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## **The Just World Fallacy as a Challenge to the Business-As-Community Thesis**

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### **Abstract**

The notion that business organisations are akin to Aristotelian political communities has been a central feature of research into virtue ethics in business. In this article I begin by outlining this ‘community thesis’ and go on to argue that psychological research into the ‘just world fallacy’ presents it with a significant challenge. The just world fallacy undermines our ability to implement an Aristotelian conception of justice, to each as he or she is due, and imperils the relational equality required for shared participation in communities. In the final section, I offer a description of what Aristotelian community might look like within organisations, and some suggestions about how it may be possible to resist the challenge posed by the just world fallacy.

### **Keywords**

Virtue Ethics, Communities, Just World Fallacy, Aristotelianism, Business Ethics

Since its renaissance in the second half of the twentieth century, virtue ethics, and in particular Aristotelian virtue ethics, has been taken up with some enthusiasm by business ethicists (Cowton, 2008), and is now perhaps as common a focus in the business ethics literature as any other ethical theory. One feature of this voluminous scholarship is the notion that modern business organisations are analogous to the *Polis*, the ancient Greek city-state, and can be regarded as Aristotelian communities. I refer to this as the ‘community thesis’. Community too has become an important topic in recent scholarship, across a variety of disciplines. A number of scholars have argued that ‘community’ has been eroded in contemporary society with increasing levels of social fragmentation, individualism, normlessness, uncertainty and anxiety (see, for instance, Bellah et al, 2007; Putnam, 1998; Sennett, 1998, 2006). The notion

that community can occur, and indeed be fostered, in business organisations is therefore worthy of further investigation, and in this article, I outline a challenge to those who accept the community thesis.

Another central facet of contemporary virtue ethics is the interest its proponents, in the spirit of Aristotle himself, have shown in empirical work relevant to ethics and moral philosophy (see Sinnott-Armstrong and Miller 2017 for a good selection). However, one notable strand of such research in psychology which has received little attention from Aristotelians, or indeed ethicists of any stripe, is the ‘just world fallacy’, which can be defined as the phenomenon of people mistakenly believing fortuitous patterns of reward or harm to be in some way just. The main aim of this article is to outline the consequences this fallacy has for the community thesis.

I begin by outlining Aristotelian business ethics and the view that we can understand business organisations as forms of Aristotelian political community advanced by Solomon (1992, 1993), Sison and Fontrodona (2012, 2013), Hartman (2015), and many others. I then move on to outline the just world fallacy, and the challenge this fallacy presents to the notion that business organisations can be understood as Aristotelian communities. This challenge results from the fact that the just world fallacy undermines our ability to implement an Aristotelian conception of justice, to each as he or she is due, and imperils the kinds of relationships required for shared participation in communities, relationships which must be between parties who are, in some sense, equals, and so not undermined by an undue deference or an undue disregard.

This does not render the notion of business organisations as communities unattractive as a normative ideal, instead it shows just how difficult an ideal it is to realise. Nevertheless, in the final section, I offer a description of what Aristotelian community might look like within organisations, and some suggestions about how it may be possible to resist the challenge posed

by the just world fallacy. I do so by highlighting four features I take to be conducive to the existence of genuine community: a suspicion of inequality, few displays of unequal power, an emphasis on face-to-face interaction, and relatively equal pay. While I remain sceptical about the viability of the community thesis in light of the challenge posed by the just world fallacy, these suggestions seem to me to give organisations the best chance of establishing a genuine sense of community, and avoiding the ethically deleterious effects of individuals tending to mistakenly believe that fortuitous patterns of reward are based on merit.

### **Aristotelian Business Ethics and the ‘Community Thesis’**

According to the Aristotelian tradition, understood in broad terms to include Neo-Aristotelians, Thomists, as well as some Marxists<sup>1</sup>, ethics is fundamentally concerned with the pursuit of flourishing. Virtues – settled states of character that dispose us to act well – are at once conducive to, and partially constitutive of, that flourishing. Unlike deontological and consequentialist accounts of ethics, Aristotelian virtue ethics does not primarily aim to identify rules and principles to govern conduct, but focuses rather on broader questions about how we are to live. According to Aristotle, ethics cannot be fully captured by any system of rules (NE 1094b). This is not to say that ethics is incompatible with the existence of moral rules, which Aristotle recognised as being important, but rather that rules are never sufficient for morality. Virtuous action always requires sound judgement on the part of the virtuous agent.

The virtues themselves are always a mean between extremes of excess and deficiency, and are acquired partly through a process of active habituation. For example, temperance is a mean between self-indulgence and an insensibility to pleasure, and we become temperate by acting temperately. On the path to virtue we may need to steel ourselves against temptations, and perform virtuous actions unhappily, but when virtue is fully acquired, the acts that follow

from it are done willingly, and chosen for their own sake (NE 1105a). The highest human end, according to Aristotle, is rational activity of the soul in accordance with virtue (NE 1097b).

