The ‘Logic of Gift’: Inspiring Behavior in Organizations Beyond the Limits of Duty and Exchange

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ABSTRACT: Giving without the expectation of reward is difficult to understand in organizational contexts. In opposition to a logic based on self-interest or a sense of duty, a “logic of gift” has been proposed as a way to understand the phenomenon of free, unconditional giving. However, the rationale behind, and effects of, this logic have been under-explored. This paper responds by first clarifying the three logics of action—the logic of exchange, the logic of duty, and the logic of gift—and then explains how their balanced integration promises to enhance organizational life and outcomes. Having explicated the unique character and contributions of the logic of gift, the paper further suggests practical implications for management. Encouraging the logic of gift fosters more humane relationships within organizations and to enable individuals to be generous in ways that inspire trust and promote creativity.

KEY WORDS: logic of gift, logic of duty, logic of exchange, humanistic management, giving, generosity

WHY DO PEOPLE give of their time and resources in ways that don’t directly benefit them and are not required by law or social custom? This sort of generosity is, in fact, widespread and it is also crucial to the success of many organizations. However, approaches in management, economic analysis, and organizational behavior have tended to neglect or marginalize the phenomenon of giving. More precisely, generosity is often explained by one of two logics of action: the logic of exchange, which considers gifts as instrumental to securing some future reciprocated benefit, or the logic of duty, which understands gifts as fulfilling some moral duty or social norm. Although useful for understanding much human behavior, these approaches are incomplete. Meanwhile, forms of giving not explained by these two logics are often described as “altruism”—a term that has spawned an enormous literature,
but which suffers from a broad definition that encompasses everything from anonymous donations for natural disaster relief and philanthropy, to volunteer efforts and giving blood. Academic research into altruism is promising and reflects a valid recognition of the social importance of giving. However, in so far as altruism generally concerns gifts to those with whom we have no ongoing or personal relationships, altruism provides a limited conceptual framework for explicating the logic of gift within organizational environments. Moreover, simply saying that people have a “preference” for altruism begs precisely the questions that need to be explored.

Meaningful interpersonal relationships are characterized by uncalculated acts of giving and receiving. Likewise, successful organizations often depend on forms of generosity that go beyond the logic of exchange and the logic of duty. Faldetta (2011) has recently argued that it is important to consider and articulate a distinctive “logic of gift.” Moreover, he suggests that these three logics—exchange, duty, and gift—are complementary, rather than exclusive. Finally, he emphasizes that future research ought to explore how these logics can be sustainably integrated within organizations to enable them to flourish.

In order to understand the logic of gift we must explicate the rationale that leads people to give freely and without expectation of return to those with whom they may have some ongoing relationship. This social phenomenon of “giving for nothing” offers a way of understanding dimensions of human behavior that are underappreciated but have profound implications for organizational management. Moreover, the logic underlying this rationale for giving and receiving reveals ways to promote important organizational qualities, such as higher levels of trust, contribution, and commitment, which are difficult to achieve if approached only through the lens of exchange or duty (Graeber, 2012). We currently lack an adequate grammar and set of concepts for understanding unconditional, interpersonal giving. Absent these, such giving can easily appear as something irrational and the importance of this phenomenon neglected.

Thus, the purpose of this article is to clarify the logic of gift and the contributions it can make to the health of organizations. We are not concerned with bribery, which involves another species of ethical issues related to gift giving in organizations. Nor are we concerned with the ethical implications of private philanthropy or general theories of altruism. Rather, we focus on the logic and effects of unconditional giving within organizations, with an eye towards the implications for management.

We proceed first to distinguish the two dominant logics of human action: one that thinks in terms of exchange and another which reasons from an obligation. In light of these distinctions, we then deepen our account of the logic of gift, explaining its intelligibility and implications. We then consider the complementarity of these three logics, showing how unconditional giving can operate in concert with the legitimate requirements of self-interest and a sense of duty. This analysis also reveals the inherent fragility of the logic of gift, but provides conceptual tools for strengthening it.

Finally, we consider some practical implications of embracing the logic of gift in business management, which can inform long-standing debates about the sources of
organizational values, trust, and commitment. This sketch highlights the potential of the logic of gift to build more humane interpersonal relationships in business settings, fostering deeper ties inside of organizations and inspiring behavior beyond the limits of duty and exchange. Ultimately, we hope to provide a framework for understanding the logic of gift that can help to improve management practices (Ghoshal, 2005).

UNCONDITIONAL GIVING “TRAPPED” BETWEEN EXPECTATION AND OBLIGATION

Interpersonal relationships within organizations can be shaped by many factors, including an organization’s mission, management-style, or even national culture. However, there are two fundamental constraints that business organizations face, which indelibly shape the character of relationships between those who inhabit them. First, a business is accountable to some bottom line; it must provide goods or services in exchange for resources that enable an enterprise to sustain itself. That is to say that businesses are fundamentally based on exchanges that create value. Second, businesses, like all organizations, must respect certain boundaries, including formal legal requirements as well as a variety of informal norms. Indeed, businesses will often encourage or inculcate a sense of duty to important norms, in addition to providing mechanisms for sanctioning the transgression of norms. At a personal level, individuals of course also recognize certain duties and face a pervasive need to exchange in order to accomplish what they want. Thus, these two logics of action—exchange and duty—are in some sense universal, but they are particularly salient within business contexts. It should be no surprise, then, that they provide the lens through which many scholars have sought to explain rationales for giving. However, following Faldetta (2011) we would like to suggest there is another logic for giving that transcends considerations of exchange and duty and that this logic of gift is essential for promoting certain sorts of relationships that enable organizations to thrive.1

In The Wealth of Nations, Adam Smith (1776a [1776]) was one of the first to connect the anthropological observation that people have a natural “propensity to truck, barter, and exchange” to the larger social implications for enterprise and commerce. One of his key insights was that the simple disposition to exchange leads to the division of labor in ways that produce extensive utility and wealth, even though these consequences were never intended, nor the work of any calculated human wisdom. Put another way, a logic of action, in this case exchange, prompted individuals to interact for an immediate purpose, which had tremendous spillover benefits for the rest of society (under certain circumstances).

