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THE COMMONS AND THE MORAL ORGANIZATION[1]

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Abstract: A complex organization is in effect a commons, which supervisory techniques cannot preserve from free riding. A corporate culture strong enough to create the requisite community-minded second-order desires and beliefs may be morally illegitimate. What morality requires is not local enforcement of foundational moral principles—a futile undertaking—but that the organization be a good community in that it permits the disaffected to exit, encourages reflective consideration of morality and the good life, and creates appropriate loyalty.

One might well suppose that the last thing we need is another metaphor for organizations, but I offer one all the same: the organization is a commons.[2] There is a moral and administrative obligation to preserve this commons; and to do so, I claim, requires the manager to create a certain kind of corporate culture.[3] But how can a powerful corporate culture be compatible with the autonomy of those it affects? It would seem to be a brainwashing device.

A morally legitimate organization turns out to have certain features one would expect, but some also that one might find surprising. Among other things, it generates self-fulfilling belief, appeals to the emotions, and commands loyalty. It takes a strong corporate culture to do that, and to preserve the commons.

The Commons

The commons situation (see Hardin, 1968 and 1977) is a close relative of the Prisoner's Dilemma. A village commons is publicly owned land on which, by definition, any villager's sheep may safely graze. If you as a sheep-owning villager are the rational maximizer of your interests that economists assume you are, you will want to graze as many as possible of your sheep on the commons rather than on your own land: that way your land is less depleted, and your gain exceeds your share of the cost of one more sheep on the commons. But if all sheep-owners calculate as you do, they will graze all their sheep on the commons and in that way overload and finally destroy it, to the detriment of all.[4]

If the other villagers are rational maximizers, this bad outcome will happen even if you forbear; so you had better act as greedily as they do. If the other villagers are unselfish, your best selfish course is still to put all your sheep on the commons and get a free ride.

Rational maximizing by each participant eventually hurts each, while the individual's cooperative behavior may be exploited by a maximizer. Not being economists, we need not assume that the villagers have selfish, separate interests. It is easier to preserve the commons where, out of concern for one another's welfare, people are generous, or at least cooperative.[5]

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The situation calls for a general agreement to be moderate or, if people do not trust one another, for regulation with teeth. Today the public goods we hold in common include air and water, polluted in being used by rational maximizers. We must all breathe and drink, but no individual maximizer much depletes his or her share of these goods, in comparison to what is saved in externalizing costs by polluting. The commons-based argument for regulation is that without it everyone, even the polluters, will suffer by the destruction of these public goods. With the right sort of regulation, no one suffers a competitive disadvantage by running a clean operation.

The logic of the commons works within many large organizations. An organization is in effect a commons under these conditions, which are necessary and jointly sufficient: (1) employees and management, whatever their distinct interests, share an interest in the organization's prosperity, with the result that (2) organizational effectiveness — that is, for present purposes, long-term stability, growth, and profitability — serves employees' and managers' interests, and (3) organizational effectiveness is a function of employees' and managers' cooperative effort, and (4) it is possible to get a free ride by contributing less than one's share of the fruits of (others') cooperative toil. So a maximizer of his or her own private package of money plus leisure time may do well by exacting undue pay or being as unproductive as is possible without penalty. But if there are many such maximizers, then the common good, the aggregate value of wealth and leisure available in the organization, will be reduced and all will suffer together.[6]

Normally the easiest way to solve the old commons problem is to privatize the land: every family gets its own lot, and solves its own problem about husbandry. This is not possible with air or water, or with other things that can operate effectively only under joint ownership or collective direction — for example, large organizations. Compensation systems designed to reward or punish individual performance are supposed to meet the first three conditions mentioned above and deal with the fourth by eliminating the possibility of free riding. But there are problems with performance measurement, especially where required tasks must be done cooperatively, as is the case increasingly in today's organizations, which must adapt to turbulent environments by the use of shifting *ad hoc* teams of guerrillas.

What best preserves the commons in an organization of this sort is the right kind of corporate culture.

Corporate Culture and Desires

There are those whose view of ethics is that it is the branch of anthropology[7] whose function is to analyze the thick concepts of the language, in particular the ethical language, of communities. This much, at least, is true: moral anthropology is a significant part of ethics, and one can practice some moral anthropology with respect to organizations as part of business ethics.

At the very least business ethicists should be aware of corporate culture, a matter of great interest among organization theorists in recent years. It is the body of shared beliefs, values, expectations, and norms that shape behavior, language, and thought in the organization and account for certain observable artifacts and for what anthropologists call social structure.[8] Culture is communicated through socialization that includes example, peer pressure, rituals, symbols, and stories. The important messages are often implicit: even people most influential in keeping the cultural flame may be unable to state the rules, for the same reason fish do not feel wet.

