

ABSTRACT. Discussions of loyalty in business typically assume that employees have a *prima facie* duty of loyalty to their companies, one that sometimes conflicts with other duties, such as the duty to blow the whistle in response to dangerous or unethical practices. Ronald Duska, however, denies the existence of any such duty. According to Duska, one does not have an duty of loyalty to a company, even a *prima facie* one, because companies are not proper objects of loyalty. He bases this conclusion on two premises: first, that loyalty is appropriate only in relationships that demand self-sacrifice without expectation of reward, and second, that the employee-company relationship does not demand such sacrifice.

In this paper I pose a dilemma for Duska. Briefly put: one can interpret Duska's phrase "relationships that demand self-sacrifice without expectation of reward" either narrowly or broadly. If one interprets it narrowly, then Duska's first premise is false; if broadly, then his second premise is false. Either way, Duska's argument is unsound. However, after rejecting his conclusion about loyalty in business, I go on to argue that Duska is right to deny that the duty of loyalty conflicts with the duty to blow the whistle. More generally, the paper is an attempt to elucidate the proper application of loyalty in business.

It sometimes seems as if it were the job of business ethicists to provide arguments for believing that which most decent people believe anyway. It is thus refreshing when one comes along and provides arguments for *denying* that

which most decent people believe. Such is the position of Ronald Duska. Most folks believe that employees have a *prima facie* duty of loyalty to their companies, one that sometimes conflicts with other duties, such as the duty to blow the whistle in response to dangerous or unethical practices. Duska, however, denies the existence of any such duty. According to Duska, "one does not have an obligation of loyalty to a company, even a *prima facie* one, because companies are not the kind of things that are proper objects of loyalty."¹ Duska is not claiming, of course, that one may treat one's colleagues callously or deceitfully, or that employees have *no* obligations to their companies. Rather, he is suggesting that whatever duties an employee has, loyalty is not among them, since loyalty to companies involves a kind of category mistake.

In what follows I evaluate Duska's interesting but controversial claim by doing two things. First, I examine and critique Duska's argument; in the process, I attempt to identify conditions for the proper application of loyalty. Second, and more briefly, I argue that even though Duska is wrong to exclude loyalty from business, he is right to deny that the duty of loyalty conflicts with the duty to blow the whistle.

Duska follows John Ladd in defining loyalty as a "wholehearted devotion to an object of some kind."² That object may be a person or a group of persons; thus, the fact that companies are not individual persons is not, by itself, a bar to loyalty's being appropriate toward them. According to Duska, however, not every group is a proper object of loyalty. In order to see why, it is useful to consider an analogy with another morally significant attitude, pride. What are proper objects of pride? People can be proud

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of books they've authored, of children they've raised, or of houses they own – to take three random examples. They can be proud of the books only if they have authored (or co-authored, or contributed in some way to) them, and they regard them as good pieces of work. They can be proud of their children insofar as they've influenced the children's achievements. They can be proud of their houses – despite the fact that others built them – because they've chosen them and maintained them and worked hard to make the payments on them. By contrast, it would make no sense for people to claim to be proud of the sky, for instance, unless they bizarrely believed themselves to be somehow responsible for its presence or maintenance.³ These examples suggest at least two necessary conditions for X's being a proper object of Y's pride: first, that X is valuable, and second, that Y is in some way (either directly or indirectly) responsible for X.

Notice, however, that people frequently claim to be proud of things that do not meet these conditions – particularly the second condition. For example, some people claim to be proud of how tall they are, or of their natural haircolor, or of other personal attributes for which they clearly have no responsibility. Many people claim to be proud of their country (“proud to be an American”), even though it is by no means clear what they've done to contribute to it. It follows either that people are sloppy in applying the attitude of pride or that the suggested necessary conditions need revision or clarification.

The point of the pride analogy is that in order to determine the proper objects of an attitude, one must first understand the nature of that attitude. The sky is not a proper object of my pride because pride only applies to things with which one has some special connection (be it causal responsibility or something broader). Presumably, Duska thinks that being loyal to business is somewhat akin to being proud of the sky, in that it involves a kind of category mistake.

