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**Ethical Theory and Business Ethics  
The Search for a New Model**

**Volume 1 of 1**

**Resubmitted by**

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Thomas Cooper  
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Thomas Cooper  
July, 1997

### Declaration

1. This work has been composed by me.
2. This work has not been accepted for any previous application for a degree.
3. The work of this which is a record is done by me.
4. All verbatim extracts have been distinguished and the sources of my information have been specifically acknowledged.

Signature:

A handwritten signature in black ink, consisting of a series of connected strokes that form a stylized name, possibly starting with 'T' and ending with a checkmark-like flourish.

Date:

July 16/97

## *Summary*

The following thesis is an attempt to propose a 'model' to begin an analysis on a specific dilemma within business ethics. The model will utilise both 'metaphorical' and 'literal' language in the form of questions based on modern moral philosophical theory. The motivation in providing these questions is that there will be less ambiguity if a 'tool' was used to analyse the dilemma, rather than use intuition or abstract moral philosophy. The model, called the *Comb*, will be used to analyze a comprehensive case study - the case of the Newfoundland Fishing Industry.

The case is in the form of an illustrative dilemma and examines the restructuring of the Newfoundland fishing industry. Newfoundland is one of the island provinces of Canada and its main industry, the offshore and inshore fisheries, has recently been 'decimated' by a number of factors. The case will hopefully demonstrate that the restructuring of the Newfoundland fishing industry may be portrayed as an ethical dilemma in business. The analysis will hopefully 'sort' and 'arrange' some of the ethical issues emanating out of the restructuring.

The thesis is also an attempt to develop an argument for approaching business ethics from a reflective standpoint. The end result is designed to make the user of the questions developed through the *Comb* think reflectively, to open new lines of debate within the subject area of business ethics as well as the case of the restructuring of the Newfoundland fishery. The questions of the *Comb* provide the framework which may be seen as absent in a business ethics analysis. It would seem that the answers about why business is 'unethical' are quite easy to produce - the capitalist system, the emphasis on short-termism, managerial incompetence and so on - but are they the answers to the right questions? The *Comb* specifically and this thesis as a whole are attempts to develop a practical, reflective method to a examine specific dilemma in business ethics. It may be seen as an attempt to develop 'detachedness' within the 'involvement' of a case study.

The thesis is a personal search. Not a search to find answers but one which will propose questions to expand the author's understanding of the dilemma of the restructuring of the Newfoundland Fishery. It is a search to attempt to understand the subject area of business ethics and how to operationalise the theory behind it. Moreover, it is a search to see if a systematic and simplified model is possible within the subject area of business ethics.

The thesis will conclude that while the model may be seen as valid for improving the author's understanding of the subject area of business ethics and the case study of the Newfoundland fishery, improvements may be made through, for example, establishing alternative 'metaphors'. It will also argue that the 'context' of a business ethics analysis is very important. Business ethics and the model may have to understood as the right 'tool' for the times.

# PROLOGUE

*"There is no denying that business, just like bureaucracy, is eager to spell out and to guard its own special kind of morality, sometimes called "business ethics." The paramount value of that ethics is honesty - which, as the small print shows, is mostly concerned with keeping promises and abiding by contractual obligations. Without such honesty, business cannot survive...Even more importantly, though, they create for themselves a relatively orderly, predictable environment without which instrumentally rational decision-making would be inconceivable. And yet, as with any ethical code, "business ethics" is as much about declaring certain kinds of action, by commission or omission, ethically neutral, or not moral issues at all."*

**Zygmund Bauman (1995) Life in Fragments. Essays in Post-modern Morality. Oxford: Blackwell Publishers. p.263.**

*Welcome to my thesis.*

*Please play the tape, and only then start  
reading the Introduction to the  
Prologue....*

*Your indulgence would be appreciated.*

Please note: The two examiners have been given a copy of the song 'Nothing Out of Nothing' by Great Big Sea, from the CD *Up*. Warner Brother Music Canada. The library copy of this thesis does not contain the recording. The words are listed below. But please, if you can, buy the album. Its a great song.

*What ya do?  
Can't make nothing out of nothing.  
Everyone needs a start.  
What ya do - can't make nothing out of nothing...  
Give my country back its heart*

*I left my home and family by the ocean.  
All out on my own, to seek my fortune,  
But there's no work to occupy these young hands,  
So look out boy, you're heading for the mainland*

*Now I was born on a St. John's Street  
Where all my hopes could meet with defeat  
I hired my days shooting higher education  
Now I'm so smart I can rule this goddamned nation!*

*Now I'm alone  
But I'm working everyday  
Out I'm getting stoned and blowing all my pay  
Just to survive, I do whatever I can  
Now I'm alive but how can I be a real man?*

*What ya do?  
Can't make nothing out of nothing.  
Everyone needs a start.  
What ya do - can't make nothing out of nothing...  
Give my country back its heart (Great Big Sea 1995)*

## **Prologue to the Thesis: Introducing the Dilemma.**

**Time: mid-1990s.**

**Place: Newfoundland**

I agree with Annette Baier (1993) in "*Trust and Mistrust of Moral Theorists*" that moral theories and arguments are understood better in context. A medical ethicist, for example, is more credible to an audience when she explains and articulates her context as a practitioner or a sociologist in medicine. In order to set the context to the Newfoundland Fishery and the thesis as a whole, I would like to explain the personal and research context in which it was originated. In essence, I want to explain my '**biases**'.

The following sections of the Prologue will outline some of the issues and concepts central to the research. It begins by introducing the case of the Newfoundland fishery - the central case study and focus of the thesis. The Prologue will also introduce some of the strands of thought being examined in the study, their relevance to the field of business ethics under which the case is examined and how the search for a new model may aid the analysis of these issues.

*What ya do?*

*Can't make nothing out of nothing.*

*Everyone needs a start.*

*What ya do - can't make nothing out of nothing..*

*Give my country back its heart (Great Big Sea 1995)*

The song reflects some of the anomie and disenchantment that young people feel with a society which has apparently abandoned them. It is a song which speaks

very personally to me. In this *Prologue*, I have included the song entitled 'Nothing Out of Nothing' from the Newfoundland celtic/folk/rock band Great Big Sea. I have incorporated the song into the thesis since it talks poignantly about the human element of economic restructuring being seen in the Newfoundland Fishery. I would argue that this is a dilemma which has a very strong ethical component. A dilemma which seems to need to be 'sorted' and 'arranged' for my own intellectual understanding.

A dilemma, by definition, may be seen as an unsolvable problem'. The Oxford English Dictionary<sup>1</sup> defines a 'dilemma' more succinctly as:

*a choice between two (or loosely, several) alternatives, which are or appear equally unfavourable; a position of doubt or perplexity.*

The Newfoundland fishery case may be seen as a dilemma because it seems intuitively to be an unsolvable problem...there is no one single solution which will seem to solve the woes of the province and the industry. Moreover, the doubt and perplexity which surrounds the restructuring of the industry has led to many ethical issues becoming prominent.

*I left my home and family by the ocean,  
All out on my own, to seek my fortune,  
But there's no work to occupy these young hands,  
So look out boy, you're heading for the mainland (Great Big Sea 1995)*

I examine the case of the Newfoundland fishery as a Newfoundlander who has headed to the proverbial "mainland" to do my PhD. Newfoundland is an island province of Canada. The *mainland*, in this instance is not Canada, but the United

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<sup>1</sup> *Oxford English Dictionary, 1989, Vol.IV, Clarendon Press: Oxford, p.665.*



Kingdom. The mainland is anywhere abroad. Newfoundland logic is - if it is not Newfoundland then it is the mainland. My analysis of this case is written as someone who was very concerned with the fishing industry and hoped to work in it. Unfortunately, due to the Northern cod moratorium, this was not a career option. I am 'attached' and 'involved' with both the industry and the province. If this perspective makes me partial, then most of my life has been towards constructing this particular bias. But surely I am not alone in the partiality of my research topic.

I grew up in Newfoundland, in the administrative capital of St. John's. In Newfoundland terms, this made me a *townie* - someone not from the rural part of the Province. Unlike my friends at university who were from the *Bay* - the rural communities throughout the island - I did not fully experience the intimate connection to fish as I grew up. In most rural communities, fishing - which almost invariably refers to cod fishing - is the main employer and focus of the community. Coming from St. John's, my parents' employment and source of income were not dependant on fish but upon the university and health care system.

Yet my connections to the fishing industry cannot be denied. My ancestors came from England and Ireland to pursue the fishery. They did not come to work in factories...for there were none. They came because there were jobs catching and processing a huge fishery unlike anything seen in the old world. My ancestors, from what I understand, came to Newfoundland some five to ten generations ago. They came to Newfoundland because of the promise of a better future. Now, most

people leave because there is no promise. The main industry is gone and almost all chances to further oneself are presented elsewhere (especially to those with higher education). So even though one loves the place, one leaves.

*Now I was born on a St. John's Street  
Where all my hopes could meet with defeat  
I hired my days shooting higher education  
Now I'm so smart I can rule this goddamned nation (Great Big Sea 1995)*

Newfoundland was once filled with opportunities. There are stories that when the first Europeans reached the shores off the island they put down a bucket into the sea and it came out streaming of cod. Newfoundland was settled because of the fishing industry, and although other peripheral industries such as mining, pulp and paper, administration from the government and small scale manufacturing developed, the province's identity was shaped by cod fishing. It defined one's life there, even in the capital.

Fishing, in one sense, could be characterised as a 'norm' in Newfoundland. Every morning, as my father drove us to school, we would take the road which would pass by the harbour. Fishing ships from all over the world were there when I was young<sup>2</sup>. I distinctly remember the Portuguese fishing vessels and their sailors playing football along the waterfront. On the other side of the harbour was the 'National Sea' fish plant, which you could smell on a warm day from three kilometres away. Trucks with processed fish would go up and down the road where I lived. As a child I can remember the road smelling like cod fish during the

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<sup>2</sup> This later changed when the Canadian government banned foreign fishing vessels from entering its ports except for emergency purposes.

summer when there was overcapacity and fish had to be trucked to different locations. The fishplant is now gone, just recently torn down. There is no reason for a plant if you have no fish. A picture of the fish plant being razed to the ground can be seen below.



**Picture: National Sea Plant in St. John's Being Torn Down. April 1996.**

I can remember the small fishing boats in the harbour, the government offices of the Department of Fishery, and growing up listening to the Fisherman's Broadcast on the Canadian Broadcasting Corporation - telling mariners to be aware of lighthouses which no longer worked or impending storms on the horizon.

In 1982, when I was 12, my sisters and I were invited to stay with my uncle Bill who was a fisherman on the island of St. Brendan's in Bonavista Bay in the north-eastern part of the province. St. Brendan's was a throw back to the small fishing

communities which were scattered through-out the province before resettlement.<sup>3</sup> My uncle was not a traditional fisherman. He had been a teacher who had decided to go fishing and, by his own admission, was not very good. He fished out of a small, open boat called a *dory* and sold his catch to the local fishplant. It was a struggle to make ends meet, even with the unemployment supplements, and he eventually gave up fishing in 1984.

During those six weeks that I lived with my uncle I experienced for the first time the isolation and obsession with fish that comes from living in a small outport like St. Brendan's. Fishing built that community. There is no reason for it and other similar communities to be there other than their proximity to the fishing grounds. I can remember going out from sun rise with my uncle, fishing. The small boat would bob up and down as he put a jigger<sup>4</sup> into the water. You either had a good day, or a bad one, depending on how you or your spouse did at sea. It was attractive with the closeness to the sea, the freedom, working out of doors. But it was a hard way of life.

The next real opportunity I had to deal with the fishing industry after St. Brendan's was whilst I was in university and doing my 'workterms' which were five month internships with companies. I worked for two of these terms for the largest exporter of fish to the United States, Fishery Products International (FPI).

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<sup>3</sup> *In the 1960s, there was a wildly unpopular government program of resettlement where isolated fishing communities were forced to be abandoned and resettled elsewhere in order to gain government money and services. The result is a great number of small, ghost towns in remote parts of the province.*

<sup>4</sup> *A jigger is a large hook which is lowered down into a school of fish and moved up and down by hand so that it catches onto a cod... This type of fishing is called jigging.*

A large conglomerate that had developed out of the restructuring of a number of smaller fishing companies (Economist 1994, August 17), it was an interesting and thought-provoking place to work. In my ten months there, I had an opportunity to visit a number of plants as well as spend a ten day trip on a trawler fishing on the southern tip of the Grand Banks. It was at FPI that I learned the business of fishing - the harvesting, processing, marketing and finance of seafood. It was at FPI that I also saw the effects of large scale restructuring on industries.

What the Newfoundland Fishery may be seeing is 'economic restructuring', in other words, a 'downsizing' or 're-engineering'. Economic restructuring may mean that St. Brendan's and other communities like it - not only in Newfoundland but the Western world in general, may no longer have this 'interesting' way of life. Economic restructuring may be seen as introducing to Newfoundland (and myself) some form of anomic state. The concept of 'anomie' was something which I came across quite early in my research and spoke strongly to me. Anomie means quite literally an 'absence of norms' which are the values, habits and concepts that dominate everyday life. Yet, through examining my orientation and that of my contemporaries both in Newfoundland and elsewhere, there was a sense that the 'norms' which were manifested before, in previous generations, are no longer operant. Just as Great Big Sea ask '*What ya do?*' so does anomie mean '*ya don't know what to do.*' The norms and values which have characterised communities and people on the periphery - areas such as Newfoundland - are changing. I felt that there may be a need to sort and arrange the ethical issues which emanate from it.

In 1992, the moratorium on cod fishing caused the firing of most of the front office staff with whom I worked. Most people were lucky and found jobs elsewhere in the city. Yet, in the rural plants the possibilities of other jobs being available were non-existent. There was suffering and hardship. There was a sense of not knowing what to do among the workforce. Do you pack up and leave? Do you stay? Can you leave? Does anyone care?

Conducting my field research in Newfoundland, during the writing of this thesis, I guess the one word which sums up my time there, after all the analysis, was *depressing*. The Great Big Sea song ran through my head, and I thought "*Give my country back its heart*." The Oxford English Dictionary<sup>5</sup> defines depression as a:

*lowering in quality, vigour or amount; the state of being lowered, reduced, in force, activity, intensity etc.*

'Depression' is not necessarily a bad thing. 'Depression' was one of the reasons I became interested in business ethics for I found the analysis of ethical issues in business depressing. Too often there were just normative, emotive statements (e.g. *This is just wrong*) without any analysis of the issues. As a former student of philosophy, I thought that the rich history which is provided through modern moral philosophical theory, by being too abstract and difficult to use, was being disregarded in business. Depressing analysis bothered me so much that the *Comb*, the model developed in this thesis, was specifically created to improve my analysis on the issues. In any type of analysis, the questions are just as, if not more

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<sup>5</sup> *Oxford English Dictionary, 1989, Vol.IV, Clarendon Press: Oxford, p.489.*

important, than the answers. The *Comb* is an attempt to create for myself a theory-driven, relevant model to analyse the case of the Newfoundland Fishery - recognising that it is a dilemma within business ethics. For this I make no apology. The *Comb* is 'practical' (for me) because it grounds and systematises the analysis in 'metaphorical' understanding and literal language. It is relevant because the issues as well as the dilemmas in business ethics are not going away. The *Comb* is an instrument for me, personally, to begin the analysis of dilemmas within business ethics and it starts with one which most concerns me - which is most apparent to me...the case of the Newfoundland Fishery. It not only affects my own personal future, but that of an entire province.

*Now I'm alone  
But I'm working everyday  
Out I'm getting stoned and blowing all my pay  
Just to survive, I do whatever I can  
Now I'm alive but how can I be a real man? (Great Big Sea)*

I decided to examine some of the proposed methods of fisheries restructuring - professionalisation, resettlement, retraining - the business of the fishing industry - and talk about it as someone who cannot really benefit from any of it. Many of my contemporaries, after getting their education, have moved away. Jobs in British Columbia, California, Europe and Ontario beckon. Everyone says that they want to go back to Newfoundland, but will they be like Debbie,<sup>6</sup> a character to appear later in the case study, who has nothing to go back to?

*Give my country back its heart (Great Big Sea)*

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<sup>6</sup> *Debbie is an actual real person, although I have taken some authorial liberty in describing her trip across the province. We had many a chat about living in the Bay, down at the pub.*

Business ethics, at its core, seems to be about trust. People, I would argue, may have to 'trust' the major units of analysis which populate the world of business, (i.e. business organisations), to operate in a such a manner to give them not only safe products and services but also to provide jobs and the economic basis of the local community. Yet what happens when that trust is destroyed? As society and its constituent organisations continue to restructure, people and regions (such as Newfoundland) which are on the periphery of the world economy are displaced. In this displacement, the first thing which may be lost is trust. Can business ethics really function when there is no trust, no faith in industry or business organisations? Business ethics may be relevant because if organisations decide to act in a manner which may be seen as normatively 'bad', then this will have serious implications not only to the 'core' of Western society as a whole but the individuals within it. We cannot escape business and industry in the core nor even on the periphery: it is part of our societal framework. Business and industry may be seen as having many normative aspects which will affect all our lives and business ethics is the study of it. Why should we care about business ethics? The answer is because it affects everyone - not just the marginalised.

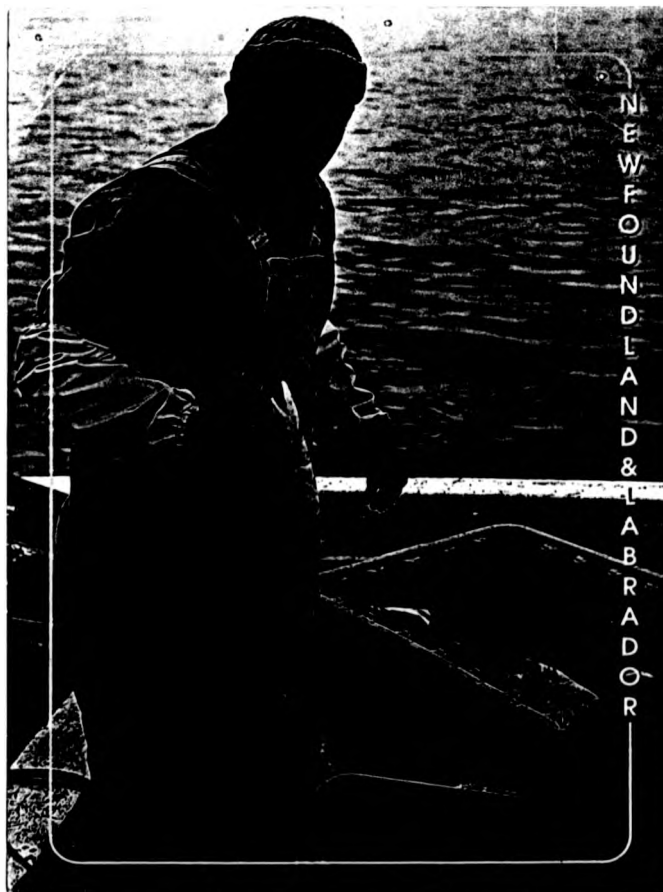
To be consistent with Baier's arguments about understanding ethical issues in context, I can claim to know what it is like to be displaced through restructuring.

In front of my computer, I think of contemporaries in Newfoundland over-trained and under-employed. My parents tell stories of how when they were my age,



everyone had the possibility of a job. There was no struggle, anxiety or fear about tomorrow - only hope. If business ethics is about changing the world - about having some practical impact through making business and industry more 'human' - then there is hope for a better tomorrow. We avoid 'depression' this way. In examining and studying a subject area like business ethics, which is sometimes treated with scorn and ridicule, questions arise as to whether it is worth it. Can business ethics really make the world a better place? Can it really improve the dialogue and analysis of ethical issues in business? The answer to these questions may be seen as a qualified 'yes.' The *Comb* may be seen as an attempt to develop a simplistic tool for me and, beyond this thesis for others to use, in improving the dialogue and analysis of ethical issues in business. It is an instrument of personal hope, not 'depression'. This thesis represents that hope.

***Postcards from the  
Edge - The Case of  
The Restructuring of  
the Newfoundland  
Fishing Industry.***



### **The Case of the Newfoundland Fishery**

*Debbie looks outside the window as the Canadian National bus slowly makes its way across the Island. Debbie is on her way home, back to Isle aux Morts - the "Island of the Dead." A community which is part of what was called the "French Shore" on the western side of Newfoundland, Isle aux Morts had originally been on a small island where a great many shipwrecks had occurred but now was located on the main one. An interesting place to come from. Debbie left Isles aux Morts to go to the university in St. John's almost eight years ago. Those were heady times...the promise of a new beginning. At seventeen, Debbie reasoned, you had to leave, ready or not. Of course it was hard to leave your family but you had to make a life for yourself. Not a lot of my friends stayed, Debbie thought. The only people back home now were the girls who got pregnant and had to stay. The barren landscape zoomed by as Debbie looked out the window. You never thought about going back to Isle aux Morts to stay, except at the beginning. Once you move...you never want to go back to live. Yet you love the place, cherish the memories of living there, the community centre, the families, the friends...but never want to stay there. Everybody knew each other in Isle aux Morts and it was like an extended family. There was one club, a small furniture shop, four small shops and a Food Land. The Orange Lodge served as one the focal points of the Community. The fish plant was where everyone worked. Debbie's own sister worked there as a secretary as well as all her friends'*

*parents. But the fish plant closed down with the collapse of the cod fishery and Isle aux Morts changed, probably irrevocably.*

*Lots of houses are now for sale and the only income is unemployment benefit. The high-school has been turned into an elementary school as there are no young people left. There is nowhere for the young kids to go. Now Debbie returns to Isle aux Morts for what could be the last time. She has her degree in chemistry and education from Memorial University in St. John's but the chances of going back to Isle aux Morts are virtually non-existent. There are no more fish. The moratorium on Northern Cod has meant people are moving away...packing up their bags and 'goin' to da Mainland. They don't need teachers, they need social workers. There is no reason for Isles aux Morts to exist if there are no fish. That is why it was put there and stays there, Debbie thinks to herself, as the countryside of bent trees and shrubbery passes by. Her mother came from a resettled community. Debbie has been there...some old houses and a lot of memories. Maybe Isle aux Morts would become another ghost town and live up to its name as "Island of the Dead." The restructuring sure is going to change things.*



Picture: Houses are being closed up and people are leaving the province.



Picture: Communities and a way of life are being threatened by the lack of cod.

## Introduction

*From the Company's perspective, social, traditional and compassionate needs were not primary considerations. The economic viability of a major fishery corporation was at stake, and survival meant making some very tough decisions....Despite the warnings, residents, plant workers, and fishermen were shocked by the official announcement of the plant closure. The reaction was predictable - all hell broke loose. Everyone and anyone associated with the decision was a target for the people's wrath. While this was ongoing, council and the community was faced with the reality of life without FPI, and the offshore fishery*

**Rex Matthews - Mayor of the town of Grand Bank - describing the closing of the Fishery Products International (FPI) Plant in 1990.**

Debbie and Grand Bank are part of the tragic unravelling in 1992 of the 450-year-old cod fishery on Newfoundland's Grand Banks. The cod had disappeared.

Fishing for cod not only defined a way of life in Newfoundland but a community and a province (Economist 1993 August 7). The 1992 moratorium and its continuing uncertainty over whether there ever can again be a sustainable cod fishery have thrust many ethical questions into the open.

Fishing is a business. It puts meals on tables and wages in people's pay packets. Yet it clearly has implications beyond industry - determining the distribution of a population, education levels and local culture. At the same time it is an industry and the focus of this case will be on the implications of the restructuring from a business ethics standpoint. Throughout the thesis, it will be argued that cases in business ethics are complex and multidimensional. The case of the Newfoundland fishery shares this complexity and scope of problems which emanate from it - sociological, psychological as well as ethical. The case of the Newfoundland

Fishing Industry stands as an example which manifests the occurrence of a region and industry on the 'periphery' being brought down by the crush of mismanagement, technological advancement and greed.

The first thing to remember about the case of the Newfoundland Fishery is that all fishing industries rely on an ecosystem. Whether it be the fishers<sup>7</sup> off the coast of Sri Lanka, in the North Sea or the Pacific North West, they co-exist with the fish as part of the marine ecosystem. The life an ocean system, like the Grand Banks of Newfoundland, supports is a complex and intricate web constantly seeking but never achieving equilibrium (Harris 1993 p.3).

Large Marine Ecosystems are defined as "extensive aggregates of fish populations which are linked together in a predator-prey relationships" (Alexander L. 1993 p.186). Their structures, like anything in nature, are not constant and often change. Humans, as part of these structures, regard these changes as problematic - as for example, when the commercially preferred stocks such as cod began to decline. Fundamental changes have been seen in the Grandbanks and the waters off the coast of the province for a number of years. Shifts in temperature, seal populations, and salinity have all contributed to the biggest change of all - the disappearance of a commercially sustainable cod fishery. (Economist 1992 June 20; Economist 1993 August 7; Hutchings and Meyers 1995). Historically, reconstructed catch and effort data suggest that there were certain signs of

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<sup>7</sup> *Fishers is the term commonly used now in the media and academia to refer to fishermen. It reflects the fishery being not a male-oriented industry but a gender neutral one.*

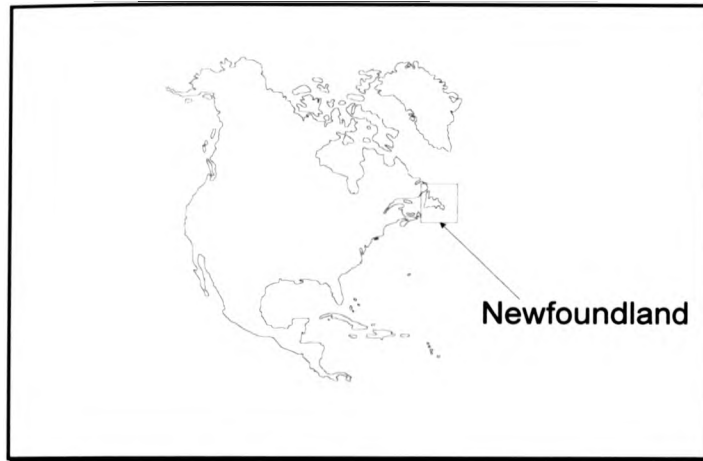
overfishing as early as the mid-1800s but the final element for the collapse of the cod stocks<sup>8</sup> was seen in the rise of modern, ice-reinforced trawlers in the 1960s and 1970s (Hutchings and Meyers 1995 p.39).

Groundfish - cod, American plaice, flounder - have historically been the largest generator of fish processing employment in the Newfoundland and Labrador fishing industry. Fishing is a very good employer of people. Studies have shown 1,000 tonnes of groundfish will, on average, support approximately 18 person years of fish processing employment (Kingsley 1993 p.130). Fish processing is seasonal and can only be done part of the year, so therefore each person year of employment is translated into approximately 2.7 jobs (individuals). The processing sector in the Newfoundland fishery saw strong, unprecedented growth between 1977 and 1986 where it almost doubled in size (Carter 1993 p.134). So the fishery not only defined the province, but became its greatest private sector employer.

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<sup>8</sup> *Stock - a group of fish that have a common genetic make up which inhabit a particular region and generally behave in a similar manner year to year; OR a population of fish which can be fished without affecting other populations of the same species.*





**Figure: Map of Newfoundland in Comparison to the Rest of North America**

The province of Newfoundland and Labrador most likely owes its existence as a modern Western society to fish - particularly Atlantic cod (Felt and Locke 1995). A demersal (bottom dwelling species) *Gadus morhua* is one of the premier food fishes in the world because of its firm, white flesh (Hutchings and Meyers 1995). Newfoundland's geographic position lent itself to fishing, being situated at the juncture of the warm, nutrient-rich Gulf Stream flowing from the south and the much cooler, oxygen-rich waters of the Labrador current originating far to the Arctic north.

The ecological richness of the Newfoundland Grand Banks sustained aboriginal people in the form of the Beothucks<sup>9</sup> and ultimately lured Europeans in the 16th century to the area. The Newfoundland fishery for Atlantic cod was once the

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<sup>9</sup> *The Beothucks were wiped out before the 1850s by a number of factors...including attacks by Europeans. A much more thorough analysis of the Beothucks and the history of aboriginal people in Newfoundland and Labrador can be found in Pastore, Ralph T. "The Collapse of the Beothuck World". *Acadiensis*, 19, 1 (Fall 1989), pp. 52-71.*

largest and the most productive cod fishery in the world. The "Northern" cod component of this fishery constituted upwards of 70% of all Newfoundland catches after 1954 and probably did so for more of the five hundred year history of the fishery (Hutchings and Meyers 1995).

Newfoundland is a province of Canada. It only joined Canada in 1949 after being a colony of Great Britain for the first four hundred years of its existence as a settlement. It still retains a lot of this 'colonial' atmosphere - British Union Jacks are not an uncommon sight around the capital St. John's and the province is marketed for tourists sometimes as "*A Little Bit of the Old World, in the New World.*" Fisheries policy, although partially shared by the province, takes a back seat to regulation which is almost entirely the concern of the Canadian government.

Canada is a leading fishing nation which had prided itself on its rigorous marine science and sensible quotas. The buildings of the Department of Fisheries and Oceans (DFO) tower over the eastern part of the Newfoundland capital of St. John's. The DFO building is a modernist collection of pods set against the 'White Hills', its plate glass windows reflecting the light in the rare times when the sun happens to shine in that part of the city. It reflects not only the sun but also the federal government's interest in the main industry of its newest province.

Fishing is a regulated industry. Only 10% or so of the world's catch is found in 'international' waters. The vast majority is caught within 200 miles of some

country's shore - in water a government claims sovereignty over according to the 1972 Law of the Sea (Economist 1993 August 7; Economist 1995 March 18). The fisheries reliance on an ecosystem has meant that government sets the quotas, fishing gear, as well as host of other variables, in managing the industry. Canada chose a fashionable management option in the 1970s and 1980s and began to limit access to the cod fishery. Trawlers equipped with electronic sensors to facilitate the removal of large numbers of cod were favoured at the expense of the small inshore fishing boats. Communities, such as Catalina, Marystown and Grand Bank, with processing capacity for these huge, modernised boats, grew and prospered. Yet it is widely acknowledged that the trawler contributed directly to the decline of the inshore fishery and the shutting down of a number of the offshore plants due to overcapacity (Economist 1992 June 20).

At the beginning, trawlers were favoured over inshore fishing vessels because they made economic and technological sense. Having established a 200-mile limit in 1977 and expelled foreign vessels, Canadian scientists expected a rapid stock recovery (Economist 1995 March 18). Scientists were perplexed when the catches remained down. This was in spite of the fact that stocks were at an all-time low and foreign vessels continued to fish outside the 200 mile limit (Wigan 1996). Fish know no political boundaries. A 200 mile limit is one which is imposed by humans, not by the fish. As Wigan (1996) explains in the Financial Times:

*Their findings produced contradictory results: research conducted on commercial fishing vessels suggested catch targets could be increased; those on research vessels, the opposite. Scientists decided to advocate bigger quotas, partly because they fitted in with long-term forecasts, partly because they suited fishery interests urging*

*larger quotas, and partly because they were leaned on by politicians. But these quotas were not, and could not, be caught.*

When the collapse was acknowledged and fishing for cod was officially banned in 1992, 35,000 fish-related jobs disappeared in a fish-only economy. The multiplier effects of those jobs, especially in the rural economy, were also very high; being almost three times the number of jobs directly related to fishing (Arnason and Felt 1995; Cashin 1993; Schrank 1995). The effect on rural Newfoundland was quite substantial. Unemployment rates, already the highest in Canada (around 20%, seasonally adjusted), doubled. Although government financial assistance prevented the immediate consequences from being catastrophic, the Newfoundland economy was devastated. Cod stocks showed no sign of recovery; the cod biomass<sup>10</sup> is 1% of what it once was (Wigan 1996) and fishery managers say it will be 5 years before a resumption of fishing will even be considered - assuming of course that the fish return.

There is a belief that the Newfoundland fishing industry is too large; too many people involved in what may be considered a limited resource. This belief is not new. The fisheries department of the federal government of Canada fully understood the situation 25 years ago. At the end of 1969, the minister responsible for fisheries stated in a major speech to the Canadian House of Commons that

*we are beginning to manage our living resources in an intelligent manner. We are assessing fish populations and estimating maximum sustainable yields. We are trimming our fishing fleets down to size and increasing the income of the average Canadian fisherman (cited in Schrank 1995 p.287).*

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<sup>10</sup> Biomass - the total weight of fish in a fish stock; normally expressed as weight of all fish recruited to fishery.

The government, above all things, desired to manage the fishery. The problem was that 'politics' came in the way of scientific management.

Why were quotas not cut back? The belief was if quotas are cut back too far, too fast, then plants which might be viable in the long term would have to close. Owners who might be able to make their payments to the banks for their fishing vessels might have to renege. Individuals and communities which could work under more relaxed quotas, might be replaced. Yet despite the forces at work the failure of the government to respond to the crisis has made it be seen as "the enemy" (Jentoft 1993).

The term 'management', in regards to the fishing industry might be defined as the regulation of activities and resources in order to achieve certain objectives (Alexander 1993 p.191). In a large marine ecosystem, like the Grand Banks, regulations may pertain to both resource and non-resource uses. Commercial fishing could be seen as a "resource" use of the ocean, while tracking the flow of icebergs or plankton in the ecosystem may be seen as a "non-resource" use of the ecosystem. Managing environmental resources, such as the fishery, creates problems which would not be manifested in, say for example, a factory shopfloor. Questions as to why a resource which traditionally did not have any outside regulation in regards to quotas or seasons and now is seen suddenly as in need of being managed obviously creates friction between the regulators and the fishers. Mackenzie (1993 p.343) describes the question of outside interference with "*Why*

*do we not continue like our parents and grandparents harvesting the resources of the sea without external interference?"* The government is seen as even more of an enemy because of this outside interference.

In Norway, for example, when the authorities established limits on the length of boats, the fishers simply made them wider. This reduced their seaworthiness and energy consumption. When the fishing season was shortened, they simply increased the amount of equipment; this led to poorer quality fish. When quotas were introduced, only the biggest and most valuable fish were caught, while the rest were dumped over the side. As a result of such manoeuvres, scientists have trouble getting an overview of the quantities of stocks caught (Jentoft 1993 p.23).

Fisherpeople, from an essentially egoistic approach, reject the government interfering in their fisheries. But, at the same time, the question remains 'does the government have an obligation to protect its natural environment, in the form of the local sea coast'?

The government has a duty to protect its ocean environment because it is a common resource. Yet when the resource is scarce, the questions and problems of a common property resource come to mind which is most often known as the "*Tragedy of the Commons*" developed by Hardin (1968)...

*Picture a pasture open to all. It is expected that each herdsman will try to keep as many cattle as possible on the commons. Such an arrangement may work reasonably satisfactorily for centuries because tribal wars, poaching and disease keep the numbers of both men and beast well below the carrying capacity of the land. Finally, however,*

*comes the day of reckoning, that is the day when the long-desired goal of social stability becomes a reality. At this point, the inherent logic of the commons remorselessly generates tragedy....Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit - in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all.*

Each fisherperson's harvest reduces the opportunities for others. Since fish resources are limited, the fishers are thrown into socially detrimental competition against one another for shares in the available catch. The result is excessive fishing effort, overexploitation of fish stocks, and loss of economic rents (Arnason 1993; Jentoft 1993; Arnason and Felt 1994 p.23).

The processes which leads to the "Tragedy of the Commons" are exemplified in the Newfoundland fishing industry through disregard for scientific management. The DFO building may be omnipresent in St. John's, but there is more than a healthy scepticism of its management practices. Fishers, through deliberate misreporting, high grading, unreported discard at seas, and unreported or underestimated by-catches exemplify the disregard for scientific management<sup>11</sup> of the fisheries. Les Harris, one of the pre-eminent academic sources on the Newfoundland fishery, describes the disregard for management in the old Newfoundland saying "*all fisherman are liars except you and me and sometimes I have my doubts about you*" (Harris 1993 p.1).

***A community that was built on cod and other groundfish over a period of 300 years cannot be turned around in a period of 24 months***

(Matthews 1993 p.201).

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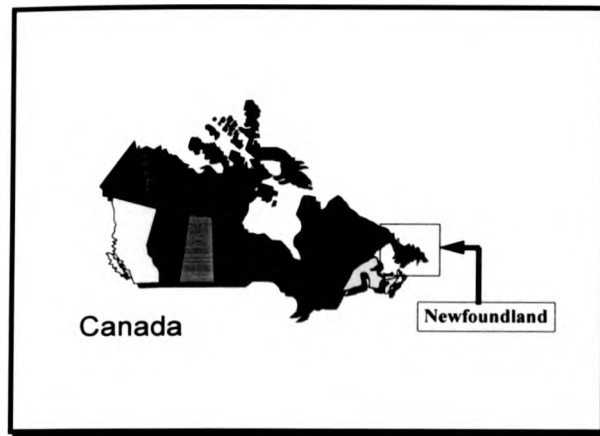
<sup>11</sup> Not used, for course to refer to Taylorism.

As late as 1988, everything was thought to be fine in regards to the fishing industry and the offshore stocks. Fisheries restructuring was believed to be a *fait accompli* (House 1988 p.185). The restructuring of the large fishing conglomerates, FPI and National Sea, caused much hope about the future of the offshore industry - although there was less optimism about the inshore sector. The fishery was believed to be well-regulated. Yet the paradox is that even though fishers abided by the quotas, the industry still collapsed. To understand the collapse and this paradox, I think it is first of all important to understand the history of Newfoundland.

#### **Newfoundland: a brief history**

Newfoundland cod have probably been fished by Europeans since the late 15th century, although the earliest exact documentation of a Newfoundland fishery dates from 1504 (Hutchings and Meyers 1995 p.42). Yet permanent settlement was discouraged. Order was maintained by the captain of the first ship to arrive in the spring. Under admiralty law, he ruled as governor for the year and upheld British imperial law.





**Figure: Map of Newfoundland in Relation to Canada.**

Unlike other areas of North America, which have been colonised by numerous ethnic groups coming in several waves, there was but one brief, though substantial, period of immigration to the colony by two dominant ethnic groups - English and Irish. The vast majority of subsequent population growth has occurred through a natural increase. Outside of St. John's, the critical determinant of settlement pattern was the annual behaviour of the Atlantic Cod (Felt and Locke 1995).

Newfoundland's settlement pattern had been firmly established by the end of the 19th century. The heaviest concentration of people was in an area stretching from the Avalon peninsula in the south-east to Notre Dame Bay in the north-east. The inshore cod fishery was carried out during the summer months and in the late winter and spring there was a seal fishery. Off the coast of Labrador in the

summer a migrant fishery developed with fishers primarily coming from Conception Bay and the north-east coast.

Settlement was dependant on the location to the fish and was primarily seen on the tips of peninsulas and on offshore islands close to the resource (such as Isles aux Morts and St. Brendan's). Communities were also seen at heads of bays, where settlers could pursue logging, mining, ship building and subsistence farming. In total there were more than a thousand settlements stretching along a 600-mile coastline (Jonsson 1995 p. 273). From 1954 to 1990, the spatial location and gear of the inshore fishery was largely unchanged from that of the previous century. It compromised traps, gill nets, hand lines, and long lines with catches by traps and gill nets predominating<sup>12</sup>.

Newfoundlanders used codfish to sustain their communities and create a distinctive culture (Sinclair 1988; Felt and Locke 1995). Traditionally, fish, after being cut, bled, split and lightly salted, were carefully arranged on wharves piled with dry branches (called stages) to be cured by sun and wind - the result was saltcod. While modern boat and gear technology has reduced the necessity in

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<sup>12</sup> *The social structure of the fishing fleet in Newfoundland is reflected in the distinctions between fleet sectors which are represented in several ways in statistical reports. Calculations based on length conventionally assign any vessels under 35 feet to the inshore sector and those over 100 feet to the offshore or deep-sea sector. In between is the nearshore or longliner fleet from 35 to 65 feet and the midshore fleet from 65 to 100 feet. More crudely, boats under 65 feet to the offshore sector. Alternatively, boats up to 25 tons are classes as inshore; all others as offshore. The 95 deep-sea vessels are worth more than all other vessels combined, whether the inshore fleet, which comprises 90 percent of all Newfoundland vessels, contains only 12.8 percent of the total capital value (Sinclair 1988 p. 3). Trawlers were not a significant part of Canada's fleet until the late 1970s. Prior to that, Canada's offshore catches were made from side trawlers and dory schooners. The final but perhaps most telling spatial shift in the Northern cod fishery was the increased allocation of gill net effort in the mid-1980s from inshore to offshore waters - the only waters to which the fixed-gear fishery could expand (Hutchings and Meyers 1995 p. 64).*

Newfoundland to locate communities close to the fishing grounds, large numbers of these communities continue to exist despite official efforts to "re-settle" their residents into urban centres. The result has been the maintenance of a rural, highly dispersed population as described by Harris (1993). Attempts were made to modify this isolated, rural pattern. A cross-island railroad was constructed in the late 19th century and several land-based resource industries such as pulp and paper, mining and petrochemical refining, combined with expanded road construction were developed. Yet, the Newfoundland population remains one of the most rural in Canada (approximately 50% in 1991), with nearly 700 communities containing between 150 and 2,000 residents. Only five urban settlements in excess of 8,000 people exist on the island: the administrative capital of St. John's (100,000); the Western Newfoundland city of Corner Brook (27,000); the adjoining city to St. John's of Mount Pearl (18,000); the pulp factory town of Grand Falls/Windsor (8,000); and the airport/service centre of Gander (8,000) (Felt and Locke 1995 p.204).

Note however that scarcity is not unknown in the Newfoundland fishery. Frequent prolonged periods of comparative scarcity have been seen - but nothing to rival the present crisis. The most pronounced of these periods occurred in the 1860s, the 1890s, and the 1930s. The last decline in the 1930s caused Newfoundland in 1933 - reeling from the effects of an enormous debt load from railroad and other infrastructure construction and coupled with the Great Depression - to be forced from a colonial position where it was responsible for its own domestic affairs into a

form of British "caretaker receivership" (Felt and Locke 1995 p.202).

Newfoundland joined Canada in 1949 still under this 'caretaker' administration.

In the mid 1940s, just before Newfoundland left this 'caretaker' receivership and became a province of Canada, fish catches were quite low at a 150,000 tonnes range. Following the expansion of European-based factory trawlers in the late 1950s and early 1960s, catches increased dramatically to an historic maximum of 810,000 tonnes in 1968. Once again catches collapsed in equally dramatic fashion until 1977 when Canada extended its fisheries jurisdiction to 200 nautical miles. Controlled in part by quotas in the form of Total Allowable Catches (TACs), established by the Canadian government, there was a gradual increase to a post-1977 high of 268,000 tonnes in 1988, prior to the imposition of a moratorium on the Northern cod fishery in July 1992 (Hutchings and Meyers 1995 p.40)

The rise and fall of the catches were reflected in the development of a commercial infrastructure. The number of fish plants increased in Newfoundland from 559 to 1,063 in 1991 - all the increase coming in the inshore and midshore sectors. Most of the new ones were small, strictly commodity producers, relying on a highly seasonal workforce. The result was that by the late 1980s the number of jobs in the offshore plants - mostly year-round jobs at good wages - were dwindling. With more people dividing up a shrinking amount of harvested fish, the average number of weeks worked became shorter (Cashin 1993 p.226).

As we have seen, there are a number of factors which may have contributed to the strong growth in fisheries employment and development of an infrastructure including the implementation of the 200-mile limit in the late 1970s and government incentives which stimulated growth within the industry. Whatever the causes, Newfoundland became increasingly dependent on the fishing industry - as a source of employment and employment growth. This does not even include spin-off jobs in servicing the fishery. Nearly one-half of Newfoundland's total goods producing sector employment in 1986 was accounted for by the fishery (Carter 1993 p.134).

Due to proximity of fishing grounds of world importance, fish is the only renewable resource in which Newfoundland enjoys a great comparative advantage. Fishing is furthermore culturally significant in Newfoundland in that it contributes to the people's sense of identity - even if the problems of the industry are not well understood (Sinclair 1988). A threat to the fishery is perceived by many as a threat to Newfoundland's existence. Yet it is not only Newfoundland's fishery which is at threat but the world's.

In Newfoundland, politics and the fishery are in a delicate mix. The 'politics' of the fishery is exemplified by House's (1988) conception of a "social fishery" - subsidisation through unemployment insurance from the federal Canadian government. Every Canadian province has a problem with unemployment insurance subsidisation, but Newfoundland's is the worst. Nearly half of all people employed receive unemployment insurance in any given year; in rural areas this

percentage goes up to 70%. Spending on social services<sup>13</sup> for the entire Newfoundland population was \$220 million Canadian dollars a year - and over 1 billion in federally financed unemployment insurance (Economist 1993 December 25). A 1989 estimate suggests that for every dollar that fisheries workers of all kinds contributed to the insurance program, approximately \$14 in benefits were derived. This compares with approximately \$5.35 for all Newfoundland workers and \$1.11 for the total Canadian labour force (Felt and Locke 1995 p.226). Nor has it only been workers who have used unemployment insurance to subsidise their seasonal work. Through setting qualifying periods as low as ten to twelve weeks, governments have often used state funding to directly create temporary "make-work" projects of a few weeks' duration. Fishers, plant workers, or others failing to qualify in rural areas of the province can therefore avail themselves of the insurance fund (Felt and Locke 1995; Arnason and Felt 1995). The indirect result of this subsidisation is substantial excess capacity and low productivity.

However, the direct result of this subsidisation is overfishing. It is not only seen in Newfoundland, but the world. The UN's Food and Agriculture Organisation estimates 70% of the world's various fish stocks are being harvested near or beyond any sustainable scale (Maitland 1996). Unless the fleets are restrained, it says, many stocks will collapse. Moreover as stocks dwindle, fish wars may be expected to multiply - exemplified in the dispute between Spain and Canada in 1995 (Economist 1995 March 18).

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<sup>13</sup> *Social services is a provincial government concern.*

Many of the world's marine resources are extremely rich and capable of yielding very substantial economic benefits. The potential value of the surrounding ocean resources is so great compared to the rest of the local economy in many countries that they may provide the means for shifting the economy on to a new and more favourable economic growth path (Barback 1966; Ommer 1988; Felt 1988). The model for this type of economic growth may be seen, for example, in Iceland. However there are formidable economic obstacles to actually realising the potential benefits offered by ocean resources - an incompatibility exists between traditional free access, competitive fisheries and a sensible utilisation of fish stocks. There are too many people chasing too few fish.

From an 'economic' standpoint, the free access competitive fishery will reach an equilibrium only when an expansion in fishing effort has brought the stock size down to the point where total fishing costs equal the value of the harvest. As long as harvesting revenues exceed costs there will be incentive to invest in new capacity. At the equilibrium point, however, net returns from the fishery are zero and consequently there is no incentive to invest in expanded capacity (Gordon 1954; Amason 1993). Moreover, when fisheries provide a less than optimal yield, the difference is needless waste. Depleted stocks yield fewer fish, each of which costs more to net. World-wide, overfishing wastes \$15-30 billion a year. To produce a comparison, this amount is equal to the GDP of Bangladesh or Belorussia (Economist 1993 August 7).

The economic approach however fails to recognise that a fishing industry is not about 'costs' and 'revenues' - it is about an ecosystem. Changes in the size of fish population can alter entire ecosystems. Overfishing will not "*reduce the seas to deserts, but it will turn their lushness into barren scrub*" (Economist 1993 August 7). Gordon's (1954 p.124) work foreshadows the inability to see fishing as an ecosystem resource when he states that "*the management of fisheries is tended for the benefit of man, not fish; therefore effect of management upon fishstocks cannot be regarded as beneficial per se.*" Economics came before the demands of the ecosystem.

It seems logical to have an economically grounded fishery policy based on the evidence of several arguments. An economically based fishery policy should lead to a more rational exploitation of fish stocks within the established Exclusive Economic Zone (EEZ), increase the efficiency of the fishing industry, stabilise the incomes of fishers and the market, leading to better management of fishing effort within a given country (Gwiazda 1993 p.251). On the other hand, in regards to not having a fishery policy, governments may see that in the circumstances of open access, the cost of fisheries management may exceed the economic benefits. Yet strong political arguments exist for leaving access open - the 'tradition' question - which means there is little incentive to get at the root of the problem. The result is the fisheries decline (Cashin 1993; Alverson 1993).

The main need for having a fishery policy is the nature of ocean resources being seen as common property basically forces fishers to overexploit the fish stocks.



even against their own better judgement (Barback 1966; Arnason 1993). This was an acceptable strategy when it was previously thought the resources of the sea were an inexhaustible resource and overexploitation was deemed unthinkable. How could you overexploit that which was inexhaustible? Yet the collapse of the Newfoundland codstocks have shown that the oceans are not inexhaustible.

The question of science versus intervention by politicians is an important point within the case of the Newfoundland fishery. Although it was realised earlier on that the development and management of fisheries must be based on the results of scientific investigation, warnings from biologists against over-exploitation of stocks have often been disregarded by policy-makers and managers who typically find themselves negotiating under economic as well as political pressure. This pressure is not unusual in that fisheries management involves political choices between use today and use in the future, and may also reflect different attitudes to uncertainty (Borsting and Stokke 1995 p.6).

The fishing industry is exemplified by massive over-capitalisation. This has been the predominant element, for example, which is hindering the implementation of a Common Fisheries Policy in Europe. Over-capitalisation is an underlying problem that undermines the good intentions of quota management throughout the fishery. It fosters under-reporting and illegal fishing, undermines gear regulation, stimulating buyer/seller arrangements to avoid regulations, and encourages unsafe fishing practices. Better science cannot address many of the problems confronting an open access fishery (Alverson 1993 p.90). The problem then becomes not one

of science, but one of greed. The problem of over-capitalisation is therefore one of the main reasons why this case is one which fits within the domain of business ethics.

The Newfoundland cod stock collapse shook American and Canadian fishery scientists severely - "*Areas had been over-fished before, but never, while under scientific management, wiped out*" (Wigan 1996). There has always been catch failures in one stock or another, which is a part of the cycle of the industry and the ordinary fluctuation of the resource but what has never happened before was cod, flounder and redfish all collapsed almost everywhere and at the same time (Tobin 1995 p.2). The scientific management of the fishery was manifested in the quotas imposed upon different stocks. The quotas were seen before the collapse as being as much a matter of political expediency as they were being scientific. As one scientist put it: 'Everyone wants improvement, nobody wants change' (Wigan 1996). In what is acknowledged as one of the most 'conservative' societies in Canada, manifested on the importance of organised religion<sup>14</sup> and rhetoric towards a 'traditional' way of life, change in Newfoundland does not come easily.

***If we stay the course, the conservation and management measures I am announcing today may be enough to eventually rebuild groundfish stocks, but they won't be enough to get the industry on its feet...a lot of work has yet to be done if we are to have an environmentally sustainable and economically viable industry capable of providing decent incomes to the fishing communities in Eastern Canada and the Arctic region (Brian Tobin<sup>15</sup> - DFO documents 1994 p.2).***

<sup>14</sup> The two most prominent organised religions in Newfoundland are Roman Catholicism and the Church of England. The organised religions, for example, control all school boards in Newfoundland. This changed only recently in the fall of 1996.

<sup>15</sup> Brian Tobin is the former federal Fisheries minister who left the federal cabinet to become leader of the Liberal Party in Newfoundland. He was commonly referred to in the Canadian press

The impact of science was quite strong in determining whether there was to be a moratorium. The announcement of a two-year northern cod moratorium in July of 1992 was preceded by a year and a half of intense scientific effort aimed at reconciling the results of scientific surveys and events in the inshore and offshore fisheries. Yet science is not infallible. Fall of 1990 research vessel survey painted an optimistic picture (good biomass levels, good signs of the 1986 and 1987 year-classes) (Coady 1993 p.65). Clearly two years later, the optimistic picture was no longer evident.

Some have said that fish have simply gone south since the water is so cold. The problem with this argument is no one has found the fish further south. Stocks off the north-eastern United States seaboard are similarly devastated. Yet, without necessarily denying some contribution from other reasons, a consensus is rapidly emerging that "*over-harvesting is the single most important contribution to the Newfoundland fisheries crisis*" (Felt and Locke 1995 p.220).

The collapse of the Newfoundland codfish industry was foreshadowed by what occurred in the 1980s. Declining survival probabilities seen in this period were associated with increasing fishing effort, declining catch rates, and spatial shifts in gill netting effort from areas of low (inshore) to high (offshore) catch rates, all of which were indicative of a stock in decline. Declining catch rates were common to both offshore and inshore gear. Between 1981 and 1991, a 54% increase in

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as "Captain Canada" because of his leadership and hard-line stance against the European Union (especially Spain) in the Greenland Halibut overfishing dispute of 1995.

trawling hours by the Canadian trawler fleet was associated with a halving catch rate. Declining catch rates were also common in offshore gill netting regions (Hutchings and Meyers 1995 p.79).

Over-harvesting means essentially a failure of the fisheries management system to function. Will there be a need for a dramatically different management system in order to transform the industry into a productive and efficient one capable of competing in quality and price on international markets without extensive state subsidisation? The question moreover is what type of management should be imposed or even if it should be scientific. Before there can be management of the industry, there will be a restructuring.

### **The Restructuring**

Restructuring is equated with downsizing especially in the case of the Newfoundland fishery. It would seem that the need for downsizing is quite evident from a subsidisation viewpoint. The willingness and ability to subsidise the fishery is no longer there. Including loans as well as expenditures, transfers and subsidies, federal and provincial financial outlays on the Newfoundland fishery nearly doubled from \$211 million in 1981/82 to \$408 million in 1990/91 shortly before the Northern Cod Moratorium came into force. Moreover, this does not reflect all the public sources of capitalisation. Over the same decade, the total financial outlay by government on the Atlantic (including Nova Scotia, Prince Edward Island, Quebec, and New Brunswick) fishery is conservatively estimated at \$8 billion (around half in unemployment insurance benefits), equal in value to

the landed catch and somewhat less than half the \$19 billion value of the production of the fish products industry in the five provinces (Schrank 1995 p.291).

Downsizing is not a new concept in restructuring the fishery. The Cashin report of 1993, for instance, spoke of downsizing but was incredibly vague - as was the 1982 Kirby Report (Schrank 1995). However, times are tough in Canada. The desire to have a "social fishery" has been greatly reduced. The reality is that the public sector's ability to support and sustain uneconomic activities has diminished for all industrial sectors in recent years. As deficits and the level of public growth decline, government policy is that all sectors of the economy, including the fishery, must become more self-sustaining and economically viable. Economic realities dictate that government will not be able to continue to support Newfoundland's groundfish fishery (Fisheries and Oceans 1993 p.119)

So what do you do with everyone if a substantial number of people are to be displaced in the downsizing/restructuring? What do you do if an industry was reliant on government subsidisation which is no longer there? There are several important questions which will need to be considered, given the province's dependence on the fishery for employment and incomes. One important question is, will the Newfoundland fishery be able to sustain as much employment growth in the future as it did in the past? The answer is unclear. Also the answer to the question as to what to do with displaced fishers is extremely unclear. The people who are left in the fishery are not trained to do anything else. In the past, young

Newfoundlanders who finish high school have often left rural communities to pursue opportunities elsewhere leaving those with less formal education behind to work in the fishery (Carter 1993 p.145). The coastal communities are located and settled for their proximity to the fishing grounds - not the market.

Out of the crisis may come opportunity. Restructuring the fishing industry along sound economic lines and focusing efforts more on diversifying the rural economy (House 1993 p.223) may provide some semblance of a solution. Another possible solution is the professionalisation of fishers. Professionalisation essentially means closing off the fishing grounds to only professional fishers - those people trained, licensed, and recognised by the government as fishers. In Newfoundland, fishers have generally supported this idea, equating it with more recognition and influence. The result of "professionalisation" is that fishers and their organisations would be able to have better information, a better system of dealing with government, and greater participation in developing fisheries policy (House 1993; Cashin 1993).

Yet a crisis does not always provide opportunity. There are those in society who believe in harsh adjustment, Social Darwinists talk of 'letting nature take its course', 'survival of the fittest', and 'letting one-industry towns caught in a downturn die and be done with it' (Cashin 1993; Tobin 1995). The fishery of the future will not develop easily - for the questions do not all have easy answers. The opportunity of professionalisation is also circumspect for it may be contrary to the logic of a successful economic adaptation in a Newfoundland outpost. This type of

economic adaptation depends upon flexibility to exploit a wide range of economic opportunities which vary by season and by year - go logging in the winter and fish in the summer (House 1988).

With little alternative employment opportunities and considerable political influence, Newfoundland residents have made it abundantly clear to the politicians that they must tread carefully in any restructuring. The result has been little, if any, indication from provincial or federal Canadian politicians as to how government intends to deal with excess processing capacity (Arnason and Felt 1995 p.293). The government seems to be sitting on its hands waiting to see what will happen. Yet the political rhetoric continues.

*"In many ways, they've put the boats and nets away, and put a whole way of life on hold. At considerable sacrifice to themselves, they've shown that in Canada, conservation comes first" (Brian Tobin - DFO documents 1994 p.2).*

To close the fisheries to newcomers trying to make a living poses a moral problem comparable to the life-boat dilemma - what's to be done when the lifeboat is full? Should one more be taken aboard at the risk of sinking, or should those aboard row hard to get away from all those crying to be saved? Downsizing the fleet to create a better relationship between the resource and the catching capacity is regarded by authorities as the main task in the next few years. However, downsizing the capacity will affect the rural communities which are vulnerable and likely to collapse because fishers are not only competitors but also dependent on each other in significant areas (Europe Documents 1994). Will Newfoundland exist as in its present form after the downsizing?