Under the four conditions stated in the previous section, a strong culture[9] can — though it may not — increase the probability that employees will contribute to the organization and eventually to themselves, rather than take the rationally maximizing free (or cheap) ride, and so preserve the corporate commons. This may happen where a strong culture affects one's values and moral sensibilities not only through rewards and punishments — that is, by providing what one wants or what one does not want — but by significantly determining one's wants and then satisfying them. Like culture in the broadest sense, corporate culture has a strong role in determining what sort of thing makes you happy, in part by determining what counts as success. For it is precisely the characteristically human pleasures — the ones at the top of the Maslow (1970) hierarchy so beloved of business theorists — that are a function of one's social setting. One way to manage an organization is to create a social setting that determines what people desire. And that leads us to consider the kinds of desire a social setting can affect.

Kinds of Desire

One of the characteristics of intellectually developed people is that they not only have desires but reflect on them and have attitudes towards them.[10] I may desire to smoke but regard this sort of desire with disapproval, and wish I did not have it. The desire to smoke is then a first-order desire, in Frankfurt's celebrated formulation, and the desire not to want to smoke is a desire about a desire, hence a second-order desire. If I am neurotic or just weak-willed I may have first-order desires that are inconsistent with my second-order desires but on which I act all the same.

To the extent that your second-order desires determine your first-order ones or at least override them when you act, you are autonomous, according to Frankfurt.[11] Insofar as you have the will to fulfill your second-order desires, they are part of your character.[12] Second-order desires set priorities among your first-order desires so that you can plan and execute great ends through complex means.

In the current discussion the main point is this: culture at its most influential works on one's second-order as well as first-order desires. It makes one want whatever others in the organization want, and it may also make one want to be a certain sort of person, with desires and projects of a certain kind. Consider, for example, how the ambient culture works on middle managers in an organization that values competitiveness. One not only wants to win; one wants to be, and takes pride in being, a winner — the sort of person who cares a great deal about winning and less about some other things.

Success and prestige are among culture's devices for affecting second-order desires. The variety in what may count as success and what may be prestigious creates leeway in what may make one happy. A standard claim is that culture gives meaning to the people in the organization; and so it does, in the sense that it gives them higher-order desires, values, and goals to which they are willing to devote their lives. If corporate role models are (say) ruthless, employees may want also to be the sort of people who enjoy being contemptuous of those (wimps and losers) who are content to be cooperative and to take pleasure in others' success.

An acculturated person might regret having a certain kind of first-order desire. For example, someone who treasures loyalty might be embarrassed to experience a hankering to take a job elsewhere, or to have an affair. One might fight one's charitable impulses, or wish one could be tougher or more straightforward or stronger. In such cases the corporate culture is affecting one's second-order desires as much as one's first-order ones. In Joseph Heller's *Something Happened* (1974, 67) the protagonist says, "And I find that I am being groomed for a better job. And I find — God help me — that I want it." Had he been thoroughly socialized, he would not be appalled at wanting it.[13]

A strong culture may also affect second-order beliefs, which are beliefs about what sort of thing one should believe, for example about how to derive first-order beliefs from evidence.[14] From the point of view of higher-order beliefs, you reflect on and make corrections to the first-order ones. A strong corporate culture produces second-order beliefs by filtering what people observe and how they talk, by training their expectations, and by influencing their interpretations of others' behavior. Hence within a certain organization this act indicates loyalty, that one insubordination; this behavior is taken as a sign of courage in a man, pushiness in a woman, insolence in a person of color. The propagation of interpretive second-order beliefs also gives people in the organization meaning, though not in the sense in which the propagation of second-order desires does.[15]

There is not necessarily anything morally wrong with this; it is not as though people in an organization would otherwise gather knowledge about one another's beliefs and intentions in some more rational way. One reason the social sciences are unscientific is that beliefs about what is the case, including beliefs about what others may do or intend, affect what is the case as well as the other way around. If it is true that the organization is a network of shared intentions, expectations, and conventions, then much of what is true of it is so because its enactors expect and intend it to be true.

Problems about Autonomy

All the same, there are moral problems here. Where a corporate culture is powerful, people's desires and beliefs will likely be influenced as much by appeals to emotion, such as through symbols and rituals, as by discursive argument. Few are capable of being wholly rational, of being conscious of the relations among their second-order desires and between them and their more immediate ones, of taking a critical attitude towards either kind. One can be brainwashed by a strong corporate culture. The greatest evil of *1984* is that in the end the dissidents love Big Brother.