The process of virtue acquisition, and indeed the pursuit of flourishing, is not a matter for isolated individuals. Aristotle held that politics is a continuation, and in some ways the culmination, of ethics. He argues that the state is prior to the individual, and is the whole of which the individual is a part (Pol 1253a). As individuals, we can only achieve our ultimate goal of flourishing within the *Polis*, a kind of association we are fitted to by nature. As Aristotle says “among all men there is a natural impulse towards this kind of association” (Pol 1252b). Human beings are, by nature, political animals, and our good can only be sought within a political community. A community in this Aristotelian sense is not simply a haphazard assemblage of individuals, but rather “a unified body of individuals; people with common interests... with common characteristics or beliefs... a group organized around common values” (Melé, 2012, p.92). It is this sense of shared values that allows Aristotle to claim that the good of a *Polis* is the flourishing of its citizens. Citizens were not passive recipients of the benefits the state provided – they had to contribute to the state and were directly involved in governing. For Aristotle, foreigners, slaves, children, and women, were not true citizens of the *Polis*, only those entitled to participate in the state’s deliberative and legislative processes were (Pol 1275b). Participation in the life of the community was required for full membership of the state.

Aristotle was not an egalitarian in a distributional sense. He held that a desire for this kind of equality was a cause of disharmony that was common to city-states of his time (Pol 1301b) and thought it proper for honours to be unequally awarded in line with the uneven distribution of virtue amongst people. However, he did worry that victorious parties in such conflicts wielded power without regard to equality (Pol 1296b), and he did hold that the freemen of the city state, those eligible for citizenship, were each other’s equals in an important

sense, even if they possessed differing degrees of wealth and influence, and he did hold that the best kind of friendship could only exist between equals (see Kraut 2006). Politics deals with the conditions in which the virtuous deliberate together about how to pursue their flourishing, secure in the knowledge that no-one's flourishing can be pursued outside the *Polis*. For Aristotle then, a kind of relational, rather than distributional, equality is important for friendship and for political communities, despite his suspicion that people capable of adequately partaking in these facets of the best life were rare. Aristotle thought society should be class-based and hierarchical because he assumed only a small elite were capable of being true citizens, but true citizens shared the same fundamental status as such, and so could relate to each other as equal participants in the life of the community.

The concept of 'relational equality' is typically associated with liberalism, broadly, and democratic egalitarianism, in particular (see Anderson 1999), rather than Aristotelianism. However, this is largely because Aristotelian political thought, more commonly associated with communitarianism, makes greater, and morally richer, demands of the participants in a political community, i.e. that they are engaged in meaningfully co-operating, collaborating, and directly participating in community affairs, not because this minimal conception of relational equality is unimportant. While differences in status may remain, there is an important sense in which community members relate to each other in a way that is unstructured by such differences. In this sense, relational equality is associated with the ideal of equal citizenship in terms of rights and duties, which is an ideal that unites liberals and communitarian critics of liberalism (see, for example, Taylor, 1994; Walzer, 1983). Indeed, if sharing the same fundamental status and relating to fellow citizens as equals is an ideal appropriate to liberal democracy, it is at least required by the more ethically rich conception of citizenship in the *Polis*. Insofar as contemporary Aristotelianism seeks to reject Aristotle's own social prejudices while retaining his insights, it is able to recognise that the ability to participate meaningfully in a community

is less rare than Aristotle supposed. Just as the Aristotelian goes beyond the basic relational equality of liberalism in terms of what it asks of members of the community, one theme of this article, which we will come to below, is that we need to go further still in challenging Aristotle's own acceptance of inequality.

Even if we can simply ignore some of the more unpalatable features of Aristotle's thought, there are others that pose problems for contemporary Aristotelians. One example of such a problem is the fact that it is not easy to accommodate an understanding of business as an ethical endeavour within Aristotle's political theory. Aristotle himself was hostile to commercial pursuits, which he regarded as being incompatible with flourishing. This position seems to be much more deeply entrenched in 'Aristotelianism' than Aristotle's own low opinion of women and foreigners, or his acceptance of slavery. Indeed, he regarded profit-seeking activity as a kind of perversion. Each craft has its own distinctive purpose, and so to engage in any craft with the accrual of wealth as the main motivation is to fail to give due attention to that purpose. So, although he recognised trade as being necessary, if perhaps the sort of thing a noble person would have as little to do with as possible, Aristotle was entirely opposed to activities which focused on profit-making as an end in itself. As such, he would have had a low opinion of the majority of business organisations in capitalist society. Indeed, far from being virtuous, business activity would, on Aristotle's view, be primarily characterised by the vice of *pleonexia*. '*Pleonexia*', sometimes translated as 'avarice', denotes both an "excessive desire to get more" and "violates canons of distributive fairness" within communities (Balot, 2001, p.33).

Nevertheless, a number of business ethicists have been inspired by Aristotle, and the Aristotelian tradition more generally, and have taken up his focus on the political community, suggested that business organisations can be understood as examples of such communities, and

highlight the ethically salient features of community membership within the business organisation.