*There is no anticipation, there are no great questions, there is no thirst and enthusiasm and appetite for tomorrow, there is fear. There is fear because communities that for 500 years were founded solely and only on the basis of the fishery, that had existed only for one reason, the fishery; communities that have neither forest product, nor mining product, not oil, nor gas, nor agricultural land, communities that are carved out of rock on the edge of the Atlantic Ocean and who exist only for fish, have found their entire raison d'être gone...And it is a pretty frightening experience. So now in Canada we live with the collapse, we live with the calamity, that is undeniable. A fishery that is closed. A fishery where, of the 35 major stocks in the Atlantic region, 17 are under moratorium. A fishery where the conservation ethic has changed dramatically, where every voice that called for gambling with the resource now calls for caution within the resource (Tobin 1995 p.4).*



# *Chapter 1*

## *Introduction*

*If only those actions are moral....which are performed out of freedom of will, then there are no moral actions.*

**Nietzsche. Dawn. trans. Walter Kaufman, s.301.**

*The problem is not that the social sciences are also humanities, but that they have been poor humanities. In the rush to be scientists, scholars have been overly detached from the philosophical, philological, historical and hermeneutic traditions. The first part of the argument, then, is that organisational studies needs to be re-conceptualised as a humanistic as well as a scientific area of study.*

M. Zald 1993 "Organisation Studies as a Scientific and Humanistic Enterprise: Toward a Re-conceptualisation of the Foundations of the Field." Organisation Science, 4, 514.

### **Introduction**

In some senses, the thesis is about whether business ethics analysis is possible. The need for the study of business ethics seems obvious. At first sight there seems to have been a rejection of the morality of the business organisation and industry which may be demonstrated in that businesses, especially large corporations, are seen as amoral (DeGeorge 1982; Kieran 1995). In the context of writing this thesis, if there was a pound for every person who laughed or said "*they don't have any*" about studying business ethics - I would be rich. Questions of graft, corruption, insider trading, pollution, theft and a basic disregard for humanity hangs, to use an analogy, around the modern day business organisation like the noose of a convicted criminal about to be hanged.

Trust in business organisations (if there was any time it was prevalent) may have disappeared. A recent article in the Financial Times "Pubic Distrusts Big Businesses" (A. Adonis, 1995, September 6) as well as a cover story by Business Week in the United States ( M. Mandel "Economic Anxiety" March 11, 1996) manifests the mistrust with which the general public holds business organisations.

Yet, as Sheena Carmichael points out in her superb book Business Ethics: The New Bottom Line (1995 London: Demos), trust is the foundation of the environment in which business operates.

Attempts to develop this 'trust' are not unknown. Individual business people or organisations may be asked to act ethically when most only have an "intuitive sense" of what ethics is; organisations create corporate codes of conduct for their employees to follow; governments and professions lay down guidelines for 'ethical behaviour.' Yet what is 'ethical' for one person or organisation may not necessarily be ethical for another. Furthermore, analysing ethical dilemmas in business and industry using corporate codes of conduct may lead to mechanistic and/or legalistic thinking that does not represent the multi-faceted, ambiguous nature of business ethics (Ciulla 1991; Stevens 1994; White and Rhodeback 1992).

The use of the term 'business ethics' is very imprecise, and this is reflected throughout the literature. Lewis's (1985) article states that there is no national or international agreement on what exactly the term "business ethics" means. Lewis sees business ethics as a set of rules of conduct or 'moral code' which seems to be the most prominent definition of business ethics. Yet I would argue there is more value seeing business ethics as an '*inquiry*'.

There are no rules of 'conduct' or 'moral code', for example, in the case of the restructuring of the Newfoundland fishery, yet the dilemma still may be able to benefit from a business ethics analysis. There only seems to be a serious, confusing

dilemma of 'what to do' and, more importantly, 'is there anything we can do?' The answer to the second question, I would argue, lies in beginning an analysis - in the starting of an inquiry.

The field of business ethics also faces a dilemma in that it lacks a focused, mature research stream (cf. Trevino 1992; Randall and Gibson 1990; Weaver and Trevino 1994; Victor and Stephens 1994). Normative and empirical research traditions exist side-by-side (Shaw 1996; Collier 1995; Shepard et al. 1995), yet questions remain as to whether it is possible to combine these two research agendas. Is there an 'empirical quest for normative meaning' as Frederick (1992) asks? From an academic viewpoint, this lack of a focused and well-established research agenda has meant that what should obviously be the purpose of business ethics - discussing and examining the normative impact of business and industry in our lives - may have been overlooked. Cases, such as the restructuring of the Newfoundland fishing industry, which would seem to beg for analysis from an ethical standpoint may have been ignored. This thesis is an attempt to examine some of these issues through attempting an analysis of the case of the Newfoundland fishery and development of an analytical model which encompasses both normative and empirical elements.

### **Purpose**

The thesis is an attempt to create a 'model' which provides a series of questions to involved parties, particularly the author of the thesis, in order to analyse a case in business ethics. The OED<sup>1</sup> defines a *model* as:

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<sup>1</sup> *Oxford English Dictionary (1989), Volume IX, Clarendon Press: Oxford, p. 194.*

*a simplified or idealised description or conception of a particular system, situation, or process that is put forward as the basis for calculations, predictions or further investigations.*

The motivation in providing these questions and model is that there may be, in regards to what are the ethical issues surrounding the case of the restructuring of the Newfoundland fishing industry, a clearer more comprehensive analysis if a "tool" was used.<sup>2</sup> The tool, a model called the *Comb*, will be used to examine in detail the case.

In choosing the illustrative case to be examined for the thesis, I wanted to present a dilemma which not only represented the 'multi-faceted, ambiguous nature of business ethics' but had personal meaning as well. In regards to what is a *case study*, I use the Oxford English Dictionary<sup>3</sup>(OED) which defines it as

*the attempt to understand a particular person, institution, society, etc. by assembling information about his or its development; the record of such an attempt.*

I believe 'ethics' and 'morality' is very much a personal subject and although there can be common frameworks, it is motivated by one's own interest. The notion of 'bias' is very difficult to control, and almost impossible to eliminate. Using the OED<sup>4</sup>, once again, **bias** is defined as:

*to influence or incline (one) to do anything - to incline to one side.*

As outlined in the *Prologue*, the case of the Newfoundland Fisheries affects not only the place where I am from but myself personally. This 'biases' me towards the

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<sup>2</sup> As outlined in Chapter 3 and 4.

<sup>3</sup> *Oxford English Dictionary (1989), Volume II, Clarendon Press: Oxford, p.935.*

<sup>4</sup> *Oxford English Dictionary (1989), Volume II, Clarendon Press: Oxford, p.167.*

Province's development and future. Essentially, I am examining a case with which I am intimately involved.

Why utilise case studies in business ethics? Brigley (1995) in an engaging article called "Business Ethics in Context: Researching with Case Studies" (Journal of Business Ethics, 14, 219-226) describes case studies in business ethics as "singular" and an "ethical communication." He also states that "case studies do not produce data so much as evidence, i.e. that which is yielded in the act of interpretation" (Brigley 1995 p.223). The case study in this thesis will provide the context to demonstrate that it may be possible for the author to use a model to analyse a dilemma in business ethics rather than rely upon intuition or abstract philosophical reflection. Ethics is not a simple subject, many issues exist on the periphery which do not seem obvious. Pre-established bias and perceptions seem to come hand-in-hand with complex moral dilemmas.

The thesis is also an attempt to develop an argument for approaching business ethics from within a tradition of social criticism. Can a model reflect and understand the social context from which an ethical dilemma develops? Moral philosophy addresses issues such as duties, but can it understand closed up houses and obsolete factories being closed down (as seen on page 6). Can it address the future of communities and a way of life? The end result of the thesis is designed to make the user of the questions developed within the model think reflectively and to open new lines of debate within the case of the Newfoundland fishing industry and the subject area of business ethics. In essence, you may say that it is following Zald's (1993)

*humanities* approach rather than a *scientific* approach. Zald (1993) states a problem of the social sciences is they have been essentially *poor* humanities. Too often in the rush to be scientific, social scientists have become overly detached from the humanities tradition of theoretical reflection. Benefits from the humanities, for example, include substantive meaning and presentational terms such as rhetoric and narrative devices. All of these benefits may be translated to the field of business ethics. *The Comb*, the analysis of the fisheries case, and possibly this thesis as a whole demonstrates an appeal for a humanities approach. For example, the questions and methodology generated by the model, in a number of ways, are more important than the answers which would be consistent with a humanities approach. The questions provide the framework which, I would argue, may be missing in a typical business ethics analysis. It would seem that the answers about why business is 'unethical' are quite easy to produce - the capitalist system, the emphasis on short-termism, managerial incompetence and so on - but are they the answers to the right questions?

A number of models have been developed to measure business ethics (Gatewood and Carroll 1991; Weber 1992), describe the reasoning processes within ethical decisions (Kohlberg 1969, Rest 1984; Clarkson 1995; Horvath 1995; Hossenini and Brenner 1992) and outline how organisations make decisions (Trevino 1986; Phillips 1992; McKenna 1996). Decision making models (Mathison 1988; McCracken and Shaw 1995; Horvath 1995; Shaw 1996; Jones 1995; Brady and Dunn 1995) are persistent, yet models which help in the reflective analysis of a case (i.e. open-up new lines of argument and establish dialogue) are limited. There seems

to be a dearth in the literature on how to actually reflectively analyse a case within the subject area of business ethics in a systematic manner. How do I analyse the case of the Newfoundland fisheries?

The model developed will be a pluralistic one utilising a number of the different modern moral philosophical theories commonly found in business ethics. A singular, 'one theory' model does not 'intuitively' seem to fit. A pluralistic model would seem to address the myriad of issues seen within the Newfoundland case. The sole aim of the model will be to analyse the case of the Newfoundland fisheries and assist the user in developing a comprehensive analysis. It is simply a tool for analysing the case - not an algorithm or heuristic for making decisions. The author of the thesis may come to a conclusion but not a decision (which usually implies action). Epistemologically, I do not think there is a universal 'right' answer to each specific ethical dilemma in business and especially the case of the Newfoundland fishery. Nor do I want to impose a set of viewpoints on why a certain ideology in business ethics (cf. Shaw 1996) must be followed. Taking the viewpoint of Robert Nozick in Philosophical Explanations (see Dictionary of Philosophical Quotations.)

*Why are philosophers intent on forcing others to believe things? Is that a nice way to behave towards someone?*

The model is not an attempt to find a 'universal' right answer. At the same time, the developed model is not a rejection of the existing intuitions or moral philosophical theories which most ethical situations in business seem to be currently analysed (Brady and Dunn 1995; Cavanagh et al. 1995; Dunfee and Donaldson 1995). A model does not circumvent theory development nor does it necessarily represent it.



Rather, the model being developed is a synthesis and systematic organisation of some of the diverse theories seen in the academic field of business ethics. Furthermore, it may be seen that this synthesis not only reflects the plurality of the different approaches to analysing cases in business ethics (consequential, deontological, law-based) but also the plurality of our own post-modern culture (Bauman 1993; Rossouw 1994; Green 1993). The post-modern approach to morality is, according to Bauman (1991), all too often is the celebration of the 'demise of the ethical', of the substitution of 'aesthetics for ethics', and of the 'ultimate emancipation' that follows. The substitution of "aesthetics for ethics" may also be seen in Brady (1990 p.164) who argues "the ethics of managing and showing how management ethics is better understood as *management aesthetics*." It may be that aesthetics exemplified in public relations and corporate image is becoming much more important than ethical character. Yet is there any sense in preaching that there is no such thing as business ethics because of our supposed entry into post-modernity? Does the 'demise of the ethical' mean business ethics is an oxymoron? Bauman (1993 p.2) argues ethics commonly is disregarded as one of the "typically modern constraints now broken and destined for the dustbin of history." Is 'ethics' obsolete? Moreover who really cares about business ethics? Yet clearly with ethical issues arising in business, from the Nick Leeson and Barings Bank scandal occurring in Singapore to the uproar with Banker's Trust in New York and the recent cover-up of £1.8 billion pounds of illegal trading on the London Metal Exchange by Sumito Industries (Doyle 1996, Electronic Telegraph, June 20), there is a realisation the issue of ethics (and especially business ethics) may not yet be destined for the

*dustbin of history*. The role of post-modernism in business ethics (and within this thesis) is discussed in Chapter 5.

Every person facing a business ethical dilemma necessarily cannot be a trained moral philosopher (Bird and Waters 1989). While the author of this thesis has some background in moral philosophy, he is not an 'expert' in it. Yet expertise is not necessarily always required. What most agents can be, I would argue, is a user of a simplified, systematic model based on moral philosophical and business ethics theory. By *simplify*, I mean:

*to render less complex, elaborate or involved; to reduce to a clearer or more intelligible form; to make easy*<sup>5</sup>.

In using the term *systematic*, I also use the OED<sup>6</sup> definition as:

*arranged or conducted according to a system, plan or organised method; involving or observing to a system; acting according to a system; regular and methodological.*

The author will attempt, within this thesis, to be a user of this 'simplified' and 'systematic' model.

Some would argue that moral philosophy merely gives an academic and ethical respectability to a practice (business) which is inherently unethical. This thesis, on the other hand, will argue that a theoretical reflection will increase the understanding of most dilemmas through analysis (Alexander 1995; Kieran 1995; Brigley 1995). A theoretical reflection, moreover, may give an analysis with a higher ethical content.

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<sup>5</sup> *Oxford English Dictionary (1989), Volume XV, Clarendon Press: Oxford, p. 500.*

<sup>6</sup> *Oxford English Dictionary (1989), Volume XVII, Clarendon Press: Oxford, p. 499.*

since it considers different ethical perspectives. It may also grant some degree of 'detachment' of perspective within the 'involvement' of the dilemma. Just as the Newfoundland fishery is an area on the periphery, so too may there be issues in the periphery of a business ethics analysis which can be addressed. The model presented here is a method of engaging in theoretical reflection through the generation of a number of questions rather than intuitive or abstract philosophical thought. The model may be easier to use because the questions are already generated. Most of all, using the model, it may be better than throwing up one's hands and saying the case is too complex and cannot (or should not) be analysed from a normative standpoint. The model may be seen as hopefully beginning the author's reflection on the case of the Newfoundland fishery. The question is, can the model be built and, if so, is it *viable*<sup>7</sup>, that is, is it "workable and practicable"?

### **The Case of the Newfoundland Fishery**

The case study of the Newfoundland fishery will be examined in Chapter 6 and will hopefully demonstrate how the *Comb* may be utilised. The case study was developed and written specifically for the thesis. The term 'case study' is also used somewhat unconventionally within the thesis. I am using the case study as an illustrative dilemma. A dilemma, by definition, is an 'unsolvable problem'. The case study is a dilemma - but is multi-variabed and ambiguous which is obviously characteristic of the nature of business ethics. It is the tangled 'mess' or 'knotted' problem as we would see in unruly hair. The dilemma is not a case study in a

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<sup>7</sup> *Oxford English Dictionary (1989), Volume XVII, Clarendon Press: Oxford, p.56*

manner which represents a 'snap-shot' of reality. The Fishery Case, as outlined in the Prologue, is an extremely complicated case of not only a business ethics issue but also of a sociological, political and economic one. Pre-interpretation was needed to present the dilemma. Methodological issues behind the *Comb* and the case study may be found in Chapter 3.

Continuing with the hair metaphor, when I developed the case for the thesis there was cutting and shaping of the data according to what I believed was important. The case contained so much data that, in developing it, decisions had to be made as to whether to cut, or leave alone various perspectives. The case is not a 'snap shot' of reality. Rather, like any qualitative research, there is interpretation of the information presented. This does not mean the potential for using the *Comb* in reflective ethical analysis is dependent on 'shaping' the case to its various questions. The *Comb* may potentially be used in various other business ethics dilemmas. The case of the Newfoundland fishery is examined within the thesis for the author's self-development. The *Comb* may 'disentangle', 'arrange' and 'clean-up' the issues within the case. Obviously, the issues are easier to arrange because first I 'cut' and 'shaped' the case. This 'cutting the hair' before it is 'combed' could not be avoided, but it does not distract from the potential of the *Comb* to be used to undertake reflective analysis. Nor does it diminish the importance of the case-study.

The Newfoundland case study represents something which is occurring only a four and a half hour flight away from Heathrow. But, as in any representation, there are different angles and interpretations to the picture. I have obviously interpreted the

arguments and facts presented before you - otherwise the dilemma would be impossible to re-present. It is a case study which really begins in 1497 when Newfoundland was 'discovered' by the Europeans and the importance of its fishery as a food source and as an industry was realised. I still consider the illustrative dilemma of the Newfoundland fishery as a 'case' but the notion of a 'case' may be different than what is generally accepted in business studies. For example Easton (1986 p.1) uses it as "a description of what has occurred". Yet, I would argue, the case of the Newfoundland fishery may not be a total description of what has occurred, moreover it is still unfolding. There has been a shaping and a cutting to present it within this thesis and to myself.

In order to shape the case of the Newfoundland fishery certain cutting decisions were taken. It is primarily based on 'stakeholder' theory, for example, which reflects the nature of the fishing industry. A stakeholder approach, it may be argued, also may be seen as implicit within any business ethics analysis. Stakeholder theory is both descriptive and instrumental. It presents a model describing what the organisation or industry is - a constellation of co-operative and competitive interests possessing intrinsic value (Donaldson and Preston 1995). Stakeholder theory is also instrumental, establishing a framework for examining the connections between the practice of stakeholder management and the achievement of various organisational goals (Freeman 1984).

The Newfoundland fishing industry case is based more on the *descriptive* nature of stakeholder theory. Description may be seen as common and desirable in the

exploration of new areas, such as the Newfoundland fishing industry. Stakeholder theory, furthermore, expands and generates explanatory as well as predictive propositions (Donaldson and Preston 1995). Stakeholders, in terms of theory, may be seen as persons or groups with legitimate interests in procedural and/or substantive aspects of organisational and, in this case, industrial activity (Freeman 1984; Jones 1995). Stakeholder theory and its importance to the case of the Newfoundland fishery is elaborated on in Chapters 3 and 6.

Yet a question remains as why to choose the Newfoundland fishery as a business ethics case. Newfoundland is an island province of Canada. Its main industry since the 1600s has been the fishery. It is more than an industry to some people - it is a way of life. It defines the culture of the area, it gives people the subsistence to live and determines population location. It is commonly believed (Shrank 1995; DFO 1993; Economist 1994, August 17) that the present-day Newfoundland fishery is too big. There are too many people being supported on a fishery which is not nearly as abundant as in the past. The fishery will have to be restructured along stakeholder lines not only to ensure that the people involved have viable employment, but also reflecting the vision of the fishery as an industry (Tobin 1995; House 1993).

People will be forced out of a profession and a livelihood they have known for their whole life. Communities and individuals will suffer the angst and alienation that comes with being displaced from the industry. Many decisions made on what the new fishery will resemble, which communities will keep their fish plants, which

fishery will receive most of the resources and will the government continue its social safety net, are all choices that create moral and ethical dilemmas.

To re-iterate from the Prologue, the cod fishery in Newfoundland since 1992 has collapsed and, in the recent past, gone through some major restructuring. Climatic changes in the ocean, over-abundant seal and whale populations, foreign overfishing, and mismanagement have contributed to a serious decline in the fish stocks (Scott 1993; Hutchings and Meyers 1995). The ethical dilemmas being created out of how to restructure the fisheries may be seen as substantial.

The methodology used in developing the case consisted of three sections. The first consisted of conducting a series of interviews with the different stakeholders and asking them questions using the *Comb*. The second part consisted of performing a content analysis on a seminar series which included a number of primary stakeholders in the fishery.

**Picture: Audience from Seminar Series.**



There are a number of stakeholders within the Newfoundland fishery including, but not limited to, government, union representatives, independent fishermen and, significantly, the present day inhabitants of the province. An identification of the different stakeholders was done, in part, through a series of open seminars held by the Department of Philosophy at Memorial University of Newfoundland in 1993 (Scott 1993). Extensively utilising the data from the seminar series (which was videotaped and recorded) it brought together a number of prominent stakeholders in one room. Examining all the videotapes, (over 40 hours in all) detailed notes were taken on the ethical implications of the seminars and the subsequent discussions. Questions generated from the *Comb* helped arrange the information from the seminars and the way it is presented here. Third, after taking all the information gather from the interviews and the video-tapes, I performed an analysis of the case of the Newfoundland fishery in and through writing many drafts.

Although not 'formally' ethnographic, I believe the research may be loosely categorised as such because of the time spent 'living' through the restructuring and the questioning aspect which I took on. The *Comb*, then, may be seen as adding some self-reflexivity for an ethnographic researcher. The *Comb* may be seen as assisting, in some small way, to examine the case with a sense of 'detachedness' in which I am heavily involved. It may help me see ideas and arguments on the periphery which were not visibly or intellectually evident to me before the analysis.

The issue of 'detachment' and 'involvement' is not new to the social sciences. Becker (1967) in "Who Side are We On?" and Elias (1956) in "Problems of



Detachment and Involvement” argue that it is very difficult to do research which is uncontaminated by personal sympathies. There is no such thing, in their view, as totally unbiased ‘detached’ research - it is just a matter of degree. At the same time, it cannot be said in any absolute way that someone is totally involved. The distinction between ‘involvement’ and ‘detachment’ is in essence minimal; Elias (1967 p.227) refers to them as “marginal concepts”. At the same time, there may be a recognition that some sort of detachment, of creating a perspective, is needed in the social studies and especially within this thesis. Business ethics and the case of the Newfoundland fishery are very personal subjects to me. I am very ‘involved’. So the *Comb* may be seen as an attempt to create ‘detachment’ within my ‘involvement’. Through grounding the analysis in moral philosophical terms, and systematising it through a model, I may be able to create some perspective, some detachment, and hopefully improve the analysis. This will be the first time an analysis of the ethical issues arising from the restructuring of the Newfoundland fishing industry has been undertaken in a systematic manner.

In some ways, the methodology of this case follows the ‘Enlightenment’ model. According to Zald (1993), in the Enlightenment model, the researcher-user does not pretend to solve specific problems for the stakeholders. Instead the researcher makes available to the stakeholder the reflective capacity of detachment. The Enlightenment approach is not a quick fix and there is a recognition of the limits of current knowledge and the complexity needed to change social relations. The Enlightenment model, however, is based on optimism: that reason and knowledge may be used to point to ways of organising (Zald 1993).

## The Model

The model created is called '*The Comb*' and is obviously built on a form of 'metaphorical language.' The Oxford English Dictionary (OED)<sup>8</sup> defines a comb as:

*1. a. A strip of wood, bone, horn, metal, etc., with indentations forming a series of teeth, or with teeth inserted, along one or both edges; used for disentangling, cleaning and arranging the hair, and for like purposes.*

*1. d. The action or process of Combing out.*

The term 'Comb' may be also used as a verb, and the OED defines it in the verbal sense as

*1. a. To draw a comb through the hair for the purpose of cleaning, disentangling, or arranging.*

*2. a. To dress (wool, flax, etc.) with a Comb, so as to separate the fibres, bring them into parallel order, and separate the shorter from the longer.*

*4. b. To search or examine minutely.*

The reason I chose the name 'Comb' is that business ethics is commonly seen as complicated, ambiguous and a 'mess'. The meaning of the term 'Comb' lends itself to thinking about 'cleaning', 'disentangling' and 'arranging' what could be considered a mess. It also (to use the 4b definition) is a device for examining or searching for something minutely. These aspects of the term '*Comb*' describe, in some ways, what I wanted to accomplish with my model through analysing the case of the Newfoundland fishery - 'clean', 'disentangle' and 'arrange' my understanding of the case. Also, the use of the term '*The Comb*' as a metaphor also means it has a normative (i.e. this is how it should be) impact.

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<sup>8</sup> *Oxford English Dictionary (1989), Volume III, Clarendon Press: Oxford, pp. 511-512.*

The OED defines a *metaphor* (Oxford English Dictionary (1989), Volume IX, Clarendon Press: Oxford, p.677) as

*The figure of speech in which a name or descriptive term is transferred to some object different from, but analogous to, that to which it is properly applicable.*

Metaphorical language may be seen as a better alternative than literal language for expressing the continuous flow of experience (Ortony, 1975, 1979; Srivastva and Barrett, 1988; Tsoukas 1991) which is seen in business ethics through its multi-dimensional and contingent nature. At the same time, the model uses literal language, in the form of questions, to overcome some of the deficiencies seen in 'metaphorical' language. In the *Comb* there may possibly be both the understanding which comes from the use of 'metaphor' and analysis generated through literal language. The use of the term 'Comb' in the model may also be seen as a 'normative' perspective (i.e. you should go through this minutely), while the literal language seen in the questions may be seen as having more of an empirical basis. The '*Comb*' as the model being developed for this thesis is not strictly a 'metaphor,' it may be seen as a 'metaphorical' model. This is may seem a small distinction, but at the same time, it is an important one, because obviously the model does not take on all the attributes of a regular comb. This is discussed more thoroughly in Chapters 4 and 5.

The *Comb* is meant to 'disentangle', 'arrange' and 'go through' the fabric of the dilemma of the Newfoundland fishery as seen in need of analysis from a business

ethics perspective. Why is it in need of ethical analysis? It may be seen as in a state of crisis (Scott 1993). A *crisis* is defined as:

*A vitally important or decisive stage in the progress of anything; a turning point; also a state of affairs in which a decisive change for better or worse is imminent; applied to times of difficulty, insecurity and suspense in politics or commerce*<sup>9</sup>.

The notion of a crisis is not new to business. Within 'post-modernity', it may be argued, there is a crisis of not only organised capitalism (Crook et al. 1992) but ethics itself (Bauman 1993). Within this 'crisis' of the Newfoundland fishery there may be a need for reflective detachment to look at the alternatives, to examine the dilemma and to consider ethical issues as well more 'concrete' ones such as political and economic. The *Comb* may be seen as helping to achieve these objectives.

The *Comb* works in this manner; an individual (user) is faced with an ethical dilemma. Instead of using a method which limits thought, for example, such as codes of conduct or 'legalistic thinking' (Sitkin and Bies 1993), the model expands the user's ethical knowledge of the potential avenues of thought. Unfortunately with this expansion of knowledge, it may be argued, more complexity arises. Yet, is complexity a valid reason to give up or not engage in the analysis of a business ethics dilemma? It may be argued that when a particular dilemma is important to a user or, in the instance of this thesis, the case of the Newfoundland fishery to the author, analysis must not be disregarded because it is perceived to be too complex - rather it should be embraced.

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<sup>9</sup> *Oxford English Dictionary (1989), Volume V, Clarendon Press: Oxford, p27.*

It may be argued that too often in a business ethics analysis there may be a tendency to enter into abstract philosophical argument rather than examining the specifics of the case. The great number of philosophers working in the business ethics field, both academic and practice oriented, mean there may be a tendency to revert to abstract, philosophical thought. The specifics may be ignored at the expense of building strong, philosophically-oriented analytical arguments. For example, I once asked a philosopher examining an applied ethics issue why he did not use examples to clarify the issue, his reply - '*It weakens my argument.*' In not using examples, ignoring the specifics, is their too much emphasis put on '*abstraction*'?

Non-philosophers may get lost in the abstractness of the debate. The *Comb* is meant to be systematic, yet simplified - to get around the abstraction. For example, I have some knowledge of Kant and deontological theory but am not an expert in it. Does this mean the theory is not usable? The *Comb* is not meant to be sophisticated, or be outside the realm of discourse. It is common to hear business ethicists talk about how it is impossible to teach Aristotle to MBA students. They argue that business students shut off in class for they think that Aristotle belongs in a philosophy department, not in a business classroom. Yet, I would argue, Aristotle's views may be presented in a simplified (yet condensed) format which may assist in an analysis.

To give an illustrative example, Michael Hoffman, the head of Centre for Business Ethics at Bentley College, was giving a speech at Ethics Officer Association Conference in Toronto, Canada (October 1995) when someone shouted out from the crowd "Tell us Mike about Aristotle!" and the crowd laughed. The philosophy of

Aristotle was not believed to be applicable to the modern business world. The *Comb* is designed to get around this laughter, based upon the mistrust of philosophy and social theory. I would argue you do not have to be a trained philosopher to utilise the questions developed in the *Comb*. All you need is a desire to further analyse and reflect on a case in business ethics. At the same time there is a realisation, the model is not to be seen as something which an average business person may use. In developing the model and the thesis a certain amount of expertise was gained in business ethics. Since the thesis is about analysing a particular case, the restructuring of the Newfoundland fishery, and not examining whether the model's analytical ability can be replicated by managers, the *Comb* is solely for me. It is designed to develop *my* knowledge, *my* expertise and *my* understanding of the case of the Newfoundland fishing industry. What hopefully it will assist others in is the understanding of what is happening in Newfoundland, but overall this is a self-developmental thesis. My purpose in developing the *Comb* and analysing the case is personal. It is to assist *my* intellectual development. The *Comb*, as seen below, is an aid in the analysis and reflection of the case of the Newfoundland fishery.



In promoting the metaphorical language behind the *Comb*, it can be argued that ethical situations are 'cleaned', 'disentangled' and 'arranged', through the *teeth*, each of which are based on a particular theory from modern moral philosophical theory as it is used traditionally within the business ethics literature (cf. Brady and Dunn 1992). The *Comb* 'combs through' the knots seen so often in business ethics cases. Its basis in modern moral philosophical theory may be seen as an attempt to denaturalise the "fashionable way" to currently examine cases in business ethics - by using corporate codes of conduct and legalistic thought. 'Metaphorically', the model may be seen as similar to just a straight, old fashioned comb. Its not meant to be stylish, it is meant to get the job done.

Business ethics, within the standard approach, is not a separate type of ethics; it is simply ethics in business and related concepts. The standard approach of business ethics may be seen as hostile to the view that the world of business has its own distinctive ethical norms, different from those of ordinary, everyday morality, and that business conduct should be assessed only by these own norms. The standard approach also emphasises the fact that individuals are "*moral agents, that they inevitably face business situations with moral dimensions, and that they bear responsibility for both their decisions and their failures to decide, for both their actions and their omissions*" (Shaw 1996 p.494). The *Comb* may be seen as a 'standard' approach within the business ethics literature.

Five different teeth are utilised in the *Comb* established on traditional 'Principlism' based moral philosophical theories generally used in business ethics: consequentialism, deontological theories, egoism, social contract and rights theory. Why use five theories? Why not six? As will be outlined in Chapters 3 and 4, choosing from what theories to develop the questions was difficult. There are a plethora of theories used within the field. The current models utilise a number of theories - but there is no reference as to why four, five or six theories are used. My concern, then, was to be as pragmatic as possible in choosing the theories - I wanted to be *systematic* and *simplified* in conjunction with the focus of the *Comb*. I used 'principle' oriented moral philosophical theory, specifically I used the typology of Bowie and Beauchamp's (1979) Ethical Theory and Business Ethics, elaborated upon in Chapter 5. The five theories chosen do not represent even a complete or comprehensive representation of principle based modern moral philosophical theory, much less the whole of the field of moral philosophical theory. At the same time, the five theories may be seen as the 'traditional' approaches within the business ethics literature. While virtue theory and 'caring' approaches have become increasing popular, they are not as developed nor are they reflected in the theoretical development behind the business ethics literature - this is elaborated upon in Chapter 4. Creating a comprehensive and complete theoretical landscape is not the focus of this thesis, rather it is to analyse the case of the Newfoundland fishery, and the theories were pragmatically chosen to be consistent with the aims of the thesis.

While the 'teeth', the five theories, are traditionally used, they are seldom applied in conjunction with each other (Cavanagh et al 1981; 1995; Brady and Dunn 1992).



DeGeorge (1992) and Velasquez (1982), for example, propose that there are only three major principles which can be used to analyse business ethics cases: rights, justice and utilitarianism. Problems may develop with a pluralistic theoretical approach because of conflicting and overlapping theories. Does this plurality of theories seen within the *Comb* hamper the potential analysis which it may provide in the case of the Newfoundland fishery? The theoretical methodological questions behind the *Comb* are developed in Chapter 4.

The *Comb*, once again, is an attempt to increase the potential avenues of reflection. The *teeth* help go through the 'tangled fabric' of the Newfoundland fishery case, giving the author essentially different strains of philosophical reflective thought through the posing of questions. It may be seen as an aid in improving lateral thinking. The questions, generated by the *Comb* to assist the author's reflective analysis, which are discussed and generated in Chapter 4, may be seen on the following page.

Essentially, the user is asked to go through the basic tenets of moral philosophy in a systematic but straightforward fashion. It may be argued the emphasis on reflection and analysis overcomes one of the main problems in studying business ethics cases - a desire to give a socially acceptable answer. In the case of the Newfoundland fishery, it may be argued that a 'socially acceptable' answer to the dilemma is that too many people are catching too few fish. But, at the same time, there may be other potential answers which may become apparent upon reflection - for example, an unwillingness to change attitudes towards the fish themselves.

**Egoism**

1. *What is your own self-interest?*
2. *How can this self-interest be pursued?*
3. *How can this self-interest be maximised?*

**Deontology**

1. *What are your duties, obligations, in the situation being examined?*
2. *The action that you are deciding to take, is it possible to do it in all situations?*
3. *Does the action being contemplated make sense? Does it seem the rational thing to do?*
4. *Does the course of action fulfil the obligations and duties set out in question 1?*

**Consequentialism**

1. *What is the best possible outcome for the situation being considered?*
2. *Will this outcome be the best possible outcome for the greatest number of people?*
3. *If there is no best possible outcomes, what is the worst possible outcome? How can this worst possible outcome be minimised?*

**Social Contract**

1. *Is there anything owed to you by society? Do you owe anything to society?*
2. *Why are these obligations owed to you? Why do you owe them to society?*
3. *Are they owed to everyone else in society in an equal manner?*
4. *Does the action which you are considering affect society or the structure of the environment in which you are operating?*

**Rights**

1. *In the situation you are examining, are there any inherent rights involved (i.e. the right to free speech, the right to due process)?*
2. *Are any of those rights being violated?*
3. *What do you think your rights are in this situation? Are these rights the same as other actors in the case?*
4. *Is the decision being made fair, impartial and equal to all the parties concerned?*

Figure 1.2 The Questions from the *Comb*

Studies of ethical behaviour which use attitude measures (e.g. asking for a judgement about how wrong an idea is) have been criticised (Robertson and Anderson 1993). This is due to socially acceptable answers being more readily apparent and tending to receive stronger endorsements than might represent reality (Burstin et al. 1980). This is referred to within the literature as the social desirability bias (Weber 1992; Liedtka 1992; Fernandes and Randall 1992). The *Comb* attempts to overcome this bias through not requiring an answer to the case - it is designed to

make the user think and engage in theoretical reflection. Once again, the questions may be seen as more important than the answers.

The questions created by the model will be posed in language that I can understand; a language which will analyse and respond to the case of the Newfoundland Fishery. *The Comb* works on one central idea - it is better to have knowledge of the different approaches to analysing a case in business ethics (that is, it is better to think in a lateral fashion within the analysis) rather than have a lack of understanding of the various options. I cannot stress enough that the *Comb* is meant to be a piece of textual technology. In conducting the research for the Newfoundland fisheries case, I also used the *Comb* to interview specific stakeholders within the fishery. It may be therefore argued that the 'you' in the questions are the stakeholders and myself. This idea of two 'you's is indicative of the 'involvement' seen within the thesis for I am a stakeholder in the restructuring of the Newfoundland fishery.

Above all, the *Comb* is meant to simplify and systematise the analysis for me. It is also meant to have (however minor) an impact upon my world and understanding of what is occurring in the Newfoundland fishery. This may lead to psychological contentions of post-hoc rationalisation and attribution basis. But following a humanities approach as well as the focus of the thesis in analysing the case of the Newfoundland fishery, I would contend that these 'psychological' contentions are important if I was taking a behaviourist approach. I am, however, examining and reflecting upon the business ethics case of the Newfoundland fishery, through using the model of the *Comb*.

### **Why use ethical theory in the Comb?**

The teeth of the *Comb* are based on and drawn upon ethical theory. I would argue that there is no simple distinction between theoretical and applied ethics. Debates about theory building and contributions to theory within business studies, for the most part, have been confined inside the bounds of the functionalist paradigm (Gioia and Pitre 1990). The case study presented within the thesis, as well as the development of the *Comb*, may be seen as an attempt to 'break out' of this paradigm. Business studies has been guided predominantly by the assumption that the nature of organisations is a basically objective one that is 'out there' awaiting impartial exploration and discovery (Gioia and Pitre 1990 p.586). The use of the case study in this thesis does not pretend to discover something 'out there' - it is an attempt to improve the author's analysis and understanding of a complex case. Moreover the thesis may demonstrate that utilising a pluralistic, reflective, systematic model, such as the *Comb* instead of a unitary theory (such as consequentialism) may provide for the author a more consistent and coherent analysis to business ethics dilemmas.

Yet, why use ethical theory? Derry and Green (1989) argue that a consensus exists within the field of business ethics about the importance of 'ethical theory'. Knowledge of ethical theory is believed to be needed for responsible debate about issues in business ethics to take place and it is a vital resource for handling specific cases. DeGeorge (1982) also relates this view when he states that "[m]astery of ethical theory....provides the necessary tools to engage intelligently in personal and

social analysis of moral issues." Derry and Green (1989 p.523-31) offer a typology of the different approaches to theory seen in the field. It is described thus:

### **1. Theory as Descriptive**

Theory is seen as an essentially descriptive tool to articulate moral issues and to assist reflection on them. Ethical theory is viewed as encouraging informed discussion and providing the vocabulary necessary to clarify the values expressed in the complex interactions of organisational life. Familiarity with theories helps people to fashion reasoned arguments and to identify positions in the debate. This is the view taken by Bowie and Beauchamp (1990) in their textbook on business ethics.

### **2. The Minimalist Approach**

Ethical theory is seen as not permitting agreement on answers. While basic theories or principles may conflict, it is still possible for philosophers and ethicists to make a contribution through basic reasoning.

### **3. Methodological Pluralism**

Recognising that neither the descriptivist nor minimalist approaches provides significant ethical guidance in concrete instances of choice, methodological pluralism refrains from deciding which of the two major schools of thought, consequentialist or non-consequentialist, is correct and seeks to employ aspects from both methods in approaching cases.

### **4. The view that "ultimately there is no theoretical conflict."**

This is the view that while consequentialism and non-consequentialism may seem to counsel opposing courses of conduct, this is only because these approaches may not be rigorously applied.

### **5. Emphasis on Concurrent Conclusion**

Emphasises the importance of those areas where theories concur in their conclusions.

#### **6. Resort to social consensus**

In the absence of ultimate theoretical agreement on the basic principles there is an appeal to those social values commonly accepted in our society. These values furnish solid enough ground for proceeding to the practical task ahead and not resolving some important ethical debates.

#### **7. Encouragement to "choose"**

This approach to theory rests on the assumption that since major philosophers favour each approach, it does not matter which one is selected as long as the arguments are properly developed.

#### **8. The view that "turning directly to case analysis may direct"**

The effort to find consensus between divergent ethical traditions is sufficiently frustrating to lead to the hope that perhaps such a consensus will emerge from actual case analysis.

#### **9. A dialogical method**

While making an appeal to the importance of case analysis and the relevance of concrete decision-making it also refuses to accept a simple distinction between theoretical or applied ethics, it proposes a unitary inquiry marked by an active dialogue between theoretical investigations and the analysis of concrete issues or cases.

I would argue that **dialogical method** as proposed by Derry and Green, may be the most desirable when approaching theory and may have special importance to the case of the Newfoundland fisheries. The dialogical method flows from the dialectic developed by Plato which refers to the 'method or art of conversation or debate.' Following the Enlightenment model, the idea of reflective detachment is needed, not only for the author but, it may be argued, for the people of Newfoundland. There seems to be a need to discuss, reflect and examine issues in business ethics and the

ideal way may be through theory. There may be a need to gain some perspective on what is happening in Newfoundland. Moreover, there may be a need to develop some 'detachment' within the 'involvement'.

The *Comb* is an attempt to begin reflective examination, specifically on the case of the Newfoundland fishery, for people like myself who are intimately affected by a dilemma. Moreover it may be seen as an attempt to establish dialogue about issues within the field of business ethics. The problem in business ethics may be simply in communicating the theories rather than their non-applicability. This thesis is an attempt to communicate these theories.

### **Conclusion**

Business studies is commonly believed to be a practical subject area (for an alternative viewpoint see Alvesson and Willmott 1992). At its core, the emphasis has been on growth, profit and sustaining jobs. If business and organisational studies are inherently practical, we must ask how can theory help and have an application for business ethics and the case of the Newfoundland fishery in the form of philosophy and social theory? Moral philosophy, social theory, as well as theoretical reflection, can and is properly concerned with our practical experience and actions (Hoffman 1984; Alexander 1995; Kieran 1995). The thesis is not an attempt to preach nor is it an attempt to moralise. At its core, the message is very simple - that there may be, for the author, a systematic way of analysing the dilemma of the Newfoundland fishery as a business ethics case through the model of the *Comb*.

The next chapter is a literature review. It will outline the literature seen within the field of business ethics and demonstrate the development of the moral philosophical theory behind the field.



# *Chapter 2*

## *Literature Review*

*"The most pressing and controversial modern social problems centre on the lack of business ethics, the selfishness, of the so-called "me generation", and the rise of rampant hyper-individualism. But contemporary commentators do not know where to turn for theoretical scaffolding to find a proposed solution"*

**Stjephan Meštrovic (1991) The Coming Fin de Siècle.  
London: Routledge. p.174**

## Introduction

While the field of business ethics is relatively new (I would argue as an academic field it did not start to emerge until Friedman's (1972) article The Social Responsibility of Business<sup>1</sup>), one of its fundamental basis - moral philosophy - is very old. The tradition of Western ethical philosophy may be seen as beginning with the ancient Greeks.

The following literature review is an attempt to describe the different strains of thought which encompass the field of business ethics. A number of primary philosophical works, including Kant's Fundamental Principles of the Metaphysic of Morals, Mill's Utilitarianism and Solomon's Ethics and Excellence were utilised in confronting the literature. The literature review did not only consider philosophical works, for there was also the recognition of the potential value social theory may have in forming the analysis behind the *Comb*. Recent texts which reflect a 'social theory' approach: Meštrovic's The Coming Fin de Siècle, Bauman's Postmodern Ethics and Life in Fragments, Selznick's The Moral Commonwealth and Alexander's Fin de Siècle Social Theory were also used in developing arguments within this thesis. The theories analysed and reviewed - both within and outside the academic field of business ethics - all contributed to examining not only the model of the *Comb*, but the subject of business ethics itself. Close to four hundred articles and books within business ethics were read, analysed and annotated in compiling the

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<sup>1</sup> Some would also point to the emergence of the Journal of Business Ethics as the beginning of the academic field. I talk more about Friedman's article later in the chapter. An excellent description of the founding of the Society for Business Ethics may be found in Ryan (1995).

data necessary for the thesis. The articles were referenced, primarily from the Journal of Business Ethics (JBE) which has recently been surpassed by Business Ethics Quarterly (BEQ) in regards to scholarly work (i.e. most of the major authors in the field such as Freeman, Hosmer, Donaldson, Hoffman and Trevino would publish primarily in the BEQ). The Journal of Business Ethics more reflects, however, the development of the field as it is the oldest journal and publishes the greatest number as well as diversity of articles. While it would be quite impossible to delineate all the literature which has been read and reflected upon in developing the thesis, the variety of sources (philosophical, sociological, anthropological, management studies and organisational analysis) manifest the diversity and interdisciplinary nature of business ethics.

In choosing the business ethics literature for the database, there was a selection process in filtering out articles which had little theoretical basis. Business ethics encompasses a broad spectrum of scholarly work and some of it was clearly not applicable to the stated aims of the thesis. For example, there has been substantial work done on cases of United States multi-nationals operating in foreign countries but most of this work was not applicable since the majority of articles dealt primarily with how specific companies transgressed the American law. Articles which included at least some theory were primarily selected which essentially means in reviewing the literature the quality of articles were assessed with regards to their development of theory.

### A Review of the Theory

The academic subject of business ethics was begun by philosophers (cf. Ryan 1995) and its primary theoretical development seems to still lie within that subject area of philosophy (Trevino 1992; Boatright 1995; Victor and Stephens 1994; Wicks 1995). A literature review of the field of (business) *ethics* involves a time span of over 2,500 years. The field of *business* ethics is relatively new - but its fundamental basis in moral philosophy starts at the birth of Western civilisation. In order for the author to properly understand 'business ethics' and the case of the Newfoundland fishing industry as a dilemma within 'business ethics' it was thought that understanding 'ethics' was important. It is believed that a mastery of 'ethical theory' is needed to understand dilemmas within business ethics (see Section 4.1 Moral theory). While this may be a contentious statement, developing the *Comb* necessitated examining the literature underpinning the 'ethics' field.

While it is true that the problems and interests of modern ethical philosophers frequently diverge from those of their Greek counterparts, their discussions are still however recognisably the descendants of those which were already taking place in the fifth and fourth centuries BC (Schneewind 1993). The debate between pluralism and universality in business ethics, for example, may be seen as a clear reference to the Greek debate on "the one and the many." The influence of Aristotle and Plato within the field of business ethics may still be seen through their numerous references within the literature (Fleming 1987; Williams 1986; Newton 1986; Small 1993; Duska 1993; Keeley 1995). Solomon's (1993) Ethics and Excellence, for

example, takes very much an Aristotelian approach to the subject of business ethics. The role of neo-Aristotelian virtue theory has also recently become an important issue within the field of business ethics (cf. McCracken and Shaw 1995; Boatright 1995; Dobson and White 1995; Shaw 1996; Koehn 1995).

Modern moral philosophy, which is seen as the theoretical basis predominantly within the field of business ethics, emerged [during the Enlightenment] from the consideration of a number of problems. For example, if there is no highest good determined by nature or God, how are we to know whether our desires are misguided or sound? Although there is no standard way of organising the history of modern moral philosophy, according to Schneewind (1993 p.147), it is useful to think of it having three stages

- (1) There is a gradual emergence from the traditional assumption that morality must come from some authoritative source outside of human nature into the belief that it might arise from the resources within human nature itself. A movement is seen away from morality being imposed on human beings towards the belief that it could be understood. The Enlightenment is a period when 'man invents himself.' Less of a reliance is seen on God and more on individuals. In terms of the literature, this stage begins with the *Essays* of Michel de Montaigne (1595) and culminates in the work of Kant (1785), Reid (1788) and Bentham (1789).

- (2) Moral philosophy is seen in its second stage as being largely occupied with the elaboration and defence of the view that we are individually self-governing. This period extends from the work of Reid, Bentham and Kant to the last third of the present century.
  
- (3) The last and current stage has seen the attention of moral philosophers shift away from the problem of the autonomous individual toward new issues concerning public morality. The rise of applied ethics - medical ethics, legal ethics, even engineering ethics as sub-disciplines - exemplifies this trend. Business ethics has come to the forefront in the growth of applied ethics and is manifested in issues concerning the social responsibility of business.

The influence of philosophy on business ethics is obviously substantial. One of the major works still in business ethics is Thomas Hobbes' *Leviathan (1651)* (Kavka 1986; King 1988; Conry 1995). Hobbes may be seen as the first promoter of ethical egoism for he denied natural sociability and stressed our self-interested aims. There is, for Hobbes, no ultimate good: we restlessly seek "power after power" to protect ourselves from death. People are only concerned about their own self-interest. On the other hand, John Locke (1632-1704), the father of rights theory, opposed Hobbes, claiming that some of our rights are inalienable and hence there are moral limits to what the Government may do. But even Locke held, along with his contemporaries, that beyond the inalienable rights, most people cannot know without instruction what morality requires (Taylor 1975; Schneewind 1993; Gini 1986).

If you went back to the questions posed by ancient Greeks, there still was a problem - what is the *good*? In all the debates on ethics up to this time (including Hume and Locke) no-one seemed able or willing to say more about the good than it is whatever gives happiness or pleasure. It was assumed that what a person ought to do is always a function of what it would be 'good' to bring about - action can only be right because it produces 'good.' The two of the most important eighteenth-century moral philosophers, David Hume (1711-76) and Immanuel Kant (1724-1804), challenged this idea of the good being happiness or pleasure.

Hume rejected natural law models of morality and endeavoured to show that a virtue-centred theory may best account for our moral convictions. Morality, he argued, must be rooted in our own feelings, since morality moves us to action, and reason can never do so. Approval and disapproval are therefore moral feelings (Solomon 1978; Schneewind 1993). Kant, on the other hand, held an extreme form of the view that morality is an expression of human nature. This view of morality was not new. One central part at least of this revolutionary view was advocated by both Thomas Reid (1710-1796) founder of the important nineteenth-century Scottish "common sense" school and Jeremy Bentham (1748-1832), the originator of modern utilitarianism. Both held versions of this view of 'human nature' morality (Malloy and Lang 1993). Bentham and Reid were behind the development of utilitarianism which held that ordinary people may get guidance for action by consciously applying abstract moral principles - "*the greatest good for the greatest number of people.*" This saw the birth of 'principled' moral theories. Earlier thinkers had

appealed to such principles to explain moral decisions, but did not think that everyone possessed a methodological way of consciously using them.

Kant's work argued that principles - such as the categorical imperative - may be used to explain moral decisions. If morality was an expression of human nature, then humanity was the basis of ethical action and responsible for its consequences. After the work of Kant, Reid and Bentham, which may be seen as the foundation of modern moral philosophy, it became widely accepted that a basic principle of morality had to be one which would treat everyone equally.

Utilitarian theory led to some new questions within the field of ethics. Utilitarianism seemed to yield moral conclusions strongly at odds with common sense convictions; and despite Bentham's claim that it may be used for decision making, it seemed to call for calculations ordinary people could not make. Moral calculus was not seen as a tool an ordinary person can use. John Stuart Mill (1806-73), in his classic work in the field of ethics, worked out replies to Bentham's critics in his Utilitarianism (1863). Common-sense morality represents for Mill the accumulated wisdom of mankind about the desirable and undesirable consequences of actions. People can and must live by common-sense morality, except in unusual or new cases (Wilson 1982; King 1988).

Hegel's (1770-1831) criticisms are most significant among the early reactions to Kant's form of ethics. Hegel argued that Kant's purely formal principles require content and may come from the institutions and vocabularies with which society



provides its members. The moral personality, Hegel argued, is and must be formed by the community in which the person lives (Schneewind 1993). The claim to have a critical standpoint wholly beyond the community is seen as being non-sustainable (Nicholson 1994). The community has a structure and an impetus of its own that goes far beyond anything individual choice could deliberately construct. This was a revolutionary viewpoint in putting the locus of interest outside the atomistic individual and into the community. Hegel could almost be considered to be the first business "ethicist" pointing to the need for community to create the structure of what is ethical. The writings of Hegel, almost two hundred years ago, may still be seen as having much applicability to business ethics.

At the same time as the focus was slowly shifting away from the individual to the community, opposition was also developing to the field of ethics. One of the major opponents to appear at the end of the century was Nietzsche. In The Genealogy of Morals (1887) and other works Nietzsche did not try to refute Kantian and utilitarian theories, instead exposing what he took to be the psychological forces leading people to assert such views. Abstract moral theory could not stand by itself because it was governed by psychology. The struggle for mastery and envy as well as resentment of those who achieved it were the roots of modern morality. Nietzsche argued there could be no ethics. The building blocks of the ethical system were invalid since it was based on ideas which were irreprehensible.

On the other hand, philosophers interested in meta-ethical issues continued to study moral principles. Some of this movement is manifested by arguments to the effect

that morality can have its own kind of non-scientific rationality and certain specific principles are required if it is to be rational. R.M. Hare, Kurt Baier, and Richard Brandt are among the many philosophers working on these lines - exemplified in the analytical school approach to ethics. They hold the ultimate point of morality as increasing human happiness by providing rational methods for resolving disputes (Goodchild 1986).

Kantian views have more recently been revitalised. The work of John Rawls is central in this movement. Rawls' (1971) A Theory of Justice attempts to show how principles of right action, at least in the domain of justice, are explained independently of the amount of good that just action brings about.<sup>2</sup> Rawls argues from the basis of a social contract theory and suggests how principles of right action might be agreed upon by people in an imaginary social contract. Robert Nozick (1974), one of Rawls' biggest opponents, rejects a Rawlsian approach on justice in favour of a libertarian reading based on rights of ownership and transfer. Jonathan Dancy's work also evokes Kantian overtones as well as the writings of Annette Baier and Nancy Ann Davis. The work of Kant, however, lends itself to the analytical school due to its abstract and complex nature.

Modern moral theory as a subject has generated a number of excellent books which have recently appeared on the subject of moral theorising. Robert Louden's (1995) book on Morality and Moral Theory is an superb work which, in a very straightforward fashion, addresses some critical questions. Unlike other

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<sup>2</sup> Please see Chapter 5

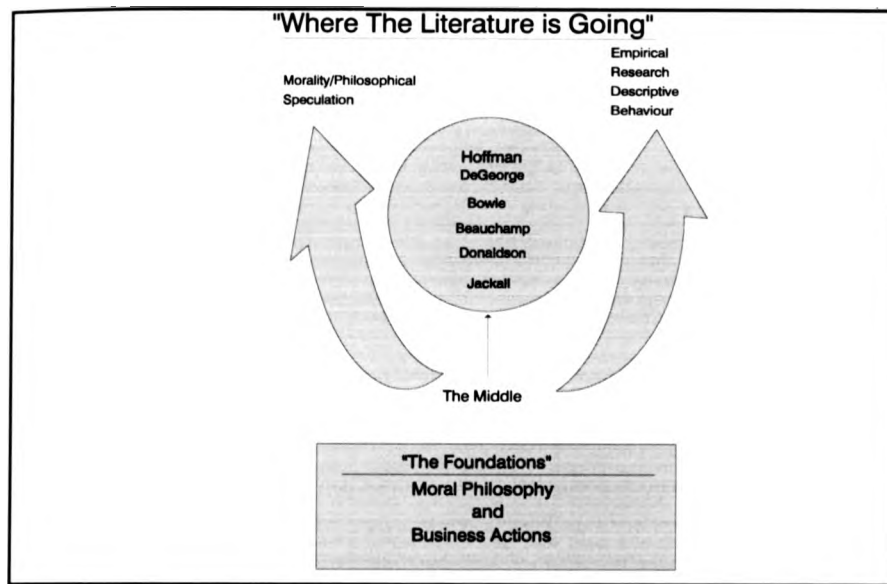
philosophers, who seem to get lost in the abstraction and internal debate about meta-ethics. Louden transcends these issues and instead raises many new interesting questions such as whether we should have theory and, if so, what is it. Theo van Willigenburg's (1991) Inside the Ethical Expert is another important work on the subject area of moral theory. Although Willigenburg is primarily a medical ethicist, his insight into applied ethics and discussion of ethical theorising is remarkable. While Willigenburg lacks the sophisticated argumentative structure of someone like Dancy (1992), his grounding in applied ethics brings moral theory into a much more practical light.

There has also been a return to the Aristotelian vision of morality as centrally a matter of virtue, rather than abstract principles. Recently Alasdair MacIntyre (1981) has attempted to develop the functioning of morality based in tradition and his work is influential on the perception of ethical theory. Bernard Williams' (1985) excellent book Ethics and the Limits of Philosophy has become a watershed in the growth of 'virtue-based' ethics. Williams attacks the basis of theory and questions whether we can have any at all. Charles Taylor, Martha Nussbaum and Edward Pellegrino are just some of the philosophers currently working on virtue-ethics. Yet the most applicable author to business ethics working on virtue theory may be seen as Robert Solomon whose (1993) Ethics and Excellence may also prove to be one of the most influential ways which theory is approached. A number of Solomon's early works including Love: Myth and Metaphor (1981) as well as the Passions (1978) also have direct applicability within business ethics. The philosophical theory upon which business ethics forms itself has been well developed. The question is whether

business ethics (and the author of this thesis) can use it effectively in a practical manner to analyse the dilemma of the Newfoundland fishery. Yet the problems of ethical theory (outlined in Developing the Questions) may just increase the tangle which is trying to be combed out. The specific modern philosophical theories to be utilised within the *Comb* are seen in Chapter 4 and the methodology behind their use may be found in Chapter 4 and 5.

### **Business Ethics Literature**

Beyond what philosophers have been doing in creating moral philosophical thought, the subject of business ethics itself has created a substantial body of literature. Modern moral philosophical thought seems to serve as the basis of theory behind the literature (Horvath 1995; Dunfee 1995; Phillips 1992). From this foundation of philosophical theory there seems, however, to be a divergence of thought in two different directions: moral/philosophical speculation and empirical research emphasising descriptive behaviour. In the middle of these two strains of thought, I believe you can find a number of important authors including Bowie and Beauchamp (1990), Jackall (1988) and Trevino (1986) who may not transcend the normative/empirical distinction but at least address it. The chart on the next page manifests where the literature appears to be going.



**Exhibit 2.1 Where the Literature is Going.**

Fleming (1987) demonstrates a number of trends within the literature and his article may be seen as important since it gives a quantitative, descriptive analysis of the literature until 1987. The purpose of Fleming's study was to identify the most-referenced authors, works, periodicals and publishers in business ethics. A computer analysis was made of over eight hundred references taken from fifty-seven articles. While it is obviously not a complete literature review, and now clearly dated, I would argue it gives a good indication about the development of the trends which are still being seen within the literature. Allowing for the fact that there was no consideration of 'quality' in Fleming's study, it is still a very good descriptive tool in outlining the development of the field. It also raises the question of why these trends may be occurring.

Exhibit 2.2, seen below, shows the most referenced authors in the field of business ethics taken from Fleming's (1987) study. Some interesting ideas develop from the

**Exhibit 2.2 : Most Referenced Authors in Business Ethics**

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<u>Number of Articles</u>	<u>Most Referenced Authors</u>	<u>Number of Works</u>
9	Friedman, Milton	6
9	Stone, Christopher	1
7	Donaldson, Thomas J.	5
7	French, Peter	4
7	MacIntyre, Alasdair	4
6	Brenner, Steven	1
6	Molander, Earl A.	1
5	DeGeorge, Richard T.	3
5	Goodpaster, Kenneth E.	5
5	Ladd, John	3
4	Bowie, Norman E.	2
4	Brandt, Richard B.	3
4	Carr, Albert Z.	2
4	Carrol, Archie B.	4
4	Drucker, Peter F.	4
4	Maccoby, Michael	2
4	Michalos, Alex C.	2
4	Rawls, John	1

**Source:** Fleming (1987)

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exhibit. Some of the authors in the list are not authorities in the normal sense of the word - they do not hold professorships in the field nor are widely seen as 'authorities' in business ethics. The most referenced authors are, in fact, more critics or holders of minority views concerning business ethics. Friedman and Carr would be considered by most to fall into such a classification. It is interesting that Milton Friedman, who is more of an economist than an author in the field of business ethics, is such a primary source. This exhibits the influence of Friedman's major paper of 1972 called "The Social Responsibility of Business." Friedman's article represents a watershed in the history of business ethics since it leads to a debate

which essentially sets up the subject as a formal, academic field. The debate raged around one important question - "*What is the business of business?*" Moreover in examining the more recent literature it is still possible to see the influence of Friedman upon the field (Carson 1993; Green 1993; Grant 1991; Jacobsen 1991).

