

Lying and Transparency

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We talk in PR about transparency, the need for companies to tell the truth, to avoid hiding or varnishing facts. We excoriate lawyers who tell companies to keep mum and reveal nothing that might arise in a court of law. We raise the banner of reputation and credibility and the need to preserve them both by being honest with key publics.

We do all this, yet we know from numerous psychological studies, from personal observation and from our own behavior that lying is endemic. People lie. Telling CEOs to speak the truth no matter what flies in the face of human nature. We call for transparency when in our hearts we know there is no such thing, if one considers transparency to be a window into and out of an organization. The window is frequently veiled, even in open organizations, and occluded in most, depending on the topic.

So, is there a time for transparency in PR and a time for lying? If so, how do we distinguish the two? And, what is lying versus not telling a whole truth? Where does “spin” enter and “hype?” What would happen in PR if practitioners actually tell the truth as a body, rather than bending facts or inventing them?

Lying in PR is more than a false statement with intent to deceive, as the dictionary defines it. It is also conveying a false impression or allowing a false impression to stand. Lying encompasses a panoply of human behavior when it comes to facts and truth. There are lies to make people feel good. There are lies to hide embarrassing or illegal activities. There are lies to conceal proprietary information. There are lies of commission where we state what we know to be incorrect and lies of omission in which we let partial facts stand while deliberately concealing other facts that hurt a client’s cause. There are lies that occur because like all other humans, we become use to “fibs” and tell them without realizing we are doing so. There are lies of exaggeration and lies of insinuation. In fact, there are so many ways to avoid telling facts transparently that it is amazing we ever do.

So should PR practitioners be condemned for lying? No. We are human, and we face stress and moral dilemmas as everyone does. And, should reporters wish to cast stones from righteousness, let them examine their own behavior first. Are they truly fact-hunting newshounds who print without pressure and let outcomes be what they are? Not really. Some pull punches for sources, as we have seen in recent years, even at *The New York Times*. Some express opinions in print that reflect biases. Some know the story they are going to write

even before they have done fact searches or interviews. Some are outright liars, as we learned from embarrassing incidents at *The New York Times*, *Washington Post* and network TV.

So should we get rid of the concept of transparency? No. We should strive for transparency, but we should understand that human institutions do not achieve perfection nor even advance toward it. They surge and fall back like waves in an ocean. Organizations can practice the highest standards of transparency then plunge into the lowest troughs of deception. They can build credibility with audiences as *The New York Times* did for better than a century, then call it into question through loose standards and lack of vigilance. We aren't better at truth-telling today than humans were 2,000 or more years ago. Yet, most humans place high value on truth. They know lying creates a hall of warped mirrors, an environment in which distortion and reflection leave one baffled and fearful about the world around one. People can no longer be certain about anything and whether the outcome of any representation is harmful or not. We know in financial matters, truth-telling carries a high value economically while lying, as Enron learned, destroys companies, livelihoods and people. We know pharmaceutical companies that fail to disclose contraindications of a drug risk the health of patients and the existence of the company from lawsuits. We know presidents of countries caught in lies destroy their power base and effectiveness and can be removed from office.

So, as PR practitioners we observe the economic and social value of truth-telling, and we call for transparency. But do we understand transparency? We tell leaders to fall on their swords publicly when organizations have failed, but we don't know how to protect them for having done so. We tell leaders to provide facts, but we accept cover-ups of embarrassing incidents, such as drunkenness and adultery, that can humiliate an executive, as long those events do not directly jeopardize the executive's performance. We allow reporters to go with partial facts of a story as a way of keeping real stories private. We say "no comment," when we know plenty we could say. Transparency to the PR practitioner is not really a clear-glass window. It is a pane frequently coated on one side to prevent outsiders from looking in while insiders look out.

So do we accept grades of transparency – full, partial and opaque? Do key audiences also accept these variations? That is, do they want to know about some things but be kept in the dark about others? And, how would we know what those things are, if they do?

In financial reporting, analysts and investors want to know everything that can affect the price of their investments. They don't want to know specifics of individual transactions unless transactions can affect a company's prospects materially. But, the term "material" in itself has no "bright line" definition. What may be material to you is insignificant to me. We also know complete transparency would be exhausting, if any organization engaged in it. Few have

the time or skills to learn the millions of details of a modern corporation. They want an executive summary, not the report behind it. We know full disclosure can be and has been used to avoid transparency. Thus, for example, in tobacco litigation, cigarette companies turned over millions of documents without indices to opponents, forcing the opponents to find their own way to “smoking guns.”

