

On the Failed Analogy Between Perfect Friendship and Loyalty in Business

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A word of warning: this is a VERY early draft of a paper I was asked to present at a conference on the relationship between employees and employers. My other main project for this term, a historical evaluation of the doctrine of double effect, seemed a little far afield of the interests of the CNISS group, so I decided to go with this work in progress. This is, currently, little more than a series of notes on how this paper might come together. Comments, particularly on the economic and game theory aspects of this project, would be greatly appreciated.

To start, here are a few comments and quotes from philosophers on the loyalty between employees and employers and also between persons generally:

- “whistleblowing...violates a *prima facie* duty of loyalty to one’s employer” (Norman Bowie, 1982)
- “The whistleblower hopes to stop the game; but since he is neither referee nor coach, and since he blows the whistle on his own team, his act is seen as a *violation of loyalty*. In holding his position, he has assumed certain obligations to his colleagues and clients. He may even have subscribed to a loyalty oath or a promise of confidentiality...Loyalty to colleagues and to clients comes to be pitted against loyalty to the public interest, to those who may be injured unless the revelation is made.” (Sissela Bok, 1980)
- “A business or corporation does two things in the free enterprise system: it produces a good or service and it makes a profit. The making of a profit, however, is the primary function of a business as a business...” (Ronald Duska)
- “A company feels no obligation of loyalty. The saying ‘you can’t buy loyalty’ is true. Loyalty depends on ties that demand self-sacrifice with no expectation of reward. Business functions on the basis of enlightened self-interest.” (Duska)
- “This, then, is perfect and complete friendship, both in terms of time and all other respects, and each partner receives in all matters what he gives the other, in the same or similar form; that is what friends should be able to count on.” (Aristotle, *Nicomachean Ethics*, Book 8, Chapter 4)

A survey of the philosophical literature on whistleblowing and company loyalty will generally show three primary viewpoints: the *prima facie* view of Bok and Bowie, among others, the Social Atomist position, and what I'll call the Middle view proposed by Duska and, in some places, Robert Larmer. They break down as follows:

1. The *prima facie* view claims that employees hold a *prima facie* duty to be loyal to their employer unless there are overwhelming moral considerations, almost always for the **public good**.
2. The Social Atomists, as dubbed by John Ladd (97), include empiricists and utilitarians, and they claim that, at most, one can be loyal only to individuals. Loyalty to a group only makes sense in terms of the individual loyalties to the **members** of said group.
3. The Middle view argues that one CAN be loyal to a group (and not just the groups individual members) but that loyalty is centered on PERSONS and not to some abstract idea or entity. The Middle view runs between the Social Atomists and the Idealists. Practically, Duska argues that people can be loyal to both other people AND to groups (including businesses), but that they shouldn't be expected to have a *prima facie* loyalty simple because of the nature of the relationship. Larmer argues that the loyalty between employer and employee can be explained by a few factors:
 - a. Loyalty need not be reciprocal
 - b. Loyalty can be owed by an employee to his co-workers and friends, if not to the company *per se*

- c. Even though the companies primary motive is profit, this does not, in itself, show that loyalty is irrelevant.

Larmer supports his view by offering an analogy between an employee's duty of loyalty to his employer and the relationship between two friends. If one's friend was doing something morally wrong, says Larmer, it would not only be morally **permissible** but also morally **obligatory** to do something about it. Immoral acts can NEVER be in one's best interest. On this model, an employee treats the business like a friend, as far as whistle-blowing is concerned: if the business is acting immorally, it is the duty of the employee (*qua* friend of the company) to do what is necessary to prevent the immoral act.¹

Larmer and Duska both clearly seem to endorse a model of loyalty based on an Aristotelian model of "perfect friendship."² For Aristotle, there are three kinds of friendships, each one based on a different motive:

1. Usefulness: where the partners do not feel affection for each other *per se* but in terms of the good accruing to each from the other.
2. Pleasure: where the partners do not feel affection for each other *per se* but in terms of the pleasure accruing to each from the other
3. Perfect (virtuous) friendship: between good men who are alike in excellence or virtue. These friends wish alike for each other's good because they **are**

¹ There are questions that can be raised about this model of friendship. While this might justify, for instance, an intervention for a friend who is abusing drugs or alcohol, would it be justified to turn that person in to the police, call the local news to do an expose, or set up a sting? This seems closer to whistle-blowing but may be on muddier moral ground.

