

## **Instrumentalism and after:**

Or

## **Organisational Life: The Good, the Bad and the Instrumental**

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The chapter examines the relation between the overarching instrumentalism of economic organisations and the multiple kinds of motivation and regulation of behaviour within them. Workplaces can be sites of not only instrumentalism, ambition and competitiveness, insecurity, domination, prejudice, callousness, dissembling, strategizing, and submission to market forces, but also sociability, moral concern, commitments to causes, projects and people, gift exchanges, the pursuit and granting of esteem, and intrinsic satisfaction in work and its effects. Going beyond simplistic reductions of motivation to self-interest or altruism, the chapter draws upon certain concepts from moral philosophy to examine how different forms of rationality and valuation are combined in organisations in the case of esteem and recognition.

## **Introduction**

Organisations as workplaces are inherently instrumental institutions, structured and oriented to meeting their goals, be they making profit, as in the case of capitalist organisations, or pursuing what might be termed use-value ends, such as education or sport, in the case of non-profit making organisations. In either case, no one expects employers to hire employees out of charity or respect; they are hired for their usefulness to the organisation.

Particularly in the face of competitive pressures and a changing environment, workplaces are commonly sites of insecurity, domination, overweening ambition and competitiveness, status seeking, callousness, strategizing and dissembling (Jackall, 1988). They may also be sites of prejudice, discrimination, bullying and harassment. Yet at the same time one may find sociability, moral concern, the pursuit and granting of esteem and respect, concern for justice, gift exchanges, commitments to causes, projects and people, and intrinsic satisfaction in work and its effects. In other words, some actions are motivated by concern for others and for practices in their own right, for their own sake, rather than out of self-interest or that of the organisation. Employment can thus involve a wide range of experiences and motivations from the moral to the amoral and immoral. These mediate the operation of firms.

Workplaces are therefore sites in which ethical and economic values are likely to be in tension. In any society it is possible for what is deemed to be ethical and what is economically feasible or expedient not to correspond, but this is particularly likely under capitalism because unlike any other economic system, it is not directed towards human welfare but towards making profit, this being the condition of survival of capitalist firms. Insofar as capitalism does benefit human welfare, this is a by-product of its profit-seeking orientation. At one level, therefore, capitalist organisations seem unlikely contexts for moral behaviour. However, those within them have other concerns besides those of their organisation, and these various interests and norms may in some cases converge and in others diverge.

Particularly if they have competitors or tight budgets, firms and other organizations, are obliged to attempt to specialise and 'purify' activities under their control so that labour power is used efficiently in the pursuit of their goals and 'idle' time or time spent on other activities is minimized. But of course, employees are not like machines or materials but have multiple needs, interests and concerns, which cannot be kept at bay for long. The attempted purification of activities within the space-time frame of the organization is never total, for the activities always take on other dimensions, meanings and functions. Thus, workers may socialise, seek fulfilment, respect and esteem, get distracted or inspired, become ill, get pregnant, and generally allow life to intrude on work. Hence, the multi-dimensional nature of social action tends repeatedly to frustrate attempts to confine it to particular purposes, spilling out over the frames set by the organisation. Consequently, despite their narrow instrumental focus, a great deal is going on within organizations. Some of these other motivations and interests may themselves be instrumentalised by the employer for organisation's own ends, but there is always the danger that doing so may corrupt such values and become counterproductive. Paradoxically, they may be more successful in meeting

their limited goals if they work with rather than try to suppress every aspect of this 'surplus'.

The diversity of motivations and interests present in any organisation is familiar enough, but economic theory has tended to misunderstand it, because of its dogmatic and reductionist presumption of self-interest as the prime motive of action, and its treatment of actors as effectively autistic. In contrast, my aim in this chapter is to explore the relationship between the narrowly focused instrumentalism of organisations and some of the complex, mixed motivations of their members. I shall argue that to ignore the latter or force them into simplistic categories of egoism and altruism is not only to misunderstand what goes on in organisations, but to provide a misleading basis for normative ideas about how organisations should change.