Looking at the other authors in Exhibit 2.2, Donaldson is a very important writer on business ethics and the same holds true for Goodpaster. Donaldson's work on social responsibility and the idea of a social contract for business (Donaldson and Preston 1995; Dunfee and Donaldson 1995; Donaldson 1994; 1982) is extremely influential. Donaldson may be seen as coming primarily from a normative perspective but his work, while narrow in its theoretical methodology, is wide in its spectrum of topics. Goodpaster (Goodpaster 1983; 1985; 1987 cf. Phillips 1985; Goodchild 1986; Hosch and Giacalone 1994; Carson 1993; Boatright 1994; Calton and Lad 1995) has extensively published and researched one of the fundamental models behind the growth of business ethics - the stakeholder model developed by Freeman (1984; 1991). Also in Exhibit 2.2, the work of MacIntyre (cf. Dunfee 1995; Trevino and Weaver 1994; Horvath 1995; Hoffman 1984; Hoaglund 1984; King 1986; McCann 1986) has been one of the biggest developments in the field of applied ethics and his work was recently profiled in an issue of *Organization*. As Mangham (1995) points out, one of MacIntyre's main characters in ethics is the manager, a symbol who obviously has serious importance to business studies. Although I find the work of MacIntyre brilliant, I would question whether the return to 'tradition' which MacIntyre essentially advocates may be seen as adequate for the business field. Essentially, if there is no 'tradition' of acting ethically - how can one follow a

tradition? Is tradition necessarily the same thing as 'virtue' - a subject which has become increasingly popular with business ethicists. The anti-theorists such as Williams (1985) also hold such a view although they would discount the theory implicitly. The possibility of an alternative, such as virtue theory, would be outside the scope of acceptable alternatives for the anti-theorists.

Exhibit 2.3 shows the most referenced philosophers and authorities. Whilst it is a testament to the power of Greek philosophy that Aristotle is the most referenced philosopher in the field of business ethics, it may also potentially point to the possibility for a broader consensus in the neo-Aristotlean virtue theory (Shaw 1996; Hartman 1994; Cavanagh et al. 1995; Duska 1993). Kant and Mill, as outlined in the development of modern moral theory, are two of the most

**Exhibit 2.3: Most Referenced Philosophers and Authorities**

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<b>Referenced Philosophers and Authorities</b>	
<b>Frequency</b>	
6	Aristotle
3	Bradley, Francis Herbert
3	Kant, Immanuel
3	Mill, John Stuart
3	Weber, Max
2	Aquinas, Saint Thomas
2	Bentham, Jeremy
2	Plato
1	Durkheim, Emile
1	Hobbes, Thomas
1	Locke, John
1	Marx, Karl
1	Smith, Adam
1	Velben, T.

Source: Fleming (1987)

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influential authors on ethical theory (cf. Binns 1994; Brady and Dunn 1995; MacDonald and Beck-Dudley 1994; Brummer 1986). Yet, perhaps the most important thing to note about this exhibit is the relatively small number of references to philosophers. Perhaps this may best be explained by the applied nature of business ethics. There is a continual effort to get business ethics 'down to' to a practitioner level (cf. Wicks 1995; Trevino and Weaver 1994; Cavanagh et al. 1995; Primeaux and Mondy 1993) and, as pointed out in the introduction, if you start to talk about Aristotle there may not be as much attention paid to it as concrete examples of graft, corruption and deceit. The abstraction of the ideas of Aristotle and other 'pure' philosophers may hide their applicability to business ethics. Questions and examples of deviance are obviously very exciting, but they are not the only issues within business ethics. Dilemmas are not only about deviance.

In recent years there has been a fairly strong debate in business ethics about questions of 'distributive justice' which has thrust the work of Rawls and the neo-Kantians to the forefront of the field (McCracken and Shaw 1995; Keeley 1995; Getz 1990). Some examples of these types of articles are Dunfee and Donaldson's (1995) and Mayer and Cava's (1995). Although justice and social contract are very important issues, questions arise as to whether the debate takes away from the 'practical' implications of business ethics in solving and analysing problems. Yet, I would argue, the social contract question is inherently 'practical'. There is no sense, for example, in solving or analysing the question of business ethics if it is not understood why society deems it wrong. The social contract may be seen as exemplary in determining values and ethical norms. While its analytical potential

may be weak, its descriptive potential is not. It may also have some serious implications for the case of the Newfoundland fishery.

Returning to Fleming's article, the relatively low level of referencing to philosophers may also be affected by the mixed readership of his source journals. Obviously many journals do not have a philosophical background and not interested in the work of philosophers. Business ethics is still about business. The low number of references may also be an indication that people from a business background become scared whenever they see names from pure philosophy, (a field perceived as occupied by people in 'ivory towers'). There may be a failure to see the application philosophy has to the outside world. While this may be true of pure analytical philosophy (e.g. Dancy's (1992) Moral Reasons) ethics is essentially a practical subject. Just because the messenger may choose the incorrect medium to deliver the message does it mean it is wrong. The medium may be seen as wrong - not the message. Compare Solomon's (1992) book to Dancy's, for example, and clearly questions of applicability may be seen in regards to the medium of the writing and background to which each approaches his subject - not the subject itself.

Exhibit 2.4, seen on the following page, shows the most referenced books in business ethics. Rawls' A Theory of Justice is probably the most referenced book on the philosophical side of the field of business ethics (cf. Greenberg and Bies 1992; Cooper 1985; Michaelman 1983; Stanley 1990; Wicks 1990) which may be due to the importance of distributive justice theories in the "social responsibility" question. There was a tendency to perceive business ethics, especially in the 1980s, as having

more to do with macro-economic rather than organisational issues (cf. Danley 1991; King 1988; Parmental 1988; MacDonald 1992). Social responsibility,

#### Exhibit 2.4 Most Referenced Books

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<u>Most-Referenced Books</u>	
<u>Freq.</u>	
9	Stone C.D. (1975) <u>Where the Law Ends</u> . New York. Harper & Row.
5	Donaldson T. (1982) <u>Corporations and Morality</u> . Englewood Cliffs, NJ. Prentice-Hall.
4	Rawls J. (1971) <u>A Theory of Justice</u> . Cambridge, MA. Harvard University Press.
3	Barry V. (1979) <u>Moral Issues in Business</u> . Belmont, CA. Wadsworth.
3	DeGeorge R.T. (1982) <u>Business Ethics</u> . New York. Macmillian Publishing.
3	Ewing D. (1977) <u>Freedom Inside the Organization: Bringing Civil Liberties to the Workplace</u> . New York. McGraw-Hill.
3	Maccoby M. (1976) <u>The Gamesman</u> . New York. Simon and Shuster.
3	MacIntyre A. (1981) <u>After Virtue</u> . Notre Dame. University of Notre Dame Press

Source: Fleming 1987. Page 214

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or issues emanating out of distributive justice, were the most important elements of the field - not using organisations as elements of study or change.

It should be surprising that Beauchamp and Bowie's work Ethical Theory and Business is not listed as one of the most referenced books. However, for classification purposes it is listed as a collection. Although it suffers from the usual problem of collections - fifty pages of conceptual issues and 300 pages of articles - its classification and use of the theories is extremely good.

Exhibit 3.5 shows the most referenced collections. It is within these collections that it is possible to see some of the best authors in business ethics. Donaldson and

DeGeorge, as mentioned above, are both extremely important authors in the subject area. Donaldson's (1979) book is a classic text of the subject area and still extensively referenced.

#### Exhibit 2.5 Most Referenced Collections

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<u>Freq.</u>	<u>Most-Referenced Collections</u>
20	Beauchamp T. and Bowie N.E. (1979) <u>Ethical Theory and Business Ethics</u> . Englewood, NJ. Prentice-Hall.
10	Donaldson T. and Werhane P. (1979) <u>Ethical Issues in Business</u> . Englewood, NJ. Prentice-Hall.
5	DeGeorge R.T. and Pilcher J.A. (1978) <u>Ethics, Free Enterprise and Public Policy</u> . Oxford. Oxford University Press.
5	Walton C. (1977) <u>The Ethics of Corporate Conduct</u> . Prentice-Hall. Englewood Cliffs, NJ.
3	French P. (1972) <u>Individual and Collective Responsibility</u> . Schenkman. Cambridge. MA.
3	McCormick R.A. (1978). <u>Doing Evil to Achieve Good</u> . Chicago: Loyol University Press.
3	Rorty A.O. (1976) <u>The Identities of Persons</u> . Berkeley, Calif. University of California Press.

Source: Fleming (1987) pg. 215

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Yet, a concentration of references is seen mostly within Beauchamp and Bowie as well as Donaldson's books. While this has most likely changed with Hoffman and Moore's (1984) collection on business ethics, there is still a fairly narrow spectrum in terms of authors and books within the field. Hoffman (1982; 1984; 1986; 1987; 1995) is head of the influential American Institute of Business Ethics at Bentley College in the United States and one of the driving forces behind the Ethics Officer Association. All of the top six authors exhibit a large amount of power and influence within the academic subject of business ethics. It is still a very small field of authors but the large breadth of the research focus reflects the multi-disciplinary nature of business ethics.

### **Thematic Distinctions within Business Ethics**

Obviously the literature in business ethics is not simply about the importance of certain books and articles. There has, rather, been some central themes developed within the field. I would argue the literature can essentially be divided into three different categories: normative, empirical and descriptive.

The empirical section of the literature has not been developed as extensively as the normative section. Trevino (1986; 1992; 1992a) has argued that scarcity of empirical investigations in the field of business ethics may be a function of the lack of theory to guide such investigations or the 'pre-paradigmatic' nature of the field being a negative factor in developing a 'structured research stream' in the area of moral judgement. While I agree with Trevino in some of her arguments, "the structured research" stream which she refers to lacks any theoretical basis, because of the paucity of definitions and theory used within the field. How can there be a 'structured research' stream when what is being studied is unclear?

Business ethics is not easily conceptualised as an area for research because it lies at the intersection of abstract theoretical frameworks and practical methods. Moreover, there has been a concentration on the dominant "normative" method approach to studying the subject, which precludes other alternative methods of research (Kahn 1990; Fogarty 1995; Dunfee 1995; Weaver and Trevino 1994). This is not to say that the normative research has necessarily been beneficial. Sometimes, business

ethics is too often philosophers trying to impress business people with what they know and the normative arguments presented in most of the articles lacked any applicability to business or organisations. It is 'normative' but it is not necessarily 'quality' research. Overall research seen within the literature seems to lack the "humanities" approach which Zald (1993) says has been crushed in the race to be social scientists. Trevino, for example, is very much a social scientist but fails to recognise what business ethics also too often lacks is an adequate reflection process. Business ethics needs to present tools which let an organisation and its members reflect on its actions and those of society at large.

Beyond the debate of the benefits of normative versus empirical research, it is useful to outline the three different approaches to conducting research within the field.

#### **A. Normative**

The growth of the field of business ethics is directly attributable to the contribution of the normative perspective and its influence within business ethics may be due to the nature of 'ethics' itself (Goodpaster 1984). Ethics can be seen as being about normative subject matter; changing the world - not about describing it. Socrates did not roam Greece trying to describe what virtue is - he wanted people to be virtuous by reflecting on their actions. Ethics is seen, sometimes, as a normative science of human conduct which prescribes what we should be in terms of our nature as human beings. It guides us from what we are to what we should be. Normative business ethics involves the articulation and defence of basic principles or frameworks of right and wrong. In contrast to empirical and descriptive approaches to the field,

normative approaches to business ethics concern themselves not with describing but *prescribing* values and obligations as perceived in the business world (Danley 1991; Getz 1990; Pattan 1984).

Philosophers who have concerned themselves with business ethics have emphasised the belief that normative ethical principles are applicable to solving moral questions in business (Klein 1985; MacDonald 1992). Much of the business ethics literature has been directed to a procedural level for employees through the creation of "*intricate mazes of rules and regulations in an attempt to define right and wrong under a myriad of circumstances*" (Harris and Brown 1990 p.585). Moreover, with the rise of ethical tools such as ethical auditing manuals and the "ethical expert" in the form of the Ethics Officer, there has been a pushing down of business ethics to the lower-level employees of the firm (Centre for Business Ethics 1986; Des Jardins and McCall 1985; Lansing and Hatfield 1985; Pattan 1984; Smith and Carroll 1984). Whistle blowing, ethics "hotlines" and ethical reviews may have all prompted increased 'rules' and 'regulations' instead of creating values and ethical norms within the organisation (Wexler 1987; Cooke 1991; Mahoney 1994). Normative 'procedures' have been developed to solve moral questions but they many not be conducive to changing attitudes towards ethical problems.

A normative approach in business ethics field has not been acceptable to some researchers. Normative ethical theories are perceived as poor predictors of ethical behaviour in business, inaccurate in their representation of business realities, and lacking face-validity with practitioners (Philips 1985; Trevino 1986). While

normative theories may provide some critical reference points, there is a belief it should not be concerned with rigidly imposing normative considerations upon the whole field of business ethics (Brigley 1995). Ethical pluralism, which may result in this inability to 'rigidly impose' normative considerations, implies diverse and often incompatible ethical beliefs (MacIntyre 1981; Bauman 1991; Dunfee and Donaldson 1995; Horvath 1995; Walton 1993; Ramussen 1993; Green 1993). According to Brigley (1995 p.221)

*MacIntyre's analysis contains a deeply emotivist view of ethical culture, in which the distinction between manipulative and non-manipulative behaviour is obliterated, apparently denying the possibility of devising a workable normative ethics of any description.*

Yet just because normative approaches to the study of business ethics are accepted by everyone does it necessarily mean that the approach lacks validity. Goodpaster's (1985) research into the concept of "ideology" in business ethics, for example, demonstrates the value of a normative approach. Ideology is used as a link between abstract, philosophical principles and decision-making practice. Work on a foundational normative method - which included both philosophical and religious ethical considerations - exemplified in Goodchild's (1986) study - also points to the value of normative approaches in the research. In the case of the Newfoundland Fishery, many normative arguments arise. For example, it might be said that small communities should/should not be allowed to die. Examining a dilemma obviously has normative implications. Yet, prescription without analysis leads to problems. Obviously, like any type of research, there is quality and non-quality 'normative' focused literature within the business ethics field.



As Hoffman (1984 p.296) states

*"Business ethics is a process of normative thinking about business."*

Although Hoffman has probably changed his mind in recent years due to his involvement in the Ethics Officer Association, understanding normative approaches to the field is necessary for understanding the theory which underlies the subject (Derry and Green 1989). It gives people studying business ethics and, moreover, organisations involved in business ethics issues a common language. Kanungo (1992 p.414), echoing Kahn (1990), suggests that "*researchers...create specific and concrete intersections of normative and contextual perspectives.*" Overall, the normative approach seen in the literature is still very important. Although it may be the dominant paradigm, it is however not the only one.

### **B. Empirical**

Robertson (1993) defines empirical inquiries in the field of business ethics as research based on observable phenomena and pursued using scientific method. There is a relative few number of empirical papers which deal with the subject of business ethics. The growth of BEQ (primarily normative/philosophical research), however, as a major journal in the field has seen more empirical articles recently arise within the Journal of Business Ethics. The history of a lack of empirical investigations within the business ethics field, may be due to an absence of theory to guide such investigations or dearth of well developed measurement instruments (Trevino 1986; Strong and Meyers 1992).

Arguments put forward by many business ethicists stress that empirical research may be more appropriate to the field of business ethics than the dominant normative paradigm. Case-study approaches may be seen, for example, as more suitable to inquiries in the complex, diverse context of business ethics (Green 1993; Bain 1994; Sheldrake 1994; Binns 1994; Brigley 1995) and better than the prevailing positivist paradigm seen in business ethics (Frederick 1992; Victor and Stephens 1994; Collier 1995; Rossouw 1990). There have been a number of articles recently developed to study the question of research within the field - two issues from Business Ethics Quarterly (April 1992 and April 1994) and a yearly issue in Business Ethics: A European Review (cf. Collier 1995; Bain 1995; Brigley 1995; Vyakarnam 1995) - demonstrate where a number of academics have come together to discuss problems of doing research in business ethics. The number of empirical investigations are still low, however, relative to articles with a normative theme. Moreover, the quality of the empirical articles is very weak.

The contention that the quality of empirical articles is low is shared by Randall and Gibson (1990). Randall and Gibson contend that the empirical research within the field can be described as having a weak theoretical base, a lack of clear hypotheses and poor conceptualisation along with faulty research methodology. Much of the empirical research fails to address the range of ethical nuances which may be at work within a particular context and suffers from a low quality of research data. The data suffers from: distortion arising from over-reliance on self-reporting, a "social desirability" (wanting to say the right thing even though they may not do it) bias

caused by poor phrasing of questions, insecure generalisations based on responses of unrepresentative "captive" samples, and levels of response rate which are unreliable for ethical subject-matter (Randall and Gibson 1990). Moreover, the dearth of quality may stem from a lack of knowledge about the theoretical underpinnings of the field. Zald's comments about the "rush to become social scientists" echo the lack of quality of empirical articles seen in business ethics.

Further contentions about the problems which emanate out of empirical research see this as due to the positivist approach (Brigley 1995). Most empirical research in business ethics has been positivist in nature, consisting of surveys of key decision-takers in management and employees, through the use of self-completion questionnaires (Zahra and LaTour 1987; Randall and Gibson 1990; Randall and Fernandes 1992). This approach has been slowly changing and evidenced by the increase in the influence of case studies (Sheldrake 1994; McKenna 1996; Nielsen 1993). Normative research is also aiding the focus on case studies. The work of Robert Solomon, for example, is also helping to change this paradigm with arguments about the applicability of virtue ethics and the notion of 'character' being much more appropriate to organisations, lending itself to a case study approach.

Transcending this positivist paradigm would mean a greater emphasis should be placed on the normative basis of empirical studies; "the empirical quest for normative meaning" (Frederick 1992; Robertson 1993).

Yet, as stated above, while the quality in the overall field may have been lacking there has still been quite a significant number of empirical studies. Examples include Greenberg and Bies (1992) who evaluate various tenets of moral philosophy by reviewing empirical data from the field of organisational justice. Lerner and Fryxell (1988) have studied the predictors of corporate social performance in an empirical manner and Coffey and Fryxell (1991) have also examined the contention that social criteria influences institutional investment decisions from an empirical basis. A number of other empirical investigations including Delaney and Sockell (1992), Rechner et al. (1993) and Ulrich and Thielemann (1993) have been seen in the literature where the emphasis is primarily on an organisational level and the influence of training programs or strategic decisions on the company. In contrast to the empirical studies, an emerging theme in the research has been the descriptive approach.

### **C. Descriptive**

The descriptive approach is closely related to empirical approaches within the business ethics literature. Descriptive business ethics research is most concerned with describing and explaining what exists, most notably ethical and unethical behaviour (Goodpaster 1984).

Descriptive research is supposedly "value free," yet most if not all studies contain some "hidden" normative judgements both in the choice of what is studied and how results are interpreted (Robertson 1993). This judgement would be in accordance

with Fleming (1987) who contends that while there is an overlap between descriptive and normative approaches to the study of business ethics, both sides do not know what the other is doing.

The "descriptive" approach to the literature within business ethics is consistent with Derry and Green's (1989) categorisation of theory as descriptive within the field. Theory, in the field of business ethics, may be seen from this perspective as an essentially descriptive tool to articulate moral issues and to assist reflection on them. Pattan (1984) also agrees with this description of theory stating that:

*it is possible to describe the values and moral obligations that business persons or business organisations subscribe to, the values and obligations they accept and seek to foster, as part of a neutral portrait of their beliefs and attitudes. The portrait is neutral because it does not itself favour or oppose the moral beliefs and attitudes it describes.*

If the portrait was not neutral it would be inclined to be normative rather than descriptive. The portrait merely states that members of the business world, or of a particular organisation, have distinctive beliefs or attitudes. This may be seen as a characteristic of most of the research which could be deemed "descriptive business ethics."

Jackall's (1988) Moral Mazes may be seen as a good example of "descriptive business ethics" presenting a superb example of the insights emerging from in-depth qualitative field work in corporate settings, describing a system of organisational norms and values that tends to act in place of individuals' ethical beliefs and values. A descriptive model has been also proposed by Trevino (1986) to guide research in

ethical decision-making in organisations through using Kohlberg's (1969) model to examine organisations. Other descriptive models include Singhapakdi (1993) and Strong and Meyer (1992) in examining ethical decision making.

Although descriptive approaches to literature within business ethics are relatively limited, there seems to be much potential for the method. According to Brady (1990), the belief is the dominant Kantian ethical theory in the business ethics literature is abstract, esoteric, and impractical compared to the more usable presentations of utilitarianism. The situation can be improved, it is argued, through identifying and describing the conceptual dimensions of ethical reasoning. However, I would argue it may be more important first of all to describe what Kantian and utilitarian ethical theory entail before there is a classification of the conceptual dimensions of their reasoning.

Descriptive approaches to the field of business ethics may be hampered by the "social desirability bias" (Randall and Fernandes 1991; Robertson and Ross 1995; Weber 1992; Bies 1992). Descriptive research, however, may be needed to shed light on prescriptive research. This is seen as what precisely is needed if business ethics is to prosper (Kahn 1990; Victor and Stephens 1994; Donaldson 1994; Trevino and Weaver 1994). Patricia Werhane (1994), one of the most influential academics within business ethics, has also recently published an article which points to the increased importance of the descriptive theme within the subject area.

Business ethics does not only have an interdisciplinary nature in its research streams, but has implications across the different disciplines of business studies. From finance to personnel, issues arising peculiar to the specific business studies discipline have arisen. Debates have also ensued about the validity of examining and holding certain viewpoints within the discipline. Thomas I. White's excellent compilation of articles in Business Ethics: A Philosophical Reader (1993: New York: MacMillian Publishing) presents a good outline of some of the debates raging within the field. Some of the debates in Whites' compilation are well established, the issue of business and the environment for example, others such as ethics in accounting are fairly embryonic in their development. While the scope of the thesis does not allow the space to outline all of the debates, the implications to theory development may be seen as substantial. Business ethics seems to be *praxis* rather than *theory* driven. The dilemmas and issues arising from the disciplines throughout business and organisational studies may be seen as having a major impact on the literature seen within business ethics. The next chapter will deal with some of these debates in demonstrating why the case of the Newfoundland Fishing Industry can be considered within the academic field of business ethics.

# *Chapter 3*

## *Looking at the Major Issues of Theory and Practice in the Field.*

*The human good turns out to be activity of soul in conformity with excellence, and if there are more than one excellence, in conformity with the best and most complete. But we must add "in a complete life". For one swallow does not make a summer, nor does one day; and so too one day, or a short time, does not make a man blessed and happy.*

**Aristotle. Nicomachean Ethics. 1098a.**



## **Introduction**

An important question which needs to be addressed is to why the case of the Newfoundland fisheries should be seen and analysed within the field of business ethics. The following chapter will discuss some of the major conceptual debates within the field of business ethics including research methodology. The debates will be shown to be integral to establishing research and an agenda for the field. Discussing and examining the debates will also hopefully manifest how the case of the Newfoundland fisheries fits within the subject of business ethics. There will, however, be a normative stance taken on the debates since they comprise such an important part of the field of business ethics. Debates in philosophy which are unresolved are common. After all they keep philosophers in work. The same may be seen as true for business ethics.

## **Looking at the Field of Business Ethics**

Even in antiquity philosophers such as Thales paid careful attention to the question of fairness in ordinary business transactions. History manifests a focus of interest in business almost entirely on particular transactions, surrounding business ethics with a strong sense of the 'ad hoc' (Solomon 1993*a*). This 'ad hoc' nature made business an allegedly non-philosophical practice. Business was not a profession, with standards of conduct particular to all its members, rather there was more of an emphasis on 'let's get the deal done'. Too often, it could be argued, ethical issues were ignored when solely

trying to 'get the deal done.' The non-philosophical practice orientation also meant business was not usually open to philosophical analysis and questioning.

Business ethics, moreover, was considered outside 'mainstream' philosophy. Its emphasis was too practical-minded even for 'applied' ethics (MacDonald 1992). The subject of business ethics as it is currently referred to is not much over twenty years old. In a number of ways its genesis can be linked to Milton Friedman's (1972) article "The Social Responsibility of Business". Solomon (1993 p.354) argues that the subject

*was still an clumsy combination of a routine review of ethical theories, a few general considerations about the fairness of capitalism, and a number of already-standard business cases - most of them disgraces, scandals and disasters displaying the corporate world at its worst and its most irresponsible.*

In a philosophical world enthralled with unworldly ideas and merely "possible" worlds, business ethics was far too concerned with the base currency of everyday exchange - money. Yet business is not always about money - it is also about communities, lifestyles, and creating the economic basis for regions. In Newfoundland, the fishery is a business. It may be more than just a 'business' but at the same time its primary existence is the buying and selling of fish products.

Business has not always been the central and respectable enterprise which it is in modern society. The ethical view of business for most of history has been wholly negative. Aristotle, for example, distinguished between two different senses of what we call economics; one of them was *oikonomikos* or household trading. This type of economics he approved of and thought essential to the working of any modestly

complex society. The second type the *chrematisike* - otherwise known as trade for profit - was disapproved. Aristotle considered *chrematisike* devoid of ethics and called those who engaged in such selfish practices 'parasites.' This attack on 'usury' was the commonly accepted belief in the West until the seventeenth century. Outsiders at the fringe of society - not respectable citizens - engaged in such practices (Schneewind 1993). The increasing emphasis on virtue theory in business ethics (cf. Koehn 1995; Dobson and White 1995; McCracken and Shaw 1995; Boatright 1995) is therefore ironic since Aristotle held such a negative view of business practices.

Modern business ethics is no longer concerned primarily with the criticism of business and its practice. A new concern emerging is how profit should be viewed in a larger context of productivity and social responsibility. A question of how corporations as complex communities may best serve both their own employees and the surrounding society has also become a central concern. This, on a micro-level, is important to Newfoundland in regards to how the large fishing companies - such as FPI and National Sea - will treat the communities within which they formerly operated. Do they tear down the fishplants and board up their employees' redundant houses (as seen on page 7)?

Yet the old paradigm - what DeGeorge (1982) called the 'myth of amoral business' - persists. It is a viewpoint not only held among the suspicious public and some socialist-minded philosophers but among many businesspeople themselves.

The first task in business ethics may be seen as clearing the way through some highly incriminating myths and metaphors such as 'greed is good' and 'the business of business is business' (DeGeorge 1982). Executives, for example, still talk about what they do in terms of 'the profit motive', not realising that the phrase was invented by the last century's socialists as an attack on business and its narrow-minded pursuit of money to the exclusion of all other considerations and obligations (Solomon 1993a). Solomon (1993 p.41) in *Ethics and Excellence* goes further to argue that

*Profit is a return of investment. It is not a reward for good ideas or hard work nor is it aimed at public propensity or even self-satisfaction. It is a technical economic term, not a social or psychological concept.*

The 'profit motive' as an end in itself is in opposition to the actual and potential role of business organisations. Instead of an end in itself, profits may be viewed as "a means of encouraging and rewarding hard work and investment, building a better business, and serving society better" (Solomon 1993 p.42). Clearly this perspective would entail a radical shift away from the traditional discourse towards profit being the 'bottom line' of business.

However competitive a particular industry or organisation might be, it always rests on a foundation of shared interests and mutually-agreed upon rules of conduct (Fleming 1987). This may be seen as especially true in the case of the Newfoundland fishing industry. Competition takes place not in a jungle but in a community which it presumably both serves and depends upon. This reflects the essential nature of business life being first of all fundamentally *co-operative* (Stead et al. 1990). Only within the bounds of mutually shared concerns may competition be possible. Business involves

large co-operative and mutually trusting groups, not only corporations themselves but networks of suppliers, service people, customers and investors (Swanson 1992). In Newfoundland the government, communities, fishplants and individual fishers all operate within what may be seen as a 'symbiotic web' - manifested in the government subsidies provided because of the seasonal nature of the northern cod fishery.

The most persistent metaphor which seems to endure within business ethics is that of 'atomistic individualism' - an almost 'Clint Eastwood as Dirty Harry' ideal. This metaphor manifests the idea of business life consisting wholly of mutually agreed-upon transactions between individual citizens. The result is no co-operation beyond two individuals deciding to do business (Klein 1985). Yet reality gives us a present day business life consisting of roles and responsibilities in co-operative enterprises - a fabric of networks and co-operation existing to facilitate transactions. This fabric is the norm whether they be small family businesses or huge multi-national corporations. Government and business are as often partners as they are opponents, whether by way of subsidies, trade missions and tax breaks or as an intimate co-operative enterprise. Government (both federal and provincial) in Newfoundland subsidised (indirectly and directly) the fishery. There existed an 'intimate' co-operative enterprise between government and business, exemplified by the bail-out of the large number of fish plant operators in the middle of the 1980s. Business organisations cannot be viewed as atomic individuals and this is one of the fundamental assumptions behind the field of business ethics.

### What exactly is 'business ethics'?

So what is 'business ethics'? Lewis's (1985) article states that there is no national or international agreement on what exactly the term "business ethics" means. The Encyclopaedia of Philosophy says that the term 'ethics' is used in three different ways, signifying (1) a general pattern or 'way of life' (2) a set of rules of conduct or 'moral code' and (3) inquiry about ways of life and rules of conduct. It would seem, according to Lewis, that the second explanation would produce the best working definition of what exactly 'business ethics' is and the most prominent definition of business ethics. Yet I would argue there is more value seeing business ethics as an inquiry. There is no rules of 'conduct' or 'moral code', for example, in the case of the restructuring of the Newfoundland fishery, yet the dilemma still may be able to benefit from a business ethics analysis.

Yet there is still no concrete definition of what is business ethics. Lewis' definition is in contrast, for example, with a deviance theory interpretation (Robertson and Anderson 1993) where the study of ethics is related to the sociological study of deviance or 'abdication of morality.' While the study of deviance theory<sup>1</sup> may be quite useful and, at the least, intriguing for people who study business ethics, it is not the sole basis of the field. If we do not know what the set of rules of conduct are, how can we attribute what is deviant?

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<sup>1</sup> See, for example, the Ford Pinto Case or the Exxon Valdez Case

Solomon (1993 p.6) also provides an alternative definition in Ethics and Excellence.

describing business ethics as a:

*.....reflective sanctuary where these pressures and problems can be shared and discussed, understood and resolved...Business ethics is not a piece of specialised philosophy or just another forum for debating public policy, nor is it (as it so often appears to be) an odd by-product of the social sciences. Business ethics is a kind of "understanding" but is also an essential part of a practice, in which we cultivate certain kinds of character to fit into certain kinds of organisations and a certain kind of society (archaically called "capitalist")...Knowing what one is doing obviously not unimportant to doing it well. Business ethics is not the superimpositions of foreign values but the understanding of the foundations of business itself.*

Beyond the lofty platitudes of Solomon (and this does not mean that they are not brilliant), it is also possible to see business ethics "as the morality of the marketplace" (van Luijk 1992 p.4) or as "its (business) own special kind of morality" (Bauman 1995 p.263). Business ethics, in these definitions, is obviously very much connected to the subject of morality.

Beauchamp and Bowie's (1990) describe morality as denoting a social institution. Morality is composed of a set of standards generally acknowledged by the members of the culture in which it is established. Ethics may be conceived as the "science of morality" - morality developed in a systematic way. Morality answers what is good or bad; ethics, on the other hand, answers *why*.

If there is to be a truly meaningful system of business ethics, standards of judgement which are more than hopeless abstractions may need to be implemented. While Solomon (1993) would find the standard in business practice and personal virtue, I would argue a system which gives a reflective language in order to discuss business

ethics cases may be necessary. The reflective language may be found in philosophical and social theory.

Zald (1993), as quoted in Chapter One, states a problem of the social sciences is they have been essentially *poor* humanities. Too often in the rush to be scientific, social scientists have become overly detached from the humanities tradition of theoretical reflection. Benefits from the humanities, for example, include substantive meaning and presentational terms such as rhetoric and narrative devices. All of these benefits may be translated to the field of business ethics. *The Comb*, the analysis of the fisheries case, and possibly this thesis as a whole demonstrates an appeal for a humanities approach.

A significant problem with business ethics may be a fair amount of mis-communication occurs because terms like morality, ethics and, for that matter, 'business ethics' are often left undefined and furthermore hold no commonly accepted definition. Lewis's article supports this supposition. Solomon (1993 p.6) also describes "a good deal of *wrongdoing* in business is due to impoverished language, and a lack of adequate understanding rather than outright greed or wickedness." Mis-communication has proved to be a major hurdle in analysing business ethics cases, demonstrated by the tendency to revert to rhetoric and emotivist tendencies (see MacIntyre 1981). The development of the *Comb* may be helping to overcome this deficiency by grounding the analysis in substantive questions consistent with a theoretical reflection. It provides a medium through which analysis and reflection may be carried out. It is a tool for me to use in analysing and reflecting upon the case of the Newfoundland fisheries. The *Comb* helps to 'sort' and 'arrange' the tangled mess that is a business ethics dilemma.



The term ethics is used to describe a system of value principles which produce a definition of right and wrong. 'Ethics' is different from 'law'. Law is designed to reflect society's attitudes and desires about the culture in which it wishes to exist. Society may condone an act as legal although it may be unethical (Raiborne and Payne 1990). Closing down a plant solely for short-term reasons and destroying the long-term viability of a small community may be legal, but it may not be ethical. Conforming to the law, therefore, is not necessarily ethical behaviour.

Business at its core is a simple notion. Business is about "making and selling goods or services for a profit" (White 1992 p.11). However, the shape of business in contemporary capitalism lacks this simplicity and is in fact quite complex. It would be ideal, from an ethics standpoint, if every business organisation was a small corner store but modern capitalism does not allow this simplicity. Modern capitalism gives society the corporation with all of the complexities and ethical issues its structure creates.

Capitalism is the economic system under which most modern corporations function. Based on "private property and the competition of the free market...Businesses respond to consumer desires by offering what they hope will be satisfying products" (White 1992 p.12). Capitalism generally rejects central economic planning, promoting market mechanisms to determine production levels and price. Corporations, generally referring to 'profit-making, business organisations', seem to be the method in which businesses are organised under capitalism. These organisations are interesting from an ethical

standpoint because not only do they have the potential for unethical action but their inherent nature (see moral personhood) also has ethical aspects.

Business ethics may be a complex field. When there is no strict agreement on what 'business ethics' is, this leads to complexity. A complex question which continually arises as to whether an organisation is a moral person. Does an organisation have the same responsibilities and obligations as a regular individual or is its existence simply a piece of 'legalised fiction?' It is important to examine the question of whether an organisation has the ability to be a moral person so that it may actually utilise these 'shared values' and act in an 'ethical' manner. The question of moral personhood examines the ethical responsibilities of the organisation.

### **Moral Personhood**

The term 'person' may mean three different but related notions in terms of ethics: "metaphysical person", "moral agent" or "moral person" (Manning 1984 p.77). Usually the term "moral personhood" refers to the question of whether organisations have the same moral rights, duties and obligations as a 'person'. French (1979 p.207), for example, argues that the corporation is a person taking the view, "*...corporations can be full-fledged moral persons and have whatever privileges, rights and duties as are, in the normal course of affairs, accorded to moral persons.*" Conglomerate collectivities such as business corporations are seen as moral persons while aggregate collectivities such as lynch mobs are not (French 1979). While I agree with French in that juristic corporate personhood is not necessarily an indicator of moral personhood, it is important to

understand the legal statutes and theories from which organisational 'personhood' flows. 'Personhood' is one of the fundamental tenets upon which business ethics is based - if an organisation may be seen as a 'person' then they not only have a legal obligations, they may have an ethical ones as well.

Within the field of business ethics, corporations have been recognised as persons by the American legal system. Justice Marshall of the United States Supreme Court ruled in *Dartmouth College v. Woodward* that a corporation is a "artificial being...(which) possess...those properties conferred on it by its character. Among these properties are immortality and individuality" (Manning 1984 p.80). The argument proceeds, if there are good reasons for insisting that corporations have basically the same legal rights as individuals, then they should have the same ethical rights as well. The obvious result is the same 'ethical' obligations as individual 'persons'.

The legal obligations a corporation holds are quite clear. Corporate criminal liability may be grouped according to the degree of corporate criminal responsibility practised - full corporate responsibility, partial liability and administrative liability (Lansing and Hatfield 1985). Full corporation liability is practised in the United Kingdom, Canada and the United States. In full corporate liability, the organisation is fully responsible for its actions. Partial liability is currently exemplified by Belgium where the natural person is liable and rests on those persons who were responsible for preventing the infraction. Administered liability, on the other hand, is where a country operates under little or no corporate criminal accountability.

The concept of 'moral personhood' and its implications has been well theorised. The Chicago school of thought, for example, favours punishing the corporation and not the executive (Lansing and Hatfield 1985). It claims if penalties imposed on the firm are sufficient to deter criminal action, then the firm will take corrective action to prevent misconduct by its agents for which it is legally responsible. The belief is that the firm is better positioned than the state to detect misconduct by its employees. In the United States, this has been manifested through the 1992 Sentencing Guidelines (cf. Carmichael 1995). Yet, are the different stakeholders within the Newfoundland fishery acting as moral persons - at least through reflecting and analysing their actions? The analysis and research of the case, seen in Chapter 6, will attempt to look at this question.

Viewing the organisation as a moral person, however, has its problems. 'Moral personhood' for the organisation helps to obscure the importance of individual human moral agency within the corporation. Individuals are taken for granted and there is a constant reference to the corporation as the decision maker (Stanley 1990). An individual cabinet minister, for example, may make a decision as to what fish plant to keep open but she/he is still acting as a representative of the government.

While an organisation may not have the 'moral reasoning' of an individual, it still has the capacity for moral reflection and deliberation. The utilisation of this capacity may most likely be the best indicator of whether it acts in a manner which is consistent with the norms and values of the society. Organisations, especially corporations, still have to acknowledge their obligations and duties to society beyond legality. Raiborne and Payne (1990 p.880) sum up the argument concisely stating "*a corporation in developing a*

*code of business ethics should take its proper place as a member of society through its status of legal person.* " Society demands, through the law, organisations act in a manner consistent with being a moral person. This is manifested in the evolution of the 1992 United States Sentencing Guidelines.

The concept of 'moral personhood' also leads into the field of corporate responsibility. Since society seems to demand organisations act as moral persons, it is therefore necessary they take responsibility for their actions. Corporate responsibility can and should be exercised in any context where moral values and obligations are relevant (Goodpaster 1983). The individuals in the organisation may make corporate policy decisions but these judgements are not merely personal - they are choices made for and representing the organisation.

Yet some writers would disagree with the concept of 'corporate responsibility'. The question of corporate responsibility may be seen as the main issue which started the field of business ethics when Milton Friedman (1972 p.32) in "The Social Responsibility of Business is to Increase Its Profits" states

*...a corporation is an artificial person and in this sense may have artificial responsibilities, but 'business' as a whole cannot be said to have responsibilities, even in this vague sense.*

Friedman (1972 p.34) goes on to further argue that corporate social responsibility is a "socialist view" because it looks at "political mechanisms" rather than "market mechanisms." On a much more philosophical bent, Grcic (1985 p.146) paraphrases Nietzsche stating *"only individuals behave ethically and the behaviour of an*

*organisation is from one perspective, simply the sum of individual actions each of which involved an ethical choice."* The question of the sum of individuals versus a collectivity which has responsibilities is also brought forward by Donaldson (1982) who takes a collectivist view in his discussion on the notion of social contract. Donaldson uses the vehicle of the social contract to argue that the corporation can be a moral agent and therefore have responsibility because it has the capacity to a) use moral reasoning and b) control the structure and implementation of its decision making. At the same time, capacity does not mean they actually do utilise moral reasoning. Coye (1986 p.48) contends

*it is the organisational member (individually or co-operatively) who, influenced by his/her values, makes the organisation's decision. Business ethics is, therefore, more accurately described as the study of individual choice making activity within a particular organisational setting, that of the corporation.*

Business ethics must understand how individuals make decisions and function within organisations. Phillips (1991), however, argues that reference to corporate responsibility and moral personhood is seen as being far too philosophically based. It does not reflect a sociological/psychological foundation which would exhibit a more mature field. Yet, at the same time, this is a clearly biased argument in regards to the value of sociology/psychology from Phillips. The problem is not whether it is a philosophical issue. The dilemma seems to be there is no 'correct' answer to the question of moral personhood.

In summary, the argument may be broken into two sides as to whether organisations are morally responsible (Logsdon and Palmer 1988). The first side is based on the belief

only individual persons may be morally responsible. Individual members of organisations are seen as morally responsible and should be fully accountable: the corporation therefore is not morally responsible (Velasquez, 1982). The second side holds that corporations are moral agents and may be held morally accountable (Donaldson 1982; Manning 1984). Yet moral responsibility and accountability does not necessarily mean corporations are persons.

Questions of moral personhood will persist as long as we have philosophers. There seems to be no empirical solutions. Yet the arguments which arise about moral personhood have profound effect on the field of business ethics and the case of the Newfoundland fishery. If there is no acceptance of 'moral personhood', of organisational responsibility, then there maybe no need to analyse issues within business ethics. If there are no 'people', then who can we hold responsible? Corporate responsibility may be considered a 'macro' issue in business ethics which leads to the debate about what is the appropriate level of analysis in business ethics issues.

### **Levels of Business Ethics**

There are three primary levels of business and business ethics (Epstein 1989). The first level is the *micro* which consists of the rules for fair exchange between two individuals. The second level is the *macro* which exemplifies the institutional or cultural rules for commerce for an entire society (the business world). The third level is the *molar* level of business ethics which concerns the basic unit of commerce today - the organisation.

Micro-ethics in business is very much of part of what is considered traditional ethics. Its concern is the nature of promises and other obligations, the intentions, consequences and other implications of an individual's actions, the grounding and nature of various individual rights (Nicholson 1994). The idea of a fair exchange is promoted and the notion of commutative justice is particularly relevant in micro-ethics. Micro-issues in business ethics, for example, have been exemplified in the debate about the ethics of insider trading (Shaw 1988; Irvine 1987; Werhane 1989; Moore 1990).

Micro-ethical questions essentially centre around potential conflicts which may emerge between an individual's personal value system and the occupational demands of his or her profession (Brummer 1985). Instances arise when a subordinate's personal moral code may not be in conflict with corporate policy, but an individual is tempted to do something which violates company regulations and/or the laws of the land in order to get ahead. The conflicts and ethical implications of these types of actions fall within the realm of micro-ethics.

Using insider trading as an example, it may help individuals minimise the risk of securities trading. Instead of taking a risk as to the potential performance of a security on the open market, insider trading minimises the gamble through providing information which the open market would not necessarily have access. The professional demands of fair trading ensue, but individuals also require that acceptable risk be minimised - creating a micro-ethical question.



Little doubt exists that micro-ethical decisions have implications beyond the merely personal. The impact of decisions may not be as great as those by corporate leaders, but micro-ethical decisions involve moral, professional and social consequences. The interest in insider trading in the 1980s, with the indictment for security fraud of Michael Milken, Ivan Boesky and Boyd Jefferies (Vogel 1991; 1992 cf. Stewart 1991; Kornbluth 1992; McAdams 1993), manifests how micro-ethical questions can attract the interest of wider tracks of society. Moreover, micro-issues may lead to the development of macro issues. If insider trading, for example, is widespread then a macro-issue of the morality of the market ensues (cf. Werhane 1989; Sethi 1994; Freeman et al. 1987; Martin and Peterson 1991; Barach and Elstrorr 1988).

*Macro-ethics* is concerned with larger questions about justice, legitimacy and the nature of society which constitute social as well as political philosophy. "What is the purpose of the 'free market'?" may be seen as a question within macro-ethics. Macro-ethics examines the 'big picture' and its main purpose is to understand the nature of the business world. The case of the Newfoundland fishery may be seen as having predominantly both a macro and micro orientation. While micro-concerns are evident within the case, such as the role which certain fish companies play in small communities, the restructuring may be viewed as more of a 'macro' issue.

Macro-ethical issues primarily differ from micro-ethical ones in that they involve matters of policy formation rather than implementation (Brummer 1985). Macro-ethical issues typically involve concerns for the potential broad social and/or economic impact; what are the issues emanating out of the restructuring of the Newfoundland fishery? The

place of business ethics, especially ethical theory within the field, may predominantly be seen at the macro level (Danley 1991). MacDonald (1992 p.574) also agrees with this description stating "*business and professional ethics will have to take more into account of the big picture and focus more on macro, than on micro, ethics.*"

Hoffman and Moore (1984) argue that the legitimacy of the field of business ethics lies in macro issues. An investigation "*...of the context in which American business is conducted - that is capitalism or the free market system*" must be performed. Even people who take issue with the legitimacy of business ethics hold macro-issues as important. A 'macro' level question for example is whether the field of business ethics is really an attempt to legitimise the 'system' (L'Etang 1992). The big picture, it may be argued, gets blurred by the continual philosophical debate which characterises business ethics. Yet, has there been too much emphasis spent on macro-issues? Friedman's stance on the macro-issue of corporate social responsibility may have started the field of business ethics, however the future may lie in issues which are not only important to academics but which excite and agitate business people. The development of the Ethics Officer Association in the United States, for example, demonstrates organisational issues such as whistle-blowing (DeGeorge 1990; Duska 1990; Near et al. 1993), affirmative action (Groarke 1990; Hook 1985) even drug testing (DeJardins and Duska 1986) as what currently drives the field from a practitioner basis. While there is clearly room for macro-issues, it may not necessarily be 'the place of business ethics'.

### Looking at the Stakeholders - The Molar Level

The molar unit of analysis in business ethics also may be seen as extremely important. The definitive 'molar' unit of modern business is the corporation, and the central questions of business ethics tend to be aimed at the directors and employees of very large, influential organisations (Solomon 1993a). Yet, as mentioned above, there are questions as to whether molar-unit analysis is appropriate. For example, questions exist as to whether the molar focus is legitimate in teaching business ethics.

Another example of the emphasis molar ethics has on the field of business ethics is the notion of 'stakeholders' being the beneficiaries of corporate social responsibilities rather than *stockholders*. The stockholders are but a single sub-class of the stakeholder group. As Drucker (1988) in his famous Harvard Business Review article 'New Organisation' states:

*So we must think through what management should be accountable for; and how and through whom its accountability can be discharged. The stockholder's interest, both short- and long-term, is one of the areas. But it is only one.*

In an organisation, stakeholders are all of those who are affected and have legitimate expectations as well as rights regarding the actions of the organisation (Freeman 1984). Although Freeman's (1984) work provided a solid foundation upon which to build the concept of 'stakeholders' there seems to be a multitude of definitions seen within the business ethics field (cf. Clarkson 1995; Donaldson and Preston 1995; Dunfee 1995; Hossenini and Brenner 1992; Boatright 1994; Carson 1993). However the notion of 'stakeholders' has become one of the most identified concepts within the business

ethics literature (Dunfee and Donaldson 1995). Going even further, I would argue that implicit within any business ethics analysis is the notion that there is such things as stakeholders and that their interests should be addressed. While the original stakeholder concept appeared in traditional management literature through the work of scholars such as Dill (1958) and Aoki (1984), Preston (1990) has traced the origins of the stakeholder approach as having occurred during the Depression, when the General Electric Company identified four major 'stakeholder' groups: shareholders, employees, customers and the general public (Clarkson 1995 p.105). Recently, the stakeholder concept has been elaborated and expanded upon within the business ethics field by such writers as Donaldson and Preston (1990), Jones (1995) and Langtry (1994). It has also been used in a number of case studies including Frost (1995) and has been re-interpreted from a feminist viewpoint in Wicks et al. (1994).

A 'stake' is an interest of a share in an undertaking. The idea of a 'stake', therefore, may range from simply an interest in an undertaking at one end, to a legal claim of ownership at the other end. A stakeholder may be seen then as an "individual or group that asserts to be affected by the actions, decisions, policies or practices of the business firm, which may also have an effect on the organisation's actions, decisions, policies or practices" (Carroll 1993 p.60). The stakeholder concept as an approach may be seen as extending beyond the traditional production and managerial views of the organisation, to consider a much larger conception of the parties involved in an organisation's functioning and success (Carroll 1993).

There are essentially two types of stakeholders within an organisation: primary and secondary. A primary stakeholder group is one without whose continuing participation the corporation cannot survive as a going concern. Primary stakeholder groups are typically comprised of shareholders and investors, employees, customers, and suppliers, together what may be defined as the public stakeholder group: the governments and communities that provide infrastructure and markets, whose law and regulations must be obeyed and to whom taxes and other obligations may be due (Clarkson 1995 p.106). Secondary stakeholder groups are defined as those who influence or affect, or are influenced or affected by, the organisation, but they are not engaged in transactions with the corporation and may be seen as not essential for its survival. Secondary stakeholders may be opposed to the policies and programs that a corporation has adopted to fulfil its responsibilities to, or to satisfy the needs and expectation of, its primary stakeholder groups (Clarkson 1995 p.107). Yet, even though secondary stakeholders may not be essential for an organisation's survival...does this mean (from a normative standpoint) they should be ignored?

The stakeholder concept may be seen as having three essential attributes which make it valuable to the business ethics field - its descriptive accuracy, instrumental power and normative validity. Donaldson and Preston (1995) discuss these attributes quite extensively and contend that:

1. *The stakeholder theory is unarguably descriptive. It presents a model describing what the corporation is. It describes the corporation as a constellation of co-operative and competitive interests possessing intrinsic value.*

2. *The stakeholder theory is also instrumental. It establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals.*
3. *Its fundamental basis is normative and involves the acceptance of the following ideas: (a) Stakeholders are persons or groups with legitimate interests in the procedural and/or substantive aspects of corporate activity. Stakeholders are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them. (b) The interests of all stakeholders are of intrinsic value. That is, each group of stakeholders merits considerations for its own sake and not merely because of its ability to further the interests of some other group.*

Donaldson and Preston (1995) also argue that all three aspects of stakeholder theory are nested within each other, but the central core of the stakeholder concept is still normative. Dunfee (1995) goes even further to argue that the stakeholder concept is a new 'paradigm' within business ethics. Within this paradigm, researchers are working to improve upon the stakeholder idea and to resolve long-standing issues such as how to weight stakeholder interests as well as how to resolve competing interests among sets of stakeholders. Currently, these issues are still being debated within the business ethics field.

From a business ethics perspective, the concept of "stakeholder" greatly expands the focus of corporate concern without losing sight of the particular virtues and capacities of the corporation itself. Goodpaster (1991 p.73) argues

*'stakeholders' (do not) lack a morally significant relationship to management...management may have never promised customers, employees, suppliers, etc., a 'return on investment' but management is nevertheless obliged to take seriously its extra-legal obligations not to injure, lie to or cheat these stakeholders quite apart from whether it is in the stockholders' interests. (Emphasis added)*

This expansion of focus on corporate concern has led to a number of authors defining the organisation as a system of stakeholder groups (cf. Clarkson 1995; Jensen and Meckling 1976; Jones 1995; Harrington 1996). This definition manifests the organisations as a nexus of implicit and explicit contracts between it and stakeholders. Yet, some people disagree as to what extent should organisations expand their *concerns* apart from their shareholders. Clarkson (1995 p.110) argues that:

*The survival and continuing profitability of the corporation depend upon its ability to fulfil its economic and social purpose, which is to create and distribute wealth or value sufficient to ensure that each primary stakeholder group continues as part of the corporation's stakeholder system.*

Beyond this 'survival' and 'continuing profitability' there may be seen a notion of an expanded concern apart from simply maximising wealth for shareholders and primary stakeholders.

The expanded concern of organisations has many benefits. Social responsibility, for example, may therefore not be an additional burden on the corporation but a part of its essential concerns. The stakeholder concept is being embraced not only by business people but also by politicians. Tony Blair and the Labour Party have "explicitly adopted the stakeholder tag" (Economist 1996, February 10). The dialogue of 'stakeholders' is becoming increasingly seen within business. Moreover, in any business ethics analysis (and the one being conducted within this thesis on the case of the Newfoundland fishery) stakeholders interest should (normatively) be considered and addressed. The stakeholder concept has not necessarily reached a watershed in which certain critical normative questions must be resolved before it can achieve full status as a specialised

'theory' of business ethics. For example, what serves to justify a particular claim by an stakeholder, or for that matter, the claim that someone is a stakeholder? What makes a certain community a 'stakeholder' in the Newfoundland fishery, but does not consider a young person living in St. John's one? The strength of stakeholder analysis, however, lies in it being seen as a normative compass which helps guide people examining issues within business ethics (Goodpaster 1991; Dunfee and Donaldson 1995 p.175). Issues within business ethics, such as the case of the Newfoundland fishery, can substantially benefit from being approached from a 'stakeholder' viewpoint. Yet most analysis within business ethics leaves stakeholder concepts largely implicit (Jones 1995 p.405). It may be seen as important to delineate who are the stakeholders and what their particular interests are from a business ethics perspective. The analysis of the Newfoundland fishery examines stakeholder issues and, methodologically, this is one of the primary bases of the analysis. As with most conceptual approaches in business ethics, specific problems may be seen with the stakeholder concept especially in its implementation. Ambler and Wilson (1995), for example, outline a number of implementation problems for stakeholder theory including determining specific stakeholders, stakeholder mapping and distribution of wealth.

On a macro level, stakeholder theory also is problematic in that it has not been fully embraced by business and moreover there are opponents to the version of capitalism which stakeholder theory essentially describes. As the *Economist* (January 12 1996) in "Hotels and planes: In praise of short-termism in business" states:

*Strange, though, to rail against short-termism in a week in which Daimler-Benz, having notched up the biggest peacetime loss of any German company - an impressive DM6 billion (Dollars 4 billion) for*



1995 - had at last to pull out of Fokker (see page 61). Both firms are beneficiaries of the stakeholder version of capitalism. That is to say, they have been allowed to drift insouciantly into loss by the far-sighted, ungreedy patience of (in Daimler-Benz's case) Germany's banks and (in Fokker's) the stoical Dutch taxpayer as well.

Yet, stakeholder capitalism above all exemplifies the importance the 'molar' unit of business ethics analysis and may be on the rise. The case of the Newfoundland fishery has many distinct and not-so-obvious stakeholders. Both primary and secondary stakeholders have interests within the restructuring which need to be addressed. Since the stakeholder concept is implicitly part of the methodology in analysing the case of the Newfoundland fishery (and is moreover implicit within much of the business ethics literature) a more specific methodological question remains as to why use case studies in business ethics.

### **Whither Methodology?<sup>2</sup>**

*The choice of methodology, like the choice between a telescope and a microscope, is critical to our view of the world and to our understanding of society<sup>3</sup>*

Including the methodology section of the thesis within a chapter which considers the major issues and debates within the field of business ethics may seem functionally strange. Yet, methodological questions - what type, how, where, bias and so on - are issues which have predominantly remained unresolved within the field of business ethics. This non-resolution of methodological issues is indicative of the social sciences as a whole which struggles with an identity crisis rooted in the relation

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<sup>2</sup> A discussion of the issue of methodology within business ethics may be found in *Business Ethics Quarterly*, Volume 2, Number 2.

<sup>3</sup>Phillips 1992 "Understanding Ethics in Practice: An Ethnographic Approach to the Study of Business Ethics" *Business Ethics Quarterly*, 2, 2, p.224.

between *Geisteswissenschaften* (cultural sciences) and *Naturwissenschaften* (natural sciences) (Phillips 1992 p.225). Bain (1995) argues that empirical research in the field of business ethics is relatively new, so easier to define. Yet, his approach of quantitative research using anonymous surveys seems laced with problems and not applicable to the case of the Newfoundland fishery. Throughout the business ethics literature there seems to be no clear dominant methodology. If anything is dominant, it is a 'pluralist' approach to methodology. Trevino (1992) goes even further to state that business ethics lacks a 'mature focused research stream.' So, the question remains '*whither methodology*' to be used within this thesis?

Business ethics obviously has a normative background. Philosophers started the field as outlined in the Literature Review (Chapter 2)<sup>4</sup>. This philosophical background also means (from a social-studies perspective) that the methodology has been poor (Kennedy and Lawton 1992; Collier 1995) or non-existent (Randall and Gibson 1990). Philosophers do not have the same kind of research background as social scientists (Trevino and Weaver 1994). They do not sit in class discussing 'post-hoc rationalisation', 'attribution bias' or 'survey-size'. A philosopher's concern would be whether an issue has normative consequences and developing the analytical arguments to support a certain position. Trevino and Weaver (1994) argue that methodological self-consciousness in philosophical ethics, when it does exist, is individualised to the task and author at hand. Since this thesis may be seen as an attempt to look at business ethics from a humanities approach, it would be tempting to

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<sup>4</sup> Ryan (1996) also gives an comprehensive history of the founding of the Society for Business Ethics and business ethics' growth as an academic field.

take methodological issues and basically ignore them or individualise them as most philosophers do when developing case studies within business ethics (cf. DeGeorge 1986). If the thesis is really about the author developing the thesis for a personal reason, to examine the case of the Newfoundland fishery, then why care about methodological issues? Methodological development within the thesis may be seen as a pragmatic issue - can the case be analysed? Yet, it may be seen as important due to the nature of this case study and analysis of the text being a PhD thesis to examine methodological issues within the field of business ethics. If methodology is not discussed, then how can the reader understand my personal development in analysing the case of the Newfoundland fisheries?

People working in the academic field of business ethics must confront an unusual set of problems: not only must they sort through the tangle of methodologies and issues within their field, but they must also debate and decide upon the very boundaries and the subject matter of business ethics. It is difficult, within the literature, to distinguish "substantive work within business ethics from arguments about what areas the field should encompass" (Olson 1995 p.371). Yet, within the literature and specifically the thesis, the importance of case studies cannot be denied.

