John B. Dilworth's Commentary on "Hospitality from a Vendor"

Commentary On
Hospitality from a Vendor

This case raises a number of interesting and controversial issues about potential conflicts of interest on the one hand, and the relationship between different social roles (e.g., friend versus business associate) on the other. I shall briefly suggest a general theoretical framework for dealing with these kinds of problems, and show how it applies to the present case.

To begin with, is there any initial problem in an employee of one company (Paul Ledbetter of Bluestone, Ltd., in the case) accepting hospitality or other benefits from an employee of another company (Duncan Mackey), when the companies involved have a business relationship (Duncan's company sells items to Bluestone)?

Answer: if each is a private business, and not subject to direct government regulations because neither accepts any government contracts, then whether there is a problem entirely depends on the specific regulations that each company chooses to implement for itself. Broadly speaking, companies may choose any legal cozy or distant relations with their suppliers and customers as they please, with corporate self-interest being their main guide.

Certainly there may be great social and political interest in how businesses actually carry out such private, internal regulations of their interactions. And this may lead to general governmental regulations applying to all businesses, or tax laws governing business lunches, gifts, etc. But my main point is that there is no general moral problem of 'conflicts of interest' in business (of course, this is not to deny that there may be other moral problems concerning such activities). Instead, any real problems that arise are the result of specific conflicts between specific regulations (whether private or governmental) applying to businesses or employees.

From this point of view, the potential problem in Paul Ledbetter accepting hospitality (guest country-club membership, etc.) from Duncan Mackey is first of all, whether

either company has a regulation forbidding such situations. If not, the potential problems shift directly to the self-interests of each company. For example, Bluestone Ltd. might be concerned that employee Paul could become biassed in favor of Duncan's company, and hence fail to be objective when Bluestone needs his best judgement in pruning the vendor list. On the other hand, Duncan's company may be more concerned with whether his entertaining expenses really will help to cement their relationship with Bluestone.

Next we need to discuss the 'two hat' problem (as it might be called), that one individual may have more than one role or 'wear two hats' in a situation (e.g., friend and business associate). This issue is closely related to the 'potential conflicts of interest' issues discussed above. There are those (unlike me) who think there exist moral problems of conflict of interest even when there are no applicable regulations. Presumably they would appeal to some kind of moral conflict of attitudes or personal roles in business and other situations (which roles or attitudes can exist independently of written regulations), in defending their view. My position on the other hand would be that there are no moral problems which result specifically from one person adopting or possessing more than one point of view or attitude toward a situation.

Actually, I shall defend a view which is even stronger, namely that there are no fundamental conflicts of any kind (moral or non-moral) between attitudes or social roles, whether or not the roles apply to a single person. (I ignore cases of completely incompatible roles, because they could not generate problems of conflict since they never occur together.) This may seem an extreme and therefore hard-to-defend thesis, but it actually rests on the following partly normative thesis about social roles. It is that our concepts of individual social roles tend to be, and ought to be, defined (with suitable adjustments as necessary) so that they are as compatible with each other as possible, i.e., so that they cause as little 'friction' as possible between people who adopt the roles (including, as a special case, the 'two-hat' case of a single person adopting two roles).

The reasons as to why roles generally are, and should be, designed for maximum compatibility with each other are broadly consequentialness, such as that life would be much harder and more unpleasant if conflicts or frictions between roles were to occur. For example, if the roles of being a husband or a wife were incompatible with the role of being a paid employee, clearly either marriage or the industrial revolution would have to go. Even any significant friction between these roles would have

widespread bad consequences.

Such potential bad consequences are one reason why feminists have been so concerned to separate and distinguish the roles of wife and wage-earner, so that a woman's commitment to one role has no implications about any commitment to the other role. Making roles more compatible serves the cause of increasing human freedom.

An example more relevant to the present case is that it is in the best interest of all of us that the roles of friend and business associate should be kept as compatible with each other as possible. Only thus (to give just one reason for this) can one maximize one's freedom both to choose one's friends, and to choose one's business associates. Such maximization of freedom also includes the case when a single person is both a friend and a business associate of another person (e.g., Duncan Mackey is both a friend and business associate of Paul Ledbetter).

