely to feel morally compelled to enact these values in their decision-making processes and do not require external motivation. Wisdom is the glue that links individual values of corporate executives in the course of decision-making. Corporate executives with sufficient wisdom are better equipped in discerning complex organizational phenomenon, conceptualizing long-term implications of strategic options and arriving at effective value-based strategic choices that minimize deceptive strategies that are detrimental to society.

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APPENDIX

TABLE 1: SELECTED STUDIES ON SPIRITUAL VALUES

Author (year)	Spiritual value(s)
Ashmos & Duchon (2000)	Community (personal growth, individuality, togetherness), meaning, inner life (values, hopefulness).
Brown & Trevino (2006)	Altruism, integrity, honesty, role-modeling, visioning, hope, faith, work as vocation
Dent, Higgins & Wharff (2005)	Love, harmony, unity, compassion, peace, truth, honesty, understanding, and tolerance
Fry (2005; 2003)	High ideals, excellence, trust, forgiveness, integrity, honesty, courage, humility, kindness, compassion, patience, endurance, perseverance
Jurkiewicz, C & Giacalone, R (2004)	Benevolence, generativity, humanism, integrity, justice, mutuality, receptivity, respect, responsibility, trust
Reave (2005)	Integrity, honesty, humility
Snyder & Lopez (2008)	Love, compassion, forgiveness, patience, tolerance, harmony with the environment, contentment, personal responsibility.

FIGURE 1: UNIVERSAL ETHICAL VALUES FRAMEWORK

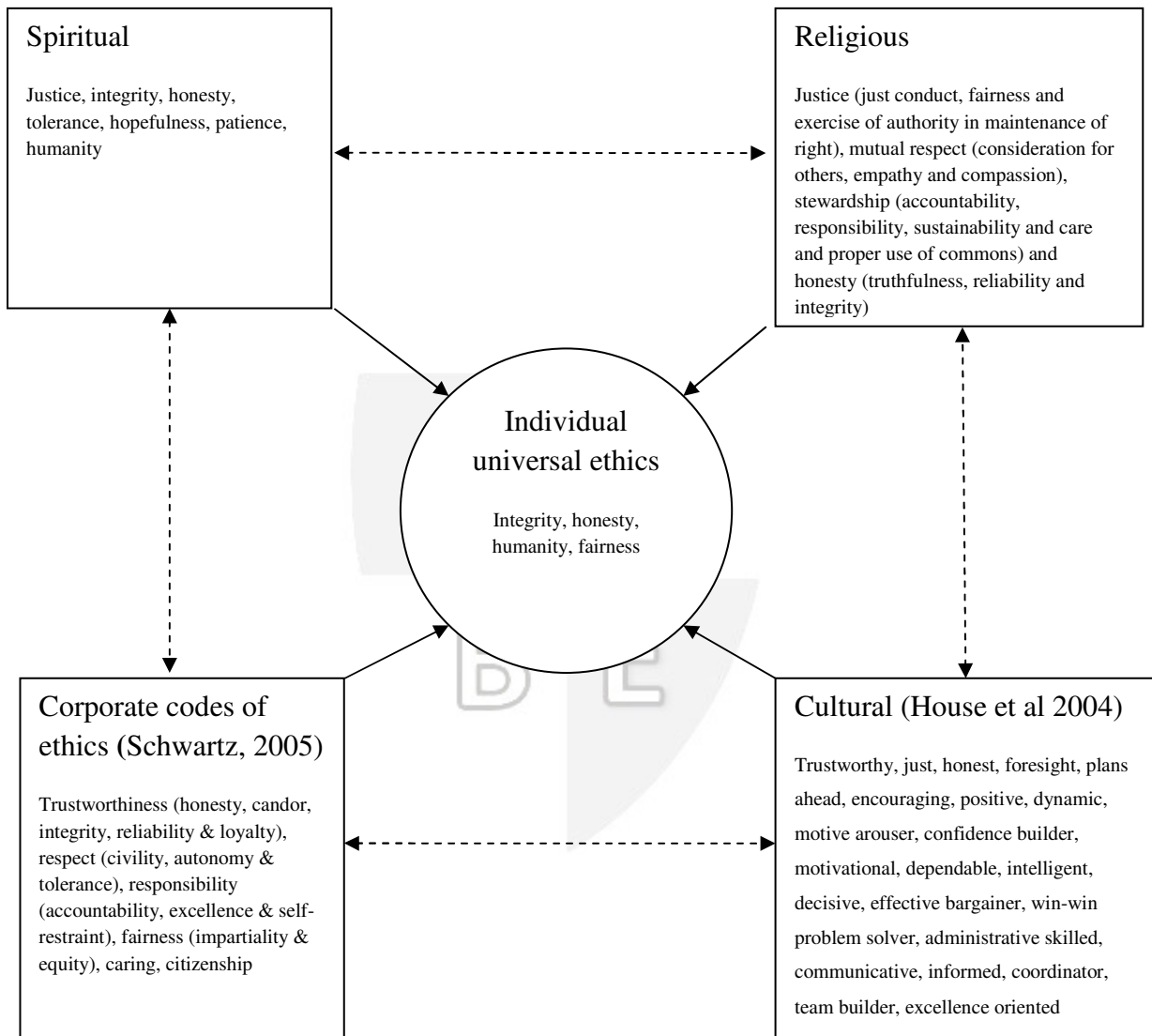


FIGURE 2: STRATEGIC DECISION-MAKING UNDER CONDITIONS OF ECONOMIC RATIONALITY AND VALUES RESPECTIVELY

