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# WE ARE IN THIS TOGETHER

## Manifestations of local capitalism among Icelandic fish production managers



Dried fish heads bound for Nigeria

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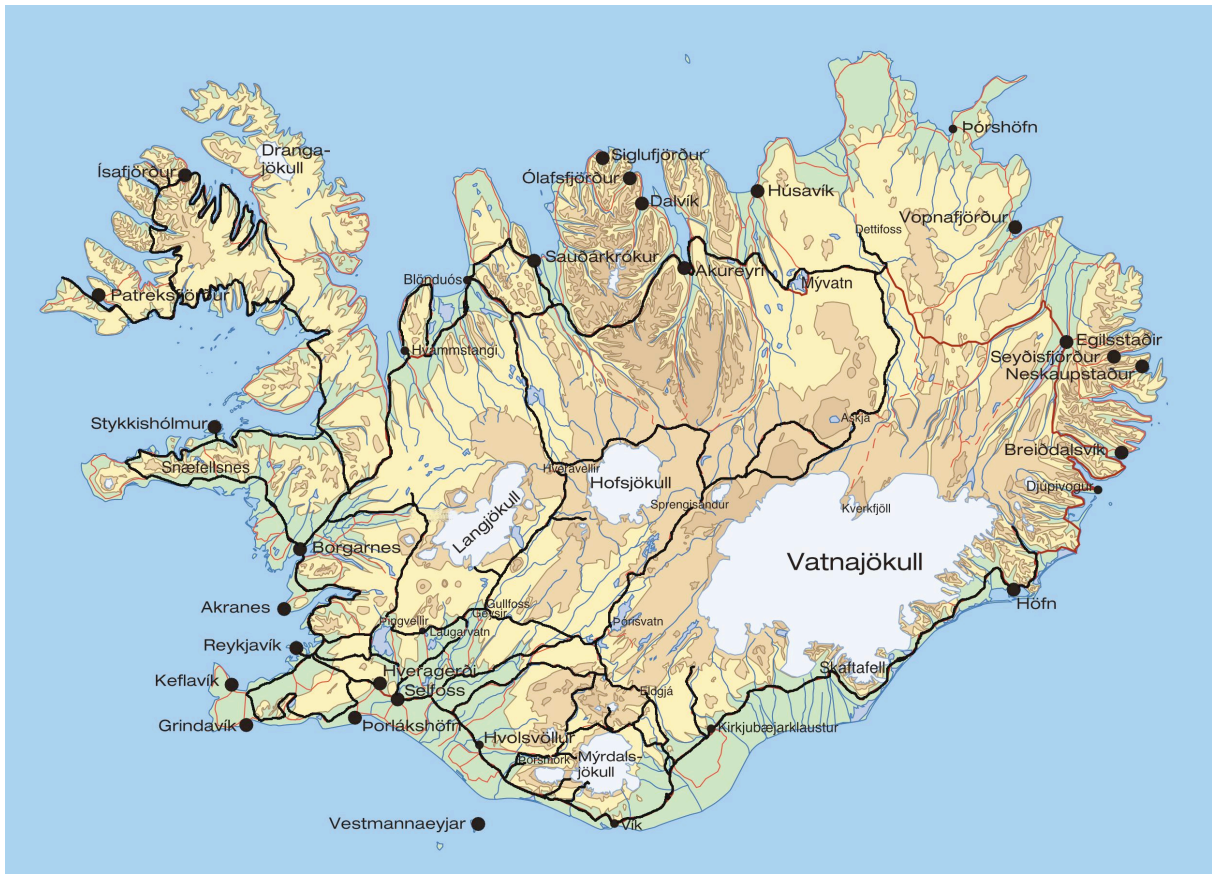
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Map of Iceland (vol.is, 2012)



Grating used for drying fish





<b>ACKNOWLEDGEMENTS/ TAKK .....</b>	<b>I</b>
<b>1. INTRODUCTION .....</b>	<b>1</b>
26 <sup>TH</sup> OF MAY .....	1
1.2 PROBLEM OF DISCUSSION .....	2
1.2.1 <i>Some clarifications</i> .....	4
1.3 A READER'S GUIDE.....	5
<b>2. METHODOLOGICAL REFLECTIONS .....</b>	<b>7</b>
2.1 INTRODUCTION .....	7
2.2 BACKGROUND AND MOTIVATION FOR FIELDWORK.....	7
2.3 A GENERAL OVERVIEW AND INTRODUCTION TO THE FIELDWORK .....	7
2.4 DATA GATHERING.....	9
2.4.1 <i>Fieldnotes</i> .....	10
2.4.2 <i>Participant observation</i> .....	11
2.4.3 <i>Interviews</i> .....	16
2.4.4 <i>Other sources of data</i> .....	20
2.5 METHODOLOGY IN WRITING.....	21
<b>3. THEORETICAL FRAMEWORK.....</b>	<b>25</b>
3.1. INTRODUCTION .....	25
3.2. APPROACHING ECONOMIC PROCESSES AND CAPITALISM .....	25
3.3. CAPITALISM IN THEORY?.....	29
3.4. SPHERES OF EXCHANGE .....	36
3.5. CONTINUING THE SEARCH OF THE ENTREPRENEURIAL "HEFFALOMP" .....	38
3.5.1. <i>Origins of entrepreneurship theory</i> .....	38
3.5.2. <i>Social anthropology and entrepreneurial characteristics</i> .....	41
3.6 THEORETICAL SYNTHESIS AND SUMMARY .....	45
<b>4. A HISTORICAL AND CONTEMPORARY INTRODUCTION TO THE ICELANDIC FISH PRODUCTION SECTOR.....</b>	<b>47</b>
4.1 INTRODUCTION .....	47
4.2 ICELAND IN THEORY: HISTORICAL SHIFTS AND CHANGING PARADIGMS .....	48
4.3 COMPANY STORIES .....	53
4.3.1 <i>General reflections on the Icelandic fish production industry</i> .....	53
4.3.2 <i>A-Fiskur</i> .....	55
4.3.3 <i>Sjóinn</i> .....	59

4.3.4 <i>Norðfiskur</i> .....	62
4.3.5 <i>Dalfiskur</i> .....	65
<b>5. "MY DOOR IS ALWAYS OPEN": RELATING TO ONE'S SURROUNDINGS</b> .....	<b>67</b>
5.1 INTRODUCTION .....	67
5.2 THE MAKING OF A FISH PRODUCTION MANAGER .....	67
5.3 WORKING TOGETHER AND KEEPING IT INFORMAL.....	69
5.4 SOCIAL RESPONSIBILITY: BEING EMBEDDED IN LOCAL COMMUNITY .....	72
5.5 SUMMARY.....	74
<b>6. "WE ARE IN THIS TOGETHER": COOPERATION IN THE FISH PROCESSING INDUSTRY</b> .....	<b>77</b>
6.1 INTRODUCTION .....	77
6.2 "INFORMATION IS POWER" .....	77
6.3 KNOWLEDGE, PLANNING AND PRODUCTION CONTROL.....	79
6.4 NETWORKS INSTEAD OF UNIONS .....	80
6.5 THE VALUE OF FRIENDS: "HAST THOU A FRIEND WHOM THOU TRUSTEST WELL [...], FARE TO FIND HIM OFT." .....	81
6.6 "TO DO THINGS RATIONALLY": REGIONAL COOPERATION .....	84
6.7 NETWORKS FOR INNOVATION AND EXPERIENCE .....	86
6.8 SUMMARY.....	89
<b>7. ANALYSIS AND CONCLUSION</b> .....	<b>91</b>
7.1 INTRODUCTION .....	91
7.1.2 <i>Heterogeneity and the question of what makes a capitalist</i> .....	91
7.2 THE MAKING OF CAPITALISTS: ROOTS, WORK ETHICS AND FAMILY .....	95
7.3 "EVERYONE KNOWS EVERYONE": COMMUNICATION AND COMMUNITY SENTIMENTS.....	97
7.4 NETWORKS OF COOPERATION AND EXCHANGE: INDUSTRY CONSTRAINTS AND THE OPPORTUNITIES FOUND IN NETWORKS.....	100
7.5 CONCLUDING REMARKS .....	105
<b>APPENDIX</b> .....	<b>109</b>
DICTIONARY OF FISH SPECIES AND TECHNICAL TERMS .....	109
<i>FISH SPECIES</i> .....	109
<i>TECHNICAL/ OTHER TERMS</i> .....	110
<b>REFERENCES</b> .....	<b>113</b>

# 1. INTRODUCTION

## 26<sup>th</sup> of May

I was sitting opposite of Sveinn. He was the chairman of a fish-salting factory, employing 42 people, in the small village of Norðurstað, in the Northwest of Iceland. A small tongue of land jutting out into the fjord lead out to one of the best cod-fishing areas around Iceland. Beneath sweeping mountains and two major avalanche-deflecting dams, 250 inhabitants were holding their fort.

Sveinn greeted me with great friendliness, taking me for a cup of coffee in the cantina, asking me about my thesis and how I was cruising my way around Iceland. My approach on trying to explain my thesis was a symptom of the usual nervousness that initiated each interview. The following is a rendering of the start of my 1,5 hour-long interview with him, which was initiated by me presenting the topic:

But yeah, I'm writing about.. you know: leadership and how managers experience running a fish production company, and.. a little about history, and how.. you adapt a firm to the market and other conditions. – and what you adapt it to.. ehm, yeah!

Sveinn answered slowly, smiling – as if sharing a personal joke:

-These are interesting questions..

-Yeah, I exclaimed, eager at the positive response.

-It's the same questions I'm asking myself every day, he said, gently laughing.

-Haha, I guffawed.

Sveinn continued in the calm, storytelling style I found many Icelanders to have when recounting.

How to survive a business environment, eh.., there are no guarantees in the future, one can not see the future. One can estimate, and do some.. you know: research about the past, to try to look into the future. But we've been in this operation – this company here – it's been in operation [for].. two and a half years. Since the autumn of 2007, and all our plans trying to foresee the future have failed completely. This model we started with in 2007 should now be in a history museum or something, it's very, very outdated! Even our plan for eh.. this new year, we sat forth and looked into [it] in December 2009, that's more or less.. I don't even think I have looked into it [since]. I just know the different figures we put in, [...] trying to foresee the different variables, you know, trying to see how they would be in 2010. I think most of it is just..

He made a dismissive gesticulation and I snickered. Sveinn smiled and finished off:



-Eh, I think nothing in [there] is even close to the reality we have today. So that is a good question how we.. how you adapt.. to reality.

## 1.2 Problem of Discussion

Bronislaw Malinowski, Clifford Geertz, Fredrik Barth and other notable anthropologists have shown us that anthropology is about looking at the big picture through the lenses of individuals. Malinowski wrote some evergreen passages on the purpose of social anthropology in the ending of his famous book from 1922 “Argonauts of the Western Pacific”:

What interests me really in the study of the native is his outlook on things, his Weltanschauung, the breath of life and reality which he breathes and by which he lives. Every human culture gives its members a definite vision of the world, a definite zest of life.  
(Malinowski, 1984: 517)

The starting point of this thesis has been the “Weltanschauung” of Icelandic fish production managers. This is explored in relation to Daniel Miller’s concept of *organic capitalism* from his book “Capitalism: An ethnographic approach” (1997). Miller sees a lack of ethnography on *local* capitalism and argues that neo-classical economists have appropriated the Marxist concept of capitalism and made it into a structural, ideal model. He calls this constructed ideal *pure capitalism*, which features the thought of “[..] a totally free market, of a pure optimizing rationality choosing freely between utilities, etc” (Miller, 1997: 37). He contrasts this concept against *organic capitalism*. The everyday-practised commerce, which is rooted in historical processes, in opposition to the a-historical pure capitalism (Miller, 1997: 9). What we are searching for in this thesis – organic capitalism – is evocative of a locally situated spirit of capitalism (Weber, 1930). The Icelandic fish production managers are then understood as local manifestations of an everyday-practised capitalism tied to cultural-historical processes (Miller, 1997: 55). The objective of this thesis is to discover some of the traits that are featured among these fish production capitalists – their practice of organic capitalism – and to explain why these traits of capitalism are such.

Fisheries can rightly be called a cornerstone of the Icelandic economy, and it has played a central part in the growth of the economy in the 20<sup>th</sup> century (Central Bank of Iceland, 2010: 18; RSF, 2012 a). Fisheries and fish production do not only give resonance to the history of Iceland itself. The development within the fisheries and fish production also tells us a story

about the lifespan and actions of different human beings who form and transform society through taking heed of their own environment. An attempt is made to comprehend the processes of capitalism by looking at the reality of fish production managers when they work to make their production companies survive and expand. As we understand from the case of Sveinn and his company, running a fish production company is not necessarily a very straightforward business. Sveinn's case illustrates the fact that despite of hard work and deep knowledge of the fisheries sector, economic processes can be just as unpredictable as the course of fish through the sea.

Fish production managers constantly manoeuvre on an ever-changing sea of seemingly infinite and sometimes unknown variables. Metaphorically, they first and foremost wish to keep their ship and crew stable, and – if possible – most managers want to expand their fleet, horizon and ports of call. It is their continuous struggle to keep a spot for themselves within the global fish markets, and to expand and/or maintain their customer base which is their main driving force. Through these peoples' constant adaptations to the markets and the demands put on production companies for their survival, they can be seen as the teeth on the cogs of the fish industry, working towards survival, market change and innovation. Within their framework these managers can keep their production going, provide a sometimes-vital influence on local infrastructure and ultimately expand. They may contribute with small revolutions of innovation, changing the terms of trade within their industry. As I later will argue, continuity, expansion and innovation are all products of an active and constant adaptation to the unstable context of global markets and fisheries.

Marshall Sahlins has written that “[...] material flow underwrites or initiates social relations,” (1988: 186), which implies that economic processes can be seen as the Shiva of relationships: both creator and destroyer in one, and – we must add – a force towards continued relationships. There are probably many traits that can be marked as organic capitalism practices in Icelandic fish production, but the chosen points of scrutiny shall be managers' relationships with the people around themselves, both within their own companies and with their local community, as well as with managers in peer companies. Furthermore, the aim is to see what these relations tell us about the fish production capitalists' *ethos*, sentiments and motivations, and why they engage in certain strategies. More specifically, this involves studying their outlook on family-driven fish production companies, their co-workers and

employees, local community and their strategic building of networks with other fish production companies.