First of all, what is a case? Bain (1994) defines a business ethics case study as typically between two to more than twenty pages in length. A case, from a teaching perspective, "confronts students with descriptions of realistic human events and then requires the students to analyse, evaluate, and make recommendations about those events" (Bain 1994 p.150). Sheldrake (1994 p.155) takes a more 'practice' orientation

arguing that "the case study approach should provoke participants into reflecting on their own values and how these might be formed, comprised or reinforced in a business/work situation."

Case studies are not primarily used within empirical centred studies in business ethics. Problems of access, time, and relative ease of accomplishing the research (Bain 1994) lead to the more popular empirical-based research to be seen in survey-based studies. Bain (1995) goes even further to state that:

*Anonymous surveys are typically the quickest and easiest of the tools to use. A qualitative approach such as an ethno-methodological study is hardly worth the effort. In the amount of time that one has to invest in gaining access to an organisation to study its ethics (with little chance of success), one can probably carry out an entire other survey for publication (Bain 1995 p.21).*

Obviously, beyond its ease in application, survey based research also has problems in regards to social desirability bias and paucity of relative understanding which emanates from it. Brigley (1995 p.21) argues that the positivist assumption that it is possible to measure ethical cultures seem conceptually and methodologically misguided. Beyond the survey method, other social scientific research methods are potentially available to researchers who study ethical-unethical behaviour in organisations. These methods range from interpretative, qualitative approaches such as interviews and observations to more traditional methodologies like surveys, self reports, and laboratory investigations (Trevino 1992). Scenarios (Robertson and Ross 1995), vignettes (Bain 1994) and participant observation (Jackall 1988) are also available to the empirically oriented business ethics researcher. Even post-modern research methodologies have come recently into use within business ethics (cf.

Nielsen 1993; Ramussen 1993). Case studies, beyond their perceived diminished value as a research tool, may be seen as the foundation of teaching business ethics (Sheldrake 1994), if not researching it. The literature reflects many articles which take an interest in the case study approach within business ethics (Malloy and Lang 1993; Mathison 1988; Sheldrake 1994) or consists of a comprehensive case study (Brady and Dunn 1995; Shrader-Frechette 1995; Gini 1986). The Gini (1986) article "A 'Butte' of a Hole in Montana" may be seen as particularly relevant to the case of the Newfoundland fishery as it deals with the restructuring of a small town in Montana due to the closing down of its main industry, a mine. The case study approach may therefore not be the most popular within the field of business ethics, but its presence cannot be denied.

Obviously, in choosing a research methodology, one has to consider first the purpose of the research exercise. In this thesis the purpose is to analyse the case of the Newfoundland fishery. So, the thesis has to embrace the case study methodology. Beyond this obvious necessity, the case study research methodology may be seen as a valid option and one of the stronger ones in the business ethics field.

Philosophers have been using case studies for a long time. Before the emergence of modern moral philosophy, casuistry was one (if not the dominant) approach to philosophical reasoning. Destroyed by Pascal and his admirers in the 17th century due to the granting of indulgences by the Roman Catholic Church, casuistry has recently enjoyed a rebirth in applied ethics (cf. Jonsen 1991) with the publication of Jonsen and Toulmin's (1988) The Abuse of Casuistry. While the casuistic method of

philosophical reasoning may have its proponents, its use in business ethics has not been widely accepted. Donaldson and Dunfee (1995 p.175) relates that a "case-by-case" approach lacks the consistency and legitimacy for offering anything other than unreliable, politically contaminated guidance". Yet, what casuistry may lack as a reasoning process, its focus on case studies may be quite an advantage within business ethics. Binns (1994 p.175) goes even further to relate that "unlike the approach of the pure philosopher - the issue for the business ethicist usually arises from a case study". Research in business ethics has much to gain from the use of case studies.

Research using case studies may promote the 'verstehen' as opposed to the 'erkläre' within the social sciences, that is, understanding rather than explanation (Malloy and Lang 1993). Case studies obviously have a lot of importance in the teaching of business ethics. But, from a research standpoint, philosophers may be seen as not having the interest in investigating or solving cases. This may be seen as an important distinction between researching business ethics from a 'philosophical' rather than a 'business' perspective. DeGeorge (1986 p.422) argues that "business professors are typically better prepared to develop detailed case studies and are more interested in doing so". Yet, even for philosophers, cases can raise several research possibilities including: the challenge of fitting cases into the whole framework of the field, identifying out of cases the principles that need attention, clarification and discussion, as well as proposing suggestions that business organisations might implement if it wishes to be moral (DeGeorge 1986). Philosophers, like social scientists, construct and test models but their models are often tested by more general criteria of universal

applicability however these criteria are within the constraints of the context of a particular case (Werhane 1994 p.176).

Yet, social scientists might argue that since we know so little about the 'ethics phenomena' that the qualitative research methods seen in case studies are not appropriate (Trevino 1992). Cognitive biases, impression management, social desirability bias may limit the interviewee's ability and willingness to honestly report his or her thoughts and behaviours, especially as they relate to unethical decision behaviour (Kiedtka 1992). The same, however, may hold true for the most popular form of empirical research - the anonymous survey. The case study approach may be seen, from a business research perspective, as being more appropriate to inquiries into the "complex, diverse contents and contexts of business ethics" (Brigley 1995 p.219) than the anonymous survey. Yet, what type of cases are seen within business ethics? According to Brady (1988 p.164), the kinds of cases found in the business ethics literature include, but are not limited to:

- a. **Extreme Cases.** Extreme cases are often productive cases to consider, since they often illustrate principles which can be used to bracket further examination. E.g. environmental issue of how to manage dwindling world supply of oil.
- b. **Counterfactual cases** - cases where the facts are different, or maybe even opposite, from the original cases under consideration.
- c. **Analogies and metaphors** - are often helpful in appealing to intuitions that are otherwise masked by the complexities of real cases.
- d. **Reverse cases** - are designed to promote empathy and open-mindedness with respect to all sides of an issue.
- e. **Precedent** - is perhaps the most useful case to consider since consistency is a necessary condition of formalistic principles.
- f. **Counterexamples.**

g. **Archetypal cases** - difference between the major views of the relation between business and society are owed not so much to differences in principle but to differing intuitions regarding the nature and basic conditions of human life.

*Investigatory case studies*, such as the case of the Newfoundland fishery, may be ideally suited to overcoming the inadequacies of the prevailing positivist paradigm (Randall and Gibson 1990) by

*evolving grounded theoretical questions for further research. Case studies offer an alternative to the measurement of ethical behaviour, i.e. naturalistic generalisation which is rooted in the context of organisational cultures and economic systems (Brigley 1995 p.219).*

Yet within the research on case studies there is little use of heuristic sources for illustrating its dilemmas, conflicts or resolutions (Kennedy and Lawton 1992).

Most empirical research in the field of business ethics has been positivist in nature which is the prevailing research paradigm. Surveys of key decision-makers in management, employees, and less frequently, consumers are most commonly through the use of self-completion questionnaires. The written survey method is most probably the commonest form of data collection with over 92% of the empirical research studies using this type of method (Weber 1992). These studies typically probe and measure participant's attitudes in response to ethical difficulties presented as questions, statements or scenarios (or vignettes) (Brigley 1995 p.219). The problem with this approach is that it does not consider the context of the research question, allow (in the use of the survey method) for researcher-subject interaction to clarify questions or responses and finally, it may be argued, does it capture the complexity of real-life business ethics situations (Weber 1992; Kiedtka 1992)



The case study approach is also indicative to the field's commitment to methodological diversity. The case study approach considers implicitly the belief that complex ethical issues in organisations are not properly addressed by the unitary, deductive model of reasoning appropriate to an academic lecture or paper. Instead approaching and understanding such issues as the case of the Newfoundland fishery require a multiplicity of perspectives and views. Often in the discussion of a case, there is no one right or wrong ethical answer. Learning and progress lies in a "movement towards inclusivity of perspectives and in the procedural fairness of listening to and striving to understand alternative views" (Green 1993 p.224).

Case-study work obviously requires a researcher's own ethics to enter into the conceptual and interpretative aspects of the research. There is a notion of self-reflexivity on behalf of the researcher which may not be ignored - yet is totally overlooked in positivist research. The case study researcher may be seen as the research instrument in the sense that understanding what is going on is necessarily conducted through the lenses of the researcher's own understanding. The latter cannot be eliminated in a quest for scientific collection and analysis of 'pure data' since case studies do not produce data so much as evidence which is yielded in the act of interpretation (Brigley 1995 p.223). The conceptual background of the self-reflexive researcher cannot be ignored. This obviously leads, from a positivist viewpoint, to bias. Yet, from a non-positivist perspective, this may not necessarily be a problem. Kiedtka (1992 p.174) contends that a choice of research method is "inevitably as

much of a 'personal aesthetic' tied to one's own way of knowing, as it is function of the research question."

There are obvious problems with using case studies as research instruments in business ethics. Examining case studies from a positivist viewpoint, the problem of low external validity (i.e. non-generalisability of findings beyond the case researched) becomes apparent. Tsoukas (1989 p.556) argues that the problem of low external validity leads to two consequences: the case study method is only suitable for the investigation of local causality and, secondly, not legitimate for general theoretical claims. Brigley (1995 p.223) contends on the other hand that this objection can be overcome through comparative analysis. Though a case study is obviously singular by definition, Brigley argues

*the logic and coherence of its conclusions can be widened by considering what it is a case of: what does a particular case represent, what wider references does it make, vis-à-vis the deeper generic or formal conceptions which cut across various sites and types of case studies?*

Yet the knowledge derived from case-study generalisation within business ethics is more provisional and open-ended than is normally understood. It is evidence yielded in the act of interpretation. Since it is generated through the active interpretation of multiple perspectives, case studies cannot be judged valid, reliable, or generalisable in the positivist sense (Brigley 1995 p.225). Yet, the oversimplification which comes with more rigorous quantitative methods means that they as well have problems. There is no 'ideal' approach to research methodology in business ethics.

The case study also may be seen to promote the idea that business ethics is solely about "the application of general ethical theories to cases or issues in business" (DeGeorge 1986 p.423). This may (taken to its furthest extreme) lead to a lack of theory development and other methodological problems as outlined by Randall and Gibson (1990) and Robertson (1993) including a weak theoretical base and poor conceptualisation. Yet, Brigley (1995) argues that case studies in an 'open-ended spirit' help to overcome these deficiencies through providing topics and methods which further research (presumably positivist) may inductively contribute.

Yet, beyond the thesis, what are the options other than case study research for the business ethics field? Business ethics is obviously a delicate subject to research. Sample sizes and low response rates cause many problems, since managers may not want to have their 'ethics' observed or measured directly (Trevino 1986). Moreover, the assumption of an interviewee's ethical competence, a necessary research bias, may be refuted in individual cases (Ulrich and Thielemann 1993). Randall and Gibson (1990) outline many problems with the positivist, empirically-oriented 'research' including the social desirability bias. Moreover, there is a tendency within positivism to look down upon and systematically exclude moral considerations (and non-empirical value-based inquiry) (Wicks 1995 p.612). Qualitative 'non-positivist' research seems to be the best option in regards to research methodology - especially in relation to this thesis.

But is the qualitative research seen within the business ethics of any 'quality'? The relative quality of the qualitative research seen in business ethics rests not on the

instruments but on the researcher. The notion of 'scientific detachment' and 'objectivity' in business ethics research "appear illusory at best, a betrayal of both the respondents and researcher" (Kiedtka 1992 p.177). In regards to developing the context of a dilemma in business ethics, qualitative research methods such as the personal interview and ethnographic approaches may be seen as much more effective (Phillips 1991; 1992). If methodology's purpose really is

*to clarify, to be able to identify, describe and nourish those personal values and ethical principles that lend meaning to individual lives, as well as the public social values that sustain and augment human potentialities constrained within ecological limits and global needs (Frederick 1992 p.246).*

then the case study research method, especially in the instance of the Newfoundland fishery case, is ideally suited to the task at hand. It develops the context of what may be seen as happening within the restructuring of the Newfoundland fishery. A more important debate which has not been resolved within business ethics research methodology, is the question of empirical versus normative methodologies.

Normative methodology may be seen as having quite an important place within business ethics research due to its philosophical beginnings. Yet, as business ethics becomes increasingly a field placed within the social sciences, questions emerge as to whether it is appropriate to consider normative issues (i.e. is this a good or bad thing) from an empirical standpoint. Empirical research, emanating from the social sciences, is supposedly 'value free.' Yet, how does one have 'value free' business ethics? The literature, especially the seminal study by Randall and Gibson (1990), point to the empirical research methodological shortcomings of the field. Highest priority for

attention seems to rest more in the "realms of theory development and conceptualising the meaning of ethics rather than in the more technical details of positivism including choice of sample, response rates and data gathering procedures" (Frederick 1992 p.92). In these objections to the empirical research, what seems to be lacking may be a failure to develop the normative methodology along-side the empirical. Can empirical and normative research methodologies be kept apart or should they be embraced within business ethics research?

Questions emerge about whether to combine the two approaches, empirical and normative, or to keep them separate within business ethics research (cf. Weaver and Trevino 1994; Trevino and Weaver 1994; Frederick 1992; Donaldson 1994; Werhane 1994; Collier 1995). The one conclusion which seems to emanate from all the literature is no one 'Approach' to business ethics research exists. The debate still goes on. Recognising this methodological plurality may be seen as important to not only outline the normative implications of the field of business ethics, but also to this thesis. Normative theory may be seen as equally important to empirical methodology. While the theory behind the empirical investigations in business ethics has not been well developed, the philosophical normative theory behind it has. The next chapter and chapter 5 will outline and develop the normative theoretical implications in developing the model of the *Comb*.

### **Conclusion**

Taking a normative standpoint, organisations may be held morally responsible, just as they can be held legally. Just because their existence is determined by a piece of paper

on which the terms of their incorporation are stated does it mean they do not have a 'real', ontological existence. There is no 'black letter law'. They do not just have 'stockholders', they also have stakeholders whose needs may have to be addressed. Corporations may be very much real entities, just as real as an individual businessperson who operates the local corner store.

Obviously an assumption which informs this thesis is that capitalism and the business corporation currently offer the best option. I acknowledge that someone could quite succinctly and coherently argue that capitalism is inherently unethical so that in order to develop any sort of business 'ethics' methodology a rejection of the capitalist economic model is needed. However, until both capitalism and the business corporation disappear the more cogent question: how do we make their actions more 'ethical' and more responsible as well as how do we study them? This is the practicality of the situation.

A question arises then as to how to use theory to examine dilemmas within business ethics. Obviously modern capitalism and its medium of the corporation creates many dilemmas. It leaves a tangled mess which may need to be arranged and sorted. The case study approach seems to be the best method to examine the dilemma of the Newfoundland fisheries, obviously, because it is a case study. The question then becomes - how do I analyse it? One method in which to examine the cases is through the use of models. The next two chapters will discuss the role of analysis and model building in business ethics. Models are, in their purest form, simply systematic ways of organising theory. The following chapter will outline and develop the theory behind the

questions to be used within the analysis and examination of the case of the restructuring of the Newfoundland fishery.

# *Chapter 4*

## *Developing the Questions:*

**The Moral Philosophical Basis Behind  
the Comb.**

*Great Musicians are like great fighters. They have a higher sense of  
theory going on in their heads.*

**Miles Davis. Miles Davis: The Autobiography (1990).**



## Introduction

The purpose of the thesis, as stated in the Introduction, is to analyse the case of the Newfoundland fisheries. In order to analyse this case, a model is to be developed for systematically organising the questions to be asked within the analysis. The model, called the *Comb*, attempts to integrate the chosen moral philosophical principles with the understanding which comes from the use of metaphors - especially as metaphors are utilised in organisation theory. Furthermore, the model will seek to improve the author's intuitive analysis of the restructuring of the Newfoundland fishery. This chapter, and the one following it, will outline the model in order to begin the analysis of the case.

First, a question emerges as to why use normative theory? Secondly, what theories do you use within the analysis? The methodological plurality seen within the field of business ethics means that there is no 'one' approach to researching the subject. Nor is there one conceptual normative theory which is seen as the basis behind the field. Recognising this theoretical and methodological 'plurality', five major theories from moral philosophy (egoistic, deontological, teleological, social contract and rights theory), will be employed to generate the questions for the analysis. These may be seen as the 'traditional' ethical theories used within business ethics. It will be argued that while these normative theories may not all be seen as complementary or complete with regards to the plethora of normative theories seen within the field, from a pragmatic viewpoint, they begin and widen the breadth of the analysis. Third, how does one organise the theories? The next chapter will outline the different types

of models seen within business ethics and provide the structure as well as the reasoning behind the development of the 'Comb' for arranging and sorting strands of the analysis of the business ethics dilemma of the Newfoundland fishery. Yet, firstly, why use normative theory within the analysis?

### **Moral Theory<sup>1</sup>**

*Mastery of ethical theory...provides the necessary tools to engage intelligently in personal and social analysis of moral issues.*

DeGeorge (1982)

Jamieson (1993) argues that contemporary moral philosophers have mainly concentrated on questions concerning in the inherent nature of moral theories: what they are, why we might want to have them, and what methods we should use in constructing them. There has also been increasing anxiety about the nature, status, and role of moral theory (Louden 1993). Questions of universality versus pluralism have exemplified the development of recent moral theory (cf. Dunfee and Donaldson 1995; Brady and Dunn 1995; Walton 1993). Jamieson (1993) describes this anxiety arising from the 'schizophrenic' nature of modern moral theory. A certain amount of the 'schizophrenic' nature of modern moral theory has been manifested in that the problems of theory have been the main focus of some philosophers. Other philosophers have primarily been concerned with what they see as a crisis of method. MacIntyre (1981) relates that modern moral philosophy serves up a cafeteria of conflicting moralities among which it is powerless to decide. The dominant conception is that moral theories are abstract structures which sort agents,

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<sup>1</sup> I use the term 'theory' to refer to normative philosophical theory throughout the chapter. This is consistent with how it is used within the academic field of business ethics (cf. Trevino 1992).

actions, or outcomes into appropriate categories. Proposed categories include virtuous, vicious, right, wrong, permitted, forbidden, good, bad, best, worst, supererogatory, and obligatory. Outcomes are ranked according to their goodness, actions according to their rightness, and agents according to the virtuousness. Different theories take distinct categories as primary. The job of moral theorists taking the dominant conception is to make particular moral theories explicit, to describe their universality, and to make clear their coercive power. This reflects the dominance of the Kantian paradigm in examining arguments, assessing evidence, and scrutinising logical relationships. Moral-theoretic reasoning, moreover, is often modelled on legal or economic reasoning (Jamieson 1993).

Challenges to the dominant conception have become increasingly prominent. One source of these challenges is a feminist sensibility that began to emerge in professional philosophy in the 1970s. Another source is the widespread scepticism about authority that was characteristic of the late 1960s. Post-modernism and critical theory have also recently presented alternative paradigms.

The dominant conception was first critiqued in G.E.M. Anscombe's 1958 essay, "Modern moral philosophy" (Jamieson 1993). Anscombe (1958) objects to 'the law conception of ethics', which she sees as characteristic of English philosophy from Sidgwick on. Anscombe argues that this view of ethics as law is untenable without the notion of divine lawgiver. Since modern moral philosophy banishes God, Nietzsche's 'God is dead', Sidgwick's conception of moral theory is ultimately anachronistic. Anscombe (1958 p.30) puts it succinctly

*If it as the notion "criminal" were to remain when criminal law and criminal courts had been abolished and forgotten.*

Anscombe's conclusion is that if moral philosophy is to be secular, it had better be more like Aristotle's than Sidgwick's. Yet Anscombe (1958) tempers her return to Aristotle saying if there is a return then moral philosophy "should be laid aside...until we have an adequate philosophy of psychology" (p.26). Alternative suggestions have been developed - taking up Anscombe's challenge. MacIntyre (1981) urges people to subvert liberalism by developing common narratives and ways of life. Williams (1953), on the other hand, takes pluralism and liberalism as given in societies like ours, and goes on to reflect on the prospects for living an ethical life in such societies.

The feminist critique of traditional moral theories has been influenced by psychological research, exemplified in the work of Carol Gilligan. The main suggestion is that women have different patterns of moral response than men (King 1986). Baier (1979) takes the point even further arguing that this research suggests that while traditional male ethics focuses on obligation, female ethics focuses on caring.

Moral theories in their purest form are essentially derivatives of moral theorising. Jamieson (1993) argues that people use abstract structures for various purposes: to grade and categorise agents, acts, and outcomes; to relate to various religious beliefs and cultural outlooks; to evaluate, analyse, extend and so on. Yet the anti-theorists point out, what we almost never use them for is making moral decisions (Jensen and

Wygant 1990; Bahm 1982). This non-applicability obviously has been a big problem within the field of business ethics. As pointed out in the Introduction, we seem to be left with a tangled web of conflicting issues in business ethics and no method for untangling the web. If the theory is too abstract then pragmatically it is useless. It has no use to me in analysing the case of the Newfoundland fishery.

The emphasis on producing theory may be seen as too much on creating abstract, philosophically sound theory rather than something which can be used to examine ethical dilemmas. Louden (1993 p.139) argues that there is a need to be "more empirical and less reductionist" in theory development. I would argue, moreover, there is a need to be more pragmatic in theory development within the field of business ethics. Simplicity in language and argument should be pursued as the main objective, it lets one overcome the abstraction and complexity within the field.

The study of ethical behaviour has been guided by a number of paradigms and approaches, most prominent among them a normative approach rooted in the social sciences (Fleming 1987; Kahn 1990; Trevino 1992). Theory, within the field of business ethics, may be seen as a source of much dissatisfaction. The term 'theory' as it relates to business ethics refers to normative ethical theory which is "developed by philosophers, not the explanatory and predictive theory of social scientists" (Trevino 1992 p.121). Lack of clarity and consistency as well as little relevance to other areas of business studies has proved to be a source of considerable anxiety in normative theory's application within business ethics. Its abstract nature means that it is perceived as too difficult to apply in a

straightforward fashion to the moral dilemmas seen within business ethics (Horvath 1995; Cavanagh et al. 1995).

Theory even when it is applied in a 'straightforward' fashion has its problems. Theory may be seen to only provide after-the-fact legitimacy for contextualized judgements reached in informal (though not thereby non-rational) fashion (Klein 1985). Yet the dominant conception of business ethics, as an academic field, includes normative ethical theory and contextualized studies of business-ethics problems. There is at least an assumption of some sort of connection between the two (Trevino and Weaver 1994).

Trevino and Weaver (1994 p.125) argue that, perhaps contrary to the perceptions of social scientists, normative business ethics has an empirical basis "as a source of research questions and in the justification of answers". This 'discovery' may be seen as more consistent with 'enlightenment' rather than 'finding' something. The 'method' of normative ethical theory commonly involves achieving a Rawlsian (1971) reflective equilibrium between theoretical constructions and our considered moral judgements. Beauchamp offers similar directives, emphasising the analysis and critique of arguments and positions. However, not all texts offer even heuristic guidelines (Trevino and Weaver 1994 p.125).

There is quite a large distinction between 'theory' and 'practice' within the academic field of business ethics. Wicks (1995 p.611) contends that there are three specific levels from which the distinction may be examined:

1. On this first level, the challenge is to generate moral wisdom (whether it be in the form of moral principles, models, or norms) and use it to scrutinise the activity of human beings in a particular context. The language used to describe the task of ethicists, whether it is 'applied ethics' or 'doing ethics in an applied setting' can suggest a great deal about different approach to this issue: both in terms of the relative distance between theory and practice, and how one creates meaningful connections between them.

2. The second or meso-level of the distinction involves fitting together the dynamics of practice and the concepts, language or models of academics. Finding ways to shape ethics-talk that makes sense to practitioners and provides guidance appropriate to their tasks is a problem of crafting moral guidance to suit a particular context. One of the challenges for business ethicists is that their inquiry is often perceived as inadequate to this task. Critics maintain that ethicists don't adequately speak to the complex forces that shape the reality of business. Many business students and managers want ethics to make sense, to help shape their work, but they claim that the insights of the leading journals in the field and the standard textbooks are too abstract and naive.

3. The third, and most applied, level of theory-practice distinction focuses on how ethical problems are resolved in specific situation and who has the skills necessary to make such decisions (e.g. whether academic theorists or practitioners have the requisite 'expertise' to perform ethics consultation, how reform is carried out and who teaches ethics to practitioners). Whether the approach emphasises theory or practice becomes particularly significant at this level. If ethical insights are seen as originating in theory or theoretical models, then ethicists can provide an indispensable expertise. If the account is driven by practice, then ethicists will be far less integral to doing ethics in an applied setting. (Wicks 1995 p.611).

Yet, Hoffman (1984) raises questions about the applicability of these normative approaches. He relates that the ethical theories which moral philosophy argues as relevant to business all seem to have their own set of special internal problems. They seem to confuse rather than simplify. Ethical theories, for example, lead to counterintuitive claims or fail to provide answers to decisions about what one should do in a given situation (Bowie and Beauchamp 1990). Hoffman (1984 p.263) asks the question:

*If an ethical theory seems to condone actions morally repugnant to our basic ethical intuitions and feelings, which may accuse teleological theories of doing, or if an ethical theory cannot tell us which act to perform in a specific context or adjudicate between conflicting obligations, which many find true of deontological theories, then what good are they?*

My answer to Hoffman's question is that they aid in moral deliberation and analysis. Maybe what we need is more of Willigenburg's (1991) and Alexander's (1995) reflective capacity in ethics rather than having it tell us what to do. I would argue that I do not want ethical theories to tell me what to do in a certain instance, I want them to tell me how to think about a certain situation.

Hoffman (1984) argues that this pragmatic approach (i.e. not looking to theories for answers to dilemmas) towards the deficiencies of ethical theory exemplifies the dominant conception of moral theory. Hoffman (1984 p.264), however, argues this dominant conception makes

*moral deliberation take on the form of a practical syllogism; the major premise is supplied by theory, the minor premise by the facts, and the conclusion simply drops out of the inference providing a definitive moral result. Unfortunately this is a gross oversimplification of moral reasoning.*

Hoffman (1984) concludes that within business ethics, theory is necessary to interpret and validate practical moral choice. I would argue that Hoffman is being too formalistic in his approach. While interpretation from theory is an ideal which should be pursued and validation also provides a useful exercise, conclusions do not "simply drop out of inference." Theory may be seen to provide moral deliberation and reflection - not inference to conclusions. Theory also provides a systematic framework to examine and vindicate an ethical system. At the same time of this



moral deliberation and reflection, in business ethics, there is usually an appeal to practice. Business ethics may be seen as an attempt to blend practice and theory as indicated by Wicks (1995). 'Business' prefacing the concept of 'ethics' manifests how as a subject area, business ethics may be seen as the application of moral philosophical theory to the subject area of business studies.

In the Introduction, it was noted that Derry and Green (1989) argue a consensus exists within in the field of business ethics about the importance of ethical theory. Knowledge of ethical theory is needed for responsible debate about issues in business ethics and it a vital resource for handling specific cases. As the opening quotation of the section from DeGeorge (1982) suggests, "[m]astery of ethical theory....provides the necessary tools to engage intelligently in personal and social analysis of moral issues." Examining Derry and Green's typology, I would argue the **dialogical method** would be the most desirable when approaching theory. The dialogical method flows from the dialectic developed by Plato which refers to the "method or art of conversation or debate." There is, it may be argued, a need to discuss, reflect and examine issues in business ethics, especially the case of the Newfoundland fishery. The ideal way to achieve this reflection and examination, I would argue may be through theory. Like Derry and Green, I would argue that there is no simple distinction between theoretical and applied ethics. The problem may be simply in communicating the theories rather than in their non-applicability. Theory, may be used in generating the relevant questions for the analysis of the Newfoundland fisheries.

The question then becomes - what theories?

Choosing from what theoretical approaches to develop the questions was difficult. Obviously, as outlined in the previous chapter, there is a plethora of theories. The current models being used within the field of business ethics, outlined in the next chapter, utilise a number of theories. Five traditional approaches to modern ethical theory seem to dominate the literature within the business ethics field: egoism, deontology, utilitarianism, contract/social contract theory and rights/justice approaches. But they are not the only theories used within the business ethics literature. However, I would argue that they present a good reflection of the theoretical constructs behind the field. Since this thesis may be seen as having a focus in analysing the case of the Newfoundland fisheries, I utilised a 'pragmatic' approach in choosing the respective theories. Following Bowie and Beauchamp (1987), which may be seen as one of the seminal texts within the field of business ethics, I chose three of their main normative theories outlined in their section on Normative Ethical Theory - utilitarianism, deontological, and theories of justice and rights which I combined. Since I am not a trained philosopher, I was somewhat confused by the distinction between a theory of rights and that of justice, especially what 'justice' and a 'right' was. There seems to be, from my perspective, a minimal distinction between the two concepts. The theoretical distinction between a 'right' and 'justice' from a theoretical approach are quite substantial, but from an operational viewpoint I was not sure whether it such a big difference. In order to facilitate the analysis, I combined the two, which fortunately has precedent within the business ethics literature (cf. Brady and Dunn 1995). I also chose to ask

questions from the social contract perspective which may be considered a derivative of utilitarianism. In some way, both the 'contract' and 'rights/justice' perspective may be considered derivatives of the utilitarian/deontological theories. Even though they are derivatives, I believe they have much to offer to the field of business ethics, especially a social contract perspective which is has become increasingly popular within the literature (Donaldson and Preston 1995; McCracken and Shaw 1995; Salbu 1995; Dunfee 1995; Koehn 1993; Warren 1993; Jones 1995; Wertheimer 1992). Dunfee (1995 p.120) goes so far as to argue that:

*Social contract theory offers business ethicists a realistic, contextual basis for making normative judgements*

Moreover, a social contract normative perspective may be seen as inextricably linked to the stakeholder concept (Dunfee and Donaldson 1992; Robertson and Ross 1995; Conry 1995) which, as outlined in the previous chapter, has much relevance to the case of the Newfoundland fisheries. Social contract theory, from a normative perspective, seems to provide an interesting, alternative viewpoint to the analysis. This may be due, in part, to the US Sentencing Guidelines, the increasing 'litigious' nature of Western society but also the idea of seeing the organization as part of a 'nexus of contracts'.

Beyond these four theories, which are fairly straightforward in that they are well developed and their use is relatively non-contentious within the business ethics literature, I also included a egoistic perspective into the analysis. This is not consistent with Bowie and Beauchamp who consider it a problem, rather than a normative theory. They consider it is a problem because it advocates, from a

normative perspective, self-interested behaviour which would be intuitively the antithesis of what business ethics is trying to promote. Yet, since this is a thesis which I am doing for myself, it is difficult to escape the role of self-interest. Furthermore, since I am identifying individual stakeholders within the analysis, it was also interesting from a research perspective to examine what their self-interest might be. I would also hold that self-interest is not as much of a problem as Bowie and Beauchamp propose. Especially considered from an 'enlightened self-interest' perspective, ethical egoism has much in common with the more widely accepted virtue theory<sup>2</sup>. Egoism, from a pragmatic viewpoint, is also used extensively within the business ethics literature and has been considerably elaborated upon. The distinction between ethical and psychological egoism (which is considerably more problematic) is outlined in the next section.

So why not other theories? Essentially, from a pragmatic viewpoint, I recognised the scope and breadth of the theories which normative, moral philosophical theory presents was too clumsy to use. I had to choose. Why five theories, why not six? Why not use virtue ethics, or an ethics of caring? The 'traditional' theories within the field of business ethics have been predominantly '**principle based**' exemplified in 'the greatest good for the greatest number of people' or the categorical imperative (cf. Beauchamp 1995; Toulmin 1950; 1981). Beyond the 'traditional' approach to ethical theory within business ethics, it was difficult to articulate the perspectives of the different theories. When I started the thesis, I knew that my knowledge of the different ethical theories was somewhat limited. In reading Beauchamp and Bowie's

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<sup>2</sup> Virtue theory is elaborated on in the Conclusion .

typology of the different theories<sup>3</sup>, I was presented with a method to operationalize solving the dilemma of the plurality of theoretical approaches within the academic field of business ethics. Secondly, the business ethics literature has been well developed in regards to the five theories chosen, while virtue theory and feminist approaches - the two dominant alternative approaches excluded from the analysis - are less well developed. Third, I found it quite difficult to reduce and implement both an ethics of 'care' and virtue theory into questions. They did not lend themselves into being utilised for their reflective capacity.

The thesis is about analysing the case of the Newfoundland fishery. I am utilising the theories to solve a problem. how to analyse the case, rather than developing them theoretically for their own sake. Consequently, although by choosing these five theories I would probably invoke criticism for not being complete or comprehensive within the analysis, it is at least a beginning. Most previous models used only two (Brady 1985) or three (Cavanagh et al. 1981) theories, while I use five. Does this make the model I am proposing superior? No but it may be seen as more widely based. It may be a better 'tool' for the 'times' which is manifested by the breadth of theoretical approaches within post-modernity. While I may not be completely pluralistic in utilising these five theories, at least I am willing to begin the analysis.

The following five sections will describe and outline the theories. The description of the theories is for my benefit so I can understand what each perspective proposes. At

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<sup>3</sup> Ironically, the 1997 edition of the book now includes Virtue Ethics, Feminist Ethics and the Ethics of Care.

the end of each section a list of questions will be generated after going through the theory. Obviously, a certain amount of expertise and reflection during the development of the thesis was needed to simplify the theories down into a number of questions. While I do not pretend the questions are completely representative of each respective theory it is, once again, a start. The questions will be used within the model of *Comb* which is generated in the next chapter.

### **Egoism**

Egoism is a prominent moral philosophical theory. Its main concern may be seen as the promotion of one's self-interest. Egoism has been used throughout the literature as a theory for examining issues in business ethics (Longnecker et al. 1988; Pattan 1984; Hansen 1992; Shepard et al. 1995). Egoism, as a normative theory, has been advocated by both ancient and modern philosophers. Its classic statement may be found in the ethical system of Empiricus who argued the sole valid standard of valid standard of right action is the avoidance of painful or unpleasant experiences (Taylor 1975). Yet, the main focus of egoism, self-interest, may be thought to be contrary to ethical behaviour. On the other hand, egoism is considered to be one of the predominant normative ethical theories (Brady and Dunn 1995). Its use as a normative theory, therefore, is quite contentious. There are two major approaches to egoism - psychological and philosophical.

### A. Psychological egoism

Psychological egoism is an interpretation of ethics based on the idea that everyone is always motivated to act in his or her perceived best interest. Psychological egoism believes that people always do what pleases them and is best expressed in a statement such as "*People are at heart selfish even if they appear to be unselfish.*" People making an ethical decision using this theory would follow a course of action which was the most self-serving.

Psychological egoism may be seen as a factual theory about human motivation and behaviour. It offers an explanation of why people act the way they do. Ethical egoism, on the other hand, is a normative theory - it sets forth a standard or principle for determining how people ought to act. The psychological egoist tells us what ends everyone does in fact seek; the ethical egoist tells us what ends everyone ought to seek (Taylor 1975 p.32). The basic idea of psychological egoism may be stated in the following manner:

- (1) Every person always acts so as to promote his/her own self-interest.
- (2) The sole end of every act is the agent's own good.
- (3) All acts are really selfish, even if some of them appear to be unselfish.
- (4) Everyone always does what she/he most wants to do, or what they least dislike doing.
- (5) Concern for one's own welfare always outweighs, in motivational strength, concern for anyone else's welfare (Taylor 1975 p.32).

Psychological egoism presents a serious challenge to moral philosophy. Ethics presupposes that a person 'ought' to follow an action which is in accordance with certain moral principles - '*I ought to contribute to charity.*' Psychological egoism

holds that people are always self-interested. If this can be held as true then it would be futile for someone to tell them to act otherwise. Ethical egoism, as a normative theory, would become redundant.

Psychological egoism may be challenged on the grounds it is overly simplistic. While people generally see actions which promote self-interest as fair, they may be unwilling to act in that manner. Existing empirical data also argues for a revised and enlightened statement of psychological egoism (Greenberg and Bies 1992).

Psychological egoism most of all is a *motivational pattern* which is in accordance with a principle - doing what protects and promotes an individual's own welfare, well-being, best interest, happiness, or greatest 'good'. Motivation, which stems from psychological egoism, comes from one of two sources; either a person is indifferent about the welfare of others or secondly they always care more about their own welfare than that of others when there is a conflict between the two (Baier 1991 p.198).

Psychologists usually contend that psychological egoism is not a valid theory because no empirical evidence exists to support its claim as a form of behaviour. Rather than present an empirically based theory to the effect that we are always egoistically motivated in the ordinary sense of 'egoistic', psychological egoism may merely give a new and rather misleading meaning to 'egoistic motivation' (Baier 1991).



The counter to the whole idea of psychological egoism is the view that there is evidently examples of altruistic actions by people. The example of someone giving up their own life to save the ones of others would obviously seem to be an action which may be purely altruistic. Yet an argument may be put forward that sometimes we profit through death as much as we do in life: to die a hero, to keep a code of honour.<sup>4</sup> This is what Max Weber meant by *Wertrationalitat*. Yet, an alternative argument may be helping others is justified on egoistic grounds only if we profit by it (Pattan 1984). The main problem with psychological egoism is *psychological* rather than *ethical* i.e. people always act in this method, making the theory's practicality doubtful. As far as some ethical egoists are concerned, it may be perfectly possible for someone to act unselfishly or altruistically. But, they hold, "it is never a person's duty to act so" (Taylor, 1975 p.31).

### **B. Ethical Egoism**

Ethical egoism elevates psychological egoism to an ethical level by saying that a person 'ought' to promote their self-interest. The only valid standard of conduct is the obligation to promote one's own well being over everyone else's. Unlike psychological egoism, it is based on the idea that people ought to do something rather than they *always* perform in that manner. Ethical egoism may best be expressed in a statement such as "*You are a sucker if you don't always look out for yourself first and others second.*"

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<sup>4</sup> I sometimes think that the people who stayed on the sinking Titanic in 1912 while others escaped with their lives in life boats, thought in their minds they were doing the "right thing." It could be argued that they were act egotistically by keeping their code of honour, this Victorian code of morality.

Some would argue that ethical egoism may simply be a form of teleological (i.e. outcome) morality. Ethical egoism takes the 'self' as the centre of the universe making it teleological in structure (Shaw and Post 1993). 'The greatest good for the individual' may be seen in ethical egoism rather than, for example, utilitarianism where the 'greatest good for the greatest number' is promoted.

Egoism based on this teleological rationality is highly probable (Baier 1991). Why would we do something which is not in our own self interest? What justification do we have to act outside our own self interest? In a famous remark Bishop Butler claimed that "*when we sit down in a cool hour, we can neither justify to ourselves this or any other pursuit till we are convinced that it will be for our happiness, or at least not contrary to it*" (Butler 1726, Sermon 11, Para. 20; Baier 1991 p.201). While Butler states, our 'happiness' instead 'our greatest good', the inference may be seen as the same since he believes that our happiness does constitute our greatest good.

Ethical egoists do not believe we should never take the interests of others into account but rather consider them only when it suits our own. For example, a corporation which creates an environmental policy may be only doing so to create a favourable image in the eyes of the public.

Some philosophers have argued that anarchism and chaos would result from everybody following ethical egoism. Hobbes (1651), for example, argued a world

dominated by ethical egoism would be one where everyone would be at each other's throat resulting in a state dominated by anxiety, violence and constant danger. But Hobbes also gives self-interest as the motive for a person's deciding to join a moral and legal community. Taylor (1975 p.49) states:

*At one point Hobbes says, 'Of the voluntary acts of every man, the object is some good to himself' - a clear statement of the principle of psychological egoism. Hobbes makes this statement in explaining why a person would voluntarily renounce the condition of having no obligation (thereby creating the necessary conditions for the social contract or covenant and, with it, the Commonwealth)... Hobbes' ethical egoism does provide a systematic account of how the principle of self-interest can function as the ultimate ground of right conduct, not only in a 'state of nature' where there are no moral rules, but also in a rule-governed community of moral agents.*

Another example of this anxiety created by ethical egoism is seen in the business ethics literature by Kwame (1983) who argues that capitalism embraces both the price mechanism as well as a particular set of institutions governing the ownership and control of property which both operate on individual profit. Kwame's (1983) example of capitalism operating in parts of Africa puts forward the argument that an official endorsement of capitalism stands in danger of raising psychological egoism to the level of ethical egoism. Such an endorsement, it could be argued, may mean that people seek their selfish interests in a market economy.

Since the practice of capitalism in conditions of scarcity leads to "evil" practices (Hobbes' state of chaos), it is immoral to recommend capitalism to poor countries such as are found in sub-Saharan Africa and other parts of South America (Kwame 1983). Yet Milton Friedman (1972) recommends capitalism to poor countries on the

grounds "it is moral and progressive." In Kwame's eyes egoism has become the basis for sustaining, on an ethical level, the capitalist system.

Egoists counter these contentions by arguing that a person should realise he or she has moral obligations to others beside those voluntarily accepted. A person should accept some moral rules and obligations when promoting one's self-interest for it would not be in the egoist's best interests. The Hobbesian forecast of a world ruled by anarchy is unrealistic for this reason.

The common belief is that the best known egoist was Adam Smith (1776). This assumption is based on the debate he argued about the public good evolving out of a suitably restrained clash of competing individual interests. As each individual pursues their own self interest, the interactive process may be seen as guided by an "invisible hand" so that public benefit is achieved. Individual egoism in commercial transactions leads not to the war of all against all, according to Smith, but rather to utilitarianism.

Smith's (1776) An Inquiry into the Nature and Causes of the Wealth of Nations presented an argument for egoism as a practical ideal, at least in the economic sphere. Smith advocated the freedom of entrepreneurs to promote their own interest and therefore their profits; such an arrangement would best promote the good of the whole community.

Economists have used Smith's writing to argue for self-interest - better described as egoism or greed - as the focal point of capitalism. Their slant on the concept and Smith's model is, however, defective (Bassitry and Jones 1993; Wilson 1989; Wicks 1995). Robert Solomon (1993) contends that Adam Smith was not an ethical egoist at all, contending

*There is nothing in Smith's work that would even for a moment suggest that "greed is good" and the "invisible hand" metaphor upon which such an enormous weight has been placed despite the fact that Smith mentions it only once in Wealth of Nations - it plays a much smaller role in Smith's view of the market and morality than is usually implied. Second, Smith is no individualist in the Hobbesian mode, and he emphasises the importance of institutions and of social and interpersonal relationships much more than he does our concern for individual self-interest, though he does not, of course, deny the latter...Third, Smith's notion of "self-interest" is not at all the asocial or antisocial sentiment that is usually made out to be. It is certainly not Hobbesian, nor even Rousseauian. It is already intrinsically social, and doing good is a matter of genuine nor compulsion (whether by contract or force) but a genuine source of pleasure for its own sake (Solomon 1993 p.86).*

A problem arises with Smith's theory in that it becomes a fallacy if it is advanced without the support of an "invisible hand" (Baier 1991). If each person promotes her own interest, then that of everyone is thereby necessarily promoted. The fallacy arises because the interests of different individuals or classes sometimes conflict. The interest of one individual may be to the detriment of the other. No-one has yet found those conditions under which a group of constrained egoists could attain the common good. Even an ideal situation (like a perfectly competitive market, as defined by neo-classical economists), may not guarantee the attainment of an egoist's economic version of the common good - efficiency. Ethical egoism is mainly criticised because of this conflict between the interests of individuals. Ethical

egoism seems to give incompatible directives in circumstances of moral conflict. The individual may be seen as the only authority but the problem is that there are many 'individuals.'

A good example may be seen in finance in the form of a hostile take-over (cf. Alemander and Carey 1991; Meade and Davidson 1993). Egoism may tell an organisation's directors that it is in its own best interest to take-over a company but may also tell the company being attacked to defend itself. Furthermore egoism would promote the use of the 'Pac Man' defence or to issue a 'Poison Pill' where the company would do irreputable harm to itself by taking on more debt or liquidating its capital so that it would not be taken over. Yet there is no specific regulation that says which interest should give way - that of the company which is being taken over or the organisation pursuing the take-over. It could be argued, for example, that management actions taken in pursuit of its own self-interest instead of that of the stockholders may be seen as unethical (Jones and Hunt 1991). It seems relatively certain that if everyone acted egoistically, conflicts would occur.

Egoism, it may be argued, should be rejected as a universal theory because it forces people to make incomplete assumptions about how other people behave - which totally glosses over the most interesting and complex parts of life (Wicks 1995). Business is not necessarily about the pursuit of self-interest - or more accurately, any form of self-beneficial activity that allows one to make a profit.

A common argument is that egoism and the promotion of greed drive business activity such that ethical considerations have no meaningful place except as outside constraints. This is not because people want organisations to ignore ethical issues but rather competition, efficiency, and the dynamics of the market leave no room for such concerns. Society seems to assume that ethics is about altruism, about being kinder and gentler, about being charitable. Ethics, in this respect, requires denying self-interest. Ethics and business, therefore, cannot fit together: one activity upholds self interest, while the other rejects it. This belief is not necessarily the case because human actions stem from a variety of impulses and norms that have to do with culture and other moral social values (Wicks 1995). Self-interest is clearly one such impulse, and an important feature of human behaviour, but its influence is far more complex as it is both shaped and balanced by a variety of other features.

So the question becomes, 'when' rather than 'if' egoism can be considered a valid theory? An answer may be found in environmental ethics. As eco-feminism points out, Western thought has created dualisms - human-nature, mind-body, reason-nature etc. What defines humanity and nature is not which is similar (e.g. the body, reproduction, sexuality) but rather that which separates the two, especially reason. The relations of humans to nature is treated as an oppositional. The way to obtain some sort of human interest in defending nature is not only through the expanded 'Self' operating in the interests of nature but also with self-interest (Plumwood 1991). Through egoism, it may be argued, we can obtain a better environment.

The whole idea of enlightened self-interest may also be seen as an acceptable argument for legitimising egoism. If organisations and individuals can transcend their own greed and, instead act in an enlightened way, then it can be argued this enlightened self-interest may be a powerful tool from both an economic and moral viewpoint. However, 'enlightened self-interest' would presuppose a very mechanistic and functional approach to motivation. A motivational approach which emphasises 'self-actualisation' may be more beneficial to both the economy and ethics.

After examining the literature and the arguments about ethical egoism, it is possible to generate a number of questions for the analysis that someone pursuing an agenda of egoism would ask when examining a dilemma within business ethics. So, the questions which may be asked by someone pursuing an agenda of egoism would be:

- 1. What is your own self-interest?***
- 2. How can this self-interest be pursued?***
- 3. How can this self-interested be maximised?***

When conducting the analysis of the Newfoundland fishery, these questions would be asked when examining the dilemma. While recognising that there may be teleological underpinnings with question number three in reference to the term 'maximisation', the concept of self-interest still may be seen as the foundation of all three questions. The next major moral philosophical theory to be discussed is deontology, otherwise known as Kantian ethics.



### **Deontological Theories**

Deontological theory holds that the concept of duty may be seen as independent of the concept of good and some actions are right or wrong for reasons other than their consequences. It has been used to examine issues in business ethics ranging from peer relations (Moberg and Meyers 1990) to corporate disclosure (Brumer 1986). Deontology holds that factors other than good outcomes justify at least some moral judgements and actions. The fairness of distribution, keeping a personal promise, repaying a debt, and abiding by a contract would be ethically correct, according to deontological theory, whether or not utility was maximised. Philosophers call such ethical views which emphasise factors other than outcomes as 'deontological' in composition (from the Greek *deon*, 'duty'). This is in contrast to views which are 'teleological' or consequence oriented in structure (from *telos*, Greek for 'goal'). Deontological views seem to reject the idea that actions are right or wrong because of their outcomes.

The deontological approach to ethics attempts to determine the substance of a duty without considering the consequences of particular ways of acting. It is also concerned with the rules and principles which guide actions based on systems of rights and duties (MacDonald and Beck-Dudley 1994; Martin 1991; Getz 1990). Deontologists believe moral principles may be ascertained through some sort of logical test of consistency and also that the moral rightness of actions may be directly comprehended.

Teleologists, on the other hand, focus on goals and on the most efficient means to maximise value. This is widely accepted by agents such as scientists and business people (Starr 1984; L'Etang 1992) because it is very similar to the types of reasoning found in their professions. Deontologists think it is misleading to conceptualise moral life in teleological terms.

Many philosophers follow Rawls (1971) in supposing that these two categories, teleological and deontological, exhaust the possibilities regarding theories of morality. According to Rawls,

*The two main conceptions of ethics are this of the right and the good...The structure of an ethical theory is, then, largely determined by how it defines and connects these two basic notions...The simplest way of relating them is taken by teleological theories: the good is defined independently from the right, and the right is defined as that which maximises the good (Rawls 1971 p24).*

A deontological theory is defined by Rawls in contrast with teleological theories as

*one that either does not specify the good independently from the right, or does not interpret the right as maximising the good (Rawls 1971 p30)*

Yet there seems to be a problem with Rawl's term of 'maximising the good'. Deontologists hold, according to Davis (1991 p206), that what is 'right' is not defined in terms of the 'good' and reject the idea that the *good* is prior to the *right*. In fact, they believe, no clear specific relation between doing right and good (in the consequentialist's sense, i.e. predicting a good outcome) may be seen.

Consequences are therefore not important. Deontologists state that individuals should not engage in actions which are wrong, even if by doing so they will create more good than harm.

The result of consequences not being important is that deontologists hold actions may be wrong due to their inherent nature. There may be no need for prediction to determine validity. In the eyes of a deontologist, it is easy enough to say which acts are wrong, namely those that violate any of the deontological constraints. There is no need to go out and predict consequences, just follow the deontological constraints. The list of constraints that Nagel (1986) offers is representative:

*Common moral intuition recognises several types of deontological reasons - limits on what one may do to people or how one may treat them. There are special obligations created by promises and agreements; the restrictions against lying and betrayal; the prohibitions threatened, tortured, coerced, robbed; the restrictions against imposing certain sacrifices which makes distress at a distance different from distress in the same room. There may also be a deontological requirement of fairness, of even-handedness or equality in one's treatment of people (Nagel 1986 p.176).*

Nagel's reference to "special obligations" has much applicability to business ethics. An example of a special obligation within business may be seen with corporate disclosure. Organisations have an obligation, a duty, to disclose certain information in the form of, for example, an annual report. Brummer (1986) in "Accountability and the Restraint of Freedom: A Deontological Case for the Stricter Standard of Corporate Disclosure" contends that management as the caretaker of an organisation's assets holds certain prima facie duties of disclosure. These duties may

be implied in the special relation which an organisation has with the shareholders of the company, i.e. executives promise to represent the interests of shareholders.

Deontologists insist on the importance of motives. Utilitarians, on the other hand, hold that motives may be seen as critical to our assessment of people, but will insist right ones are determined exclusively by the intention to produce the best outcomes. Deontologists maintain that there are two central questions which underlie human as well as business actions: (1) whether a person's motive is intentional so that one may be held accountable for an outcome and (2) whether certain kinds of motives are morally superior. For example, the motive of self-interest may be the most appropriate for businesses to ensure good consequences but the point a deontologist might make is that a business derives no special moral credit for acting in its own interest, even if society is benefited and pleased by the action.

The German philosopher Kant, the most influential of the deontologist philosophers, believed that an act is morally praiseworthy only if done neither for self-interested reasons or as a result of a natural disposition. An action may only be morally praiseworthy if done from duty. Kant's primary work on ethics are significant through their emphasis on human freedom and to the view that morality comes neither from God, humanity, or the aspirations of individual humans, but from 'Reason' (O'Neill 1991). Kant's work on ethics are to be found in his Groundwork of the Metaphysic of Morals (1785), Critique of Practical Reason (1787), and in his Religion within the Limits of Reason Alone (1793). Kant holds that individuals possess a necessary understanding of themselves as agents and moral beings. There

have been many questions as to whether this understanding actually exists. Kant assumes individuals have free will, and argues that the seemingly dissimilar concepts of free will and natural causality are compatible.

Kant emphasises performing one's duty for the sake of duty and not for any other reason. He insists that people act not only in accordance with duty, but for the sake of it. It may not be good enough for one to merely perform the morally correct action. A person may, for example, perform one's duty for self-interested reasons having nothing to do with morality.

Yet a Kantian approach to ethics is not perfect. Martin (1991) holds that Kantian ethics are especially ferocious in that they do not recognise moral dilemmas, or degrees of goodness and badness. They often tell us to do things which would be found unreasonable by people who are moral and practical. Business ethics are discredited when ethicists self-righteously insist on actions that fully moral people would reasonably find optional or unreasonable. Yet these actions may be fully in accordance with the formulation of Kantian principles. Kant is seen to be too abstract for the "practical" world of business.

This "unreasonableness" of Kantian ethics may be because of the attempt to establish the ultimate basis for the validity of moral rules of duty in pure reason, not in intuition, conscience or utility. Morality thus provides a rational framework of principles and rules that constrain and guide everyone, independent of their own personal goals and preferences.

The rationality element of Kantian ethics is very important. Kantian ethics attempt to meet the two criteria set forward by the modern concept of rationality (Rossouw 1990). First of all, Kant believes the rational individual is the source and authority of moral laws. This meets the first demand that the source of knowledge should be the rational individual. The second demand of modern rationality is that statements should be universally acceptable. Kant attempts to meet this demand by insisting the individual who formulates the moral laws should determine whether he/she, at any given time, was willing to accept that law as a universal one by which everybody should abide.

In keeping with the need to emphasise rationality as the focal point of his ethical system, Kant developed the 'universal' categorical imperative. Kant developed the categorical demand people be treated as ends in themselves and never exclusively as a means to the ends of others. Moreover, people must be treated as having their own established goals and never be treated purely as the means to another person's individual ones. Kant developed this "end rather than means" into the categorical imperative: -

***I ought never to act except in such a way that I can also will that my maxim should become a universal law.***

This statement is categorical because it allows for no exceptions and is absolutely binding - it is universal. Its nature is imperative in that it gives instruction on how one should act. Statements which cannot serve a plurality of individuals are to be rejected. The Kantian argument is founded on the belief nothing may be a moral

principle which cannot be universal. It is founded, moreover, in rationality. The concept of morality, for Kant, begins with this rejection of non-universalisable principles and begins with rationality. However, this emphasis on rationality has its problems. Martin (1991), for example, argues that Kant ethics are excessively rationalistic and intentionalistic - the emphasis on reason takes away from its practicality.

Martin's criticism about Kantian ethics is not the only one. O'Neill (1991) argues there are so many criticisms of Kant's ethics re-occurring that they have acquired an independent life as elements of 'Kant's ethics'. They are:

(1) **Formalism** - The commonest charge against Kant's ethics is the allegation that the Categorical Imperative is empty, trivial or purely formal and identifies no principles of duty.

(2) **Rigorism** - This is that claim that Kant's ethics, far from being empty and formalistic, lead to rigidly insensitive rules, and so cannot take account of differences between cases.

(3) **Abstractionism** - Kant identifies ethical principles, but these principles are "too abstract" to guide action and therefore his theory is not action-guiding.

(4) **Conflicting Grounds of Obligation** - This criticism points out that Kant's ethics identifies a set of principles which may come into conflict. Since compromise between differing obligations are not part of the theory, there is no routine procedure for dealing with conflicts.

(5) **Place of the inclinations** - Kant requires that we act "out of the motive of duty" and not out of inclination, and so are driven to the claim that action which we enjoy cannot be morally worthy.

(6) **No account of wrong doing** - The charge is that Kant can allow only for free actions which are fully autonomous - i.e. done on a principle that meets the constraint that all others can do likewise - and for action which reflects only natural desires and inclinations (O'Neill 1991 p182-183).

Another problem with Kantian ethics may be seen in its supreme regard for the individual. Kant is ferocious in claiming that respect for others' autonomy is the only principle of moral personal interactions. Consideration of the harm which may result from one's actions is always utterly morally irrelevant (Moberg and Meyer 1990). When someone's actions would result in huge and irreparable difficulties in terms of their own ultimate aims, it is nevertheless wrong to interfere and restrict them for their own good. The Kantian perspective would support the concept that autonomy in choosing ultimate aims must always be respected. Yet individuals and organisations operate in a society where compromises have to be made. As Gandz and Hayes (1988 p.622) conclude, "...*Kant's categorical imperative is too imperative to be always useful - there is no clear way to address conflicting duties or how to balance conflicting rules.*" Once again the practicality of Kantian ethics may be seen as questionable.

Although its practicality may be doubtful, its influence is quite substantial<sup>5</sup>. The viewpoint of deontological morality is clearly legalistic and our modern conception of Western law is modelled on it (Davis 1991). The law requires that we refrain from breaking certain statutes. The statutes or rules are clear, easy to fulfil and intrude only minimally into an individual's private life. Obedience to the statutes is generally not difficult and understood simply as compliance: not cheating on our taxes, not trading on insider information (cf. Moore 1990). The compliance is done out of fear - fear of the consequences. The problem is that obedience is understood

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<sup>5</sup> Horvath (1995 p.500) states that most business ethics textbooks present utilitarianism and/or Kantian formalism as the bases for business ethics.



in very narrow terms. Individual's duties are bound only to comply with the letter of the law - not to go beyond it and seek to embody its spirit in our actions; the fundamental problem with the law being that it is not necessarily ethical. The classic example of the law not being necessarily ethical is if we can find loopholes, we cannot be legally chastised choosing to take advantage of them.

Although the law might use a Kantian approach to ethics, its applicability in business ethics is still questionable. The main criticism of deontological theory, however, is that it still appeals to utilitarian consequences in order to demonstrate the rightness of actions. Even Kant's theory does not avoid appeal to the consequences of an action in determining whether it is right or wrong. It does provide a system within which the features of the action are the main elements making it right - in contrast with utilitarianism.

Kantian ethics may not be perfect, but it still may be used a method to analyse cases in business ethics. There are a number of questions which may be generated from a deontological approach to ethical theory. The ones developed for the *Comb* will be:

***1. What are your duties, obligations, (or the ones you are representing) in the situation being examined?***

***2. The action that you are deciding to take, is it possible to do it in all situations?***

***3. Does the action being contemplated make sense? Does it seem the rational thing to do?***

***4. Does the course of action fulfil the obligations and duties set out in question 1?***

The first two sets of questions for the analysis, egoism and deontological, have now been generated. The next section will deal with what may be seen as the most popular theory used in business ethics analysis - utilitarianism.