But what is the alternative to acquiring second-order desires because they are popular? It is not clear how one can be wholly autonomous if autonomy is a matter of being able to act on desires that are subject to one's reflective scrutiny. For it is necessarily true, as a familiar form of regress argument shows, that one has some higher-order beliefs and desires that one does not consider from the point of view of still higher-order ones. You can test your fundamental values for consistency, but you cannot choose them on the basis of good reasons; so how can you reasonably decide what higher-order desires truly are in your best interests? On the other hand, if a strong culture greatly influences what you regard as happiness, how does it respect your autonomy?

Frankfurt offers an account of a way in which you can do what you want to do and still not have free will. The problem he does not adequately address is this: you can follow your second-order desires and still not have free will, because you are brainwashed, perhaps by the ambient corporate culture, and therefore have stupid or incoherent second-order desires.[16] But what basis can we have for moral criticism of the culture for the way it affects second-order desires, or for the desires it helps create? Should corporate culture not affect second-order desires at all? Should it affect them in some ways but not others? What is wrong with *Brave New World*?

It is not obvious that the satisfaction of desire, of any order, is all there is to either autonomy or the good life. An Aristotelian would say that there is a certain irreducible human essence that neither an organization nor any other community may violate, even with the permission of the victim. Concerning that human essence a traditional Aristotelian might add that a human is essentially a rational being and a political one — that is, one who lives in a *polis* — and that a virtuous person must live in a great *polis*, and that politics is the culmination of ethics. In all this lies a solution to our problem, and to some other problems as well.[17] The next step is to consider what makes a *polis* or any other sort of community great, so that it preserves the commons and otherwise serves its citizens' interests, and what a great community has to do with its citizens' second-order desires.

The Good Community: An Aristotelian Approach

If the good life is not a matter of the satisfaction of desires, then what is it a matter of? According to the traditional Aristotelian view, whatever else is true of the good life, virtue is a necessary condition of it.[18] On the Aristotelian account, character is determined by what gives you pleasure — good things do if you are virtuous, bad ones if you are not.[19]

The standard economist's account makes one's interests a matter of the satisfaction of one's desires. From that point of view, it makes good sense to ask whether it is in one's interests to be ethical. From the (somewhat updated) Aristotelian point of view it can make little sense to say that virtue is or is not in your interests, because virtue or vice determines what your interests are. You are a good person if your interests are such that it is in your interests to be morally good. A good person values and desires good things, and desires to desire good things.

But for a good person, in particular a cooperator inclined to trust others, life in a community full of treacherous free riders would be unhappy. So we can see the point of Aristotle's claim that a virtuous person must live in a great *polis* — can survive only in a good community, we might say. If persons are characteristically rational and civilized, then a good *polis* or community or corporate environment should support their rationality and their civility. As to the first, it should permit them to ask themselves, Is this the kind of consideration by which I want to be motivated? Do I really believe that (say) the one who dies with the most toys wins? As to the second, it should support rather than undermine cooperation and trust.

A great *polis*, or an organization with the right sort of culture, cultivates not simply virtuous behavior, as of the scribes and Pharisees, but actual virtue. Its citizens behave virtuously not because they are rewarded for so doing and punished if they do not, but because they value so doing and have second-order desires accordingly.[20]

Clearly some second-order desires born of the socialization of a strong corporate culture may be bad. Suppose you are ruthless in the sense that, like La Rochefoucauld, you desire not only your own success but others' failure, and are content to have that desire and be that sort of person. Suppose too that your second-order desires are satisfied, and your highly competitive, zero-sum behavior brings you prestige in your organization. You enjoy success; you enjoy showing yourself and others how tough you are.[21] On what basis can we say that you are being damaged or diminished by being made ruthless, that this kind of ruthlessness is not really a features of a good life, even that it is somehow unnatural? It is not enough to say that it would displease Thoreau or even the average ethics professor; nor will it do to protest that it is a product of one's culture, for so are most second-order desires, including ones we find laudable. The problem with this ruthlessness is that it cannot be a widespread trait in a productive and happy community, for it undermines the commons and renders the community unproductive and unhappy.

Ruthlessness is not a virtue, not a quality of character such that one has desires that contribute to one's community, as by preserving the commons.[22] But virtue requires not only that one's desires be the right sort: according to Aristotle, it is characteristic of the virtuous person to have appropriate emotions along with dispositions to act (see *Nicomachean Ethics* II.3 1104b13-16, and other passages in Book II). So by inference the good life involves emotional attachment to others in one's good community. The good citizen takes pleasure in what contributes to the community and produces goods for its citizens,[23] and cultivates the desire to associate harmoniously with fellow-citizens, whereas second-order desires characteristic of ruthlessness damage the commons, and can seldom be kept from doing so by legal or administrative fiat.[24]

Is it therefore irrational to be ruthless? We may be inclined to say, following the lesson of the commons, that you are better off being ruthless whether or not the others in your organization are. But since we are talking about second-order desires, the important question for us is not whether you are better off if you behave ruthlessly, but rather whether you are better off if you are the sort of person who values ruthlessness, who likes having ruthless impulses, whose idea of the good life is to be successfully ruthless. We are talking about whether it is rational to have — or believe one has —interests in which ruthlessness plays an essential role. And it usually is not, for the odds are against your success if that is your idea of success.