### **1.2.1 Some clarifications**

First of all it, may be noted that my main informants are a mix of company leaders, CEOs<sup>1</sup>, production and sales managers, board leaders, and everything in between – often holding several roles at one time. This thesis will, however, refer to them all as fish production *managers*. This does not entail ignorance on the difference in roles, ownership, responsibilities and places in hierarchy that these titles portray, but it is done for the sake of practicality and not as an attempt at homogenizing the group. “Manager” rightly communicates someone who manages something. This was the case for all the informants, whether a CEO or production manager, and so “manager” serves as a convenient term. It is also done because the data that emerged from all these different kinds of managers was very similar as they all spoke from a management point of view.

Among fish processors I have only concerned myself with managers of *salt-water fish processing companies*. Though I talked to informants within the fish farming business as well, these were also processors. By fish processing I mean factories that in any way treat or manipulate fish before sending it off. All informants dealt mainly with fish processed for human consumption, although some processed for example dog food on the side.

Secondly, several of the informants spoke Swedish or Norwegian as they have lived in the corresponding countries. Consequently, all interviews with these persons were held in either Swedish or Norwegian, and all quotations have been translated into English. Since long and short quotes are frequently used in this thesis, I will presently list who talked which language, and which texts were translated. Norwegian speakers were Runar in Norðfiskur, Aðalsteinn in Fjórðungssamband Vestfirðinga, and Jón in Sjóinn, while Haukur in Sjóvarbakki spoke Swedish. All other informants spoke in English.

Furthermore, all informants who are not in official positions have been made anonymous in name, as have companies and localities. Making actors and places in Iceland completely

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<sup>1</sup> CEO – Chief Executive Officer



anonymous is difficult on an island where “everyone knows everyone”. Several of the cases presented are in all probability recognizable for many within the Icelandic fish industry, as well as by Icelanders in general. However, making informants and places anonymous in name is done for the sake of scrutiny from outside of Iceland, and as an attempt at keeping the focus not so much on the persons or companies themselves, but on the discourses and practices that they communicate.

### **1.3 A Reader’s Guide**

This chapter has given an introduction to the problems of discussion within this thesis, as well as presenting a taste of a case within it. In *chapter 2* methodological choices in data gathering and problems encountered in the fieldwork will be presented. *Chapter 3* will outline a theoretical platform to look at capitalism and supporting theories that better enable the analysis of the empirical data. This involves a run-through on theories of multicentric economies, spheres of exchange, reciprocity, followed by an introduction to theories of entrepreneurship as they compliment capitalism theory as well as the cases at hand. *Chapter 4* provides an anthropological and historical introduction to Icelandic society, Icelandic fisheries and fish production together with a presentation of some of the companies’ history. In *chapter 5* I elaborate on how some fish production managers relate to the employees and co-workers in their company and local community. I also illuminate the phenomenon of family-driven production companies and how several of the production managers had worked their way to experience. *Chapter 6* deals with networks and their usefulness to managers in running a fish production company. Furthermore, the chapter examines specific relations that characterize the networks. *Chapter 7* uses the problem as presented in this chapter, fusing the theoretical framework from chapter 3 with the empirical data of chapters 4-6 in making an analysis of what traits are found within the Icelandic fish production industry. It furthermore presents some conclusive thoughts on the implications of the findings.



## **2. METHODOLOGICAL REFLECTIONS**

### **2.1 Introduction**

This chapter will provide the reader with the methodological choices and actions that resulted in the text presented here – from the motivation behind the choice in fieldwork to finished text. As Hóly and Stuchlik (1983) write, it is necessary to know how a social anthropologist can make claims about a social phenomena, and so it is important to understand how data was gathered and used (Holy & Stuchlik, 1983: 7). I will start with an introduction to my motivation for choosing Icelandic fish production managers as my topic of study. Secondly, I will give a general run-through on how the fieldwork was initiated. After this, a large section is devoted to the different tools for data gathering, featuring fieldnotes, participant observation, interviews and other sources of data. Next is a section featuring the work on the text and thesis itself, and lastly some concluding words on the methodology used.

### **2.2 Background and motivation for fieldwork**

My original motivation for choosing to do fieldwork in the Icelandic fish industry was to study the experiences of leaders of Icelandic fish companies – both production companies, fishing companies, and everything in between. This interest stemmed from Agnar Helgason and Gisli Pálsson's article "The politics of production: Enclosure, equity, and efficiency" (1996) on the Icelandic Individual Transferable Quota-system for fish. It peaked my interest in what kinds of reflections the owners of fish industry companies make in running a company, and the daily challenges they meet. I found few anthropological studies on the capitalist side of the Icelandic fisheries. This focus was narrowed down as I started interviews. I ended up interviewing different kinds of managers and leaders of fish production companies, and so I decided to limit it down to only fish production companies and managers, and not only leaders as the data was quite similar.

### **2.3 A general overview and introduction to the fieldwork**

My fieldwork began on 11. January 2010, and lasted to 9. July – two days short of 7 months. I started tracking down possible informant companies while living in Reykjavík, Iceland's capital on the South-West coast. In Reykjavík I took an intensive course in basic Icelandic, but realized quickly that I never would acquire the competence in Icelandic language to be



able to interview people in their native tongue. This was, however, never a big problem since my informants all spoke English well enough. In addition, many of them spoke fluent Norwegian or Swedish having worked and/or studied in Norway or Sweden.

Through e-mailing and phone-calls I got interviews with Marteinn, chairman of the board and production manager in Fiskfyrirtækið and Edda, the leader of Öldufaldur – two very large Icelandic companies. These interviews went very well and gave me a feeling of optimism since both Edda and Marteinn were very kind and set aside one and two hours, respectively, to talk to me – quite a long time, I thought, for such busy people. Still, I contacted several companies, but not everyone was as easy to get interviews with as Edda and Marteinn. Additionally, I realized that not being able to observe the daily life in a fish production company was a setback to my data gathering. Interviews would only leave me with the insights and data that informants remembered or felt was interesting for me, and subjects that I asked about. There could be other topics that they did not think relevant that actually would provide interesting data to me.

Luckily, I got in contact with Ingolfur, an academic with a background in fisheries economics. He had also managed a company in the fisheries industry, which meant that he had insights in both academics and the practicalities in the industry. His degree in fisheries economics was from Norway, and thus he spoke fluent Norwegian. Ingolfur provided me with vital information about the industry and its situation at the time. Being both a scholar as well as having experience from the industry, he helped me see the big picture of the industry, which assisted me in distancing myself from the specific cases. Moreover, he pointed me in a new, more realistic direction in my focus. He told me humorously that living in Reykjavík would never enable me to properly understand the Icelandic fish industry. Instead, I should live in a town with a fish factory that I could study more closely, and he knew just the right company and leader. He contacted his former classmate, Runar, who was now a factory director of a fish processing company in Iceland. He convinced his friend to let me move into the the factory town, and let me have it as my fieldwork base. This was exactly the kind of fieldwork I had been dreaming of: getting the chance of observing the daily running of such a company.

Norðfiskur was the name of Runar's company, which dried fish for the Nigerian market, as well as produced and distributed dried and salted codfish for Brazil – bacalao. Runar ran

Norðfiskur together with his two brothers in the town of Norðvík. I went for about a week-long visit to Norðvík, and Runar and his wife kindly let me stay with them and their daughters. They all treated me as one of the family and let me get a look into the everyday life of an Icelandic family. Runar was a friendly man with a lot of humour who enjoyed talking about the industry. He bluntly expressed – with a smile – that if I were to study and understand the industry it would not do to only sit in the office and watch him work all day long. No, to *really* get a whiff of what running a production company meant I would have to work in the production line. There and then I understood his point, even though I was very eager to get a better insight in Runar and his brothers' daily work. I soon realized the value of working on the floor. It enabled me to understand how the factory really functioned, and what managers had to take into consideration when running a factory such as this. I worked a time spread over two months at the fish-drying factory. Working there also meant I got to socialize with the workers at the facility who were closer to my age than my usual informants. Runar let me live in the factory-owned dorm-house where I stayed for about four months after living in Reykjavik. I used Norðvík as a base, and contacted company owners and managers as well as other relevant parties to the fish production industry, enquiring after interviews with them. I had a rented a car when I moved to Norðvík, which proved vital to such a fieldwork since companies were spread around the small coastal villages with infrequent bus departures.

## **2.4 Data gathering**

Preparing for my fieldwork I focused on reading anthropological texts on Icelandic society and some academic texts about the financial crisis and fish quotas both from Iceland and elsewhere. Starting my fieldwork, I soon discovered a lack of knowledge on the topics of fisheries economics and the practicalities around fisheries and fish production. In retrospect I should have dedicated much more time to these topics since the lack of knowledge meant I had to learn a lot when starting my fieldwork.

My method for gathering data played an important role for my steep learning curve. My method was inspired by Glaser and Strauss' *grounded theory* – which Charmaz and Mitchell (2001) state, – is a flexible tool for simultaneously gathering data and analysing the material to discover recurring categories and social processes (Charmaz & Mitchell, 2001: 160). In my meeting with fish production managers or others, and in observing daily life, I noted recurring themes or statements. I would then – if the chance occurred – ask people about such subjects.

This more pro-active, grounded theory way of meeting data resulted in a steeper accumulation of knowledge and theories than if I had merely gathered data as it came about. My main source of data on fish production managers was interviews, but of course I learnt a lot from talking to Icelanders about general Icelandic life, the fisheries, and community matters. Participating and observing in my capacity as a worker at the fish plant proved invaluable for my understanding of both leaders and their workers. Additionally, I read up on news in newspapers, as well as looking at the web pages of companies or other informants. Around this I wrote as many fieldnotes as I could.

#### **2.4.1 Fieldnotes**

Writing fieldnotes was one of the most challenging data collecting activities, as I found to my surprise. Often, especially coming home from long interviews, I was mentally and physically exhausted. The tension beforehand, and the adrenalin-surge during and after interviews were tiring. Often, the mind would go at supersonic speed with impressions and ideas I got from my meetings and observations. Sitting down to write this down meant I had to speed down my own thoughts to channel it into my writing speed.

During interviews I would always take notes even though I recorded everything on a recorder. This served several ends. One was that in case my recorder died, I would not be completely lost on what had been talked of. This actually happened once in the middle of an interview, without me discovering it, so it turned out to be a good habit. My own memory, which I thought was quite okay, turned out to be bad at remembering specifics from conversations. The informant told me she would be glad to answer questions if there was something lost to me because of the failing recorder, but thanks to my notes I could tell her that it was not a problem.

Another point of writing notes was that I did not have to listen to the tape again to look up things from preceding interviews. My learning curve during each interview was quite steep and I would also use information from previous interviews in the next interviews. Looking up numbers and specific facts from previous interviews was something I did each time I had an interview as a base for asking questions. Additional use for fieldnotes was to record informal conversations I had with co-workers at the Norðfiskur plant, or the context around interviews



or general experiences I had while staying in Iceland. Below is an example of a more informal conversation I had with Runar, which also describes some of the variations in his work, and my experiences. Even if the main source of data used in this thesis stemmed from interview notes and recordings, writing down such things as the excerpt below, as well as other experiences, forced reflections and produced questions about what I should ask about.

#### **2.4.2 Participant observation**

Living in Iceland was participant observation in itself, since it made me comprehend better what it meant to be an Icelander. Participant observation involves an immersion in the daily life of others to understand what is meaningful to them, according to Emerson, Fretz and Shaw (1995: 2). My participant observation in Iceland can be divided in two parts. The first part is just living in Iceland, meeting and observing Icelanders in their daily life. The second part is working in the factory as well as later sitting in and following Runar's work, talking about what he was doing and why, and relating it to the work that was being done in the factory. Additionally, even though it may not be counted as participant observation per sé, contacting informants and doing interviews with them was also important in my experience and understanding of informants.

#### ***Participant observation in Norðvík***

We cannot possibly reach the final Socratic wisdom of knowing ourselves if we never leave the narrow confinement of the customs, beliefs and prejudices into which every man is born. Nothing can teach us a better lesson in this matter of ultimate importance than the habit of mind which allows us to treat the beliefs and values of another man from his point of view.

(Malinowski, 1984: 518)

As Malinowski recommends, anthropological fieldworks demands openness from the fieldworker so that she or he is able to pick up variations and nuances in the society that is studied. On the other hand, what makes fieldwork in another country “easier” than fieldwork in one's own society is that the fieldworker may be more perceptive around differences.

Norðvík, a town of 920 inhabitants, was a beautiful place, when weather permitted. Not architecturally perhaps, but nature-wise it was stunning. Set in the mouth of a long valley, with sweeping steep mountains and side-valleys on each side, it had the lookout to the big seas whence weather of the good and bad kind came in. There was a bar/café somewhere in town, though I never went there much. There were not as many opportunities for “mixing-in” like I had done in Reykjavík, and I later regretted not working harder to get to know people in Norðvík, such as by joining a club or any other hobby activity. There was a bank, a post-office, an apothecary and a supermarket.

As I lived in the factory-owned worker’s residence ten meters from Runar’s fish plant air-outlet, I had a first-hand experience of the smell that came out. It had the odour of dried, old fish. Though the smell inside the factory was decidedly stronger, what came out from the hot-air fans blowing the fish dry was “not bad” either. At first I thought that it was an exciting smell of fieldwork-experiences to come; informants would say it was the smell of money. As Runar himself had said once to me:

Before, we produced high-quality salt fish with more kinds of fancy machines than you could imagine. But it was only when we started producing this, remains bought cheaply from the fish industry, that we started making money, making real profit. And that from a country like Nigeria that even if it has oil, has a very poor population!