What is it about loyalty that would make it inappropriate to apply it to companies? The answer, according to Duska, is that loyalty “depends on ties that demand self-sacrifice without expectation of reward” (337).⁴ Such ties

have no place in business, which exists primarily as a means to profit. As Duska writes,

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, for if the production of the good or service is not profitable, the business would be out of business. Thus nonprofitable goods or services are a means to an end. (337)

It should be noted that Duska's argument for the primary function of business being profit is a non-sequitur. The fact that without profit “the business would be out of business” only proves that profit is a necessary condition for business, not a primary function. (By analogy, if a person stops breathing she will die, but it does not follow that breathing is the purpose of life.) Nevertheless, suppose we grant Duska's claim that the point of business is profit. Why does this claim have implications regarding loyalty? Duska explains further:

To think we owe a company or corporation loyalty requires us to think of that company as a person or as a group with a goal of human fulfillment. . . . But this is the wrong way to think. A company is not a person. A company is an instrument, and an instrument with a specific purpose, the making of profit. To treat an instrument as an end in itself, like a person, may not be as bad as treating an end as an instrument, but it does give the instrument a moral status it does not deserve; and by elevating the instrument we lower the end. All things, instruments and ends, become alike. (338)

Duska's objection seems to be that loyalty to business grants business a status it does not deserve: the status of a person. But this argument seems question-begging: it assumes that only persons are proper objects of loyalty, and that is precisely what Duska needs to prove. To put the objection a somewhat different way, we can grant that it is wrong to elevate businesses to the moral status of persons and still ask why loyalty to businesses requires such elevation. Besides, companies are without doubt *groups* of persons, and elsewhere Duska allows that groups of persons may be proper objects of loyalty.

Perhaps a better way to approach Duska's argument is to focus on his understanding of the nature of loyalty. As noted above, Duska claims that loyalty "depends on ties that demand self-sacrifice without expectation of reward" (337). This claim indicates a necessary condition for the proper application of loyalty and suggests the following argument:

- (1) Loyalty is appropriate only in relationships that demand self-sacrifice without expectation of reward.
- (2) The employee-company relationship does not demand self-sacrifice without expectation of reward.

Therefore, loyalty is not appropriate in the employee-company relationship.

Duska's remarks on business and profit can be construed as evidence for the second premise, that the employee-company relationship does not demand self-sacrifice without expectation of reward. Non-profit corporations aside, the point of entering business is financial gain, says Duska, and without that prospect one is by no means required, or even advised, to make personal sacrifice.

Compare this with family relationships, which Duska uses an example of relationships where loyalty is appropriate. True, people often begin families in the hope of some reward – security or companionship or some such. And people frequently end marriages precisely because these hopes were disappointed. But there are at least some family relationships where, once one has entered them, such disappointment would be inappropriate or at least irrelevant. Consider the parent-child relationship. It is not morally permissible for a father to walk away from his parental duties simply because he feels unfulfilled by the performance of these duties or by the relationship that generates them. Indeed, a parent who regularly asks "What's in it for me?" seems to have missed the point. One is required to be devoted to one's children – at least until they reach a certain age – whether or not one finds such devotion emotionally profitable.⁵

Indeed, even spousal relationships have this character to some degree. Granted, one may permissibly dissolve an unfulfilling marriage under

certain conditions. But while the marriage exists, it will ordinarily demand at least *some* "self-sacrifice without expectation of reward." (This fact explains our moral outrage, for example, at a certain politician who served his wife divorce papers while she was on her deathbed with cancer.) The same is true in friendship. A friend who constantly asks "What's in it for me?", unwilling to give anything without promise of reciprocation, is not a true friend. By their very nature, true friendships demand a certain degree of other-centeredness.

In addition to family relationships, Duska also comments upon the relationships that exist between teammates in sports. Duska grants that loyalty between teammates is appropriate, and this concession might seem at first glance to conflict with his claim that loyalty is appropriate only in relationships that demand self-sacrifice without expectation of reward. After all, people typically play sports for personal fulfillment, rather than some altruistic goal. Nevertheless, in team sports one is indeed required to sacrifice personal glory for the sake of team victory (hence, one should pass the ball to a teammate who is in a considerably better position to make a goal, rather than attempt the goal from afar). Thus it appears that sports provide no counterexample to Duska's claim about the requirement of self-sacrifice being a necessary condition for loyalty.