This is not to say that people can decide purely by rational reflection what their interests are to be. There can never be enough evidence for a rational person to be certain that the commons will be preserved, hence from a selfishly rational point of view never any conclusive reason for acting, or wanting to act, to preserve the commons. That is yet another reason for saying that whether it is rational to want to be ruthless is not something we can decide wholly rationally. But a strong corporate culture works less by persuading us rationally to cultivate commons-preserving values and beliefs than by feeding emotions where there is inevitably a shortfall in evidence.[25]

There is nothing necessarily deceptive in all this, or exploitative in the culture that socializes its people accordingly. The individual's concerns are not by nature entirely selfish in the crude way assumed by standard economics. Nor are they free of emotions, such as those characteristic of loyalty. Nor would people necessarily be more moral or act more rationally if they were unemotional: as Aristotle argues, virtue requires appropriate emotions. We feel an obligation to each other when we share rules, traditions, role models, and the rest of corporate culture. Without pangs of conscience, sympathy, the desire to justify our actions to each other, we are less likely not only to behave appropriately, but to take the trouble to work out what is appropriate. Without attitudes of this sort a corporation is not a community. Given the difficulties of managing a complex organization in a turbulent environment, the attitudes that make an organization a community will be necessary to preserve the corporate commons.[26]

But commons-preserving desires and emotions and self-fulfilling beliefs do not guarantee the moral worth of a community. Such desires may be abused, for example by those able to get others to be satisfied with little.[27] That people are content and the commons is preserved is a feature of a good community, but not sufficient for morality. That people are reflective is also insufficient if the second-order desires on the basis of which they reflect take a narrow view of what life has to offer. What more, then, do we require of a good organization or community?

Communities and Morality

We may be inclined to say in response that a good organization, or any good community, preserves its citizens' autonomy and related rights and maintains appropriate standards of utility and justice. A good community is one in which people are acculturated to behave morally according to these time-honored principles. The problem with that approach is that different communities may have different conceptions of what these principles imply. Utility can hardly suffice as a basis for the critique, for utilitarian considerations must presuppose some conception of the good life, hence of the good community; so they will be of no help where what is at issue is precisely what the good life is, and whether some local notion of utility is a bad one.

Much the same can be said concerning autonomy, the essential right. There is a necessary connection between acting autonomously and acting reasonably: it is difficult to conceive of even a merely intentional action that is in no way reasonable. Insofar as we share certain views about what it is reasonable to be motivated by — hence about what the good life is like — we shall likely share certain views about what is autonomous.[28]

As for justice: it is unquestionably true that a good organization dispenses justice through impartial rules. But this leaves a great deal of leeway for varying conceptions of justice. Consider how different communities, especially those with different economic assumptions, might have very different criteria for deserving, each of them clearly impartial in some way. Even the sort of impartial detachment with which we might want to view our own values is extraordinarily difficult to achieve, if my argument is right.

As Gordon (1991) and others have shown, different industries call forth different kinds of culture in their participating organizations. So do different corporate missions. These different cultures and missions will create their own differing local notions of success and well-being. Whether an organization is in the private or the public sector, for example, may legitimately affect what will be considered a fair internal distribution of its resources. The time-honored principles do not permit close moral comparisons of communities that differ in these ways, though they do allow us to identify some grossly deficient local views.[29]

I suggest that instead of taking the time-honored moral principles as foundational and trying to figure out what communal or organizational arrangements best encourage people to act according to them, we try to say something about what a good community looks like, and then see how a good community requires people to treat each other. Aristotle's claim that politics is the culmination of morality permits this construction: it is not the case that a community is good because people in it act according to the best possible principles of morality; rather, the best possible principles of morality are those principles, whatever they are, that create the right kind of community.[30] What then is the right kind of community? It is one in which at least the following is true: the commons is prserved, and people are able to reflect on and have extended conversations, based on their shared experience, about morality — for example, about the nature of happiness and of justice and about the scope of rights — from which moral progress may emerge.