Smell should not be underestimated as a powerful bearer of memories and thoughts. When I came back to Norway, or almost the minute I landed, it was as if Iceland was starting to fade out of my mind. But when I came home and opened up my bags again, smelling that now familiar smell, memories came back to me in waves. Nicely enough, as I started to receive my boxes which I had sent by mail from Iceland, it happened all over again. In this way, smell nearly worked like a method of its own in the same way fieldnotes did, bringing forth emotions at the same time.

To give a better understanding of my fieldwork life, I start with introducing a day in Norðvík, which involved both ups and downs mentally and which describes my relation to Runar, my main informant. It is also an example on how fieldnotes enabled me to remember small details in the daily events at the factory of Norðfiskur that would soon have been forgotten had they not been written down. From my fieldnotes:

## *A day in Norðvík*

On Wednesday, coming out of my “fieldwork-limbo” I got up the courage to call some informants. First I called Gylfi at Dreifingar and got good feedback. He had been meaning to answer the mail I sent him, and continued to tell me that I could come by at about 10. a.m. on Friday. ‘10 o’clock it is,’ I replied happily.

After that call I was over the moon, exploding with confidence, ready to take on the world problems if needed! Swiftly did gravity take me down again, in calling the secretary to hear if I could talk to T.. [a leader of one of the biggest fish processing companies in Iceland]. She said he did not feel inclined to have an interview with me. I was gutted. I had put my hopes up in being able to talk to him, somehow feeling that he would be easier to get a hold of than [the biggest fish processing company in Iceland]. For some reason, God knows why. I felt down again.

I needed the counsel of Runar. I walked over in a bad mood, and after searching for him a bit, I found him happily searching for some anti-rust oil in the boiler-room for some youngsters working at the factory. He did not find the right stuff, but gave them something else and gave instructions for the job. We sat down in the office of the old mechanic. It was snug and cozy, with a nice retro feel to it, as a Reykjavík hipster would describe it. It smelled nicely of oil and was dry and warm, a good change from the fish smell in the factory, though I did not mind the fish smell that much. After telling Runar my tale, he said: -Would you expect to get to talk to Røkke<sup>2</sup>?

I thought about it for a minute and replied sulkily:

-No, probably not.. I guess I should not take it personally.

-I was just concerned all the time if there was something I should have written another way, if I had done something wrong.

Runar replied that the leader of this company already had had 2-3 heart attacks, and that [such leaders] controlled their time very strictly.

-They have big international trading going on, he said, and mentioned all their doings while I was pulling out my notepad to write the trade details down. I had not recorded this because I did not feel like it, for some reason.

-You will find it on the webpages, Runar said, you don’t need to write it down.

As Runar did not find the grease, I followed him to the big room behind the processing rooms. I leaped over the water puddles, smiling and waving a bit to the people working in the processing rooms, trying to keep up with Runar’s swift stride. Maybe the carpenter had it

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<sup>2</sup> The famous owner of the biggest company in the fisheries and fish production industry in Norway.

somewhere, we philosophized, or it had been used up, going through different possibilities, but it was nowhere to be seen. Runar scampered around, up a ladder to look for it, but as it was not there, we continued back through the processing rooms and upstairs to the dried fish storage rooms.. Runar kept looking, but in the end, it was not there either.

-I can buy it tomorrow, if you need it, I am probably going into town then.

Runar smiled and said that it would not be necessary, it would be alright, he said. And I got the feeling that he once again had some connections or contacts he could ask for help.

### ***Countertransference and self-reflection***

The excerpt from my fieldnotes above describes different facets of the challenges I met on my fieldwork. It also describes how I sometimes would go to Runar for advice or information about things I had heard on interviews or other things I did not understand about the industry. It was mentally challenging to feel that one always was “at work” for seven months straight, and it was stressful always trying to get a hold of fish production managers. It took a lot of courage, research and energy to contact each business. As I mentioned to Runar, I was constantly worried that not getting a positive reply meant that I had done something wrong. Therefore I often took such negative replies personally – even if I knew I should not. Getting enough data was a constant pressure I put upon myself. This sometimes resulted in “fieldwork limbos” where I had to take some mental time-offs from my own pressure.

Kirsten Hastrup is a Danish anthropologist who describes her fieldwork on an Icelandic farm in “A place apart: an anthropological study of the Icelandic world” (1998). In the introduction she writes about the pressure she felt as a “new” fieldworker. Hastrup describes a need and a fear of becoming “the other” – playing the role of milkmaid to be able to do her fieldwork, and her feeling of being lost and afraid when being dropped off in a desolate place in Iceland, afraid of being found wanting as a researcher. It is a description which could have been my own. Having to become “the other” – a fieldworker – who intrudes into the lives of others.

Starting out with a “distanced” outlook on my informants, even though I could not try to be a fish production manager, I still ended up understanding their point of view on fish quotas, fish production and politics. I found their arguments convincing and logical. This also resulted in a sort of mental crisis where I worried for my own objectivity. Given my initially limited knowledge about fish production and related topics, the knowledge I accumulated largely

stemmed from my informants. I started fearing that I was only adopting their view on things, and not being able to make up my own mind.

Through the pressures and emotions of a fieldworker's experience, it seems hard to remove oneself from one's own fieldwork and becoming more objective. Personal emotional involvement seems too big an obstacle to overcome, and that is perhaps not the goal either. Rather, using oneself as a point of reference is what being an anthropologist is about, to a certain degree – being an instrument that gathers data through experiencing things – even if they are negative. Melford Spiro writes in his article about the subjectivity of researchers:

Freud [...] first emphasized the importance of the subjectivity of the subject - in this case, the analyst - in his concept of "countertransference" (1910). Viewing the analyst's countertransference as a formidable obstacle to objectivity, he stressed the paramount importance of self-reflectivity as a means for dealing with this obstacle (Spiro, 1996: 762).

Further, Spiro writes:

I would suggest that the countertransference reactions of field anthropologists, like those of clinical analysts, stem from their anxieties, inner conflicts, loneliness, and investment in favourite theories, personal values, professional ambition and so forth (Spiro, 1996: 763). Ambition, pressure, and other sentiments for Hastrup, myself and others may be an obstacle to objectivity, which has to be overcome by self-reflexivity. This is not a new phenomenon for fieldworkers, as Hóly describes, writing about Malinowski's diaries and other anthropologists' challenges with emotions in their fieldwork (Holy, 1984: 15). Though my fieldnotes about experiencing Icelandic life seldom were used in writing this thesis, it was a good instrument to distance myself from pressure and sentiments. Or on another note: fieldwork can be as challenging as it is rewarding, and perhaps the two go hand in hand. If resistance and problems of objectivity were not felt, would the inspiration and interest be as strong? As Howard Stein writes about countertransference: "There is a crucial, and often denied, link between our inner emotional life and our ability to know" (Stein, 2001: 25). One may claim that through the ups and downs of the fieldwork, and through the appropriation of the informants' sentiments, these emotions enable the fieldworker in getting a feel for the data he or she is working on. In starting to write, it is not necessarily in the exact quotations of informants that the student finds his or her theories about the topic, but in the elusive and intangible emotion of what feels right. To come to this stage, one has to have been exposed to the environment of interest. To delve in the thoughts of others, and, to a certain degree, try to



become the other or “going native”. “Going native” has often been looked at as negative (Emerson, et al., 1995: 221), but how else can the anthropologist get a feel of what is right and not in relation to his or her informants? The topic of getting a feel for the data is what brings us into the next topic: interviews.

### **2.4.3 Interviews**

My data is based on interviews with individual managers/leaders in addition to other actors involved in the fish production industry. I did not have the opportunity to observe and experience the day-to-day life of these people, with the exception of Runar, who I could follow in his daily work to a certain degree. It so follows that this is a study based on discourses. The problem that arises is the verification of such data. Hóly and Stuchlik (1983) write about the fact that people often say one thing but act differently. How does one know that the things managers and others say they do are correct? Charles L. Briggs (1986) introduces us to the problems of having to contextualize interviews as they are “staged” conversation settings. Always we must ask ourselves: What is not being said? What is lacking in the story, and why? If managers and other informants did not talk about certain things, this was not necessarily done by informants to purposefully hide things from me, or give the pink side of the company history. The context must be had in mind when reading this: The uncomfortable sides of business are not too pleasant to talk about. Neither is the day-to-day business perceived as being interesting to talk about when there are certain key-points that are seen as more interesting details of history.

The “solution” to such problems is first of all realizing that this thesis *is* based on discourses, and thereby accepting it for what it is – with the problems that follow mentioned above. Moreover, Hóly and Stuchlik (1983) state that what actors express belong to a different social reality than what actors do. What models actors hold and express are not necessarily anything they wish to do or will do. These are separate social realities. This means that actors hold vast sets of knowledge, categories and norms that they may share with others, and which is an important part of social life even if it is not observable through actions. What people do – their actions – are a lesser part of social reality, or stated another way: There is a vast cognitive framework behind what people do, and this framework forms what and how people do things. Therefore, it is important to be aware of the difference between what Hóly and Stuchlik call “notional reality” and “behavioural reality” when gathering and using data (Hóly

& Stuchlik, 1983: 18-19). In this thesis, through looking at discourses, I am first and foremost giving a reflection on the notional realities of fish production managers.

Secondly, we bring back the topic from the previous section, observation and participation, as remedies for the insecurities that follow interviews. Following Runar in his work – taking phones, sending mails and such – he would tell me why and how he did things, or I would ask him what he was doing. He then provided me with explanation behind actions. Doing many interviews, hearing different versions about the same topics in addition to getting to observe and talk to Runar and working in a factory provided me with a better *feel for* what was being said during interviews. Perhaps the best indication of this was that I would ask the same kind of questions to all the informants, or ask them about their opinion on what others had said, and so be able to verify things that had been said to a certain degree.

### ***Preparing for- and doing interviews***

Formal interviews with fish production managers were the easiest and most natural way of interaction. Charles Briggs in “Learning how to ask” (1986) not only states that the interview situation is artificial, but also that researchers take for granted that what is being said is a rendering of the “notional realities” and fail to see it as a product of the interaction between interviewer and interviewee. Furthermore, he states that researchers take interviews as a “natural” way of conversation that may not be the case for the interviewee. I do not contest that interviews are artificial settings, but in a fieldwork based on interviewing business people – as my informants generally were – my experience was that the setting was more natural than Briggs claims. The interview was done in the context of their role as managers, so the natural setting was their office or any other place on the premises where they worked. Secondly, suggesting a meeting at a café or any other more informal place would have been very strange and probably caused great insecurity and awkwardness, not a more natural conversation setting. Briggs does perhaps mistake formal interviews for being stiff, but in the case of the Icelanders I met I felt they were casual, open and friendly. Consequently, the formal setting was more natural. I also experienced interviewees as being not only comfortable talking about their company, but also eager and excited that someone was interested in their company and their work, including their challenges.

Setting up an interview usually took quite some time, as leaders of fish processing companies were busy people. Typically, I e-mailed managers with a presentation of myself, my fieldwork and my specific interest in their company. This meant that I included some words about what their line of fish production was and some “typical” questions I would want to ask them. This would perhaps be: “What, in your experience, are the main challenges in running a fish drying facility today, and what do you think will be the future for fish drying in Iceland?” After sending such a e-mail I waited a day or two before calling them up to remind them if I had not gotten a reply by that time. My experience was that they had so many e-mails to sort through that they often had just glanced at the mail, and so by calling them I “forced” them into reading through it and they would usually make me explain to them in shorter words what the point of the interview was. When I first started sending out e-mails they were usually very long, as I wanted to explain thoroughly my honest intentions, but in the end this was shortened down to very brief and straightforward kind of mail that they could more easily read through.

I spent a lot of time preparing for each interview. My interview style was what Briggs (1986) in sociological terms calls a *standardized interview*, where I had decided on certain topics or questions I wanted to ask. The questions asked were *non-scheduled* and *open-ended*, which meant that I wanted to talk about certain topics or ask certain questions within the interview, but that the sequence and wording was unimportant (Briggs, 1986: 20). This resulted in a more casual conversational style that opened up for new topics that the informants wanted to talk about. Interviews lasted 1-2 hours and I mostly visited the informants just once, but I usually got through all the topics I wanted to ask. Only once did this open strategy fail me, when a very talkative informant talked for 1,5 hours straight after I asked him one question, and I had a hard time asking about anything more. I did not have room for the interview in the thesis, but I generally saw it as a positive sign if informants found a topic that they were enthusiastic about. Briggs, after all, states that it more often is the interviewer that sets the topics, and so the conversation may go towards topics that are felt as irrelevant or unimportant by informants. By encouraging such enthusiasm or an apparent interest for a certain topic, I tried to avoid myself getting a misconstrued sense of the informants’ notional reality.

I used a recorder when interviewing, and so I was apprehensive of how informants would react talking in the presence of a recorder. However, after a little while most did not seem to notice it, and they seemed to expect me to play the role of the classic interviewer with the knick-knacks that belonged. One informant asked me if I was not going to take any notes when I stopped to concentrate better on his words, and I explained that the recorder would tape it. The questions within the interviews were made specifically for each company or institution after doing research on their web pages or on any other sources of information available. Sometimes I mentioned to Runar or other informants if I was going to, or had been to a specific institution or company, to hear what their reaction was to this place or people. I would also ask for their opinion on different matters that involved companies or institutions. Sometimes they would give me quite valuable information or thoughts. Though I could not always use it because it was of the sensitive kind, it gave me a good pinpoint on how to behave and what not to ask about.

Generally, my informants were male company leaders between the ages 40 to 60. My knowledge on saltwater fisheries and production was quite poor, which was not necessarily a bad thing. Through asking a lot of naïve questions about politics, production lines and economy I eventually could follow the general conversation and situation within Icelandic fisheries. My role as a learning student in a way legitimized these kinds of questions, and in the end, I usually knew more than the informants thought I did. Underneath is an excerpt from an interview with Marteinn in Fiskfyrirtækið as an example of how I would ask something with part knowledge, part ignorance and get an answer:

M: [...] We are better paid [...] by doing it this way.

J: Yes, I saw on the.. like the.. How do you say it.. the catch value and everything.. I mean in 2009 it was pretty good right?