Smith was clear that exchange is the most basic, operative logic in business transactions, famously noting: “It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest” (1776a [1776] Bk 1 Ch 2). However, Smith also famously attributed a great deal of importance to benevolence in his Theory of Moral Sentiments (1759), going so far as to assert “The wise and virtuous man is at all times willing
that his own private interest should be sacrificed to the public interest of his own particular order or society” (VI.II.46). Scholars have long debated how to reconcile Smith’s account of sympathy and benevolence in the *Theory of Moral Sentiments* with necessities of self-interest explored in *The Wealth of Nations* (the so-called “Adam Smith problem,” see Montes, 2003). We do not intend to enter that debate here. However, it is indicative of a tension that has long existed between perspectives that highlight the role of self-interest in structuring business organizations (Friedman, 1962) and perspectives that insist it is essential for organizations to address and respond to broader motives and concerns (Deci & Ryan, 1985; Maslow, 1943; McClelland, 1961).

Chief amongst such broader concerns are those that deal with moral obligations and duties. In addition to the instrumental purposes of exchange, perceived obligations provide a basic motive for behavior. These two behavioral logics—satisfying interests through exchange and respecting costly duties/norms—are rooted in larger visions of the good that have analogues in moral philosophy. A large variety of instrumentalist/utilitarian theorists have focused on individual interests and criteria of efficiency in ways that aim either to maximize benefits to the individual, or to maximize welfare overall. Deontologists in the tradition of Kant have conversely argued that human beings have to act according to the moral law, with no reference to self-interest and only out of duty.

The differences between these two logics, as well as their limits, become clearer when we examine “unconditional” giving from each of their perspectives.

In the case of the logic of exchange, giving gifts may be understood as a way to receive something of value later on, although this response may not be demanded explicitly. The reasoning behind this logic understands giving as motivated by a self-interested intention to secure some counter gift. Although we use the term “gift,” in reality, this is closer to barter with uncertainty, as the purpose of giving—according to this logic—is that the giver will receive.

The logic of duty explains giving in terms that transcend instrumental reasoning. If a giver is motivated to fulfill a duty, because of dictates of conscience, psychologically internalized norms, or larger social expectations/sanctions, this logic will explain giving as something the giver believes she must do.

From an instrumental perspective, giving will ultimately appear as a form of *transaction* coincident with perceived self-interest, and from the normativist perspective, giving will generally be understood as a way of responding to some normative *obligation*. In the first case, giving is a form of self-interest, in the second, a species of proper manners/duties.

In either case, we are left with a problem that has been well delineated by Adloff and Mau (2006): if we lack a clear view of the logic which makes disinterested giving possible, the prevailing dichotomy of the logics of exchange and of duty may lead us to neglect and fail to cultivate the distinctive virtues of disinterested giving.

The ever-present concepts of duty and exchange pose a real conceptual hurdle if we want to articulate clearly the logic of gift. This difficulty was already present in one of the first anthropological studies that sought to understand the social
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origins of gift giving. When Mauss (1924) described the so-called “cycle of gift” in pre-modern societies, he found the duty to “repay” deeply embedded in gift-giving practices, although they were formally distinct from bartering. More recently and from a philosophical perspective, Derrida (1991) questions seriously the possibility of gift because, in any case, the giver always receives something, even a thankful recognition (the debt problem).

Nevertheless, genuine acts of unconditional giving—giving that is done freely (not to fulfill some obligation) and for no strategic purpose (not to secure some reciprocated benefit)—seem to be present in our daily lives and have been the subject of diverse scholarly literatures. The motivation to give freely was already identified by Lersch (1938) when he described self-transcending drives as one of the motives that characterize human development, which includes striving for cooperative, creative, or loving behaviors. Personality, thus conceived, is less a finished product than an ongoing process, motored by a search for a meaningful and purposeful life characterized by giving and receiving, as Allport (1961) and others have suggested. On the same theme, Frankl (1966) provided some of the most eloquent arguments on behalf of the claim that human existence is characterized by the capacity for self-detachment and self-transcendence. In his final (posthumous) book, Maslow (1971) describes people he calls “transcenders,” as an extension of his self-actualization theory. These people are involved in causes outside themselves, which they love and consider central to their lives, but cannot be characterized as “self-interested” behavior, traditionally understood. Moreover, Maslow includes business people amongst his examples of characteristic transcenders.

More recently, empirical research has examined disinterested giving, including work by Grant and Dutton (2012), who showed that pro-social behavior was more likely when people reflect on being benefactors to others rather than being beneficiares receiving benefits. Summarizing a number of studies, Ames et al. (2004) argue that “perceiving someone has decided to help based on positive affect, rather than role or cost-benefit thinking, clearly signals positive attitudes toward the recipient,” and these authors conclude:

> When liking (rather than calculation or role obligation) is seen as underlying helping, it generally begets higher levels of liking and reciprocal help by virtue of signaling the helper’s attitudes about the recipient. We believe the helping literature has underappreciated this relational dynamic, whereas the attraction literature has not sufficiently examined helping (Ames et al., 2004).