My analysis draws upon moral philosophy, particularly Adam Smith's empirical analysis of lay morality,<sup>1</sup> Alasdair MacIntyre's analysis of internal and external goods, and Geoffrey Brennan and Philip Pettit's analysis of 'the economy of esteem'. The subject could easily warrant a book so I shall limit myself to discussions of commitments to work itself and the satisfactions that may derive from this, and the relation of these to esteem and recognition. I shall begin by discussing instrumentalism and the need to look beyond self-interest, and acknowledge the diverse interests, relationships, commitments and sources of satisfaction that workers may seek in their jobs, including their need for recognition. The next section explores firstly how motivations are related to the internal goods afforded by work, such as the satisfactions from completing useful, demanding tasks, and to the external goods of esteem and disesteem, and secondly how organisations encourage or discourage workers through the way they provide, or fail to provide, recognition of their employees' contributions. I then discuss how the granting of esteem and disesteem is rendered problematic in the context of inequalities in pay and working conditions, and conclude by arguing for a highly differentiated view of motivations, both instrumental and non-instrumental, in organisations.

### **Instrumentalism, self-interest and motivation**

Although instrumentalism is often valued negatively, instrumental action may be oriented towards good or bad ends, and the means chosen are not necessarily bad. Instrumental rationality is a condition of survival, though it is not the only form of rationality. We also need practical rationality, involving the evaluation and balancing of diverse, often incommensurable ends.<sup>2</sup> While the members of organisations, whether workers or managers, may find some satisfaction in their work, from a normative point of view, this is secondary to the job of providing goods or services. Work, particularly within a division of labour, just is instrumental. Thus the point of education is not the job satisfaction of the teacher but the education of the pupil; the

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<sup>1</sup> I should perhaps point out that it is not a Smithian analysis, firstly because, not surprisingly, Smith did not write much about relationships within large organizations, and secondly, though inspired by Smith, my application of ideas is selective and not intended to be faithful. Neither does it endorse the Adam Smith invented by mainstream economists as a one-dimensional defender of self-interest.

<sup>2</sup> Although it seems natural to invoke Weber here, he ironically fell prey to the modernist tendency to de-rationalise and subjectivise values and hence render practical reason and emotional reason unintelligible.

health of the patient is more important than the job satisfaction of the nurse; the point of cleaning is cleanliness. In for-profit organisations, these use-values, whether goods or services, are themselves instrumentalised as means to the end of making profit. No matter how desirable job satisfaction may be, it is not the reason for the existence of, or the end, of economic work, whether capitalist or non-capitalist.<sup>3</sup> Moreover, the greater the competitive pressures, the more are organisations likely to try to purify activities and instrumentalise their members' faculties. The problems that result stem not only from the instrumental nature of organisations' activities but from the narrowness of the ends to which they are directed. By contrast, as individuals we have many ends; insofar as we assess their value in themselves we use practical judgement; insofar as we seek ways of pursuing them, our actions are instrumental.

While instrumental rationality is therefore famously dominant in organisations, often taking a calculative, formal character, as theorised by Weber, this does not necessarily mean that they are entirely unethical. As Paul du Gay has argued with reference to bureaucracy, far from being amoral or immoral, bureaucratic rationality has its own ethic of procedural fairness and refusal of favouritism (du Gay, 1999). Use of a criterion of 'fitness for purpose' and operating 'without regard for persons' can, for example, provide barriers to discrimination on grounds such as gender, 'race', age or sexuality. Phenomena such as sexism, racism, ageism and homophobia do not, after all, involve instrumental rationality, but rather an irrational, unjust and immoral form of valuation of others in themselves. Although these forms of discrimination may be instrumentalised by organisations if it suits their interests - for example, by depressing the pay of stigmatised groups - they may be opposed for instrumental reasons where they obstruct efficient and effective operations. However, when a narrowly focused instrumentalism dominates a whole sphere of life, such as that of employment, it then becomes ethically problematic, because it fails to acknowledge, and where appropriate support, the diverse needs of the members of organisations - needs which are important for their well-being. It also becomes counter-productive even from an instrumental point of view, because it produces resistance and sub-optimal performance.