Moral philosophers typically assume that political theorists and perhaps the subtler business ethicists ask themselves what sort of community supports and justly distributes the good life, which is independently describable. But it is not clear that we can describe the good life prior to describing the nature of the good community, not clear that we can give any better description of the good life than to say what sort of community supports it. We might derive from Rawls, for example, the lesson that the way to get at the right moral principles is just to describe the conditions under which the right kind of *polis* is constructed and then to add that whatever principles emerge from those conditions are good moral principles.[31]

A thoroughgoing pragmatist would welcome this move, and might even invite an analogy with Kuhn (1971), who can be interpreted as claiming that good science is not science that matches the facts of the matter but instead science that is done under rules and conditions that encourage useful results and leave open the possibility of progress as new questions come to the fore. Contemporary moral realists will not likely agree that moral principles are in that way parasitic upon political theory or business ethics. Yet some of them hold that the way to arrive at correct moral principles is to follow the Rawlsian method of reflective equilibrium or some other dialectical method under appropriate conditions.[32] I decline to take sides on whether that is the best way to arrive at moral principles, or whether instead the best moral principles just are by definition whatever that method produces and the best second-order desires are desires to act according to these principles.[33]

For a manager who would be ethical, the task is to create a culture that encourages commons-preserving and otherwise appropriate behavior and dispositions, rather than a snake-pit where only a fool or a martyr would act otherwise than on narrow self-interest.[34] For an individual who must live in a less benign culture or a not-so-great *polis*, or a manager who must compete in markets where competitors will not play by the rules, the task is more complicated, and well beyond the scope of this essay.[35]

Rather than describe the good community or say how that description applies to organizations, I shall state some features of it that answer to some issues I have raised, though there are other important features that I shall not discuss. In the appropriate combination these features will support a corporate culture that preserves the commons in a way that is compatible with individuals' autonomy.

Qualities of a Good Community: Exit, Voice, and Loyalty

An organization that is a good community must at least provide for what Hirschman (1970) famously calls *exit, voice, and loyalty*. (I do not claim that these are sufficient conditions of a good community; they are not.) The third of these features in particular has much to do with corporate culture and its preservation of the commons.

Hirschman takes exit — the ability to leave one's community — to be the standard resort, though not the only one, of the disgruntled employee or customer. One possible benefit of people exiting and entering is the propagation of that cosmopolitan sophistication of one who has lived in a number of communities and is therefore not the uncritical prisoner of any local values. More important, the ability to leave one organization and enter another also permits one to shop for the best deal and puts pressure on potential employers to treat employees well.[36]

Hirschman takes voice to be the usual resort of the citizen. Voice is first of all a matter of employee input and due process: Hirschman is talking about real political power. But insofar as we need to find some sort of impartial perspective on ourselves, it is also important that the organization be hospitable to those whose ways of seeing and interpreting life are different. Heterodox voices[37] are a means to self-evaluation and moral progress, which come about, as Rorty

(1989) suggests, not so much by our discovering and deploying foundational principles as by our "keeping the conversation going," and so developing as we live and talk with one other new and enlightening ways of conceiving of the good life and the traditional principles of morality, and nurturing second-order desires that contribute to the community.[38]

Not least of the three is loyalty. A necessary but not sufficient feature of a good organization is that its managers and employees are bound to one another by loyalty that goes beyond individual self-interest. Voice is important to the good *polis* because the person is a rational animal; loyalty is important because the person is a civilized animal. And of the three features, loyalty, involving as it does people's second-order desires, is the one most susceptible to influence by a strong corporate culture, and most susceptible to abuse.

That last is why loyalty is not much emphasized in the literature of business ethics, and why its appearance as a feature of an organization that supports autonomy may seem paradoxical. Its demands may certainly conflict with one's freedom to exit and with the right to voice as well. But it helps support the commons and organizational effectiveness generally. Libertarians advocate employment, hence exit, at the pleasure of both employer and employee; they deem it inefficiently sentimental for either party to attend to loyalty's demands.[39] But it is loyal employers and employees who make efficient joint investments, for example in job-specific training. Loyal employees will do things that benefit the organization in the long term at the expense of lesser short-term benefits, and generally will be motivated by the interests of others in the organization, with commons-preserving results. They expect their loyalty to be reciprocated in the form of employment that lasts long enough for them to share in the long-term benefits.

It is characteristic of a loyal person to have a certain kind of second-order desire, for example to want to be motivated by whatever serves the interests of the beneficiary of one's loyalty. (Or shows respect to that person or organization: think of why the Mazda employees described in note 13 were supposed to wear the caps.) I noted earlier that a loyal person might be embarrassed by a feeling of sexual attraction to someone other than one's spouse or a desire to take a job elsewhere. As neither marriage nor the employment relationship can thrive if it is understood that each party may exit the moment a better opportunity comes along, it is rational to want and to cultivate — not the ability to grit one's teeth and make the best of it but — the actual desire to be true to one's spouse or one's employer, at least until there is reason to desire otherwise.

