

Notat 18/2003

Lars J. Halvorsen

Profit Orientation and Altruism in Economic Life

The Presence of Profit orientated- and Altruistic Goals in the Business Strategies
of Small-Scale Salmon Farmers

Paper to NOLD Conference in Tromsø, 23. – 27. April 2003

Lars J. Halvorsen

Profit Orientation and Altruism in Economic Life

The Presence of Profit orientated- and Altruistic Goals in the Business Strategies
of Small-Scale Salmon Farmers

Paper to NOLD Conference in Tromsø, 23. – 27. April 2003

Notat 18/2003
ISSN 0805-8075

Høgskulen i Volda Møreforsking Volda

2003

Forfattar: Lars J. Halvorsen, Møreforsking Volda
Ansvarleg utgivar: Møreforsking Volda
Trykk: Møreforsking Volda
Opplag: 20
Distribusjon: Haugen Bok, 6100 Volda
Tlf. (ISDN): 70 07 45 00. Faks: 70 07 45 50
E-post: ekspress@haugenbok.no
Gnist Møre Volda, P.b. 278, 6101 Volda
Tlf. (ISDN): 70 07 53 85. Faks 70 07 53 86
E-post: sfsbok@hivolda.no

Om notatserien:

Notat er ein serie med ulike slag publikasjonar av mindre omfang, t.d. forprosjektnotat, foredrag, artikkelutkast o.a. Eit hovudføremål med serien er å stimulere til publisering og fagleg debatt i miljøet. Spreiinga går i hovudsak til fagmiljøet i Volda, til eksterne fagmiljø og personar som forfattar(ar) ønskjer kommentarar frå. Kvar forfattar er ansvarleg for sitt arbeid.

Introduction

Economic life has been approached from a wide array of theoretical traditions each with both strengths and weaknesses. Most economics employs a stringent and precise set of concepts. At the core of this approach lies the understanding of the individuals as rational actors with “*the propensity to truck or barter a thing for another*” (Smith 1991: 19 [1776]). This “economic man” has an a priori preference to maximize profit. Economists do in some degree take account for other goals than pure economic profit. These are however governed by self-interest. More altruistic motivated goals are declined.

The sociologist Mark Granovetter counters this argument. In his opinion

“Economic action is socially situated and cannot be explained by reference to individual motives alone. It is embedded in ongoing networks of personal relationships rather than being carried out by atomized actors.”(Granovetter 1992:9).

This argument emphasizes that economic actions are not fundamentally different from other forms of social action, or more precisely “*economic action is form of social action*”. (Granovetter 1992: 6)

This paper will discuss the presence of **profit and altruism** in the preferences and strategies of small- scale economic actors. Small-scale economic actors often differ from larger companies in their embeddedness in a specific place, social network, and culture. From interviews with small scale salmon farmers, I have chosen three firms as subjects for this discussion. These firms have been chosen because they represent 1) one of the most profit orientated firms in my material, 2) one of the least profit orientated, and 3) a firm with generational (father- son) differences related to this issue. They will be labeled Firm 1, Firm 2, and Firm 3.

The main purpose is to discuss the foundation of their choices in relation to theories in the fields of Economic Sociology and Transaction Cost Economics. The concepts of **profit** and **profit orientation** will be used to describe pure economic interests. **Altruism** or **altruistic behavior** refers to preferences or goals that are not related to the actors self interest, but instead, are directed to promote a more common good. This paper will (1) present these two theoretical approaches, (2) give a brief account of the history of the Norwegian salmon farming industry (3) present the three firms, and (4) discuss these examples related to the two theoretical positions.

Approaching economic action: Transaction Cost Economics versus Economic Sociology

Oliver Williamson is one of the most prominent representatives of the present day economic approach to the field of co-operation, acquisition, and merging between firms. He presents a theory of transaction costs that stresses the economic transaction as the central unit in the study of economic activity. According to Williamson, there will always be costs related to the transactions in addition to the narrow commodity cost. Hence, the total cost of attaining a commodity is the sum of the commodity cost and the transaction cost. The firm strategy rests upon this calculation, when they decide between vertical integration, spot trade or some in between solutions as their preferred strategy (Williamson 1994, 1993, 1985). Williamson undoubtedly offers an insightful approach to firm strategy, but has been met with a significant amount of criticism from the field of sociology.