Transparency from the perspective of building and maintaining relationships with key audiences has several elements. The first is attitude. That is, organizational leadership willingly decides to disclose to key audiences any and all information that directly affects the interests of those key audiences. This is a moral decision based on right conduct and not a rational decision based on self-interest and short-term economic welfare. Why? Because disclosure of some information can do short-term and even permanent harm to an organization and its leadership.

For example, in every organization there are individuals who violate rules. Organizations have systems to detect these persons and remove them, but some are cleverer than others. They can rise to great heights and huge responsibility, as we learned from Enron, Worldcom, HealthSouth and Boeing. When a CFO is caught in illegal activity, disclosure casts a shadow on a company and opens a door to further questioning and investigation. A company could decide to retire a CFO without revealing the CFO’s misdeed, if it could pass under the SEC materiality rule, or a company could elect to disclose charges against the CFO and create a firestorm. A rational CEO would keep silent and allow the CFO to retire. A CEO dedicated to transparency might reveal the charges and accept the firestorm. It would be hard to argue against a rational approach in this instance. Why stir trouble when there is stress already? On the other hand, the transparent CEO might use disclosure as a “teachable moment,” a chance to reaffirm company values and warn other malefactors of their fate if caught. Determining which approach is best is a coin flip. But from a relationship perspective as a PR practitioner, I would favor the “teachable moment” because it demonstrates that no one in the organization is above the law.

We know the outlines of transparency beyond the bias toward disclosure. It is a communication of facts about individuals and actions. It is not a precise communication because frequently all facts are not known. But, in the interests of trust and accuracy, an organization tells both what it knows and what it doesn’t yet understand. There is no attempt to assume an outcome or gloss intentions. Given the nature of humans to leap to conclusions and optimism among corporate leadership, such objectivity is difficult to achieve.

Secondly, transparency is a way to keep key audiences apprised of organizational activity insofar as that activity affects them and their personal interests. It is a way to maintain trustworthy communication between key audiences and an organization that needs these audiences economically. The key here is to understand how an activity affects key audiences and their

interests. This assumes that an organization is in close contact with its key audiences and knows their concerns. Few organizations are close as they should be and hence, they inadvertently keep audiences in the dark when the audiences should know something. Take, for example, a company that unilaterally decided to stop reporting a key financial statistic to financial analysts. The company argued that the statistic no longer applied to its organizational structure. Some analysts thought differently, and the company was accused of hiding. Had the CEO understood the depth of attachment among analysts for the statistic, the CEO might have taken greater care to explain the company's position before acting. The result was that the company lost respect among a key audience that no longer trusted what the organization was telling them. The company's stock price suffered.

While we know the outlines of transparency, but we still don't know how to implement transparency. Is it absolute commitment to tell the facts of actions and individuals to key audiences? Is it situational based on circumstances, or is it a verisimilitude of facts that explain a situation but give little away. There is no easy answer for any of these questions. The decisionmaker is the CEO and the CEO relies on experience, counsel and personal biases to determine how to implement transparency. PR practitioners because of their position in an organization do not determine implementation. They argue for it. Frequently the CEO will determine what to do with the general counsel by his side and PR practitioners must influence counselors first. Arguing the "right thing to do" may be insufficient to carry the day. Arguing that it is the best business decision requires an understanding of how transparency will affect business outcomes. In other words, PR practitioners should be a good businesspersons first and communicators second.

Transparency is dependent first on leadership, be that a CEO or a board or any other title with the power to control organizational communications. It is dependent secondarily on key audiences on whom the organization relies to survive and succeed. Ideally, the dependency would be the other way round, but the first mover in communicating must be the one with the facts to communicate. Key audiences can make their desires known and their power as well, but they cannot enforce day-to-day transparency as outsiders.

Unfortunately, internal leadership cannot determine transparency without bias. There are pressures on them from various constituents to disclose or not, and if the decision is to disclose, how much and what to say. This can and often does create negotiated transparency in which the personal interests of insiders are mediated before the interests of outsiders. The result is often verisimilitude.

Wise CEOs will listen carefully to those whose perceptions and opinions will affect the economic future and viability of the organization be they insiders or outsiders. Thus, for example, a CEO would be foolish to restrict disclosure to banks and ratings agencies before the first provides a loan and the second a risk

assessment of organizational viability. Both have direct power over the economic well being of the organization, and if they conclude the organization has not been transparent, their actions can harm immediately the organization's fiscal health. Does this mean, on the other hand, that a CEO is free to act otherwise when it is unclear whether there will be economic harm. Or to state this in another way, is transparency dependent on surveys?