Although the point of employment is the instrumental one of earning an income, employees are not mere instruments but ends in themselves who will treat themselves - and often others - as such, and they may vary considerably in how far they conform to the organisation's priorities. Employees may effectively instrumentalise their work for other ends, such as pursuing ambitions or making friends. It is common to theorise this kind of situation in terms of different self-interested actors, contracting with one another to further their own interests, and trying to find ways of preventing malfeasance, as in the case of Principal-Agent theory. However, this turns the empirical question of what kinds of motivation are present into a matter of assumption, and an implausible one at that. I wish to argue that we need to go not only beyond the assumption of self-interest if we are to understand organisations, but beyond a simple distinction between egoism and altruism. Instead, we need a much richer, thicker analysis of motivation, such as that provided by Adam Smith's *The Theory of Moral Sentiments* (Smith, 1759: 1984).

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<sup>3</sup> This is an implicit challenge to Marxism's valuation of labour as an end in itself (see O'Neill, 1998).

Approaches which assume that all action is, or should be, self-interested, often mistakenly invoking Adam Smith as mentor, or which reduce motivation to self-interest and altruism, are too crude to understand such matters. As Smith saw, individuals are not only self-interested but have a capacity for fellow-feeling and a concern for the welfare of others. They are profoundly social beings, psychologically in need of the company and approval of others and far removed from the autistic economic actors of mainstream economics.<sup>4</sup> Hence, people have a range of needs and capacities for flourishing and susceptibilities to suffering. They also have the capacity to develop *commitments* to others and to practices and causes, and often to work itself (Archer, 2000). Their valuations of things and motivations are related to all of these.

People are evaluative beings and there are many forms of normativity and evaluation in everyday life, corresponding to different kinds of need and good (Anderson, 1993); for example, they may be aesthetic, performative (evaluating performances or actions or products), and moral or ethical, or some combination of these. The realm of morality is especially complex, relating as it does to these diverse human needs, capabilities, susceptibilities and commitments. Through our relations to others we experience moral and immoral sentiments such as benevolence, selfishness, compassion, pride and shame, gratitude and remorse, envy and resentment and a sense of justice, and we regulate our behaviour in response to the actual and imagined responses of others (Smith, 1759). We also make comparisons between different experiences and situations and between different people and how they are treated, from which resentments and a sense of injustice may arise.

Work satisfaction involves many dimensions and many kinds of goods – not only money and economic security, but intrinsic satisfaction in executing demanding and worthwhile tasks, in serving others, and in working with others who provide a source of company, friendship, solidarity, recognition, and esteem. At the same time, we would have doubts about any organisation in which these goods were given a higher priority than meeting the needs of users. But of course most kinds of paid work – and much unpaid work – fail to provide many of these goods.

Although the pursuit of self-interest looms large in organisations, interpreting all motivation as self-interested is therefore a recipe for misunderstanding organisational life. Instrumental action is not necessarily self-interested, and even self-interest, as Smith recognized, is not necessarily selfish or greedy but can involve self-command and prudence and recognition of others as ends in themselves. (Someone who cannot value others as ends in themselves is not acting in their self-interest, for they will fail to enjoy friendship.) Much of what we do is neither simply self-interested or altruistic in the sense of self-sacrificing (O'Neill, 1998). Social virtues such as good humour benefit both self and others simultaneously and interdependently. Many young people 'want to work with people', not exclusively out of self-interest, but because they find others interesting and as worthy of concern in themselves.

The tenacity with which some theorists try to interpret everything in terms of pursuit of self-interest is curious and, in the face of counter-evidence all round them in their daily lives, unscientifically dogmatic. Why should it be so important to make such a

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<sup>4</sup> As Smith well understood, people need others - he wrote of the 'horrors of solitude' - for their sociability and for recognition and approval, and are capable of appreciating others for their own sake and respecting them.

simplistic assumption, come what may? Possibly there is a kind of adolescent iconoclasm which assumes the most cynical explanations must always be the best. It is one thing to be sceptical, but scepticism is not the same thing as cynicism and we can be sceptical about cynicism itself. People can value others as persons in their own right including where they do not benefit from their actions; one might respect a competitor, for example, even when their success comes at one's own expense. To be excessively cynical is as naïve as to be completely uncynical. Typically, those who claim that actors only ever act in their own self-interest would be shocked and embarrassed if they were accused of doing so in their own relationships to others.