What the sports analogy does do, however, is to raise a question about whether "self-sacrifice" can be understood broadly enough that it applies in the business setting as well as in the sports setting – thus undermining Duska's second premise. For just as a player is expected to sacrifice personal glory in favor of team victory, so too are employees expected to sacrifice personal gain for the sake of company profit. This is not to deny that the very reason for their participation in business is personal gain. As we have seen, the same holds true in sports. But in each case, one's participation is subject to constraints imposed by the requirements of the larger organization. Just as it would be wrong (and disloyal) for a teammate to seek personal gain at the expense of team victory, it would be wrong for an employee to seek personal gain at the expense

of company profit. An employee faced with such a choice may leave the company, but as long as she is acting as an agent of the company, she may not put her own interests above the company's. To do so would be disloyal and immoral.

An example might help here. Suppose Smith is a marketing director for a pharmaceuticals company, and she is deciding whether to begin an ad campaign for a new antihistamine. It would be most profitable for the company if she were to begin it this month. Smith, however, decides to wait a month, since then she will be in a position to buy more stock in the company and thus make a good sum of money when sales of the new antihistamine drive stock prices up. It is clear that Smith's action here is morally wrong, driven by a conflict of interest. And it is appropriate, I think, to describe this action as disloyal, in that it reflects a failure of proper devotion to her role as a member of the company, responsible for promoting its interests.

In short, there is a good reason why discussions of business ethics often mention "loyalty to companies" – namely, that such loyalty is a familiar and justified feature of business life. That is why the phrase "loyalty to business" does not strike us in the same way as the phrase "proud of the sky." It is not because, as Duska implies, business rhetoric misleadingly appeals to the team model, treating business as a kind of game. It is because the proper function of business *does* require a certain degree of self-sacrifice in the service of a collective goal. The sacrifice is not absolute: one can permissibly leave a company when participation is no longer profitable or gratifying. In a similar vein, athletes can switch teams and spouses can dissolve marriages (for serious reasons). But as long as one is a member of the company, one's interest becomes subordinate to that of the group, and loyalty becomes appropriate.⁶

Thus far I have argued, *contra* Duska, that business does require some degree of "self-sacrifice without expectation of reward." Duska might object that I am interpreting the phrase "self-sacrifice without expectation of reward" too broadly. After all, I have granted that the purpose of business is profit, and I acknowledge that one

may permissibly leave a business when doing so is profitable. Thus, there is a palpable "expectation of reward" in business. But if we narrow the concept of self-sacrifice to exclude sacrifices made in *any* situation where reward is expected, then we rule out not only business but also teams and (to a lesser extent) families as well. Duska cannot have it both ways: either "self-sacrifice without expectation of reward" is required in business, or it is not required in teams and families.

Consider teams first. People play sports for personal gain, and they willingly subordinate themselves to a team's goals because in the long run, doing so is *personally* gratifying. Contracts and other special obligations aside, they may leave teams at will. Duska argues that the analogy between sports and business is misleading, because the latter is more pervasive and its stakes are higher. But that response is a red herring: the issue here is whether business demands self-sacrifice without expectation of reward. If it is reasonable to claim that sports demand such sacrifice (because they require one to subordinate one's interest to that of the group), then it is reasonable to claim that business does (for the very same reason). The relative gravity of business is irrelevant to the issue.

We can make the same point without appealing to the sports analogy, however, by instead considering families. Duska takes families as a paradigmatic situation in which loyalty is appropriate. But these, too, involve *some* expectation of reward: people enter relationships for companionship, security, affection, and so on, and they often end relationships where these things are significantly absent. The only case we have considered where such abandonment would be absolutely inappropriate is that of parents and minor children: one cannot shirk one's parental duties even if one finds parenthood profoundly unfulfilling.⁷ But surely Duska does not wish to claim that the *only* relationships in which loyalty is appropriate are those between parents and minor children. So Duska seems caught on the horns of a dilemma: either loyalty permits some expectation of reward (in which case, the bar against loyalty in business disappears), or else it does not (in which case loyalty is limited to a

far narrower set of relationships than Duska or anyone else would have imagined).

To see where Duska went wrong, it will be useful to recap his argument, as I have characterized it:

- (1) Loyalty is appropriate only in relationships that demand self-sacrifice without expectation of reward.
- (2) The employee-company relationship does not demand self-sacrifice without expectation of reward.

Therefore, loyalty is not appropriate in the employee-company relationship.