At the heart of our account is the claim that, in perceiving something as good, an individual can find reason to contribute towards its realization or success in a manner that is not explainable as a strategy for exchange or as fulfilling some pre-defined duty. Explicating the logic of gift aims to make the reasons for unconditional giving intelligible. This addresses the difficulty associated with genuine giving that has been highlighted by Frémeaux and Michelson (2011): it is either done as an obligation or it obliges others.

Are these judgments insurmountable? Is the possibility of disinterested giving really “trapped” between expectation and obligation? Or, on the contrary, can we
articulate a reasonable way of rescuing and rendering intelligible a genuine logic of gift, distinct from the logics of exchange and duty?

**DESCRIBING THE LOGIC OF GIFT BEYOND EXCHANGE AND DUTY**

Articulating a distinctive logic of giving requires both empirical and conceptual inquiry. We need to show that people indeed think of certain types of generosity in terms that are not encompassed by the logics of exchange and duty and that this is driven by a distinctive and intelligible underlying rationale.

Friendship is a paradigmatic case of a relationship defined by free and mutual generosity, and the importance of friendship suggests a powerful insight into how and why we give. Aristotle classically suggested that “to be friends, [individuals] must be mutually recognized as bearing goodwill and wishing well to each other” (*Nicomachean Ethics*, 1156a). Friendship, thus construed, does not involve a calculated exchange of goods instrumental to some other ends, but is itself a desirable end characterized by reciprocal beneficence. Moreover, Aristotle argued that friendship “stimulates to noble actions … for with friends men are more able both to think and to act” (*Nicomachean Ethics*, 1155a). Thus, benevolent giving is perceived not only to be constitutive of friendship but also to generate conditions in which individuals can accomplish more than they otherwise could. In this Aristotelian perspective, free giving is the cornerstone of a social context that enables people to flourish.

The phenomenology of Aristotle’s description rings true, but it would be a mistake to interpret this simply as an instrumental account of giving (e.g. one gives in order to get “flourishing” in exchange). Rather the point is that giving is constitutive of meaningful personal relationships and, as such, done for its “own sake,” which generally encompasses a desire to see the other and oneself flourish. Indeed one aspect of the goodness of freely giving is that it creates social conditions in which people are inspired to do great things.

Aristotle’s distinction between different kinds of goods provides a helpful clarification for understanding the motivation involved in free giving. Aristotle distinguishes between things that are desired because they are good in themselves (this characterization is often attributed to their nobility, excellence or beauty) and things that are desired because they are instrumentally useful for obtaining other goods. The paradigmatic case of the latter is money, which is, strictly speaking, only useful for getting other things and has no intrinsic value of its own. It is for this reason that Aristotle says, “The life of money-making is one undertaken under compulsion since wealth is not the good we are seeking and is merely useful for the sake of something else” (*Nicomachean Ethics*, 1096a). What goods comprise this “something else”? Whether we follow Aristotle’s teleology or modern sociology, conceptions of the good life almost universally include interpersonal relationships that are desired for their own sake and not merely instrumentally.

Indeed, the tie is so strong in genuine friendship that Aristotle and others have described a friend as “another self.” Friendship *per se* provides a reason to give disinterestedly: solely for the good of the friend and the friendship. The awareness of
mutual benevolence can inspire higher aspirations and instill the confidence needed to take greater risks. The logic that inspires giving between friends nurtures a kind of flourishing that is shared in common and enhanced by others.

This dynamic is not simply manifest in discrete adult friendships, but more profoundly characterizes our coming to be full human agents. From the moment of birth we grow through a network of giving and receiving that leads to our full development as rational and independent agents (MacIntyre, 1999). Learning to reason characteristically happens through the help of others who give of themselves for no reason beyond the desire to see us and our relationship with them flourish. Ultimately, we reenter a situation of profound dependence in the aging process, and sometimes through various sorts of misfortune. MacIntyre (1999) calls attention to the fact that our lives are first characterized by our profound dependence and the necessity of receiving far more than we can give. Grasping this reality may inspire us later in life to give out of recognition of the good our gifts can accomplish, but it makes no sense to characterize this as an exchange (and indeed the recipients of such benevolence will generally not be those who first gave to us).

It is important to note that this logic is different from the norm of reciprocity enunciated by Gouldner (1960), who was more concerned with social stability. Moreover, as MacIntyre (1999) points out, the “goods” we receive throughout our development from children to independent reasoning adult are incommensurable, and it will usually not be possible to “repay” those who have given to us. Indeed, there is a sense in which such given goods can be said to “be priceless” (Bruni, 2009): it presupposes a personal rather than monetary appreciation for the other.

MacIntyre (1999) goes so far as to identify specific virtues of “acknowledged dependence,” which are the dispositions that allow us to accept our dependent condition and to correspond in a proper way. In this context, he speaks of “uncalculated giving,” because there is no proportionality to what one has received previously, and of “grateful receiving,” as a way to show gratitude without being a burden to the giver. Indeed, the personal appreciation that accompanies any gift has to be recognized as such. As we have seen, the gift introduces an asymmetry between giver and receiver. However, most people acknowledge this imbalance not as something oppressive but rather as good for both agents involved in the gift (Maes, 2004).

