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LOVE IN COMPANIES

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Abstract

The traditional theories of the firm leave no room for love in business organizations, perhaps because it is thought that love is only an emotion or feeling, not a virtue, or because economic efficiency and profit making are considered to be incompatible with the practice of charity or love. In this paper we show, based on a theory of the firm, that love can and must be lived in companies for companies to operate efficiently, be attractive to those who take part in them and act consistently in the long run.

Keywords: charity, firm, love, organization, theory of action, theory of the firm, virtues.

Note: This paper is an abridged version of "El amor en la empresa" (DI-856).

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LOVE IN COMPANIES

Introduction[1]

"Today, the term 'love' has become one of the most frequently used and misused of words, a word to which we attach quite different meanings" (Benedict XVI, 2006, no. 2). We may understand love to mean the joy a person gives us;[2] a feeling related to the affection we feel for a person, animal or thing (including ourselves); or the desire to do good to, or to enjoy that person; or a virtue that moves us to seek the good of the other; or a voluntary action (decision, choice, attitude) that is undertaken and learned (Fromm, 1956).

We find love in many relationships between people, which leads us to the question that motivates this paper: can love exist in firms? The literature on business ethics has dealt extensively with the role of the virtues in general and of certain virtues in particular. There are also, within the debate about whether the economic system fosters or impedes the development of virtues in companies, studies on the impact that capitalism or the market economy have on the social virtues. Yet love does not usually feature among them (McCloskey, 2006).

Our answer to the question is an unequivocal yes. Indeed, we believe that a successful, solid and lasting economic organization needs love to be exercised and practiced in and around it. In this paper we first outline the neoclassically inspired new institutionalist theories of the firm in order to explain why there is no place in them for love. We then set forth a theory of the firm that assigns a role to virtues (love in particular), before expounding the role of Christian charity in the firm, ending with the conclusions.

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[1] This paper is part of the activities of the "la Caixa" Chair of Corporate Social Responsibility and Corporate Governance, IESE Business School.

[2] "Love is a joy accompanied by the idea of an external cause [the loved one]": Spinoza (1984), p. 229; quoted by Rincón (1996), p. 135.

The theory of the firm

If existing resources are scarce and human needs are unlimited, what is the best way to organize economic activity so as to satisfy as many needs as possible with the least amount of resources? The traditional response, since Adam Smith (1776), has been: the market. But why is it, then, that so many economic activities takes place in firms, which do not operate according to the market logic of free and voluntary exchange but according to the logic of hierarchy and authority, attributed to the owners of capital and their representatives, the managers?

Since Coase (1937), this question has been given a variety of answers. Behind each answer is a conception of what a firm is and although the conceptions vary, they mostly agree in the essentials (Argandoña, 2010): a company is a collection of physical and human resources or assets – or property rights to such resources or assets – which work together to efficiently produce goods and services for the satisfaction of human needs. So how must the contributions of these different resources be coordinated? The most logical answer is: power should be attributed to the owner of the resource that is capable of eliciting the greatest contribution from all the resources together, i.e. the greatest efficiency. And under certain conditions, it has been shown that that resource is capital.

On this basis it is now easy to explain how a capitalist firm operates. The owners of capital hire a manager or administrator to act in their name and run the firm in accordance with the owners' interests (agency contract). The manager secures the material resources (capital, raw materials, supplies, etc.), each in its market, paying the agreed price; hires the employees, paying them the agreed salary; and exercises authority to direct his subordinates' activity, within what is permitted by law, the contracts, and social norms and ethics (Friedman, 1970). Justice problems are resolved in contracts, which also provide incentives to ensure that employees put in the necessary effort to produce efficiently.

Yet there is no guarantee that the firm will make a profit. The owner bears the risk (Knight, 1921) and his compensation is profit, i.e. the difference between revenues received and payments made under the contracts. Profit will be maximized when management is maximally efficient, i.e. when the goods and services satisfy customers' needs optimally, so that customers are willing to pay more, and when the resources, too, are used in the most efficient way possible, i.e. costs are minimized. Operating in this way, capitalist firms optimize the use of resources, which, under certain conditions, also makes the economic system maximally efficient (Argandoña, 2006).