The argument is logically valid, meaning that the conclusion follows from the premises; therefore, the problem must lie in the premises. The dilemma I have suggested for Duska entails that one of his premises is false. One can interpret “relationships that demand self-sacrifice without expectation of reward” narrowly to include only relationships whose obligations are indissoluble (like the parent/minor-child relationship). But then the first premise is false: loyalty is appropriate in a broader range of relationships than that. Or else one can interpret the phrase more broadly, to include any relationship where one must subordinate one’s interest to that of a larger group. But then the second premise is false: the employee-company relationship requires such subordination. Either way, Duska’s argument is unsound and must be rejected.⁸

That said, I think the motivation behind Duska’s argument is a good one. Duska uses his argument about loyalty in the service of a larger point: namely, that whistleblowing involves no breach of loyalty. His reasoning is clear: if employees have no duty of loyalty to companies, then *a fortiori* they cannot breach that duty. But we do not need to exclude loyalty from the business setting in order to make the larger point. In what remains I shall argue that whistleblowing, when performed under the right conditions, is consistent with – and indeed, possibly even required by – one’s duty of loyalty. (By *whistleblowing*, I mean making public some confidential information about dangerous or unethical practices within a company.)

Recall Duska’s definition of loyalty, borrowed

from John Ladd: loyalty is “wholehearted devotion to an object of some kind.” Many have assumed that such devotion is somehow incompatible with whistleblowing. For example, Norman Bowie claims that “whistleblowing . . . violate(s) a *prima facie* duty to one’s employer.”⁹ Sissela Bok writes,

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 clients comes to be pitted against loyalty to the public interest, to those who may be injured unless some revelation is made.¹⁰

On one level, it is easy to see why one might find devotion to a company incompatible with revealing that company’s problems. But does proper devotion really require such silence? Could it not be argued that genuine devotion requires speaking up when serious moral costs are at stake? I hesitate to invoke the image of a parent saying to a child who is about-to-be-spanked, “I’m doing this for your own good,” or “This hurts me more than it hurts you.” But the image does underscore an important point: sometimes devotion requires a willingness to chastise.

Perhaps the difficulty with applying this point to whistleblowing arises from a characteristic of loyalty not yet mentioned – namely, a certain degree of tolerance for shortcomings in the object of loyalty. Consider an example of another familiar instance of loyalty: loyalty to a brand-name. Back in the 1980s I knew a man who was a loyal Buick owner – he was in his forties and had owned Buicks since he had begun driving. I remember his telling me how he felt guilty because he had been considering replacing his current car with (gasp!) a Japanese car. His last three Buicks had been lemons, constantly needing repair. He had continued buying them because of his loyalty to the brand, and he felt a genuine disloyalty when he eventually bought an Acura. (Apropos, he has been a loyal Acura owner ever since.)

Here the loyalty was not directed toward a person or a group of persons – at least not immediately. Rather, it was to a product, an object. One might argue that “loyalty” in such cases is either merely metaphorical or else derivative from loyalty to persons – namely, the workers at Buick. We need not settle that issue here. What I wish to highlight is that even though the man had three bad Buicks in a row, he continued to feel a certain loyalty to the brand, and this persistence is understandable because devotion to an object (be it a person or otherwise) does require a willingness to tolerate certain shortcomings. One reason for this tolerance is the simple acknowledgment that “nobody’s perfect.” Another is that the correction of shortcomings typically requires persistence in devotion: if everyone stopped buying Buicks just because of one bad year, then the company would likely fold, and no improvement would be possible. Of course, such tolerance can be taken too far, as it apparently was in this case. And one might argue that in a free-market system, the value of loyalty to brandnames is outweighed by the value of competition.¹¹

These are issues worth exploring in another venue. My point here is that while loyalty requires a certain degree of tolerance of shortcomings, it does not require *absolute* or *complete* tolerance. It is one thing for an individual to put up with a repair-prone car because of brand loyalty; it is quite another for an engineer to remain silent while life-threatening designs are being marketed. The difference, of course, is that in the latter case serious moral costs are at stake.

Let me conclude with two observations. First, in arguing that proper loyalty may require whistleblowing, I have assumed that the object of loyalty is itself a good thing. Thus, the argument would not apply in the case of, for example, “loyalty to the mafia.” The mafia underling who turns state’s evidence is indeed disloyal to his boss, *given the system of values accepted by the mafia*. We admire his whistleblowing in large part because it represents a shift of devotion away from his boss, who embodies mafia values, to other persons and values. The case is quite different in the typical business situation, where the values embodied by the

company are worthy of devotion.¹² That is why, for example, Roger Boisjoly’s whistleblowing may have been not merely permitted, but even required, by his loyalty to Morton Thiokol (which built the Challenger space shuttle), while the mafia underling’s whistleblowing is incompatible with his loyalty to the mafia. (It would be interesting to explore elsewhere what to say, in light of my argument, about Jeffrey Weygand and the tobacco companies.) A corollary of these remarks is that loyalty is a virtue only to the extent that the object of loyalty is good.