This also helps explain why the logic of gift that we are exploring here is more specific than the general phenomenon of altruism. Bruni (2006) and MacIntyre (1999) both consider altruism as a unilateral act. For these authors, an altruist will give, and it will be unconditional, but it will seldom involve the possibility of an ongoing, personal relationship.

Bruni’s (2006) analysis of unconditional giving in interpersonal relationships suggests how a giver can be aware of the possibility of a response by a receiver, without this consideration being determinative of the decision to give. From the giver’s perspective, Bruni distinguishes between the decision to give and a positive opening to the receiver’s response. In deciding to give, the giver takes into account the possibility of getting no reply, or even a rejection, but she is not constrained by this eventuality. This is an important sense in which the decision to give is
unconditional, even though it is not blind to the possibility of counter responses. The decision to give does not necessitate avoiding the acceptance of any response, at the same time that a response is not the purpose of the act. Crucially, the receiver can come to understand the unconditional nature of the giving act. Moreover, the comprehension that a gift has been given, not for the profit of the giver, but simply for the good of the receiver, can enable the recipient to want to give in the same way—a response that aspires to the same spirit of unconditionality.

This helps clarify the sometimes paradoxical logic of unconditional giving. Ricoeur (1990) formulated this paradox accurately in one of his later essays. The fundamental point is that we do not give in order to receive something, but rather we give because we have received. The key concept here is a special sort of gratitude. Gratitude can move us to give unconditionally, in the same way that we have had the experience of receiving unconditionally (without any obligation of debt). Such dynamism transcends the logic of equivalence proper to a transaction or even an obligation, and moves us towards a logic of overabundance: we can even give more than we have received (Marion, 2002; Ricoeur, 1990).

Genuine gratitude provides a more profound account of the cycle of giving: the awareness of having received unconditionally empowers one to give freely and unconditionally. The experience of receiving in an “unearned” and “undeserved” way (not from any right that can be demanded) can inspire one to give in the same way.

This empowerment generated by the act of unconditional giving reveals a special dimension of the logic of gift, one that is not present in the same way in a transaction or in satisfying an obligation. The logic of exchange and the logic of duty provide a predictable and enforceable response that an agent is aware of and can rely upon. On the contrary, as Polo (1987) shrewdly points out, the unconditional giver relies on hope. The giver gives with a respect for the other’s freedom, and at the same time, she is confident of the possibilities in the receiver. There is an inner and necessary risk contained in the logic of gift, for although the giver seeks to promote a particular good, the response is never certain.

Zamagni (2008) has formulated this principle in the following terms: “I freely give you something so that you can give in turn, according to your abilities, to others or even me.” When we give unconditionally and for the good of the other, and the receiver perceives this giving as honestly disinterested, this can uniquely inspire a form of gratitude that leads the receiver to want to give in the same way: freely and in an uncalculated way.

At this point, the logic of giving reveals its great potentialities as it provides the suitable conditions for the flourishing of a kind of interpersonal relationship in which an unconditional desire to promote a good beyond oneself creates a bond of mutual trust and gratitude. What emerges from these ties is priceless, as it cannot be bought or demanded as obligatory.

Ultimately, even in interpersonal settings, there are some aspects of a true gift that never can be returned, such as the freedom and spontaneity conveyed in the initial gift (Simmel, 1950). Therefore, the asymmetric process of giving and receiving has to be accepted gratefully as such. Far from being a tool for power or dominion, this particular debt (the awareness of having been gifted by someone who simply
desired to do good) can nourish our capacity for action, indeed even more than an obligation or self-interest (Godbout & Caillé, 1998).

This awareness and the freedom implied in unconditional giving enliven whatever norms exist. As we see in the context of familiar activities, norms regulate daily life. However, one recognizes that rules can be transcended, and—this is the main point—transcended not in order to avoid them but to do something beyond what they require (Godbout, 1998). Here creativity plays an important role because one is motivated to discover ways to do good that go beyond obligations and duties (Heyd, 1982).

Having examined the distinctive character of the logic of gift, we are now in a position to address an important question at the heart of this paper that was raised by Faldetta (2011): how can the logics of exchange, duty and gift be integrated? What specific role does each play in business organizations? In which way could they work together, if possible? In order to answer this, we must further clarify some features of the logic of gift and consider its strengths and limits, compared with the other two logics. Then, we will better understand what we can and cannot demand from each and how they can be fruitfully integrated in organizational contexts.

**RELATIONSHIP BETWEEN THE LOGICS OF EXCHANGE, DUTY AND GIFT**

One useful way of distinguishing the logics of exchange, duty, and gift is to compare how their underlying rationales construe various aspects of giving. Table 1 provides an overview of these differences.

This taxonomy highlights the distinctive traits of the three logics. They clearly each have their own role and scope, as they delimit specific ways of giving. There is *transactional giving* according to the logic of exchange, a *normative giving* when driven by a sense of duty, and *free, unconditional giving* made operative through the logic of gift. We cannot dispense with any one of them, nor is any a sufficient guide on its own for the flourishing of human communities. In light of their strengths,
weaknesses, and complementarities, we can better understand how they can be integrated to support more humane interpersonal and organizational environments. To paraphrase von Balthasar (1972), we could say that the three logics have to be played altogether as in a symphony.

There is, of course, an essential place for duty and exchange in organizations. The logic of exchange is what makes businesses viable enterprises, and the logic of duty must be called upon to ensure that certain boundaries are not crossed and to make organizations more efficient. However, the logics of duty and exchange both have conspicuous shortcomings, which the logic of gift promises to overcome.