Is there room for love in this framework? Obviously not. Each party must discharge its duties of (commutative) justice under the contracts entered into between the company and the owners of the various resources (including labor); but there is no place for any other duties.[3] There is even no need to invoke ethical arguments to demand the fulfillment of justice in contracts. All that is required is that the contracts be protected by law and that the courts enjoin enforcement of the law. Moreover, if, for example, employees are paid a salary above that stipulated in their contract, based on the state of the labor market, the profit received by the owners of capital will be reduced, which may be unjust (Friedman, 1970) and, above all, will lead to an inefficient use of resources, which will be a loss to the company and to society as a whole.

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[3] The executive or manager may have incentives to behave in accordance with his own interests, not those of the owners. This is the "problem of agency" (Jensen and Meckling, 1976).

The explanation we have given matches fairly closely the neoclassical new institutionalist model of the capitalist firm. There are other models and theories, in which some of the assumptions and mechanisms we have explained are modified (Argandoña, 2006, 2010). But none of the economic models attribute any role whatsoever to love in companies. And yet we believe that theories of a human institution such as the firm cannot omit such an important component of human life as love. Can there be a place for love in the firm?

The answer to this question is essentially the same as has often been proposed in order to escape the assumptions of behavior based on egoism or self-interest, give a role to the interests of others, and recognize the moral duties we have to others. What is usually done, in these cases, is add additional criteria to human action seen as complete and self-enclosed. Let us assume, they say, that the subject of economic decisions (the consumer, the entrepreneur, the worker, etc.) has motivations other than maximizing his utility or the company's profit. However, this manner of reasoning entails an ad hoc adaptation of the behavioral assumptions, which cannot be convincing.[4] Therefore, we must start from a theory of human action applied to organizations that is capable of establishing a role for love in them.

Human Action[5]

An organization is a group of people who coordinate their actions to serve a common purpose aimed at achieving certain results that they all consider desirable, albeit for different reasons, and that they can achieve only – or at least more easily and more effectively – through joint action, with some prospect of continued joint action in the longer term (Pérez López, 1993b, pp. 14-15).

These people (owners, managers and employees) who accept being part of the organization are moved by very different motivations, which those who coordinate their activity (i.e. managers) must take into account, as their job is ultimately to ensure, first, that the motivations of the company's members are reasonably satisfied, so that they choose to stay in the organization; second, that through the members' collaboration the desired results (production of goods and services to meet customers' needs, also securing the collaboration of other stakeholders) are achieved; third, that this is done efficiently, the firm being an economic institution; and fourth, that it is done in a way that works for – or at least does not work against – the company's long-term survival. It is not enough merely to optimize the ratio of the resources or effort put into the organization to the results obtained at any given moment; motivations must also be reasonably preserved, so that people continue to collaborate and the common purpose continues to be achieved over time (Argandoña, 2008a, b, c).

In what follows we present the basic outline of a broad theory of rational action that may serve as a foundation for an account of the role of the virtues – specifically love – in organizations; a theory, moreover, which shows that the virtues – and love in particular – must be present for a human organization to accomplish its objectives and be capable of surviving and growing in

[4] As Finnis (1998, p. 112), invoking Thomas Aquinas, points out, the only reasons for human actions are the basic reasons, i.e. human goods and ends, so the object of the will is the good, not my good. There is a reasonable self-love that does not exclude altruism, and such love of self takes priority over love of others and is the foundation for love of others. As Kahlil (2004) indicates, charity must be reasonable.

[5] In this section I draw abundantly on the ideas of Juan Antonio Pérez López (1991, 1993b, 1998); cf. also Argandoña (2007, 2008a, b, c).

the market, while at the same time contributing to the development of the people that are part of it – including if it is a for-profit firm.

The results of action

The starting point is an explanation of how a rational agent makes decisions. A subject, whom we shall call the active agent, has a problem, to solve which he plans and performs an action, which consists of an interaction with another agent, whom we shall call the reactive agent. For example, a secretary has just informed her boss, a manager, that an angry customer is on the phone. The problem is that the manager does not want to talk to the customer. The solution to the problem consists of an action: the manager orders the secretary to tell the customer a lie.