Shame and pride are crucial influences upon behaviour, including that within organisations, and relate not only to achievements in carrying out tasks but to character, treatment of others, and appearance or social background. Shame may also be engendered by invidious comparison with others who have done better than ourselves in competition for goods which we value, such as work achievements or moral behaviour (Tomkins in Sedgwick and Frank, 1995, p.161). Rom Harré suggests that actors continually seek out situations where they risk contempt and hence shame, in order to win respect, implying that unless they take such risks, they shall achieve little respect or self-respect (Harré, 1979). In this way, shame and self-respect are linked.<sup>5</sup> Those who never risk contempt because they never put their beliefs 'on the line', whatever the situation, are likely to be seen as lacking the courage of their convictions, or having no convictions or commitments and hence lacking character. This strategy fails because it too invites contempt. One might also feel shame about not having any convictions. Maintaining integrity in the face of pressures to bend is a prime source of respect and self-respect but it is buttressed by the fear of the contempt and shame which failure would bring, and fear of misplaced, unjust contempt.

People generally need and expect recognition both as persons (unconditional recognition) and for their behaviour and character (conditional recognition) (Taylor, 1994). It is common to thank people for just doing their job, even if the job is unskilled, for example, thanking the cleaner for emptying the office bin, the shop assistant for serving us, more as a way of showing respect for them as persons than as a valuation of the way they have done their job. Jobs and work situation which fail to acknowledge workers' dignity, for example, by refusing them any autonomy or recognition as unique individuals, do not even provide this basic recognition (Sayer, 2006). But even where this unconditional recognition is given, there may be a lack of possibilities for gaining conditional recognition, either because workers have no freedom to do anything which warrants it, or because even where they do, it will not be recognized.

### **Esteem and internal and external goods**

Although we are social beings in need of others and their approval, we do not always merely do whatever will bring us approval, but often what we regard as right in itself. Smith makes a fundamental distinction between the love of praise and that of praiseworthiness (1759, III, 2.1), arguing that we generally want not merely to be the

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<sup>5</sup> This tendency is probably gendered and classed, and perhaps ethnically variable, being more common amongst men and those who do not have inherited advantages.

objects of praise – which is symptomatic of vanity - but to deserve praise on account of having acted virtuously: ‘To desire, or even to accept praise, where no praise is due, can be the effect only of the most contemptible vanity.’ (III.2.8). He further argued that all but ‘the weakest and most superficial of mankind’ do what they believe to be praiseworthy even in the absence of praise (III. 2.7). Smith believed that commercial society encouraged vanity, and notwithstanding its effects in stimulating demand and economic growth, clearly saw this as a problem. (Note again that doing things because we believe them to be the right thing to do, even if it brings us no approval or reward fits neither the categories of egoism nor altruism comfortably.)

Alasdair MacIntyre provides a related useful distinction between internal and external goods (MacIntyre, 1981). Certain kinds of complex activity or ‘practice’ which involve skill and have their own internal standards can provide satisfactions and achievements, or ‘internal goods’. Examples would be those of architectural design or medicine, though less complex practices like web design may provide more modest internal goods. A key qualitative difference among jobs is the extent to which they provide opportunities for engaging in such practices and enjoying their internal goods. Some practices and internal goods may be purely self-indulgent, while others may benefit others too. Even less complex and interesting work may provide some limited satisfaction if done well.<sup>6</sup>

While actors may pursue their work for its own sake and the good that it contingently brings others, they may also expect and indeed may be motivated by ‘external goods’ of recognition, esteem, praise, status or money. Although people may sometimes be primarily motivated by these, the external goods are normally awarded for, and hence are dependent on, the achievement of internal goods or good work. Normally actors want to *deserve* such external goods, and they are likely to find the internal goods rewarding in themselves. To get the external goods of recognition without the corresponding achievements would not only be to invite contempt, and perhaps shame, for not deserving them, but would lead the recipient to miss out on the satisfactions provided by the internal goods themselves, or at least the satisfaction of having done their job well.