According to Solomon, “[c]orporations are real communities, neither ideal nor idealized, and therefore the perfect place to start understanding the nature of the virtues” (Solomon, 1992, p.325). In these communities, relationships are more than mere contractual associations, and “consist, first of all, in a shared sense of belonging, a shared sense of mission or, at least, a shared sense of mutual interest” (Solomon, 1994, p.277). Furthermore, “If the corporation is to be a good community, it must be an all-embracing community” (ibid, p.285), suggesting that all members of the community are held in esteem. Here we see Solomon’s commitment to a version of the relational equality present in Aristotle’s own thinking about the *Polis*. Though it is unstated, one presumes that those who advance the community thesis intend ordinary organisational members to be considered citizens, not slaves.

The Aristotelian thread of Solomon’s account of business ethics runs deep enough for him to accept the notion that our good and that of our business community cannot be entirely separated. “What is best in us — our virtues — are in turn defined by that larger community, and there is therefore no ultimate split or antagonism between individual self-interest and the greater public good” (Solomon, 2004, pp.1022-1023), a sentiment which applies both to the relationship between individual and business and to the relationship between business and wider society itself. Solomon highlights the centrality of relationships within the community: “What is worth defending in business is the sense of virtue that stresses cooperative joint effort and concern for consumers and colleagues alike” (Solomon, 2004, p.1025). As Solomon says: “It takes no leap of faith to move from the actual cultures of most corporations to the recognition that these are cooperative communities... and that mutual respect, caring and compassion is what we all in fact expect and demand in our various jobs and positions” (1998, p.531). In addition to the emphasis on mutual respect, this sense of compassion, ‘feeling with’,

highlights the way in which Aristotelian communities go beyond the basic relationships required for membership of liberal democratic societies. Each member's participation is important, on Solomon's view: "what drives a corporation... is the collective will... of its employees" (1993, p.150).

Some business ethicists in the Aristotelian tradition have even conceived of the business community not simply as providing a site of cooperation, but as being conducive to the achievement of our deepest virtuous aspirations. Dobson claims that "the modern firm is an institutional form capable of supporting a valid utopian ideal" (2008, p.67). Sison and Fontrodona claim that "the common good of the firm is the collaborative work that allows human beings not only to produce goods and services... but more importantly, to develop technical or artistic skills and intellectual and moral virtues" and that each "worker is an actual part of the common good of the firm because everyone makes a meaningful difference to the whole" (2013, p.614). Sison and Fontrodona also note that they accept Aristotle's perspective on "sharing a good life in common, with family, friends and fellow-citizens in the polis... The common good results from the joint deliberation, decision and action of citizens." (2012, p.214). At the very least, this suggests that everyone is worthy of a hearing and everyone deserves to be part of the process of deliberation. Indeed, according to Sison and Fontrodona, corporate governance needs to be "decided on by a firm's members through joint deliberation or dialogue" (2012, p.233). Here, again, we can see the importance of avoiding undue deference or disregard, which may hinder this deliberation and dialogue.

On this understanding of business organisations, the element of shared endeavour, and perhaps even moral growth, is as central to business as the focus on profit. If profit-seeking is regarded as but one feature of many, then even if Aristotle's harsh pronouncements on the ethics of profit-seeking are correct, they will not necessarily be decisive in a discussion of business ethics. Indeed, business ethics can be recast as a branch of political philosophy, and

the profit motive a necessary constraint and limitation to organisations' ability to facilitate the good life for their citizens.

This conception of business ethics in terms of Aristotle's account of political communities has noteworthy implications. For instance, it opposes accounts which focus mainly on compliance with ethical rules, or on maximising shareholder value, promoting good consequences (perhaps in terms of Corporate Social Responsibility initiatives), and so on. While advocates of the community thesis may be happy to accept all of these as being worthy aims, they will be additionally concerned with the relationships between members of the community, and concerned to ensure that all members are able to be fully functioning participants in that community. Melé highlights the importance of decision-making in this participation: "a person within a community participates together with others in the realization of the common activity. But participation also means taking part in the community or in the decision making on matters which affect one's own life" (2012, p.98). Melé also claims that "Community is made up of relations or feelings with a sense of 'fellowship'" (2012, p.92), and that "when we affirm that a firm is a community of persons, we emphasize both individuals and the whole, making explicit the... openness to self-realization of each one who forms the community" (2012, p.97). In this sense, each member is on equal standing with others with respect to their desert of self-realisation.

According to Bragues "[t]he corporations that now fill our economic landscape provide a much bigger array of leadership opportunities than was the case in Aristotle's time, in which a high place in government offered the only opportunity to oversee large associations" (2006, p.354). This suggests Aristotle's political philosophy applies especially to business ethics, and echoes Solomon's suggestion that business organisations are the 'perfect place' to begin an enquiry into virtue. However, even if we agree that business organisations present such an opportunity, it does not mean that businesses are always communities just as city states might

fall short, on Aristotle's view, if they are somehow deformed and do not contribute to the human good, do not permit the requisite form of participation, and so on. The enthusiasm of defenders of the community thesis notwithstanding, we may wish to offer more modest claims about the possibility of community in business organisations. Indeed, others have been careful to offer more restricted, normative claims.