What are the results of the action? The *extrinsic* result is that the customer is no longer on the phone.[6] But there will be other results, which the active agent will experience within himself as a consequence of the action. We shall call these *intrinsic* results. He may have learned something, for instance, about how effective this sort of action is for getting rid of annoying customers, or how good his secretary is at this type of assignment; or he may be have been pleased at his own resourcefulness or exercise of authority, and so on.

Now let's look at the action from the other side (Rosanas, 2008). In this case, the secretary is the active agent who performs an action (the conversation with the manager) to obtain an extrinsic outcome (her boss's approval, which will probably have economic consequences in the form of better pay, promotion or assurance of a continued job). Here too, however, there will also be intrinsic effects, namely what the secretary learns about how to carry out this kind of assignment, satisfaction at having persuaded a difficult customer, and perhaps also dissatisfaction at having had to tell a lie.

On top of this, however, both agents are (or should be) aware that the action has had effects *on the other agent*. The boss has obliged his secretary to tell a lie and the secretary has not dared tell her boss that it is not good for him to order his subordinates to tell lies. The effects (learnings) that take place in an agent as a result of the effect his action has on another agent we shall call *external* effects.[7]

This type of situation, in which interactions between agents are repeated and in which each action has an impact on both agents' disposition in relation to future interactions, is common in human organizations. In each decision both agents must take into account not only the extrinsic and intrinsic results for themselves, but also the results for the other and hence also what they learn as a result of considering – or failing to consider – the impact their actions will have on each other, as this will affect their future interactions.[8] An extreme case, for example, would be when the actions are increasingly attractive for one of the two (e.g., the boss enjoys getting his secretary to tell lies) and increasingly less attractive for the other (e.g., the secretary

[6] Whether the customer was satisfied with the secretary's lie or not is immaterial for us at this point. That will be another action, with its own active and reactive agents and its own outcomes.

[7] The terminology I use here is based on that of Pérez López (1991, 1993b), but there are others, e.g. transitive, immanent and transcendent results (Malo, 2004).

[8] And this goes beyond the mere relationship between manager and secretary, because what they learn will also affect their relations with other agents (if the manager gets into the habit of telling his secretary to tell lies, she may end up lying to other people in the organization and even outside it, and much the same applies to the secretary).

becomes increasingly dissatisfied). The type of organization thus created would be inconsistent (Argandoña, 2008c). In any case, the effects may not become apparent for a long time and may take unpredictable forms (the secretary may learn to lie to her boss for her own benefit or engage in other opportunistic behaviors, or she may end up leaving the organization, or having a showdown with her boss, etc.).

The agents' motivations

Let's get back to the decisions of the agents in our example. What motivates them? The manager wants to avoid having to talk to an angry customer and the secretary wants to do what she thinks is her duty to her boss. Both get what they wanted, so everything suggests the action was a success.

But is that all there is to it? Probably not. People's motivations are many and changing. The manager probably wants high remuneration, the recognition of the owners, employees and customers, prestige, and so on. All these are what we shall call *extrinsic* motivations, in that they concern the response of the environment to the manager's actions. The secretary, too, will have her extrinsic motivations: a decent salary, her boss's good opinion, opportunities for promotion, and so on.

Both agents, however, are also moved by what we shall call *intrinsic* motivations, such as a job they enjoy, the satisfaction of being successful, and of developing their knowledge and capabilities. The distinctive characteristic of the intrinsic motivations is that the subject experiences them within herself; they are not elicited by other people. At the same time, both will also be moved by a third type of motivation, which we shall call *transcendent* motivation,[9] i.e. the motivation that seeks results not in the active agent but in the other. In our example the manager acted to achieve something that is bad for the secretary and for the organization (and for the manager himself); and the secretary does not seem to have tried to seek what is best for her boss.

The important thing about these three motivations is that they are present, to a greater or lesser extent, in all decisions. At least potentially, all our actions have extrinsic, intrinsic and external results, so we can always act, wholly or partly, out of extrinsic, intrinsic and transcendent motivations. In organizations, therefore, all the consequences of actions must obviously be taken into account, not only the extrinsic ones (which are immediate and relatively easy to assess) or the intrinsic ones (which each agent feels very directly and others can see, either because the agent shows them or because others recognize them through introspection), but also what people learn about the impact of their actions on others and about how to act in such a way that future interactions are made easier, not more difficult.[10]

This is easily forgotten, especially in a company whose results are measured almost exclusively in extrinsic terms – and with good reason, because if a company does not achieve the necessary economic results, it cannot survive, as it will be unable to satisfy the extrinsic motivations of the people who take part in it, i.e. the profits that the owners demand, the wages and salaries

[9] Pérez López (1991) calls them transcendent because their effects take place in other people, beyond the agent himself.