Of course, even where jobs involving practices and internal goods are available, these goods are not enough on their own to motivate people to work, for they also need money to live. Wages and salaries are a precondition of wage-labour, though to the extent that they may be varied in response to performance, they may also function as external goods. However, while people work for money, they also work for other things, such as satisfaction and fulfilment, sociability and respect. Those who are lucky enough to do work that is both deeply satisfying in itself, and brings them external goods of recognition, might regard their pay as enabling them to do that work, rather than the reverse, although of course they are unlikely to admit this publicly. (Low pay is likely to be taken as a sign of lack of recognition.) Jobs that involve practices in this specialized sense necessarily tend to allow workers significant discretion and autonomy in the conduct of their work; this is also a source of power which they may use to assert their interests vis-à-vis managers or clients or

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<sup>6</sup> Here, I am stretching the concept of internal goods beyond MacIntyre’s formulation, so as to include not only elite activities, such as architecture or medicine, but more basic ones.

customers. Workers in this position are doubly fortunate in having both fulfilment and power.

Within organisations, activities are instrumentalised for the goals of the organisation, and this means that practices are governed or at least shaped by external standards. To some extent this may be quite proper, for as we noted earlier, the product is more important. But particularly where practices are instrumentalised for profit, as in the case of a private hospital, the internal standards and goods (in this case, of medicine) are likely to be compromised. For this reason, one of the problems of division of labour within organisations, whether primarily pursued so as to reduce costs or to increase managerial control, is that it tends also to diminish practices which are a source of internal goods, and/or instrumentalise them, and hence reduce the quality of working life, although where new kinds of job are introduced, new skills and practices may arise. This does not mean instrumental action cannot be satisfying or worthwhile; even those who are involved in maintaining and developing the instrumental, formal rationality of organisations – accountants, for example – may find satisfaction in the work itself and care about its results.

As Geoffrey Brennan and Philip Pettit argue, the need of actors for esteem and their aversion towards disesteem ‘provides a gravitational field that silently shapes their dispositions and their doings, exerting a long, insistent influence that can only be resisted at the cost of considerable effort and self-sacrifice.’ (Brennan and Pettit, 2004, p. 23). The granting and withholding of esteem can, as a result, provide an ‘intangible hand’ that supplements the visible hand of management and the invisible hand of market pressures; depending on whether and how esteem and disesteem are signalled, workers can be motivated or de-motivated to work well. Unlike respect for and goodwill towards persons as such (unconditional recognition), esteem is conditional upon good performance, so that one cannot rationally choose in advance, with no evidence regarding performance, to evaluate someone positively or negatively, though of course prejudice is possible. Esteem cannot be demanded irrespective of behaviour. Thus, although gift-giving and gift-exchange among workers in terms of providing help and advice are common and important features of organizational life, esteem cannot be given as a gift. People can, however, exchange ‘esteem services’, for example, by putting themselves in a position where they can give them esteem or disesteem, and publicising their evaluations (Brennan and Pettit, 2004, p.52).<sup>7</sup>

As Brennan and Pettit note, esteem has an *epistemic* as well as a social-psychological motivational function, insofar as it gives the actor feedback on their performance and what was good or bad about it. Thus, people’s need for the approval of others can encourage not merely conformity but good practice and improvement. Of course, whether it does so, depends upon the quality of the evaluation - whether, for example, it comes from someone with concrete knowledge and experience of the work in

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<sup>7</sup> While their analysis of the economy of esteem is valuable, I think Brennan and Pettit underplay the importance that people attach to internal goods and ‘praiseworthy acts’ and to the welfare of others, even if where they doesn’t always bring adequate recognition or praise. There is satisfaction to be had in the successful completion of the task in itself, even if no-one else notices it. I think it’s also a mistake to represent the nature of relations of esteem primarily through the metaphor of economy, when it should be taken as a matter of justice and morality.

question or an external auditor lacking such qualifications and armed only with abstract criteria that are largely inappropriate to the job.