O'Toole claims that in the Aristotelian workplace "all employees participate in the decisions that affect their work" (2008, p.198), though he is not optimistic that such workplaces can ever be widespread. Hartman has written much of interest on Aristotelianism in business ethics (see, for instance, 1998, 2011, 2013a, 2013b). On the topic of business organisations as communities he says:

Aristotle would approve of our focus on the organization... Today, when organizations seem to be overtaking nation states as the primary form of association and identification, and corporate culture is such a powerful determinant of behavior, he might well say that the culmination of ethics is organization theory. He might well say, too, that good corporations mold good people. (2008, p.261)

While Hartman is clear that he wants to "suggest what virtue in business looks like, and argue that it is possible, not that it is probable" (2015, p.20), the notion that Aristotle would approve of a focus on the organisation is presumably because the prospects of business organisations functioning as genuine communities is real. For the culmination of ethics to be organisation theory, then organisations must provide us with what we need to live flourishing lives, namely a community within which to pursue this flourishing. At the very least we seem to be talking about a *real* possibility, rather than an abstract possibility, or something merely conceivable.

The claim that business organisations are communities is not limited to Aristotelians. As Néron (2010) points out, many business ethicists of all stripes have sought to understand

businesses as political communities, for instance work in the Kantian tradition (Bowie 2017), and CSR scholarship (Freeman & Liedtka, 1991; Hecksher & Adler, 2007).

It is likely, therefore, that the challenge I will go on to outline in the following section applies to a broader array of positions than I focus on here. However, I focus on Aristotelian business ethics both for the sake of concision, and because it is the position to which the challenge most readily applies, given the prominent place afforded to the community thesis within Aristotelian business ethics. Ultimately, I will conclude by offering a heavily qualified endorsement of Hartman's normative version of the community thesis and by suggesting some ways in which workplace community may be achieved, but in what follows I aim to show that any feasible endorsement of the community thesis must be extremely challenging to mainstream Aristotelian accounts of business ethics.

### **Just World Fallacy**

Over the past few decades, there has been much philosophical interest in empirical psychology, in particular in cognitive biases and the results of personality psychology. Here I outline the just world fallacy and some of its consequences. This phenomenon is sometimes termed 'belief in a just world', but I use 'fallacy' in order to highlight the ethically salient reasoning error at its core. While some ethical studies have used a belief in a just world as a variable, for instance Ashkanasy et al (2006), for the most part, ethicists have not attempted to explore the ramifications of the just world fallacy, a variety of what Nisbett and Ross (1991) term "the fundamental attribution error". Unlike situationist critiques of virtue ethics, which hold that situational factors shape our moral behaviour to such an extent that explanations in terms of character and the virtues is unconvincing (see Doris, 2002, and Harman, 2003 for outlines of the situation challenge to virtue ethics, and Webber, 2006, and Alzola 2008, 2012 for responses), I do not claim that Aristotelian business ethicists commit the just world fallacy.

Rather, I claim that the fact that people are prone to make such errors can be problematic for those business ethicists because they undermine the psychological plausibility of the community thesis. While the evidence used to support situationism, like the Milgram experiment, seems to show that people “are capable of beastly behavior in circumstances where their practiced virtues are forced to confront an unusual situation in which unpracticed efforts are required” (Solomon, 2003, p.53), the evidence supporting the just world fallacy seems to suggest that our evaluations of others are liable to be determined by luck or chance, and are thus liable to undermine our ability to participate in Aristotelian communities. It goes well beyond the scope of this essay to explore all of its ramifications. However, I believe it presents an obstacle for the community thesis as I shall now seek to demonstrate.

The concept of the just world fallacy emerged as a result of research which showed that when confronted with (ostensible) examples of injustice, experimental participants tended to show disdain for innocent victims and admiration for the undeservedly successful. Indeed, research has suggested that when confronted with broader, societal injustice, participants tend to adopt belief systems that serve to justify existing economic and political arrangements (Jost et al 2004). In other words, whatever the cause of any particular pattern of reward or punishment, participants display a tendency to regard the outcome as being reflective of a just allocation, even when that is patently not the case.

In his original 1965 study, Lerner found that experimental subjects who were told that a fellow student had won a cash prize in a random draw were inclined to believe that the student worked harder than another student who had not won the prize. The outcome, resulting from brute luck, led participants to draw the unwarranted conclusion that the fortunate student had done something to deserve it. This “reinterpretation of fortuitous rewards”, as Bénabou and Tirole (2006, p.705) put it, suggests that those who enjoy rewards of some kind – power,

prestige, money, for example – are automatically regarded as being deserving of those goods, and thus our ability to put their merits into question is undermined.