### **Utilitarian Principles**

Utilitarian or teleological theory holds that the moral worth of an action is determined solely by the consequences of actions or practices. Utilitarianism espouses an action or practice is right if it leads to the greatest possible balance of good consequences, or to the least possible balance of bad ones. The purpose of morality for Utilitarians would be to promote human welfare by minimising harms and maximising benefits. At its core it is simple; maximise your benefits and minimise your costs.

Utilitarianism has been used extensively in the analysis of business ethics issues. It is, along with deontology, considered one of the 'traditional' ethical theories used in business (Brady and Dunn 1995). MacIntyre (1981)<sup>6</sup> in addressing the subject of business ethics suggests that the subject area has adopted a utilitarian perspective (Horvath 1995 p.506). Stead et al. (1990) argue that utilitarian philosophy represents a unique part of the total ethical situation faced by individuals in business organisations. Brady (1988) also contends that utilitarianism is the most relevant

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<sup>6</sup> The utilitarian perspective has also, in MacIntyre's viewpoint, degenerated into a simplistic emphasis on 'success' as measured in economic terms (cf. the bottom line). He finds this emphasis particularly antagonistic to the development of moral character in business professionals (Horvath 1995 p.506).

theory for the study of business/society issues while Hoaglund (1984) relates how DeGeorge applies the theory to several cases in the U.S. aircraft industry. Utilitarian theory may be seen as popular because of its ability to explain the distinction between right and wrong. As an explanatory theory it may also be seen as comprehensive, interpretative and simple; all attributes which may have much applicability to business ethics.

Utilitarianism is a form of consequentialism. Consequential (or 'end-point') ethics are concerned with the consequences or results of actions. The morality of an action is determined by consequentialists through evaluating its non-moral and moral consequences. This eventually leads an agent to choose the course of action which would seem to produce the most good. Consequentialism may be seen as almost a cost-benefit analysis requiring the decision-maker to weigh certain variables and often assigning probabilistic estimates.

Utilitarianism appears as a 'paradigm' moral theory stipulating a hedonistic standard for the justification of practical decisions - i.e. actions are right in so far as they produce pleasurable consequences (Hodgson 1983). This is essentially a Benthamite approach to viewing utilitarianism. It may be argued the applicability of an ethical theory is not to determine whether actions already performed have been right or wrong, rather it should be concerned with what one ought to do. In the case of the utilitarian standards, one ought to choose the action whose end is one of maximum pleasure. Yet it may be argued 'pleasure' has no real place in business, the emphasis should be on economic considerations.

Utilitarian theory based on economic efficiency transcends this emphasis on pleasure by stating that every facet of society can and should be analysed in terms of economic efficiency - the highest benefit at the least cost. Society should be structured in terms of utilitarian economics and the entire category of social significance may be viewed in economic terms. All values can therefore be reduced to economic considerations. Utilitarianism, no matter what form it is, must primarily be a standard for judging public action which, whether performed by private individuals or public officials, affects various other people (Goodin 1991).

Another essential feature of utilitarianism is that its practitioners are divided into two camps: act and rule. **Act Utilitarians** believe that, in all situations, a person ought to perform an act which leads to the greatest good for the greatest number. The consequence of such a viewpoint is rules become expendable. An act utilitarian would not hesitate to break any moral rule if it would lead to the greatest good for the greatest number of people in a particular case. On the other hand, **Rule Utilitarians** hold that rules have a central position in morality which cannot be compromised by the demands of particular situations. The consequence of such a viewpoint is the particular situation does not matter. As long as the rule is not compromised, the situation may be deemed moral.

Rule based theories may be divided into two different types. The first type are absolute theories which insist people must always do certain things if they are to be morally right. The second type are conditional theories which, while promulgating

certain rules or principles, suggest how and when it is appropriate to waive or modify them (Gandz and Hayes 1988). Starr (1983) in "*Codes of Ethics - Towards a Rule-Utilitarian Justification*" argues rule utilitarianism was developed as an alternative to act-utilitarianism for three reasons:

- 1. Act-utilitarianism requires a separate decision process for the commission of each act that one performs since there are no binding rules available for one to apply in a given case.*
- 2. There is a lack of consistency and stability in act-utilitarianism given this unavailability of binding rules.*
- 3. Because of this lack of consistency and stability, act-utilitarianism per se can never provide any sort of coherent public policy to help a society in its affairs (Starr 1983 p.100).*

Starr goes on to argue that rule-utilitarianism is the only valid theory because it meets all the stated criteria (see Chapter 4). L'Entang (1992) contrasts with Starr (1983) in arguing about the benefits of rule-utilitarianism. The weakness in rule-utilitarian framework theories, L'Entang (1992) contends, are that it suggests nothing of the process of ethical formulation within a code of ethics. Neither can it resolve conflicts in cases where different views prevail about the nature of utility.

There are two main criticisms of utilitarianism as a moral philosophical theory: the problems of quantifying goodness and of unjust consequences. The problem of quantifying goodness questions whether units of happiness may be measured and compared so as to determine the best among alternatives. The problem of unjust consequences arises because the action which produces the greatest balance of value for the greatest number of people may bring about unjustified harm or disvalue to a

minority. This is why an alternate body of thought which developed to address the criticisms and weakness of utilitarianism were deontological theories.

Utilitarianism is a standard for judging public action - which whether performed by private individuals or public officials, affects various other people. There are a number of problems, however, with utility theory. People do not have utility meters implanted into their foreheads which can be read like electricity meters by anyone who wants to see what sort of charge is flowing through at any particular moment. Instead, every mind is inscrutable to every other one (Goodin 1991). It may even be inscrutable to itself.

Utilitarianism has an impersonal summation of utilities which renders it insensitive to the distribution of utilities. A distribution which gives everything to one person and nothing to another would be better than one which gives both equal shares, just so long as the utility sum in the former case turns out to be higher than in the latter case (Goodin 1991). There are basically two instances in which utilitarian based decisions would be considered unethical: decisions which create personal gain at the expense of societal ones and those which may result in relatively inefficient attainment of desired ends (Primeaux and Mondy 1993). Another objection, identified by Goodin (1991), is that utilitarianism would license radical redistribution of people's property depending just on the utility sums. Obviously this would be difficult to accept for many people!

The main charge against consequentialism as a whole is not only that it would allow horrendous deeds in exceptional circumstances but that it may also permit and encourage the general habit of contemplating such deeds (Pettit 1991). Consequentialism would make nothing unthinkable. Agents would have to calculate every choice in identifying the different prognoses of each option since there are no constraints - only utility. The result would be agents being unable to recognise the rights of others as considerations which ought to constrain them without further thought to consequences - they will become moralistic computers.

Yet with all these problems, utilitarian/consequentialist ethics does present an alternative paradigm and approach to analysing dilemmas in business ethics. Questions generated from a consequentialist/utilitarian perspective to be used within the analysis are:

- 1. What is the best possible outcome for the situation being considered?***
- 2. Will this outcome be the best possible outcome for the greatest number of people?***
- 3. If there is no best possible outcomes, what is the worst possible outcome? How can this worst possible outcome be minimised?***

Three sections of questions have now been completed. The next section deals with Contract Theory which, although lacking the popularity of egoism, deontology and consequentialist approaches to ethics has much applicability to business.

### **Contract/Social Contract Theory**

Contract theory is based on the premise that the sources of rights and/or ethics are based on some form of 'contract.' As a theory it has been used to examine issues in business ethics; for example, McMahon's (1986) relationship of firm and society, Gilbert's (1986) analysis of corporate strategy and Salbu's (1995) analysis of insider trading in the U.S. Much of the attractiveness of the social contract approach to ethics is that it seems to provide simple and related answers to two questions: what are the demands morality makes of us, and why should we feel obliged to obey them? The demands of morality are fixed by the agreements humans make to regulate their social interaction, and we should obey these demands because we have agreed to them.

Social contract theory may be seen as having a long history. It originated among the Sophists of the 5th century B.C. who recognised social arrangements were not products of nature but convention. Developing through the centuries, theorists have sought ethical criteria for distinguishing good convention from bad. This search for such ethical criteria may be seen as continuing in attempts to apply social contract theory to organisations (Keeley 1995).

The original Greek prototype of social contract theories also entailed a profound weakness that was exploited by opponents such as Plato and Aristotle. The Sophists assumed that because social rules were conventional or contractual, they were also arbitrary. The result was an ethical relativism which made right and wrong, as well



as concepts such as justice, simply matters of opinion. Without some authority, there was no way to tell good rules from bad ones. Holistic principles, philosopher-kings and, eventually, real kings emerged to fill the void (Keeley 1995 p.242).

The early modern history of contract theory may be found in the Enlightenment. The first social contract theories were concerned with a limited question - what explains a nation's political obligation to ordinary men and women? The answer of philosophers was while there may be no natural or divine duty to obey particular rulers, there may be a duty of obedience which brings in the idea of a person's obligation to keep promises (Kymlicka 1993 p.187).

John Locke may be seen as one of the prime developers of the idea of the social contract. He argued that governments (and other social systems) are analogous to contracts. Governments, like contracts, may be seen as made by and for the people, not the reverse. In governments, as in contracts, one person's rights should count as much as another's. Since everybody counts, contracts, governments, and other systems gain legitimacy - and create obligation - to the extent that all parties consent to them (Keeley 1995).

Contractarians were originally concerned, exemplified in the work of Locke, with the legitimacy of the state. The state was seen as abstract and absolute social order which informed actual states in different ways, relative to their cultures and values. Even though many recent Contractarians have adopted the theory for use in applied ethics rather than political theory, Contractarians still seem to retain from their

tradition a certain relativism with regard to the moral good, which is consistent with its origins among the Sophists (McCracken and Shaw 1995; Keeley 1995).

The duty to obey may be seen also as the terms of the contract. Once the terms are established the government and citizens know what they are obliged to do. The idea of a social contract was used to constrain political rulers, but the content and justifiatory force rested on a pre-existing theory of natural law which the duty to keep promises was just an element. This idea of a social contract based on political means died out during the nineteenth century. Its death was based on two reasons: first there never was a contract and, without one, neither citizens nor government were bound to it. As a result, all existing governments, however good and just, lack legitimacy according to social contract theory. Secondly, contract theorists contend we should obey government because we should keep our word, yet as Hume noted, they "find [themselves] embarrassed when it is asked, *Why are we bound to keep our word?*" (Kymlicka 1993).

The emphasis on promising is not what contemporary contract theorists draw from the earlier tradition. They draw on two other elements: (1) obligations are conventional, not divine, arising from the interactions of people who are naturally equal; (2) conventional obligations secure important human interests. Combining these two elements, it may be possible to (re)interpret social contracts not primarily as promises but as devices for identifying social norms and values which promote the interests of the members of society (Kymlicka 1993).

Models exemplifying rights are generally based on some form of contract theory (McMahon 1986). Contract theory, in this instance, may be seen as an organising framework for rights. The rationale underlying the theory is that the title or source of rights may be established only through some form of contract. There are four contract models (McMahon 1986) exemplifying mutual rights and obligations:

1. *The Explicit Contract Model* clearly identifies rights and obligations through a written or an oral contract, most likely in terms of a bilateral agreement.
2. *The Implicit Contract Model* has for its basis the continued interaction between the firm and the local community.
3. *The Market Contract Model* of classical economics places the local community in the same category as any other buyer or seller within a free, competitive environment....The market contract model falls within the category of explicit contracts when it is applied to the local community.
4. *The Social Contract Model* - the social contract model assumes that the participants in the social contract are real persons who are presented within a hypothetical situation. The social contract theory therefore requires "rational" persons who are willing to agree out of self-interest to certain principles which set policy for the entire society in terms of rights, obligations, privileges and prerogatives.

Reidenbach and Robin (1991) also discuss how the "Emergent Ethical Organisation" where management actively seeks a greater balance between profits and ethics is manifested in the social contract. There is an overt effort to manage the organisation's culture in order to produce the desired ethical climate which involves a recognition of a social contract between business and society.

Contemporary contract theory uses the device of a social contract in order to develop traditional notions of moral obligation. The social contract focuses on the idea of the contract to express the 'inherent' moral standing of persons rather than generating an 'artificial' moral standing. It also uses the device of the contract to negate, rather than reflect, unequal bargaining power.

A contract may give equal consideration to each of the participants, but *only if it is negotiated from a position of equality*. Rawls (1971) contends that people must agree on principles of justice under a "veil of ignorance" - without knowing their natural talents or infirmities or what position they will occupy in society. The assumption of self-interest is no different from an assumption of benevolence. Each person must sympathetically identify with every person in society and take their good into account as if it were their own. In this way, agreements made give equal consideration to each person.

Donaldson (1982) surmises a hypothetical social contract for corporations by drawing on the tradition of the political one. The social contract, Donaldson argues, provides a standard for the evaluation of the firm's "indirect obligations" which transcend its direct business and contractual relationships. The social contract, therefore, presumes the corporation may be a moral agent because it has the capacity to a) use moral reasoning and b) control the structure and implementation of its decision making.<sup>7</sup> Yet there are problems with Donaldson's methodology. It

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<sup>7</sup> Donaldson (1982) also goes through some interesting history and applications of social contract theory in "Constructing a Social Contract for Business" (in *Corporations and Morality*, Englewood Cliffs, NJ: Prentice Hall, 1982, p.18-35).

requires imagining a world before productive organisations existed, thinking about how a productive organisation might affect such a pre-world, and then deducing the conditions which the pre-world would require before consenting to the introduction of productive organisations (Conry 1995 p.192).

Keeley (1988) proposes a theory of social contract based on actual voluntary (or not so voluntary) agreements which persons in organisations make. Keeley's goals differ somewhat from Donaldson's. Keeley's theory may be seen primarily as a research tool for management scholars, while Donaldson's aim is to articulate ethical standards. Keeley proposes contracts as a substitute for the traditional methods of studying organisations, rejecting the view of management scholars about organisations being entities with overarching goals such as 'survival'. Keeley, instead, argues that a better description of organisational reality may be seen in a series of contracts among individuals. The social contract model denies that social collectivities have social ends or welfares; only individuals are seen to be capable of preferring one state of affairs over another (Conry 1995 p.194).

Dunfee (1994) developed a theory of social contracts which reflects quite closely the very applied nature of business ethics. Paralleling Keeley, Dunfee sees social contracts manifesting themselves in 'extant social contracts' (ESC's). These 'standards' or norms, are 'rarely fully defined by words.' They are norms related to right and wrong behaviour shared by a group, profession or community. Donaldson and Dunfee (1994) have merged their work, the resulting product called ISCT (Integrative Social Contract Theory), which applies elements of both

theories to the international arena (Robertson and Ross 1995; Keeley 1995; Conry 1995 p.195).

It is often said that all contract theories ground morality in agreement. However, only the classical theorists however actually grounded obligation in agreement. Modern theorists argue agreement may be just a device for identifying the requirements of impartiality or mutual advantage, which are the real grounds of obligation. In a sense, there is no contract tradition in ethics, only a device which many different traditions have used for various reasons (Kymlicka 1993). As such, there is no universal approach to examining, describing or looking at a 'contract' approach to ethical dilemmas.

Even though there is no 'contract tradition' in ethics, a person may examine a case or situation in business ethics using social contract theory. The questions to be asked within the analysis using social contract theory are:

- 1. Is there anything owed to you (or the organisation you represent) by society? Do you owe anything to society?***
- 2. Why are these obligations owed to you? Why do you owe them to society?***
- 3. Are they owed to everyone else in society in an equal manner?***
- 4. Does the action which you are considering affect society or the structure of the environment in which you are operating?***

The first four sections of the analysis have now been generated. The final section will deal with the rights/justice theory which has had much influence in the field of business ethics, especially from a perspective of distributive justice.

### **Rights/Justice**

Deontological ethics, as discussed earlier, are concerned with the rules and principles which guide actions and based on systems of rights and duties. Another version of deontology is offered by philosophers who focus on rights and principles which govern society at large. This concern with rights and justice may be seen as basically a macro-version of deontological questions. Even though its foundation lies in deontology, a theory of rights/justice is still independently important. Philosophers such as Locke and Rawls, as well as Novak, focus on the rights of individual persons and the duties of the societal system in comparison to the rights which govern society at large. Locke argues from the position of natural rights, while the more contemporary Rawls argues from a reasonable person position. On the other hand, Novak, who is as much a critic as a proponent of a rights theory, bases his argument on the inherent flaw within the capitalistic system. Koehn (1993 p.180) argues that the language of rights may be seen as more applicable in extreme cases where community has broken down. Yet the contention that rights are simply duties may not necessarily be true. While for every right there may be a correlative duty, the converse is not true. There are many duties for which there are not offsetting rights (Koehn 1993 p.180).

The notion of 'rights' belongs to a tradition of ethical reasoning which goes back to antiquity. The Greeks, in particular the Stoic philosophers, recognised the possibility that actual human laws might be unjust (Almond 1993 p.259). This tradition is reflected in the notion of the term 'rights' being legal rather than ethical. Laws and governments were instituted to protect our rights as well as to provide a minimum but basic framework within which everybody might pursue his/her own conception of the good (Pilon 1982). Rights provide the freedom to accomplish that goal but also mean people are free to pursue what many, even a majority, might think is not very good at all.

Locke (1632-1704) first set out the claim to rights to life, liberty and property which the Americans later included in their Declaration of Independence of 1776. Rights may now be seen as basically considered under three categories: universal human rights (which are claimed as moral rights but also aspired to as legal ones); specific legal rights and moral rights. Rights are not, however, all of the same kind. There are both active and passive rights: rights to do things, and rights to have things done for or to one (Almond 1993). But the term 'rights' is more extensive than the 'active' versus 'passive' distinction. Differences also include rights as claims, powers, liberties or immunities. The dominant meaning may well be 'claim' and in this, which is also its narrowest sense, it is the correlative of 'duty.' Four distinctions of rights manifest these differences:

**(i) Claims:** a right to have a loan repaid is a claim by a creditor which generates a corresponding duty on the part of the debtor to make the repayment.



**(ii) Powers:** a right to distribute property by will is an example of a right which is a power, carrying with it the ability to affect the rights of other people.

**(iii) Liberties:** the law may confer a liberty or privilege on individuals by not imposing upon them a potentially burdensome requirement - for example, giving evidence in a court of law against a spouse.

**(iv) Immunities:** a person may be protected from the actions of another: for example, in the case of a trade unionist, a right to join a union is a guarantee of immunity from the action of an employer who might seek to forbid this (Almond 1993 p.262).

Stead et al. (1990) contend the content of a person's ethical system, the network of ethical norms and principles they hold, constitutes their ethical philosophy. Stead et al. (1990) identify a person's ethical system from Cavanagh et al. (1982) who distinguished three basic ethical philosophies, each of which represents a unique part of the total ethical situation faced by individuals in business organisations. Two of the basic ethical philosophies are rights and justice based. The philosophy of individual rights focuses on protecting, for example, the right to be informed, consent, and due process. A philosophy of justice, moreover, stresses social justice and happiness in life.

Justice has been extensively used as a concept within the business ethics literature. Wertheimer (1992) contends that principles of justice affect social behaviour and help to explain the sorts of transactions which occur. Elms and Nichols (1993) relate that the ethical climate of an organisation may be characterised by how the norms regarding ethical issues are resolved. They characterise it as a function of the combination of ethical decision criteria (decision rules) and the locus of analysis (referent group) used by members of the firm. One of the ethical decision criteria

used was the concept of justice. Primeaux and Mondy (1993) in "Linking Management Behaviour to Ethical Philosophy" argue a theory of rights provides a guide to insure respect for the rights of individuals. The right to free consent, privacy, free speech and due process are five rights which have been suggested by moral theorists in studying management behaviour.

A theory of justice ideally results in decisions which are based on equity, fairness, and impartiality (Rawls 1971). Pilon (1982 p.29) goes even further arguing that

*It is the theory of rights - which is the theory of private property broadly understood - that underpins and epitomises free society, justifying the capitalist economic order in the process. For that theory describes our basic moral and legal relationships, and shows as well that capitalism, unlike socialism, is a fundamentally moral system.*

Rawls (1971) develops the most popular framework for the concept of rights in a Theory of Justice. Rawls argues that the principles which guide behaviour are those which rational persons would formulate if they had no idea how the principles would affect them personally, that is, if they were behind the "veil of ignorance" (Getz 1990). Gilbert (1986) and Gandz and Hayes (1988) relate that Rawls' theory of justice is based on two fundamental principles:

*(1) Each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others.*

*(2) Social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all.*

Rawl's theories have also been used extensively in the business ethics literature. Gilbert (1986), for example, examines these two Rawlsian principles to ask whether corporate strategy may be found consistent with this particular theory of justice.

Greenberg and Bies (1992) also use a Rawlsian framework to argue that research into the notion of organisational justice is limited. Although a variety of different issues have been studied by researchers in the field of organisational justice (fairness in organisations), the emphasis has been on the concepts of distributive (i.e. the perceived fairness of outcome distributions), procedural (i.e. the perceived fairness of the policies and procedures used to determine outcomes) and retributive justice (i.e. the perceived fairness of punishment).

Weaver (1995) in a very interesting article on "Does Ethics Code Design Matter?" describes how justice theory has been used within the business ethics field. Organisational justice theories, according to Weaver, may be distinguished according to whether they concern proactive or reactive behaviour, and the content or process of justice. Proactive analyses focus on a person's effort to bring about justice. Reactive analyses focus on a person's responses to existing unjust conditions. Content theories examine the justice or fairness of the outcomes or results of organisational processes or phenomena. Process theories consider not the justice of outcomes, but the fairness of organisational procedures themselves.

'Rights', however, have been attacked by Marxists not only since the ones of individuals may stand in the way of social progress, but also because they do not fit

in with the cultural and historical relativism which is supposedly a central ingredient in Marxist theory (Almond 1993). Since rights transcend social and economic context, they are incompatible with a theory which displays human society as the product of such factors. The conservative objection is that a doctrine of rights undermines the integrity of culture and custom as these exist in particular times and particular places.

Some people argue that rights cannot be separated from duties. On one level, they are reciprocal: Where one has a right, others have duties and vice-versa. But this may be seen to trivialise the distinction (Cavanagh et al. 1995; Selznick, 1987). The notion of moral duty may also be seen as more comprehensive and strategic than that notion of an individual right (Brady and Dunn 1995 p.389).

A crucial question exists in regards to rights as deontological whether Kantian principles are historically the actual source and basis of our norms of justice - i.e. are our norms of justice in actuality derived from deontology? The answer is that they are not. The concept of justice itself, and the fundamental canon of justice ('treat equals equally and unequals unequally in proportion to their inequality') predates Kant and his principles by some twenty centuries (Cavanagh et al. 1995 p.407).

The ethics of justice is above all concerned with protecting the individual against the coercive power of society. The fundamental tenet of a theory of justice, according to King (1986), is the individual is the ultimate moral reference point - the axiom of

modern liberalism. Questions which will be used within the analysis when examining from a rights/justice theory perspective are:

- 1. In the situation you are examining, are there any inherent rights involved (i.e. the right to free speech, the right to due process)?*
- 2. Are any of those rights being violated?*
- 3. What do you think your rights are in this situation? Are these rights the same as other actors in the case?*
- 4. Is the decision being made fair, impartial and equal to all the parties concerned?*

The total of the questions to be asked within the analysis are:

### **Egoism**

- 1. What is your own self-interest?*
- 2. How can this self-interest be pursued?*
- 3. How can this self-interest be maximised?*

### **Deontology**

- 1. What are your duties, obligations, (or the ones you are representing) in the situation being examined?*
- 2. The action that you are deciding to take, is it possible to do it in all situations?*
- 3. Does the action being contemplated make sense? Does it seem the rational thing to do?*
- 4. Does the course of action fulfil the obligations and duties set out in question 1?*

### **Consequentialism**

- 1. What is the best possible outcome for the situation being considered?*
- 2. Will this outcome be the best possible outcome for the greatest number of people?*
- 3. If there is no best possible outcomes, what is the worst possible outcome? How can this worst possible outcome be minimised?*

### **Social Contract**

- 1. Is there anything owed to you (or the organisation you represent) by society? Do you owe anything to society?*
- 2. Why are these obligations owed to you? Why do you owe them to society?*
- 3. Are they owed to everyone else in society in an equal manner?*
- 4. Does the action which you are considering affect society or the structure of the environment in which you are operating?*

### **Rights**

- 1. In the situation you are examining, are there any inherent rights involved (i.e. the right to free speech, the right to due process)?*
- 2. Are any of those rights being violated?*
- 3. What do you think your rights are in this situation? Are these rights the same as other actors in the case?*
- 4. Is the decision being made fair, impartial and equal to all the parties concerned?*

The questions for the analysis have now been developed. Yet, a question arises as to how to organise and frame the questions. One manner in which to examine the case and systematically organise the questions is through the use of models. The next chapter will therefore discuss the role of model building in business ethics. Models are, in their purest form, simply systematic ways of organising theory. The chapter will discuss some of the different models seen within the field of business ethics and then develop the structure behind *the Comb*, the organising model for the questions.

# *Chapter 5*

## *Model Building to Address Major Issues*

*What then is truth? A mobile army of metaphors, metonyms and anthropomorphisms - in short a sum of human relations, which have been enhanced, transposed, and embellished poetically and rhetorically, and which after long use seem firm, canonical and obligatory to a people: truths are illusions about which one has forgotten that this is what they are; coins which have lost their pictures are now matter only as metal, no longer as coins.*

Nietzsche in "On Truth and Lie in an Extra-Moral Sense" (1873), a posthumous fragment included in W. Kaufman (ed.), The Portable Nietzsche (Viking Press, New York, 1954).



## Introduction

As outlined in the Introduction, every person finding themselves in a business ethical dilemma may not necessarily be a trained moral philosopher (Bird and Waters 1989) which would be the aspiration of Willigenburg and other applied ethicists. I am not a 'trained moral philosopher' from this perspective but, intuitively, believe moral philosophical analysis may be helpful in analysing the case of the restructuring of the Newfoundland fishery. What seems to be needed, for my usage, is a model or framework to systematically organise the theoretical principles and developed questions which I see as most relevant to the case of the Newfoundland fishery. While some would argue that moral philosophy simply gives an academic and ethical respectability to a practice (business) which is inherently unethical (L'Etang 1992), a theoretical reflection upon what is involved may be able to increase our understanding and possibly lead to a changing of what we do (Alexander 1995; Kieran 1995). This theoretical reflection is consistent with applied ethics models (including Rawl's reflective equilibrium model). Yet, at the same time, instead of rushing to be 'scientific' (cf. most of the business ethics models seen within the literature) an approach from the humanities using normative philosophical theory may greatly benefit the examination of a dilemma within business ethics. Such a theoretical reflection expands the arguments and approaches in examining the dilemma through considering the different ethical perspectives and gives the person (me) using the model an analysis which I perceive would have a higher ethical content.

### Models within Applied Ethics

Theo Van Willigenburg (1991) describes a number of philosophical models whereby moral reasoning is systematised. Moral reasoning may be seen as needed when one is confronted with a problem which may be understood as a dilemma evoking questions about right and good. For example, a moral problem in business ethics might be whether to accept a gift from a potential supplier. Willigenburg (1991 p.4) states that "many theories in applied ethics only provide for a very superficial description of the way in which an ethicist may perform the thinking-tasks in assessing a moral problem case." If there are problems within the field of applied ethics then clearly there may also be deficiencies with some of the models generated in business ethics.

Most models of moral reasoning have a 'rule-driven' architecture. "If...then" statements characterise this "rule-driven" architecture (Willigenburg 1991). For example, "if" you get offered a bribe "then" report it to an official of the organisation, is an example of this rule-driven architecture. Most "rule-driven" models of moral reasoning and analysis can be classified under the "*subsumptive*" approach. This type of approach holds moral reasoning as a process whereby someone solves a dilemma by subsuming this case under a moral rule or principle.

In the subsumptive model a hierarchical reasoning-tree is constructed. Abstract moral philosophical theories are on top, followed by more specific principles, which are supervised by concrete moral rules, supporting the alternative decisions. An

example of a subsumptive model which may be seen in business ethics would be corporate codes of conduct - decisions are put under the code to see whether they are ethically legitimate. The main problem with the subsumptive approach is that before a principle may be applied, like a utilitarian principle, one needs to distinguish the morally relevant features of a dilemma. There is a 'gap' therefore created by the difference between facts and principles (Willigenburg 1991 p.10). The subsumptive approach may also not represent the multi-dimensional nature of ethics cases - there is usually not only one principle or approach which can be applied, but many. The methodological pluralism, outlined in chapter 3, is not unique to business ethics.

Rawls introduced the reflective equilibrium process in an attempt to structure moral reasoning and deal with the deficiencies of the subsumptive model which may be characterised by its "principle-orientedness." As Willigenburg (1991 p.69) relates,

*Not only is moral conflict understood as a conflict of principle (in the substantive model) but the solution to the conflict is also sought exclusively in some decision upon what principle has to take the lead, or how a principle should be amended...*

The reflective equilibrium model, as developed by Rawls (1971) in a Theory of Justice has two distinguishing features. The first feature is its appeal to our pre-reflective, everyday judgements about what is good and bad. These "pre-reflective" judgements may be seen as "intuitions" which do not provide any reason for the decision (unlike moral principles) but simply state a preference. The second distinguishing feature is its non-linear pattern of reasoning. In order to examine a case or to find justification for a certain judgement, one does not just apply a principle but instead has to balance,

*morally relevant facts, considered judgements, and principles until a equilibrium between these elements is reached which gives a moral reason to make a moral decision in one way rather than another. According to the reflective equilibrium method, moral reasoning is not a linear process, but consists of a continuous interplay between considered beliefs, principles and possible decisions on the moral character of a case (Willigenburg 1991 p.71) .*

Rawls first proposed the reflective equilibrium method in his (1951) paper "Outline of a Decision Procedure in Ethics," articulating a reasoning method for validating and invalidating moral rules as well as those decisions made in ethical dilemmas (Willigenburg 1991). Rawl's reasoning was based on scientific method, which describes theory construction as proceeding from observation reports. Rawl's "Reasoning Method" had three different stages:

- 1. A procedure for isolating a set of moral 'data'.*
- 2. A procedure for discovering and formulating a set of principles which would satisfactorily explicate these data; and*
- 3. A discussion of the reasons one might have for accepting these principles as rationally justifiable (Rawls 1951).*

While Rawls goes onto modify 'the reasoning method' in A Theory of Justice, the essential form of the argument remained the same. There are a number of problems with Rawl's method, however, the most important of which is the process of deliberation on a moral case. Using a reflective equilibrium method may be seen as complicated because one is almost always confronted with heterogeneous or even mutually contradictory considerations. The deliberation process has to proceed on very different levels of reflection. The method does not allow for these different

levels of reflection nor does it illuminate the particular reasoning-steps needed to reach a reflective equilibrium of considerations.

Another model outlined by Willigenburg to contrast Rawls' reflective equilibrium was that of Jonsen and Toulmin (1988) who have done extensive work in traditional casuistic reasoning in modern ethical practice. Jonsen and Toulmin's model is much more organic than Rawls, talking about for the need of "an experienced eye" (p.68) and "practical wisdom" (p.69) when examining questions of an ethical nature. Essentially the person using the reasoning process is asked to rely on their powers of discernment in order to judge how close the facts of a particular dilemma lie to ones of the relevant exemplary case. Willigenburg (1991) argues that the model may be seen as far too simplistic and does not consider the facets of multi-dimensional decision-making which is not a straightforward building process (which Jonsen and Toulmin see it as) but an action of going back and forth, of conjectures and adjustments, of gradually moulding a complete moral story for a given case. Jonsen and Toulmin also seem to rely too much on discernment and the so-called 'special faculties' of 'ethical thinking'. There may not be enough of a reasoning process occurring and it may be too narrow in its scope. Jonsen and Toulmin would hold that everyone has equal powers of discernment and there is no need to go beyond just examining the case and, of course, making the right decision. If this was true then there would be no need for this thesis as everyone would be making the right type of evaluation of the case of the Newfoundland fishery. At the same time, I know my intuition is not always correct.

A final model which Willigenburg develops in his book is that of a case-oriented approach. This approach is similar to casuistry (Arras 1992). Cases serve as 'template' elements of this model in applied ethics. They also provide the conceptual vocabulary for assessing new problem ones. This is consistent with Willigenburg's view of moral thinking as a pattern-driven<sup>1</sup>, multi-dimensional process. The user develops, in the case-oriented approach, a mental reconstruction of an overall interpretative/evaluative view of the problem case. Using former case-experiences, they are able to provide interpretative frames in regards to how the new case may be understood. For example, if someone is faced with a dilemma of giving a bribe or not, after going through the sequential process of generating subsequent interpretative patterns, they may look at previous cases and come to an overall conclusion as to what to do based on past experience. While I recognise this to be a valid and very attractive model (especially within a business school where there is so much teaching by case-study example), Willigenburg's "sequential process of generating interpretative patterns" (p.150) may be seen as extremely vague, especially for this thesis. Willigenburg also relies too heavily on what he calls "ethical experts" (p.2), when you may not need to be an "ethical expert" to examine a case in a systematic fashion using language based on moral philosophy. Clearly I am not an 'ethical expert' in the manner which Willigenburg uses the term. So, how do I examine the case?

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<sup>1</sup> Margolis (1987) distinguishes four basic information making processing subprocesses in the "pattern-driven process": jumping, checking, priming and inhibiting.

### **Models within the Field of Business Ethics**

Models and frameworks may be seen as helpful for clarifying theories and abstract concepts or constructs. They are simply methods for systematically organising theory. But to be useful in practice, a model or framework should be "applicable to the conditions that it is attempting to describe, analyse, or predict" (Clarkson 1995 p.94). According to McCracken and Shaw (1995 p.310), the role and obligation of the business ethicist may therefore be seen as "helping the business person make reflection more consciously and rationally by offering theoretical frameworks for them, and perhaps by demonstrating some defensible ways to conduct more inquiry".

As stated in the previous chapters, philosophers, like social scientists, may be seen to construct and test models (Weber 1992; Werhane 1994). Shaw (1996 p.489) proposes three rival models of business ethics current among philosophers: the 'standard', 'politics' and 'virtue' models.

1. The standard model focuses on the individual and moral choices, dilemmas, and decisions which can confront them in a business or organisational context. The defining feature of the standard model may be seen in it addressing business-related moral decisions by reference to moral principles. This is a natural approach for most philosophers because of their training in ethics.

Many business ethics instructors seem to understand their task as teaching their students a few basic normative theories and helping them see how one might address cases, situations, or moral dilemmas from those different ethical perspectives. The result is the standard model which has clear strengths. First, it makes business ethics congruent with ethics generally, especially:

*[T]he problems business ethics addresses concern matters that arise in business and organisational contexts, but these matters are first and foremost ethical problems, to be resolved by reflection on the moral principles and ethical considerations appropriately brought to bear on any moral problem (Shaw 1996 p.489).*

Business ethics, within the standard model, is not a separate type of ethics; it is simply ethics in business and related areas. The standard model of business ethics may be seen as hostile to the view that the world of business has its own distinctive ethical norms, different from those of ordinary, everyday morality, and that business conduct should be assessed only by these own norms. The standard model also emphasises the fact that individuals are "*moral agents, that they inevitably face business situations with moral dimensions, and that they bear responsibility for both their decisions and their failures to decide, for both their actions and their omissions*" (Shaw 1996 p.494). The *Comb* may be seen as a 'standard' model within the business ethics literature.

2. The politics model treats the academic field of business ethics as applied political philosophy rather than applied ethics. It may be seen as strongly appealing to philosophers with an interest in social theory or a background which is more in political and legal philosophy than in ethics. All versions of the model



focus on the role of business systems as a whole. The politics model, moreover, sees business ethics courses as "*appropriately focused, at least in the first instance, on the question of economic justice and the moral debate over capitalism*" (Shaw 1996 p.496).

3. The virtue model of business ethics reflects a recent resurgence of interest among moral philosophers in Aristotle and the tradition of virtue ethics. According to the virtue ethics perspective moral principles are unable to give complete or completely satisfactory guidance. A corresponding emphasis on virtue may overcome the inadequacies of the more traditional principal-based models (Shaw 1996 p.497). The virtue model suggests that business organisations can conceptualise themselves as 'relevant ethical communities' and view socialisation processes from a normative perspective (Horvath 1995).

Beyond these broad categories of models, there have been a number of specific models which have been developed as analytical tools within business ethics. One of the first models developed was by Cavanagh, Moberg and Velasquez (1981). The authors held that when attempting to evaluate the correctness of an action in business ethics, the decision maker should ask a series of questions based on values inherent in utilitarian, theory of rights and theory of justice criteria. The questions developed in the model (Cavanagh et al. 1981) are:

1. *Does the action result in the greatest good for all parties involved inside and outside the organisation?* If the answer is no, the decision maker must ask if there is some compelling reasons why the welfare of all individuals should not be maximised. If the answer is yes, the second question is introduced. If there are no compelling reasons for sub-optimising the welfare of many people, the action should be rejected.

2. *Does the action respect the rights of all affected parties?* If no, are there any compelling reasons why the rights of an individual should be violated? If the answer is yes, the third question is asked. If there are no compelling reasons for violating the rights of individuals, the action should be rejected.

3. *Does the action adhere to all the canons of justice?* If no, are there any compelling reasons why the canons of justice should be violated? If the answer to this question is yes, then the actions should be accepted. If there are no compelling reasons for ignoring the canons of justice, the actions should be rejected.

Cavanagh et al. (1981) suggest that a dilemma would not exist within business ethics which would have a "yes" answer to all three questions.

The Cavanagh et al. model (1981) has been described as an URJ (Utility, Rights, Justice) one, due to its reliance on these three philosophical principles (cf. Brady and Dunn 1992). The Cavanagh et al. model was originally developed as a simple framework based on ethical theory to examine ethical decisions. The purpose of the model is quite exemplary. The model would hopefully help managers to conceptualise their ethical problems, and discuss them with their colleagues in familiar language. At the same time, the model was to be grounded in ethical theory so it would lead to 'properly grounded moral decisions' (Cavanagh et al. 1995). The model was to be:

*capable of clarifying and illuminating ethical issues rather than confusing and obscuring yet it had to do this in a way that was intellectually sound* (Cavanagh et al. 1995 p.400).

The Cavanagh et al. paper was published in the Academy of Management Review and had a substantial impact within the business ethics field. Fourteen years later,

the model was refined by the same authors manifesting the increasing theoretical plurality within the field particularly a feminist 'caring' viewpoint. This increase within the 'breadth' of the theoretical approaches, may be seen as the major difference between the two papers. The URJC (Utility, Rights, Justice, Caring) model developed by Cavanagh et al. (1995) and asked a number of questions.

The questions are:

Is the decision acceptable according to:

**Utility:** Does it optimise the satisfaction of all relevant constituencies?

**Rights and Duties:** Does it respect the rights of the individuals involved?

**Justice:** Is it consistent with the canons of justice?

**Caring:** Does it arise from an impulse to care?

If the answer to the question is 'No' and there are no mitigating factors, then the decision is deemed unethical. On the other hand, if the answer to the questions is yes then the act is deemed ethical.

The reasons for choosing the original categories of Utility, Rights and Justice were three fold (Cavanagh et al. 1995 p.400).

1. The categories were more accessible to managers than relatively obscure conceptualisations in the philosophical literature on ethics, i.e. 'prescriptivist universalism'.
2. The categories of the dominant ethical traditions were neatly captured by these three categories.
3. Numerous discussions with practitioners convinced them that these were the implicit categories that they already used intuitively to describe and understand their moral issues.

The notion of 'caring' was inserted into the URJC model and may be seen in response to the work being done on feminist ethics. This is exemplified in Carol Gilligan's (1982) contention that when faced with moral decisions, women generally tend to focus on the relationships of the people involved and see morality as a matter of taking care of people in relationships and nurturing people in those relationships (Cavanagh et al. 1995 p.403). Gilligan has maintained that an ethic based on care may be seen as different from but not necessarily superior to the traditional emphasis on justice and rights. Yet, while some authors (Manning 1992; Noddings 1984) have expressed a view that an ethics based on caring may be seen as sufficiently broad enough to encompass all our moral concerns, Cavanagh et al. disagree. They contend that caring necessarily requires a personal relationship and most people have relatively few such relationships. Modern technology, for example, allows us to participate in relationships with countless numbers of people who we do not know. The obligation of caring must be augmented with and balanced by, according to Cavanagh et al. (1995 p.405), the "traditional categories of obligation that are designed to deal with the more impersonal interactions that characterise much of our lives." These 'traditional categories of obligation' may be seen in the form of ethical principles.

Ethical theory, viewed as a modern enterprise, involves attempts to promote fundamental ethical principles, such as "one should perform in a manner which promotes the greatest good for the greatest number of people's canonical principles" (Duska 1993 p.232). Applied ethics, which business ethics may be viewed as a part of, may be seen as an attempt to apply these principles. The

application, as outlined in Chapter 3, may be seen as threefold: either to particular actions, general principles, or overarching social systems.

The philosophical roots of business ethics are Principle Based Ethics (PBE) of modern moral philosophy such as those generated by Kant and Mill. PBE may be seen as providing guidelines to helping people evaluate whether acts are morally right or wrong. They are the type of guidelines which most of the models in business ethics utilise. Obviously, Kant and Mill have differing opinions of how to approach morality, but both may be seen as starting with a group-centred rather than a self-centred approach. Most of the business ethics literature seems to present utilitarianism and/or Kantian formalism as the bases of the normative theory behind the field (Horvath 1995 p.500). Some derivatives of this 'Janus-Headed' approach (Brady 1987) to business ethics, have also appeared including rights and equity theory (Horvath 1995 p.513) as manifested in the Cavanagh et al. models.

Cavanagh et al. (1995) argue that application of general principles of PBE to particular dilemmas requires the use of some sort of mediating rules that narrow the focus of highly general moral principles. These mediating rules are more closely associated with the moral norms and concepts which we are already familiar within everyday life. Yet, in a case such as the Newfoundland fishery, what are the moral norms and concepts? What is the self-interest of the fishers? What are the rights of the fish? The assumption of moral norms and concepts behind the Cavanagh et al. models may be seen as confusing because I do not

know of any universal concepts which intuitively come forth from the case. Why narrow the focus of the moral principles? I would argue that sometimes on the periphery we find an alternative viewpoint which may be quite helpful to the analysis. The principles may be seen as valuable because they establish dialogue.

Another question which emerges from the Cavanagh et al. models is why virtue theory is not included. Cavanagh et al. (1995) argue that issue of virtue may be seen as separate from an ethics of obligation seen in traditional principle-based ethical theory. Virtue ethics may be seen as taking the notion of a principle-based system much further, promoting character and habit which form a 'positive ethical climate and a good corporate culture' rather than providing a medium to analyse and reflect a specific ethical decision.

The most famous model used in the business ethics field is the 'stakeholder' model, based on stakeholder theory as outlined in the previous chapter. Freeman's (1984) stakeholder model is primarily concerned with applying the notion of a social contract by identifying the critical role of stakeholders in business decision making. Freeman's model offers detailed methods to incorporate stakeholder analysis into strategic management. The first step is to define the firm's enterprise strategy, i.e. "what we stand for" with respect to society. The contention is that the intrinsic values seen in the enterprise strategy will guide the firm through the three stages of analysis of and interaction with stakeholders:

*(a) identification of stakeholders through mapping;*

(b) *organisational processes such as environmental scanning to identify issues, and related stakeholders;*

(c) *actual transactions with stakeholders*

Goodpaster (1991) takes Freeman's model further into a stakeholder synthesis and analysis, by using what he calls PASCAL reasoning:

1. **Perception** or fact-gathering about the options available and their short-term and long-term implications;
2. **Analysis** of these implications with specific attention to affected parties and to the decision-maker's goals, objectives, values, responsibilities, etc.
3. **Synthesis** of this structured information according to whatever fundamental priorities obtain in the mindset of the decision-maker;
4. **Choice** among the available options based on synthesis;
5. **Action** or implementation of the chosen option through a series of specific requests to specific individuals or groups, resource allocation, incentives, controls and feedback;
6. **Learning** from the outcome of the decision, resulting in either reinforcement or modification (for future decisions) of the way in which the above steps had been taken (Goodpaster 1992 p.56)

Stakeholder analysis, for Goodpaster, is a process which does not go beyond the first two steps. The affected parties are therefore identified as well as the determination of the positive and negative impacts on each stakeholder. Questions remain, however, to do with processing the information into a decision and implementing it. In order to answer these questions, the rest of the steps must be undertaken (i.e. 3-6): the synthesis, choice and action. Unfortunately, for use in this thesis, the analysis section of Goodpaster's model may be too vague to be useful. Goodpaster tells us that there has to be an analysis, and that it has to be morally neutral, yet only

identifies the stakeholders. Goodpaster does not propose a method to examine or analyse the specific situation.

Coye (1986), on the other hand, does specify how to analyse a particular situation when values conflict. His model is based on the argument that organisational members, when confronted by a critical decision with ethical implications or by the results of a previous decision, may become suddenly aware of a value conflict. The anxiety induced by a value conflict over a future choice may reduce the member's effectiveness in terms of rational decision making. Coye therefore argues it is important that individuals are encouraged to examine and clarify personal values before critical decision situations are encountered.

The model alleviates the anxiety seen in a values conflict through the process of carrying out a "values analysis" which can be described in six basic steps;

- (1) identifying the value question,*
- (2) assembling (gathering and organising purported facts),*
- (3) assessing the truth of purported facts,*
- (4) clarifying the relevance of facts,*
- (5) arriving at a tentative value decision, and*
- (6) testing the value principle implied in the decision.*

The tenets of "values clarification" and "value analysis" suggest that the following guidelines may provide a basis for resolving values conflicts within the individual as well as between the person and the organisation (Coye 1986). Organisational members must;

- (1) be active in developing and defending their own positions.*
- (2) be challenged to probe deeply the justifications for human choices, especially their own.*



*(3) confront standards and points of view that counter their personal perspectives.*

*(4) be encouraged and able to assume the role of someone with a contrasting point of view.*

*(5) wrestle with problems that have no simple solutions.*

While Coye's model is very interesting, especially from a values conflict perspective, it once again lacks the analysis of the situation beyond the values conflict which may be perceived as needed within this thesis to analyse the case of the Newfoundland fishery. Recognising and discussing values in an organisation may be seen as very important, yet has little to do with ethical analysis! Ideally, an organisation with a strong values system would not need to have a model like the *Comb* to undergo analysis of a particular case of ethical conflict. If I knew, from a values standpoint, what was happening in Newfoundland then the need for an analysis would be lessened. Yet, for those organisations or individuals which do not have a strong value system or when it fails to point the way as to what to do, then a reflective model may be crucial for arranging and sorting the situation.

Although most business actions are routine and do not raise serious ethical questions, many people experience difficulty in applying their personal moral principles in specific business decisions in ethically-dilemmatic situations. Generally people in business are not ethically insensitive on a personal level (Wong and Beckman 1992). However they may experience difficulty in reconciling their personal moral values and business demands. Because of this, personal values are often not considered in the organisation's decision-making process. Current literature exemplifies this lack of personal values, with articles arguing strongly for more ethical corporate leadership in the business school curriculum (Owens 1983).

The argument pertaining to a lack of personal moral values is valid but what is conspicuously missing is the 'how to' in actually putting ethical goals and theories into practical action (Jensen and Wygant 1990). With this in mind, Wong and Beckman (1992) develop a framework which people within organisations may utilise to relate their private moral values to their business decisions. The framework is in the form of a model called *Integrated Moral Analysis (IMA)*. The model allows a certain degree of quantification within the analysis to provide an objective element in an otherwise qualitative ethical inquiry process. The IMA model integrates two ethical theories to provide an adequate conceptual base for a comprehensive ethical analysis. One of the theories is utilitarianism and the other is a deontological theory. A point-system is set up to signify the relative importance of the six prima facie duties, the extent to which an action's consequences impact different groups in terms of the number of people affected.

A number of other models have been developed for analysing values and implementing them within the organisation. The synthesis model (Mathison 1987) may be seen as the most philosophically sound outside the Cavanagh et al. models because it directly integrates traditional concepts from the field of ethics. According to Mathison (1987), three foundational concepts must be first understood in order to utilise the synthesis model:

- (a) Obligations - restrictions on behaviour, things one must do or must avoid. Examples: business relationships, fidelity in contracts, gratitude and justice.*
- (b) Ideals - notions of excellence, the goal of which is to bring greater harmony to the self or others. Example: concepts such as profit, productivity, quality, stability, tolerance and compassion all fit here.*
- (c) Effects - the intended or unintended consequences of a business decision. Example: oil rigs on the high seas, spillage.*

The synthesis model involves a three step process.

*Step 1 - Identify the important issues involved in the organisation using obligations, ideals, or effects as a starting point.*

*Step 2 - decide where the main emphasis or focus should lie among the five or so issues generated in Step 1.*

*Step 3 - With the well focused issues worked out in Step 2, now apply the*

**Basic Decision Rules:**

*(a) When two or more obligations conflict, choose the more important :*

*(b) When two or more ideals conflict, or when ideals conflict with obligations, choose the action which honours the higher ideal;*

*(c) And, when the effects are mixed, choose the action which produces the greatest good or lesser harm (Mathison 1987 p.780)*

While Mathison's, as well as Wong and Beckman's model, have applications to values conflict and reconciling personal with organisational values, the former seems to have the same fundamental problems for me as Coye's (1986) model. It fails to go beyond the values conflict. It also fails to recognise the dilemmas which arise under situations where values may not be applicable or there are no strong values to guide the organisation/individual in analysing the dilemma such as what I perceive in the case of the Newfoundland fishery.

A number of specialists in the field of business ethics have developed ethical checklists to guide people in making difficult moral decisions within a business environment. The motivation given for these kind of checklists is that the ever changing nature of moral dilemmas in an organisational environment makes ready-made and timeless solutions impossible (Rossouw 1990). Rather than relying on timeless answers (as seen in philosophy), the developers of ethical checklists argue

that a rational and rigorous procedure should be followed in order to make moral decisions.

The checklists are very popular with the growing number of "business ethics consultants." At the 1995 Ethics Officer Association conference in Toronto, Canada, I saw how an enterprising consultant had put his checklist on a laminated card and put it in on all the tables where the conference participants were seated. The ethical checklist is an instrument positioned to guide and structure the process of ethical decision making. A typical example of such a checklist is the one proposed by Nash (1990) where the person facing a tough moral decision is supposed to work through and answer ten questions (see Nash L. 1990 "Ethics Without The Sermon").

***Nash's Checklist***

- 1. Have you defined the problem accurately?*
- 2. How would you define the problem if you stood on the other side of the fence?*
- 3. How did this situation occur in the first place?*
- 4. To whom and to what do you give your loyalty as a member of the corporation?*
- 5. What is your intention in making this decision?*
- 6. How does this invention compare with the probable results?*
- 7. Whom could your decision or action injure?*
- 8. Can you discuss the problem with the affected parties before you make your decision?*
- 9. Are you confident that your position will be valid over as long period of time as now?*
- 10. What is the symbolic potential of your action if understood? If misunderstood?*

Recognising the importance and value of Nash's questions, it does not seem to represent the multi-dimensional nature of moral reasoning and may be too simplistic

in its generation of questions - especially the case of the Newfoundland fishery. What I want and need in my analysis is something which may be considered in-depth - not a checklist. While the Nash model is an excellent approach to a fairly simple moral dilemma, in something which may be seen as more complex it may not work. Also Nash's model is about making a decision. The model I need in the analysis is not a 'decision-specific' one, but something which examines the entire case and not a particular decision. I want to develop a model to help me reflect and analyse on the case, not make a particular decision about it. While some of the questions are particularly relevant to the type of analysis I would like to accomplish, especially questions 2, 7, and 9, I believe something better can be devised to analyse the fisheries case. Would Nash's questions aid in analysing a case in business ethics? The answer would be yes, but is there a better way which is more consistent with providing the building blocks and thorough analysis of a business ethics case? The answer, once again, would be yes, and I will propose this model in the *Comb.*

Summarising then, we may say that although a number of models have been developed within the field of business ethics, except for Nash (1990) and the Cavanagh et al. models there seems little reference or use of them. Also, none of these models have been empirically tested (Robertson and Ross 1995 p.215). As Hosmer (1994 p.192) notes:

*I have no empirical data to support this view - one of the nicer aspects of our field is that a lack of empirical data never seems to concern any ethicist, either applied or normative (Hosmer 1994 p.192)*

More established fields such as strategic management have a number of models at their disposal, including SWOT, Value Chain and Cost-Benefit analysis (Sexty 1986). A model which goes beyond being a heuristic or algorithm for making specific decisions (like Nash's model) and rather provides a tool for reflective analysis for comprehensive cases may be needed. The fabric of a comprehensive case study is still tangled, even when using Nash's model. There may still need to be a model which can 'sort' and 'arrange' the strands of the analysis - the *Comb* may be seen as an attempt to create that model.

All of the models may be seen as good for what study they were particularly designed for, usually measuring behaviour or making decisions within a particular dilemma. None of the models outlined above however have been empirically tested, so it is difficult to generalise and specify that a certain specific model would work in all situations. In a number of ways, the models presented above are 'theoretical' models, and the *Comb* does not differ from them in that respect.

There is no 'one' model which stands out in the business ethics literature. If there was a particular model which would fit my perceived needs of 'reflection' and 'analysis' in examining the case of the Newfoundland fishery available, then I would probably have used it - at least to utilise it in a comparative manner with the *Comb*. But there was no model which fitted my particular needs. Subsequently, a model needed to be developed which would help me examine the case of the Newfoundland fishery. Since I am not a 'trained moral philosopher' the 'normative' implications behind my reasoning process may be seen to be as important as the

context. In other words, I need to be reminded as to 'how' I 'should' do the analysis, as much as addressing the specific questions. I needed to 'understand' what I was doing. To seek detachment within my involvement. The next section develops my model for analysing the case of the Newfoundland fishery. It is a model which lets me reflect on the reasoning process, as much as the questions themselves. When you are *combing* through a dilemma, issues and arguments on the periphery need to be considered and addressed. Rigid decision-making analytical models, like those presented above, may be too narrow for my analysis. The *Comb* is an attempt to broaden the analysis from the more prevalent 'subsumptive' to a 'lateral' perspective.

#### **Using Theory and Metaphor in the Model**

The model created in this thesis for analysing the case of the Newfoundland fishery is called "*The Comb*." The building of the model is based very much around metaphorical language. But the *Comb* is not a metaphor but a model. If you like, call it a 'metaphorical' model, although I use the term 'metaphor' in a very loose sense. Metaphors may be seen as pervading our everyday existence and language.

*Life is a journey.*

*My liver is a wasteland.*

*She is a goddess*

These are all metaphors seen in everyday language. The title of this thesis "Ethical Theory and Business Ethics: The Search for a New Model" may be seen as a metaphor (since it is not really searching but rather examining how to analyse the

case of the Newfoundland fishery). The "search" metaphor is seen throughout literature. In Zen and the Art of Motorcycle Maintenance, for example, Pirsig (1974) argues that we can use the metaphor of a motorcycle to explain the fields of rationality, rhetoric, technology and lastly the notion of quality.

Metaphors are very powerful instruments in explaining or promoting our positions. They have also been used extensively in business studies to explain concepts and describe organisations. Metaphors may be used as an analytical tool for understanding how organisations behave and help co-ordinate as well as communicate complex ideas about organisations and their actions (Morgan 1986). Metaphors, moreover, may suggest important insights into organisational actions, such as business ethics, that may not be accessible through more traditional analytical means (Pepper 1942).

Metaphors have been consistently used in business studies (Morgan 1986). In organisation theory, for example, the "machine" metaphor has had an important influence in explaining how organisations work, and promoting alternative dialogue. In finance, the "nexus of contracts" metaphor enabled theorists to examine intra-organisational phenomena using agency theory (Jones 1995). Flood and Jackson (1991) use metaphors to set the tone for their book on systems.

There has been very little conscious use of metaphors in business ethics. The articles which utilise metaphors in the business ethics literature, however, have not been of a very high quality and metaphors are in a secondary role rather as the highly



descriptive and analytical tools which they are. Most of the use of metaphors in the field of business ethics, when it is found, have been religious (Van Wensveen, Siker et al. 1991; Logsdon and Palmer 1988), although Stanley (1990) uses it to describe perspectives on foreign direct investment decisions.

Morgan (1986) in Images of Organisations argues that any realistic approach to organisation analysis, and therefore business studies, must begin from the idea that organisations have the potential to be many things simultaneously. Metaphorical analysis provides people studying organisations with a medium for dealing with the complexity arising from the many different ways organisations may be perceived. Metaphors may open our thought processes so that we can analyse the same situation from multiple perspectives in a critical and informed way. Along with the understanding metaphors promote, they may provide the medium for analysis and reflection. As Morgan (1986 p.322) states in Images of Organisations:

*Though managers and organisation theorists often attempt to override this complexity by assuming that organisations are ultimately rational phenomena that must be understood with reference to their goals or objectives, this assumption often gets in the way of realistic analysis. If one wishes to understand an organisation it is much wiser to start from the premise that organisations are complex, ambiguous and paradoxical...Metaphorical analysis provides us with an effective means of dealing with this complexity. For it shows how we can open our thought processes so that we can read the same situation from multiple perspectives in a critical and informed way.*

While business ethics is commonly seen as complex (Brady 1988; King 1988; Nielsen 1988), metaphorical analysis has yet to be used in a substantial manner within the field. *The Comb* may be seen as an attempt to use the concept of metaphor by applying it to a model, systematically organising ethical theory, to

develop an understanding of an analysis of a business ethics case. Business ethics cases are, by their very nature, "complex and ambiguous" - the *Comb* may be seen as an attempt to 'comb' through this ambiguity and complexity. But, at the same time, the process of 'combing' through the ambiguity and complexity is also important. The process of analysis needs to be understood. Metaphors may help with that understanding.