For example, monetary incentives constitute the lifeblood of economic activity and are rightly reflected in compensation packages. Moreover, much work in managerial economics has focused on how to align the incentives of principals and agents to ensure desired performance (Myerson, 2007). However, in recent years, a growing literature has called attention to the shortcomings of incentives. Ruth Grant (2012) and Daniel Pink (2009) have documented the fact that monetary incentives often backfire when they clash with other values or purposes that people hold more dear. Also, Douglass North (2005) and his colleagues have pointed out that formal incentive structures are generally incomplete, and thus it is very hard to ensure it constantly “pays to be good.” There will always be loopholes that one can exploit or ways to take advantage of others. Unless someone is motivated by something more than money there is no reason to trust them, for they can be expected to use any vulnerability to their own advantage.

The prevailing managerial response to the shortcomings of incentive design is to invoke some form of duty. Surely claims to duty can and should do important work within organizations. There are certain standards that must be maintained at all cost (pertaining to safety, fraud, etc.) and ways of treating others that can’t be tolerated (harassment, dishonesty, etc.). Clear rules can be articulated in these domains that everyone can be asked to follow. These are non-negotiable (not open to exchange) and held in place by a variety of informal norms, social expectations, and explicit sanctions. The logic of obligation can also greatly enhance the ability of individuals to work together and overcome collective action problems (instances where existing personal interests do not incline individuals to cooperate). For this to happen, a set of rules generally has to be observed by everybody in the group, and claims of duty can often provide the requisite order.

However, there is a large gulf between the sort of minimal performance that can be universally demanded by the logic of duty and the best performance that a person can achieve. Monetary incentives can, of course, focus attention and encourage individuals to strive for particular outcomes; but if someone cares only about such incentives he or she cannot be trusted to do the right thing if it conflicts with opportunities for personal advantage. In nearly every organizational setting, productivity and success will depend on people contributing despite opportunities to shirk on work or to exploit others.

The logic of gift is a key source of precisely the kinds of behavior that can overcome the deficits of the logic of exchange and duty. The logic of gift leads individuals to be trustworthy in the face of opportunities to take advantage of others, as it
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justifies self-restraint for the sake of another. The logic of gift can likewise inspire efforts that go beyond the minimum requirements of contract and duty, leading individuals to give of themselves and contribute to a greater good in ways that defy any calculated strategy of personal benefit. In particular, this logic can ground care and compassion in organizations beyond what is required by duties and interests (Solomon, 1998). Indeed, the logic of gift helps make sense of many “higher” purposes, for which individuals are willing to forsake monetary rewards or contribute their own resources.

Nevertheless, Table 1 hints at a danger entailed in the logic of gift: its fragility (Caillé, 2000). Unconditional giving can easily create patterns of reciprocity that engender expectations and ultimately strategic calculations of exchange. It is an open question, whether patterns of giving can maintain their free and unconditional character or whether they will be transformed into patterns of exchange, potentially with bad consequences. In a classic study, Titmuss (1970) suggested the deleterious effects that this sort of transformation can have in the case of blood donations: more blood was collected when it was freely donated than when people were paid for it (although for-profit blood donation programs have become more successful since then). More recently, Sandel (2012) has warned of the corruption of those goods that “money can’t buy” when they are transformed into commodities. Moreover, Dumond (2007) even documents a case of a hospital network in which doctors and nurses genuinely seemed to act with a high level of conscientiousness and benevolence. However, patients were so familiar with transactional relationships in other aspects of medical care, that they systematically misinterpreted acts of kindness and generosity through a lens of suspicion, attributing these acts to strategic interests or the reluctant submission to institutional duties. Patients literally could not believe that medical staff would care for the patients’ own good.

In addition to this fragility, however, the logic of gift manifests itself in ways that have distinctive strengths. For example, when working with people who have diverse beliefs and agendas, confrontations can be hard to avoid. What’s worse, confrontations can initiate a cycle of ill-will and resentment amongst participants and pose challenges to the larger unity of an organization. In order to end cycles of vindictive reactions, someone must be willing to let the last indignity of a tit-for-tat cycle end with them. That is to say, someone must be willing to sacrifice whatever retribution they might be due in order to secure the larger good of a lasting peace (Godbout, 2000). The logic of gift makes this possible in ways that duty and exchange may not—enabling forgiveness and the recovery of trust when it has been compromised by conflict. Moreover, it may be the case that in order to recognize someone’s dignity at a fundamental level, as is often necessary to resolve personal conflicts, this can only be accomplished through a generous, unconditional act, which is not strictly demanded as a matter of law, duty, or self-interest (Hicks, 2011).

This analysis suggests ways in which the three logics of exchange, duty, and gift are beneficial and complementary, while drawing attention to problems that are likely to arise if the logic of gift is not properly integrated. Although this conclusion is
easy to affirm at the theoretical level, it will be of little use unless we can articulate some practical implications of this insight for management.

PRACTICAL IMPLICATIONS OF THE LOGIC OF GIFT FOR ORGANIZATIONS AND MANAGEMENT

The practical implications of encouraging a logic of gift within organizations can be understood both in contrast to the logics of exchange and duty, and in reference to the unique strengths of the logic of gift. To be clear, successful enterprises must be accountable to a bottom line and thus concerned about instrumental strategy and the sustainability of exchange, on both a personal and organizational level. Likewise, there are non-negotiable laws, duties, and norms that are crucial to an organization’s legitimacy and success, and individuals too recognize these as valid and indispensable constraints. Thus, both the logic of exchange and the logic of duty have an essential place in organizational behavior.