[10] After the interaction we are referring to, the secretary may be less motivated to engage in further interaction, as she will have lost part of her trust in her boss.

of managers and employees, etc. Similarly, if the workplace is not minimally attractive and if people do not develop their capabilities in it, intrinsic motivation will eventually dry up.[11]

But what we have called transcendent motivations are no less important, as they generate subtle but very relevant learnings. As the example of the secretary who is obliged to lie shows, it is in the transcendent dimension that we discover the inner states of other people, which will decisively influence their future behavior. Once the manager has obliged the secretary to tell a lie against her will, relations between the two will probably never be the same again, as both agents' behavior will have changed.[12]

Virtues in Organizations

Suppose that immediately after having ordered the secretary to tell a lie, the manager changes his mind and says, "No, don't tell a lie. You must never tell lies, not even for my benefit or the firm's". What would he be showing by saying this? That he is concerned not only about what the secretary can do for him, but also about what is good for the secretary herself, i.e. not only about the satisfaction of the secretary's extrinsic (salary) and intrinsic needs (job satisfaction and acquisition of knowledge and technical capabilities), but also about her moral development. Were he to act in this manner, the manager would be moving in the sphere of the *moral virtues*, specifically truthfulness (not willingly telling lies nor prompting others to do so) and justice (because it is unjust to oblige the secretary to tell a lie), and also love (wanting what is best for another person).

This process of acquiring and developing moral virtues takes place when the agent strives to achieve what is good for others "precisely because it is 'good' for others (not because of any other consequence of the action, i.e. not out of intrinsic or extrinsic motives). By 'good' we mean that: 1) the action satisfies another person's needs; 2) the action is directed toward helping, as far as possible, the other person to learn (helping him to 'do better what he has to do'), and 3) the action is intended to help the other person increase his moral virtues" (Pérez López, 1986, p. 17). This is what constitutes the "love of benevolence" to which we refer later on.

What consequences does this way of behaving have for the manager? We shall distinguish here between the effects it has on the manager himself and those it has on the other agent.

1) The active agent develops his moral virtues. Moral virtues grow as a consequence of voluntary acts that are demanding (he has to overcome the temptation of the easy solution) and that are motivated by higher intentions (his own moral development and that of the secretary, not the achievement of an economic benefit). And he is learning to seek always what is best and to act in accordance with higher goods. "The man who has sacrificed his own satisfaction to satisfy the needs of others has achieved something very important within himself: (...) his

[11] Greater intrinsic motivation is not necessarily better, though. An organization in which everybody does what he likes can be chaotic. What motivates a person in the short term need not be what is best for him, or for the organization, in the long run. Satisfying his demands now may be incompatible with adequately satisfying his future needs, which he does not perceive at present.

[12] If the episode of the lie is relatively insignificant and is not repeated, the incident may well be forgotten without serious consequences. The important thing is not the isolated action, but repeated actions, which eventually become part of the organization's informal rules and culture – and of the agents' virtues.

capacity to bear other people's interests in mind has grown, i.e. in the future it will cost him less effort to sacrifice himself for others. In technical terms, his virtue has increased" (Pérez López, 1977a, p. 5).

"The immediate result of the exercise of a virtue is a choice whose consequence is good action" (Aristotle, 2009, cited by MacIntyre, 1987, p. 188). This is the first consequence of deciding in accordance with virtue: the action is morally good (it has prevented the secretary from telling a lie). The second is more important: the agent is learning to tell the truth and also wants his secretary to tell the truth. A non-virtuous person may perform a good action, either because he has inherited or acquired a good disposition, or by coincidence, or because it is in his interest to do so in a particular situation (for extrinsic motives). But if he is untrained in virtue, he is likely to be carried away by his emotions and desires, as he will lack the dispositions that would enable him to act in a way that is not simply a more or less automatic response to what at that moment seems most attractive to him (in our example, solving the problem created by the angry customer). That is why "virtues are dispositions not only to act in particular ways but to feel in particular ways" (MacIntyre, 1987, p. 189), i.e. to appreciate the value of acting in a particular way and resist the pressure of immediate satisfaction.[13]