Bonet (1984) gives two definitions of a metaphor: an implicit comparison between two objects, and an entity which transfers the name of one object to another, by virtue of an analogy or similarity between the two. He states that many scientists, especially social and organisation theory scientists, use the term 'metaphor' to refer to any image. This usage of 'metaphor' exhibits a lack of precision, since it does not conform to the laws of grammar and language, which would make it inadmissible in a field such as literary criticism (Bonet 1994 pp. 12-18). Literary criticism, however, is about adhering to specific, well established rules such as grammar and structure. For example, the use of a mixed metaphor in literary criticism would not be condoned. In business, there is not this established format or etiquette of rules in using metaphors. Mixed metaphors, may therefore be used with caution. Metaphors may be seen as having great potential for explanation and elaboration in the field of business ethics. It is from this starting point of 'explanation' and 'elaboration' that I start using the concept of 'metaphor'. In using the concept of 'metaphor' within the thesis, some may argue there is a certain amount of 'imprecision'. However, I am examining how to operationalize the concept of 'metaphor' within a business ethics analysis.

Morgan (1993 p.277) in Imaginization: The Art of Creative Management goes onto describe metaphor as

*metaphor is not just a literary or linguistic device for embellishing or decorating discourse. It's a primary means through which we forge our relationships with the world. Metaphor has a formative impact on language, on the construction and embellishment of meaning, and on the development of theory and knowledge of all kinds.*

'Society' wants organisations and its members to act in an ethical manner, as pointed out in the Introduction, yet there is only an intuitive sense of what to do or what business ethics is. Metaphors may provide us with a deeper understanding of how business ethical dilemmas occur and furthermore with the manner which to analyse these cases. They may help in understanding the process of examining a business ethics dilemma.

Metaphorical language may be seen as a better alternative than literal language for expressing the continuous flow of experience (Ortony, 1975, 1979; Srivastva and Barrett, 1988; Tsoukas 1991). This "flow of experience" seems to be found in the field of business ethics through its multi-dimensional and contingent nature. Moreover, metaphor can have a powerful role in explaining the complexity of analysis which may be seen as needed within the field. As Tsoukas (1991 p.567) points out

*metaphors encourage different ways of thinking, which enable social scientists and lay people alike to focus upon, explain and influence different aspects of complex organisations phenomena.*

Since metaphors allow 'imaginization' they may also encourage organisations and its member to see business ethics in a different way. As Robert Solomon (1993 p.23) says (in a sentence itself replete with metaphors):

*...The first line of attack in any concern about ethics in business must be against those images and metaphors that blind and govern so much of our thinking. Metaphors are not just more 'picturesque speech.'*

Solomon (1993) goes on to describe how much of business ethics is surrounded by inappropriate metaphors such as the "self-made man" (p.75), "shaking up the organisation to give it new blood." (p.75) and the famous "invisible hand" (p.86). The best way to clear up these inappropriate metaphors may be to introduce alternative ones. New metaphors offer new insights.

There are however problems with metaphors. They also blind us. Tsoukas (1991 p.571) points out that "using it (metaphor), human beings are less able to detach themselves from experience in order to abstract it and explain it." He goes onto explain that "literal language has an inherently reductive propensity; it abstracts and segments experience in order to decipher relationships between its constitutive components" (ibid.). The model of the *Comb* attempts to overcome this deficiency within the use of metaphors through also using literal language in the form of questions.

Too often it seems in business ethics, there is a tendency to look at the "facts" - i.e. this is what you must do in a given situation if you want to comply to the law. Yet as Morgan (1993 p.278) argues "...the broad context of interpretation and meaning is

ultimately grounded in linguistic and other socially constructed frameworks." There may be a need for increased interpretation of ethical dilemmas and their analysis as well as less "subsumptive" reasoning. Metaphors may provide an alternative method to interpret and find meaning within business ethics analysis.

### **Creating the Metaphorical Model of the *Comb***

As stated in the Introduction, the OED defines a metaphor (Oxford English Dictionary (1989), Volume IX, Clarendon Press: Oxford, p.677) as

*The figure of speech in which a name or descriptive term is transferred to some object different from, but analogous to, that to which it is properly applicable.*

There has been much talk in business ethics about giving managers the "tools" to analyse dilemmas in business ethics. Currently at the *European Institute of Business Ethics*, for example, there is discussion of the "Ethical Audit" being a tool for management. Business ethics is seen as having to provide managers with the "tools" to analyse dilemmas so they may have a fuller understanding of the dilemma they want to examine. I perceive a tool is needed for me to analyse the case of the Newfoundland fishery. I may lack the questioning perspective and reflexivity needed to examine and establish dialogue on the case. I am *too* attached to it. My intuitions may be seen as very well developed in regards to the fishing industry as outlined in the Prologue. I have to develop some reflection; I have to sort and arrange my ideas in as detached a way as possible, to put some perspective on my involvement.

Using the analogy of the tool may prove helpful. One of the most fundamental tools people use to sort and arrange their hair is a comb. This is an instrument everyone can use, in almost every part of the globe. The metaphor of the *Comb* may also help to promote the language that business ethics may have to transcend the "compliance" approach (seen so often in the United States) as well as the constant resort to corporate codes of conduct. The 'teeth' of the *Comb* mean there is not just one way of analysing a case but many. There is a broadness which comes with the idea of a *Comb*. You are not just 'picking' something specifically out, rather you are 'arranging' many strands in using a comb. The *Comb* provides me with a tool for analysing the case of the Newfoundland fishery.

As stated in the Introduction Chapter, 'The Oxford English Dictionary (OED)<sup>2</sup> defines a comb as:

*1. a. A strip of wood, bone, horn, metal, etc., with indentations forming a series of teeth, or with teeth inserted, along one or both edges; used for disentangling, cleaning and arranging the hair, and for like purposes.*

*1. d. The action or process of Combing out.*

The term 'Comb' may be also used as a verb, and the OED defines it in the verbal sense as:

*1. a. To draw a comb through the hair for the purpose of cleaning, disentangling, or arranging.*

*2. a. To dress (wool, flax, etc.) with a Comb, so as to separate the fibres, bring them into parallel order, and separate the shorter from the longer.*

*4. b. To search or examine minutely.*

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<sup>2</sup> Oxford English Dictionary (1989), Volume III, Clarendon Press: Oxford, pp. 511-512.

The reason I chose the name 'Comb' is that business ethics is commonly seen as complicated, ambiguous and a 'mess'. If business ethics analysis may be seen as too complicated then all too often it is said - *let's use a code of conduct*. The meaning of the term 'Comb' lends itself to thinking about 'cleaning', 'disentangling' and 'arranging' what could be considered a mess. It also (to use the 4b definition) is a device for examining or searching for something minutely. These aspects of the term '*Comb*' describe, in some ways, what I wanted to accomplish with my model through analysing the case of the Newfoundland fishery. I desire to 'clean', 'disentangle' and 'arrange' my understanding of the case. I also want to consider those 'minute' ideas which may have escaped my intuitive analysis before. Also, the use of the term 'The *Comb*' as a 'metaphorical' model also means it has a normative (i.e. this is how it should be) impact. I believe an ethical analysis in business should be done in a broad manner because there are many ideas and perspectives which may be considered to create a more comprehensive analysis.

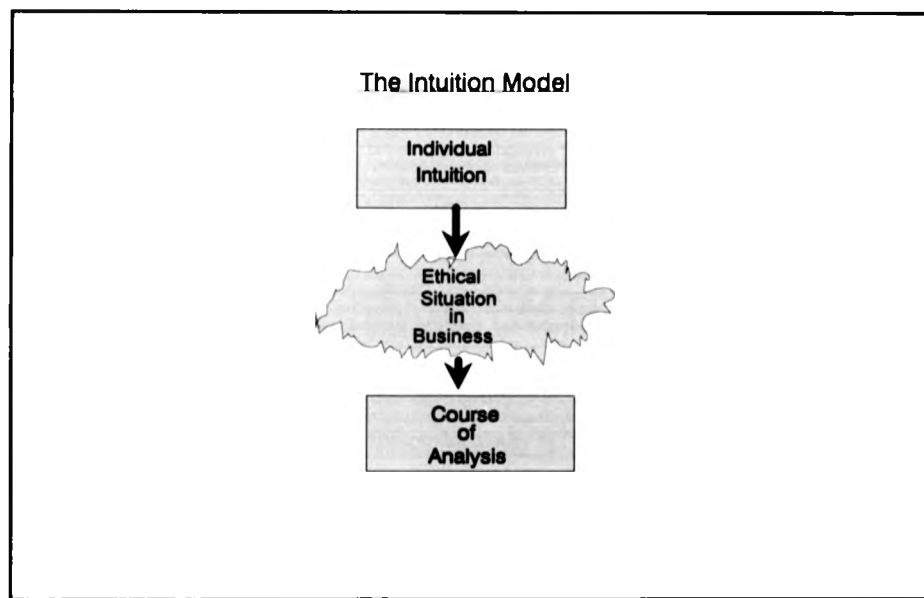
At the same time, the model of the *Comb* uses literal language, in the form of questions, to overcome some of the deficiencies seen in metaphorical language. In the *Comb* there may possibly be both the understanding which comes from the use of metaphor and explanation generated through the literal language of the questions. The use of the term 'Comb' in the model may also be seen as a 'normative' perspective (i.e. you should go through this minutely), while the literal language seen in the questions may be seen as having more of an explanatory basis.

In order to create the metaphorical model of the *Comb*, I would first like to explain my understanding of some of the current processes of analysis in business ethics through alternative 'models' or ways of thinking. The first type of model I want to demonstrate is the "Intuition" or "No Analysis" Model. An intuition (*Δ Dictionary of Philosophical Quotations* p.490) is defined as

*An item of belief or knowledge, either of a proposition or an object, that is inferred or immediate. 'Intuition' is also used for a conviction, presumed to be generally held, which is a ground of or guide to our philosophical reasoning.*

Moral intuitions are quite commonly used to examine cases in ethics (Willigenburg 1991) and may best be expressed by saying "I have a feeling that this seems to be the right way to do it." The intuition metaphorical model is expressed below:

Figure: The Intuition Model





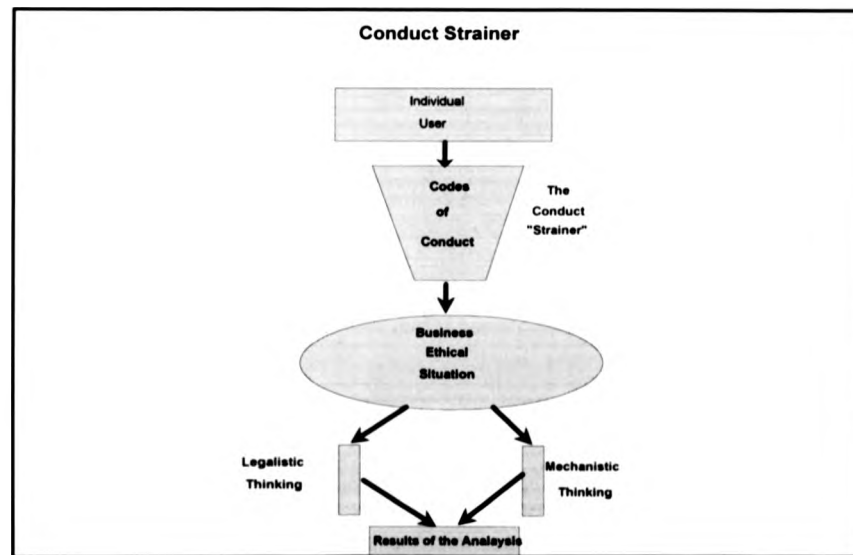
Some organisations and their members will have established moral intuitions. This would probably result in quite a good ethical analysis based on "I think this is the way we should see it." Moral intuition may be seen as developing over time and some authors contend it is the best method to balance conflicting principles (Willigenburg 1991; Rawls 1972). I would agree with this contention. Yet the same authors contend that moral intuitions do not provide an adequate comprehensive analysis of a dilemma nor do they believe that intuitions should be constantly used to make decisions in particular cases. Moral intuitionism may not be an adequate way of examining a dilemma in business ethics because too often there is a lack of clear, established, norms and values which serve as the foundation to establish our intuitions. A broader analysis may be needed which reflects, once again, the multi-dimensional nature of a business ethics case.

The field of business ethics, with its apparent emphasis on subsumptive reasoning and codes of conduct, seems to lend itself to legalistic and mechanistic thinking (Sitkin and Bies 1993). Legalistic thinking is defined as adhering to a code of ethics or the law without engaging in a reflective process and "confers an institutional legitimacy on otherwise ambiguous acts" (Sitkin and Bies 1993). Yet providing '*legitimacy*' does not necessarily mean providing an ethical analysis or, for that matter, a moral decision. Organisations which use this type of reasoning are more concerned with the 'letter' of the law as opposed to the 'spirit' of the law. It is not surprising that two of the largest tobacco companies R.J. Reynolds and Philip Morris in the United States have legalistic codes of conduct (Reidenbach and Robin 1991 p.277). Legalistic thinking provides, to use another metaphor, a *ceiling* rather

than a *floor* of ethical behaviour in business. As long as people think they are complying with the law, then they may believe it is ethical. It is also not surprising, for example, most ethics officers in the United States are called "Ethics and Compliance Officers."

It may be possible to develop a metaphorical model that using legalistic thinking, exemplified in corporate codes of conduct, may be seen as a "*Conduct Strainer*". The 'conduct' strainer understands an ethical analysis as taking an ethical dilemma in business which is multi-variable and highly contingent on the situation and *straining* it into legalistic and mechanistic thinking. Moreover, from the metaphor of a *Conduct Strainer*, it may be possible to develop a visual representation of the argument, which will make the image even more powerful.

Figure: The Conduct Strainer



Codes of Conduct may be seen as developing some sort of consistency of actions coming from the organisation (L'Etang 1992). A code of conduct seems to usually work in the following manner. An individual user faces an ethical situation in business, recognising it usually through conscience/moral upbringing (i.e. religion) and, some would argue, intuition. The user then employs a 'code-of-conduct' to determine a method to act in the given situation. This may be seen as consistent with a "*conduct strainer*" because it seems to produce two types of thinking - mechanistic and legalistic. There may be no reflection or analysis beyond looking at the guidelines set down by the code of law or these two types of thinking. There is simply compliance. The user complies to a course of action based on the legalistic or mechanistic thinking produced by the 'code-of-conduct' - they do not seem to reflect on their actions.

The problem with a model such as a *Conduct Strainer* may be that it gives only a limited type of thinking about how to act in business ethical situations. Put simply it requires either legalistic or mechanistic thinking. It does not seem to consider the plurality of perspectives and approaches to examining a dilemma within business ethics. It may therefore be similar to a model which does not utilise any formal method of analysis, such as intuition. It may be seen to produce limited thinking and decisions which have very little ethical content. At the same time, codes of conduct seem to be easy to use. Some would argue that using a code-of-conduct is better than using nothing at all. I would agree with this sentiment. But, at the same time, using a code-of-conduct may be seen as limited in my analysis of the Newfoundland case. There is no code-of-conduct for restructuring the fishery. There is no legislative or

legalistic rules which states that, for example, this fishplant should stay open or this particular fisher should be given money to retrain while others should be allowed to stay within the fishery. If anything, the rules are malleable as seen in the TAGS program. Everything in regards to what should be done seems implicit. There is no code-of-conduct to help us in restructuring the Newfoundland fishery.

Not only can the concept of metaphor be used to *explain*, it may also be used to *persuade*. It may be argued that approaches to dilemmas in business should not be as a 'Conduct Strainer' but rather a "Comb." Not only is there a proposition from this argument but, from the metaphor, a model may be created for the *Comb* (seen in the diagram below).

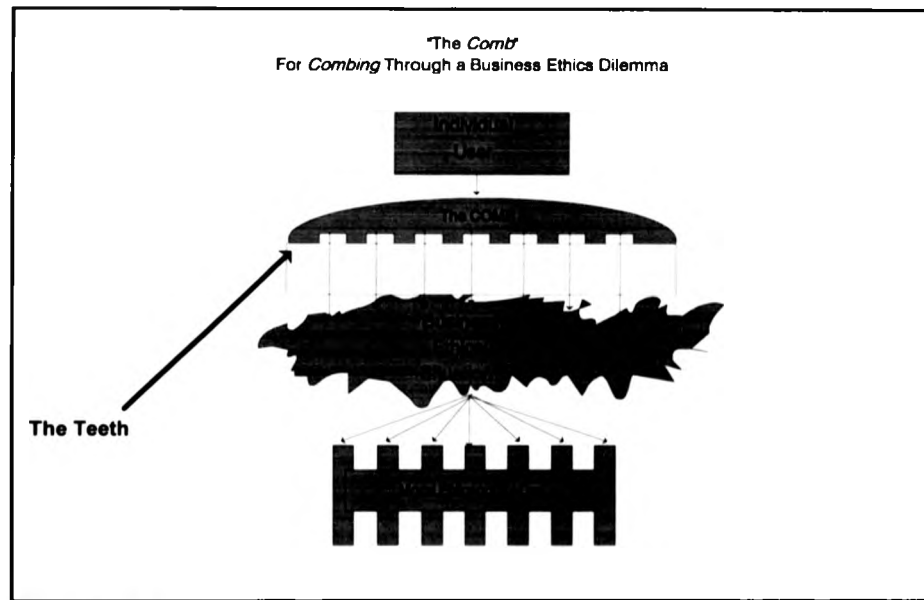


Figure: *The Comb*

*The Comb* is meant to 'sort' and 'arrange' dilemmas in business ethics - the tangled mass that is business ethics. *The Comb* works in this manner; an individual (user) is consciously faced with an ethical dilemma. Instead of using a method which limits thought (for example, codes of conduct or "legalistic thinking" (Sitkin and Bies 1993), *the Comb* expands the user's ethical knowledge of the potential avenues of thought. It embraces the plurality of theories seen within the field.

*The Comb* is based on using different moral philosophical principles called the 'teeth' which basically 'comb-through' a business ethics dilemma by asking a number of basic philosophical questions. The result will hopefully provide a broader and more comprehensive ethical content to the analysis than using an intuitive or 'code-of-conduct' approach.

*The Comb* may also be a useful tool in developing and promoting alternative lines of analysis within business ethics. It seems to develop reflexivity. No longer is there a need to explicitly mention moral philosophy. Although abstract moral philosophy may be seen as an ideal way to explain and analyse problems in business ethics, it seems to lack the simplicity and the persuasive power to have organisations and users take it as the basis of the analysis. The simplicity and understanding which comes from both using the concept of a metaphor and literal language may help my analysis of the case of the Newfoundland fishery. *The Comb* arranges and sorts ethical situations through the *teeth*, each of which are based on a theory from modern moral philosophy. Five different teeth representative of the dominant approaches in the business ethics literature are outlined in the previous chapter:

consequentialism, deontological theories, egoism, social contract, and rights theory. These serve as the 'theoretical' basis of the analysis. The questions may be seen, once again, as more important to the analysis than the answers. Reflection comes about because one asks appropriate questions rather than developing the right answers. Perhaps, in post-modernity, although there seem to be no right answers, there may be appropriate questions.

Essentially, by using the *Comb* there would seem to be an 'arranging' and 'sorting' of the basic tenets of modern moral philosophy in a systematic fashion by 'combing' through a number of reflective questions. This may be seen consistent with Rawl's model of reflective equilibrium but differs through its systematic fashion in organising the questions. The necessity of the simplified language used in the model to be understood also corresponds to Starr's (1984) requirements for an ethical theory to be applicable to a group or to a society. Starr (1984 p.101) argues that for applicability four requirements must be met:

- 1. the rules and principles of the theory must be public.*
- 2. the ethical theory must be able to applied consistently, coherently, and apply to similar cases in similar ways.*
- 3. the theory itself must be ethically sound.*
- 4. the theory must be understandable to those who are expected to live by its rules and principles. An ethical theory laden with technical language and philosophical jargon is not going to be of much assistance.*

The *Comb* may be seen to adhere to all these requirements. Yet, at the same time, the *Comb* is not a theory; it is a 'metaphorical' model. The distinction may not seem significant but, from a philosophical stance, it is huge. The *Comb*, as stated in the Introduction, is *praxis* oriented. It is to be used as a tool, for my purposes in

analysing the case of the Newfoundland fishery, not as a foundation for a philosophical discussion of why it fails to meet certain rationalistic and logical principles of theory development. Clearly there are certain debates raging in applied ethics about whether it is possible to use a model such as the *Comb*. Yet, for my purposes in analysing the case of the Newfoundland fishery, it seems to have some face validity when combined with a stakeholder analysis.

Knowledge of the different ethical theories and methods of analysis beyond "legalistic" thinking should, in my view, be promoted within business ethics. Too often people seem to be scared of the abstractness of ethical philosophy and because of this fear, they may miss potential avenues of thought. In order to overcome this fear, the questions within the *Comb* were made as straightforward as possible. Taken beyond the context of the thesis, some questions may be seen to be irrelevant or have limited applicability to certain cases. While not consistent with Starr's (1984) notion of the requirements of theory, I would argue that the non-applicability of some of the questions on some occasions reflects the multi-dimensional nature of a business ethics case. It reflects plurality. Some theories are not applicable to certain cases, while the relevance of others may differ. This may not necessarily be a limitation to the *Comb*. If the *Comb* was a theory rather than a systematic way or organising the analysis, then there could be a philosophical problem. The *Comb* may be seen as a model, and as such it may not fit 'exactly' to a situation but still may have some use. Hopefully, beyond the thesis the *Comb* may have some use in reflecting and analysing other dilemmas within business ethics. Yet, at its foundation, the *Comb* works on one central idea - it is better to have knowledge of

the different approaches to analysing a case in business ethics than an ignorance of various options.

After going through asking the questions organised by *the Comb* and developing responses, I perceive the 'strands' of an ethical decision. Willigenburg (1991), in a similar manner, talks about having building blocks as the basis of any ethical decision. All the different 'strands' of thought may then be sorted and arranged and, as well, decisions on what 'stands' may be seen as relevant to their particular situation may be made. The aim of the thesis, however, is to analyse the case of the Newfoundland fishery, not make a decision. The *Comb*, as an organising 'metaphorical' model, does not make the decision - it is simply a tool for aiding the analysis of the problem. It may be seen as better to find out what are the 'building blocks' or 'strands' and then discuss the potential avenues of action. The questions may be seen as more important than the answers. This approach of 'talking it out' seems to be consistent with Derry and Green's (1989) **dialogical approach** to the way theory may be utilised. Once I have sorted and arranged all the different theories and questions posed by the *Comb*, hopefully there will be a greater understanding of the various perspectives to examining the case of the Newfoundland fishery.

Essentially, the *Comb* seems to be a valid model for my use in analysing the case of the Newfoundland fishery. There are a number of reasons why it may be seen as a valid model.



1. It may be seen as developing reflexivity through posing of questions rather than looking for answers. Through grounding the questions in moral philosophical theory, it allows me to reflect on the dilemma while still being intimately involved with the context of the case. It is tolerant of inquisitiveness.

2. Although other approaches to examining ethical dilemmas in business, including intuition and codes of conduct may be seen as adequate in a limited sense, they do not account for the plurality of perspectives and approaches seen within the field of business ethics. The *Comb* may be seen as a broader, more comprehensive approach to examining an ethical dilemma.

3. Most models seen within business ethics seem to have limited use in reflectively analysing cases. While most of the models are concerned with measuring behaviour or making decisions, the 'ethical' context behind the decisions and behaviours may be overlooked. While ethical checklists, such as Nash's, may provide some element of reflexivity in analysing a simple dilemma its use in a more complex one may be limited by the 'yes' or 'no' phraseology of its questions. Subtlety is not its strong point.

4. The *Comb* as a 'metaphorical' model combines an understanding which comes from using the concept of a metaphor to the reasoning process - the idea of 'combing through' the analysis - along with the deductive and analytical capacity through the use of literal language.

5. The *Comb* may broaden the perspectives and approaches to examining a dilemma in business ethics and particularly the case of the Newfoundland fishery. It may be seen as 'broad' enough to identify issues on the periphery and through using the 'metaphor' of the comb, there may be an understanding of the apparent needs to systematically 'comb through' a dilemma.

6. The *Comb* may finally be seen as having width and depth. It is a three dimensional instrument. Unlike the other models outlined within this chapter, this three dimensional capacity, may make it easier for me to understand and use in analysing the case of the Newfoundland fishery.

#### **Changing the Perspective - Business Ethics: The Intellectual Context**

While the *Comb* may be seen as possibly generating new perspectives and arguments about the case of the Newfoundland fishery, is this adequate with regard to generating a comprehensive analysis? Is there a more important perspective which seems to be missing? The *Comb* appears to be potentially useful in analysing the case of the Newfoundland fishery. Yet, as stated in the Introduction, is there a danger of isolating the *Comb* from its external environment? Although this may seem on a tangent from the main thrust of the thesis, it may be seen as important to understand the context from which the *Comb* and business ethics may be developing as much as alternative models and the reasoning behind it.

It was argued in the Prologue, moral theories and arguments are better understood in context. I would like to articulate in this section what I perceive may be a useful way to see the intellectual context from which business ethics and the *Comb* originates. While the *Comb* may have some use in analysing the case of the Newfoundland fishery, is it the right 'tool' for these post-modern times?

Throughout the thesis, an implicit assumption seems to have been a motivating factor - that business ethics analysis is important and needed. The next chapter will hopefully demonstrate that it is possible to undertake an analysis of the Newfoundland fishery case using the *Comb*. But, beyond the fishery case, from an intellectual perspective, why the apparent interest in business ethics? What is it in the present epoch which has raised our interest in question of ethics? As discussed in Chapter 2, there seem to be three levels of analysing business ethics: macro, molar and micro. The thesis up to this point may be seen as primarily concerned with macro and molar issues - the need for a model to analyse a particular dilemma within business ethics. Yet, as indicated throughout the thesis, business organisations are not atomistic individuals. The stakeholders operating within the Newfoundland fishery, for example, are not atomistic individuals. Dilemmas within business ethics occur in an environment - not only a physical one but an intellectual and cultural environment. The following sections will attempt to outline why business ethics may have, at certain times, more importance due to an intellectual spirit which may be characterised by the *fin de siècle*. The sections will expand the level of analysis seen within the thesis to a meta-macro one. This will therefore stress the importance of not only the *Comb* but also the case of the Newfoundland

fishery to the field of business ethics. Today not only is there a questioning of the context of the capitalist system within which business ethics operates, but the intellectual foundations upon which it exists. There will be an attempt to address these intellectual foundations and context of the field of business ethics through using the concept of the *fin de siècle*. In using the *fin de siècle*, there will hopefully be a demonstration that the *Comb* is the right 'tool' for the 'times'. Through engaging in such a description and analysis of the intellectual context, it may demonstrate some further validity for the *Comb*.

Let me ask the question: Why the sudden interest in business ethics at what is (for us) the end of the century? Is business ethics cyclical or has it always been with us? What temporal dynamics are at work? Why the need to 'sort' and 'arrange' ethical issues within business? Why question the restructuring of the Newfoundland fishery from an 'ethics' perspective? Answers may lie in the concept of *fin de siècle*. The idea of the *fin de siècle* may outline the intellectual context of the field of business ethics.

Soon, very soon, the end of the century will be upon us. Commentaries, retrospectives and analyses will inundate us about our century's place in history. A questioning of 'what is important' and 'why' seems to take place at the end of every year and even more so at the end of the century (Meštrovic 1991). Yet the meaning of the concept of the *fin de siècle*, it may be argued, goes beyond a simple social commentary or historical analysis. The *fin de siècle* may have serious ramifications for the study of business organisations and especially for the field of business ethics.

It may also have serious ramifications for the utilisation of the *Comb* and the case of the Newfoundland fishery.

### **Business Ethics in the Fin de Siècle**

According to Meštrovic (1991) in *The Coming Fin de Siècle*, the obviously French phrase of *fin de siècle* is difficult to translate literally into English. It carries connotations of end of the century, end of an era, end of the world, and in this particular case, the end of millennium. It also goes beyond a simple temporal connotation and rather exudes an approach, a way of seeing the world. It may go beyond what benefits the *Comb* can accrue from a particular situation and perspective. Instead, it may embrace the 'spirit' of the times.

Although this thesis may be seen as embracing a 'modern' approach through 'arranging' and 'sorting' the 'strands' of thought in dilemmas within business ethics, it may also be useful to examine *fin de siècle* concerns to understand the context from which business ethics and the thesis develops. The *fin de siècle* may be important in outlining why it may be important to 'sort' and 'arrange' the strands in an ethical dilemma.

Why then is this *fin de siècle* concept important to modern day business? The 'fin de siècle' spirit refers to the pessimism and cynicism felt in the 1880s and 1890s, along with the widespread belief that civilisation itself may lead to decadence. Within the *fin de siècle* spirit it may be perceived that the cynicism of humanity has lost its

collective innocence (Meštrovic 1991 p.2). An example of this cynicism may be found in a recent (1995) poll by the Henley Centre where only one in seven people claimed to trust multinational businesses to be "honest and fair" (Adonis 1995 p.1). This loss of 'collective innocence' may not necessarily be a negative consequence; ideas and social movements brought forward by many nineteenth-century intellectual disciplines are now being questioned and re-examined just as they were then: communism, socialism, feminism, nationalism and human rights are all seen in a different light. Here we face a 'perspective' or retrospective of questioning which may be seen as highly influenced by the *fin de siècle* spirit. Questioning the restructuring of the Newfoundland fishery may also be seen as indicative of the *fin de siècle* spirit.

The *fin de siècle* spirit is also exemplified in the writings of the intellectuals and literary figures, from Baudelaire to Nietzsche, who criticised the by-products of the Enlightenment such as the preoccupation with rational thought (Meštrovic 1991 p.2). From a macro-perspective, it is possible to argue that business ethics is better understood as a phenomenon of the *fin de siècle* spirit. The potential for new discourse, analysis and debate about business ethics may also be promoted using similar *fin de siècle* concerns. Examining issues of modernity and post-modernity, I move now to addressing the question - is business ethics really a *fin de siècle* concern? Does business ethics really engage in reflective questioning? Is business ethics indicative of the times and therefore a cyclical function? Is business ethics a function of *fin de siècle* thinking? Is the *Comb* and 'sorting' and 'arranging' of ethical issues indicative of *fin de siècle* thinking?

It is important to outline what is the *fin de siècle* at the outset. The *fin de siècle* concept has and may be used to re-examine issues arising within post-modernity. The completion of the century, many would argue, signals an end as well as a beginning, pessimism as well as optimism, disregard and disenchantment at outdated concepts as well as excitement at the emergence of fresh concepts, such as the relatively new field of business ethics, emerging. The *fin de siècle* concept may point to the notion that society shares many commonalities with our ancestors who underwent this anniversary (Meštrovic 1991 p.204).

First, a link to the potential lessons to be learned from the *fin de siècle* may be made through the philosophical literature by examining Nietzsche, who has been called "the moral philosopher of the present age" (MacIntyre 1981 p.114). The emergence of the *fin de siècle* may be described through the whole idea of "Dionysius" versus "Apollonian" thought - heart versus mind. Nietzsche distinguishes in the Will to Power between the two concepts:

*The word "Dionysian" means: an urge to unity, a reaching out beyond personality, the everyday, society, reality, across the abyss of transitoriness: a passionate-painful overflowing into darker, fuller, more floating states...*

*The word "Apollonian" means: the urge to perfect self-sufficiency, to the typical 'individual', to all that simplifies, distinguishes, makes strong, clear and unambiguous, typical: freedom under law...(The Will to Power, trans. Walter Kaufman, s.1050).*

In what may be seen as an oversimplification but still a potential way of examining the distinction, the "Apollo" mindset existed during the previous century, between

1840 to 1880, exemplified by the rise of materialism and rationality. Marx's late writings, for example, epitomise the rise of modernity along with Charles Darwin promoting the rationalist discourse of survival and evolution. The "*Dionysius*" viewpoint arose between 1880 to 1930. In this period there is the rise of neo-Idealism. The whole emphasis is on emotions, on the *id* (to make specific reference to Freud). The writings of Hegel also point to romanticism, later condemned by Nietzsche. Moreover, this period sees the rise of the *fin de siècle* feeling and a preoccupation with ethics and morality.

The parallels with the present time are quite clear. In the period of 1930-1980 we see the rise of functionalism. The whole idea of being "international" in outlook may be a further indication of this "*Apollo*" viewpoint. The rise of materialism, the role of science in all fields points to an increasing emphasis on rationality. The use of dragger technology instead of the more traditional 'hook and line' fishery is indicative of this 'push' towards science and rationality.

The present time period from the late 1980s onwards, however, has seen the rise of idealism, spirituality and mysticism. The present *fin de siècle* seems to capture the whole essence of the '*Dionysius*' viewpoint and may possibly denote the need to address issues arising from it within business ethics. The concerns and needs of previous *fin de siècle* intellectuals are still very much with us: pragmatism, positivism, cultural relativism, and nihilism to name just a few. In a myriad ways the *fin de siècle*, it can be argued, exemplifies the debate between modernity and post-modernity (Alexander 1995). In business ethics, it may be argued an increasingly



'post-modern' subject is being analysed within the constraints of modernity, exemplified by the reliance on empirical and normative analysis (as seen in Chapter 2). Is the *Comb* an attempt to break the constraints of modernity seen within the field?

Second, a *fin de siècle* concept which has much application to business is rationalism. In the late 19th century analysis, a *fin de siècle* idea arises that laissez-faire economics leads to moral and economic catastrophe. The supposed collapse of moral and economic values promotes suffering for the entire social body, not just those who are heavily involved in business affairs. This belief may be transferred to the present day. Modernity and post-modernity have organised most of society along the lines of economic interests resulting in market catastrophes affecting every person. A community is only seen as 'valuable' if it contributes to the 'economic' basis of society. Economic interests mean the human cost, for example, of organisational restructuring and business rationalisation is hardly ever considered. Bauman (1995) writes in Life in Fragments that:

*In business language, "rationalisation" means more often than not laying off people who used to derive their livelihood from serving the business task before. They are now "redundant", because a more effective way to use the assets has been found - and their past services do not count for much: each business transaction, to be truly rational, must start from scratch, forgetting past merits and debts of gratitude. Business rationality shirks responsibility for its own consequences, and this is another mortal blow to the influence of moral considerations. The horrors of inner cities, mean streets, once thriving and now dying communities orphaned by business ventures which used to keep them alive, but now - for the soundest and most rational of reasons - moved to greener pastures, are not victims of exploitation, but of abandonment resulting from moral indifference (Bauman 1995 p.264).*

It may be argued moreover that economic 'catastrophes' have links to business ethics through issues arising from economic and organisational restructuring (cf. Hennan 1989). Is the Newfoundland fishery an economic catastrophe or a social one? Irregardless, it may be seen as important to 'sort' and 'arrange' the ethical issues emanating from this restructuring. Maybe, through identifying ethical issues, there may be some perspective of 'detachment' gained in the 'involvement' of restructuring.

Selznick (1992) also argues that one of the legacies of modernity, from a morality standpoint, is rationalism. The Enlightenment thinkers discounted faith and tradition arguing that truth is to be found "in the human capacity to know and evaluate, not in submission to received doctrine" (Selznick 1992 p.39). Reason, however, may not necessarily be alien to critical thought. Socrates, for example, was one of the first in a long list of philosophers to discuss the merits of reason. Selznick (1992 p.62) argues that "reason is a form of moral competence, a complex of virtues whose office is to discipline impulse and liberate thought." Reason may not necessarily be a negative thing to be used in examining moral and ethical problems. The problem, instead, lies in the type of reason, the type of rationality, which is being used.

An example of questioning of this concept of rationality seen within the *fin de siècle* spirit may be seen in the consideration being given to the "efficient market hypothesis" - the belief among economists that the markets and individuals behave according to rational principles (Etzioni 1988). Modern economic theory may still be grounded in Enlightenment notions of rationality and human nature. Is it

therefore still appropriate to see business ethics from a notion of 'rationality'? Is the 'rational' restructuring of the Newfoundland fishery appropriate? Or are certain norms and values being discounted which should be considered? The answer is unclear. Knowing it flows from a *fin de siècle* spirit of retrospective questioning may make the answer more clear. Furthermore, through 'sorting' and 'arranging' the ethical issues the questions may become even more clear from an ethical perspective.

Moreover, an external environment manifests this *fin de siècle* thinking. Other under-theorised statements on the current crisis in Western business and capitalism also reflect *fin de siècle* concerns. Hundreds of articles cite the demoralising effects of the Stock Market crash of 1987 on enrolment in business schools, consumer confidence, and donations to education and religion (Meštrovic 1991 p.169). Seligman (1988 p.50) notes for example that "the rate of depression over the last two generations has increased roughly tenfold", and attributes this increase in psychopathology to the phenomenon of "rising expectations" found in economic as well as other social and personal aspects of life.

Beyond rising expectations, there seems to be questions of economic anxiety, trust and the validity of the social contract which have also appeared. A recent series of articles, from Business Week (March 11, 1996), manifest the anxiety being felt by the work force in America. A Business Week/Harris Poll found 77% of the respondents rated large corporations 'fair' to 'poor' at providing job security for their workers (Mandel 1996 p.32). Moreover, the same poll found that only 5% of

the respondents agreed to the statement that business corporations should only have one purpose - "*to make the most profit for their shareholders - and their pursuit of that goal will be best for America in the long run*" (Mandel 1996 p.43). The *fin de siècle* seems to have had a profound affect on significant sectors of Western society exemplified in the cynicism and disenchantment with the modern business organisation. There is a rethinking of the old. Does the status quo continue to be acceptable? For example, what is the role of the organisation? The dilemma of the Newfoundland fishery, for example, may also be seen as exemplifying the cynicism and disenchantment at the ability of the government to manage the fishery. The implications for management of the *fin de siècle* spirit may be significant. The context of the environment outside the fishery case and the *Comb* seems to point to the need for business ethics analysis. Within the lack of trust, anxiety and disenchantment, there may be a need to 'sort' and 'arrange' ethical perspectives and arguments.

### **Economic Restructuring**

One of the ramifications of the possible questioning of societal structures and norms is the idea of restructuring - both economic and corporate. The Newfoundland fishery manifests not only economic and corporate restructuring but that of an industry, a province and way of life. Restructuring may point to the need for ethical analysis in business.

On a molar level, Hoskisson and Turk (1990) state that corporate restructuring is defined as a major change in the composition of a firm's assets combined with a substantial reorganisation in its corporate strategy (Geroski and Greg 1994; Hoskisson and Turk 1990). Restructuring may provide organisations with a number of opportunities for 'restoring *value*' which may have been squandered through exorbitant diversification (Hite et al. 1987; Hoskisson and Turk 1990). There have been, however, a number of questions about the stakeholder consequences of organisational restructuring. Critics assert, for example, that organisational disruption following restructuring exceeds the anticipated benefits from such transactions (Singh 1993 p.147). This may be the case in Newfoundland.

The role and the relationship of the individual to the organisation as well as the organisation to its environment may be displaced in restructuring. If, for example, a person is made redundant then his/her relationship to the organisation changes. This process of change may be characterised as *anomic*. The same holds true for an organisation leaving a community such as what is seen in Newfoundland. The relationship between the two entities - the organisation and the community - clearly changes. Moreover the community itself changes. The norms and values which characterise entities and their respective relationships are lost. This may mean that ethical analysis may become important, to re-establish the 'lost' norms and values. The case of the Newfoundland Fisheries may demonstrate this loss of values and norms - people do not know what they can do if they are not part of the fishery. The song from Great Big Sea in the Prologue - '*What ya do...?*' exemplifies this sense of

loss. If your place of work is torn down (See Page 7), there is obviously a sense of loss.

Restructuring in the forms of, decentralisation, centralisation all reflect cultural trends as well. *'Bigger is better'*, *'lean and mean'*, *'flexible organisations'*, *'disposable workers'*, *'service economies'* all reflect approaches to business which may not only be functional (i.e. hiring and firing people) but intellectual. Economic and political circumstances may dictate the environment whereby these changes take place, but it is the *'spirit'* of the times which seem to mostly provide the impetus for change. No longer in Newfoundland can the industry be a *'social fishery'* or *'employer of last resort'*; the intellectual climate has meant the industry must be self-sustainable - subsidisation may not longer an option. Is this a viable perspective? Ethical analysis, through sorting and arranging the issues pertaining to subsidisation and self-sustainability, may manifest why it is an adequate perspective. The old-economy of subsidisation seems to be dead. The approaches to examining the dilemmas have changed. It is not only a functional approach (i.e. looking at it from a cost/benefit analysis instead of a right based perspective), but rather may be an intellectual impetus which is challenging the status quo. This means that the *Comb* may have to be understood as fitting within the *'spirit'* of the times. The intellectual impetus which is exemplified in approaches to restructuring may be characterised as the *fin de siècle* spirit - an 'out with the old, in with the new.' A retrospective and reflective way arises of examining the world and its dilemmas - pointing to the potential need for ethical analysis with business ethics.

Rationalising business organisations and the emphasis on short-termism may be seen as contributing to the "dehumanisation" of the business firm. A preoccupation with an unlimited profit (which some would argue is indicative of the Newfoundland fishery case) may also be seen as a characteristic of modernity, which "once such a desire is conceived it can only increase indefinitely" (Halbwachs 1958 p.43). Has modernity failed in addressing issues within business ethics? Can the analysis within the *fin de siècle* spirit address the issues more consistently? The need for retrospective analysis seems to be obvious.

Arguments about ethics being obsolete continue to be strong. An interpretation of ethics being obsolete may be seen in Lipovetsky's (1992) Le Crépuscule du devoir ("The Twilight of Duty"). Lipovetsky suggests that society may have finally reached the epoch of *l'après-devoir*, where conduct has been released from the last relics of oppressive "infinite duties", "commandments" and "absolute obligations." The result of this "after-duty" era can be seen as resulting in a "minimalistic" morality. Lipovetsky, according to Bauman (1993), promotes the freedom which this "minimalistic morality" has brought. A minimalist approach to ethics may, however, have serious repercussions to both society and business. Minimalism may not 'release' us, but rather trap reflective thinking about business ethics.

In most instances, the minimum necessary may be seen as the law. The law, however, may not necessarily be the most prudent or expeditious way of acting ethically. The preoccupation with the 1992 United States Sentencing Guidelines exemplifies this concern with "minimalist" morality. No longer is an action taken

because it is "the right thing to do" - there may no longer be a "right thing" in this minimalistic approach to ethics: there is only a "legal thing." There is no integrity, no character, just 'compliance'. Through expanding the dialogue, analysis and different ways of examining business ethics cases there may be a transcendence of a "compliance approach." The *Comb* may aid in transcending my analysis beyond the legal and into the ethical.

Compliance, it can be argued, may be seen as being dangerous to ethics. Some would say that if someone complies, for the sake of following the law, it is an ethics (echoing Schopenhauer) of *fear*. There is fear about the consequences rather than concern about the ethical implications. Yet compliance seems to be indicative of our modernist approach towards business ethics.

### **Business Ethics within Modernity**

As we have seen, modernism is described as having elevated a belief in reason to a level at which it becomes equated with progress (Parker 1992). The world is seen as a system which comes increasingly under human control as our knowledge of it increases. The common terms for this kind of belief system are positivism, empiricism and science.



Moral thought and practice within modernity was driven by the creation of "*non-ambivalent, non-aporetic<sup>3</sup> ethical code*" (Bauman 1993 p.9). By extrapolation, the development of this non-ambivalent code is exemplified in the growth of theories of justice (Rawls 1971) and social contract (McMahon 1986; Getz 1990). This may be seen as an attempt to transcend the nature of moral philosophy, through grounding it in a code. A *non-aporetic, non-ambivalent morality*, as well as codes of ethics which are universal and 'objectively founded', may be seen as a practical impossibility; perhaps also an oxymoron (Bauman 1993). The same could be said of trying to develop codes of conduct or developing models to analyse dilemmas in business ethics. Modernity is dependent upon universals, yet morality and ethics have embraced pluralism in our Western culture exemplified in the plurality of theories seen in the academic field of business ethics. There seems to be many 'right' ways of doing things. Morality may not necessarily be seen as universal. There may therefore need to be a way to 'sort' and 'arrange' the various issues.

Morality not being universalisable does not necessarily endorse moral relativism, since universality is not necessarily the opposite of relativity. Moral universalism, rather, may be seen as an attempt to eliminate all other sources of moral judgement - namely "'wild' sources of judgement...autonomous, obstreperous and uncontrolled" (Bauman 1993 p.12). As it was argued earlier in the Chapter, through the metaphor of the conduct strainer, legal or 'one-principle' universalism may limit the range of ethical perspectives. It seems to have eliminated too many of the sources of moral

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<sup>3</sup> Aporetic, according to the Oxford English Dictionary, means to express some doubt. Obviously, non-aporetic is to express no doubt.

judgement. While acknowledging the diversity of moral beliefs and ethical theories, modernity considered it a challenge to overcome pluralism. Plurality was seen to be normatively bad but it seems within post-modernity it cannot be avoided. The *Comb* embraces plurality and this may be one of the reasons why it should be perceived as better than 'one principle' approaches.

Yet business ethics is not alone in attempting to embrace modernity. The whole field of the social sciences might be said to promote finding these 'universals.' From the Enlightenment through Comte and Mill to Hempel, the purpose of the social sciences may be seen as explaining social phenomena by supplying law-like generalisations (MacIntyre 1981 p.88). These generalisations essentially do not differ in their logical construction from those seen in the natural science and are exemplified within business ethics by appeals to corporate codes of conduct. Is the search for universals in the social sciences appropriate? MacIntyre (1981 p.88) discounts generalisations within the social sciences arguing "the social sciences are almost or perhaps completely devoid of the discovery of any law-like generalisations whatsoever." But, business organisations provide generalisations and universals to its employees and culture. Corporate codes of conduct do not seem to consider the context or ethical issues of the situation. An example of a moral universal seen within a corporate code of conduct would be telling someone "*not to accept a gift in any instance*." Since the idea of universals may be questioned not only through post-modernity but the *fin de siècle* spirit, corporate codes of conduct might be simply shooting arrows into the dark, not knowing what you are aiming at or if you have hit the target. Business ethics may be better off viewing itself as

operating within post-modernity. The context of analysing the case of the Newfoundland fishery may be better understood as one of 'post-modernity'. Once the context, both intellectually and socially, is understood the case may become clearer.

### **Post-modernity**

The concept of post-modernism is not an original or innovative one. At its core, there is a pretence to defy modernity; in actuality it may extend it. On the other hand, it may be argued, the previous *fin de siècle* was a true attempt at rebellion against the focus on generalities and an overemphasis on rationality. A crucial distinct between post-modernism and the *fin de siècle* spirit is while the latter glorified feeling and passion it noted the benefits of reason; this is exemplified in the writings of Emile Durkheim with his emphasis on the *sacred*. In comparison, post-modernism's overemphasis on impulse, play and feelings may be seen as a superficial imitation of the *fin de siècle* spirit (Meštrovic 1991 p.38). Post-modernity, from a *fin de siècle* perspective, is a pseudo-rebellion against modernity.

There seems to be a number of ways of describing exactly what is post-modernism. In organisational analysis, the urge to deny paradigm incommensurability and to restore authority in science are exemplary of what has been called the 'post-modernism of reaction' (Foster 1985). The term post-modernism is used to describe, in this case, the response to the "preceding" modern period (Cooper and Burrell 1988; Jackson and Carter 1991). Alexander (1995) in his book *Fin de Siècle Theory*

outlines the influence of "post-modernism" on the social sciences. According to Alexander, "post-modernism" may be seen as an explanatory method that has produced new middle range of culture (Foucault 1977; Huysen 1986; Lyotard 1984), science and epistemology (Rorty 1979), class (Bourdieu 1984), social action (Crespi 1992), and economic life (Harvey 1989; Lasch 1985). Post-modern approaches may have made original contributions to understanding in all these entities. Furthermore, it may be argued post-modernity has major implications to the field of business ethics.

Within post-modernity an Enlightenment belief seems to remain where morality and ethics are perceived as essentially rational, not irrational. This is exemplified in appeals to consequentialist outcomes, 'duties' and rights. Meštrovic (1991 p.209) relates that,

*rational calculation has not, and in the future may not be able to instil a desire in individuals to act in concert and with concern for humanity's common fate on this globe. Rather, as scores of fin de siècle thinkers have noted, rationality is more likely to counsel egoism, wickedness, and the kinds of selfishness that eventually leads to mutual self-destruction.*

Bauman (1993 p.32) discounts the overemphasis on rational calculation stating "human reality is messy and ambiguous - and so moral decisions, unlike abstract ethical principles, are ambivalent...." Post-modernity, according to Bauman, may offer more wisdom but its setting makes acting on such wisdom increasingly difficult. This may point to the need for reflective analysis to determine what the ethical issues are before acting upon them. Within post-modernity some people believe that the ethical problems of contemporary society may only be resolved

through political means: an approach to solving business ethics problems demonstrated through generating legislation. The case of the Newfoundland Fishery, where millions of dollars were poured into the province in order to prolong the restructuring, exemplifies a legislative approach to an ethical problem. Yet constantly referring to "post-modern" concerns and promoting legislation to solve ethical dilemmas may not necessarily be the right answer. Even the "stakeholder" economy is seen as an attempt to legislate the rights of an organisation's employees, customers and communities (Hammonds et al. 1996 p.38).

The best known writers in the field of the development of moral thinking are Kohlberg (1984) and Habermas (1970, 1984). Their writings are based on a philosophy manifestly based in modernist/Enlightenment ideas and rationality. Further, in contemporary society, moral theory seems to be almost entirely based on the rationalist foundation of moral judgement manifested by a clear appeal to utilitarian as well as deontological values.

While the preceding sections may be seen as outside the main thrusts of the thesis, I believe the issues addressed may be seen as important. *Fin de siècle* thinking may be used to examine issues and cases in business ethics. It gives an alternative approach to the field of business ethics grounded in social theory which may let us engage in retrospective thinking to question whether the prevailing ideas and concepts are adequate to the context from which we analyse dilemmas in business ethics. Moreover, the *fin de siècle* spirit points as to why certain issues keep on arising

within the field of business ethics. It describes and articulates an alternative intellectual context. The old ideas are questioned and new ones put forward.

And how does the *Comb* fit in here? I hope that it achieves the following. The *Comb* may be seen as a tool which transcends the '*management of aesthetics*' - grounding dialogue in philosophical language and concepts. The *Comb* may also be seen as providing depth and breadth in a post-modern world where superficiality is encouraged. The simplicity of the language the *Comb* uses, for my purpose, goes beyond *aesthetics* to *praxis*. Obviously the *Comb* embraces the rational modernist approach in 'arranging' and 'sorting' the issues in ethical dilemmas, specifically the case of the Newfoundland fishery. However, the *Comb* may be perceived, in a number of ways, to transcend the minimalist approach to ethics so indicative of the 'modernist' approach. The *Comb* as well may 'sort' and 'arrange' the tangle of issues where emanate out of the retrospective questioning of the *fin de siècle* and economic restructuring. As well, the *Comb* rather than avoiding plurality embraces it. The *Comb*'s approach to plurality is clearly manifested in the broad spectrum of theories utilised. This may be why the *Comb* is better in analysing the case of the Newfoundland fishery than instruments like Nash's checklist or the Cavanagh et al. models - it sets itself within the intellectual context. 'Yes' or 'no' answers, seen in most of the other models, may be not relevant to the case of the Newfoundland fishery. Breadth and scope of the analysis may be instead what is needed which is indicative of the *fin de siècle* perspective. The *Comb* is an attempt to provide this breadth and scope of analysis. 'Questioning' may be seen as important as looking for answers.

The question becomes, after understanding the 'intellectual' spirit and context within which the *Comb* is developed, the need to 'sort' and 'arrange' the ethical issues emanating out of this context of questioning, as well as the need for it to embrace the plurality of theories exemplified in post-modernity - can the *Comb* be used to analyse the case of the Newfoundland fishery? The next chapter will attempt a comprehensive analysis.

# *Chapter 6*

## *The Case of the Newfoundland Fishing Industry - The Analysis*

*For five centuries, Newfoundland and Labrador has been like a massive ship, anchored in the Northwest Atlantic in a sea of cod. And I want to report to you that today the ship is still anchored, it is still there but the cod are no longer there. There has been a catastrophic, there is no other way that is appropriate, resource failure that has devastated, that has torn the heart and soul out of an entire coastal society...at home, 40 thousand fishermen and plant workers, 300 coastal communities have been displaced, have been torn, it is not pleasant surgery conducted with a staple, but devastating surgery conducted with almost a steel fist, they have been torn away from their raison d'être for their very existence based on the fishery into such a mess*

***Brian Tobin, the then Federal Minister of Fisheries in Canada, now the Premier of Newfoundland, talking about the collapse of the Newfoundland Cod Fishery to a conference in Iceland in 1995.***



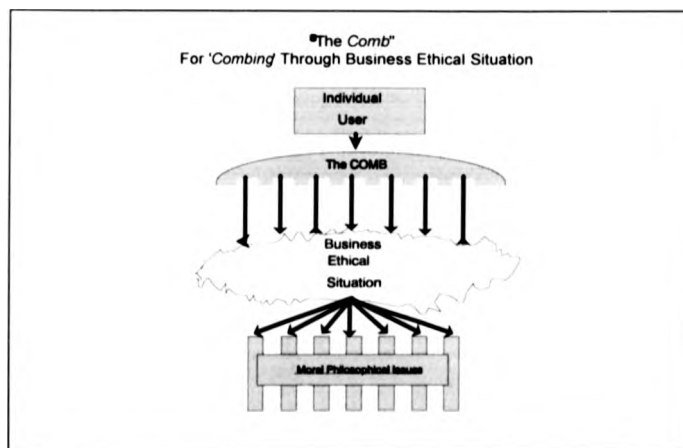
## The Case of the Newfoundland Fisheries - The Analysis

### Introduction

The case of the Newfoundland Fisheries manifests the multi-variabed, ambiguous nature of ethical dilemmas set out within the thesis. Many ethical issues seem to be arising out of the crisis and the proposed restructuring which accompanies it. What will happen to all the displaced fishers? What is the role of the government in transforming the industry? Is there an obligation that the government holds to the people of Newfoundland? Should young people follow the jobs and opportunities outside Newfoundland therefore abandoning the province? As the Great Big Sea song played in the Prologue...

*I left my home and family by the ocean.  
All out on my own, to seek my fortune,  
But there's no work to occupy these young hands,  
So look out boy, you're heading for the mainland (Great Big Sea)*

It may be possible to use the *Comb* to analyse the case of restructuring of the Newfoundland fishery.



### **Methodology**

First of all, statistics do not tell the whole story of the Newfoundland fishery. It seems to be a human tragedy as manifested in the cases of Debbie and thousands of other Newfoundlanders having to leave the province to find work. Not only is it an economic crisis but it is a social one. Since statistics do not seem to tell the whole story, a qualitative research methodology was chosen to examine the case.

In the Prologue to the thesis, it was outlined that I had a number of biases when it came to the case of the Newfoundland fishery. My problem is one of involvement, not detachment. It is difficult to act as a 'detached expert' or 'un-biased researcher' when one is examining something which may be perceived as very close to oneself and one's persona. I want Newfoundland to survive and develop as a province, as a community and as a way of life. If that lends itself to an 'un-detached' role as a researcher then so be it. But, at the same time, I believe that when researchers are examining something which is very close to them, then the energy and passion which emanates from the research makes up for the problems of bias. I would hope that the energy and passion which is seen in my analysis of the case study of the Newfoundland fishery makes up in some ways for this lack of 'detachedness'. Maybe this analysis and research methodology should be seen as being more 'involved' rather than 'detached' (Elias 1967). In a number of ways, I am both the subject and object of this analysis.

Before starting the case study, as outlined in the Prologue, I had some pre-established views and opinions from growing up in Newfoundland. Working for Fishery Products International as a student I had a certain affinity with a 'technologically-driven' 'rational-scientific' approach to managing the harvesting of the fishery. Quotas, trawlers, and production-lines were how I thought the fishery should be harvested in contrast to smaller, independent fishers 'prosecuting' the resources. When I started this thesis, I firmly believed the problem with the Newfoundland fishery was too many people catching too few fish. Now, I am not too sure whether this is the only problem. Moreover, I am unsure as to how the fishery could be successfully conducted. Living in the capital of the province, I was also prone to thinking that the smaller communities should be limited in favour of the more economical infra-structure oriented population centres which could prosecute the 'dragger' fishery in an efficient and 'cost-effective' manner. Once again, now I am not too sure whether smaller communities are more beneficial than larger centres with bigger fish plants. The only thing I am sure of, is my substantial bias that Newfoundland is a worthwhile and beneficial place to Western society and its future, along with its past, should be valued.

As such I believe that the restructuring should minimise the damage to the province's future. As stated in the Prologue, growing up in Newfoundland there is no escaping the sea or the fishery. The province's perceived economic future may be found in the large mineral deposits in Labrador and the interior of the province,

but the fishery - in some form - will probably play a substantial part in any economic development.

In conducting the research for the case study and the thesis, that is the point from which I started.

Research methodology which seeks detachment is not my strong-point. My background is in 'scholarly', theoretical work. Yet I tend, at the same time, to be pragmatically-oriented in my research objectives. 'Can I get it done' seems to be as important to me as 'How it is done' which obviously causes problems. Another problem may be my philosophical background. Philosophy gives one a concern with what 'should' be, rather than what 'is'. One is always trying to escape the naturalist fallacy in doing normative-type research. The question of inserting normative viewpoints into business ethics research is an ongoing debate within the field (cf. Trevino and Weaver 1992; Werhane 1993; Donaldson 1992). Essentially, I am more comfortable with *praxis* oriented normative research. This will be reflected, no doubt, in the analysis. Since this a 'personal-development' thesis, these problems are not as significant as if I were making claims for universal applicability or theoretical generalisations. This thesis is a personal search. A search for an analysis of the Newfoundland fishery and a model upon which to conduct the analysis. Yet the analysis itself may have some value outside my own personal development.

The first task facing me was how to gather the information for the case-study. Intuitively there were a number of things which I believed were important to be included in an analysis of the fishery. Stakeholder-analysis, as I argue in Chapter 3, may be seen as implicit within much of the business ethics literature. This idea of a Newfoundland fishery containing a spectrum of stakeholders was the starting point of my analysis.