M: Yes, yes, it was a very good year!

J: Was it because the price of fish had risen really high, right?

M: No, the value of the krona was very low, and therefore we had a lot of Icelandic krona for every euro and every dollar we got.

I had to appropriate a new way of communicating and words that managers and other actors used that included phrases like “catch value”, “the ITQ-system”, “vertical integration” and similar concepts, in addition to a lot of fish species in English and Icelandic. Even though I knew some of these technical terms in Norwegian I still had to learn the English terms, and preferably the Icelandic ones, to be able to communicate with my informants and understand

what they were talking about. Briggs also writes about the necessity of understanding the communicative norms of the informants, and this became a challenge that I tried to overcome. Even so, I was far away from ever “mastering” the communicative base of knowledge and terms that managers used.

What did help in my struggle to understand the fish production industry was being able to relate to my North-Norwegian background, as well as mentioning that I had worked within a fish-drying plant. That usually impressed informants, and seemed to make me more like “one of them” and not only some sort of strange academic student that might be afraid of doing some “decent”, manual work.

#### **2.4.4 Other sources of data**

In addition to fish production managers I also talked to academics, as well as some distributors and the Icelandic Directory of Fisheries. I also attended two conferences. “North Atlantic Opportunities” conference was arranged by NORA, the regional cooperation committee for Nordic Atlantic cooperation which concerned itself with cooperation on energy innovation and aquaculture across the whole North Atlantic region. The other conference was “The wealth of sea and coast: Initiatives, innovation with use of cultural heritage” held by FISHERNET, the Fishing Cultural Heritage Network supported by the European Union. These gave me a better impression on what was going on at government and macro levels in relation to fisheries. I also visited The Association of Municipalities in the Westfjords, the Westfjords Growth Agreement, and two trade unions. Most of these interviews and conferences were not used as direct data in this thesis since the focus of the thesis moved towards the capitalist practices of fish production managers. There was little room for other data, given the length of the thesis. This data did, however, play an important role for my own understanding and knowledge about the fisheries and fish production industry and heritage in Iceland. Moreover, I used this knowledge actively to ask the fish production managers questions about my new insights, and it gave me a broader base to understand what they were talking about and why.

## 2.5 Methodology in writing

Writing ethnography involves distancing oneself from the bonds to informants. It is no wonder that many students may feel they are indebted for the information and experience they have received, which Emerson, Fretz and Shaw remind us of in “Writing ethnographic fieldnotes” (1995: 168, 208-210). Though they write that: “In moving from fieldnotes to writing ethnographic texts, the ethnographer turns away from local scenes and their participants, from relations formed and personal debts incurred in the field” (Emerson, et al., 1995: 169) Rather than turning away, I propose that Emerson et.al. underplay the impressions from the fieldwork that keeps on returning, and the voices of informants can be heard loud and clear from recordings and notes. The student keeps on living in the field through their data, reminiscing. Many may feel as I did: on the receiving side of a reciprocity relationship, where a need to reciprocate was present. From this there emerges a strong need to represent the informants in a respectful manner (Emerson, et al., 1995), and getting the ontology right, as Barth reminds us of in “Cosmologies in the making” (Barth, 1990).

Methodological choices do not end when leaving the fieldwork site. There are vital considerations that have to be made on how to use the empirical data in the thesis. There is never room for all the data gathered, in this case. In the case of this thesis there existed data gathered through 7 months of fieldwork. In addition, the reader cannot apprehend the conditions of the fieldwork and life of informants. So the task of the anthropologist is to steer the reader to captions and phenomena, and argue well over his or her theories, as also Emerson, Fretz and Shaw state in “Writing ethnographic fieldnotes” (Emerson, et al., 1995). A thesis is nothing other than an interpretation, and to lend legitimacy it is necessary to give a realistic impression of the cases, or rather a “thick description”, following Geertz (2006). In an interview-based thesis like this, the positive sides of the material can represent the “cure” for the negative sides; The possibility of double-checking the information given by informants is not easy, as it may be the only source, and as such represents a certain one-sidedness. However, given the chance to read the exact or near-to-exact words of the informants, the readers might have a better chance at making up a mind of their own. Hence, there is given more room in this thesis for direct quotes and longer empirical excerpts than what is perhaps usual. Analysing the informant’s replies and reflections plays an important role to give a context to the informants’ arguments as well. It is the analysts role to give his or her insights on the case presented, writes Mitchell in the article “Case and situation analysis”

(2006: 36). This is not done to doubt the recounts of informants, but like a thesis is one interpretation of cultural processes, so an informant's representation of something is that persons excerpt of what he or she finds relevant. Emphasizing quotes and other empirical data is also practical when writing about specialists in a certain trade, as this thesis is a representation of. It may be rightfully claimed that managers in the Icelandic fish industry have acquired specialist knowledge, both through education<sup>3</sup> and years of practice in the industry. It is impossible for an anthropologist to acquire that amount of technical knowledge in such a short amount of time, and though not wanting to, mistakes and misinterpretations can be made.

A reader can create strong images of landscapes and people through reading. It is the anthropologist's task at hand to strive for the most correct rendering of informants and their message. A person's own words – though they can not give a full experience – is still a gateway to a perception of personality and meaning. Where the informants have been reciting information relevant to the case, the direct quotes have been preferred to the writer's summary. Because the informant's recount can be as to the point, there is no reason in the author scrambling the words up, when the quote itself can give so much more than the mere facts. Quotations from interviews are given as close as possible to the narrations of informants. Where the same information was repeated, this is omitted when this does not prove a semantic point.

Box brackets, [ ], have two uses in connection with quotes. First, for the author to fill in words that the informant leaves out as taken-for-granted in the course of conversation and that may be lost in translation to text. For example where Jón from Sjóinn explains: “We decided in 2003/4 to lay down.”, [the prawn production] has been added to the end to give context to the reader. The second usage of box brackets is to indicate where either words or sentences are cut out from quotes. Words are usually cut out where it gives more grammatical sense to the text, as in the example below:

[..] so therefore [..] for one month [we did] our fishing here on Iceland, and they [,the boats,] went down to England and they sold it on the auction and they came back and fished some more and went down [again].

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<sup>3</sup> Not all informants had taken special education in economics, fisheries, etc. Some had learnt through practice and informal education from predecessors.

The original:

so therefore **we took** for one month **to send the**, our fishing here on Iceland, and they went down to England and they sold it on the auction and they came back and fished some more and went down.

Furthermore the use of bold letters, as in **cod**, indicates that this word is to be found in the dictionary in the appendix. This mostly goes for industry related words for fish – both in Icelandic, English and Norwegian – fishing vessel types, and so on.

As written in the introduction, translations have been made of the informants that spoke Norwegian and Swedish. The translations are not made to be “perfect” English translations, Instead, emphasize has been on giving the closest semantic rendering as well as trying to approximate the personality and humour in what is being said.





### **3. THEORETICAL FRAMEWORK**

#### **3.1. Introduction**

This chapter will give a theoretical framework that will help in analysing the empirical data. As presented in chapter 1, the focus will be on local traits of capitalism in the Icelandic fish production industry. The development of a theoretical platform starts with a theoretical debate on how capitalism is best approached. This is perhaps especially salient with a subject such a dynamic subject such as organic capitalism. The task is to search out any Icelandic nuance in the much-deliberated topic, which one can claim capitalism to be – both within research and as an emic category.

Having settled the approach, time has come to delve into how capitalism has been treated within research. Max Weber, Karl Marx, Daniel Miller and Sylvia Yanagisako will provide the main structure for understanding capitalism. However, these theories say little about specific phenomena such as the existence of networks, and the day-to-day life of managers. Theories on spheres of exchange make themselves relevant to understand how networks of cooperation work. To comprehend the dynamics of the capitalist environment and motives I turn to theories of entrepreneurship. Entrepreneurship theories illuminate choices and strategies made by individuals or groups, as well as risk-taking. Entrepreneurship studies emphasize interaction, network building, risk-taking, and the enterprising individual or group, and therefore lend themselves well to a synthesis with capitalism. As I will demonstrate, the emergence of entrepreneurship theories has a common history with theories of capitalism that speaks for the relevance to this thesis.

#### **3.2. Approaching economic processes and capitalism**

Before moving into a discussion on the “nature” of capitalism, or the theoretical assumptions thereof, a clarification on the theoretical approach in this study will be necessary. Plato talked about the difference between the abstract and perfect *idea* of a circle, contrary to a drawn, imperfect circle in real life (*form*). In the same way one may describe the idea of capitalism and actual “real-time” capitalism as two different things. It is not suggested here that there is an other-world existence of the idea of capitalism, like Plato did on the idea of a circle (Kenny, 2004: 50; Platon, 2001: 74 a-d) – but the distinction is *good to think with* in this case

(Lévi-Strauss, 1966). Pierre Bourdieu has pointed out the very same on the relation between *langue* and *parole*. One must not falter, Bourdieu writes, like the positivistic sciences, and miss out on the different dimensions of meaning that are found in parole - speech itself, the actual usage of language. One must not take langue – the grammatical abstractions of language – to be the structural and universal code of understanding the lives of human beings (Bourdieu, 2006).

The difference between an idea or model of a phenomenon, and the actual occurrences around the world has been a big topic within social anthropology. Discussing views on economic processes also places one in good company since debating the “right” way of understanding economic processes has been a popular activity within social anthropology for a long time. Starting in the 1940’s, following the upswing of economic anthropology, there arose a flaming debate within anthropology that lasted well into the 1970’s. The so-called formalist/substantivist-debate started for real when Karl Polanyi wrote an article on the substantivist stance in 1944 (Eriksen & Nielsen, 2002: 124-127). Tord Larsen (1977) discusses the two postulates involved. The “*formalists*” believed in an *a priori* model of rational economic choice where individuals made decisions based on what would gain them the most. Formalists consequently held a universal model of form where all problems were of an economic nature that man solved by choosing “rationally” in a way that ended with maximized profits. In opposition, the “*substantivists*” held a cultural relativist view on societies. Economy was understood *a posteriori* by looking at the substance of society and on how humans interact with nature and each other to satisfy their needs (Larsen, 1977). Even if the comparison is not completely correct in relation to the difference between langue and parole, the distinction between form and substance gives us the question of how a model or an idea relates to what is practised in day-to-day life. As we shall see, the substantivists did not believe in the appliance of a general economic idea or model onto societies.

The substantivists have made many points that though they were meant for “pre-capitalist” societies, they may today be proved just as relevant to capitalistic societies and consequently to this study. Claude Meillassoux, criticized formalists for using liberal economics and the idea of *Homo Economicus* as the starting point of analysing “pre-capitalist” societies (Meillassoux, 1972: 93-94). Moreover, substantivists have written that the formalist position presupposes a scarcity in society, which may not always be the case in some societies. In

addition, that while one in market economies calculates profit and loss, this is not the case everywhere, for example within certain spheres of exchange (Larsen, 1977: 3). Meillassoux felt that using capitalist terms like “assets”, “trade” and “interests” may have blinded anthropologists from seeing differences in and between economic systems (Meillassoux, 1972: 93-94). Karl Polanyi critiqued formalists with regards to their narrow understanding of trade, amongst other things. For the formalists, Polanyi wrote, trade was just a vice-versa movement followed after bargaining, and was always in relation to a market with set rates (Polanyi, 1968: 148, 158).

About half a century later both Fredrik Barth (1990) and Talal Asad (2006) made the same warnings against making *a priori* presumptions, not necessarily in economic processes, but in studies of both social change and human meaning. They argued that pressing structural models onto interaction may fail the attempts of anthropologists to make correct representations of societies and human interaction (Asad, 2006; Barth, 1990). The remedy is given by Fredrik Barth in “Cosmologies in the making” where the prerequisites to theory construction is to “[...] get our ontological assumptions right” (Barth, 1990: 8). The road to ontological correct theories takes us through *thick descriptions* of the topic at hand, and using the categories of those we approach (Barth, 1990; Geertz, 2006: 237). My point has not been to place Barth and Asad and the substantivist view within the same theoretical category, but simply to indicate certain similarities pertaining to an approach. Barth, Asad, the substantivists, and Bourdieu all surface with the same opinion on an a posteriori view for closing in on empirical data. Nonetheless, these theorists all subscribe to different methodologies in their approach. In this study, that circles around such a subject as capitalism, it is important to discern between an idea of capitalism and the practice of it in a specific location, when the goal is to study the latter.

Even if the substantivists were critical of formalist theories, there certainly is something to be learnt from the formalists as well. Larsen writes that formalists, when filling the formal concept of maximisation with substance, run in the risk of misrepresenting human action. Maximisation, continues Larsen, may well be looked at as achieving the most favourable result depending on each individual's point of view, which is to say that maximisation is acting towards a specific end. Maximisation is then using the means at hand to achieve this end. Substantivists have then misunderstood, or criticized formalists wrongfully, since this way of understanding maximisation may be an appropriate claim to all societies. However, if

maximisation is filled with the substance of “profit” or “power”, the formalist may be well-deserving of the critique as this is not an assumption one may make a priori (Larsen, 1977: 4-5). The substantivists, continues Larsen, have on the other hand difficulties in pointing out the limits of economy when “everything” can be seen as a means to economic ends, like religion, social relations etc. Formalists, however, emphasize the boundaries of economic phenomena. Larsen states that one in the study of economies must start with being a substantivist, mapping the phenomena at hand, before abstracting this into a formal model of economy. The two positions complement each other and a more “wholesome” study featuring different economic aspects can be achieved (Larsen, 1977: 11-13). Larsen’s view becomes highly relevant in this study where informal relations, local community and network relations come into play. The focus is on the role relations, local community and networks play *in* economic processes. We are indeed in need of form or boundaries that can hold the empirical data together. If not juxtaposed to theory, empirical data may have little to say in itself. Likewise, the theories must be adapted to fit the data.