The fact that a manager exercises virtue in his decision making does not necessarily mean that the decisions he makes will be the best in other respects, as his knowledge and capabilities will be limited. He will not be able to adequately assess all his decisions in all their dimensions. By developing virtues, however, he will make steady progress in that task. The goal of ethics is not so much the making of good decisions as the acquiring of capabilities (moral virtues) that make it possible to always make good decisions (Pérez López, 1993a, pp. 8-9).[14] "Virtues (...) will sustain us in the relevant kind of quest for the good, by enabling us to overcome the harms, dangers, temptations and distractions which we encounter, and which will furnish us with increasing self-knowledge and increasing knowledge of the good" (MacIntyre, 1987, p. 219).

2) But the action also has effects on the other agent. In our example, the manager is also trying to develop moral virtues in the secretary – or at least not impede her from acting in accordance with moral virtues. This is something he cannot guarantee, as it depends not only on him but, above all, on how the secretary responds. The important thing, though, is that he tried – and that is what developed his moral capacity.

And if the secretary responds as he hopes, further goods will accrue to the organization. First, the climate of trust between manager and secretary will improve. Trust has a "functional" component, which depends on the other person's knowledge and capabilities (the secretary knows that, on a technical level, her boss is a good manager), but also a "personal" or "moral" component, which depends on how the person who trusts values the quality of the motives of the person in whom he trusts (the secretary knows that her boss is trying to prevent her from acting immorally) (Rosanas and Velilla, 2003, p. 56).

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[13] This way of behaving is different from merely following a rule, as it determines the ability to judge and do what is right in the right place at the right time and in the right way (MacIntyre, 1987, p. 190). The rule is not directly operational: it needs the assistance of virtue (Pérez López, 1991, p. 268).

[14] This is the point of view of Aristotle, but not that of other authors. Advocates of the ethics of responsibility, for example, will place emphasis precisely on the external outcome of morally right actions. Cf., for example, Jonas (1984).

One consequence of the foregoing is an increase in unity within the company, i.e. the extent to which the members identify with the organization and internalize the organization's goals (Pérez López, 1993b, pp. 109-110).[15] There will also be an increase in the number and quality of interactions among the organization's members: the greater the trust and unity, the more interactions will be possible.[16]

We can also say that, through his behavior, the manager is trying to establish rules of conduct in the organization. However, this is an implicit problem.[17] The solution cannot be known a priori because the value of the actions that are taken over time will depend on what the agents learn, for which, as we just said, there are no simple solutions. How the secretary should respond to a boss who instructs her to tell a lie will be a prudential decision, which will depend on the circumstances and, above all, the moral quality of the secretary (and of her boss). The same can be said of how the boss should act if he does not want to ask his secretary to tell a lie. Leading an organization is to some extent a process through which the manager discovers in each case what is the right thing to do and in so doing creates conditions in which everybody has a wider choice of better action alternatives. And the same can be said of the actions of the secretary.

Love in Organizations

In what follows, we do not aim to impose a specific terminology, merely to show, first, that love can be present in companies and, second, that it must somehow be present for a company to be a human community that is capable of achieving results, both external (profitability) and internal (satisfaction and technical and moral learning, so as to allow the company to develop distinctive capabilities, which will be the condition for the company's future profitability), and also of surviving and developing – this not out of altruism, but by necessity of the organization itself.[18] This is achieved, as we said earlier, when people in the company live in virtue, and thus also in love, which is the virtue that promotes the others and puts order and unity among them. As Saint Augustine says, "This is for me the short and true definition of virtue, an order in

[15] This does not necessarily reduce profitability. When the organization's members are moved by a desire to satisfy the needs of others, they take into account the needs of customers (which probably will have a positive impact on sales and profits), those of the organization itself (which needs profitability) and those of the other members of the organization (owners, managers, employees, etc., whose material needs also require that the company be economically efficient) (Pérez López, 1993b, p. 108).