Starting from a stakeholder perspective, a large amount of information was primarily gathered from a video-taped seminar series on the collapse of the Newfoundland fishery conducted by the philosophy department at Memorial University in the winter of 1993. Going through the more than 40 hours on video-tape, I utilised a number of perspectives and viewpoints which the vast number of 'stakeholders' participating in the seminar series articulated. The level and range of dialogue within the series was quite substantial, not only between those of the stakeholders giving the presentations but with and within the audience.



**Picture 6-1: Picture of Audience in Seminar Series.**

Since the topic of most of the seminars was 'examining the fishery from a philosophical viewpoint', there was a substantial amount of rich, qualitative information which was to be 'harvested' from the videos.

After constructing the *Comb*, I went through each of the videos to see if any of the questions were directly answered. Most of the questions were answered both directly and indirectly in the videos. Notes were taken, and analysed by myself in both the writing of the case and in the analysis. Substantial background information was presented by most of the speakers, which was useful in actually writing and determining what information to use in presenting the dilemma as seen in the Prologue. The analysis presented by the speakers was useful in providing alternative viewpoints. Each was approximately 1 1/2 hours in length. A list of the video-tapes may be seen on the next page.

Although some of the speakers may not be considered 'stakeholders' (Jackson, Sweeny, Neis) they usually took a certain viewpoint which could be seen emanating from a specific stakeholder perspective. Within the talks themselves, there were a number of stakeholders represented in the audience - specifically inshore fishers and local artists. The discussions, among the speakers and the audience, were also recorded in the video-taped series.



**Picture P 6-2: Pat Byrne Addressing Audience in Seminar Series.**

**Figure 6.1. A list of the videotapes analysed.**

Herb Clarke - Former Executive Vice President of Harvesting and Production at Fishery Products International. At the time, President of the Conservation Council. April 6, 1993

Dr. Harold Paddock - Professor of Linguistics at Memorial University and noted Newfoundland historian. Talk was on how fishers are perceived within the industry. March 16, 1993.

Gus Etchegary - Former Chief Executive Officer of Fishery Products Limited (the precursor to Fishery Products International) and, at the time of the talk, a representative of a churches council on the collapse of the fishing industry. March 30, 1993.

Captain Neigrjin - Fishing Captain and Lecturer in Marine Technology at the Marine Institute in St. John's. March 2, 1993.

Dr. Barbara Neis - Associate Professor in Sociology at Memorial University. Primarily interested in a feminist perspective on the fishing industry - February 9, 1993.

Dr. Robert Sweeny - Associate Professor of History at Memorial University. Primarily interested in a Marxist interpretation of the history of the fishing merchants in Newfoundland. February 2, 1993.

Dave Vardy - Deputy Minister in the provincial Newfoundland government. Department of Fisheries. February 16, 1993.

Ches Cribb - Union representative and deep-sea trawlerman, Fisherman's Union. March 23, 1993.

Shane Mahoney - Wildlife Biologist and Poet. March 23, 1993.

Cabot Martin - Lawyer and expert on Law of the Sea. January 26, 1993.

F.L. Jackson - Professor of Philosophy at Memorial University - March 9, 1993.

Owen Myers - Lawyer and representative of inshore fishers - March 16, 1993.

Bill Pardy - union representative. February 9, 1993.

Outside the video-taped series, there was also an excellent representation of stakeholder interests in the March 1993 conference proceedings of The Newfoundland Groundfish Fisheries: Defining the Reality. (Ed. Keith Story. ISER. St. John's). The volume of conference proceedings was used extensively in gathering information for the case study. Specifically an executive vice-president

for FPI at the time, Bill Wells, gave a superb paper. His arguments clearly outlined the feeling I perceived the off-shore fishing companies had towards the Newfoundland fishery.

Academic work on the subject of the fishing industry was also deemed important. The Institute for Social and Economic Research at Memorial University in Newfoundland has produced some excellent publications on the Newfoundland fishing industry. The research publications were primarily from an anthropological/sociological viewpoint, but historical and economic sources were also utilised in my analysis - specifically in understanding the history of the Newfoundland fishing industry. Memorial University has an outstanding Centre for Newfoundland Studies where a vast number of referenced sources were available. Whilst there are a number of specific academic journals relating to the fishing industry which I consulted, I used primarily Marine Policy which was probably the least 'scientific' and most applicable to what I was trying to do. In analysing the restructuring, this journal used more 'social' than 'natural' science. The Economist and the Financial Times also had a number of articles about the world wide fishing industry which were very interesting. The academic literature on the fishing industry was vast and it took quite a substantial amount of time and energy to sift through it in gathering information for the case study and analysis. I was primarily interested, with the literature, on the fishing industry as it pertained to restructuring - both economic and social.



I also spent a considerable amount of time in Newfoundland gathering information - conducting interviews, informal talks to people, doing research at Memorial's library, living in the province etc. - almost nine months in total. I believe this makes the study partially ethnographic. An ethnographic perspective starts with a 'radical doubt about the nature of the taken-for-granted world of everyday life' (Phillips 1992 p.226). Although, this 'radical doubt', I would argue, is more consistent in the thesis with a 'philosophical questioning' rather than an ethnographic approach, the research for the case fits loosely within this categorisation. I had to doubt my own biases, my own perspectives on the fishing industry. The stakeholder perspective and using this systematic methodology of the questions organised by the *Comb* helped me develop this perspective. Were too many people catching too few fish? Was this the real reason behind the problems of the fishery? Only being in Newfoundland and questioning the structures which went behind that kind of a bias made it possible for the analysis to go ahead.

The three months I spent in Newfoundland in 1994, was primarily engaged in talking to people about the case study, gaining an understanding of the various perspectives and gathering the literature. In my third year, I was in Newfoundland for six months conducting interviews and gathering data and reading material. The large amount of time was spent in Newfoundland to understand the context of the restructuring. I had left Newfoundland just after the restructuring started in 1993. So I wanted to know what it was like to be in Newfoundland while the restructuring was going on. I wanted to talk to people in the bars, read the papers,

listen to the news, and immerse myself in all the intangibles which come with 'living' in an area rather than just 'reading' about it.



**Picture 6-3: The Fishing Town of Fermuse on the South Coast of the Avalon Peninsula.**

A sound knowledge of context from a scientific viewpoint is seen as important to making the researcher 'bias resistant' but too much involvement risks the loss of perspective associated with 'going native' (Kiedtka 1992 p.166). While I believe I had an excellent understanding of the context of the restructuring of the Newfoundland fishery, how did I overcome the loss of perspective? Kiedtka (1992) argues that for ethics researchers, the research methodologies best suited to capturing the complexities of the context favour an interpretative or 'dialogue' approach which I tried to capture with the *Comb*. This dialogue approach may also be seen as consistent with an ethnographic approach (cf. Golden-Biddle and Locke 1993). With regards to biases, I do not believe they could be eliminated in

examining the case. In talking about the biases, both here and in the Prologue, I would hope the reader will understand the context from which I am undertaking the research. Essentially, by bringing them into the conversation, I hope there would be a greater understanding of the analysis which I conducted. I would agree with Kiedtka (1992 p.174) that "the choice of a research method is inevitably as much of a 'personal aesthetic' as it is a function of research questions". Psychologically, this means that certain factors arose such as attribution bias, post-hoc rationalisation and hindsight bias from a methodological viewpoint. At the same time, the purpose of the case study is an analysis, not a description or measurement of the dilemma. This purpose may be seen as limiting the psychological factors underlying the analysis. Although the information for the analysis was gathered in a methodological and systematic manner, the analysis, the most important part of the dilemma, was conducted by me. It is my analysis.

Beyond 'living within the restructuring' I did a number of formal interviews with people who I perceived represented stakeholders within the Newfoundland fishery. Since the seminar series was so rich in information, I used the interviews as a complement to the stakeholders already identified rather than repeating, in a number of instances, what had already been done. There were a number of stakeholders such as politicians, non-fish related business people and young people who were identified as stakeholders within my analysis but not identified in the seminar series. I interviewed the following stakeholder groups beyond the seminar series:

**Displaced people** - interviews were done with people leaving the province.

**Young people** - I interviewed a number of people who were under the age of 25 and still living in Newfoundland.

**Communities** - interviews with a number of people from small rural communities were carried out.

**Inshore fishers** - though in the audience during the seminar series, they did not directly speak in a presentation.

**'Non-related to fish' business** - interviews were conducted with a number of business people outside the fishing industry's collapse due to the impact of the industry on the general Newfoundland economy: principally small business owners operating outside St. John's.

**Politicians** - although there were civil servants talking in the seminar series, I was specifically interested in the viewpoints of those who represented the people of Newfoundland.

**Management Regulation** - interviews were conducted with a number of people involved in the regulation of the fishery, including lawyers and former observers on offshore fishing vessels.

Beyond these stakeholder classifications, I did a number of interviews with people who were citizens of Newfoundland and Labrador but had no direct interest in the fishery. These type of interviews were conducted because of the perceived impact of the fishery on the 'whole' of Newfoundland.

The interviews were structured in that I asked questions directly from the *Comb*. In most instances, there was no need for expansion beyond the original questions, but in some cases the interviewee asked for clarification in regards to context and viewpoint. The interviews lasted from one to four hours. They were conducted in various places - from people's homes, to restaurants, to places of work. In some

instances I taped the interviews for my further clarification and digestion. In other instances, usually at the request of the interviewee, I did not tape the interview. Notes, in hand-written form, were taken at every interview. The notes were quite comprehensive but were clearly not complete transcripts of the conversations. In total I carried out fifteen interviews - two interviews for each 'additional' stakeholder identified. All of the people interviewed were given assurances of confidentiality. The same held true for the tapes of the seminar series. In the analysis, quotes were directed as coming from specific 'stakeholders' rather than specific 'individuals'<sup>1</sup>.



**Picture 6-4: Picture of Owen Myers from the Seminar Series.**

Most of the interviewees enjoyed the session. They liked the questions from the *Comb*. One businessperson interviewed said '*This really makes you think*'. There was a general feeling expressed by most of the participants that by engaging in a dialogue about the restructuring of the fishery, a number of alternative viewpoints and perspectives had been gained. I was pleased with this outcome, since by using the *Comb* as a research instrument, I had been able not only to expand my

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<sup>1</sup> In attributing specific quotes to interviewees and people from the seminar series, I have changed the font of the text to distinguish these quotes from formal, published quotations.

reflection and dialogue on the case of the Newfoundland fishery, but had helped others problematise and clarify their approach.

### **Stakeholding the Industry**

*As a first step in renewing the groundfish industry, we must recognise that our harvesting and processing capacity exceeds resource availability. All stakeholders must work co-operatively to find equitable and fair ways to reduce capacity." (DFO 1994 p.2).*

A problem with a case like the Newfoundland fisheries may be that there is so many potential 'stakeholders.' The identification of all stakeholders, or whom for that matter are not stakeholders, seems to be an implicit problem with stakeholder analysis. While I do not make a claim for 'comprehensiveness' or 'completeness' in regards to identification of all stakeholders, I believe this analysis is at least a beginning. For example, some people (cf. Scott 1993) argue the artists in the province are a major stakeholder group. While I would agree with this to some extent it is a debatable notion. An anthropologist the lecture series summed up my reservations quite eloquently stating that

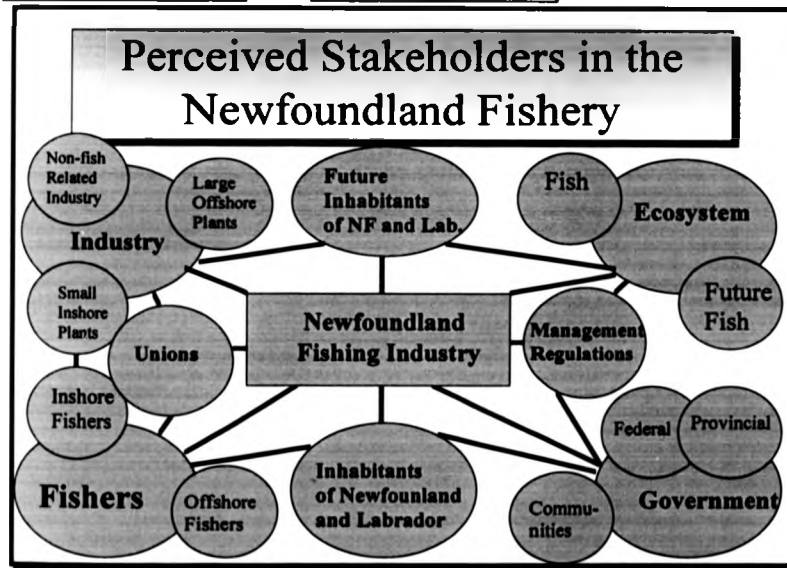
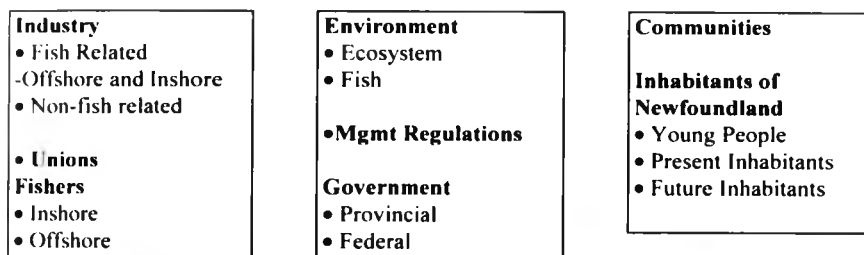
"The culture, the artistic community on this island is important...but no amount of singing Newfie songs is going to get us out of this".



**Picture 6-5: Pat Byrne speaking during the Seminar Series.**

Furthermore, I would hold the belief that Newfoundland artists will prosper no matter what the economic environment which may demonstrates the artistic community may not be as important a stakeholder group as might be perceived.

### Perceived Stakeholders within the Fishery



Stakeholders within the Newfoundland Fishery.

The figure above is an attempt to visually represent some of the stakeholders within the Newfoundland fishery. An argument may be put forward that there are

a number of other potential stakeholders, such as the Canadian population as a whole and aboriginal people whom are not directly addressed in the case study analysis. In my analysis, they were not perceived and identified as important as the others manifested above. While they may be seen as 'secondary' stakeholders, they were not directly related to the survival of the fishery. But a group which no one seems to talk about, except fisheries biologists, is the fish. The fish are 'talked' about, but their interests are not explicitly addressed as stakeholders. Stakeholder analysis is usually seen as primarily concerned with a 'human' orientation which explicitly eliminates any notion of the environment or a particular 'species' having a 'stake' within an industry or organisation (cf. Deck and Clark 1995). This thesis may be seen as differing from the viewpoint by explicitly identifying fish as stakeholders within the analysis. Furthermore, much human-centred concern about the integrity of the natural environment has a welfarist orientation, focusing exclusively on how things will be for humans, how their interests will be advanced or retarded. According to Elliot (1991 p.3), this orientation is often linked to concerns about distribution and questions of justice, such as the concern to ensure that future people, whoever they turn out to be, are not worse off than present people. Within the analysis, there is an attempt to bring both the 'welfarist' notion by identifying future generations of Newfoundlanders as well as the 'integrity of the natural environment' by identifying the 'fish' as a prominent stakeholder into the analysis. This may also be seen as consistent with a sustainable development approach.



### **The Analysis**

In order to examine the case of the Newfoundland fisheries, the questions generated and organised by the *Comb* will be applied. The length of the sections reflects the amount of time that respondents spent on them.

### **Egoism**

#### ***1.1. What is your own self-interest?***

The Newfoundland Fisheries Case may be seen as difficult in figuring out whom is 'me'. Since the thesis is about 'my' personal development, obviously 'my' own self-interest would seem to be quite clear. I want to see my home as a prosperous and attractive place to live with a bright and prominent future. Obviously, there are many stakeholders in the Newfoundland fishery, so it is difficult to decipher each individual stakeholder's self-interest. Even further, there are a great number of stakeholders who do not seem explicitly connected to the case. This would be manifested in the examples of the 'fish' themselves as well as affected communities.

Obviously, one of the more explicit stakeholders in the case of the Newfoundland Fisheries is the fishers.

**Picture 6-6: Ches Crib, Offshore Trawlerman and Union Representative - picture taken from Seminar Series.**



Ex post analyses of overfished stocks often conclude that fishers as a group behave as if they are indifferent to the future status of stocks (Townsend 1995 p.158). This focus on the present may be construed as the result of the short-sighted incentive structures under which fishers are required to operate and also as being in the very nature of the fishing industry. The focus may not necessarily be a problem of management. Neither open access or simple ITQ (Individual Transferable Quotas) management seems to provide any incentive for fishers to target their fishing activity to minimise impact upon the stocks.

The ITQ system seems to be the most plausible response to an individual fisher promoting his/her individual self-interest. However, for the system to work it has to be possible to enforce the quota restrictions. The introduction of an ITQ system also often represents a radical restructuring of traditional fishing activities which generally requires socio-economic adjustments that are often resisted (Arnason 1993 p.339). As one inshore fisher related in the interviews,

"It's an outrage that Newfoundlanders are not allowed to fish and go get 'a meal of cod'. I can't remember ever it being that bad....(March 1996)".

This fishing for personal consumption would be lost under an ITQ system. The actions of a conservation-minded fisher will probably result in no long term benefit under current methods of fishery management. The self-interest of the fishers may be seen as getting the best catch possible in order to secure a decent living in the very short term. If you have a family to provide for, a mortgage on

your vessel and fishing gear and so on, then obtaining enough revenue to generate a stream of earnings seems to be necessary for one's economic survival.



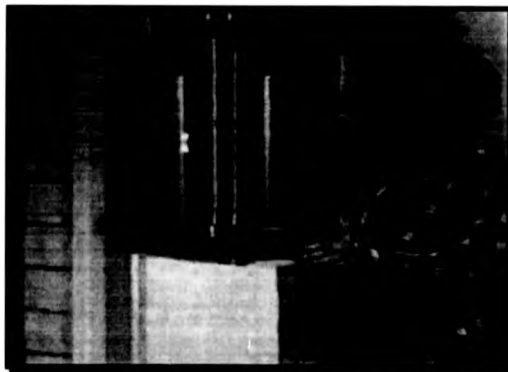
Picture: Disused Boats and Fishing Gear - Southern Shore.

Another major stakeholder group are the owners of the processing plants and fishing fleet. As already noted, structural problems seem to be a significant factor in not only the restructuring but in the antecedent collapse of the cod stocks. If they have a multi-million dollar boat or share in a fishing plant, then it is necessary to generate enough capital to cover the payments as well as produce a cash flow. Their self-interest then may be to obtain enough capital and cash flow to ensure their organisation's long-term viability. If capital comes in the form of fish, and there is a dearth in the quantity, obviously this will cause problems. It fosters under-reporting and illegal fishing, undermines gear regulations, stimulates buyer/seller arrangements to avoid regulations, and encourages unsafe fishing practices (Alverson 1993 p.90). Overcapitalisation may be seen as one of major problems of the world-wide fishing industry. A comparison between Iceland and

Newfoundland may be instructive. Iceland's processing industry is less seasonal, of substantially larger average size, and less labour intensive than a majority of Newfoundland plants. Overall, Iceland's excess capacity has been considerably less than in Newfoundland. While recent reductions in quotas for groundfish in particular have caused concern, Iceland does not face the possibility that nearly 50% of its harvesting plants are redundant as is the case in Newfoundland (Arnason and Felt 1995 p.293). Iceland's processing sector may therefore be seen as 'less capitalised' and this therefore decreases the emphasis on catching fish to generate a necessary income stream.

Overcapitalisation, or the promotion of cash-flow to ensure that debt levels on capital are maintained, is not a problem of science but one of greed - unreflective egoistic behaviour. As one lawyer said in the seminar series:

"The biggest problem with this fishery - greed. You hear a lot about greed down at the wharves".



**Picture 6-7: Cabot Martin, former St. John's lawyer and expert on Fisheries Management from the Seminar Series.**

Yet, overcapitalisation may not be the only problem from an 'egoist' viewpoint. The 'common property' nature of ocean resources may be seen as basically forcing fishers to overexploit the fish stocks, even against their own better judgement. According to Arnason (1993 p.335), when many fishers have access to the same fish, each has every reason to grasp as large a share of the potential yield as possible. Otherwise, the other fishers will accrue all the benefits the resource can offer. Prudent harvesting exhibited by one fisher in order to maintain the stocks will, for the most part, benefit only other, more aggressive fishermen without preventing the ultimate decline of the stocks. Thus, each individual fisher acting in isolation, is powerless to alter the course of the fishery. Their 'best' strategy appears to try and grasp their share as quickly as possible when the resource is still large enough to yield some profits.

Better 'science', as is traditionally advocated as a solution to the woes of the Newfoundland fishery, may not address many of the problems confronting an open access fishery. How do you address the problem of greed scientifically? The fish plant and boat owners self-interest, therefore, may be seen as generating enough capital flow to pay for their investments. But this creates problems for other stakeholders.

Another stakeholder group may be seen as the local communities. Some of these say keep the fishery at a highly subsidised level because of tradition. Communities should not be allowed to die - the traditional, rural way of life should be continued

at all costs. If the fisheries substantially restructure along, say for example, economic lines then some small, rural communities will suffer.

*"...a community that was built on cod and other groundfish over a period of 300 years cannot be turned around in a period of 24 months" (Matthews 1993 p 201).*

In the interviews this idea of keeping communities viable was an interesting dilemma. The idea of communities being allowed to survive for the sake of themselves was seen by some to be a myth. One high ranking strategist in the Newfoundland provincial government summed up this viewpoint when interviewed saying

"I don't really agree with communities staying the same and never changing...Communities always change, that's a fact" (April 1996).

As outlined in the case, most of the communities were spatially located to pursue the 'traditional', usually in the form of a 'hook and line', fishery. This type of fishery, one member in the audience for the seminar series noted:

"Trawlers don't consider the environment...Inshore fishing is 'passive'<sup>1</sup>; the fish swam into the bait".

People looked upon this traditional, passive fishery as a viable alternative to the more 'active' mediums such as trawlers or seiners.<sup>2</sup> The 'active' medium came about because of the advent of frozen fish production which, according to Sinclair (1988 p.159), involved capitalist penetration on a much wider scale than the traditional approach. The factory replaced the family as the organisational unit for

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<sup>1</sup> Usually means hook and line fishing.

<sup>2</sup> Otherwise known as the Scottish Seine. It basically scoops up the fish rather than dragging the net along the bottom of the ocean as is seen in trawling.

processing. Production was increasingly dependent upon large capital investments in new technologies rather than wage-labour. Efficient modern fisheries management almost inevitably runs counter to a range of social relations and customs that have evolved in connection with the traditional organisation of that resource. It runs counter to the view that communities as a 'physical' and 'social' place are vital in the managing of the fishery. Efficient 'modern' fisheries management also means, with the passage of time, certain social structures and values are likely to be irretrievably lost (Arnason and Felt 1994 p.26).

In the lecture series of 1993, many of the participants talked about the importance of these 'social structures' and 'values'. They promoted 'banning the draggers' -

"Inshore fishing provides more jobs and is better for the environment...Let's go back to the traditional way of doing it".

The same may be seen world-wide where fishers who prosecuted the traditional inshore fishery blamed the offshore trawlers whose nets drag along the bottom and while catching their targeted species, pick up fish they do not want. The offshore fishermen counter this argument by saying that they at least tend to have observers aboard to make sure they do not exceed their quotas, unlike the thousands of small inshore boats (Economist 1993 August 7). The '*traditional*' fishery in Newfoundland, however, may also be seen as a myth. There were very few "good old days" in the fishery. In the lecture series, it was interesting to note that a number of fishers (especially inshore) talked about going back to the traditional hook and line fishery, assuming a fairly rosy picture of a past which is mythological. According to Wells (1993 p.209), the past may best be described as

*"one of grinding poverty and hardship for the people involved. It developed character and self-reliance, however, if that period of history is described as 'our traditional way of life' it is best forgotten"* The past does not seem to provide an option for the future, certainly not in any pragmatic sense. Wells (1993 p.214), a former executive vice president at FPI, goes on to describe

*since work related to fish and the earnings derived there from was only a portion of the total income - the most important element being that attributed to Unemployment Insurance (UI). The attainment and betterment of UI was developed to an art form - a cruel and dehumanising way to construct a society. Dependencies were created which were not sustainable, if not justifiable. The real cruelty starts when inevitably the people so entwined in the system must now confront reality.*

Indirectly many of the small, rural, communities involved in the traditional fishery were dependent on subsidisation, and their self-interest may be seen as continuing to exist after the restructuring of the fishing industry.

Another major stakeholder who had a significant interest in the fishery may be seen as the government. The government's obvious self-interest is to have a viable, prosperous province. A strong, profitable fishery would therefore mean a prosperous Newfoundland. Yet the problem with government seems to be that politics gets in the way. As one government official stated in an interview:

**'I have only been here a couple of weeks, but its amazing how many decisions are made here on a political, not a common-sense basis. We hope to change that....'** (April 1996).

Newfoundland as well as the Canadian government have consistently chosen to subsidise the inefficiencies of the fishing industry rather than incur the wrath of



voters in regions with few alternative sources of employment (Arnason and Felt 1995 p.297). Making hard decisions, decisions which could potentially be classified as ethical ones about how to restructure an industry where obviously large numbers of individuals and communities are going to be displaced, clearly causes political problems. It is difficult to disentangle political from ethical issues. Tearing someone away from their livelihood or home, causing a sense of anomic and anxiety, will probably be remembered when the time comes for an election. Politicians were assuring in the interviews conducted that

'The hard decisions are being made. We want to do what is good for the province....' (April 1996)

However, the fact remains it had taken a large amount of time to even start making the decisions. In a number of the other interviews, stakeholders - especially the young people - reflected the anxiety with the indecision saying -

'I'm just sick of waiting around...We just want to know what is going to happen. If its bad news, good enough, but at least tell us' (March 1996).

Since the Northern Cod fishery is a regulated industry, then the regional government does have an ultimate say in what will happen. The government also has an obvious self-interest in protecting the environment. As one politician stated in an interview:

'If there cannot even be a minimal fishery in the future then clearly this is not in the province's best interest. Hopefully aquaculture can at least provide a minimal fishery' (April 1996).

Finally, governments also seem to have a self-interest in staying in power. They want to get elected and unfortunately, in Newfoundland politics, it seems the result is saying and doing whatever is necessary. An obvious example was the election of 1996. In my analysis and feel of what was going on while I was there, it would seem that all three political parties engaged in a form of paternalistic bribery.

The reason for government 'anxiety' with regards to the fishery seems to be obvious. The management and regulation of a fishing industry may be seen as very difficult. Like any type of industry with a large number of stakeholders by definition there will be differing interests. The notion of a common property resource, mixed in with acute social and political imperatives, means conflicting interests make it extremely difficult to settle on the basic objectives of a government's fisheries management. However, it would seem that there has been an overriding objective of maximum employment which has been, over the last two decades, the basis of fisheries management in Newfoundland. Fishery employment, for example, doubled in the 10-year period from 1977 to 1986, and it accounted for more than one-half of total growth in private sector employment over this period. The same general trends may be seen as continuing into the 1986 to 1991 period (Carter 1993 p.134). Growth in fishing industry employment has been one of the key sources of employment growth in Newfoundland and Labrador (FAO 1993; Kingsley 1993). This objective is overt in the government literature. In Newfoundland, jobs essentially mean votes. As one person leaving the province for Alberta stated in an interview:

'If you have no money, no possibility of a job, debts to pay then whoever promises me a job, I'm going to vote for them' (May 1996).

In a spectrum characterised by very strong, paternalistic leaders political interference seems to be commonplace. In the election of the winter of 1996, the manifestation of this political interference was evident as the new leader, Brian Tobin, went across the province announcing new provincial-federal government initiatives. As one disgruntled businessperson said in an interview,

'What an election...Its like he is bribing us with our own money' (April 1996).

Yet Tobin's government won a huge majority.

Another major stakeholder group, which is hardly ever mentioned in Newfoundland, is the young people - the future inhabitants of the province. I identified this stakeholder group from my own experience, being a young Newfoundlander. Essentially, the young people of Newfoundland represent its future. I am not alone in the identification of future generations.

*And I would listen to this endless debate and, whatever the rationale and whatever the way in which the managers were described, at the bottom line was one thing: that everybody had an eye on this quota, at this time, and nobody had their eyes on the next generation (Tobin 1995 p.3).*

Tobin was referring to the 'fish' but in essence he could be talking about the young people of Newfoundland and Labrador. The interests of this future generation stakeholder group would be analogous to that of the communities and

the fish. The 'island', for example, will always be there in a physical sense, but the 'community' the 'people' do not necessarily have to be there. Before the Europeans, the province was scarcely populated. Taken to its logical extreme, it could revert to that state. A sustainable development perspective on the restructuring of the Newfoundland fishery, on the other hand, may be seen as focusing on future generations.

Since government subsidisation which kept the last couple of generations existing in Newfoundland is no longer there, the one thing the young people perceived as their self-interest was to make a decent living. As a number of young people stated in interviews:

'I want to have a job...I would have like to stay in Newfoundland, but we have to take care of ourselves' (April 1996).

The employment prerogative is not new in Newfoundland. Whether jobs for young people were on the Mainland or in the province seemed irrelevant. Economics came before the place.

From an egoistic viewpoint, the self-interests of the fish, it may be argued, are quite dubious. Animals do not follow the so-called law of the jungle, in the manner of a human egoist. Animals and, specifically, cod obviously do not have the capacity for rational thought. If there were thinking behind their behaviour, it would not be the thinking of the egoist, but "it would rather be the kind of thinking that would affirm perfectly the view that their identity is simultaneously a unity yet a function of

greater wholes" (Midgley 1983 p.151). Fish from this perspective cannot be egoists.

Taking a negative view of egoism, Midgley (1983 p.152) argues:

*Egoism is the province of the free-rider, the one who takes, who accumulates, consumes without returning, who abdicates roles of responsibility to family to family and society, and whose actions spring from the belief that his interests are defined in opposition to those of others and should prevail over them. (Midgley 1983 p151)*

Essentially there seems to have been a failure to look after the self-interest of the fish, which is why the industry may need to be restructured. The self-interest of the fish is obviously to be left alone and start to re-develop their numbers. One inshore fisher, in the interviews, talked about the loss of the 'mother fish'. Cod fish can get very big, but they grow much slower in the cold Newfoundland waters. The efficiency of trawler technology was such that they not only were a great number of small fish caught, but the mature 'spawning' fish were also captured. The advent of the ice-reinforced trawlers added to this efficiency in harvesting. As one former inshore fisher said in an interview:

*'No one talks about the 'mother-fish' - the 'mother-fish', the egg-laying codfish, were virtually destroyed. You never see any really big cod anymore...'* (March 1996).

Conservation measures focusing on gear selectivity, reducing catches of small fish, avoidance of nursery areas and spawning grounds have subsequently been introduced, an attempt to protect the 'motherfish'. The future of the fish's self-interest may not totally be lost. The northern cod resource in the past, for example, has rebuilt from very low levels in the late 1970s.

### ***1.2. How can this self-interest be pursued?***

Usually, for most of the stakeholders in the Newfoundland fishery, self-interest seems to be pursued through better management. The term management might be defined as the regulation of activities and resources in order to achieve certain objectives.

Essentially there are four stages within a direct fisheries management process (Alexander 1993 p.192).

1. *Data acquisition*, assessment and monitoring - an activity which must continue, so long as management is practised. In the case of LMEs (Large Marine Ecosystems), data are acquired from selected observations of key processes within the ecosystem.

2. *Planning*, involving both the establishment of management objectives and developing a strategy for action in order to achieve these objectives, whether they be in a long or short term time frame.

3. *Implementation* of the management plan, that is, putting management decisions into practice. This may involve considerable costs to one or more of the parties to a management programme; if the costs are seen as being unevenly allocated to certain groups, the implementation process itself may be endangered.

4. *The feedback system*, where the results of management planning and implementation can be analysed, and necessary adjustments made. The system of feedback, where the results of management planning and implementation can be analysed, and necessary adjustments made. The system of feedback should be a continuing one during the whole of the management process.

The most prominent indirect economic fisheries management methods are (1) corrective taxes and (2) property rights based instruments such as access licenses and individual transferable quotas. Both taxes and individual transferable quotas are theoretically capable of achieving economic efficiency in the fisheries. Since the 1970s there has been a clear trend toward the adoption of property rights based fisheries management systems world-wide. This trend has been encouraged by the relatively positive outcome of experiments with these type of systems by such prominent fishing nations as Iceland and New Zealand (Arnason 1993 p.339).

Until the mid-1970s most Icelandic fisheries were essentially international free access, competitive fisheries. With the extension of fishing limits to 200 miles in 1976 this was drastically changed. Since then practically all Icelandic fisheries have come under extensive management restrictions. Since 1976 a variety of fisheries management measures has been tried in Iceland including

- (1) overall catch quotas
- (2) fisheries access licenses,
- (3) fishing effort restrictions
- (4) individual vessel catch quotas (Arnason 1993 p.338).

Since 1990, all Icelandic fisheries have been managed on the basis of a uniform system of individual transferable vessel quotas. The essentials of this system are as follows:

- (1) The quotas constitute a permanent right to catch a given proportion of the TAC every year.
- (2) The quotas are perfectly divisible and transferable with some minor restrictions on trans-regional transfers.
- (3) All important commercial fisheries are subject to these quotas.
- (4) The quotas were initially allocated on the basis of catches prior to the institution of the quota system.

The individual vessel quota system in Iceland seems to have yielded considerable economic benefits. New investment in fishing capital has been reduced. In some fisheries, the number of operating vessels has dropped significantly. Fishing efforts has also been significantly reduced (Arnason 1993 p.338). Comparative management structures may give new perspectives on pursuing self-interest through a 'management' approach.

The communities in Newfoundland seem to believe they can survive if they are given a stake in the management structure of the fisheries. The government potentially believes through focusing the management structure on a more 'conservation' basis then it will be more successful, evidenced by the quote from Brian Tobin at the end of the case. This 'conservation ethic' may also have some political self-interest. Cynically one might suggest all that the government is doing is saying to Newfoundlanders 'Hey, we changed society to a more conservation based one thus saving the fishery.' Obviously this may lead to getting more votes or at least sustaining power.

However, most fishery management systems being proposed are based on restricting fishing effort. Some restrictions include limitations on days at sea, fishing time, engine size, holding capacities of the vessels which causes problems from both a political and economic viewpoint. Alverson (1993) argues that *"irrespective of the precise nature of the effort constrains, the outcome is generally the same."* This is because fishing effort is a composite of so many variables and when fishers attempt to maximise the returns from the fishery they just expand variables which are not subject to restrictions. Direct fisheries management methods are unlikely to generate significant economic benefits since the maintenance as well as the enforcement of such measures is usually quite costly. The result may be that net benefits generated may easily turn out to be negative (Arnason 1993 p.336). In a number of interviews, especially those emanating from within the management and inshore fishery perspective, there was talk about creating 'fishery wardens'.



'We got all these unemployed fishermen out there, who can't do anything else, why not make them fishery wardens' (Inshore fisher, March 1996).

Fisheries wardens may add the extra level of 'community-level' management which DFO seems to leave out. It seemed from the interviews that DFO needed some help when it came to management of the fisheries. As one inshore fisher said in an interview:

'I have not seen one piece of useful information from the DFO in my life' (March 1996).

Another lawyer said in an interview

'My clients (fishers) seem to spend most of their time negotiating or dealing with DFO. Its all politics....' (February 1996).

In creating fishery wardens, is this potentially a case of getting the lunatics to run the asylum? In terms of the fish, as mentioned in the case, there were two substantial things which seem to be needed to pursue their self-interest: a change in attitude and a new sense of responsibility. Yet, is responsibility the only thing which is needed? Hardin (1968) in "The Tragedy of the Commons" addresses the role of responsibility by questioning appeals to conscience:

*It is a mistake to think that we can control the breeding of mankind in the long run by an appeal to conscience...The long term disadvantage of an appeal to conscience should be enough to condemn it; but has serious short-term disadvantages as well. If we ask a man who is exploiting a commons to desist "in the name of conscience," what are we saying to him? (Hardin 1968 p.1246).*

Without any sort of a management system, it is argued, environmental damage that is done may be hidden beneath the surface where changes in the size of fish

populations can alter entire ecosystems. Yet, by bringing the management process down from 'the white hills DFO pods' to the community and individual fisher level, the interests of the fish might be pursued. If not, it would seem the same situation will re-occur sometime in the future.

A 'better' management approach may be crucial for pursuing an individual's self-interest, but the question then arises as to what about the young people? How will their self-interest be pursued? A management perspective does not seem to work for them. A number of people in the interviews told that me they were pursuing their self-interesting a number of ways.

'Self-interest? I'm pursuing it by leaving' (April 1996).

'I'm pursuing my self-interest by putting up massive amounts of student loans to get an education' (April 1996).

In my own personal case, I have left the province to pursue a PhD. The answer may lie, however, in also changing attitudes. Displacement only occurs because you are unwilling 'to *make something out of nothing*.' The problem may be that the Newfoundland attitude seems to very much be 'Give me a job' rather than 'Let's create a job.' What came out frequently in the interviews (aside from young people) was the attitude change must be one of entrepreneurs rather than employees. As one small business consultant said:

'The old-economy was about me giving you a job. Now its about creating you own....To be a success in Newfoundland, you have to be an entrepreneur' (April 1996).

Structural changes and government funding can clearly help, but it is a long term development. As one young person said in an interview:

'Everyone complains about how bad it is in Newfoundland. But now is not the time to run to the hills, its time to stay and fight' (March 1996).

But it may be seen as fine for government, employers and the scattered individual to say, 'We should become more entrepreneurial.' Changing the Newfoundland culture to a risk taking, hard working and extroverted nature which is needed to become a successful entrepreneur is not easy. If your history began being controlled by a fishing admiral, an 'entrepreneurial culture' may not be the easiest thing to flourish or promote. Like changing the attitude towards the fish, this will be very difficult to accomplish.

### *1.3. How can this self-interested be maximised?*

Self-interest maximisation in most of the stakeholders cases seems to be likely doing whatever it takes to adapt. If there is a need to adapt the management structure or attitude towards the fishery, then self-interest is maximised through this change. In listening to some of the anthropologists and folklorists talk about Newfoundlanders in the literature and the videotapes, this ability to adapt is considered their greatest virtue. As one prominent fisheries biologist/broadcaster said:

'We could survive the winters - drag ourselves the snow and freezing cold...When they chose us, they chose the toughest. They did not pick the intelligentsia'.<sup>3</sup>

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<sup>3</sup> Newfoundland anthropology /folklore is very interesting but really outside the scope of the case. Some noted authors include Anita Best, Pat Byrne, Barbara Neis, and others.

The strategy of adaptation is consistent with House's (1988) conception of a successful rural Newfoundland fisher being able to do a number of different tasks: fish in the summer, build houses in the fall and spring, log in the fall. It is also apparent by the large number of Newfoundlanders seen in different parts of North America pursuing work but still retaining their culture. There are Newfoundland festivals in Ontario, for example, occurring every summer which attract thousands of displaced 'Newfs'. In an interview with a local businessperson, this adaptability was well promoted:

'Sure we can go elsewhere...there are probably more Newfoundlanders living in Whitehorse and Fort McMurray<sup>4</sup> than anywhere else' (February 1996).

The booming business in Newfoundland products outside of the province, such as Purity Jams and biscuits, points to the fact Newfoundlanders can adapt to living anywhere. The question is can they adapt to living in their own province? The restructuring means adapting to a new way of life. Adapting attitudes and responsibilities as much as changing one's income levels and material aspirations. This strategy of adaptation would be consistent across stakeholder groups - even the fish have to learn to adapt to the cold temperatures.

### **Deontology**

#### ***2.1. What are your duties, obligations, (or the ones you are representing) in the situation being examined?***

In doing the interviews, there was relative little expansion of duties beyond egoistic ones. Some people talked about:

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<sup>4</sup> Whitehorse is in the Yukon and Fort McMurray in northern Alberta. Both have one thing in common - the possibility of jobs.

'The duty to go out and tell people what is happening' (March 1996, Young Person)

'A duty to try and make something work' (February 1996, Business person)

'Creating a sustainable economic structure' (May 1996, Politician)

The focus in regards to duties and obligations was primarily on jobs, on making sure they have a decent living, and money. The duties and obligations were to the self. Still, there was not a lot of talk about the fish. An economic dominated approach towards duties and obligations fails to recognise a fishing industry may not necessarily be about 'costs' and 'revenues' - it is about an ecosystem. The state of an ecosystem's health is based on a series of indices, such as primary production, phytoplankton composition, nutrient components, water column structure, transparency, prevailing currents etc. There are no economic indices to an ecosystem's health (Alexander 1993).

Once a major change has occurred in the LME (Large Marine Ecosystem), such as what happened in Newfoundland, the system may never recover its earlier equilibrium (Alexander 1993; Harris 1993). The Newfoundland fishery is not alone in being affected as a LME. At times, the total yield of a fishery biomass may decline because of natural or man-induced factors. A comparative example may be seen in the Barents Sea ecosystem, to the north of Norway and Russia, where the average annual biomass yields in the 1970s were estimated at about 1 million tonnes. A decade later, because of a decline in the inflow of warm Atlantic water into the LME, coupled with excessive fishing effort as a secondary source of

stress, the annual biomass yield had dropped to some 350,00 tonnes, resulting in a collapse of the major fisheries of the ecosystem (Alexander 1993 p.189).

Yet, can economics and humanity be eliminated from any discussion about the duties and obligations to an ecosystem?

*The ecosystem of the fisheries biologist is typically one that excludes man. Or, rather, man is regarded as an exogenous factor, having influence on the biological ecosystem through his removal of fish from the sea, but the activities of man are themselves not regarded as behaviorized or determined by the other elements of a system of mutual interdependence. The large number of independent fishermen who exploit fish populations of commercial importance makes it possible to treat man as a behaviour element in a larger, "bionomic," ecology, if we can find the rules which relate his behaviour to the other elements of the system (Gordon 1954 p.136).*

The government's rhetoric towards conservation, as outlined by a number of the quotes from Brian Tobin in the case, is well established. A conservation council, initially headed (ironically) by Herbert Clark the former FPI executive vice president responsible for harvesting and trawlers, was started and the common belief was they, as a council, did some good work.



**Picture 6-8: Herb Clark Former Executive President at FPI and head of conservation council.**

Yet it would seem there was still this economic motivation. The main impetus behind the rhetoric was economic - it was not about the fish. There did not seem to be a focus on changing attitudes and beliefs. Instead of an 'economic' centred fishery, maybe there should be a duty to creating a 'fish' centred industry. This begs the question, why are the fish important? Changes in the size of fish population, as outlined in the Barents Sea example, may alter entire ecosystems. The ecosystem was not valued in and for itself, which clearly goes into ethical issues (cf. Mathews 1991; Brennan 1986; Calicott 1994 for an expansion of these ethical issues from a philosophical basis). A duty may be seen as owed to the ecosystem and the environment.

Why is a duty or 'obligation' owed to the environment? Maybe it is because we *live* within an ecosystem and an environment. The saddest thing about overfishing is that by itself it is self-defeating. Left to themselves, fishers will go on fishing until the contents of the net are worth less than the cost of putting the net in the sea. That leads to small populations of fish, and small catches. But taking an ecosystem, a sustainable development approach will allow the population to grow. Through taking only a moderate catch, fishers can take that catch again and again, year after year. When fisheries provide less than this optimal yield, the difference is needless waste. Depleted stocks yield fewer fish, each of which costs more to net (Economist 1994 March 19). Purely egoistic duties did not consider the ones to the environment. The duty to the environment was never mentioned in any of the interviews. It was, however, mentioned in the seminar series, particularly by

the fishery biologists. They however mentioned it almost in a 'romantic' sense rather than in a purely 'Kantian' rationalistic approach.



**Picture 6-9: Shane Mahoney in Seminar Series.**

***2.2. The action that you are deciding to take, is it possible to do it in all situations?***

The case of the Newfoundland fisheries might appear to be unique in it that it is an ecological crisis. While there were comparable stock collapses, written up in the literature, the economic and sociological factors operating within Newfoundland made the case somewhat unique. The Norwegian fishery crisis, for example, may be seen as similar in many ways to the current one in Newfoundland. Both Canada and Norway are important cod fishing nations, both have regions heavily dependent on the exploitation of living marine resources, and both have had good and bad lessons in fisheries management. The resource situation at the moment seems, however, to be much better in Norway (Otterstad 1993 p.21). Indeed, never before has a situation occurred in Newfoundland where all the fish stocks collapsed, and at the same time (Tobin 1995). So Canada and specifically Newfoundland can, once again, learn from an international comparison.



Scott (1993) also refers to it what is happening in the Newfoundland fishery as a 'crisis'.



**Picture 6-10: Professor John Scott in Seminar Series.**

These actions (leave to look for a job, create a new management structure, displace thousands of workers and communities by cutting off government subsidisation) imply a crisis. Yet, is a crisis really an unusual thing? Organised capitalism, for example, is seen as entering a series of related crises centred on the ability of government to deliver enough "welfare to its constituent individuals to secure adequate legitimisation for its activities in managing the economic system" (Crook et al. 1992 p.27). This manifests a *fin de siècle* type of thinking as outlined the previous chapter (cf. Seligman 1988). Restructuring is part of the present day landscape of the capitalist system. The question is how to approach the restructuring? Do we embrace the previous status quo or the state after the change?

Crises in Newfoundland are not new so the actions being taken in regards to the stakeholders do seem plausible in terms of the economic environment. It should be possible to do the actions in all situations. The question '*would it be done in all situations*' is much more difficult to answer. In the Prologue, it was related that

Newfoundland was a very conservative society and difficult to change. The status quo, if there was not this fisheries collapse, would seem acceptable. A clip from a recent (1997) fisheries protest demonstrates the urge for this status quo:

*We wants our fish plant at Port Union open...we want the small business people to stop starving to death and going out of business...we're sick of seeing our families and friends moving away, when there's all kinds of resources here in Newfoundland being misused or abused for other countries. CBC Radio News, May 12, 1997, Internet Version.*

It would seem irrelevant whether there is a crisis. The actions being undertaken in regards to the Newfoundland fishery seem to be possible to do in all situations.

***2.3. Does the action being contemplated make sense? Does it seem the rational thing to do?***

In the case presented, it was pointed out that the government seemed to have a clear 'duty' to protect its natural environment in the form of the neighbouring marine ecosystem. In order to underpin this duty, the government established a fisheries policy. A critical assumption behind Canadian fisheries policies seems to be that rationality can best be achieved by industrialising and modernising the fishing industry (House 1988 p.182). This policy, however, may be seen as problematic. The industrial model of modernisation assumes that progress is achieved through increasing the division of labour in society and the degree of specialisation of each of its members. As one inshore fisher said in an interview

**'The professional fishermen were the lazy ones. They don't do anything but sit on their behinds (during the winter) while the rest go out and work....There was no such thing as a 'professional' fisherman in the past...Its just a way for the unions to get more money' (March 1996).**

Professionalization may be seen as contrary to the logic of a successful economic adaptation in a Newfoundland outport which depends upon flexibility to exploit a wide range of economic opportunities which vary by season and by year. House (1988 p.181) contends that the inshore fishery by itself may not be able to provide all inshore fishermen with a standard of living equal to the national average but combined with other forms of economic activity throughout the year, it should be able to contribute more than at present. Therefore Canadian fisheries policies may not make sense from an ethical perspective. There is a failure to understand them in context of the Newfoundland situation or even from an intellectual perspective, where there is a questioning of modernity.

Furthermore, was this action of establishing a fisheries policy the rational thing to do? Most of the fisheries policies seen, not only in Canada, but throughout the world, are based on economics. It would seem the rational, logical thing to do to have an economically based fishery policy. In the case, several arguments were presented for having a fishery policy. Yet questions arose as to whether this 'rational exploitation' made sense in regards to the long term. 'Rationally' fishers would keep harvesting the sea until the resource was completely depleted. Fish have no future value to the individual fisherperson but taken on a community or societal level, fish have a much greater future value. Economics and the ecosystem do not necessarily have to clash, but fisheries policies which are not effective clearly (it appears) lead to a conflict between the two areas. The more sensible thing, I would argue, would be to consider the fish. By considering the fish there may be an acceptance of the resource as a long term benefit to future generations as well as

protecting the ecosystem. Once again, changing attitudes and responsibility appears crucial.

With regard to the interviews, when asking people whether their duty made 'sense' there was a clear, almost universal answer:

I would not have said it if it did not make 'sense'.

Does this mean it was a stupid question? Not necessarily. It may potentially mean there was a clear disregard to engage in reflection on the situation. If one's duty is primarily egoistic, i.e. one has a duty to oneself, then there may be a failure to recognise the outside environment or possibly a lack of an expanded self.

#### ***2.4. Does the course of action fulfil the obligations and duties set out in question 1?***

Most of the actions, it would seem, did fulfil the duties and obligations set out in question 1. The stakeholders did have a number of answers. For example, the government:

'(B)y establishing a fisheries policy and system of management, fulfils its duty to protect the natural environment' (May 1996, Politician).

Young people by leaving to find jobs fulfilled their duty to support themselves.

The fish, by swimming away and disappearing, fulfilled their duty to survive.

Overall, in the case of the Newfoundland fisheries, questions of duty are not as defined as questions of consequentialism and the social contract. The structure of the dilemma does not seem to lend itself to deontological questioning.

### **Consequentialism**

#### ***3.1. What is the best possible outcome for the situation being considered?***

There was an almost universal answer to this question in regards to the interviews and the information presented. The best possible outcome would be for the fish to return and there to be a substantial, profitable, non-subsidised fishery. Government officials talked about Newfoundland becoming a 'have' instead of a 'have not' province in Canada. Young people talked about having a stable economy where they could find a good job.

'The best possible outcome? A place where I could be working and my friends and family working...'(April 1996)

There was, moreover, an emphasis on ridding Newfoundland of government subsidisation. This was graphically presented by a businessperson in an interview as:

'Maybe the fishery collapsing is a good thing...It's time we started getting off the government tit' (April 1996).

Subsidisation is a fact of life in Newfoundland. 'Traditional' fisheries world-wide are, however, dependent within the social welfare state on government subsidisation. This subsidisation may no longer be available. Overfishing means that governments are wasting their people's resources because they are subsidising 'wastage'. Indeed, many governments seem to be going out of their way to exacerbate the problem. Japan, Norway and the former Soviet Union, among

others, have poured money into the fishing industry. The European Union increased fishing support from \$80 million in 1983 to \$580 million in 1990. A fifth of that went to build new boats or to improve old ones (Economist 1994 March 19).

*The French response to their angry fishermen? More subsidy. The EU's solution to Spain's demand to fish Norway's waters? Buy Spain the right to catch another 8,000 tonnes of fish elsewhere. Instead of protecting scarce resources, governments subsidise their destruction (Economist 1994 March 19).*

While Newfoundland's offshore sector from an economic perspective became relatively efficient, the inshore and near shore sectors were heavily promoted through substantial government subsidy. A result is that those sectors in both harvesting and processing suffered from substantial excess capacity (exacerbated by high seasonality) and low productivity. Extensive use of income support programs, such as unemployment insurance for workers and various subsidy programs for plants, keeps substantially more people fishing and processing than would ordinarily be the case (Arnason and Felt 1995 p.297).

Subsidisation, from a utility viewpoint, has now obtained almost a highly negative connotation from an ethical viewpoint.

*Today there is not one nickel, as I was pleased to tell the chairman of the conference, not five cents in subsidy, being offered to the processing sector in Canada. There is none on the part of the Federal Government. There were government-guaranteed loans by the provincial governments, but those have been withdrawn and the market place will now determine which plant shall survive or not. With respect to fishermen, we have offered a programme of assistance that amounts at a maximum to less than \$400 a week, a training allowance to assist up to 50% of the total number of those affected by the groundfish collapse to retrain in regular training institutions,*

*retrain for the purpose of permanently leaving a sector that cannot sustain them now, and even if and when there is some rebuilding, cannot sustain them in the fishery (Tobin 1995 p.6).*

There is always talk about transfer payments, unemployment insurance<sup>5</sup> and various programs of provincial and federal government support within the fishery and Newfoundland. While the image in the rest of Canada seems to be that Newfoundlanders actually enjoy taking money from the rest of the country,<sup>6</sup> in the interviews there was an increasing emphasis on Newfoundland being able to pay its own way.

**'Newfoundland becoming a have instead of a have-not province. Giving money to Ontario rather than them giving it to us....'** (April 1996, Politician).

Another factor in this best possible outcome would be for the fishery to stop being the 'employer of last resort.' The best possible outcome of the fishery crisis, it would seem, would be for Newfoundland to launch itself into some form of prosperity.

In reality, the most likely outcome would seem to be a smaller fishery with a substantially less number of people involved. There has been talk about the potentiality of an aquaculture industry - essentially where fish are 'farmed' either for release into the ocean or for food. Aquaculture is seen, however, from the point

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<sup>5</sup> If it is possible to judge the importance of a concept to a culture by the number of words it is referred to, then unemployment insurance and subsidisation in the fishery would be extremely important. Some of the words are 'pogey', 'stamps', 'UI', and more fisheries related subsidisation 'TAGS', 'NCARP', 'The Package' just to name a few.

<sup>6</sup> Former Prime Minister Pierre Trudeau was attributed as saying 'I wish Newfoundland would just sink into the ocean.' In Quebec there is a parochial expression of 'Newfie' which means 'stupid or foolish.'

of view of the aquaculturists, as a form of subsidy for fishing families and communities. As one aquaculturist said in an interview,

'Sure its great technology but if government thinks they can put every unemployed fisherman in a fish farm, they're kidding themselves...too many things can go wrong' (April 1996).

'Fish farming' as it is known would therefore help subsidise regular fishers. The government, however, seems to view it as a potential new industry which could employ all the displaced fishers.

'Aquaculture has a great future in this province and it will form a significant basis of the economy' (Politician - interview, March 1996).

There was substantial rhetoric towards aquaculture in the 1996 provincial Newfoundland election and also in the individual interviews with government officials. Aquaculture, it seems likely, would be a form of subsidising the regular fishery. It would not be a total replacement for the present day fishery.

### ***3.2. Will this outcome be the best possible outcome for the greatest number of people?***

If the fish do return and there is this prosperous new tomorrow, is this the best possible outcome for the greatest number of people? Moreover, is it the best possible outcome for the fish? The questions generated from the *Comb*, in this instance, fail to recognise that ethics is not only about people - it is also about the environment. As stated in the case, the free access competitive fishery will reach an equilibrium only when an expansion in fishing effort has brought the stock size down to the point where total fishing costs are equal the value of the harvest. As



long as harvesting revenues exceed costs, there will be incentive to invest in new capacity. At the equilibrium point, however, net returns from the fishery are zero and consequently there is no incentive to invest in expanded capacity (Gordon 1954; Amason 1993 p.334).

Furthermore, economics causes a problem because in the absence of regulation the fishery will tend to stabilise at a level where the value of the catch is about equal to total costs of catching. This is manifested in the government subsidy of \$8 billion dollars equal in value to the landed catch. If the fish are valuable and easy to capture and small fish cannot be protected, then it is likely that this equilibrium will be reached at a level of fishing greater than what gives the maximum sustainable yield. A reduction of effort to the level of the maximum yield should therefore result in an increase in the value of the catch and reduction of costs (FAO 1968 p.4). This would be seen as beneficial, but a further reduction is also likely to be desirable for the following reason.

Close to the maximum the curve of the catch against effort is very flat, so that a small to moderate reduction in effort will result in a negligible reduction of catch. Perhaps 98% of the maximum catch may be taken with only 80% of the effort required to take the maximum, and the cost per ton of taking the last two percent would be almost 10 times that for the 98%. Almost certainly resources in ships, men and money used to taking the last two percent would be much better unemployed elsewhere. Even when the demand is for fish at almost any cost, there are likely to be alternative and relatively unexploited stocks to which the surplus effort could be diverted (FAO 1968 p.2).

Will an equilibrium point ever be reached? Moreover the question remains whether this 'free access fishery', even with the return of the cod stocks, is the

best possible outcome. If the same mistakes are going to be repeated in twenty or thirty years from now, what is the sense of going through all this pain or suffering? Unless there is any understanding of the reasons as to why the fishery was permitted to grow, possibly against the better judgement of fisheries officials, there is serious danger of doing the same thing again. The same industrial, social, economic and political pressures that existed nearly 20 years ago seems to still exist (Schrank 1995 p.286). The Cashin report of 1993, for instance, spoke of downsizing but was incredibly vague as was the 1982 Kirby Report. As soon as a profitable fishery reappears, the overexpansion may be repeated (Felt and Locke 1995; Schrank 1993 p.299). The simple answer, it would seem, is Newfoundland does not know the best possible outcome of its fishery. The 'new fishery' has not yet defined itself.

If there is one guarantee of what the 'new' Newfoundland fishery will look like, it is clear that politics will be involved. In a regulated industry, once again, it is difficult to distinguish between industrial 'business' and 'political' issues. In the opinion of a number of people interviewed, there was an indication that DFO continually interferes in fisheries matters and some of the motivation clearly would seem to be politics. This interference, moreover, would seem to hinder the development of proper fisheries management in Newfoundland since the fishery is continually used in its traditional role as 'the employer of last resort'. It is used in a political manner. It is also possible, for example, for an individual fisher to call their local Member of Parliament (MP) about the fishing license and the MP will call the DFO. In the parliamentary form of democracy seen in Canada, a MP

calling a government bureaucrat is going to have substantial impact. While it seems to be quite obvious that the fishery cannot continue to be 'the employer of last resort', it seems to be "equally clear that any restructuring of the fishery must recognise existing social realities" (FAO 1993 p.119).

Furthermore, a political problem arises, because part of this willingness to divide up the fish among an increasing number of people, using it as an 'employer of last resort', stemmed from the belief that it is acceptable for people in the fishery to have low incomes (Cashin 1993). The best possible outcome may not be achieved because it is being distributed across too large a number of people. The problem, once again, of too many people catching too few fish. In the 1970s, for example, it was widely accepted that the survival of many communities depended on a sound fishery but incomes were perceived as too low when members were involved in fishing. The problems were seen not only in biological and economic terms, but also with respect to the social issue of equitable distribution of income (Sinclair 1989 p.164).