Another study conducted by Lerner and Simmons (1966) revealed darker implications of the fallacy. In this study, participants were confronted with an ‘innocent victim’ – a woman participating in a paired-associate learning task who was punished for making mistakes by being administered seemingly painful electric shocks. When led to believe that the experiment would continue in the same fashion, the participants “chose to devalue and reject the victim” (1966, p.209), with participants more likely to reject the victim when they perceived the harm done to them was more severe. By contrast, when they were told that the victim would be compensated for the pain caused by the electric shocks by being paid for each correct answer, participants stopped showing this disdain. Nearly all participants who were given the choice between the two opted to give compensation rather than administer the electric shock. However, the mere act of deciding to award the victim compensation did not prevent participants from attributing fault to the victim. It was only when they were certain that the victim would be compensated rather than shocked that the negative evaluations of the victim ceased.

Thus, even in cases where the moral arbitrariness of the outcome is, in some sense, visible to the participants, the tendency to incorrectly apportion praise and blame remains. With otherwise identical cases, the ‘successful’ were regarded by participants as being deserving of their success and the ‘unsuccessful’ were regarded as being deserving of their failure.

Other research in the field has shown participants inclined to blame AIDS victims (Anderson, 1992; Comby et al, 1995; Correia et al, 2001), victims of assault (Hammock & Richardson, 1993), victims of spousal abuse (Schuller et al, 1994), as well as to praise beneficiaries of gambling gains (Schmitt et al, 1991). This phenomenon of victim blaming

resulting from the just world fallacy will prove to be challenging for the community thesis, and for the kinds of relationships that thesis presupposes.<sup>2</sup>

Research into the just world fallacy suggests we are both prone to be blind to true desert, and even when we in some sense recognise that an outcome is unjust we are still prone to attribute some degree of personal fault to the victim as if the outcome was simply recompense for that fault. While its degree varies between individuals (Rubin & Peplau, 1975), and over a third of participants in Lerner and Simmons' (1966) study did not derogate the unlucky victim, the propensity to commit the just world fallacy has "been shown to be stable and cross-culturally generalizable" (Furnham, 2003, p.795).

Lerner's (1965, 1980) explanation of this phenomenon, known as the 'just world hypothesis', holds that people have a deep need to regard the world as being fundamentally just, and committing the just world fallacy allows this belief to be retained even in the face of apparently decisive counter-examples. As Lerner and Miller put it, "The just world hypothesis is easily stated: Individuals have a need to believe that they live in a world where people generally get what they deserve" (1978, p.1050). Indeed, according to Lerner and Simmons, "most people cannot afford, for the sake of their own sanity, to believe in a world governed by a schedule of random reinforcements" (1966, p.203). To say that people commit the just world fallacy for the sake of their sanity may be hyperbolic, but it seems that the best explanation of the existence of the fallacy is that there is a kind of psychological pressure exerted by apparently inexplicable patterns of reward and harm which leads people to mistakenly apportion credit and blame to the respective recipients.

However, even those who are most prone to the just world fallacy are not able to interpret all instances of success and failure as being the result of merit or demerit. Lerner and Miller (1978) offer Lifton's description of the reactions of Hiroshima survivors as an example. Such survivors exhibited "a vast breakdown of faith in the larger human matrix supporting each

individual's life, and therefore a loss of faith or 'trust in the structure of existence'" (Lifton, 1963, p.487). In such extreme cases, an explanation in terms of desert is not just implausible, but entirely unavailable. Short of such extremity, however, the just world fallacy seems to be robust. While the early literature on the just world fallacy claimed that individuals would act to prevent injustice when they were able to do so, but would assimilate ostensible injustice as being just when they were not, more recent studies have found that those most prone to commit the just world fallacy are least likely to take action in cases where they perceive injustice as they tend to assume that all will be well in the end (Gaucher et al, 2010; Stroebe, 2013). While other recent research has focused on the potential positive elements of the fallacy (Maes et al, 2012), such as its connection to forgiveness (Strelan, 2007), it is what the just world fallacy tells us about our psychological response to unevenly distributed rewards, and in particular the problematic nature of apportioning credit and blame to the undeserving, that concerns us here.

Why does the existence of the just world fallacy challenge the community thesis in business ethics? Because it endangers the sense of equal participation that communities require. Such participation requires us to be able to deliberate together about the good of that community, and a key part of that deliberation pertains to justice within the community. Unless we are able to adequately assess whether rewards or punishments are deserved, we will be unable to follow the basic principles of justice that a community requires. According to research into the just world fallacy, people are liable to believe that others are due precisely what they are given, and so what should result from shared deliberation – judgements about who deserves what and why – in fact precedes and shapes it. Therefore, the just world fallacy seems to be problematic for any attempt to implement an Aristotelian model of justice, which holds that each should be rewarded according to merit, within organisations just as within the *Polis*.