[16] In theory, the number of possible interactions between two people is very high; in practice, however, if one or both lack the necessary virtues, the number is considerably reduced. That they lack virtues means that they lack the necessary knowledge about what they should do or the strength of will (acquired through repetition of acts, which generates habit) to do it. For example, if no trust has been built up between these people, it will not occur to either that he could expect the other to do something that is good for both (Pérez López, 1991, p. 160).

[17] A problem is implicit when a description of the symptoms in insufficient to establish an unequivocal diagnosis, so that there are no pre-established rules about how to search for a solution – which moreover need not be unique, nor shared by all, as it will depend on how each observer values the data. The problems of managing organizations are always implicit problems (Pérez López, 1991, pp. 53-54).

[18] However it cannot guarantee all this, as a company's economic, social and human success depends not only on its people, but also on external circumstances. If orders fall, the cost of raw materials rises, customers delay payments or banks withdraw credit, the company may not survive, despite having been organized and managed in accordance with ethical criteria (Argandoña, 2009).

love" (St. Augustine, 2009, XV, p. 22, quoted in Lorda, 2009, p. 508).[19] So what forms does love take in companies?

Philosophers usually distinguish between need-love and gift-love (Lewis, 1991; MacIntyre, 1987; Pieper, 2003; Wojtyla, 1996).[20] *Need-love*, *desire-love* or *love of concupiscence* is, in a sense, the most natural and immediate form of love. We need something that is a good to us and we want it. We want to have it and, when we have it, we love it and take pleasure and joy in it.[21] In companies there are many cases of need-love. Examples include remuneration, recognition, social relations, company, help, advice… All these are goods that may constitute the basis of need-love. We want to be treated with justice, but that is not enough. We need to be treated with love, at least in its most elementary forms.[22] Need-love may be selfish, but it is not necessarily so. It coincides in a way with man's highest, healthiest and most realistic condition (Lewis, 1991, p. 14). And it can turn into other forms of love. One who receives love today may be willing to give love tomorrow.[23]

Gift-love or *love of benevolence* consists of wishing good to the person who is loved.[24] But this statement needs to be qualified. First, I must want the other person's good, not for myself, not because it satisfies or pleases me, but for him.[25] Second, wishing good to the other is not enough, I must also do good. Third, I must want the good in accordance with the nature of that good (Wojtyla, 1996, p. 103). And fourth, I must put affection in love (Thomas Aquinas, 1990,

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[19] "Temperance is love giving itself entirely to that which is loved; fortitude is love readily bearing all things for the sake of the loved object; justice is love serving only the loved object (…); prudence is love distinguishing with sagacity between what hinders it and what helps it" (St. Augustine, 1975, I, XV, no. 25, quoted by Lorda, 2009, p. 509). But Saint Augustine immediately adds, "The object of this love is not anything, but only God, the chief good" (Lorda, 2009, p. 509).

[20] We do not expect the definitions we use here to be universally accepted; we simply wish to distinguish the different forms of love. MacIntyre (1987, p. 199), for example, includes the love that derives from mutual utility and mutual pleasure in friendship.

[21] Love always starts from the existence of a good, which produces attraction, desire and pleasure. It is a virtue, therefore intelligence and the will play a part in it; so do emotions and feelings, which have a very important practical role but do not belong to the core of love. We shall therefore not concern ourselves with these elements here.

[22] When we are loved, we possess ourselves, we are capable of appreciating the good there is in us, we strengthen our self-confidence, we overcome ourselves… (Pieper, 2003).

[23] In any case, need-love or love of concupiscence is not equivalent to self-love, the love of oneself. I can love another with a love of concupiscence, because the other causes me a pleasure or an advantage, so that I will only love the other insofar as the other fulfills that function, whereas I can love myself with a love that is not a love of concupiscence (Spaemann, 1991, p. 153), i.e. as a friend, or more than as a friend, because "the most sublime form of friendship is that which resembles the love one feels for oneself" (Aristotle, 2009, 9.4, 1166b, quoted by Pieper, 2003, p. 506).

[24] "Benevolence entails the teleological constitution of a living being to which things pertain. That is, it is assumed that the others who share life with me pursue ends and want things: for them there is something that is good, useful or benign; second, there is the possibility of perceiving the being of the other, whose good is to be promoted (which is what benevolence consists of), precisely as an other than I and not only as an other for me" (Herrero, 2006, p. 136).