*A lot of work has yet to be done if we are to have an environmentally sustainable and economically viable industry capable of providing decent incomes to the fishing communities in Eastern Canada and the Arctic region Brian Tobin(DFO 1994 p.2).*

The problem with income levels is not new. At the end of 1969, the minister responsible for fisheries stated in a major speech to the House of Commons that *"we are beginning to manage our living resources in an intelligent manner. We are assessing fish populations and estimating maximum sustainable yields. We are trimming our fishing fleets down to size and increasing the income of the*

*average Canadian fisherman*" (Schrack 1995 p.287). The dilemma of income levels may be seen as indicative of the industry.

*Two factors prevent an equilibration of fishermen's incomes with those of other members of society. The first is the great immobility of fishermen...second there is in the spirit of every fisherman the hope the "lucky catch". As those who know fishermen well often have testified, they are gamblers and incurably optimistic. As a consequence they will work less than the going wage (Gordon 1954 p.132).*

Furthermore, there may not be a political or ethical answer to the problem of creating viable incomes.

In Newfoundland, it seemed that need for jobs outstripped reflective, strategic management. Ideally, in the case of the Newfoundland fishery, to overcome this need for jobs and suitable income levels, a restructuring of the economy outside the fishing industry may be needed. The Economic Recovery Commission (ERC) and Economic Zones project are examples of the government attempting to diversify the economy to, for example, more small scale manufacturing, emphasis on high technology. In diversifying the economy, the belief seemed to be that:

**'The best possible outcome for the greatest number of people would be achieved if the economy was diversified away from the fishery' (April 1996, Government Strategist).**

Intuitively, this diversification seems to be the best strategy. The previous provincial Liberal government under Clyde Wells, continually promoted the virtues of entrepreneurship and economic diversification. The ERC was however disbanded after the Tobin government was elected (although within some of the interviews there was a belief that this was once again an example of political

interference). There was also a significant mistrust of the government initiatives which included the diversification of the economy. One of the speakers in the lecture series, a fisheries biologist, summed it up quite elegantly when he said:

'Your children's children will be long dead and buried before they make a computer in Francois<sup>7</sup>.

The economy, by being restructured, would hopefully be transformed from being in the rural areas fisheries-dependent to being a diversified, balanced economy. The transformation will not be easy and it will not be automatic (House 1993 p.216).

Yet is this case of repeating past mistakes? Government policies of the 1870s to the 1890s, turned Newfoundland's back on the fisheries and sought economic prosperity elsewhere. It did not work. In comparison, Iceland, described by David Alexander (1983 p.11) as "a staggeringly impoverished and exploited country in the nineteenth century with no significant commercial fishery before 1890 and with alternative resources that Newfoundland," developed into a prosperous nation on the basis of a 'fish-dependent' economy (Ommer 1988 p.35).

This rejection of the fishing industry is also strategic exemplified in Canada's treatment of the resource. More often than not, fish have been viewed, particularly by central Canadian politicians, as more a nuisance than an opportunity. The result is responses reactively in time of crisis rather than proactive ones which would

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<sup>7</sup> A small community on the French shore near Isles aux Morts

result in the fishing industry being a valuable leading sector in modernising a region (Felt 1988 p.61).

The best possible outcome, for the greatest number of people both now and in the future, would be a diversified economy which does not use the fishery as 'the employer of last resort' but rather as an economic multiplier as seen in the Scandinavian countries. Whether this will happen in reality - only the future can tell.

***3.3. If there is no best possible outcomes, what is the worst possible outcome? How can this worst possible outcome be minimised?***

The answer to the question of what is the worst possible outcome seems much clearer. In a number of the interviews, it was stated that:

'The worst possible outcome was that the cod fish do not return'.

Newfoundland, as a result of an inability to pay its own way and crushing debt, would have to increasingly rely on federal Canadian government transfer payments which are expected to decrease. In the Prologue, there was mention of what will be seen now is either a revolution or a migration. The migration would arguably be the worst possible outcome. A number of the young people interviewed, said that

'If things don't change, Newfoundland is going to become a place of retirement homes and summer cottages' (April 1996).

A couple interviewed moving to Alberta said

'We would never come back to Newfoundland to live, no jobs here, but we may return to retire since there were no opportunities, but it's a nice place' (April 1996).

A lack of jobs means no significant opportunities and, therefore, no reason to live in the province. Newfoundland, most people believe, is a great place to live, but does it become as Debbie said in the Prologue

'You love the place but can never live there' (April 1996).

due to the lack of opportunities? Interestingly enough, there is the question of whether the people leaving are as much of a drain on the province as if they stayed. Since most Newfoundlanders move to other parts of Canada to pursue opportunities, when they come back to retire or be unemployed they actually drain the social services of the province. As a politician said in an interview:

'The migration really is a big problem. The main problem is that Newfoundlanders move away in their prime earning years. They pay taxes to other provinces. When they are young or old, they stay in Newfoundland and when we most need them, they move away. Migration does not help the province' (May 1996).

If the fish do not come back and the province falls into even more economic turmoil, then what Newfoundland will probably see is a mass migration of its young people. I would argue that this would be the worst possible outcome. Migration is already happening. Although official statistics are not kept of migration between Canadian provinces, one politician interviewed estimated:

'There was close to 8,000 people who have left the province since January 1996...' (March 1996).

While this may not seem like a large number, it is over 1.5 % of the population.

Another politician interviewed also said:

'While the province was expecting some migration because of the fishery, the problem was that the best educated were

leaving to find opportunities. We did not expect this, we probably expected the reverse' (March 1996).

It would seem, in regards to the migration out of Newfoundland, there were a vast number of Debbies in Newfoundland last year.

Another worst possible outcome, from an ecosystem point of view is for the unregulated foreign overfishing to continue. Foreign overfishing has increasingly become a problem within the Newfoundland fishery. The ratio of foreign to Newfoundland catches, which has been around 0.2:1 in the late 1940s, reached 1.2:1 in 1959 and 6:1 in 1968. In other words, foreign offshore harvests had increased from roughly 20 per cent of Newfoundland catches to 600 per cent. The Newfoundland situation was not unique. The rapid expansion in the offshore fishery, for example, also affected Iceland. Faced with similar foreign overfishing, largely by British boats, Iceland had declared 50-mile and then a 200-mile fishing limit from its coastline in 1972 and 1976. Canada followed this example in 1977 (Felt and Locke 1995 p.209; Wigan 1996).

Foreign fleets have fished off the Newfoundland coast for almost four centuries. However, this harvesting posed no real threat to the fishing stocks until after World War II. This saw the emergence of dragger technology and the arrival of massive distant trawler fleets from Europe and Asia. International law, at the time, only recognised coastal state jurisdiction over a narrow coastal area (usually 3 miles), thus the need to expand the limit. The United Nations Law of the Sea was signed in



1982 which led to the recognition of fishing jurisdictions to a maximum of 200 miles.

Canada has pursued, since 1982, a species approach, that is, it puts quotas on specific species such as Northern Cod or Greenland Halibut. The problem comes with stocks of fish which straddle the 200 mile limit. Fish do not recognise a 200 mile limit. So, while Canada has one set of rules for fish stocks, a set of quotas, which encourages conservation and rebuilding, outside the 200 mile limit there are different rules (Rowe 1993).

In 1987, Canada responded to the European Community's policy of deliberate overfishing, specifically Spanish and Portuguese vessels, by essentially imposing sanctions on EC fishing vessels. The purpose of the sanctions was to make fishing commercially unattractive outside 200 miles. However, by 1989, it was clear that these policies were not working. Canada therefore implemented a number of initiatives including a public information campaign to create awareness within the EC of the ecological and human consequences of its overfishing.

If the problem of foreign overfishing is not solved off the coast of Newfoundland then there will be no fishery in the long run to restructure.

How is the worst result going to be minimised? The most likely result of the restructuring seems to be privatisation. The logic of privatising the fishery and not allowing free access is to combat the tragedy of the commons as outlined by

Hardin (1968). The result may be an industry with a smaller number of people. Privatisation can potentially assume many forms and operate at the individual, community or some other level. However there may be formidable economic obstacles to actually realising the potential benefits offered by privatisation. There may be an incompatibility between traditional free access, competitive fisheries and a sensible utilisation of fish stocks. Although free access and competition normally result in increased production and lower prices in manufacturing industry, they lead to reduced output and loss of economic benefits in ocean fisheries (Arnason 1993 p.334). There is a failure to recognise the impact upon the ecosystem.

The most common form of privatising is to provide each individual vessel with their own IQ (Individual Quota). Giving each vessel its own IQ, represents a form of partial privatisation in that governments typically impose restrictions on how such quotas may be used. The most common restriction is that transfer to other users is limited. An example of an IQ would be taxi drivers in New York City where a license to operate a cab trades for many thousands of dollars. IQs may introduce an element of rationality into the fisheries without providing significant monetary value to the license or quota itself. The IQ only becomes valuable when it is transferred, but if the government limits its transferability then this is negated. Fears have been expressed about privatisation because of excessive concentration in a small number of boats and, in the offshore, in one or two companies.

**'FPI has shareholders...it doesn't care about the communities it's in' (Lawyer in Seminar Series).**

Inshore fishers have expressed fear that individual boat allocations might also be used to reduce, even eliminate, their sector. An alternative option may be community quotas or processing plant quotas which have been suggested as a means of protecting local employment (Arnason and Felt 1995 p.292). A number of people interviewed talked about the attractiveness of community quotas.

'If the community can run it, then it (quotas) should be in the hands of the community' (Inshore fisher, March 1996).

Privatisation also means closing the fishery to newcomers. As stated in the case, to close the fisheries to newcomers trying to make a living poses a moral problem comparable to the life-boat dilemma (Jentoft 1993). Downsizing the fleet to create a better relationship between the resource and the catching capacity seems to be regarded by authorities as the main task in the next few years. However, downsizing the capacity will affect the rural communities, which are vulnerable and likely to collapse because fishers are not only competitors but also dependent on each other in significant areas (Europe Documents 1994; Jentoft 1993). Privatisation also indirectly affects another stakeholder group - the young people. It may mean discriminating on the basis of age. If the fishery is closed to newcomers then what may happen will be an extensive age gap. Why should young people have to suffer because of the fact they are 'young'? While the worst possible outcome may be clear in the case of the Newfoundland fishery, the way to minimise it may not be as manifest.

## Social Contract

### **4.1. Is there anything owed to you (or the organisation you represent) by society? Do you owe anything to society?**

In the interviews, the answer to this question was not universally clear. Some people said that society owed them a job. Others said that the only thing society owes them is the right to know what is happening - if they are going to be displaced, forced out of a way of life, then why prolong the agony? Some said that society owed them nothing, the same people usually said they did not owe anything to society. This question of the *Comb* also demonstrates its inapplicability to question beyond people. Is the environment included within society? Moreover, the language may be perceived as vague on this point - what is society?

It was interesting interviewing young people who were quite persistent that society owed them nothing - even if they spent an enormous amount getting an education or training themselves for a profession which may not exist.

'Why should they (society) owe me anything?' (April 1996 - Young person in interview).

This is consistent with Holtz's (1995) comments that Generation Xers do not blame the 'system' for its problems. Instead they internalise it and see it as an individual problem. The analysis of the young people affected within and by the restructuring of the fishing industry would be consistent with an internalisation of the problem.

### **4.2. Why are these obligations owed to you? Why do you owe them to society?**

It seems to be quite clear in the case the fishery is a regulated industry. The government set and controlled a number of the factors of production. As it said in

the case, "*The fishery was believed to be well-regulated. Yet the paradox is that even though fishers abided by the quotas, the industry still collapsed.*" If there is anything owed to the different stakeholders in the fishery it is because of the fact that a supposedly well managed industry collapsed. The quotas were not cut back. Why were quotas not cut back by politicians? Essentially because the Government was unwilling to make hard decisions and instead chose the more 'popular' decision of doing nothing. Brian Tobin, speaking as the Federal Minister of Fisheries, was quite clear in outlining where obligations fall:

*...In short, at a critical moment when year over year the stocks decreased, year after year the TAC's went down and down and down again, at a critical moment when the government should have intervened to protect the spawning biomass, the Government of Canada played poker. It gambled with the future of the resource in an attempt to save the industry and in the process it nearly lost both for a very long time...Then there was nature. After men had gambled and lost and weakened the resource, nature plundered it to far lower level. Cold water temperatures, changes of salinity, ecological factors, some of which and many of which we still don't fully understand, intervened...(Tobin 1995 p.3).*

Yet the failure of the government to respond to the crisis has made it be seen as "the enemy". The government, which basically said to the people of Newfoundland 'Let us manage the fishery' failed, and so therefore there are some obligations it would seem to owe, from an ethics standpoint, to the people of the province. Have these obligations been fulfilled through the money which was poured into the province during the moratorium? The answer is unclear. As mentioned in the Prologue, the retraining money has recently been cut off, so it would seem that the government is thinking that they have fulfilled their obligation. Legally, the provincial and federal government would not necessarily

have a fiduciary obligation because of the collapse of the fishing industry. This may be seen as a case of 'legal minimalism' as discussed in the previous Chapter. As one prominent critic of fisheries management said in the lecture series,

'Everytime we spoke up, they shoved a dollar down our throats'.

There seems to be obligations owed to the people of Newfoundland and Labrador - the question is how many and the extent to which they have been fulfilled.

Is there anything owed by Newfoundlanders? In my analysis and reflection, the answer is unclear except perhaps the realisation they are part of a larger environment. Things are not as simple as having a job or making a good enough living to afford all that Western industrial society can provide. Fishers and Newfoundlanders have to realise they have certain obligations to society living in the environment which they do. The tie to the ocean makes those obligations even more intimate than someone living in the middle of New York city. In one of the interviews a long-term resident of Newfoundland not connected to the fishery, brought up the notion of 'place':

'Everyone forgets the notion of place...We live in this beautiful place, and we cannot forget it' (March 1996).

Too often economics controls our lives, understandably so. But at the same time, there has to be the recognition economic efficiency is not everything. A trawler, for example, may be the most economically efficient means of harvesting fish but is it the most environmentally conscious?

'A trawler rips up the ocean bottom' (Fisher in the lecture series).

The answer, quite clearly, is no. Living in a small community, for example, has its benefits, but can you expect to demand the same level of materialism as someone who lives in the city? Can an industry expect to be subsidised for 42 weeks a year leaving only 10 productive weeks? The answers to these questions are quite clear. What Newfoundland and fishers owe society may be a change in their attitude.

#### ***4.3. Are they owed to everyone else in society in an equal manner?***

Why is this change in attitude needed? Basically the Newfoundland fishing industry cannot continue to harvest from a "barren soil." Fishing is commonly believed to be a 'hunting activity' not a 'farming' one. When the fishers get up in the morning they go out to get their quota of fish. The fish may not be there tomorrow, the sea may be too rough or there may be other more pressing work which has to be done. Fishing is therefore not like farming because the fields will not always be there waiting to be harvested. Yet fish are not an unlimited resource. Just as farmer only has a certain amount of land to work with, and more land taken is less land for someone else, so the fishery has to be seen as more fish taken now means less fish for your neighbour and future generations. In the case of the fishery it appears that the old saying that *everybody's property is nobody's property* has some merit. According to Gordon (1954 p.135)

*Wealth that is free for all is valued by none because he who is foolhardy enough to wait for its proper time of use will only find that it has been taken by another. .the fish in the sea are valueless to the fishermen, because there is no assurance that they will be there for tomorrow if they are left behind today.*

When the resource is plentiful this "sharing of the resource" is not the first thing which comes to mind. "*There is enough to go around*" the saying goes. Yet is there enough to go around? Gordon states quite clearly that there can never be enough to go around. He argues

*There is no effective reason why the competition among fishermen must stop at the point where opportunity incomes are yielded. In may be and is in many cases carried much further. Two factors prevent an equilibration of fishermen's incomes with those of other members of society. The first is the great immobility of fishermen....second there is in the spirit of every fisherman the hope the "lucky catch". As those who know fishermen well often have testified, they are gamblers and incurably optimistic. As a consequence they will work less than the going wage (Gordon 1954 p.132).*

The only way it seems to overcome these problems, as outlined in the case, may be a change in attitude. While professionalisation may provide a shift in attitude, the change has to occur not just in fishers but the whole of Newfoundland.

Questions arise as well to whether Newfoundlanders are owed anything if the government decides to privatise the resort. Privatisation, it would seem, only works dependant upon tradition and culture. In Iceland, for example, privatisation is largely accepted. The river systems and its fish have long been privately held, to be used for pleasure and profit at the discretion of the owners. Iceland's long history as an agricultural society has probably contributed to this tradition of private ownership of land and other resources - in Newfoundland however this tradition is largely absent. Because of the moratorium, for example, the fact that individual Newfoundlanders were not allowed to go out and catch fish for personal consumption (to '*go out and jig a cod*'), resulted in much acrimony



towards the government. In a number of interviews, this was likened to a crime against humanity. A black market also seems to have developed in codfish after the moratorium was declared. The government's decision to ban *all* fishing - even for the personal consumption - could be perceived as a direct result of the growing black market. Furthermore, in concentrating their attention on the problems of competitive over-exploitation of fisheries, economists appear to have largely overlooked the fact that a "corporate owner of property rights in a biological resource might actually prefer extermination to conservation on the basis of maximisation of profits" (Clark 1973 p.630). This would point to changes in attitude and responsibilities being more effective in the long term than privatisation.

The logic behind privatisation seems to be relatively simple. Fishers should pay society for the privilege of catching fish, not the opposite in the form of subsidisation. Few governments, for example, even charge foreign fishers for the right to harvest in their waters, and those who do set the price too low: typically, around 5% of the value of the catch. But charges can net rich revenues, as well as protecting fish. The Falkland Islands, for example, introduced charges of up to 28% of the value of the catch, and foreign fishers were furious - but paid. The result was that the island's GDP quadrupled; its fish stocks are no longer collapsing (Economist 1993, August 7). Only when fishers believe that they are assured a long-term and exclusive right to a fishery would they likely to manage it in the same far-sighted way as farmers manage their land. Yet managing the fishery is not necessarily like managing a plot of land. Fish respect no 'man-made

boundaries'. This may be seen as one of the problems of overfishing. Yet questions of privatisation also raise the problem of a developing a "licensing aristocracy" as seen in Norway (Jentoft 1993). Is the fishery really a common resource which may be sold? Moreover, should it be sold to protect the environment?

***4.4 Does the action which you are considering affect society or the structure of the environment in which you are operating?***

Clearly the actions being considered affect society. If the government decides to privatise the fishery then a traditional Newfoundland 'common' resource has been eliminated. Then the question becomes whether the 'commons' should be considered 'valuable' and kept for its own sake. If fishers decide to keep on fishing until they are harvesting from 'barren soil' then it would seem that not only is it going to affect the environment with the ecosystem being in severe dis-equilibrium but also totally discounts the benefits which may have accrued to future generations. At the same time, by young people leaving, there is a considerable affect on Newfoundland society. If you tear out the future of society, what do you have? A retirement village? Clearly no community or society wants to live on memories of the past, but rather look at the hope for tomorrow.

**Rights**

***5.1. In the situation you are examining, are there any inherent rights involved (i.e. the right to free speech, the right to due process)?***

In the interviews the question of whether there was an inherent 'right to fish' developed. The answer from most of the interviewees, surprisingly so, was in the

negative. This may be seen as being in accordance with the belief that the fishery is a 'common' resource.

'Newfoundlanders have no more of a right to fish than anyone else' (Politician interviewed, April 1996).

While the terms of union with Canada guaranteed a number of things to Newfoundland - the right for denominational education<sup>8</sup> and a cross channel ferry service to the mainland of Canada - these are legal rights.

'There is no 'legal' right of Newfoundlanders to fish cod' (Management regulator interviewed, March 1996).

The only reason Aboriginal Canadians have a 'right' to fish is because they are not subject to the same restrictions as other Canadian citizens when it comes to the natural environment.

Another issue which developed was whether there was there was a right to know. Obviously the government is making 'hard decisions' to implement the restructuring. Yet, as pointed out earlier in the analysis, the government has effectively been sitting on its hands in regards to making the decision. The counter to this is obviously the fish could come back so why make the decisions? Yet for the same reason that the quotas were not cut back, people seem not to be told. While it may not appear to be an inherent right, obvious to everyone from the outside, the right to know what is happening would not only be 'ethical' but also alleviate the anxiety and sense of 'anomie' felt by many people in Newfoundland.

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<sup>8</sup> There is now government legislation to amend the Constitution to change this right.

Yet, are there any fundamental rights as they are commonly understood being addressed in the case of the Newfoundland fisheries? The answer, quite simply, is that beyond the legal rights which are protected under the constitution, there are no obvious rights involved in the restructuring. There are however some more implicit rights, such as the right to know, which are at issue in the case of the Newfoundland fishery.

***5.2. Are any of those rights being violated?***

In the interviews, the answer was pretty much universal that the rights of the individual stakeholders were not being violated in the case of the Newfoundland fishery. Since it would seem that the '*hard*' decisions had not yet been made as to how the restructuring will affect specific communities and individuals, no violation of the right to know was perceived.

***5.3. What do you think your rights are in this situation? Are these rights the same as other actors in the case?***

There is a certain type of fishery management which is labelled 'right based.' In this type of fishery, rights are allocated in the fishery along a number of lines and each management system represents a choice of one of these options (Magnusson 1993):

- (i) the right either to devote effort or to bring a given catch ashore;
- (ii) ownership of the resource delegation to a public enterprise, or the fishing contracted out to contractors, or rights to fish auctioned, sold, rented or handed out to individuals or firms;
- (iii) rights allocated to persons, vessels, communities or firms;
- (iv) rights as transferable or non-transferable;
- (v) rights allocated for a limited, unlimited or undefined period of time.

In examining Magnusson's spectrum of rights it is possible to see the right to free access has not been included. A 'rights' based fishery may be seen as an exclusive one. Newfoundlanders, it may be argued, have only one right - free access to the fishery. Is this notion of a 'common property fishery' an inherent right? No - but it is still perceived as one. The decision by the government not to allow access - so Newfoundlanders could not go out and *'jig a cod'* may be perceived as a right being violated.

Yet, once again, in the discussion on rights there has not been discussion about one important stakeholder - the fish. The noted philosopher, Peter Singer, along with Callicott, Mary Williams and Rolston have argued quite poignantly that animals do have rights. While the quite exhaustive debate about animal rights may be seen as outside the scope of the analysis, manifested in the debate about whether animals have the same rights as people<sup>9</sup>, the fish seen in the Grand Banks do have one intrinsic, inherent right, just as any of the other stakeholders being considered in the analysis - the right to survive.

Clearly, with the use of advanced technology, an irresponsible attitude towards the resource and the failure of some of the main stakeholders - government, fishers and the communities - to accept and take responsibility points to the rights of the fish being violated. Humans have entered no contract with other species; certainly fish have not with us. There seems to be "no ecological contract parallel to the social contract; all the capacities for deliberate interactions so common in culture vanish in

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<sup>9</sup> This argument is analogous to the question of 'moral personhood' seen in Chapter 2.

nature. Individual animals, and plants, to say nothing of species cannot be reasoned with, blamed, educated into the prevailing contract" (Rolston 1985 p.66). There are no manifest rights. But to make rights and duties reciprocal supposes that only people count in ethical calculus. Rights exist as well to those persons who cannot argue back - to the mute and the powerless - and perhaps this principle extends to other forms of life (Rolston 1985).

**5.4. *Is the decision being made fair, impartial and equal to all the parties concerned?***

In the interviews, there was continual reference to the belief the decisions being made were not impartial, fair and equal to all parties concerned. I would argue from my research too much political interference, it was felt, was still being seen.

'Nothing can be impartial, fair and equal in Newfoundland...'  
(Small business person interviewed, March 1996).

The government was making decisions, not in a *reflective* manner but in a *political* one. A reflective decision would constitute a consideration of the various options and stakeholders. A decision done in a political manner may be seen as promoting the objective of increasing one's individual power - essentially egoistic behaviour.

Yet, it was also perceived the decisions could not be made in a totally fair, impartial and equal manner. If government decides to privatise the fishery and close it to newcomers then this will be unfair to the younger people coming into the industry. If communities are allowed to die because there is no assistance in having them go from a subsidisation dependent existence to one where they are left to 'social

Darwinistic' forces, then this may be seen as being inherently unfair. Hard decisions will have to be made. Can government and the decision makers be 'fair, impartial and equal' to everyone? While the analysis can strive to achieve those three objectives, normative values will have to be made. Yet, to ensure that the analysis is being done in a 'fair, impartial and equal manner' the long-term interests of the region have to be considered. The eco-system is going to be around for a lot longer than anyone currently living in Newfoundland, and it will be there long after they are gone. In conclusion, I would argue, protection of the ecosystem should be the overriding normative objective in the restructuring of the Newfoundland Fishery.

The problem may be seen with rights, as outlined in the duties section, is that the dilemma of the Newfoundland fishery does not lend itself to this type of questioning. Although there are issues of rights within the dilemma, there seems to be less of a question as to their intrinsic nature. Instead, there is more of a question as to whether they belong within the constructs of the social contract and utilitarian perspective.

### **Conclusion**

Is everything hopeless in Newfoundland? No!

Personally I believe Newfoundlanders are some of the most optimistic people in the world. This part of the culture is probably a fall-back to the days when

everyone was a fisherperson and they all were all looking for that 'lucky' catch. In Newfoundland, people are always talking about the future:

'Jobs on the mainland'.

'Goin' to win the lottery'.

'Jobs up in Labrador working at Voisey's Bay'<sup>10</sup>

'When Hibernia<sup>11</sup> kicks in we all going to get jobs'

(Various quotes from the interviews).

Things are getting better, many say, and we just have to ride out the storm. This was consistent with much of the conversation I experienced while staying in Newfoundland during the writing of the thesis. The provincial Liberal Government swept to victory in the provincial government elections promising a brighter future rid of cutbacks of the past. Optimism is something Newfoundlanders never lack. Reality, however, is something which is difficult to face and the failure of the both levels of government to develop a comprehensive restructuring plan seems to have prolonged the agony of not knowing what will happen. Hopefully, the analysis presented here and the benefits gained by further reflective analysis of the stakeholders in the Newfoundland fishery may point a way forward.

*The present crisis in the fishing industry will not be resolved either quickly or easily. Although its effects are apparent at market level it is essentially structural in origin and that is the level at which action*

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<sup>10</sup> Voisey's Bay is one of the largest nickel finds in Canadian history which was discovered in Northern Labrador in 1995. The Newfoundland government has been very insistent that all potential refinery jobs for the processing of the minerals found there be given to Newfoundlanders, instead of the already established refineries in Quebec.

<sup>11</sup> Hibernia is the offshore oil field of the coast of Newfoundland that has been developed by the Federal Canadian government and a number of large multinational oil companies. It will be producing some of the most expensive oil in the world when it comes into operation.



*must be concentrated...Helping to resolve the crisis requires a change of attitude and behaviour at all levels, without necessarily implementing spectacular solutions...The overriding requirement is a global approach and long-term vision, as the crisis calls for solutions not only in all branches of the common fisheries policy but also at different levels of action... (Europe Documents 1994 p.7).*



# *Conclusions*

*What we call results are beginnings.*

**Ralph Waldo Emerson**

## **Introduction**

The title of the thesis is "*Ethical Theory and Business Ethics - The Search for a New Model.*" A search signifies that, at its end, something will be found - either what you are looking for or not. Sometimes *not* finding something is almost as significant as finding it; you have to look elsewhere, give up or wait for another time. Well then, in the thesis, have we found an adequate model for analysing dilemmas in business ethics? Have we found anything new about the case of the Newfoundland fishery? Or have we found nothing?

## **The Case of the Newfoundland Fishery**

There is reluctance on my part to come to final conclusions about this case. In doing so, I may become more 'prescriptive' rather than analytical. In philosophy, this approach to being prescriptive when approaching ethical issues and dilemmas is seen as *dangerous*. In being prescriptive, one steps from the realms of theory into the cold, harsh world of reality. But, at the same time, in some instances, theory may become policy. Theory may also have a significant impact on how we understand and approach our lives. In addressing the case of the Newfoundland fishery I would hope my analysis may have some use beyond my own personal development.

The case of the restructuring of the Newfoundland fishery is a complex and confusing one. In analysing it, I was faced with a tremendous amount of

information, opinions and perspectives. When one looks at the fishery from a 'stakeholder' perspective, the amount of information becomes overwhelming. Trying to analyse and condense the case into a workable format was a difficult and exhausting process. I was faced continually with own personal understanding, biases and intuitions. Although the *Comb* may be an adequate tool in helping me think reflectively, everything may not be covered or considered. So, my first conclusion about the Newfoundland fishery case is that alternative 'academic' viewpoints, be they originating in anthropology, sociology, history, or any other fields in the social sciences or humanities have important things to add to the discussion of the restructuring of the Newfoundland fishery.

What may not be happening in Newfoundland is an acknowledgement of alternative viewpoints. Instead of looking at philosophical, ethical, or any number of important issues which may come from reflectively examining what is an *extremely* important case for the whole of Newfoundland, there seems to have been a 'knee-jerk' reaction. It would be relatively easy to blame it on political interference and argue that politics, both federal and provincial, are the main reasons behind the problems happening and, probably, what will happen in the Newfoundland fishery. Politics may not be the problem. Maybe it is acting as 'hunters' rather than 'farmers' which have caused the problems in the fishery. Taking a 'sustainable-development' approach to not only the fishery, but the future of the province, may be the answer. As it was outlined in the analysis, there may be a need to change attitudes and responsibilities. But, to answer the Great Big Sea song in the Prologue, is this an attempt to "*get something out of nothing*"?

In regards to specific proposals in regards to restructuring the fishery industry, the problem of over-capitalisation needs to be addressed. Do we just tear down the fishplants as seen on page 7? Not necessarily. I would argue over-capitalisation can be addressed by taking a more 'quality' rather than a 'quantity' approach to harvesting fish. Newfoundland has been blessed with considerable fishery resources but its history has been marked by selling 'low-grade', 'unprocessed' seafood products. The province's fishing industry was able to make up for its dearth in quality by the incredible amount of fish it actually harvested. This has to change in order to protect the fish stocks. Through changing to a more of a 'quality' focus than a 'quantity' one, there would be an activity in accordance with a sustainable development approach.

Secondly, fisheries technology should come in-line with the realisation that the resource may be more limited than it was in the past. Trawlers may be more 'economically' efficient, but are they 'ecologically' efficient? If there were a change in attitudes and responsibilities which embraced a sustainable development approach then a realisation may arise that trawlers are not the best way to exploit the fishery in the long term. The problem is that if the fishery was prosecuted solely by trawlers it would be much easier to manage. If there are 100 large boats to regulate, then this is much easier than 10,000 small ones. But the harvesting of the northern cod should be consistent with recognising that the Grand Banks are an ecosystem and a commercial fishery's impact upon it may need to be addressed.

Management may be a problem within the fishery and how to approach it goes into the 'tragedy of the commons'. Community quotas may be seen as an answer. Instead of individual IQs, with every fisher competing with each other, by focusing and allocating the IQs on a community level there may be a better management process. The communities would enforce their own 'norms' and 'values'.



Picture: Communities in Newfoundland May Have to Take a More Explicit Role in Fisheries Management

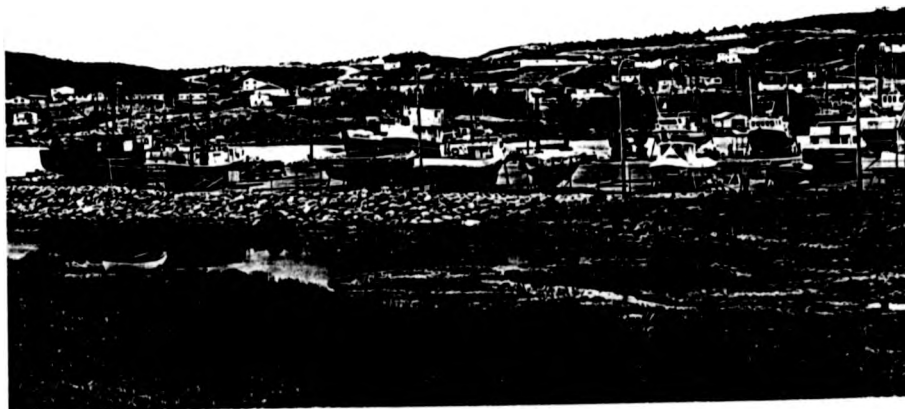
This potential 'communities-based' approach is hindered by the relative lack of strength of municipal governments in Newfoundland. But, at the same time, the future of the Newfoundland fishery will fall on the individual fishers and the communities in which they live and work. They will determine whether they want to board up their homes and turn their communities into ghost towns.

Responsibilities and attitudes cannot necessarily be imposed from a provincial government in St. John's or a federal one in Ottawa. The changes have to come from the individual fishers and the communities themselves.

The case of the restructuring of the Newfoundland fishery has not completely run its course. It may be difficult to analyse as a 'case' because as yet it does not have an ending. The story has not written itself. This may mean that more 'academic' work may need to be done. I would especially be interested in comparative research, specifically in regards to that of other island communities such as Iceland. The Island Studies Group, based in Prince Edward Island in Canada, has started such a study in regards to the fishing industry which also includes the Faeroe Islands and the Isle of Man. I look forward to reading their comparative study of how different island societies approach their fishery. But, even beyond the fishing industry, how communities and societies and their respective stakeholders react to a 'restructuring' of their main industry may be interesting and valuable to study. There may be a large amount of comparative research available, for example, with primary resource industries. Most importantly, I would like to examine how individual fishing firms approach business and environmental ethical issues. The *Comb* may also help in this type of an examination. Business ethics analysis may encourage much reflection and understanding in the restructuring of not only the Newfoundland fishery but the world-wide one. There seems to be much work still to be done.

Finally, it is the recognition that the scarce resources of the seas need to be harvested carefully and selectively if they are still to be here for use by future generations which has triggered a more interventionist approach from all governments with traditional industries (Mackenzie 1993 p.344). Yet the problem is government may have been too late in the case of the Newfoundland fishery.

A technical solution to the problems may be inadequate. A technical solution may be defined as one that requires a change only in the techniques of the natural sciences, demanding little or nothing in the way of change in human values or ideas of morality (Hardin 1968 p.1243). What may be needed is a change in thinking and attitude. Moreover, there may need to be a change in responsibility.



Picture: Over-capitalisation exemplified in dis-used fishing vessels has to be addressed.



For centuries it was assumed without proof that guilt was a valuable, perhaps even an indispensable ingredient of the civilised life. When the word *responsibility* is used do we ask people who utilise a common resource like the fishery to be more responsible? "*Responsibility is an attempt to get something for nothing*" (Hardin 1968). Newfoundland may have to develop new social arrangements to form the responsibility needed to solve the problem of restructuring the fishery. Maybe '*responsibility*' is the answer to the Great Big Sea's question of '*How do you make something out of nothing?*'

Part of a new social arrangement must be an attitude change in seeing the fishery as an ecosystem. Assuming that ecosystem dynamics will be better understood early in the next century, a much broader set of management options will be available (Alverson 1993 p.91). The status quo seems unacceptable. What may be needed is a new approach to examining not only the fishery, but ourselves.

The term 'crisis' has a strict technical meaning to economists. It means that point beyond which unwanted economic events are inevitable. The inevitability of disaster, has a direct and often very valuable impact on the speed and spread of ideas (Scott 1993a). Crises can be very valuable. Many communities have been enriched and transformed by crises. But many communities have been destroyed by crises as well, if the tools for meeting and resolving it are missing. Newfoundland is in a crisis. It can recreate or destroy itself. It can be knocked down like the redundant fishplant, or recreate it into something new...but what?

The opportunities out of the crisis assume that we know what to do. When we do not know what to do, I would suggest that we have to look ourselves.

Overall, the case of the Newfoundland fishery seems to express the complexities and ambiguity of a business ethics dilemma. Its importance, to my own personal intellectual development, has been invaluable. I would hope that people will now begin to view this case and other cases of restructuring as dilemmas within the sphere of business ethics as much as any other field of business studies.

#### **The Issue of 'Context' within the Thesis.**

The case study of the Newfoundland Fishery may be seen as heavily dependant on time and space. A 'present day' ethical dilemma is occurring in the fishing industry in Newfoundland. This dependence on time and space may hold for most dilemmas within business ethics. Ethical dilemmas in business seem to be shaped by contexts. The time and space - that is, the context - in which we are living may now require tools for ethical analysis.

For example, take the issue of 'post-modernity' for explaining the context within which business ethics operates and the possible need for analytical tools. Post-modernism as an emerging social theory, may still be seen as indeterminate and problematic. What is it? All we know is that it is not modernity (Crook et al. 1992 p.2). Are advanced industrial societies post-modern? Not necessarily but, empirical questions aside, I would tend to agree with Bauman (1988 p.811) that

"postmodernity...is an aspect of a fully fledged, viable social system which has come to replace the 'classical' modern capitalistic society and thus needs to be theorised according to its own terms". This may have large implications to not only understanding the case of the Newfoundland fishery but the subject of business ethics itself.

Business ethics may also therefore need to be theorised according to its own terms. It may be understood, as Ramussen (1993) and Nielsen (1993) have argued, as a post-modern subject. Yet, the context of 'post-modernity' may not be understood or addressed. The response to most 'macro' business ethics issues, for example, seems to be to implement legislation exemplified in the European social charter and the 1992 United States sentencing guidelines. The implementation of legislation may be seen as a 'modern' response to a 'post-modern' problem. The legislation seems to, however, have come before the theorising. The context has not yet been understood.

Why should we now require the tools for ethical analysis? Moreover, why should we emphasise ethical analysis in business? Is business ethics a phenomenon of *fin de siècle* thinking as outlined in chapter 5 or simply something which will run its course as more aggressive legislation is implemented to curb the excess of business organisations operating in an era of deregulation and restructuring? The perspective of needing increased legislation may be seen as naive and does not seem to understand the sociological implications of the era of post-modernity where business organisations exist and function. It does not understand the

context. It seems to be exclusively a micro-level solution for what may be considered a subject consisting of not only micro but molar and macro levels of concern.

The development of the *Comb* and this thesis, may be seen as an attempt to theorise business ethics which may be operating within the *fin de siècle* spirit and, moreover, post-modernity. It may be an attempt to understand the context. Differentiation, rationalisation, commodification, hyperorganization, for example, have all combined to pull the importance of business ethics out of the wood-work. As Crook et al. (1992 p.187) relate:

*The post-modern organisation has no centrally organised rational system of authority on which spatial metaphors as 'hierarchy' can be placed. It becomes a shapeless and flowing matrix of shifting and flexible exchanges, a federation of organisational styles and practices each surviving on its capacity to respond to demand.*

This 'shapeless' and 'flowing' may result in the need for a more comprehensive ethical analysis to manifest how business organisations and individuals function in dilemmas which modern capitalism presents. In the 'shapeless' and 'flowing' organisation, things are not as certain. Ethical norms and values may not be as determined as before. The *Comb* may be seen as offering the beginnings of a more comprehensive ethical analysis in order to reflect on what new ethical norms and values might be for the near future.

As it begins to 'sort' and 'arrange' the tangled mass, one strand at a time, there may be a consistency gained within the analysis through using the *Comb*. This

consistency within the analysis may be seen as important because ethical issues in business ethics are becoming increasingly significant. An argument may be presented that the capitalist system is causing a decline in our lives. Business organisations, by having to be more competitive than ever before, are having to increasingly cut corners resulting in ethical quandaries. Ethical dilemmas may be more important than ever. The time may have come for a new way to analyse the ethical dilemmas in business. 'Single', 'unitary' theories and methods such as intuition, deontology, consequentialism, are for the old generation. They belong to modernity. We may not be post-modern but it would seem self-evident that we have entered a new age. An age where values and assumptions are shifting. The need to understand, to reflect on what is occurring, seems to be obvious. But, at the same time, an understanding of the context seems to be called for. This would mean that research methods which consider and understand contextual issues such as qualitative and ethnographic approaches may be more applicable and desirable than ones which isolate issues in business ethics from their context such as anonymous surveys. Methodologically, business ethics research may have to put more emphasis on issues of time and space. However, issues of 'culture' and of the difference of ethics over time may have to be considered within a 'contextual' approach. But, once again, I believe that atomistic individualism, seen so often in business ethics research, has to be replaced with the understanding that the business organisation functions in a community and an environment which have to be considered when examining ethical issues.

### Putting 'Theory' into 'Practice'

Aristotle believed that all theory was practice - *Praxis* and theory were inseparable. Business studies, it is consistently argued, by many may be seen as a practical subject. Undergraduates and MBAs study what makes the business world operate - finance, accounting, marketing, operations, organisational behaviour. Since business ethics is on a business school's curriculum, is business ethics therefore a practical subject?

The normative context from which business operates may be seen as substantial. To take a very liberal view, a business organisation which employs or supplies us can do so much good for our individual and collective lives. Business gives us the subsistence from which to live. Jobs gives us a sense of worth because we are actually spending our time doing something productive. Industry develops products which we need. The business organisation may have enormous influence as the centre point of our western, capitalist economy. It may be seen to 'normatively' do a lot of 'good' things.

But does it have the potential for doing negative things - that is - does it have the potential for actions which may be deemed unethical? Clearly the answer is a resounding yes. From insider trading to deciding to relocate plants from small communities because of tax advantages, from destroying not only confidence in markets but also communities, business organisations have the potential to act in

an unethical manner. Does business ethics tell business organisations and people what to do in light of this behaviour? Yes, there has been a substantial prescriptive tradition within the field but, more importantly, business ethics may be seen as the study of the *normative impact* of business in our lives. Business ethics is not only the study of the *negative impact* of business organisations and decisions but also it allows us to reflect on the *positive aspects* as well. Normative can clearly be both 'good' and 'bad'. In focusing exclusively on the negative aspects of business ethics, there seems to have been a relative absence to regard the potential of the organisation as a positive change agent. There may have been an absence of reflection. Business ethics is therefore not an oxymoron because it basically may be seen as the normative impact of business organisations and industry upon our life. It may also not be seen as a 'management fad' because normative issues in management, once debated and considered, are not going to suddenly disappear.

What the thesis has attempted to provide is a method to analyse issues and dilemmas where the normative consequences are unclear. The questions generated by the *Comb* may be seen as being more important than the answers. The *Comb* may be seen as an attempt to put *theory* into *practice*. Specifically, using theory to analyse the case of the Newfoundland fishery.

Beyond the thesis, the *Comb* may be seen as a tool to encourage reflection, especially when problems of 'bias' arise. Bringing it down to an organisational context, would I want a person to take out the *Comb* to reflect on their actions every time they are faced with a decision which has the remotest ethical

consequences, for example, taking a pencil home from the company? No. The loss of productivity and amount of time spent analysing cases would be unprofitable and unproductive. While not implicitly liking codes of conduct, there is a recognition, on my part, that they serve as a useful heuristic in the everyday life of an organisation. What the *Comb* may be meant for is situations, cases and dilemmas which are not as clear. Where codes of conduct, the law, conscience, whatever means of analysis, are inadequate, the *Comb* may be seen as an attempt to 'sort' and 'arrange' the knotted fabric. It is an attempt to establish reflection. The *Comb* as a tool for analysing dilemmas in business ethics may be seen as having one major advantage which may possibly make it a worthwhile contribution to knowledge over the other models in the field - simplicity.

The *Comb* at its core may be seen as a simple model. It does not have diagrams, computer programs or language which is unintelligible to me. What can be more simple than the technology of a *Comb*? It is an age-old device known across the globe. It is possible to cut off your all your hair but sometimes that it not practical or fashionable. The *Comb* may be a simpler model than constantly referring to specific paradigm cases, seen in some philosophical approaches like casuistry. It may not be as abstract as using a sophisticated philosophical instrument like Rawls' Reflective Equilibrium. It seems to transcend the limitations of the law for the need to refer to precedent and jurisprudence principles. It attempts to make up for the limits of intuition by grounding the analysis in common terms and language. And, because of this, it may be seen as much easier to understand than other single abstract philosophical theories. It may bring 'theory' in business



ethics, into 'practice'. We have all seen and used a comb - a simple instrument for 'sorting' and 'arranging' our hair. A reasoning process which is like a *Comb* may be 'metaphorically' easier to understand than a legalistic or single, philosophical, theoretical, approach to a case study or dilemma. The *Comb* seems to have some validity as a reflective, 'metaphorical' model.

To reiterate from Chapter 5, essentially the *Comb* seems to be a valid model for my use in analysing the case of the Newfoundland fishery. There are a number of reasons why it may be seen as a valid model. It may be seen as developing reflexivity through posing of questions rather than looking for answers. Through grounding the questions in moral philosophical theory, it allows me to reflect on the dilemma while still being intimately involved with the context of the case. It allows for some 'detachment' within my 'involvement'. Although other approaches to examining ethical dilemmas in business, including intuition and codes of conduct may be seen as adequate in a limited sense, they do not account for the plurality of perspectives and approaches seen within the field of business ethics. The *Comb* may be seen as a more comprehensive approach to examining an ethical dilemma. Most models seen within business ethics seem to have limited use in reflectively analysing cases; they are concerned with measuring behaviour or making decisions. The 'ethical' context behind the decisions and behaviours may be overlooked. While ethical checklists, such as Nash's, may provide some element of reflexivity in analysing a simple dilemma its use in a more complex one may be limited by the 'yes' or 'no' phraseology of its questions.

The *Comb* as a 'metaphorical' model combines an understanding to the reasoning process, which comes from using the concept of a 'metaphor', with the deductive capacity through the use of literal language. The *Comb* may also broaden the perspectives and approaches to examining a dilemma in business ethics and particularly the case of the Newfoundland fishery. It may be seen as 'broad' enough to identify issues on the periphery and through attempting to apply the 'metaphor' of the comb, there may be an understanding of the apparent need to systematically '*comb through*' a dilemma.

#### **Philosophical Implications**

Since the *Comb* is based on modern ethical theory, there are some implications to the field of moral philosophy which should be brought forward in the Conclusion. First of all, it is important to set the context of the thesis again. I am not a philosopher. I am someone who attempts to use philosophy to solve problems. In this thesis, the use of philosophy has been seen in the form of ethical theories being used to solve the problem of the paucity of analysis in a business ethics dilemma. The distinction between being a philosopher and using philosophy is small but important. In philosophy there are some substantial debates which would have had further implications to this thesis if there had been time and space to address them. The question of moral realism, particularism versus generalism, is there such thing as a moral theory, are all examples of debates within philosophy which have not been directly addressed in the thesis. I am more than happy to use the analogy of punting the ball over to the philosophy department

and letting my colleagues there deal with it. Philosophy, in the thesis, has been used to solve problems for pragmatic purposes, not engage in it for its own sake. In this manner, philosophy may be seen as the under-labourer, building the foundation upon which we can develop our intellectual edifices. Too often it seems philosophy has been disregarded as a practical subject. The abstraction of analytical philosophy, with its complicated language and logical structure, means that the practical implications which philosophy may hold, in establishing reflective thought and providing further insight to dilemmas, may have been forgotten. Philosophy has become the domain of the professional philosopher and sometimes it seems they want to exclude others from the field. Philosophy does not always have to be the domain of the philosopher king. It can provide a useful medium to build our insights, thoughts and arguments. Philosophy has been used within this thesis to generate the questions for the reflective analysis. Hopefully, beyond the thesis, the questions will prove useful to others.

From a philosophical standpoint, what has been done in producing the *Comb* may be considered somewhat dangerous. One of the greatest benefits of the *Comb* - its systematic simplicity - may be seen as one of its greatest dangers from a philosophical point of view. Ethical theory is not simple. It is a complicated, intricate web of abstract thought with a great many unresolved issues. The plurality of ethical theories - exemplified by the five strands used with the *Comb* - point to the lack of one general, universal theory. Ethical theory is not simple, yet there has been an attempt to make it simple in formulating the questions for the *Comb*.

A second major issue in ethical theory which has not been directly addressed is reductionism. The model of the *Comb* has attempted to reduce the arguments and plurality of theories seen within ethics down to a number of questions. This may not represent the reality of the field of moral philosophy, with its incredible complexity, for the issues and facts moral philosophy deals with are very multifaceted. The questions generated by the *Comb* do not represent the whole of moral philosophy, but it does seem to reduce all of the field down to a specific number of sections and questions. What the *Comb* may represent is an attempt to improve business ethical analysis. For example, debates within consequentialism may be seen as quite extensive and complex manifested in questions of hedonistic versus economic utilitarianism. Do the three questions consequentialist/utilitarian generated by the *Comb* reduce the field unfairly? Probably yes but at the same time it may be seen as providing the basis for a consequentialist approach to philosophical analysis.

One of the central features of the thesis which may distinguish it being a business rather than a philosophy one, is the willingness - albeit a reflexive willingness - to engage in reductionism and simplification to create the *Comb*. Essentially, it would seem better to have a model than to have none at all despite its problems in terms of the philosophical development of ethical theory.

However, the thesis does not lack any potential philosophical value. The questions generated by the *Comb* still have the possibility of being analysed from a

philosophical standpoint. The question then becomes whether these are the '*right*' or, more importantly, the most appropriate ones to be asked from each respective theory. The answer may lie in a philosophical analysis of each of the questions - potentially an avenue for conducting further research.

The final implication of the thesis may be the role of the 'metaphor' in philosophy. Too often in ethical philosophy there seems to be reference to imaginary, literary or hypothetical examples. Theories, exemplified in Rawls' concept of reflective equilibrium, may be seen as complex and difficult to explain to a non-specialist audience. Instead of using non-substantive examples to explain and promote various ethical theories, a potential avenue for further research may possibly be the philosophical implications of using metaphors. The use of metaphor may also have a substantial impact upon methodological issues within business ethics.

#### **Methodological Implications**

Beyond the philosophical implications, there are a number of methodological questions to the *Comb*. While the *Comb* seemed useful for the analysis and research of the Newfoundland fishery, the question remains as to whether it can be made better?

First of all, the order of the questions needs to be addressed. There were no explicit considerations as to how to order the questions when developing the *Comb*. The order was as follows:

- 1. Egoism**
- 2. Deontology**
- 3. Utilitarian/Consequentialism**
- 4. Social Contract**
- 5. Rights/Justice**

A question remains as to whether this order was the best approach in using the *Comb* for analysis and research. Obviously, it would be useful to say that the *Comb* does not have an end or a beginning. In essence, it could be argued, you can take one 'tooth' such as deontology and start the analysis with it. Unfortunately, in practicality, how does one decide which *tooth* to use first? If you are not a trained philosopher, then how does one intuitively know whether this case is more about deontology than utilitarianism. This rank ordering is an implicit problem with the *Comb*. Hopefully, by going through a consistent and comprehensive analysis, then the order may not matter. In the example of the Newfoundland fishery deontology and rights/justice approaches are not so important, as they potentially are in other cases. Issues such as these should become evident within the analysis.

In practice, is this rank ordering a problem? Through starting the questions from an egoistic perspective, 'self-interest', does an agenda form which may not be as useful as beginning with another theory?

As outlined in Chapter 4, egoism is seen as a problem rather than a normative, philosophical theory by Bowie and Beauchamp (1987). Also outlined in Chapter 4, egoism is referred to within the literature as a valid approach. In constructing the *Comb*, I took the viewpoint of egoism being a valid approach to examining a dilemma. By starting the analysis and asking questions from an egoist approach to the stakeholders within the Newfoundland fishery, did a danger arise that I was giving egoism too much prominence? Although it may be seen as a valid, moral philosophical theory, it was still the most problematic of all the approaches. Also, when I was doing the interviews, I found through first starting to ask people what their self-interest was, it was difficult for them to take a more 'broader' perspective. The same may hold true for the analysis. If you look at the analysis in Chapter 6, there was quite a substantial section on egoism, maybe even the largest out of any other of the approaches. Is the Newfoundland case really about self-interest? Is it really, intuitively, about egoistic concerns? Yes, self-interest, exemplified in the tragedy of the commons and issues of privatisation, did have a prominent role within the case and its analysis. But, by changing the order of the questions, I believe its importance may have been somewhat diminished.

So, which theory does one begin with?

The importance of stakeholder theory was discussed throughout the thesis. It was argued that stakeholder theory may be seen as implicit within any business ethics analysis. Considering the importance of stakeholder theory in the literature (cf. Donaldson and Preston 1995; McCracken and Shaw 1995; Conry 1995; Robertson

and Ross 1995; Mayer and Cava 1995) as well as contextual issues in business ethics. I would argue that the theory which should start the analysis would be social contract perspective.

As outlined in Chapter 4, social contract theory may be seen as gaining increased importance within business ethics. Especially in North America, with its emphasis on legality and litigation, the relationship of business to its stakeholders may be explicitly described in regards to a contract. This viewpoint is even starting to gain a foothold in Europe with the emergence of the social charter. Social contract theory offers business ethics a "realistic, contextual basis for making normative judgements" (Dunfee 1995 p.170). There may also be a growing link between both stakeholder and social contract theory which makes it attractive (Dunfee and Donaldson 1995 p.173). Keeley (1988) argues that organisational reality is a series of contracts between individuals, both voluntary and non-voluntary. The social contract approach may also have links to the role of metaphor through the 'contract' being an appropriate 'metaphor' for the relations between the firm and its stakeholders, with the firm being seen as a 'nexus of contracts' between itself and its stakeholders (Jones 1995 p.407).

There may be some opponents to social contract theory. Solomon (1994 p.273) argues that it is 'ahistorical' and that it does not recognise "it is itself the product of very special (and quite unhappy) historical circumstance, the disintegration of the commons, or in business, the moral collapse of the traditional notion of the corporation" and Olson (1995 p.371) objects to social contract theory arguing that



'it suggests, almost always falsely, that the primary relations involved are primarily contractual. This is a sure way to misunderstand the notion that corporations are communities.'" But there seems to be much value in having social contract theory as the first tooth in the analysis. Social contract theory may have much validity as a principle-based moral philosophical theory at least through broadening concerns beyond atomistic individualism. It may have much value in expanding the scope of analysis beyond the individual and into the communities within which business operates. Social contract theory may further promote the benefits of a stakeholder approach and, at a minimum, foster the idea there are fiduciary duties through the form of a contract to some of these specific stakeholders.

So, in essence, social contract theory should be the starting point of the *Comb*. I would even argue that the more 'macro' theory of rights/justice should be placed second. This would decrease the importance of seeing the individual businessperson or organisation as isolated from their surrounding community. I would also re-arrange deontology and utilitarianism, from a pragmatic viewpoint, since rights/justice may be seen as quite close to deontology and there may be a desire to skip through that part of the analysis. So the rank ordering would then be.

- 1. Social Contract**
- 2. Rights/Justice**
- 3. Utilitarianism**
- 4. Deontology**
- 5. Egoism**

While this would seem a minor change, I would conclude that it may improve the analysis when the *Comb* is used to analyse other cases and dilemmas within business ethics.

### **Is the Search Over?**

Beyond the implications, both philosophical and methodological of the thesis, the question remains as to whether the principle-based modern moral philosophy seen in the *Comb* is the only or the best method in analysing a dilemma within business ethics? Even though egoism may have a lesser role through changing the rank order of the *Comb*, how are self-interest and examining a dilemma from a reflective viewpoint reconciled? Is this essentially a problem of bias? Do self-interest and reflexivity need to be reconciled? The articulation of what exactly self-interest is would manifest a much clearer ethical agenda for business. Theoretically an alternative viewpoint to viewing self-interest from a 'negative' perspective may be found within eco-feminism and deep ecology. Virtue theory may also seem to provide a more realistic approach for business to reconciling self-interest and reflection.

In choosing the theories to be featured within the *Comb* only principle-based theories from modern moral philosophy were to be used. These type of theories were believed to be easier to operationalise and use within the analysis. Although a relatively pragmatic approach was used in choosing specific theories, the broad general categorisation of 'principle-based' theories may be questioned in regards

to being solely adequate. MacIntyre argues that both formalism and utilitarianism offer 'a rational veneer to emotivism' and Horvath (1995 p.514) goes even further to argue that since "principle-based ethics cannot provide an adequate theoretical foundation for business ethics, then much of the work done so far appears to be built on sand". Unlike the Cavanagh et al. (1995) model, the *Comb* had no space for discussion of the use of an ethics of 'caring' which usually refers to the work done by feminist authors in regards to the inadequacies of 'principle-based' approaches. The same holds true for approaches which use virtue ethics such as Solomon's work. While I still would argue that a principle-based approach may be utilised and prove adequate in reflection on a dilemma within business ethics, an 'ethics of caring' as well as 'virtue theory' may be important in trying to implement within the model. Instead of functionally asking questions from a 'caring' or 'virtue' theory perspective, maybe alternative 'metaphors' along the lines of the *Comb* may be developed. In regards to alternative 'metaphors', maybe a 'Mirror' in reference to eco-feminism because it expands the notion of self. A possible 'metaphor' for understanding virtue theory as a medium of business ethics analysis would be the 'umbrella' - if you used it, that is 'strove for excellence' all the time, you would not get 'wet' and into trouble. Obviously, this is very tenuous and needs much development along with the use of metaphor in the *Comb*. Developing alternative 'metaphors' within business ethics may be seen as one of the theoretical challenges for doing further academic research beyond this thesis.

The thesis had two main goals of attempting to develop a reflective, analytical model and using it to analyse the case of the Newfoundland fishery. In this it seems to have been successful. In regards to further research, it would be interesting to apply the *Comb* to more 'concrete' dilemmas within business ethics - issues of foreign investment, bribery and other cases of restructuring where the story has already written itself. It would be interesting, as well, to try and use the *Comb* beyond a case study methodology. Having managers try and use the *Comb* to analyse dilemmas they encounter in work would make for an interesting 'behaviourist' study. There are a lot of ideas for further research which may come from the thesis. The question is whether the time resources and energy are there to do it. The *Comb* and the case of the Newfoundland fishery were developed and analysed for very personal reasons as outlined in the Prologue. The passion which I felt for the subject made it worthwhile, but do I want to take it any further? I have been very 'involved' with the research. Have my questions have been answered? For my own intellectual development, the *Comb* and the thesis have been a success. It has provided some 'detachment' within my 'involvement'. It has let me begin to understand the subject area of business ethics, and the dilemma of the Newfoundland fishery. The search is not yet over, it has just begun.

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