This approach agrees in the assumption that rational interest in the Smithsonian meaning of the phrase plays a significant role in the determination of which strategy the economic actors will tend to choose, but argues that a lot of other interests and restrictions also govern their actions. Fred Block argues that the economic sociological approach, avoids the main error of the narrow economic approach; failing to consider the market as a place or social arena in addition to an economic mechanism. Hence, the individuals interests are not simply economic rational:

"In short, the existence of nonopportunistic behavior is evidence of embeddedness, of the power of noneconomic variables, such as the norms of a particular community or the strength of their personal ties to others." (Block 1990:55)

A source to this disagreement is the assumptions about the human nature. Williamson argues that man is opportunistic by nature. This implies that the actor will use *"guile in pursuit of one's own interest."* (Williamson 1994:81) This assumption necessary excludes altruistic behavior from the economic field. Fred Block represents another stand in this anthropological debate:

"Bonds of personal loyalty or other noneconomic motivations often play a critical role in agent's performance of his or her duties." (Block 1990:53)

Although disagreeing upon the existence of non-economic preferences in the economic field, both Transaction Cost Economics and Economic Sociology shares the assumption that the institutional environment matters. However the two approaches differs regarding to their presuppositions about what governs the structure in a market with uncertainty and potential risk. While the problem of trust is solved through integration and hierarchy according to Williamson, the sociologist Mark Granovetter postulates networks and personal relations as the governing mechanisms.

These two theoretical approaches will necessary result in different assumptions about how the three salmon farmers will behave. Following Williamson the economic actors will be self-interest seeking and profit maximizing in all circumstances.

Following the economic sociological approach, the actor's choices will also be influenced by social and cultural variables. As a result:

1) The presence of non-economic motives will vary with the degree of embeddedness in a social network, place, and culture.

2) In situations characterized of a large degree of embeddedness, economic actions are more likely to be altruistic motivated than in situations characterized with a low degree of embeddedness.

A brief introduction to the case

The history of the Norwegian salmon growing industry

The first aquaculture of some significance in Norway can be traced back to the early 1960's. (Osland 1991, Berge 2002, Berge and Bjarnar 1998). Both the Government officials and potential domestic investors failed to see the potential of the industry at this stage. Through the development in the 60's and 70's the Norwegian sea farming industry became a small-scale, coast based industry, with the western part of Norway as a geographical center (Berge 2002: 37). The salmon farmers developed close personal connections to each other. This resulted in a relatively free distribution of information about technological innovations, which in turn triggered a fast technological development in the Norwegian salmon industry as a whole. This property is still present amongst the smallest sea farmers, though not as significant as in the early years.

The small-scale structure came under heavy attack from both the liberal oriented politicians and capital- intensive investors during the 80's. Berge (2002) identifies to major development trends:

- 1) A more serious interest for the industry from larger industrial companies especially from 1983-84. This caused a great pressure against the legislative restriction on entrance into the industry.
- 2) A stronger commitment in aquaculture from several of the Norwegian research foundations like NTNF, NTH and SINTEF. These institutions have mainly been connected to large scale industry, giving the liberalistic forces the opportunity to vegetate on the scientific narrative about the sea farming industry as competence-, and hence capital intensive (Berge 2002:228).

During the more liberalist oriented 80's, neo-liberal arguments found more fertile soil in wider arrays of the political field. The gradually development through the 80's represented a change in dominance from the centrifugal to the centripetal forces. The legislation was moderately changed in 1985, opening the entrance into the industry for the industrial giants. In the late 1980's this caused overproduction, resulting in dropping prizes. Later the same year several happenings coincided, causing the bankruptcy of the sea farmer's sales organizations, FOS. This was a devastating stroke for those firms with outstanding accounts. In the period from 1990- 1992, 40% of the Sea farming firms went bankrupt (Berge 2002).