[25] This coincides with Aristotle's definitions in the *Rhetoric* ("wanting for someone what one thinks good, for his sake and not for one's own": Aristotle, 1995, 2.4, 80b) and of Cicero in *De finibus bonorum et malorum* ("What then does it mean to love someone but to wish that he receive all kinds of goods?": Cicero, 1983), quoted by Pieper (2003, p. 467).

2-2, 27, 2), i.e. love includes "the desire to be with him, to be united with him, to identify with him" (Pieper, 2003, p. 468).[26]

There are various forms of love of benevolence or gift-love. One is *affection*, a humble, familiar love that is not considered important and is not usually displayed in public (Lewis, 1991). It can also be called *sympathy*, which generates a certain communion between people, but without a voluntary choice or decision. It is something that "happens" or "takes place" between people (Wojtyla, 1996, p. 110).[27] It usually comes from lasting, familiar but perhaps not very close relations. We start by living with people with whom perhaps we have very little in common, and we put up with them, maybe we smile to them, and in the end they become dear to us. Often we show affection for what is not attractive or valuable to us, for something from which we do not expect to benefit. Affection can exist in companies, which thus become the setting for the familiarity out of which affection grows; but it is unlikely to exist between people who work together or have projects in common, where something deeper than sympathy or affection tends to develop.

Another form of gift-love is *companionship* or comradeship, which arises between people who share experiences, make plans and go through difficulties together, like at school, at university or in the army. That is what distinguishes companionship from affection: sharing something objective. Firms are therefore a good place for the development of companionship.

Companionship is often "the matrix of friendship" (Lewis, 1991, p. 76), but *love of friendship* has at least three distinguishing features: it is mutual, requited love; it is selective (a person may have many companions, but will probably have only a few friends); and it is built on a common purpose (friends find something that interests both and that separates them from others: "I desire a good for you just as I desire it for myself": Wojtyla, 1996, p. 112). Companionship develops between people who do something together. That is why it is so common in firms. Friendship, in contrast, develops out of building on something, with a common purpose. Friends do not look at one another, but together in the same direction.[28] Accordingly, friendship may arise in a company between two people who have something in common, an interest, a project, a point of view, which may be unrelated to the organization or specific to it. In the latter case, the friendship is forged around the firm's project and is what creates the unity we referred to earlier (Pérez López, 1993b).[29] Friendship is the "exemplary and most intensive form of benevolence (...) if we ask what benevolence is, we can only refer to its highest paradigm, friendship" (Spaemann, 1991, p. 169).

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[26] That is why love is always directed to specific individuals: one cannot love a group. Service to customers is always service to each and every customer – which it is not easy to do, because benevolence decreases with distance: the other becomes less real to me (Spaemann, 1991, p. 172).

[27] This is reflected in the etymology: from the Greek *syn*, meaning "with" or "together with", and *pathein*, meaning "feel", "experience" or "suffer": feeling together with another.

[28] Ideally, the end is completely shared: both understand the good they are seeking in exactly the same way. But obviously this will not always happen. It is only natural, then, that each should try to persuade the other of his way of understanding that good. In a company, this will probably be the task of the person who exercises leadership in the organization. But there will be no true friendship unless there is respect and esteem for the ideas of the other.

[29] But it may also act against the organization, if the shared project does not coincide with that of others. As Lewis (1991, pp. 92-93) points out, friendship can be a school of virtues or vices and can make some good people better and some bad people worse.

Friendship has another distinguishing feature: it is reciprocal, shared; two loves that are one, that conjugate the "We." And "what in love decides the birth of that 'We' is reciprocity" (Wojtyla, 1996, p. 106). And this excludes utilitarian motives. Friendship cannot consist in sharing extrinsic or intrinsic goods, i.e. goods that I appropriate or that perfect me alone, but, rather, external goods, the other person's good, shared common goods.[30] When they are requited, these diverse forms of love – from affection and sympathy to companionship and friendship – generate satisfactions in the agent that reinforce his love (Pérez López, 1991, p. 269).

How do these forms of love relate to the theory of action we presented earlier? Love of benevolence is the love that arises when a person acts outs of transcendent motivation, i.e. when he takes into account the needs (including the moral needs) of the other, when he seeks the other's good for the other's sake, not for any benefit it may bring to himself (Pérez López, 1991, pp. 280-281): "Love now becomes concern and care for the other. No longer is it self-seeking (...) it becomes renunciation and it is ready, and even willing, for sacrifice" (Benedict XVI, 2006, no. 6).