Esteem is an important external good, but as we noted, external goods are generally taken to be properly conditional upon achievement of internal goods, or more generally, at least on some kind of merit. Undeserved esteem or disesteem are likely to induce cynicism and resentment. Furthermore, failure to give any recognition at all may cause low morale or, in the case of absence of conditional disesteem, complacency and indifference. People need recognition, but not just on any terms; although on the whole they may conform to what others expect of them and value, as Smith noted in his discussion of praiseworthiness, there may be circumstances under which they reject those valuations, and do what they think is best regardless. Teachers sometimes diverge from the curriculum they are supposed to teach if they think it is inadequate. Call centre workers may diverge from their scripts if they think this is warranted. Workers may want to do a good job for its own sake and for their own self-respect, and not merely for the recognition that good work may bring, though they may also expect some recognition as warranted, and become discouraged by its absence. To treat people either as incapable of being motivated in this way, and as only working well when it brings them some advantage, is an obvious empirical error. If they do a bad job, they may feel a sense of shame even if no one else notices. The intangible hand also works within our heads, as a form of self-regulation.<sup>8</sup> While these possibilities are not necessarily inconsistent with the pursuit of self-interest, they may also involve sacrificing self-interest.

Further, if management cynically *and naively* assumes that employees' sole motivation is self-interest and the pursuit of external goods of pay and recognition, and organizes payment systems and expressions of recognition accordingly, it may prove to be counterproductive (Frey, 1997; Brennan and Pettit, 2004; Le Grand, 2004). To treat an employee's actions as purely motivated by the expectation of reward, is to reduce virtue to instrumental action for the purposes of exchange. Consequently, they may feel somewhat demeaned by such treatment and become more cynical and instrumental as a result. In other words, treatment of this kind may 'crowd out' virtuous behaviour, done for its own sake. Of course, the point of employment for employees *is* to get an income, and some will be happy to be treated as if this were their only motivation. Piece-work, and working on commission are common in some kinds of employment – usually ones where either there are no significant internal goods or satisfactions, or else ones that are not consistent with the goals of the organisation and hence need to be controlled externally; some workers may be motivated by these. However, the immediate rewards in terms of pay and recognition are not necessarily the only motivation for many workers, and for some, they may play a secondary role.

Thus even from an instrumental point of view, it may be unwise for employers to use forms of payment and recognition which make workers feel that the only reason they work well is to get such payment or recognition. If rewards and recognition are too closely related to very specific actions they are likely to be seen as a form of control rather than appreciation, and as disrespecting workers' own discretion, self-command

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<sup>8</sup> There are parallels here with Smith's 'impartial spectator', though the latter's scope goes beyond judgements of esteem to all moral evaluation.

and judgement. On the other hand, not to reward or recognise good performance may be de-motivating. To reconcile these two conflicting tendencies requires the maintenance of a certain distance between the actions and their recognition and reward, so that, for example, rewards are not given for each task, but over a period of time, in recognition of *general* good performance and citizenship. Then the employee is likely to feel valued *as a person* – or, in an older (Aristotelian) moral language, as a person of virtuous character – or at least as valued for the way they exercise their discretion and autonomy, and not merely as being rewarded for individual acts that happen to be useful to the employer.

The pursuit of esteem is not always individualistic and competitive; workers may want to be part of a good team and take pride in belonging to one.<sup>9</sup> The morale and motivation of individual workers is also powerfully affected by how they stand in relation to peers. As the study of *The American Soldier* showed, groups in which there are few prospects of promotion may be more harmonious than ones in which opportunities for inequalities to develop through promotion are strong (Stouffer et al, 1949). The practice now developing in some British universities of giving individuals rankings in terms of their research standing - in effect, naming and shaming them – can, for this reason have acutely demoralizing effects, and endanger collegiality. Furthermore, one of the reasons many may be troubled by such clumsy policies is that their ability to win this recognition depends partly on external influences such as family circumstances which employers and auditors do not take into account because they lie outside the narrow ends to which the organisation is dedicated. In such a context, the strivings of individuals to balance their various ends or commitments, which are already difficult in a modern employment context, become still further distorted by the organization's priorities.