The Norwegian production control through a limited number of concessions turned sea-farming concessions into a scarce resource. With financing from external activities, larger companies like Stolt Seafarm and Hydro Seafood grasped large parts of the installations and concessions in the industry, thus expanding through buying their smaller competitors. The authorities that considered horizontal and vertical integration as the best strategy to make the industry profitable encouraged this development. Today the salmon industry is characterized by fewer and larger, vertical integrated companies. From their size, they gain advantages in production and administration, in addition to more bargaining power in relation to their suppliers and customers. Vertical integration makes the companies more robust in handling

prize fluctuation along the product chain, and enables them to offer greater and more predictable deliverances.

The remaining small salmon farmers can compensate some of these economies of scale with advantages from being smaller and thus more flexible, but this doesn't seem to be enough. To meet this challenge, some of the remaining small salmon farmers cooperate. This has proven successful to such a degree that it has become the most common strategy amongst the small scale sea farmers. This paper's empirical base is interviews with members of a network of cooperating salmon farmers, called HAVdyrkerne (The Sea farmers).

The founding and development of Havdyrkerne BA

HAVdyrkerne was founded in 1995 by 8 small family owned salmon farming firms (owning 11 concessions). The main purpose in this enterprise was gaining negotiation strength in the purchasing process through the members combined size. The organizational form is a cooperative society with one employee. His main task is to negotiate prizes, organize the common activities in the network and generally supply the members of the network with information about development in the industry, new technology etc. Since the beginning HAVdyrkerne has grown to about 25 members owning 20 concessions for producing salmon, and 9 licenses for producing fry. (1 concession gives the right to produce about 750 000 kg salmon or trout). The members are located in Sogn og Fjordane, Hordaland, and Møre og Romsdal. In this period of time the network has developed a common quality tracking system, a benchmarking system, they are going on promotion trips abroad together on a regular basis, and they arrange a lot of professional as well as social activities. This creates an arena where some of the members can find partners for projects outside HAVdyrkerne. In one particular case, two of the members have integrated their farming, thus gaining economy of scale. There are also examples where some of the members have used the network to recruit partners for joint ventures. Other cooperation forms are looser. There are lots of examples where two or three members are negotiating prizes together outside the networks common agreements. HAVdyrkerne not only allows these cooperation forms to take place, it also encourage them and supplies an arena for them to develop. The informants emphasize that knowing and trusting each other as a consequence of years of successful cooperation is a necessary condition for integrated farming or investing together.

Three selected cases

Firm 1

The owner of firm 1 is about 40 years old and has been working in the industry since 1980. He established his firm in 1986 and has expanded the production through buying insolvent neighboring firms in the early 90s. Firm 1 is one of the largest in the network but is rather small compared to the size of the large companies in Norway. The owner was also one of the animators who founded Havdyrkerne. The main motive, he says, was to "*gain bargaining power in negotiating prizes through the members combined strength*". This is, in my opinion, clearly an economic motive. He also adds that: "*It was also supposed to be something that tied the salmon farmers together.*" Arguably this second motive was not orientated towards pure economical gains. After the great reductions of small sea framers in the early 90s, the social arena for small firms provided by the NFF (Norwegian Salmon Growers Association) for the remaining salmon farmers was transformed. The owner of Firm 1 tells us:

"When we got the first concession in 1986 there were 70 concessionaires in Sogn og Fjordane. When there was a meeting at Sunnfjord the whole hall was filled. There were 140 owners representing 70 concession-owning firms. Today the whole production in Sogn og Fjordane is represented by no more than 20 persons."

HAVdyrkerne, I will argue, has in some respect replaced NFF as a provider of a social and professional meeting place for its members.

Statements as, *"it is the group that matters"*, shows tendencies of a group oriented thinking. Arguably it will be in his firm's interest if the network is gaining profit, but still he focuses upon how the group is performing, not his firm. I find more support in the interview for such an interpretation. When it comes to purchasing equipment and selling the salmon the empirical data shows a predominant presence of profit orientation. There is however one important exception from this trend. Two years ago Firm 1 made large investments in new installations. In spite of significant greater costs the contract went to a local firm. One could argue that this could be due to better service or quality, which could compensate for the prize difference. From interviewing other informants however, I've got the impression that this type of equipment seldom needs any service. It is also an investment that one seldom makes so this isn't a kind of transaction that happens very often, in which the informant potentially could profit from being on a good footing with the supplier. When asked about his choice in this matter the informant answered:

"Yes it was a great investment. <...> There haven't been sold to any other company because they [the equipment] are too expensive compared to manufacturing them in Eastern Europe. These were produced locally."