As to second-order beliefs: a loyal person characteristically thinks it rational to believe that the beneficiary of loyalty is loyal as well. Rituals and symbols of the kind we associate with a strong corporate culture create emotions that support the kind of loyalty that makes employees act in ways that benefit the organization[40] even if there is no certainty of compensation for it. If that happens generally, then the probability of compensation for it is increased.[41]

This is not to deny what is utterly obvious and very important: as there can be too little loyalty to preserve the commons, there can be too much to permit the voices of rational reflection or the appropriate readiness to exercise the exit option. In generating loyalty and supporting emotions, a strong corporate culture may cause people to believe what is not true and not even self-fulfilling, and to love Big Brother. One of the difficult problems of business ethics, and of organization theory too, is to determine how much loyalty is appropriate for an employee who does not know what its reward will be. We can say at least that loyalty is much less appropriate in an organization that does not permit voice in the sense I described earlier.

In an organization that is a commons, in which your contribution pays off for you only if most other people also contribute, an enforceable agreement seems to be a necessity; but it is virtually impossible to stamp out free riding through systems of rules supported by rewards and punishments. As an alternative I advocate a corporate culture that affects people's higher-order desires and even their interests, and so makes loyalty self-supporting and rewards a contributory nature.

In any organization, in any community, we continue to learn over time about what combinations of loyalty and wariness can support the good life. As we learn, our conception of the good life may change as well. Life in the organization is a slow and necessarily not entirely self-conscious process of inventing our most serious emotions and desires: that is, inventing ourselves.

Notes

[1]Earlier versions of this essay were presented to faculty and graduate students at the Katz Graduate School of Business at the University of Pittsburgh and to members of the University College Philosophy Club at Rutgers-New Brunswick, the Applied Ethics Group at Rutgers-Newark and the New Jersey Institute of Technology, and the Society for Business Ethics of the American Philosophical Association. Thanks for helpful comments to Robbin Derry, Wayne Eastman, Robert Frank, Edward Freeman, George Gordon, Candace Hetzner, Elizabeth Hodge, Eric Katz, Donald McCabe, Michael Rohr, Barbara Stern, Nicholas Sturgeon, and Patricia Werhane. I have profited from correspondence with David Braybrooke, and from conversation with Alan Ryan.

[2]Pastin (1986) uses this metaphor to advantage, but on the issue of how to preserve the commons he and I have quite different views.

[3]This is not to suggest that managers can unilaterally create corporate cultures just as they wish.

[4]Cox (1985) shows that Hardin's account does not describe what actually happened to common grazing land in medieval England. She says nothing damaging to my view of the commons problem.

[5]In actual communities people's values may not be narrowly selfish, and may change over time. Solomon (1992, chapter 5, 48-64) claims that game theory's standard problems make unsound assumptions, particularly about how a certain stark selfishness is natural. It will become clear that I agree with him about the unsound assumptions, but they do not make game theory useless to us.

[6]One can hold that this aggregate is no common good strictly speaking, yet still agree that the organization is analogously a commons. The collective action problems are no different, and my proffered solutions no less applicable. In a similar frame of mind, one might read Gauthier's influential work (1986) as arguing that all of life is a commons and that the truly rational person is also moral — that is, contributes rather than take a free ride.

A good labor climate preserves the commons by minimizing free riding among both labor and management. A strike damages the commons in the short run; but that a company never has a strike suggests an imbalance of power between the parties, to the ultimate detriment of the commons. Rapoport and Chammah (1965) argue that the best strategy in a Prisoner's Dilemma game is tit-for-tat: when your opponent profits at your expense, respond in kind in the next round only. This will likely lead to one worst-case outcome for both sides. Hence a strike or the equivalent will generate good outcomes if the selfish agent comes to see the consequences of continued selfish action. Nalebuff and Dixit (1991) reply that if you tit every time you believe you have been tatted, you may be helping create a vendetta, and that therefore it is better to cut your adversary a bit of slack than to react vindictively.

[7]This is the sort of thing that some contemporary moral realists say of Bernard Williams (1985).

[8]The literature is vast. Allaire and Firsirotu (1984) give their own views and a summary of many others'. See Sathe (1985) and Schein (1985) for extensive treatments. Ray (1986) and Pastin (1986) consider how a strong culture may create moral problems.

In analyzing a culture we frame hypotheses that link the underlying beliefs and values with what is observable; but that link is not just a causal one, for some artifacts *express* the culture somewhat in the way words express thoughts. In that sense one *interprets* observable entities in understanding the culture.