² There is an additional question about the nature of friendship between employers and employees, raised by Joseph Kupfer. Is the lack of autonomy between employers and employees enough to sabotage any possibility of any sort of friendship between the two? I think this objection sinks a friendship based on the Aristotelian "perfect friendship model" but does not suffer under the "usefulness model."

intrinsically good. These friendships may be doubly- or triply- good (in that they may also be useful and pleasant) but they are also rare.

The relevance of this view of friendship should be clear from the Larmer analogy: if friendship is the model for loyalty, then we must understand what **sorts of friendships** we should have. My argument here is that both the *prima facie* view and the Middle view are based on the “perfect friendship” model, which is problematic for the sort of relationship between employers and employees. Instead, the model of friendship that should be utilized here is the “usefulness model,” which would eliminate some of the confusion about conflicts between duty to employer and duty to self/community/public good.

It is interesting, in these articles, that little is said about the duty of loyalty **from employer to employee**. Most authors seem to avoid this duty, if it exists, or consider it to be, at the very least, unexpected. But it certainly seems that **employer loyalty** factors greatly into reputation and credibility of employers to current and prospective employees. The lack of discussion might stem, in part, from the perception of the common law practice of **employment at will** (EAW), which seems to generally be understood as a benefit mainly to employers and only tangentially to employees: employers can fire who they want, when they want, for whatever reason (or lack of reason) they might have. But, of course, EAW **does** benefit employees: they can quit a job whenever they get a better offer or find the job unpalatable (in absence of an explicit contract). Strategically, employers and employees should the outward **signs** of loyalty if they want to continue to be employed or if they want to keep an already trained employee.

How does the “usefulness model” of friendship fit in here? If, as Larmer and Duska seem to argue, we should aim for a “perfect friendship” with our employers and employees, we cannot look primarily to our relationships as being based on mutual usefulness. This seems **absolutely** to be the wrong way to consider our relationship with our employers and employees: **of course we base these relationships on mutual usefulness!** Other factors, including mutual pleasure (how many people really get pleasure from their work?) and equal virtue, seem ancillary to the primary focus of the employer/employee relationship. So, we should base our analogy of friendship, if we are to use one at all, on the “usefulness model” and not on the “perfect friendship model.”

What is the philosophical and practical upshot of all of this? It can be seen most clearly in the debate on whistle-blowing, where both the *prima facie* view and the Middle view seem to utilize notions of friendship to justify and to challenge the practice of whistle-blowing by employees. If we ditch the “perfect friendship model” in favor of the “usefulness model,” there will be little or no conflict in making a whistle-blowing choice. It will not be, as Bok contends, a “tragic moral choice:” it simply becomes a matter of evaluating the usefulness of one’s employment against the costs of the harm done. If one holds any robust notion of moral responsibility, and considers that, by being silent about the immoral action of one’s employer one is complicit in the proliferation of the action, the doctrine of dirty hands kicks in. If one’s concern for one’s own well-being (eg continued employment) trumps one’s concern for the community, then one will choose not to blow the whistle. However, one cannot complain, as Lady Macbeth does, that the stain will not be washed away: our moral duties are not, of course, things we can simply pick and choose. But consider the alternative, for the average employee: if an employee

performs some immoral action or commits a crime, is the employer expected to maintain loyalty? If the employee is accused (or even convicted) of child molestation, child pornography, or some other unfavorable act, would it be expected that the employee would be retained (again, in absence of an explicit contract)? Of course not. Once again, EAW kicks in, providing benefits to both employer and employee: just as the employee can **quit** if she is uncomfortable with the immoral actions of a business, so too can an employer drop an employee who has acted poorly. What's good for the goose, they say, is good for the gander.

A closing note: while this view justifies whistle-blowing in the broad sense, I concede that Bowie, Bok, Larmer and others offer a good set of recommendations for the conditions of an act of whistle-blowing, most notably that it be a last resort. One should attempt to resolve problems in-house before going to the authorities, the news media, or some other authority. If an in-house attempt fails, and the immoral action continues to be perpetuated, then the employee has grounds to make public his charges.

Bibliography

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