"Love, in its proper and full sense, is the impulse of an agent to achieve (...) perfect unity with other personal agents" (Pérez López, 1991, p. 271). When in an organization everyone acts, to a greater or lesser extent, seeking the good of others, there arise those affective satisfactions mentioned earlier, which are the result of feeling appreciated and respected, etc. (Pérez López, 1993, p. 166). Conversely, when a person ceases to take the needs – the motives – of other people into account (...) that person is making himself incapable of loving and, at the same time, incapable of receiving love from others" (Pérez López, 1993a, p. 6).

Following Pérez López, we can point to three dimensions in people's feelings that reflect how love is lived in organizations: content, intensity and depth (Pérez López, 1993b, p. 171; 1991, p. 232ff., p. 244ff., p. 255ff., p. 274ff., p. and 277ff.). The content will be given by the expectation or belief about how much what happens to the reactive agent matters to the active agent, i.e. what sacrifices the active agent would be willing to make to ensure that the reactive agent improves as a person. Intensity will depend on the degree of certainty about how much the other person wants to satisfy him. And depth will be given by the energy deployed, the efforts or sacrifices the active agent has had to make to love the reactive agent. The depth of the parents' feelings is much greater than that of their small children, because the parents have made many sacrifices for them; but the intensity of the children's feeling is greater than that of their parents. That is why children blindly trust in their parents, but parents know that they cannot trust in the feelings of their children, which are not reliable: they are shallow, because they have not had the opportunity to make sacrifices to acquire them (Pérez López, 1991, p. 288).

The exercise of the virtues and thus also of love is not only a matter of having a "taste" for benevolence, or of having emotions or feelings, which may be very important, insofar as they prompt us to act in a particular way, but are not the key to doing so. In a firm, love, or charity, is a virtue which has rational content and motives. The agent acts not because it is attractive to him but because he rationally considers that he must do so in order for the future relationship to be mutually beneficial, i.e. because that is what the other person – and the company –

[30] Conjugal love (*eros*) is a form of gift-love in which the gift is the person himself, above attraction, possession or benevolence (Wojtyla, 1996). We shall not analyze it here, as it is not a form of love that is commonly found in companies.

needs.[31] As a virtue, love is a habit that facilitates decision making. It serves to evaluate actions (to understand what has to be done) and, above all, moves the will to act in a particular way, beyond preferences, feelings or appetites, which may be more attractive but not more important (Pérez López, 1991).

What is important in an act performed out of love, even if imperfect, is not the outcome but the intention (Malo, 2004, p. 137). An action is ethically excellent when the agent seeks the good of the other, even if he does not know the other (future generations or an anonymous customer, for example), even if the other does not exist, even if the active agent is wrong about what is good for the other, and even if the reactive agent's reaction is the opposite of what the active agent expected or wanted (Pérez López, 1986, p. 21).

Conclusions

The theory of the firm does not take love into account. Given its assumptions, it does not seem to need it. The stories of life in firms also ignore this virtue: it does not seem that love is a reality in the world of business. And yet love – love for others – is present one way or another in all facets of people's life, including in economic organizations.

The omission of love from economic organizations is probably due to two reasons. One is an error about the nature of love, which is understood as a feeling or emotion, rather than as a virtue that people must live in their relationships with others – not only in certain environments, such as the family or among friends, but in all social relationships. The other is an error about the nature of social relationships in companies, which are reduced to contractual relationships, often cold and distant if not clearly contrary to love, it being considered that one cannot want what is good for another because to do so would be harmful to one's own interests.

In this paper we have briefly sketched the basic outlines of a theory of human action that have allowed us to reach the conclusion that people need to develop some form of love in their relations within any human organization if the organization is to be effective, attractive to people and capable of being sustainable or consistent over time. We have also shown how there are diverse forms or variants of love which arise in firms and which one way or another contribute to the development of companies as human communities.

[31] Virtue is the perfection of the human capabilities involved in action, i.e. the power to understand and respond to intelligible goods and choose well (Finnis, 1998, p. 107).

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