What distinctive contributions and benefits does the logic of gift have to offer organizations? We would like to suggest that the logic of gift bears on at least three prominent debates in management literature, concerning challenges at the individual level, the organizational level, and the larger social purposes of organizations.

Autonomy vs Control - At the individual level, a central question for management is how to motivate employees to do their jobs and how to monitor their performance. However, these two imperatives stand in tension with one another. Attempts to surveil performance can be costly and breed resentment and anxiety among employees (Pink, 2009). A large technical literature in economics examining the “principal-agent problem” has generated diverse and sophisticated proposals for incentivizing and monitoring performance (Holmstrom & Milgrom, 1991; van Ackere, 1993). However, studies in organizational sociology and psychology have called attention to ways in which these systems can backfire, particularly by diminishing an individual’s sense of agency and autonomy (Wright, 2000). People can feel constrained, nervous, or annoyed when their work is constantly scrutinized, and managers can abuse their powers of oversight, particularly when under pressure to show results.

The question raised by the economic perspective is a legitimate one—why will a “rational” employee perform, much less excel at, his or her duties if lax oversight presents an opportunity to shirk? The answer, we believe, is intricately tied to the logic of gift.

While a sense of duty may motivate some, many employees’ contributions have the supererogatory character of an unconditional contribution. People give more than they strictly have to and in ways that are creative and unforeseen. This possibility can be enhanced by conditions of greater autonomy. As Laszlo Bock, the Senior Vice President of People Operations at Google, has argued, “When we feel free, we do our best work” (Bock, 2015), and Google’s internal analytics team has found that the best managers avoid micromanaging, while extending freedom and trust to employees (Garvin, 2013). Likewise, in their studies of organizational
integration, Ghoshal and Gratton (2002) found that autonomy was a key component in developing business cultures in which “people take enormous pride in helping their colleagues to succeed.” The logic of gift helps explain the counterintuitive finding that the provision of autonomy to employees often produces better results than systems of pervasive oversight and control. Indeed, for many organizations, we suspect that a fuller appreciation of the logic of gift and its potential will counsel in favor of granting expanded autonomy to employees.

A similar pattern has been documented in mentoring relationships. Studies have found that informal mentoring, which grows out of voluntary, personal initiative, has a greater positive impact on mentees than formal mentoring programs (Ragins, Cotton, & Miller, 2000). Informal mentoring relationships often develop into a kind of friendship (Inzer & Crawford, 2005), but a key characteristic of their genesis is that they demand initiative that goes beyond the requirements of formal programs. That is to say, informal mentoring and its benefits spring from supererogatory contributions of time and energy consonant with the logic of gift. Companies that desire the benefits of strong mentoring, but have been disappointed with the performance of highly structured mentor programs, ought to consider ways to create conditions for mentoring friendships to develop (commons spaces, social outings, hospitality funds, etc.), rather than imposing mentoring duties.

**Successful Teamwork** – At the organizational level, the problem of incentivizing and monitoring performance becomes all the more challenging when work requires a collaborative team effort. By definition, organizations are collaborative, but in recent decades the amount of work that takes place in teams has steadily increased (West, 2012). However, successful teams must overcome collective action problems that generate additional opportunities for individuals to shirk or free ride.

In their classic book, *The Management of Innovation*, Burns and Stalker (1961) made a distinction between mechanistic structures, which have a strong command and control hierarchy, and organic structures, characterized by decentralized networks of authority and communication. Their discussion of the virtues of organic structures prefigured more recent insights into the benefits of autonomy in team settings as well. However, even if appropriate autonomy is granted, the enduring challenge is to find ways to facilitate creativity while still maintaining communication, coordination, and progress within a team (Naughton, Buckeye, Goodpaster, & Maines, 2015).

Literature on “organizational citizenship behaviors” (OCBs) has drawn attention to the fact that successful teamwork depends on a host of informal contributions by team members. Defined as discretionary behavior “that supports the social and psychological environment in which task performance takes place” (Organ, 1997), OCBs have been found to be “positively related to ratings of employee performance and to reward allocation decisions and negatively related to employee turnover intentions, actual turnover, and absenteeism,” as well as “positively related to a variety of organizational effectiveness measures (e.g., productivity, efficiency, and profitability) and customer satisfaction and negatively related to costs and unit-level turnover” (Podsakoff, Whiting, & Podsakoff, 2009). Moreover, in their review of this literature, Podsakoff et al. (2009) view “helping behavior” as the
key latent concept uniting different types of OCBs. In a similar direction, Hansen & Nohria (2004) identify “unwillingness to help” as one of the greatest barriers to successful collaboration. As A. M. Grant (2013a) summarizes in his definitive study of “givers” within organizations: “A willingness to help others achieve their goals lies at the heart of effective collaboration, innovation, quality improvement, and service excellence.”

Grant’s examination of the importance of “givers” in his recent book Give and Take: A Revolutionary Approach to Success (2013b) illustrates how vital the logic of gift is for productive teamwork. Grant explains that “When they [employees] act like givers, they contribute to others without seeking anything in return. They might offer assistance, share knowledge, or make valuable introductions. When they act like takers, they try to get other people to serve their ends while carefully guarding their own expertise and time.” Givers not only make discrete individual contributions but also perform an important psychological function. They create an environment in which everyone feels encouraged to contribute, and in which people feel free to pursue high-reward/high-risk projects without fear of being punished for failure (Grant, 2013b).

These two kinds of people reflect different ways of engendering trust. Following Rousseau et al. (1998), we could say that takers develop calculus-based trust, whereas givers also cultivate affective and relationship-based trust.