Aristotle argued that “Every state is a community of some kind, and every community is established with a view to some good; for mankind always acts in order to obtain that which they think good” (Pol 1252a). However, this pursuit of communal goods seems to be harder to achieve for unequal groups than we might have imagined. Indeed, the just world fallacy suggests that it is difficult to separate relational equality, the kind of equality of regard, discussed in the previous section, needed to sustain Aristotelian communities by facilitating membership of the community and allowing for meaningful participation, from distributional equality, i.e. equality with respect to the distribution of goods such as pay and prestige. If we have an ingrained tendency to regard the successful as possessing merits that warrant that success, even when we are partially able to see that such success is a result of luck, then it will be hard to maintain the relational equality required to deliberate together properly. By drawing this distinction, I do not mean to suggest that theories of relational equality are unconcerned with distribution. Distributional equality might be a tool rather than the end of justice, but given this feature of human psychology, it seems to be a tool which is inextricably related to its end.

Furthermore, given that the just world fallacy also applies to self-evaluations, for instance Benson and Ritter (1990) observed a positive relationship between just world belief and depression in unemployed subjects, then an unbalanced distribution of goods will, in and of itself, be liable to undermine the ability of the less successful to challenge the more successful, which is a pre-requisite of shared deliberation within a community.

The self-derogation that seems to result from the just world fallacy makes it impossible for the unsuccessful to regard themselves as equals with their more successful counter-parts. Wade et al. (2006) found that CEO compensation affects commitment within an organization and that excessive CEO compensation increases turnover at lower levels of an organization. One possible explanation of this phenomenon, in light of research into the just world fallacy, is that those who are the worst off in a highly economically unequal organisation are less able

to feel as though they are full members of a community, and so become less able and willing to commit meaningfully to that community.

If the distance between the CEO and other senior officers, and the rank and file becomes too great, then the prevalence of the just world fallacy indicates that the CEO and the others will be regarded as deserving of their success whether or not this is so, and renders it less likely that legitimate criticism of the highly-rewarded will be forthcoming. If possession of these goods is regarded as a reflection of their ability to lead the company, and if even merely fortunate gains are regarded as being indicative of deserving qualities, then significant inequalities are liable to give rise to an undue deference to the successful. Of course, the just world fallacy also suggests that people are liable to be unfairly blamed when things go wrong. See Grint (2010) for a discussion of scapegoating of leaders, which is relevant to this point.

The just world fallacy shows that attributions of qualities that may be deemed to warrant reward and punishment are often mistakenly based on lucky or unlucky outcomes, and therefore uneven distributions are liable to be the basis of such mistaken attributions. Unless we think it possible to eliminate fortune from the processes through which goods and harms are allocated, this ought to concern us. In the following section, I try to apply this lesson to contemporary organisations by offering some suggestions about the likely shape of Aristotelian community in business organisations.

### **Egalitarian Aristotelian Organisations**

Koehn has criticised virtue ethics on the grounds that it “fails to acknowledge the possibility that generally accepted practices or procedures may themselves be suspect and that the agent may need to make a radical change in his or her thought in order to be able to do the right thing” (1998, p.510). This seems to be a well-founded misgiving, for the most part, though there are many varieties of virtue ethics which avoid this mistake. In this section, I draw on a

more radical strand in Aristotelianism, and use it to explore what organisations would need to be like in order to satisfy the criteria of an Aristotelian community.

While Aristotle was aware that excessive inequality was liable to create an unhelpful factionalism which hindered politics (Pol 1304a), he is probably best characterised as a political conservative (Mulgan, 2000). Solomon's own brand of Aristotelian business ethics is at the conservative end of the spectrum too. He suggests that "the virtues... do not involve radical demands on our behaviour" and that such a suggestion "is completely foreign to Aristotle's insistence on "moderation"" (1993, p.203). We may wonder whether counselling moderation in a social milieu in which excess has become the norm, one in which *pleonexia* is often seen as a duty (MacIntyre, 2016, p.127), would count as a 'radical demand', but in any case, given the frequency of corporate scandals, we may be inclined to be somewhat more sceptical than Solomon about the ethical quality of contemporary business. That Solomon's article 'Business with Virtue? Maybe Next Year' was published in 2000, the year before the WorldCom and Enron scandals, should serve as an ironic reminder that business ethicists have been prone to be more optimistic than the reality of ethics in business has warranted. Indeed, to counsel moderation where radical challenge is called for suggests they may even be prone to overestimate how just the world is.

There is scope for a more egalitarian version of Aristotle's community thesis which would be less threatened by the just world fallacy but would require us to radically change business organisations (a claim not unknown in the virtue ethics literature, see, for example, McPherson 2013). Solomon himself admits that as jobs become ever more insecure "contingency plans take the place of what once was called loyalty. Nothing is left to trust" (1994, p.273). The Aristotelian political community has the good of its citizens as its primary aim, but this is not and cannot be true for the contemporary firm, which must have profit as one of its central aims, if not its defining aim. As Morrell puts it, for Aristotle "the common

good rests ultimately on notions of justice in society rather than on profit in the firm” (2012, p.47).

According to MacIntyre, perhaps the foremost ‘revolutionary’ virtue ethicist (see MacIntyre 2008), free market economies

ruthlessly impose market conditions that forcibly deprive many workers of productive work, that condemn parts of the labor force in metropolitan countries and whole societies in less developed areas to irremediable economic deprivation, that enlarge inequalities and divisions of wealth and income, so organizing societies into competing and antagonistic interests (1998, p.249).