[9]One standardly speaks of a corporate culture as being strong if it has a significant and pervasive homogenizing influence on employees' behavior. There is reason to believe it does where employees behave very differently from the way they do outside the organization — as, for example, when behavior condemned elsewhere in our society is tolerated in a particular organization. Anthropologists do not normally speak of influential or strong cultures, because the notion of a social norm from which a certain culture deviates much or little makes no sense. Hence there are no applicable criteria for how strong that sort of culture is.

[10]In what follows I am in debt to Frankfurt (1982), especially for his account of first- and second-order desires, and to Elster (1985), especially for his views about rational self-management.

[11]G. Dworkin (1990) allows autonomy where the first-order desire loses out to the second-order one; Frankfurt appears not to do so.

[12]On desires and character see Taylor (1977) and Williams (1981). I do not mean to suggest that all character traits can fairly be called higher-order desires; among other things, the strength of one's will is part of one's character. But traits like self-esteem and spitefulness will at the very least affect one's second-order preferences as well as certain first-order desires. Sen (1987) attacks the implication of standard economic theory that desires of every order are exclusively selfish, that every choice one makes is motivated by a view of welfare that is entirely self-centered. That all one's desires are self-centered suggests that there can be no dissonance between higher- and lower-order desires. Economists have not explicated this view, much less argued for it. See Etzioni (1988), Bowie (1991), and Solomon (1992) against the usual egoism of economics.

[13]Affecting second-order desires is not always an easy task. Fucini and Fucini (1990, 104) describe how Mazda management wanted the American employees in its new Flat Rock manufacturing facility to wear Mazda caps, but made the caps voluntary. The employees did not wear them, and the Japanese managers were unhappy with what they considered a sign of disrespect for the company. The employees responded by pointing out that the caps were voluntary, but what the managers wanted was precisely that the employees wear the caps voluntarily, and they tried to persuade the employees to do so. The employees, who would

have worn the caps with minimal grumbling if so instructed, were offended at being expected to want to do it. The managers expected the American workers to adopt certain desires, and the Americans did not (second-order) want to have these desires, whereas their Japanese counterparts presumably would have (second-order) wanted to have them. As one might expect of people accustomed to adversarial management and collective bargaining, the Americans did not want their desires managed or their attitudes pre-empted.

[14]Contrary to empiricist epistemology, your belief that the cat is on the mat rests not just on seeing the cat on the mat but on a network of concepts and second-order beliefs. The analogy with first- and second-order desires is far from perfect, however. For it to be better, it would have to be possible for you to have a second-order belief that some specifiable first-order belief that you hold is false, and I do not see how that is possible.

[15]This is part of what Weick (1979 and elsewhere) means by saying that an organization is *enacted.*

[16]Watson (1982) criticizes Frankfurt on these grounds, and suggests that autonomy has to do with acting on the basis of values rather than any old desires, of any order. The relationships among higher-order desires, values, and one's interests is beyond my scope; but I must note that if something is in your interests there is at least a presumption that you have a high-order desire for it, particularly if you are rational.

[17]Aristotle's view that the good community is essential to the good life of man suggests that neither one's identity nor one's autonomy is entirely separate from one's community, and that one's autonomy is supported by the right kind of community and undermined by the wrong kind of community. By that reasoning, insofar as it is the modern person's lot to live in an organization rather than a city-state, the management of the organization is of comparable moral importance, and business ethics is fairly important.

[18]The Greek word *eudaimonia* performs neither all nor only the functions performed by the English word *happiness*. All the same, Aristotle is making a point about a good life that involves happiness.

Aristotle's talk about virtue cannot be readily translated into our talk about ethics. That we have made great progress since Aristotle is an inference that Solomon (1992) declines to draw. A discussion of virtue is beyond our scope, but my emphasis on the right kind of second-order disposition does have some implications that concern virtue.

[19]The clearest statement of this view is at *Nicomachean Ethics* II.3. One of the most influential recent proponents of the Aristotelian approach has been MacIntyre (1981). The form of utilitarianism Brink (1989) espouses as part of his ethical realism owes a great deal to Aristotle, and in particular to the view that there is a natural state of true happiness for humans.

[20]Virtuous citizens of the good *polis* or organization do seek the reward of virtue in this sense: for them, virtue and the reward are identical.

[21]Lewis (1989) brilliantly depicts an investment banking culture that encourages just such character.

[22]Suppose one is loyal to one's organization but ruthless, in the sense I have been describing, with respect to others, particularly competitors; can that make one virtuous? To answer the question fully requires more argument than the available space permits, but the short answer is no. Solomon (1992) deals thoroughly with this issue.

[23]Robert Frank stated the point that way in correspondence.