The above examples and discussion suggest the following criteria for roles or attitudes to be compatible. First, roles should in general be logically independent of each other (ignoring trivial 'inclusion' cases such as being a parent versus being a father). In other words, there shouldn't be any logical implications concerning other roles which follow simply from a person having a given role.

Second, the characteristics of roles should in some sense be 'logically segregated', so that significant or characteristic activities involved in describing or defining one role are not also involved in describing or defining any other role. ('Logical segregation' is related to but different from logical independence.) This criterion is concerned with what makes a role substantially distinct from others, and with its internal coherence.

A practical illustration of why we (as a culture) do, and ought to, 'logically segregate' roles is based on the very basic need to be able to easily recognize roles and distinguish them from one another. For example, if someone calls on the phone, one needs to be able to easily tell if it is a business or a personal call (even if one does not know the caller, in the case when a personal call is from some friend of someone else in your family). If the roles of businessperson and friend had too many overlapping characteristics, or if they lacked any internal coherence, the making of such judgements about role would be much harder and much more time-consuming.

A third criterion for roles to be compatible (or 'mutually frictionless') is that each should be complete and self-sufficient. Completeness here means that the role covers every thing, and only those things, which ideally that role should cover, and self-sufficiency means that there is enough structure in the role to handle any aspect of the total coverage of the role.

For example, in primitive societies with barter economies the role of businessperson is incomplete (in that whole areas of monetary policy are not addressed by the role), and also the role will not be self-sufficient because there are questions about barter which can be raised (such as about equivalent monetary values) which cannot be answered within (that primitive form of) the role.

The justification for the third criterion is indirect, but compelling nevertheless. If a role is incomplete and not self-sufficient, then we may assume that there are social needs which should be addressed by that role but (currently) are not. Hence those needs, if addressed at all, must be addressed through some other role (or roles). But then that other role is likely to have internal conflicts because it lacks internal coherence. Also, the original and second roles will not be adequately 'logically segregated' because there will be unwanted dependencies between them. Hence the two roles in question will not be fully compatible. Overall then, this shows that the third criterion is a necessary condition for role compatibility.

The third criterion is also important in understanding the structure and integrity of moral reasoning involving different roles. Intuitively, roles can be kept psychologically compatible with each other, and one's thinking will not be morally compromised, as long as thought and reasoning about each role can be kept separate from thought about other roles. In other words, rational practical thinking requires that deliberations be conducted in 'watertight compartments', with each role being considered separately without any intermixing of arguments relevant to one in deliberation about another. This will only be possible if each role can indeed be 'complete in itself', i.e., complete and self-sufficient in the current sense.

To summarize this section: we have strong consequentialist reasons for enforcing (as far as possible) a conceptual structure on roles, attitudes or interests such that they are interpreted as being (or made to be) compatible with each other in the above senses, and which structure is evaluative in the sense that reference is made to roles, etc., as they should be, not simply to facts about roles as they are.

To round out the defense of my position, it is important that I be able to explain (or explain away) cases of real or apparent conflicts of social roles and interests. This will now be done in a few instances, using a variety of examples, including one based on the current case.

First, an extreme example of conflict involving complete incompatibilities of role: the traditional role of a monarch (a queen or a king). This was conceived by all as fundamentally ruling out or completely conflicting with some other roles such as that of being a friend. In this extreme case, perhaps being a king completely excluded the possibility of one's also being a friend to someone. But then there could not be a moral problem of whether a king's friendship with someone was compromised by his being a king, because there could not be any such friendship at all. I do not deny that there are such complete incompatibilities between roles, but clearly they are of no moral interest.

A more moderate case of conflict of interest is between being a parent and being a friend to one's children. Many will attest that sometimes as a matter of fact, the specific way in which they act as a parent does conflict with their being good friends with their children. That is, playing the parental role for them in fact does seem sometimes to diminish or even undermine such friendship.