Successful teams characteristically have more givers than takers, although Grant draws attention to the vulnerability entailed by being a giver—there is a real chance that others may take undue advantage of one’s generosity. Thus, Grant is concerned not only with encouraging and recognizing generosity, but he also counsels ways to protect and sustain it. For example, he suggests limiting availability for mentoring to certain days of the week, or setting aside time where team members work alone. These policies make intense episodes of generosity and collaboration possible, while protecting against exploitation and overexertion. Ultimately, what Grant and many others have recognized is that successful teamwork requires uncalculated contributions and a spirit of collaborative generosity, which we believe flows uniquely from the logic of gift and can be encouraged by the management practices that Grant and those he cites recommend. For example, there is significant evidence that the disposition to giving freely can be promoted inside firms through programs that enable employees to give internal support to others (Grant, Dutton, & Rosso, 2008). And the frequent exchange of favors between peers has been observed to be “positively related to both status and productivity and strengthened the generosity-status and the balance-productivity relationships” (Flynn, 2003).

Meaningful Social Mission – The motivation for giving ultimately derives from a perception of the good that giving can accomplish, whether it be the good of another individual for whom we care or larger social, moral, or aesthetic goods (Guillén, Ferrero, & Hoffman, 2015). As Simons (1995) pointed out, individuals want to participate in an organization’s purpose when they find it meaningful. Thus, it is important for managers to articulate the mission of an organization in a compelling way. An inspiring mission inspires the logic of gift.
A compelling purpose is necessary for inspiring people to give of themselves, but it is not sufficient, for the desire to give can only be actualized if it is clear how one can make meaningful contributions. Thus, it is important for managers to articulate how individuals can contribute.

Although there are many abstract purposes that can inspire generosity, it is in the context of interpersonal relationships that the logic of gift finds its most profound and fullest expression. There are many valuable lessons to be learned from fields that necessarily involve strong personal ties, such as teaching. In Game and Metcalfe’s (2010) study of life-changing teachers, the authors documented that teachers and students consistently explained the work of the classroom in terms of mutual giving and receiving. In particular, life-changing teachers had to display patience with the students that went beyond the strict requirements of their contractual duties. Moreover, many teachers saw their work as a response to a “calling” which motivated their personal involvement in the lives of their students (Game & Metcalfe, 2010). In turn, the perception of this commitment became a call for the students to give greater effort on their part.

Likewise, people working in organizations with conspicuous social purposes, such as non-profits, routinely report higher levels of job satisfaction and intrinsic motivation than those in for-profit and government jobs (Light, 2002). This is true despite the fact that non-profit salaries are often lower than those found in government or private sector employment (Borzaga & Tortia, 2006). Put simply, when people understand how their work can achieve or advance some greater good, this can inspire them to give of themselves in ways the monetary compensation and a sense of duty don’t.

As Wrzesniewski et al. (1997) have shown, those who see their work as a calling not only tend to be more satisfied with their work, but also with their own lives. It seems clear that advancing a greater good makes it easier to conceive of one’s work as a calling, rather than just a job (Bellah, Madsen, Sullivan, Swidler, & Tipton, 1985), and this is something that can be transmitted through a clear and inspiring organizational mission.

Thus, communicating the basic goodness of an organization’s mission is essential to making unconditional giving an intelligible enterprise. Drucker (1989) argues that the greatest lesson that business managers can learn from successful non-profits is to start by focusing on the organization’s mission and its requirements. However, this assumes that a company’s leadership is able to articulate a mission that is compelling and meaningful on some level. Some companies will find this easier than others, but we expect those who can articulate a compelling mission will better inspire the logic of gift amongst employees.

Many companies also engage directly in philanthropic activities, and philanthropy can be a way for an organization to expand or better realize its social mission. Of course, some philanthropy involves strategic giving (done to benefit a company’s bottom line), but Porter and Kramer (2002) identify two other rationales for giving—communal obligation and goodwill building—which, they argue, enable organizations to create genuine social value.

Moreover, some companies explicitly encourage their employees to give beyond the confines of the firm, through volunteer initiatives or charitable donation
matching programs. This empowers employees to contribute to social purposes in their own way. According to Lee et al. (2001), these programs are widely praised in management literature: “Tuffrey (1995) and Quirke (1999) … [argue] that corporate volunteering offers opportunities for challenge and skills development for staff and impacts positively on staff morale and motivation. Community involvement supported and encouraged by the business, they argue, is seen as a way to build a sense of identification with the values and goals of the business.” Moreover, Lee et al. (2001) find that corporate volunteers are highly motivated by the desire to “contribute to the community,” rather than for instrumental purposes of personal or corporate gain. Caligiuri et al. (2013) show that corporate volunteers are most effective when they believe they can make a meaningful contribution and that, under certain conditions, these programs increase employee engagement while generating real benefits for the recipients. Volunteering programs can even lead employees to internalize “volunteer identities” and deepen their desire to be givers (A. M. Grant, 2012).

Ultimately, people give because they hope to contribute to some perceived good, and presenting a compelling organizational mission or opportunity for corporate philanthropy are two fundamental ways in which managers can inspire generosity.

In summary, we suggest that many of the virtues and characteristics widely praised across the business ethics literature—creativity, spontaneity, magnanimity, higher levels of trust and commitment, etc.—cannot be fully accounted for by the logics of exchange or duty, but instead are authentic outgrowths of the logic of gift. Again, we do not mean to claim that the logics of exchange and duty are dispensable. They are prerequisites for any sustainable and just enterprise. However, organizational environments that are able to foster the logic of gift, and grant it wider space to operate, are likely to achieve many desirable outcomes at the individual, organizational and larger social levels that are not naturally encouraged by the other two logics.