Such a climate is hardly conducive to the emergence of Aristotelian communities. Indeed, this antagonism must be tackled in order to establish such communities. However, creating an organisation characterised by the relationships and participation required by Aristotelian communities is not easy to achieve.

Relational equality is a distinctive feature of workplaces likely to give rise to genuine community, not a single policy that can be implemented. So, rather than offer a – for now perhaps – impossible imperative (‘ensure your organisation is egalitarian!’), we might, in a less utopian vein, offer simpler suggestions. To that end, I propose four related characteristics which might enable us to recognise organisations conducive to the emergence of genuine communities: a suspicion of inequality, minimal displays of unequal power, an emphasis on face-to-face interaction, and relatively equal pay. The first describes a complex habit of mind and character, and so is not to be regarded as a practical recommendation, *per se*, whereas the others may be actively pursued by organisations, even if they are perhaps better understood as signifiers of community. These are tentative suggestions based on my reading of the concept of Aristotelian community, and my intention here is to start a conversation on what the just

world fallacy entails for our social relationships within organisations and outside of experimental setting, rather than to offer the final word on the matter.<sup>3</sup>

*Suspicion of Inequality.*

Inequality of wealth and power may be understood in a variety of ways. It may be viewed as natural, or as warranted given the differences in merit between people, or it may be viewed as bizarre and at least *prima facie* requiring special justification. Those who start with the presumption that the world is unjust are likely to be relatively immune to the just world fallacy. Part of the appeal of a revolutionary Aristotelianism, i.e. one that takes Marxism and its key insights seriously, is that it enables us to understand the ‘re-enforcements’ which lead to unjust outcomes as being anything but random, but instead as being consequences of an unjust system. The re-enforcements are then regarded as being explicable, which lessens the psychological pressure to grope around for an explanation pertaining to individual merit or demerit. While the concept of ‘virtuous mean’ seems to be inherently moderate, sometimes the virtuous mean between extremes of excess and deficiency calls for radical action. Once upon a time, to believe in democracy was to be a revolutionary.

Awareness of bias does not eliminate it. West et al (2012) found that cognitive sophistication does not prevent us from being blind to our own cognitive biases, and even being aware of such biases does not help us to avoid the classic reasoning errors documented in, for instance, Tversky and Kahneman (1975). However, I offer a tentative hypothesis: the more readily people identify cases of inequality as ‘extreme cases’, the less prone they will be to commit the just world fallacy. If we suspect the world to be unjust because of a presumption of the justice of equality, a presumption which can be intellectually motivated rather than merely intuitive, and therefore more readily identify inequality as being ‘extreme’, then committing the just world fallacy becomes less likely. If this is correct, then we would do well

to retain some of the suspicion Aristotle would have had about contemporary capitalism, even as we reject his own preference for inegalitarian politics.

*Few Displays of Unequal Power.*

Managers, directors, and other parties charged with designing organisational policy and governance measures, should make efforts to minimise displays of unequal power, wealth, or other rewards. The aim here would be to eliminate perceived distance between the most and least powerful within an organisation, to facilitate the discussion and shared deliberation required by communities. If inequalities in power or receipt of reward are not present, then it will not be possible for someone to commit the just world fallacy, which would facilitate the emergence of genuine community. Indeed, even where there are differences in power, which may be inevitable, a democratic spirit, in which power and authority are not appealed to, and are not actively on display, would be a way of fostering community. The suggestion offered here has some affinity with Landemore et al's (2016) defence of workplace democracy and may find support from empirical studies which associate psychosocial wellbeing with the most democratic workplaces (see, for example, Knudsen et al, 2011). It also has an affinity with conceptions of management and leadership which focus on the needs of employees, rather than the characteristics of leaders and managers themselves, in particular Servant Leadership (see, for example, Greenleaf, 2002; Sinnicks, 2016).

*An Emphasis on Face-to-face Interaction.*

One notable feature of documented instances of experimental participants committing the just world fallacy is the relative paucity of information they have access to regarding the subjects they judge deserving of some good or ill. The studies focus on judgements pertaining to strangers where the only relevant information available is their receipt of some benefit or harm,

and it seems unlikely we would make such erroneous judgements about people we know well. Fostering close-knit working groups is likely to reduce the psychological pressure to commit the just world fallacy when confronted with unequal distributions of some good. Friendship, or some degree of warm association, is likely to prevent the self-evaluation of the less successful from ruling out participation in shared-deliberation. This contrasts with the impersonal nature of many large firms. Dobson claims that “the modern firm is simply creating different types of community: more fluid, more all-embracing, more virtual, and no less virtuous” (2008, p.73). On the topic of virtual communities, Dobson suggests that social networking internet sites are “all about building communities. Furthermore, these new communities are far more dynamic, all-embracing and geographically diverse” (ibid). However, someone might be able to identify a common good with the members of their department, that is, people with whom they have daily face-to-face contact, but it is harder to imagine this relationship obtaining between people whose only contact is via email, let alone people with whom they do not interact at all. Therefore, it is hard to believe that the geographical diversity or virtual interactions common within contemporary organisations will facilitate a genuinely Aristotelian community. These considerations may also be used to suggest that smaller organisations may be more likely to give rise to community, a point emphasised by MacIntyre (1999). This suspicion is also supported by research into optimal community size (see Dunbar & Sosis 2018), including the optimal size and structure of organisations (see Dunbar 2014), which recommend small groupings in which face-to-face interactions are common, and thus make closer personal relationships within the organisation more likely.