The relevance of the a posteriori, preliminary examination of the data at hand asserts itself when we move to the concepts of capitalism and the distinction between capitalism as an idea and as a practice. *Capitalism* as an economic or Marxian *idea* will never fit the praxis (Miller, 1997; Weber, 1930: 13-14; Yanagisako, 2002). Daniel Miller, author of “Capitalism: An ethnographic approach”, wants to skip a narrowing use of the definition of capitalism. He warns against using the pure capitalism model as a lens to understand phenomena. Miller emphasizes the fact that capitalism is perceived different depending on the context (1997: 8). He then sets himself in a substantivist, or at least an a posteriori tradition, and tells us that not only “pre-capitalist” societies, but also capitalist societies must be understood by their own categories. Miller argues that *organic capitalism* is not captured as easily as the idealized economic theories and models would have it. Miller however affirms capitalism as related to free market and profit making, but approaches capitalism, as his book title states: from an ethnographic point of view in the same spirit as Asad and Barth (Miller, 1997: 8-9). Max Weber in his introduction defines capitalism. Weber, like Miller, applies a more ethnographic approach; Weber uses historical contexts and empirical data to sow together an idea of what the *spirit of capitalism* might be. Only at the finish-line of a treatise, writes Weber, might one find a real definition of capitalism, and still; Different characteristics may be pointed to as *the* most prominent, depending on the empirical case at hand (Weber, 1930: 13-14).

Consequentially, defining capitalism in a *thin description* is not sufficient (Geertz, 2006: 237). We must in stead, like Weber, search for the resonance of a specific spirit of capitalism in the topic of study.

To sum up, in a study of local manifestations of capitalism it is important that we keep tabs on etic ideas of capitalism and what empirical data we are presented with. The two must not be confused. This has been much deliberated in economic anthropology, but the discussion on the use of form and substance is perhaps not entirely over – taking into account Miller and Yanagisako’s more recent contributions on the subject within capitalism. What may be concluded is the necessity of taking empirical data into serious consideration with an a posteriori view, and that we must give ourselves theoretical boundaries. So, by the words of Weber, we shall find our traits of organic capitalism to display, which may or may not accord with previous conclusions on the subject of capitalism.

### **3.3. Capitalism in theory?**

Having clarified our preliminary outlook towards theory, we now move to discover some of the dynamics of capitalism. Even taking into consideration Miller’s claim of the limits to definitions, some initial definitions may be helpful; The dictionary “Merriam-Webster” defines capitalism as:

[..] private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market (Merriam-Webster Dictionary, 2012).

The location is the “free market”, and the actors decide, in competition with each other, on prices, where and what production will be done, and how the goods produced will be distributed. It is a thin description, and one that leaves the reader uncertain on the specifics of transactions, and who the actors are and why they act they way they do. We must therefor turn elsewhere for a more in-depth deliberation.

Max Weber set the bar on writing about capitalism in the social sciences in “The protestant ethic and the spirit of capitalism” (1930), (Eriksen & Nielsen, 2002: 62-63). As has been deliberated in the previous section, attempting to start with a *tabula rasa* might be wise when dealing with the term capitalism, as Weber himself warns about the bias in relation to this

concept. He writes against the stereotype of capitalism as the amassing of the biggest amount of money in the name of greed. Weber points to *restraint* as one of the driving forces behind capitalist action, investing surplus back into production in favour of the enterprise. In addition to restraint, as a character trait in capitalism, Weber dictates that all enterprises would be “[...] doomed to extinction [...]” without continuous attempts at *profit* (Weber, 1930: xxxii). The capitalist is in search of *opportunities of exchange*, which then are utilized for making profit in a peaceful setting. By peaceful Weber means that there is an ethic behind capitalist action, and that appropriation by force is a different system with different laws (Weber, 1930: xxxi-xxxii). Furthermore, capitalism separates itself from the mere satisfaction of material needs, and has become an *ethos*, a philosophy of life. Not only is it an ethos for some people, but has, according to Weber, moved on to be a tradition – a cosmology – where people are forced to conform and act in accordance if they are to be part of market relations (Weber, 1930: 17-20). Weber then teaches us something on the sentiments and motives that a capitalist may have in her or his actions; An ethos that follows certain rules to be able to participate with others; In continuous movement towards profit looking for opportunities of exchange while showing restraint to own business. Nevertheless, Weber still leaves us wanting in terms of production and in what specific actions and interactions the capitalist partakes in to participate with his fellow capitalists.

Karl Marx is an unavoidable contributor to capitalist theory. He brings some interesting analytical concepts to the table that are useful to designate managers’ roles within their economic context. Donald Donham (2006) describes Marx’ contributions in historical materialism in “Epochal structures and historical materialism”. In his text Donham criticizes social scientists, like Geertz and other cultural relativists, and we may add: the substantivist view, for having a too open view on human choices and the myriad of ends they meet. As these are so varying, Donham argues, social scientists can only document each and every instance. Cultural relativism as such has then gone too far, and the only possible conclusions to be made are that humans are in need of culture, a structure in their day, but nothing outside of this can be concluded on. In the same way, capitalism just *happens* to be a choice that humans make. Marx however, writes Donham, contributes with the tools to analyse universal phenomena through his view on humans (Donham, 2006: 398), and so fits well of our discernment of the global phenomenon of capitalism.

Marx was of the opinion that human nature and needs are stable and changing at the same time, as social conditions change with time, while some needs and parts of nature remain the same. In this way Marx may be of help in understanding the fluctuations and continuity within an industry such as the Icelandic fish production. Marx, continues Donham, has a historical-materialist outlook in his theory. A short introduction to Marx' analytical concepts starts with his understanding of *labour*, which is central to his theory. It is labour that separates man from animal. Labour not only describes the immediate satisfaction of a need, like animals strive for. Man exceeds this border in his labours: Man labours more than materially needed. Man creates himself in the symbolic action of labour, through which new needs are constructed, and hence human creativity is achieved. Through labour, humans reflect on themselves, by reproduction of what is. By labour and production they also transform and create change in society (Donham, 2006: 398-400). We can therefore interpret Marx' concept "labour" in a wide sense. This enables us to see the work that managers do, when building a dynamic, organic capitalism, as labour. The fish production managers may be seen as creating and recreating their own business terms both as individuals and as a total group.

Labour brings us further to why *production* is an important term for Marx since it describes how individuals shape and are shaped. The "material" side to production has a broad and dynamic meaning in the term *production power*, as it can mean anything humans use in production and reproduction, meaning knowledge, specific objects and so on (Donham, 2006: 398-400). In reference to fish production this may be anything from learnt knowledge, fish resources, networks, machines and so on. Productive powers tend to expand, but not in a teleological sense, Donham continues; when knowledge of production first is achieved, the knowledge tends to stay and not disappear. This, however, must be understood on a global basis. Knowledge decline may well happen in certain regions or countries. Therefore, large development steps in production are not necessarily taken by those countries or regions that have the broadest and "highest" sense of production power. Knowledge diffuses into regions that have been without it and enables these regions to take giant leaps ahead of others (Donham, 2006: 400). This is relevant to our exploration of networks, as they can be seen as production power "trade posts". Knowledge and other "goods" are diffused through these channels. So they can be seen as the sources of "increase" in production powers, not only within countries or regions, but also between countries.



Appropriately, *Relations of production* is the next important Marxian term, as it envelops his definition of a capitalist. According to Donham, relations of production is a term that has been misunderstood. Relations of production are simultaneously the relations formed in connection to production, like between capitalists and workers, plus the distribution of power over society's production. This division is where sources of friction in society might be found, as potential or as real conflict: from the smallest quarrels to the biggest revolutions. Marx writes about the relation between *workers* – those who commodify their ability to labour – which sell their labour capacity to *capitalists* – those with the resources that enable them to initiate production and buy workers' labour. In Marx' understanding workers and capitalists are then in some ways defined by each other, and so we must learn about the role of workers to understand capitalists. The workers' only choices are to sell their labour and choose which capitalist they will work under, or not work and starve. They can choose to resist and unify in a union, but ultimately they must work. The capitalist manages production and labour, and at the end takes out the surplus of the product produced by the workers. Consequently, by Marxian terms, the capitalist exploits the worker's labour to take the surplus himself, which again may be put back into a circle of production (Donham, 2006: 399-401).

Marx then brings some important analytical concepts to the comprehension of capitalism. This includes a wider understanding of labour and production, and the creation and recreation of products and people, in addition to the relations involved in this. This is important when looking at how Icelandic fish production managers constitute themselves in interaction with their environment. However, we are still at a loss on the understanding of capitalists as strategic, thinking individuals and a heterogenic group, which is something that has been pointed to as some of Marx theoretical "flaws".

Daniel Miller in "Capitalism: An ethnographic approach" (1997) not only criticizes Marx for the above, but also Marxian theorists for forgetting Marx's own points on the necessity of adapting theory in tune with changing times. The study of the relations between workers and capitalists has been important, and was in the time of Marx. In Trinidad, which is Miller's empirical backdrop, relations of production are changing as the distinction between workers and capitalists are being diffused, and so theory must change with this. Miller recounts that

social scientists have treated capitalism mainly in two ways; Firstly, they have examined the relations between workers and capitalists – and anthropologists have to a great deal concentrated themselves on thorough ethnographies about workers (Miller, 1997: 10-11) The second subject has been capitalism as in global or world systems. However, as has been the inspiration of this thesis, Miller sees a lack of ethnographic work on the local, organic capitalism. This includes an attempt at undressing the cultural and historical processes occurring in relation to capitalism (Miller, 1997: 10-11).

Miller also deals with why capitalism as a term has gone out of vogue in the social sciences, and has been replaced by “The Market” as the place for free trade and endless pursuit of profit without government control. “Capitalism” is an ever-challenged term, associated with historical processes and economic relations on a global scale. “The Market”, however, naturalizes and de-politicizes these discourses, and gives a sense of trade per usual as a seemingly more emic term, and so is not as easily challenged (Miller, 1997: 10).

Consequently, it is in Marxist language a fetishizing concept, in the same as “nation”, “society”, and “culture” has become, according to Eric Wolf (2006: 367). Wolf continues on how these notions hide the fact that phenomena are diffused and fluctuating in one country alone. In addition, they conceal the socio-historical processes that have shaped different phenomena, like capitalism. Wolf states that these concepts make us create bounded “[..] false models of reality” (Wolf, 2006: 369). He continues to point out that fetishizing categories, like bounding many countries and areas in “the West” as “the modern world”, may make us forget that countries can differ strongly from each other. As I later will return to, Icelandic fisheries and fish production differs from for example its Norwegian peer group even though the two countries’ industries are based on very much the same resources and seas. This is why we must not take capitalism to be the same everywhere, and even within the same country. It may well be that capitalist practice is discovered as differing when comparing industries, even within Iceland – as industries are based on different conditions and adapt differently.

Even though countries like Iceland and Norway have different ways of constituting their fish production industries, and in reality are competitors, there still occurs exchanges and communication between actors from the two countries. Difference in practice does not mean that there is not a common platform for communication. To explain this we can appropriate

concepts of “scapes” and process geography from Appadurai. Arjun Appadurai (2000) uses the term “scapes” to describe how things, people, ideas, technology and so on are not rigidly fastened but flow through the world. Neither do we live in a specific geography, being Norwegian, Scandinavian or European. “Process geography” is to Appadurai how regions are relative to contexts. Iceland may be thought of as European, or Scandinavian, but it is just as close to America, and so flows of ideas, people may be just as strong from any other part of the world. This is important to remember when looking at where people get their inspirations and knowledge from. Appadurai takes globalization to go hand in hand with global finance, and writing that “[.] it extends the earlier logics of empire, trade, and political dominion in many parts of the world (Appadurai, 2000: 3). Furthermore, he sees it as an extremely rapid and uncontrollable movement, beyond nations, regions, nation wealth, the usual information flows and industrial productivity (Appadurai, 2000: 3-4). Appadurai writes: “Globalization [.] produces problems that manifest themselves in intensely local forms but have contexts that are anything but local.” (Appadurai, 2000: 6). Appadurai then hands us some vital analytical points as every fish production company in this study was involved in global trade. What we study by looking at “their” organic capitalism is exactly the manifestations of these “intensely local forms” with global contexts. It is this rapid, uncontrollable movement that informs the “everyday commerce” of organic capitalism – the constant and daily adaptations of Sveinn and his Icelandic peers.

We have now gathered some concepts on the understanding of capitalism, production and some of the ethos involved. We have also placed ourselves on a local perspective on capitalists and their environment. However, “the capitalist” as an individual still remains somewhat bland as a character. According to Sylvia Yanagisako, Marxian models do not suffice in the study of capitalism, especially in relation to the bourgeois or capitalists, as they give universal representations of homogenous workers and capitalists. Sylvia Yanagisako in “Producing culture and capital: Family firms in Italy” (2002) argues against a dichotomization of culture and capitalism, and *for* a process oriented view where one can not differentiate between the two. Marx, Yanagisako continues, based his theory of capitalism on the commodification of labour, which entails all workers and capitalists as having respectively the same goals and measures to get there. Yanagisako criticizes Marx for seeing the bourgeoisie or capitalists only defined by what they own or control, with interests only in control over productive powers, and the reproduction of their own political hegemony.

Consequently Marx lacks a theory on the capitalist class' interests, motivations and struggles. Therefore Yanagisako denounces the notion of capitalist *action* as it indicates pure utilitarian behaviour. This abstracts away the sentiments, knowledge and meaning behind everyday practice of capitalists, and again the cultural processes behind this everyday behaviour (Yanagisako, 2002: 4-12).