Esteem need not be shown in payments of money, indeed there are some expressions of esteem which would be debased by being expressed in monetary awards. Money is alienable: it shows no trace of where it has been, and is indifferent to what it is spent on or to whom it is given. In a sense, it is cheap. A pound earned as part of a work incentives scheme is no different from any other pound. It may appear merely as the price the firm is prepared to pay for performance. By contrast, that which cannot be exchanged, such as an award for some notable achievement, is beyond price; as Kant argued, it therefore has dignity.<sup>10</sup> On the other hand, in some circumstances a purely symbolic form of recognition could be seen as de-motivating - as a worthless, perhaps even insulting, exercise in tokenism that fails to pay any bills. It might also be argued that since the best performers contribute more than others to the organisation, they should be paid more. Just how symbolic and pecuniary rewards are valued is therefore a complex matter, depending very much on the wider culture, on how highly commodified it is and on how much material inequality there is, and on how far pay is seen as a measure of individual worth.

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<sup>9</sup> This is underestimated in Brennan and Pettit's account: they tend to see esteem as a competitive zero sum affair, so that if all succeed, esteem and self-esteem are neutralised. For many tasks there are absolute criteria of quality or adequacy of performance, and especially if there is some cooperation among the workers, then even in a group where everyone achieves them, their satisfaction is a source of self-esteem.

<sup>10</sup> 'In the realm of ends everything has either a *price* or a *dignity*. Whatever has a price can be replaced by something else as its equivalent; on the other hand, whatever is above all price, and therefore admits of no equivalence, has a dignity.' (Kant).

While people generally need esteem – we might have worries about someone who did not and was completely oblivious to what others thought about them – we are likely to be wary of those whose sole motivation seems to be the approval of others; in Smith’s terms, they put the pursuit of praise above the pursuit of praiseworthy acts. The pursuit of esteem fails if it is seen as being too instrumental and for its own sake rather than as an expected - but not demanded - recognition of the good practice itself, in other words, if the external, rather than the internal, goods are treated as the goal. In contrast, if workers see their work as worthwhile in itself, they are likely to try to work well both for their own satisfaction and self-respect, and for any esteem it brings them, which will also enhance their self-respect. Further, working well may become a habit, or a virtue in the Aristotelian sense, and a source of self-respect.

Those attached to the dogma that motivations can only be egotistical will no doubt want to argue that the economy of esteem will result in actors’ pursuing their self-interest by disguising it. This may happen. However, it is risky because if the motives of those who adopt this strategy are suspected by others, they may subsequently suffer a loss of face and a long-lasting refusal of recognition. Even where effort and good performance are initially motivated by the pursuit of esteem, it may become habitual over time, and hence no longer consciously instrumental. Some may also pursue the external good of esteem without achieving any internal goods, for example by trying to appropriate credit for the achievements of others, and offloading blame for their own failures onto others. Managers may conceal individual failures and deficiencies within their own departments so as not to lower their departments’ standing. The ‘aura effects’ of success and failure, discussed by Smith (II.iii. 2.6), and noted by Jackall in his study of corporate managers, encourage competitive individuals to avoid association with the weak and unsuccessful and to associate with the strong and successful (Jackall, 1988). Nevertheless, while such behaviours are common, it is a mistake to assume they are universal: actors may have commitments to others or principles which are capable of overriding their self-interest.

### **Esteem and recognition in the context of inequalities**

The extent to which the intangible hand works depends on whether there is a ‘public’ present, willing and able to give esteem and disesteem, and on what kinds of reference group are involved. Although hierarchies are sometimes defended as reflecting differential contributions and esteem, they also distort the intangible hand, principally because it is difficult for those in a subordinate position to express judgements on the performance of those above them (expressing disesteem signals ‘insubordination’ while expressing esteem arouses the suspicion of insincerity and strategies of ingratiating)<sup>11</sup>, and superiors may feel threatened if the performance of subordinates is superior to their own. In addition, status differences and prejudices such as snobbery, sexism, racism, homophobia may also distort their judgements.