If the quality of the equipment were so much better that it would compensate for the extra prize, it would be plausible to assume that other firms would have attained the same equipment. One of the other informants cast some light over this transaction:

"I believe that the politicians have seen that small local sea farmers like X, Firm 1 and us are concerned about the local environment and the local economic life. As a result, they prefer us rather than big companies like Pan Fish [whose focus is on profit]."

I believe it is important to add that this investment was made in 2001, the year following the economic bonanza year of 2000, making Firm 1 able to disregard mere cost calculations. Håvard Teigen uses the concept "good enough strategy" as an alternative to profit maximization as the governing principle in economic action (Teigen 1998). This concept is similar to the concept of administrative man opposed to the concept of economic man (Amdam 1985, Støhr 1990). The administrative man will find a solution that works and then stick with it as long as it proves "good enough", while the economic man will be busy searching for the, at the time, most profitable strategy. It is also possible to argue that there is a presence of altruism in Firm 1's choice of supplier. Especially if I relate this transaction to the assertion from the other informant mentioned.

Summing up the findings I still find the informant from Firm 1 mainly profit orientated. Some choices are however hard to trace to pure economic self-interest. The main argument for establishing HAVdyrkerne is economic gains. However there are tendencies in the material of both group orientation and altruism. The group orientation takes the form of profit orientation on the group's behalf. In the last example I've problems tracing the choice to self-interest or the interest of the group. Though it is rather boldly on such a vague basis, I will argue that

Firm 1's choice of supplier, may be partly motivated from supporting local industry. This can be understood as altruistic behavior.

Firm 2

Firm 2 is owned and run by a married couple. It is located on an island with about 100 inhabitants. He started working as a fish caretaker for a salmon growing firm in 1978. She started working at same firm the year after. They continued to work for this firm until they applied for, and were granted a concession for their own in 1986. Though being invited to join HAVdyrkerne when the network was established, they hesitated to join the network. At this time Firm 2 had close connections to an export firm. The informants explains their decision at this point like this:

"We were doubtful. A lot of things were happening with the export firm we were selling to [fusion with an other company]. When Coast Seafood [an export firm partly owned by the first members of HAVdyrkerne] was established, we were very uncertain about what to do. The result was that we stayed with the exporter because we knew the firm and it had worked thus far."

This choice can be interpreted as economically rational if the uncertainty in the situation made a break with the exporter resulting in an expectation of loss compared to stick with it. There are also possible to argue that this is a "good enough strategy". In my opinion the last argument is the most plausible. One could also argue that the owners of Firm 2 acts risk averse.

In some types of decisions the informant's statements indicate profit orientation. When asked about the reasons for joining the network two years later, the informants stressed the cost reductions on negotiating fodder together. The data material also supports that decision when buying equipment, planning work, and choosing exporters to sell the fish through, is governed by a clear profit orientation. In these transactions the informants in firm 2 acts close to the assumptions made from the transaction cost theoretical approach.

Their choices differs more from what could be expected from a transaction cost approach, when it comes to the question about integrating the production in the network to gain economies of scale. I asked them whether it was interesting to give up some of the control if this meant that this would reduce the production costs.

"We are very fond of the freedom we possess today owning our own firm and being able to make the choices we want. We want to keep the autonomy that we have today."

This statement is strongly supported by the fact that the married couple turned away an offer of more than kr.30, - million for their firm. Confronted with this choice, the wife argues:

"For what do I need 30 millions? My goal is that my daughters one day will settle down on this island, have means of livelihood here, and contribute in creating a vigorous society out here."