Yanagisako expresses that capitalists must have the know-how, and a wish or drive for what they do. She states, reminiscent of Miller, Wolf, and Appadurai, that culture and capitalism must be treated as historical processes, rather than as static structures. Moreover, she writes that capitalists are a heterogeneous bunch with different backgrounds, sentiments and motives for what they do. *Sentiments* is an important term for Yanagisako, as it works as a mediating word, including both emotion and thought (Yanagisako, 2002: 10). Furthermore, the reproduction of the capitalist class has been given little attention in Marx' analysis, as he only saw them in relation to what they owned. As capitalists are formed through socio-historical processes “[...] capitalists, like workers, are made, not born” (Yanagisako, 2002: 13). Capitalists can be recruited from all classes, but they must in any case be brought up and motivated to go after capitalist goals. Capacity and desire for capitalism go hand in hand. Both Marx and Weber are criticized by Yanagisako for forgetting family capitalism in their theories, as capitalism appears as self-sustaining and detached from kinship processes, when this is not so in many cases. This is especially apparent when the inheritance of a company or resource access through family relations is a well-known source to class entrance and belonging. Yanagisako also points out Weber's lacking view on the origin of heterogeneous practice of modern capitalism. Yanagisako's conclusion is that culture and capitalism must not be separated, so one is better enabled to see the creative dynamic behaviour occurring. (Yanagisako, 2002: 12-13). This leads on to a view that there are infinitely varied capitalist practices around the world, perhaps in the same geopolitical spaces or countries – “Japanese capitalism”, “Italian capitalism”, and “Icelandic capitalism” are made into redundant terms in the same way Wolf stated that terms like “nation” and “The West” are misconceiving (Wolf, 2006; Yanagisako, 2002: 4-12). We may instead look for the spirit of capitalism of a local industry, as is the goal here for the Icelandic fish production industry.

In search of the organic capitalism in the Icelandic fish production industry we attempt to catch a whiff of the spirit of capitalism. If not the full “cosmology”, then certainly some of the ideologies that inform the sentiments and motivations behind capitalist action in the Icelandic fish production industry. In this, the focus is on how capitalists create and re-create themselves. Of importance is the cross-section between cultural processes and the labour and production occurring through rapid changing movements in the fish production/capitalism-“scape”. Here, the creation of Icelandic organic fish production capitalism occurs. We then study a heterogenic group of capitalists, their sentiments, and the processes and flows they are involved in, with the creativity and continuity these people prompt.

### **3.4. Spheres of exchange**

Even though capitalism as a theoretical subject has been explored, there has been limited focus on the varied transactions that the fish production managers are involved in. As later will be presented, these varied transactions, such as network building, are a part of the “capitalist jobs” they take on in managing a business, but are not directly discussed in any of the theories above. Returning to the aforementioned substantivists give us such a theoretical base. Early substantivism, in the functionalism and structural functionalism era at least, has been criticized for not including explanations on the actions of individuals. However, Polanyi and his peers initiated theories on economic transactions in multi-sphered societies and differing forms of exchange, being inspired, *inter alia*, by Marcel Mauss’ classical treatise on “The Gift” (1995).

Karl Polanyi, arguing against formalist views, introduced exchange as a wide concept. Polanyi’s point was that the economic scope of man was much wider than formalists could see by their “limiting” theories. He divided exchange into three categories, which supported different forms of social relations and surrounding systems: reciprocity, redistribution and exchange. According to Polanyi *reciprocity* is the movement between people in symmetrical relations, such as between neighbours and others that inhabit a feeling of being in the same boat for a certain amount of time and space. *Redistribution* is the pooling of goods into a centre before distributing them outwards again and so demands a centre or some form of mechanism of distribution – being everything from a state to customs. *Exchange* was seen as a “vica-versa” movement of goods between people that demanded some kind of price-setting

mechanism like a market or bargains (Polanyi, 1968: 128-130). In this thesis we will concentrate on reciprocity and exchange in relation to networks.

Another point within the substantivist discourse was made by Paul Bohannan in “The impact of money on an African subsistence money” (1959). Man could have several economic spheres within one group of people – a *multicentric economy*. A multicentric economy is described as having two or more “mutually exclusive” *spheres of exchange* where goods are transacted by differing moral values and institutionalizations (Bohannan, 1959: 492).

According to Bohannan and Polanyi, there are potentially many spheres within the economic structures of societies. The logic and form of exchange in and between these spheres can differ according to what is exchanged, who is exchanging it, and depending on the context. This thesis will concentrate on one of these forms, namely reciprocity, as it enables us to better understand the types of relations that fish production managers engage in. Marshall Sahlins in “Stone Age Economics” (1988) understands reciprocity as an act of switching goods or services, and so trade also falls into this category (Sahlins, 1988: 193-196).

What is exchanged must also be described, as it is important to understanding what is exchanged in Icelandic fish production networks. Here I am in agreement with Arjun Appadurai that goods or commodities are objects that are of economic value (1986: 3). What then are objects, and how is their value set? For the setting of value we can, like Appadurai, turn to Georg Simmel (2004) who states that value is not inherent to an object. It is “we” humans and our world impression and arrangements that give value to it. In a Kantian sense Simmel states that an object in itself is not changed by having its value set, it is the properties of the object that are valued. An object and its value are counterparts, as the imagination or thought of a fire-breathing dragon is separate from the actual existence of such a creature. Hence the occurrence of differing value setting on an object, or otherwise formulated: that some people may see value in a phenomenon that for others has not even been taken into consideration (Simmel, 2004: 60-61). Simmel states that an economic object becomes so when it balances between closeness and distance to us, enabling our desire for it. We need to sacrifice something in a mutual reciprocal action with the caretaker or owner of the object. Inspired by Plato, Simmel points to the similarity between an economic object and love to be “[...] the intermediate state between possession and deprivation” (Simmel, 2004: 76). One can deduce from this that as value is subjectively experienced mostly anything can be a commodity as long as there is a value set on it.

Theories of exchange have then given an insight into how exchange may be categorized. Several forms of exchange can occur within one society, also in “the western societies” and capitalist economies. Theories of exchange and capitalism have illuminated the heterogeneity, creativity and multiple options of exchange. The strategy that is involved in this is, however, still lacking and is the reason why we in the next section turn to entrepreneurship theories.

### **3.5. Continuing the search of the entrepreneurial “Heffalomp”**

[...] in the activities of the entrepreneur we may recognize processes which are fundamental to questions of social stability and change, and that their analysis is therefore crucial to anyone who wishes to pursue a dynamic study of society (Barth, 1972: Preface).

Fredrik Barth reminds us of Donham and Marx, and the aforementioned continuity and change involved in the labour and production of man. However, Barth is not dealing with capitalism, but with entrepreneurship. Entrepreneurship studies, as Barth states in the quote, say something of the internal dynamics of economic systems, enabling the discovery of the motivation behind the formation and continuity in social relations. The debates on entrepreneurship on some points echo history and theories of capitalism and economy. To discover more intimately the organic capitalism of Icelandic fish production and its managers we may in entrepreneurship theory find concepts on how creative strategies of individuals are connected together with cultural processes. This thesis does not directly involve itself in the study of entrepreneurs or entrepreneurship, but as will be discussed in the analysis, creativity and sometimes entrepreneurship together with continuity and stability may be an organic capitalism trait within the Icelandic fish production industry. It may therefore prove useful to look at theories of entrepreneurship and try to match these with perspectives on capitalism and spheres of exchange.

#### **3.5.1. Origins of entrepreneurship theory**

According to Hans Landström in “Pioneers in Entrepreneurship and Small Business Research” (2009) entrepreneurship has been notoriously hard to define. It may be that entrepreneurship, like organic capitalism is something “out there”, a “thing of the wild” that does not easily bare its tummy to a definition by theorists. The possibility is certainly plausible as Landström points to the researcher Peter Kilby who in 1971 made the popular

comparison between the search for a definition of the entrepreneur and the hunt of the “Heffalump” character in A.A. Milne’s “Winnie the pooh”, as is quoted in Landström:

A rather large and important animal. He has been hunted by many individuals using various trapping devices, but no one has succeeded in capturing him. All who claim to have caught sight of him report that he is enormous, but disagree on his particulars. (Landström, 2009: 7)

Indeed, the “Heffalump” here could also have been “the organic capitalist” in that the traits are yet to be discovered. As mentioned, entrepreneurship studies have both included focus on individual and structural conditions (Landström, 2009). In the recent article “The socially-dynamic entrepreneurial process: an anthropological approach” (2012), Toke Bjerregaard and Jakob Lauring state that anthropological studies of entrepreneurship have divided themselves in how this subject has been treated. On one side, studies have concentrated on *the entrepreneur*, focusing on individual personality traits and cognitive theory to analyze what leads to entrepreneurial action – such as the sentiments and motivations mentioned by Yanagisako. Another focus has been on entrepreneurial networks and the social context where entrepreneurship occurs – as in cultural processes. Bjerregaard and Lauring suggest that a more holistic and dynamic treatment which integrates these two camps is possible by using process-oriented anthropology (Bjerregaard & Lauring, 2012: 132-133). This brings us back to the integrated approach of Miller and Yanagisako, looking both at the individuals and cultural processes. We will now focus on the *genesis* of entrepreneurship theory, keeping in mind the dual treatment of the subject pointed out by Bjerregaard and Lauring.

It was the Frenchmen who first used the term entrepreneur in the 1600’s, writes Philip Wickham. The entrepreneur was “[..] an individual commissioned to undertake a particular commercial project by someone with money to invest” (Wickham, 2006: 3). At the time this typically involved risky overseas trading (Wickham, 2006: 3-4). According to the economist Lindley M. Fraser, economic historians at some point discovered a hole in their theories, or rather the lack of theories on the “fourth factor of production” - the enterprise and its entrepreneur(s). After land, labour, and capital came the enterprise (Fraser, 1937: 317), which is to say that previous scholars failed in explaining creative individuals and processes in economic practices as some of the theories of capitalism and spheres of exchange do.

Joseph Schumpeter is known in economic research for shedding light on the importance of the innovative entrepreneur in society, defining him as one exploiting existing resources in new ways (Bjerregaard & Lauring, 2012: 132). In Schumpeter’s paper “Economic theory and



entrepreneurial history" (1965), he relates the history of the study of entrepreneurship. According to Schumpeter, the economist Richard Cantillon, that did his work in the late 1600's, early 1700's, is recognized as the first researcher to use the term entrepreneur. He was also recognized for writing one of the first proper treatises in economics. Schumpeter summarizes Cantillon's definition of the entrepreneur as:

[An] agent who buys means of production at certain prices in order to combine them into a product that he is going to sell at prices that are uncertain at the moment at which he commits himself to his costs. (Schumpeter, 1965: 46)

The term then holds certain similarities to the definitions on capitalists mentioned above, as well as most of the definition from Merriam-Webster (2012), in the acquirement and holding of means of production as well as set prices. However, specifics are added in the traits of risk-taking and responsibility that do not clearly make themselves known in the capitalism definition.

Later on the entrepreneur's ability to manipulate others into "a productive organism" was added by the classical economy theorist and Frenchman Jean Baptiste Say in the early 1800's (Schumpeter, 1965: 46). This is similar to Marx understanding of capitalists controlling the labour done by workers – but does not limit itself to only workers. John Stuart Mill noted that running a business demanded great skill, and Schumpeter adds that business management is not a matter of just luck, but a culmination of abilities in administration, decision-making and similar tasks (Schumpeter, 1965: 47-48).

Risk-taking and responsibility, new ways of seeking profit and good abilities in administration and strategy are some of the signs of entrepreneurship presented. Continuous profit-seeking and knowledge of a venture are brought forward by both Weber and Yanagisako, and so this is not far from capitalist theories. Still, this resemblance is not strange as earlier the capital owner – the capitalist – and the entrepreneur had been one and the same thing in business practice and in economic theories. However, at the end of the 1800's, this praxis started changing, and the owner did not necessarily have to be the entrepreneur. With these changing methods of finance, new theories started to follow in economics, and entrepreneurship started to come in focus in economic studies. The flip side of this division, Schumpeter noted, was that risk was removed as a trait in entrepreneurial work. As risk was seen to belong to the one who stood to lose money in a venture, it was the trait of the capital owner (Schumpeter, 1965: 48-49). This brings us back to Marx, and his definition of

capitalists as those controlling production powers, and from this segment we may add: an individual taking risk.

### **3.5.2. Social anthropology and entrepreneurial characteristics**

In their capacity as leaders, entrepreneurs represent and influence directions of social change. Their values and methods are a reflection of the synthesis between old and new. (Belshaw, 1965: 140)

Having looked at the early development of economic theories on entrepreneurship, it is salient to continue with social anthropological views on entrepreneurs and entrepreneurship. The previous section was focused on possible traits of entrepreneurs, but capitalism as well as entrepreneurship needs studies that are integrated with cultural processes as well as individual choices. Hans Landström and Mats Benner (2010) run through the scholarly traffic in the subject of entrepreneurship and thus goes through its academic history. They point out that with the theoretical break in the economic disciplines from structural-functionalism in the 1940's-1950's the focus on entrepreneurship changed. The previous empirically based studies centring on entrepreneurs, that Schumpeter had been the inspiration to, ended in the economic disciplines and they started focusing on mathematical models. However, with the very same end of structural-functionalism, social scientists started showing interest in entrepreneurship in the 1940's. The break initiated an interest in the relation between human agency and social structure, and process oriented research (Bjerregaard & Luring, 2012: 135-136; Landström & Benner, 2010: 25). Among them, Barth's work on process analysis and methodological individualism.

The multitude of topics to choose from among the social sciences was so big that entrepreneurship as a topic "lost" in the long run (Landström & Benner, 2010: 29). Still, Bjerregaard and Luring point to Levi-Strauss and the *bricoleur*, a structural version of Schumpeter's entrepreneur – making something new of what already exists (Bjerregaard & Luring, 2012: 136; Levi-Strauss, 1966: 19). However, given the structural nature of the *bricoleur*, social relations and individual agency is not present in Levi-Strauss' theories (Bjerregaard & Luring, 2012: 135). Yet, there is a resemblance between Schumpeter's entrepreneur and the *bricoleur*, but it is, as Bjerregaard and Luring note, too easy to see an capitalist or entrepreneur in this way – mixing and matching his or her tools in a social and historical vacuum.

How then has the entrepreneur been understood in social anthropology? Fraser's book "Economic thought and language: a critique of some fundamental economic concepts" (1937) became one link between economy and anthropology. The anthropologist Cyril Belshaw's article "The cultural milieu of the entrepreneur" (1965), originally published in 1955, uses Fraser's work to further define entrepreneurship. Later on Fredrik Barth also used this definition (Barth, 1972: 5). The definition of entrepreneurship is as follows: a person or group who manages a business unit, makes profit, is innovative in business, and takes risks to a certain degree (Belshaw, 1965: 140; Fraser, 1937: 329). Fraser had pointed out that entrepreneurship could be practised together by two or more persons, and not necessarily only involve one person (Fraser, 1937: 328). Compared to the deliberations on capitalists, Belshaw and Fraser's definition is a much more up-close and hands-on description of what being involved with business might include of work tasks.