There is often little time to do surveys and not enough resources, other than in political circles where surveying is a constant phenomenon. Transparency is often dependent on leadership's sense of what key publics need to know and what is right to do. It is a function of leadership judgment and not of measured audience need. Does this mean transparency is always be a function of leadership understanding? Yes and no. There are external rules that govern openness in some organizations – for example, SEC disclosure rules for public companies and FDA-mandated drug disclosures. These, however, are minimal levels. Companies can comply and yet, fail to be transparent. Companies can remain private and in businesses not subject to government disclosure and not disclose at all.

Lying and Transparency – PR response

How should PR practitioners deal with lying and transparency? There are some practitioners for whom lies are weapons to win public opinion. Regrettably, this is an approach often used in political circles. Calculated smears tear down opponents under the guise of telling the “whole truth” about them. However, this is playing with perceptions and is not and should not be called transparency, nor should it be a part of public relations or publicity. Unfortunately, there will always be liars in PR, and nothing PR practitioners can do will root them out. Lies can work temporarily to the advantage of individuals and organizations in the marketplace, and there are many for whom short-term victory is good enough.

This much can be said. A PR practitioner who engages in lying has no use for transparency. Further, a PR practitioner who engages in such lying believes in perception but not underlying facts or truth. This is a practitioner who has entered the land of distorted mirrors without an ability to distinguish between fact and fiction. Everything becomes conspiracy and self-interest. It is the attitude that Watergate conspirator, John Ehrlichman, revealed when he talked about a “modified limited hangout” of the facts of Watergate – a phrase that has entered the language for cynical media manipulation. One loses clear judgment about what actually is happening.

There are PR practitioners who work in organizations that lie on occasion or chronically. These organizations show distrust or contempt for key audiences on whom the organizations depend. There is also laziness in such organizations. Leadership accepts conventional wisdom and fails to check whether underlying reality equates with the common view. Every practitioner who has worked for

any length of time has been given facts about an organization that upon examination proved false.

In such organizations, the practitioner has a choice to argue against such lying, to go along with it, depending on the circumstances, or to quit. There is little personal safety regardless of the scenario one chooses. Arguing against lying may shorten one's career, especially if leadership willingly lies. Going along jeopardizes one if the lie is exposed because the PR practitioner as a communicator is a visible link in the chain of lies. Quitting preserves one's dignity but not one's bank account.

There are organizations that won't lie but also won't communicate. They have elevated the art of stonewalling, and they work on the assumption that the less people know about them, the more latitude they have for movement. These firms also engage in intimidation, if people attempt to find out about them. A PR practitioner in this environment prevents transparency and parcels out only those facts a company wants known. There was a private firm in the aircraft business that was obsessive about secrecy. It kept one PR person whose job was to say "no comment" in response to media questions. The PR person worked to shut out the public and was there only as a point to which media calls were funneled. The practitioner was neither interactive nor proactive and was often defensive. On the other hand, because the company was so secretive, it was favored to perform secret government projects. There are many such companies in the world.

There are organizations for which transparency means communicating to key audiences, but this does not mean these organizations are always transparent. They may be semi-transparent. They may choose not to talk about sensitive issues at certain times, and they may choose to dissemble at others. For example, they may talk freely about their financial progress but rarely about how employees fare in the business and interact with customers. They may lie to throw off a competitor or gain other marketplace advantage, but eventually they come clean to constituents. More often than not, they are truthful and aware of the trust they want to keep between the organization and its key audiences. PR practitioners working in this environment communicate transparently to key audiences more often than not. Moreover, they are able to argue for transparency and get a fair hearing from the CEO.

It is up to practitioners to decide the kind of organization in which they wish to work, and it is dependent on their own ethical convictions and business judgment. PR encompasses a continuum of truth and falsehood from stark black and white to unlimited shades of gray. But then, so does every business.

Lying is part of human behavior. It doesn't go away with a commitment to transparency. PR practitioners, like all humans, deal with issues of fact and truth daily. Transparency is an ideal that molds to the reality of human behavior. No

organization is absolutely transparent, nor should it desire to be. The transparent organization is desirous of telling key audiences the information those audiences need to know to maintain credible working relationships with them. That said, there are many things that a transparent organization doesn't and won't disclose to key audiences such as trade secrets, behavior of employees, medical conditions (other than that of a senior leader in a public company, which is required), marketing strategies, product innovations, R&D discoveries, etc. Transparency, by definition, is a limited term and users have always assumed its limitations, whether they reflected on their speech or not. Ultimately, transparency lies with leadership and not with the PR practitioner. The same organization under a new leader can go from silence to openness instantly and back again when yet another leader takes over. Practitioners need to understand that and to modify concepts of transparency accordingly. Some day, perhaps, the industry will get rid of the term, transparency, and adopt a word that better expresses the reality of organizational communications.

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