One of the paradoxes of the economy of esteem is that if, as many assume is appropriate, differential esteem is reflected in differentials in pay and power, the resulting inequalities are then likely to distort the functioning of the intangible hand,

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<sup>11</sup> This insight is due to Hegel’s celebrated analysis of the master-slave dialectic.

for the subordinate are likely to feel disesteemed relative to their superiors simply by virtue of their position and regardless of their performance. Esteem is not merely a matter of words but of deeds. It is easy for organisations to make pronouncements about valuing all their members equally as persons, but if they allocate resources to them unequally, and provide very unequal working conditions, such statements are bound to ring hollow.<sup>12</sup> Of course, pay differentials are not simply a function of the esteem in which different groups of workers are held, but affected by differential scarcity and power, as well as by social conventions - often ones that lack warrant in normative terms. However, although pay and conditions are not simply a reflection of how groups of workers are esteemed, they may be taken as such by workers themselves. Some may believe that the imagined payment according to merit is just: what Melvin J. Lerner termed 'the belief in a just world' is common in popular thought, encouraging the assumption that people get paid what they deserve and deserve what they are paid (Lerner, 1980).

The problem here is not only that the expression of esteem and recognition is often deficient in organisations, in part because of the existence of major inequalities. There is a more fundamental problem: the inequalities themselves give only limited and unequal access to satisfying work, involving internal goods, and whose effective performance warrants the external good of recognition.

## Conclusions

I have been arguing that it is important to acknowledge both the overarching instrumental nature of organizations, and the possibility for ends other than those of the organization to be pursued within them. The latter are important from the point of view of the members of organisations, and they may either help or impede the realisation of the organisation's goals. Organisations are more likely to succeed if they take account of these other goals, including things which are valued in themselves rather than instrumentally, for other purposes.

I have not argued that instrumental action is necessarily bad, and non-instrumental action necessarily good, but that both can be good or bad. In emphasizing the importance of non-instrumental and ethical motivation and action in organisations I certainly do not want to overlook selfish and manipulative behaviour, though these tend to be encouraged or discouraged by the nature of the organisation, the way it selects its members and the demands it puts on them, its incentive systems and its ways of evaluating workers and managers. We need an unromantic view of employment that acknowledges excessive ambition, selfishness, insecurity, harassment, bullying, sexism, racism, homophobia, 'ableism' and the like, inequality and domination as well as ethical behaviour and commitment to principles and others. Thus in arguing that economic organisations have a moral dimension it has certainly

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<sup>12</sup> A distinction might be drawn here, following Charles Taylor (1994), between unconditional recognition for people simply as human beings, and conditional recognition, which depends on behaviour and character. Esteem is a conditional form of recognition. While it might appear that unequal conditional recognition is compatible with unconditional equal recognition for personhood, in a society structured by class, gender, 'race' and other key inequalities, which have little or nothing to do with merit, access of individuals to practices and situations in which they can earn esteem is highly unequal (Sayer, 2005).

not been my intention to legitimise the status quo. They still operate in a context in which the priorities and quality of life are subordinate to the economy rather than vice versa, and in which, for capitalist enterprises, the pursuit of money becomes an end in itself, a condition of survival, rather than a means to an end (Booth, 1993).

In this chapter I have only had space to deal with a few of the diverse goods that people seek within organisations and things which they value. In addition to pay, fulfilment from work and recognition, workers and managers are also likely to seek respect and dignity (Sayer, 2006), sociability and enjoyment, though for many, access to these may be minimal. Although the possibility of esteem is and arguably should be important in any social situation, an organizational culture in which the *only* recognition was esteem for achievement and given only to individuals would be a bleak, unforgiving, meritocratic and moralistic environment, encouraging extreme competitiveness, individualism, anxiety and low morale. Other qualities besides achievement, such as collegiality, civility, sensitivity, concern for others, friendliness, ability to listen and willingness to offer opinions and to disagree make a significant difference to the quality of organisational life, often in ways that promote the organisation's interests. Although therefore 'useful', many of these qualities imply a non-instrumental or partially non-instrumental attitude towards others, and they are likely to be eroded if they are treated too instrumentally by individuals or by the organisation.

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