Belshaw declares a new meeting place for economy and anthropology in the study of the entrepreneur's role in cultural change. Belshaw hints to the discussion between formalist, ethnocentric theories of economy, and what he claims is the too generalizing and historical specific theories of (substantivist) anthropologists (Belshaw, 1965: 140). So he seems to take a middle road even if unwilling in writing of anything other than "non-capitalistic" societies (Belshaw, 1965: 139-141). It is the role of entrepreneurship in social change that both Barth and Belshaw interest themselves in. Understanding innovation and cultural change is important when we are looking at how fish production managers think and act strategically, potentially bringing about change in their environment. In cultural change, innovation is not a necessary ingredient – but expansive management *is*, writes Belshaw. He defines innovation as the initiation of new behaviour (Belshaw, 1965: 143). His point is that cultural change is the acceptance or recognition of innovation, and growth the further enactment and extension of the action involved in this innovation (Belshaw, 1965: 143). Belshaw's argument is that an innovative behaviour may already have been introduced into society, without the entrepreneur being involved. The entrepreneur's feat is in its utilisation for expansions and growth, and that in cultural change the innovative factor may give way completely as long as expansive management exists (Belshaw, 1965: 140). If we are to accept Weber's statement on capitalists as always working towards continuous profit for survival, it follows that several, if not all, capitalists move towards such expansive management. Through such movements they are a

part of introducing cultural change. It is in the networks found in this study that Belshaw's theory becomes useful since networks are not an innovation. However, how managers use these networks may be counted as entrepreneurial. The networks are exploited to constantly adapt and create favourable conditions for a firm, with growth and profit as the goal.

To understand what profit may be to a manager, we return to Weber's remark on capitalists as profit-seeking. Belshaw sees profit as a problematic term as it is hard to measure what profit may be for the individual, and furthermore because it is relative to size of business and what the business deals in (Belshaw, 1965: 160). It so reminds us of Larsen and what is meant when formalists state that humans work towards maximization. In the same way Belshaw writes that profit does not necessarily mean capital – but may be an intensification or better exploitation of resources (Belshaw, 1965: 143). To economists, writes Belshaw, innovation is the key word that separates entrepreneurship from pure management. However, the anthropology of entrepreneurship cannot break down people into “manager”, “innovator” or other categories, since all the four qualities of entrepreneurship are just as important. Belshaw, as Schumpeter, states that management is usually an extensive and important part of the entrepreneur's life (Belshaw, 1965: 141). This is just as much relevant to fish production managers – seeing the whole individuals and their context, and not only focusing on certain traits. This will also give us a better understanding of the whole group of fish production managers. If one leaves out focusing only on some specific individuals who may be innovative entrepreneurs, one may see that entrepreneurship may be just another symptom of the same underlying conditions for a whole group. This brings us back to the focus on both individuals and the processes around them, and the focus of stability and change presented by Barth (1972).

Fredrik Barth tries to adapt “Western terminology” to small community use in “The Role of the Entrepreneur in Social Change in Northern Norway” (Barth, 1972: 4). He asks why certain social changes occur, while some traditional patterns resides. Instead on focusing on personality traits of the entrepreneurs, he looks on their actions and activities. This involves the entrepreneur's initiative in profit seeking and the manipulation of personnel and resources, much like capitalists. Barth lays the analytical ground for studying the entrepreneur's career as a process developing in interaction with his environment. Barth emphasizes the interaction with other actors, which is relevant to network studies (Barth, 1972: 4-5). These are the same

points made by Yanagisako on how capitalists are made, not born. Barth states that what separates the entrepreneur from other actors are the movement towards profit-making within one niche, innovation and a larger quanta of risk-taking. Barth then moves a little away from Belshaw's more open definition of the entrepreneur.

In the "institutionalized community life" the entrepreneur is in constant interaction with other strategizing actors (Barth, 1972: 6-9). Networks and other strategic adaptations may be seen in relations to Barth's focus on the constraints that actors in society are faced with. We may here recall the situation of Sveinn from the introduction chapter. Sveinn like so many other managers faced certain constraints. Yet, constraints also opened up to opportunities consisting of strategic choices. Barth introduces certain concepts on how to understand the entrepreneur and his environment (Barth, 1972: 9-13). These concepts may also be said to apply to fish production managers and capitalists. First of all, Barth's states that many strategic choices that entrepreneurs make originate from long-term plans. An entrepreneur chooses an area or an environment in which he acts within. This area he exploits in interaction with competitors, resources and clients, and Barth calls this a *niche*. This niche may be new to exploitation or "old". For example, one of Runar's niches was the Nigerian dried fish market. An entrepreneurs *assets* is the sum of all her or his skills, capital and social claims that are relevant to the enterprise the entrepreneur is involved in. This reminds us of Marx' production powers, and so I choose to use Marx' term in this thesis. Barth adds that the strategies and choices an entrepreneur makes can be understood by looking at the *restrictions* she or he meets. These restrictions or constraints may be deduced from the niche and assets that the entrepreneur holds. Barth also emphasizes the value of analysing economic spheres, and especially the possible conversions that entrepreneurs make between spheres, moving his assets between spheres. Elaborating on Bohannon and co. Barth states that the barriers between spheres are the fear of loss in conversion, therefor mapping out the spheres and the possibilities of profit in conversion is very valuable to an analysis (Barth, 1972: 9-13).

An entrepreneur does not necessarily work alone. The entrepreneur(s) initiates a *corporate group*<sup>4</sup> – a network of relations to satisfy the needs and goals of entrepreneurial undertakings.

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<sup>4</sup> Barth must here be using Talcott-Parson's translation of the Weberian term *Verband*, as Swedberg and Agevall describe in *The Max Weber dictionary* (2005: 189). In Weber's "Economy and Society", edited Roth and Wittich, *organization* is the term used to translate *Verband* (Swedberg & Agevall, 2005: 189; Weber, 1968: 48). To Weber *Verband* is the continuance of social relations into a

Barth postulates that "[...] the degree of success may be measured in the entrepreneur's profit or loss" (Barth, 1972: 9-13) However, profit or loss is understood in a wider sense, even more so than Belshaw's; Profit or goods for the entrepreneur may be material or monetary, but also power, rank, experience or skills. The latter ones can be converted into money or material at a later stage. Equally, loss can be understood as power, rank and goodwill, which an entrepreneur may have to "pay out" as a consequence of social sanctions from network or community. These losses can be called "social costs" that an entrepreneur must calculate by when making strategies to see if a particular action is worth it (Barth, 1972: 6).

In relation to theories of entrepreneurship, this thesis will concentrate on how fish production managers build up their knowledge and sentiments in interaction with other actors in their environment. Furthermore, how their constraints in their niche prompts an exploitation of networks as an opportunity of expansion and growth.

### **3.6 Theoretical synthesis and summary**

In this thesis we are searching for an organic capitalism or local spirit of capitalism in the Icelandic fish production industry. I try to approach it from an a posteriori and thick description angle, but still setting borders to it by creating a theoretical model. As organic capitalism never fits an idea, according to Miller, it follows that theories on capitalism may not suffice, and our model must be tailored and trimmed with other theories to fit the data.

What then can be said about capitalists? It is plausible that there is some sort of common ground, and ethos or cosmology, as Weber calls it, that capitalist actors adhere to. This gives them a common platform where they can initiate and maintain transactions. We may say that the fish production managers they are involved in a fish production "scape" where people, ideas and things coincide. Likewise, every fish production manager is involved in specific cultural processes. These processes are a part of her or his making as a capitalist. According to Yanagisako, it is these cultural processes that inform individuals with the knowledge and motivation to become a capitalist. The scapes, like cultural processes are both stable and changing. This may be understood by the labour and constant production that occur in and

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restricted or completely closed group, where leadership or rules are applied by one or several people (Eriksen, 1998: 45).

around these scapes and processes, through which both stability and change occurs. In that sense, capitalists make themselves and others in interaction with each other – resulting in a dynamic, organic capitalism. This local capitalism, as all dynamic processes is set historically. Thus, some amount of introduction to the Icelandic fish production industry is necessary to understand its traits.

## **4. A HISTORICAL AND CONTEMPORARY INTRODUCTION TO THE ICELANDIC FISH PRODUCTION SECTOR**

### **4.1 Introduction**

If a clod be washed away by the sea, Europe is the less, as well as if a promontory were, as well as if a manor of thy friend's or of thine own were: any man's death diminishes me, because I am involved in mankind, and therefore never send to know for whom the bells tolls; it tolls for thee (Donne, 1959).

The 17<sup>th</sup> century poet and priest John Donne wrote of the interconnections between the smallest of things in Europe, if in a somewhat sombre mood. Donne did not only describe Europe, but was giving an even better representation of Iceland and its fisheries and fish production industry, as Aðalsteinn, the director of the Association of Municipalities in the Westfjords told me:

What has separated Icelanders from other nations is maybe that we are so few. You may say we are very one-sided: we think very much alike. There isn't much difference between Icelanders, whether they live in the Westfjords or in Reykjavík. Maybe just the latest years a difference in thought has occurred, but everyone understands what's happening. So if you can get all the Icelanders to go in one and the same direction – you can do that in a very easy way. [It's] exemplified in the bank development; Everyone started thinking about money, so that when you turn a whole nation in that way.[...] Compared to Norway, you have perhaps different ideologists, different ways of thinking so that people start asking questions and start a discussion. The methodology of discussing things that one knows from Norway, takes several months, maybe years before you come to a decision. That's the difference to Iceland – we like having an answer in just a few weeks, and then we just step on the gas. Often we succeed, but not of late.

This chapter will be on the historical and cultural processes that have shaped and keep on shaping the Icelandic fisheries and fish production industry. It will mostly relate to the constraints that fish production managers meet in relation to resource access and the economy of Iceland. This is done to give a better understanding of the practices of organic capitalism among fish production managers since such processes influence their choices in running a company. Sub-chapter 4.2 will give an historical presentation featuring mostly anthropological perspectives and historical data related to Iceland and the fish production industry. 4.3 deals with statements from informants on the general condition of the Icelandic



fisheries and fish production industry. The last and greatest part of subchapter 4.3 will present the stories of four companies as rendered by their managers. They describe different challenges that they and their companies are faced with and the adaptations they make in response.

#### **4.2 Iceland in theory: Historical shifts and changing paradigms**

When writing about a little Nordic island in the middle of an ocean one might easily assume that the fisheries always have played a big role in the subsistence and the discourses of its people. However, as will be presented, this has not always been so. According to Gísli Pálsson and Agnar Helgason (1996) there has been three big changes of paradigms in Iceland during the last 200 years. Following the changes in modes of production there occurred alterations in the social relations of the people living in Iceland. These paradigms have changed in relation to the movement of production from land to sea, and from sea to land. Paradigms are here understood by Helgason and Pálsson's definition as the "[...] underlying framework of understandings and assumptions" featured in society (1996: 61). According to Durrenberger and Pálsson (1989) Iceland's main form of production during the 18<sup>th</sup> and 19<sup>th</sup> century was agriculture with landowners and tenants. Fisheries and the marine resource acquired served only as a supplementary subsistence.

This downplayed role of fisheries had its reasons. In 1875 Iceland was given control over its own economy by Denmark, having been under Danish rule since 1380. At the time most Icelanders were employed in agriculture, and all landless people after 1783 had to go by tenant contract under the landowning elite. The landless people at the time made up about a quarter of the population. Fishing was a part of farming life and the tenant contract, as a seasonal activity for subsistence. It was often the landowners who owned boats and furthermore controlled access to the sea. Even so the resources of the sea were considered a common property of all Icelanders. However, the catch and production of marine products did not exceed that of subsistence needs and what was needed to trade foreign materials of grain, handlines and timber (Durrenberger & Pálsson, 1989: 4-5; Pálsson & Helgason, 1996).

Between the 19<sup>th</sup> and 20<sup>th</sup> century relations of production, modes of production and paradigms changed. The earlier paradigm had favoured land, agriculture and its elite. Yet, further towards the 20<sup>th</sup> century an increasing number of tenants started working within the fish

industry. In the start the land and power elite viewed the tendency as a degeneration of culture, as the fish villages was seen as lower rank compared to agriculture. However, the paradigms and mode of production changed to an economy focused on fisheries. Fishing and fish production became full-time occupations with fishing villages popping up as fishing and fish production became more than just subsistence. Fish was sold to the market and exported in bigger and bigger quanta in the growing markets of England and Spain. More advanced technology intensified the production. Labour became a commodity as tenants became workers, working on increasingly more efficient fishing boats and production lines. There was consequently no apparent ceiling to the production of fish. The sea was seen as an abundant, never-ending source of marine products. Fisheries became one of the major priority areas for the coalition government established after Iceland's full emancipation from Denmark in 1944. The paradigm changed from land elite to the "grassroots" of the fishing villages (Durrenberger & Pálsson, 1989: 4-6; Pálsson & Helgason, 1996).

According to the sociologist Richard Tomasson in "Iceland: The first new society" (1980), the modernization of Icelandic fisheries happened in unison with the transformation of Iceland (Tomasson, 1980: 33). Fishing became one of the factors that were involved in a national development and modernisation plan for the new nation. It was integrally tied to the liberation process from Denmark and the fight for control over own waters. With the new disparity of production, Icelandic society started growing classes, even though they were underplayed by egalitarian ideals (Durrenberger & Pálsson, 1989: 4-7; Pálsson, 1989: 121, 134-5; Pálsson & Helgason, 1996: 60-63; Wieland, 1989: 19, 35-36). Sigríður Dúna Kristmundsdóttir writes that women's rights also corresponded with the freeing-process from Denmark; Giving women the same political rights as men in 1920, 2 years after home rule (Kristmundsdóttir, 1989: 82). Today, belief is that everyone has equal opportunities and access to resources, and any differences are due to individuals. However, Gísli Pálsson describes how class difference is voiced in "[..][the idea of the purity of language as] a part of a folk theory that assumes that Icelanders are equals even though some are more equal than others" (Pálsson, 1989: 135).