[24]By this time Solomon and others who warn of game theory's false presuppositions (see fn. 5, above) may feel they have been vindicated, since the solution I offer to the commons problem involves denying the crucial premise about rationally self-interested choice.

[25]Robert Frank (1989), following Thaler and others, has in effect made this point, though he does not explicitly mention the commons.

[26]I have claimed that an organization is a commons if and only if cooperation is in everyone's interests and free riding is possible. Here I claim that the commons can be preserved only if the organization is a community, in the sense that people care about each other's interests, have emotional ties, etc. But what about a small and simple organization in which management can detect free riding and stop it administratively? Must it be a community if the commons is to be preserved? Possibly not; but it is not the sort of organization to which the metaphor of the commons applies.

[27]Sen (1987; 45f.) makes this point, as Michael Rohr pointed out to me.

[28]In making this claim I reject the Humean idea, found also in the organizational literature, that reasonableness is only about the relationship between ends and means.

[29]Arguably we can reject ruthlessness for utilitarian reasons, since it permits only a few to succeed. But any commons-preserving value will pass muster on utilitarian grounds, and some seem highly unsatisfactory. For example, a highly stratified society in which the serfs are delighted to be serfs seems to us unjust and contrary to rights, but according to the local conception of justice and rights it might score well.

[30]Aristotle prefers to speak of virtues and dispositions rather than principles, but that difference is not crucial to our immediate point. It does, however, clearly fit with what I have said about emotion as well as second-order desires.

[31]If the sort of approach to business ethics I am suggesting turns out to be the best possible one, then there ought to be no more claims that business ethics is a field parasitic on "real" ethics.

One of the problematical features of the kind of conversation Rawls envisages is the way it imports impartiality into the mythical community. It is not obvious that people in that "original position" can make rational decisions about what they want before they know what values their life in that community will lead them to develop, hence what their best interests will be. Perhaps a way to identify good values would be to ask this question of the Rawlsian founders in the original position: If, not knowing etc., you could choose what your best interests would be, what would you choose?

[32]The moral realist Sturgeon (1988, 242) concedes that the correct definitions of moral terms will not be "analytic or conceptual truths [that] provide a privileged basis for the rest of our theory." He believes the same is true of scientific definitions, and that scientific reasoning is dialectical as moral reasoning is.

[33]Harman's "Relativistic Ethics: Morality as Politics" (1978) suggests a certain skepticism by its title. But even if morality is just politics, it does not follow that it is not important or that one can believe whatever one likes about it.

[34]If Aristotle were familiar with our society, he might consider management, as much as politics, essential to ethics.

[35]As Solomon (1992) argues, the war of all against all is not and cannot be so common in business as is often supposed. Schmidtz (1991) argues for ethical principles that are appropriate to a community in which on the whole people are neither evil nor saintly. Reciprocity plays a role.

[36]Maitland (1989) is typical of libertarians who believe, as it must be clear I do not, that exit is not only necessary but sufficient protection for the rights of employees. That argument would be stronger if labor markets were what libertarians assume they are and managers cared more about corporate profits and therefore felt genuine pressure to compete rather than just satisfice. Even then, however, it would not take much account of moral considerations other than utilitarian ones.

[37]Some feminists say this would include many women. Think of Carol Gilligan's (1982) title: *In a Different Voice*. Note that Gilligan is in effect arguing that an Aristotelian way of dealing with moral disputes is as legitimate as a Kantian way. That the former is a characteristically female way of talking about ethics I do not care to claim.

[38]This call for pluralism is an expression not of relativism but of confidence that moral progress is possible and that attending to a range of voices is one way to get it. What saves pluralism from degenerating into relativism is a process for negotiating moral claims made on the basis of competing conceptions of the good life. This sort of process is essential to anything that would claim moral or political legitimacy; hence it is a necessary feature of any moral community. Such a process will not end ideological disputes, but it may keep competition among ideas largely at the discursive level. Gauthier's work is a contribution to the description of this process, which he acknowledges cannot guarantee a fair outcome where the contention is between unequals, for example management and employees. Note I do not claim to give a morally neutral description of the process: on the contrary, I am arguing from the standpoint of a view of human nature as being, among other things, reflective and capable of moral progress. (Mill's famous phrase is "capable of being improved by rational discussion," though he does not apply this to all humankind.)

[39]Maitland (1989), for example, seems to take this view.

[40]Loyalty is not an emotion; but since loyalty is seldom the result of a transaction based on mutual self-interest, we have reason to believe that where there is loyalty there are always emotions. Affection and a feeling of duty or honor, which often but not always overlap, are two of the common emotional supports of loyalty.

[41]This is one of those situations, crucial to certain religions, in which one's good works are rewarded if and only if one does not perform them in order to receive the reward.

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