Advocating for the logic of gift raises the question of what it means to incorporate or encourage a “logic” within an organization. However, this is not a foreign concept in business ethics and organizational sociology. Collins is one of many popular authors who has argued that organizations need to instill values and purposes in order to succeed. Indeed, according to Collins, the companies that are able to go from good to great are precisely those which “instill core values (essential and enduring tenets) and core purpose (fundamental reason for being, beyond just making money) as principles to guide decisions and inspire people throughout the organization over a long period of time” (Collins, 2001). Similarly, the logic of gift can be encouraged by policies and practiced by managers, such that this logic comes to infuse an organization’s culture.

Here it is important to distinguish two different features of our position. On the one hand, we have argued that when the logic of gift is operative within an organization it yields desirable benefits for the organization as a whole. People are encouraged to act in ways that bring out their talents, creativity, and initiative. Moreover, not only may they perform better, but this logic also engenders relationships that lead to greater trust overall, a relationship-based trust beyond transactional and normative trust.
Thus, from the perspective of management or shareholders, there are instrumental reasons to want to encourage the logic of gift within an organization (effectiveness and efficiency). However, on the other hand, we would like to suggest that there is a non-instrumental reason for encouraging the logic of gift, namely that it allows for human excellence, for the development of more humane, authentic, responsible, and fulfilling human relationships for their own sake. Happily, the substantive goods encouraged by the logic of gift (such as generosity, magnanimity, and creativity), are not in tension with the organizational benefits that may be realized (such as success, profitability, legitimate self-interest, and accountability). But even if all possible organizational benefits do not materialize, there would still be reason to want to encourage the logic of gift.

Table 2 presents a catalogue of the predominant or expected outcomes of each logic: their managerial emphasis, the prevailing values that each one of them promotes, and what one would expect to be their distinctive consequences.

In this respect, the logic of gift is consonant with a larger literature that aims to articulate and promote “humanistic management” practices (Melé, 2003; Pirson & Lawrence, 2010). The hope is for organizations to be more humane, to become communities with meaningful social and moral bonds among members, which can inspire generosity and common purposes that transcend instrumental self-interest or mere duty and elicit the best that people have to offer.

**CONCLUSIONS**

The success of many organizations depends on the creative generosity of their members, but this truth and the underlying rationales that motivate giving remain neglected. If viewed through the logics of exchange or duty, which dominate much organizational theory and practice, genuine generosity—giving without expectation of return—can appear strange or mysterious. However, we have argued that there is a distinctive logic of gift that is intelligible in its own right, important for organizational success, and cannot be reduced to the logics of exchange or duty. Rather, these three logics can be complementary, and their integration promises to enhance both the ability of organizations to achieve their ends and the quality of life to be found within organizations.

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<td>Norms and Efficiency</td>
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<td><strong>Prevailing values</strong></td>
<td>Success</td>
<td>Fulfillment</td>
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<td>Profitability</td>
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<td>Transactional trust</td>
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Organizations and individuals must be attentive to their bottom line and to certain boundaries, which necessitate recourse to the logics of exchange and duty. However, the logic of gift is able to transcend the conspicuous limits of these other two logics. Central to the logic of gift is the truth that people can be inspired to give of themselves in order to promote causes they believe in and the welfare of others. This sort of voluntary generosity constitutes an end in itself pursued neither for personal gain nor out of the compulsion of duty.

Moreover, in contradistinction to simple altruism, the logic of gift finds its fullest rationale and expression in interpersonal contexts, where it can provide a foundation for ongoing relationships of solidarity, care, and mutual trust. This, in turn, creates fruitful conditions for other manifestations of generosity such as spontaneity, creativity, and productive collaboration. This is something that can be fostered in the workplace on a daily basis in every organization. It is crucial to note, however, that this logic is not inexorable. It involves vulnerability, and unconditional giving is not guaranteed to “produce results” beyond what the gift itself accomplishes.

A fundamental aspect of unconditional giving is that it finds its fulfillment in the gift itself, even though this act may inspire a spirit of generosity in others and thus generate further good. Not only does the logic of gift express a deep truth about the human person—that her flourishing is enabled through relationships of uncalculated giving and grateful receiving—but this logic also has practical implications for organizational management.

In particular, we have suggested that each logic has its own purpose, its own prevailing values, and its own practical consequences. However, the logic of gift is uniquely capable of generating higher levels of excellence and motivation in organizations, surpassing ordinary standards and enabling greater creativity, freedom, and responsibility. This, in turn, leads to greater relationship-based trust and stronger levels of commitment (both moral and affective).

Although much work remains to be done in thinking through the practical implications of the logic of gift, our modest aim has been to articulate its unique features and importance. Building on this foundation, a better understanding and appreciation of this logic promises to enhance our ability to encourage and harness the unique phenomenon of generosity within organizational environments in a manner that fulfills a core aspect of our humanity.

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NOTES

1. As we explain in a later section, such relationships can help organizations to thrive and yet not be intentionally pursued for that end. This is an ongoing theme of our analysis: the logic of gift inspires participation through perceptions of its innate goodness, while at the same time producing “positive externalities” as a byproduct.

2. Aristotle also considers things that are desired because they are “pleasurable,” with the caveat that such things have the potential to be good in themselves or bad for us.

REFERENCES