### *Relatively Equal Pay.*

This may be a predictable item, but it is one to which my analysis of the just world fallacy, if correct, grants new argumentative impetus. Where goods are distributed reasonably equally,

there is no scope for people to commit the just world fallacy, resulting as it does from a psychological response to unevenly distributed rewards or harms. This is not a decisive argument for equality because other considerations may carry more weight, but it is not unimportant. Inequalities of income and wealth have increased over recent decades (Piketty, 2014; Stiglitz, 2012), and there is evidence that this inequality is both harmful to the economy (Lansley, 2012) and generally corrodes trust in society (Wilkinson & Pickett, 2010). The just world fallacy simply adds weight to arguments against inequality when we can take it as a premise that the cultivation of community is a choice-worthy end. This is because, while relational and distributional equality are distinct concepts, the just world fallacy gives us reason – one reason among others – to think they are closely related. Therefore, one recommendation we might offer, though one which may require the powerful to perform virtuous actions unhappily, is to seek to create more distributively equal workplaces.

Aristotelian business ethicists (such as Moore 2012b) may endorse Drucker's claim that there should be some limit to the ratio between the pay of CEOs and average employee pay, Drucker's own suggestions were in the 20:1 – 25:1 range (1977, 1984), even though they do not tend to be egalitarians about income and wealth. However, while the just world fallacy may suggest that inequalities in pay are justified if and only if they genuinely reflect differences in desert, even then they may undermine the sense of community within an organisation. This is because the predisposition to regard the rewarded as deserving their reward can foreclose the possibility of communal deliberation. It is worth noting that because the outcomes themselves are used as a heuristic for attributing merit or fault to others, even non-fortuitous rewards may be corrosive of community because derogation of those who deserve fewer rewards or to be harmed, for instance, may still blind us to the contribution they can make to a community. This point is exacerbated by the self-derogation that occurs when individuals have suffered some harm, as documented by Benson and Ritter's (1990) research into unemployed subjects,

referenced above. As such, we can see just how difficult it is to foster just and genuine communities within business organisations.

While more research may be needed if we are to ascertain precisely what levels of unequal reward may be detrimental to reasoned judgements about personal attributes, and by extension the relational equality required for community, the fortuitous reward in Lerner's original 1965 study was US\$3.50 for a 15-minute task (adjusted for inflation worth approx. US\$27 today). This is a sign that even small differences in receipt of external goods, when it is the only thing we know about someone, can be extremely powerful.

## **Conclusion**

When confronted with the question 'does the modern large corporation fulfil the criteria of a community?' the Aristotelian response is 'it can and should', but this prescription should be understood as being more radical than is typically the case. Indeed, if for Hartman it is possible but not probable for business organisations to be communities, our conclusion might be that it is conceivable but enormously difficult to achieve. The just world fallacy reveals that the mutual respect, care, and compassion which Solomon held to be definitive of corporations-as-communities are harder to achieve than is typically assumed. While there is a definite conceptual distinction between the normative and descriptive senses of the community thesis, in reality there is less distance than this distinction might suggest. As MacIntyre (2007) has noted, all moralities presuppose a sociology: every ethical system presupposes some picture of social relations and its corollary social ontology. MacIntyre's point may be read as a contemporary Aristotelian equivalent of the Kantian dictum 'ought implies can'. With this in mind, I urge those who see value in shaping business organisations so that they approximate, as closely as is feasible, Aristotelian communities to consider the four characteristics I outline above – a suspicion of inequality, few displays of unequal power, an emphasis on face-to-face

interaction, and relatively equal pay – as possible tools for making such communities possible, and thus making the normative claim at the heart of the community thesis more than a merely abstract and aspirational imperative.

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<sup>1</sup> A point emphasised by scholars such as Meikle, 1997; Pike, 1999; and Knight, 2007. It is possible to include many other philosophers under the broad heading of Aristotelianism, including even Adorno, if Freyenhagen, 2015, and Reeves, 2016, are correct.

<sup>2</sup> For other examples, see Hafer and Begue (2005).

<sup>3</sup> Another feature of organisations which fulfil the criteria of Aristotelian communities is that they pursue some good end. Much has been written about this elsewhere (e.g. by Moore 2012a, 2017; Moore and Beadle, 2006), and so I will not discuss it here other than to note that I share the view that pursuing a good end is another characteristic feature. In any case, in the present article I am more interested in pre-conditions of sustaining human relationships within the community.