The foundations of this argument cannot be traced to any economic motives. Being an autonomic salmon farmer seems to be a primary goal for the owners of Firm 2. The statement also shows another motive; giving their daughters means of livelihood on the island, thus being able to support the maintenance of a vigorous society on the island. In my opinion this shows a tendency of a presence of altruism in their choices. The interview gives more support for such an interpretation. When asked about their investments in some local firms, this answer was given:

“The reason for those investments is that we are very engaged in creating more jobs on this island. Maybe the most important reason to start x was creating more jobs. <...>We are so dependent on each other on this island that everyone is concerned about how the others are performing. This creates a loyalty to the local community. Jealousy is almost absent. If y [a competitor outside the network] performs well while we are having a bad year, we think it is great that at least some of us are doing well.”

This can be interpreted as tendencies of altruism, and even more clearly, community orientation. The informant describes a situation where everyone on the island is dependent on each other. It can be argued that if Firm 1 depends on the other firms on the island to be able to stay in business, the choice of establishing another firm, mainly to create jobs, can to some degree be in their self-interest. In my opinion the arguments show however a clear presence of both altruism and community orientation, not consistent with the assumptions made by the transaction cost theory about self-interest seeking actors.

Firm 2 is mainly profit-orientated when it comes to purchasing fodder, insurances, and equipment in addition to selling the salmon. When it comes to questions about giving up some of the autonomy or selling the firm, the informant is clearly not profit orientated. My impression is that autonomy and especially ownership of the firm is a major priority. In relation to the local community, they are not operating according to a cost benefit calculation. I will argue that there are altruistic motives for their investment in x. This gives empirical support to Block's claim that the market is a social arena in addition to a mechanism (Block 1990).

Firm 3

The founder of Firm 3 was one of the pioneers in the salmon farming industry. Today his son, who has been with the firm from the beginning, is the owner. I interviewed the present day owner's son, who also works in the family firm. Firm 3 joined HAVdyrkerne in 2001. The main reason was to reduce costs through access to the group's common agreements. The informant also emphasizes that being member of a network like HAVdyrkerne is very innovational. The members of the group share information about new technology and solutions of practical problems. When asked about there were any reasons not to join the network, the informant said that it was no reason for him not to join, but

“We have used Skretting [A fodder producer] in 30 years, and that laid deeply emotionally embedded in my father. But when we saw that there were that large prize differences, clearly we had to put emotions aside.”

The prize difference on fodder in this case was about kr300 000 a year per concession [Firm 3 have two concessions]. In addition, the cost reductions from other common agreements add up to about kr100 000. According to the assumption about the economic actors as “*self-interest seeking with guile*”, long traditions trading with one supplier shouldn't be taken into consideration. The fact that it does gives support to Granovetter's claim that “*economic action is embedded in ongoing networks of personal relations.*” (Granovetter 1992: 9) In this case, in spite of the emotional losses doing so, the profit from changing supplier was so large that the owner of Firm 3 chose to change. The informant's statement also indicates a difference in the degree of profit orientation between him and the father. This difference appears more clearly later in the interview as I asked the informant whether there are differences between him and his father regarding how they value autonomy.

“Yes of course. We are very different in that regard. If I were the owner of this firm I would have sold it two years ago. At that time we could have received kr 40 000 000 for each concession. In my opinion there would be impossible to yield a good profit from such an investment. The natural conclusion would be to sell. We discussed it. This Firm is my father’s lifework and he wanted to keep it out of emotional reasons. So we agreed that we should keep the firm. I fully respect his feelings about it, but to set things in a perspective, there is no doubt a difference between us related to this question.”

This statement exemplifies two trends in the interview material: 1) Quite a few regard being able to own their firms as a prominent goal. Four of the informants go even further to say that their firm is not at sale for any price. 2) Though the material is weaker on this issue, I find some support for the presence of a generational difference related to the degree of profit orientation. The “well enough” strategy is more prominent amongst the older sea farmers, than the “new generation” sea farmers, who have a clearer profit orientation.

I’ve found little support for the assumption that altruistic behavior is present in this interview. The assumption that non-economic goals operate alongside with profit is supported. There is however tendencies of a difference between the father and the son related to this question. I find some more support for such generation based differences in the rest of the interview material, but I don’t have enough data material about generational differences to draw any firm conclusion.