Second, although I have suggested that genuine devotion to a company might actually require its public criticism, this should not be taken to imply that the duty to blow the whistle stems primarily, or even typically, from one’s duties to one’s company. Rather, it stems primarily from one’s (*prima facie*) duties to the public, which may or may not conflict with one’s (*prima facie*) duties to one’s company. Thus, even those who reject my claim that loyalty sometimes requires whistleblowing can accept the larger point (which I share with Duska and others) that whistleblowing is often justified.

At the beginning of the paper I stated that it sometimes seems as if it were the job of business ethicists to provide reasons for believing that which decent people believe anyway. To the extent that this characterization is accurate (and I believe it contains a good deal of truth), it should not be taken to suggest that the job of business ethicists is trivial. For in exploring the reasons for what we believe, we can strengthen our good convictions and revise our bad or ill-founded ones. Duska’s argument provides us with an occasion to explore the nature of loyalty, and even where I disagree with him I think he has performed a valuable service.

I have argued, contra Duska, that loyalty to companies is appropriate, but I have also contended that it does not conflict with the duty to blow the whistle. Proper loyalty may require public criticism, and even if it does not, the duty of loyalty is only *prima facie*. The criteria for when whistleblowing is justified have been debated at considerable length elsewhere.¹³ But if the correct criteria are met, and if the arguments of this paper are sound, one can be loyal

to one's company in blowing the whistle. In business as in families, true devotion may require tough love.¹⁴

Notes

¹ Ronald Duska, "Whistleblowing and Employee Loyalty," as reprinted in Tom Beauchamp and Norman Bowie, *Ethical Theory and Business*, 3rd ed., pp. 335–339, hereafter in parentheses.

² Duska p. 336, quoting John Ladd, "Loyalty," *The Encyclopedia of Philosophy* (Macmillan, 1967), vol. 5, p. 97.

³ I am indebted to Phillipa Foot for this example. See Phillipa Foot, "Moral Beliefs," *Proceedings of the Aristotelian Society* 59 (1958–1959), 410–425.

⁴ Duska seems to have in mind here a conceptual dependence, not a causal dependence.

⁵ Putting a child up for adoption does not constitute an exception, since it involves meeting one's parental duties by acknowledging that someone else can better care for the child and arranging for that to happen.

⁶ The situation is akin to the social contract, where each member becomes better off by subordinating his interest to that of the larger society.

⁷ See note 5 above.

⁸ My own view is that Duska probably intended the narrow sense of "relationships that demand self-sacrifice without expectation of reward." He then mistook a *sufficient* condition for loyalty for a necessary condition. It is true that the demand of self-sacrifice without expectation of reward (of the sort that one finds in relationships between parents and

minor children) is sufficient to make loyalty appropriate. (Indeed, the claim seems true by definition.) But it does not follow that this demand is a necessary condition for loyalty: loyalty may be required in relationships with looser demands.

⁹ Norman Bowie, *Business Ethics* (Prentice Hall, 1982), pp. 140–143, cited in Duska, p. 335.

¹⁰ Sissela Bok, "Whistleblowing and Professional Responsibilities," *New York University Education Quarterly* 2 (1980), p. 3, cited in Duska, pp. 335–336.

¹¹ This does not mean that in a free-market system loyalty to brands has *no* value, but rather that its value is merely *prima facie*.

¹² I readily acknowledge that whether a company embodies good values is a matter of degree and that there is often a disparity between the values to which it explicitly aspires and the values that characterize it in practice.

¹³ See for example Sissela Bok, *op. cit.*, or Richard T. DeGeorge, "Ethical Responsibilities of Engineers in Large Organizations," *Business and Professional Ethics Journal* 1 (Fall 1981), pp. 136–143.

¹⁴ I would like to thank participants at the International Conference Promoting Business Ethics in Chicago, Illinois in October 2001, as well as Mark Huston and Bruce Russell, for helpful comments on earlier drafts of this paper.

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