However, what should we conclude from this? It is inappropriate and premature to draw the general conclusion that therefore the role of parent is incompatible with that of friend to one's children, and that anyone adopting both roles must be morally compromised by the situation. Instead, parents in such situations are much more likely to say that they have failed as parents (or failed as friends), and that it is their failures, rather than the roles of parenting and friendship themselves, which explain why things went wrong.

Even if such failures are widespread in society, the search for an understanding of 'good parenting/friendship', which could avoid such conflicts, will continue. If necessary we will even adjust the definitions of the roles (for example, by diminishing emphasis on parental authority as essential to good parenting) in order to achieve role compatibility. This supports my claim that our role-concepts are partly evaluative, and that the achievement or preservation of role compatibility is a significant factor in this evaluative element.

The third example is from the general situation in the current case. Duncan Mackey and Paul Ledbetter have become good friends through their years of playing golf together. Question: Isn't Paul's business judgement of Duncan's company bound to be influenced by his personal friendship with Duncan, hence causing a genuine conflict of interest?

Answer: Paul's judgement may be influenced perhaps, but that doesn't mean that his judgement is determined or irrevocably altered by his friendship. As long as Paul can take steps to control or minimize the influence when necessary, there is no actual conflict of interests or roles. If Paul does take the right steps, there's no problem. If Paul doesn't take steps to control the influence, he is morally guilty of bad judgement, or giving in to temptation, etc. In other words, any moral problem is a problem about Paul's choices rather than about any conflict of roles. Hence there isn't any significant way in which Paul is morally compromised by the situation itself (i.e., by his playing several roles).

This example can be generalized. Cases where it is claimed that persons are involved in conflicts of interest (when these are not based on contractual considerations) are really just cases of moral temptation, when one is tempted to do something that one knows one should not do. 'Two-hat' cases naturally give rise to temptations, since often factors belonging to one could (physically rather than morally) be used to apply additional leverage to another. However, if one does give in to such temptations, it simply is a case of immoral action in convenient circumstances. It doesn't show that there was a real conflict of interests, or that there was anything inherently morally compromising about the combination of roles.

In order to be fair to the other side, let us consider a more extreme example in which Paul's business judgement is so influenced by his friendship with Duncan that psychologically he cannot be objective, no matter how hard he tries. (Note again that it is not the interests or roles which conflict, but rather that Paul is unable to think about the situation without mixing them up or confusing them.) First, if Duncan realizes he cannot be objective, he can take suitable action such as to inform his fellow committee members at Bluestone of this, and let them make the decision about Duncan's company.

Second, even if Paul does not specifically realize he cannot be objective in this case, it is part of his general duty as a engineer or manager to learn about the kinds of situations in which his decisions might be judged by others to be biassed, and so to

withdraw himself from making a decision in such cases. In other words, there are always things which Duncan could do to prevent any moral harm occurring because of his confusion and general inability to 'handle' such situations. Hence he is not morally compromised by his roles in such cases. If Paul does allow himself to be swayed by undue influence from a friend, the blame is his alone.

It remains to relate my general view that 'roles don't really conflict' to my initial view that social rules or regulations prohibiting some specific conflicts can be legitimate. For example, it would be reasonable to prohibit a businessperson from submitting a bid on behalf of company B to a company C, while at the same time he himself is the individual at C who judges all bids submitted (this is a factually possible situation if he holds both jobs).

The reason for having a regulation against such a 'conflict' is because of the very strong temptations to bias in such a case, through a mixing or conflation of the person's role as advocate for B with his role as impartial judge for C. That is, as before it is the strong temptations to moral backsliding or failure which are our legitimate concerns here, not any conflicts between the roles themselves.

Such cases are closely analogous to other potential moral temptations or failings which regulations address, such as those preventing a manager from depositing corporate funds in his personal bank account with the intention of repaying it shortly. In such a case it is very clear that the rule seeks to remove the temptations, and no-one would say that the rule is really seeking to prevent a 'conflict of interest' between his roles as private depositor and as corporate depositor in his own bank account. In other words, talk about 'conflicts of interest' is at best a metaphor, and often a very unhelpful metaphor, for talking about moral temptations.