Discussion

Transactions

All three firms show an overwhelming degree of profit orientation when it comes to selling the salmon. Though having a long history of trading with the same exporters, they will consequently choose the exporter who offers the best price. This is to some degree also the case when it comes to purchasing fodder, insurance and other equipment from suppliers. This gives support to the assumption made by Williamson about the self-interest seeking actor.

There are three however three clear exceptions from this pattern:

1. The informant from Firm 3 told me about his father having difficulties changing fodder supplier. The reason he mentioned for these difficulties was that his father had been trading with the same fodder supplier for three decades. During these years there must have developed some sort of relation between him and employees at the fodder supplier. Granovetter claims that successful cooperation produces trust, which in turn encourage new cooperation (Granovetter 1985). There is plausible to assume that the relationship to a “businessperson” over the years have evolved into a friendship, creating a social obligation to keep up the business relationship.
2. The owner of Firm 1’s choice of a local supplier when upgrading its installations, can also be interpreted as a tendency of non-rational behavior. It is easy to assume that he knows the supplier and that this has influence upon his choice. An outside informant ascribes the owner a concern about the local economic life. This can be interpreted as altruism.
3. The married couple running Firm 2 invested significant amounts of money to found a local firm. The main argument is creating more jobs on their Island. From other informants I found support for their statement. It is hard to argue that this is an

example of a profit-orientated investment. I will argue that this shows tendencies of community orientation and altruistic behavior.

These exceptions from the profit orientation that seems to govern the most of their transactions indicates that some situation generates non-economic behavior. I will argue that a common denominator for these situations is a large degree of embeddedness. The first example treats a situation where the choice of fodder supplier is embedded in a close personal relationship. In the second example the decision maker chose a local supplier to support local industry. I will argue that this decision is embedded in a local community, and possibly also the social network, which Firm two is a part of. In the third example the owners of Firm 2 chooses to invest in a local firm with the main motive to support the local community. This decision is arguably embedded in the community the decision makers live and work in. The exceptions from profit orientation in transactions provide support for both the assumptions deduced from the economic- sociological approach: “ 1) The presence of non-economic motives will vary with the degree of embeddedness in a social network, place, and culture. 2) In situations characterized of a large degree of embeddedness, economic actions are more likely to be altruistic motivated.”

The value of autonomy

One of the most used phrases among the members of the network is “It is important to be my own master”. Firm 2 and 3 shows that this is not an empty phrase, declining generous offers for their firms. I will argue that this exemplifies a cultural property in the salmon farming industry, in which decisions regarding giving up autonomy are embedded. The result is, among other things, that further integration of the cooperation in the network is felt as a loss among most of the members. In Firm 2 and 3 this feeling is clear. Firm 1 on the other hand is the animator to a closer integration of the production in the network, arguing that this could enable the members to reduce production costs. His proposal was rejected by a large majority of the members of the network. The reasons given by the representatives from Firm 2 and 3 states that altruism is a prominent goal for the present day owners.

The owner of firm 1 acts as assumed by the transaction cost economics. Williamson argues that a firms strategy would rests upon a calculation of the production costs and transaction cost when deciding whether to integrate (Williamson 1993). Firm 1 arguably follows such a logic.

Firm 2 and 3`s choices are based upon another form of logic. For them it seems to be a prominent goal to own their own firm and be in control of the decisions concerning it. This is hardly an altruistic motive, but is neither profit orientated. Some economists have abandoned the assumption of profit orientation for the broader assumption of benefit orientation (Cyert and March 1992). This concept includes goals not measured in purely economic terms. The owners of Firm 2 and 3 clearly see autonomy as an important goal. This gives support to the assumption that “The presence of non-economic motives will vary with the degree of embeddedness in a social network, place, and culture.” Decisions concerning autonomy is arguably embedded in the cultural property amongst the small salmon farmers. Using the broader concept of “utility orientation” instead of “profit orientation”, these examples are neither in conflict with the assumption of man as self-interest seeking. Sadly I have no empirical based explanation why the owner of Firm 1 values autonomy different.

Generational differences

As mentioned earlier, Firm 3 is chosen to illustrate generational differences related to the degree of profit orientation. As mentioned earlier I interviewed the owner's son. In some of his statements he explained why his father made the decisions, meanwhile stressing that he would have decided otherwise. These statements have in common that his father's decisions was based on other criterions than profit orientation, in situations where he would have made more profit orientated choices. There are some tendencies of a generational difference related to this issue from some of the other interviews, but only a limited number of the interviews cover this issue.

One possible explanation of such a difference is that the younger informants have weaker connections to the industry. The father in this case has worked at the installation since he was 15 years old while the son has only been working at the firm for a few years. As a result the son aren't embedded in social networks, culture and the place in such a degree as his father. This explanation conforms to the assumptions deduced from the economic- sociological perspective. Another possible explanation is that this is caused by differences in generational specific cultures. Manuel Castells states that:

"Locally based identities intersect with other sources of meaning an recognition, in a highly diversified pattern that allows for alternative interpretation."(Castells 1997:60)

Following Castells argument, we can assume that the son is more disposed for adapting values from outside the industry than the father. I've however no empirical support for such an explanation. These theoretical explanations are not necessary in conflict. I would argue that Castells offers an explanation to a possible generation related disembedding process. In this regard the two theoretical approaches are complementing.

Conclusion

Among the three cases I will argue that the empirical material supports profit as the leading motive in situations where economical transactions are not embedded in a social network, place or culture. This logic applies to most situations; however, I find strong empirical support for both assumptions deduced from the economic- sociological approach. If the transaction cost- economic assumptions about self-interest seeking actors are applied to utility instead of profit, most decisions could be explained from such an approach. More altruistic motivated goals would on the other hand be declined from that perspective. Comparing these two perspectives, the tendencies of altruistic behavior can only be explained from an economic sociological approach.

Literature

- Amdam, Jørgen (1985): "Alternativ og konsekvensar: Alternativsøking og konsekvensanalyse ved samfunnsplanlegging" Volda: Møre og Romsdal Distrikthøgskole Volda.
- Berge, Dag Magne (2002): "Dansen rundt gullfisken: næringspolitikk og statlig regulering i norsk fiskeoppdrett 1970-1997" Bergen: Institutt for administrasjon og organisasjonsvitenskap.
- Berge, Dag Magnar og Ove Bjarnar (1998): "Norsk fiskeoppdretts regionale industrialisering: Strukturendringer, ledelse og kompetanse i norsk havbruk på 1990 tallet" Rapport nr. 9806 Møreforskning Molde.
- Block, Fred (1990): "Postindustrial possibilities: A critique of economic discourse" Berkeley: University of California press.
- Castells, Manuel (1997): "The Information Age: Economy, Society and Culture. Volume II: The Power of Identity" Oxford: Blackwell.
- Cyert, Richard and James G. March (1992): "A Behavioral Theory of the Firm" Oxford: Blackwell.
- Granovetter, Mark (1992): "Economic action and social structure: The problem of embeddedness" i Granovetter, Mark og Richard Swedberg (1992): "The Sociology of economic life" Boulder, Colorado: Westview Press.
- Granovetter, Mark (1985): "Economic Action and Social Structure- The Problem of Embeddedness" American Journal of Sociology: 91: 481-510.
- Osland, Erna (1990): "Bruke havet - pionertid i norsk fiskeoppdrett" Oslo: Samlaget.
- Smith, Adam (1991 [1776]): "The Wealth of Nations" New York: Prometheus Books.
- Stôhr, Walter B (1990): "Global Challenge and Local Response" London: Biddles.
- Teigen, Håvard (1998): *Regional økonomi og politikk*. Universitetsforlaget.
- Williamson, Oliver E. (1993): "The Nature of the firm : origins, evolution, and development" New York: Oxford University Press.
- Williamson, Oliver E. (1994): "transaction cost economics and organization theory" i Smeltzer J. og Richard Swedberg (red) (1994): "The handbook of economic sociologi" Russel Sage foundation, Princeton University press.