In "Work and the identity of the poor: workload, work discipline, and self respect" (1989) Finnur Magnússon describes how a strong work ethic surfaced together with discourses on equality as a working class reaction. Iceland has separated itself from the other Nordic countries by the great amount of value that is put into the "hard work" ethics. Magnússon saw

this as a result of the ever-present workloads of the tenancy-system, which continued into the new working class. Work was continuously present in all aspects of life, and it was also a context in which workers might build self-esteem and identity. In this lifestyle work abilities was the only asset a person had. Hard work was a way to be taken seriously and achieve a good reputation, also for young people (Magnússon, 1989: 140-154).

The lack of other resources at hand, and having one of the worlds best fishing areas in their coastal waters were seen as the origin of Icelanders' aggressiveness and interest around the fish stocks, as expressed by Tomasson, and economists Agnarsson and Arnason (Agnarsson & Árnason, 2003; Arnason, 1996; Tomasson, 1980:33). The fluctuations of the fish industry have had a direct and immediate impact on the welfare of Icelandic society (Agnarsson & Árnason, 2003; Eythórsson, 2000). Not only did heightened catches and seafood prices affect Iceland's economic growth in the 20<sup>th</sup> century, but the fisheries industry partially or completely contributed to five economic depressions in the Icelandic economy between WWI and 1993 (Agnarsson & Árnason, 2003; Arnason, 1996: 72). Following the view of the abundant seas, there had been overfishing both during the 60's and 70's, from both foreign and Icelandic vessels. Due to Iceland's dependency on its fish, and vulnerability of the fish stocks a series of "cod wars" occurred between Iceland, West Germany and Great Britain. This happend during a period where Iceland secured and expanded their exclusive economical zone (EEZ) from a meagre 3 nautical miles (nm) in 1904 of surrounding sea, to 200 nm in 1975 (Tomasson, 1980: 33), thereby getting control over vital resources.

According to Durrenberg and Pálsson (1989), following the overfishing in the Icelandic seas the Individual Transferable Quota-system (ITQ-system) was introduced in 1984. This not only left the government in control of dealing out fishing rights, but also moved the paradigm back to land. Before, the paradigms of the amounts of fish caught were owed to the luck or skill of a skipper. With the quota the human factor of the skipper was taken out of the account since the government, through the quota system, now decided the size of the catches (Durrenberger & Pálsson, 1989: 10-16). Helgason and Pálsson (1996) describe a Marxian textbook scenario of the friction following a new set-up in relations of production. The new quotas mimicked the properties of private property, while the politicians still emphasized and denied any deviation from the fact that marine resources was the common property of all Icelanders. Before, any Icelander could become a full-time fisherman in theory. However, in the initiation of the quota system quotas were given out on the basis of a three-year fishing

period to specific individuals. New regulations not only involved setting a fishing maximum, but also set limits for how many new boats could join and restricting certain days/periods and grounds (Agnarsson & Arnason, 2003: 5-6; Eythórsson, 2000).

Later on in the 1990's quotas became fully tradeable, and small-scale fishermen found themselves struggling under yearly decreasing quotas set by marine researchers. Some consequently sold out and a consolidation process of quotas started. Helgason and Pálsson show how about 50% of the quota, per 1994, were owned by the 26 biggest companies in Iceland. Fishermen and Icelanders in general were very opposed to the idea of some people owning the rights to fish as they felt it contesting the Icelandic egalitarian ideals and fish as common property. It has even been portrayed as a theft from the people of Iceland (Pálsson & Helgason, 1996: 60-66). Because the share of quota seemed to be proportionate to success in the business, a divide between those who owned and those who did not own quota appeared. Consequently, resentment grew among small-scale fishermen and Icelanders in general against those owning bigger shares of quota. The big quota owners got labelled as "aristocracy", "quota-kings" and the system itself a new "tenancy-system". A survey among boat owners said that 60% deemed it immoral to deal with quota, being the nation's own resource (Helgason & Pálsson, 1997). However, there existed, in addition to the "big" fisheries, a completely separate small boat quota system for boats under 15 gross tonnes using only handlines or longlines that could fish a certain amount during the late spring and summer months (Icelandic Ministry of Fisheries and Agriculture, 2012). Most of my informants utilised this system to get additional fish, and especially those who did not own quota relied on these summer fisheries.

So important was the fishing industry that the Icelandic Króna's<sup>5</sup> exchange rate was set in accordance with its development, so that the industry would not be too much affected by the changing demands in the markets. Tomasson (1980) describes the Icelandic society in the 1970's as the most inflated economy of Europe. He looks at this in the light of Icelandic society being so sensitive to export with such an unpredictable substance as fish to base it on. To keep it running a state-controlled capital market was necessary. This was not only for the sake of the export business, but also to keep unemployment at bay, as there was a full employment policy from the government (Halldorsson & Zoega, 2010: 2; Tomasson, 1980:

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<sup>5</sup> The currency in Iceland is the Icelandic Króna (ISK)

33-4). Tomasson states this policy to be successful from the early 1940's and onwards to the time of his book (1980). In the fish industry this kind of overall control was reflected in the distribution sector (Tomasson, 1980: 33-34). According to Guðbergur, in Samtök fiskvinnslustöðva (SF), or The Federation of Icelandic Fish Processing Plants, marketing and export to foreign markets was taken care of by two companies mostly until the 1990's. Guðbergur said it was only from the mid-1990's that the larger companies started doing their own marketing and export. Before that all fish processors were a part of a cooperative for marketing and export, and every little town had a cooperative department.

Durrenberger (1996) writes that the government continually kept increasing the prices on import goods and taxes to keep competitive prices on fish internationally, making the Icelandic Krona inflate. A "spend while you have your money"-attitude was created with a massive consumption culture. Durrenberger states that even though Iceland clearly has class division as every other society, this is ideologically strongly contested in the nationalistic values constructed by the former farming elite, and the academic elite. "Class" as such does not exist, and as long as one can uphold the same consumption pattern and income, if so by way of two jobs, then one is equally a member of the Icelandic elite society as everyone else. The image of equality holds hegemony, and is upheld by Iceland being a society where criminal acts or some people's riches are thought to be based in personalities of individuals rather than in structural differences as class (Durrenberger, 1996).

The government tried to stop the inflation problem that was partly caused by their adaptation of the economy to fish exports. Presuming that privatization would get the inflation once and for all under control, without the banks being under the government's ineffective control, they set the banks free to roam after 2002. Economist Matthiasson (2008) highlights how newly privatized banks fought for their market shares, giving housing loans and credit for cheap to the private market. A soaring Króna as well as the fact that Iceland offered one of the highest interest rates in the world made Iceland an extremely attractive venue for foreign investors. Already battling over market shares in Iceland, Icelandic Banks were pulled to cheap foreign currency, international investment possibilities and new financial markets (Matthiasson, 2008: 2-5). However, within some days in October 2008 the economy of Iceland crashed. The three major banks went bankrupt and sad consequences followed: lay-

offs, inflation, a deflated Króna, sky-rocketing housing loans, and foreign loans made impossibly high for both investors and ordinary Icelanders (Matthiasson, 2008: 2).

### **4.3 Company stories**

The descriptions above set the stage for the action patterns of the companies in this study. We will now move closer into the history of four of the companies, presented by my informant(s) in each company: A-Fiskur, Sjóinn, Norðfiskur and Dalfiskur. In different ways their cases illustrate the history of Iceland and its fish production industry.

#### **4.3.1 General reflections on the Icelandic fish production industry**

During my stay in Iceland my informants that worked with the Icelandic fish production industry shared their insights with me. They provided many key points to understanding the complexity of the fish production industry. Guðbergur worked for the union Samtök Fiskvinnslustöðva (SF), or The Federation of Icelandic Fish Processing Plants<sup>6</sup>. He talked about how the fish production industry was tied to local community and the people residing there:

[In Iceland] we have this heritage; There was one operation in a town and it had both a processing plant and fishing vessels. This processing plant used to have most of the people working for them, so it was a big responsibility, to see to that all of the people of that town had enough to do and money to live there.

This meant that the fish production companies often were integrated with fishing, as Jón in the company Sjóinn told me:

[In Norway] processors were not allowed to own the fishing boats. But here in Iceland it's very important that you have the whole system in your hands – fishing and processing and marketing.

Contrasting their Icelandic industry with Norwegian fisheries and fish production industry was something many informants did, as they often knew quite a lot about how the Norwegian industry was structured. The informants seemed to think their vertically integrated<sup>7</sup> industry

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<sup>6</sup> Guðbergur told me all the fish processors used to be direct members of the Icelandic confederation of employers, but as both the fisheries and industry sector had their own federations “[..] it became a bit of an embarrassment” not to have a own union, so in 1975 SF was started. About 80% of the fish processors in Iceland were members in 2012, which at that meant about 70 different companies.

<sup>7</sup> Vertical integration – The integration of several separate activities in one firm, here exemplified by having fisheries, production facilities, and marketing within one company.

worked much better than the lacking integration in Norway. Companies like Fiskfyrirtækið and Sjóvar did not only refine the fish, but also fished for it – though in very different scales. Aðalsteinn, the managing director in the Association of Municipalities in the Westfjords also emphasized this fact: ”

We have continuously had a vertical integration of shipping lines [and the] processing industry – so the same people have been working [on them]. There is no separation.

It was very positive to be able to fish for own fish since acquiring marine raw materials probably was the most important factor in running a fish production company. Lacking resource access often served as a constraint for many companies. The fish industry might have been in for a change in relation to raw material management, according to Guðbergur at Samtök Fiskvinnslustöðva (SF). As noted in the historical section, the introduction of quotas resulted in better control with overfishing, but it also proved a big constraint and insecurity to companies. From big quota owners to those companies without any quotas there was a lot of disagreement on how to best structure the quota system. Additionally, in the constraints that production companies faced, the financial crisis also played a role since the fish production industry depended on exporting their fish and using banks for money transfer. Both quotas and finance were tied together in a complex picture of challenges and insecurities. SF represented companies with both processing and fishing vessels, while another federation represented those mostly without fishing boats. The biggest problems of the members in SF biggest problems nowadays were the raw material and the prices thereof, as Guðbergur explained:

We have a left-wing government in Iceland now, and they want to change the fishing system. We have been very busy in meeting with the government to describe our view of the industry in the next decades. They want to draw inn all the quota, and our members are big quota owners today. Their ownership is in question. Most people in the industry agree on that – if we are not careful on how we manage the fishing in Iceland we could devalue the industry [...] If we degrade the industry, who would loan us [money] for boats or that kind of things? And also the fact that today a **trawler** costs 2,5 billion Krónas, a large amount of money, and they have to pay back in a long period of time. It could be 10-15 years [...]. Icelandic fishing grounds are good, and the fish stocks are doing fine, and I think they will be doing even better in the future. [...] But if you undermine the system, then the trust will go. When you are doing business with people abroad then it's always based on trust. If you have no trust you ask for a letter of credit. A letter of credit today in Icelandic banks, with no trust, in fact it means you have to get a letter of credit through Icelandic banks to a bank abroad, who has some trust. So

it's all based on trust! Our members say they own the quota. The people of Iceland say that they own the quota. In the end it will be a contract between the people and the industry how to utilize the quota. Then there is also talk of – if you utilize quota, you have to pay for it. I think in the end the fishing industry will accept this [...] in the future. The main thing is that who uses resources, pays for it.

Before the financial crisis the fish production industry had been inhibited by the inflated Króna currency and expensive labour. Now, after the financial crisis, labour and export was much cheaper. This did not mean that the industry went unscathed. Several companies had taken up big loans in foreign currency. In addition some companies across Iceland had taken loans on their quota shares to expand their companies. After the crisis several companies were having a hard time, and some went bankrupt. Sending out mails to companies before traveling to the Westfjords, one of the companies never replied. Arriving there I was told they had gone bankrupt 2 days before I got to the Westfjords. According to a man I met at a pub, who had worked in a previous fish production company in the same village, there were several reasons for the breakdown of this company. “But they had borrowed money from the bank with their quota,” he ended. Marteinn in the big fisheries and production company Fiskfyrirtækið said that there had been 4-5 companies in the Lofoten Islands in Norway that went bankrupt because they had been “[...] playing with currency. We had the same problem here in Iceland, they [some fish production companies] got into big difficulties because of that,” Marteinn told me. If any of my informants had “played with currency” they did not talk about it to me. They did, however, talk about other challenges they had met, financial or otherwise. Why and how different companies face different challenges will be examined in the next section together with company history.

#### **4.3.2 A-Fiskur**

Families building up fish companies, in some way or the other, is a trait found in all of the Icelandic company histories in this section. In the Westfjords, which is located in the North-West of Iceland, fisheries had a long history. *A-Fiskur* was a salt fish production company that had deep roots in the area. My informant Sveinn's great-great-grandfather had bought the land in the 1850's. He was a fisherman and a sea captain, and started a fish industry in about 1856/58, and slowly a town emerged around it and became the village of Norðurstað. Accordingly, A-Fiskur was not only a family business; the whole town of Norðurstað was a



bit of a family town, as Sveinn told me. In 1968 Sveinn's father in Norðurstað became manager of a fish company, where he was one of the major shareholders. In the company's primetime, during the 1970's until the late 1980's, the town prospered as well. Many houses were built, most of those in the upper part of town. Norðurstað had around 600 inhabitants at its most. Sveinn explained how the company was a very big operation. About 200 people were working at the company, with a trawler delivering the fish that secured work for the larger part of the population.

In the early 1990's the de-sizing of the demersal fisheries, in addition to the turbulent economy, made a big impact on the predeceasing company to A-Fiskur, as Sveinn explained:

[There was a] big decline in the Icelandic fishing industry in 1991, 1992 and 1993, [following] a huge downsizing in the quota [...] especially in the cod. The area here is more or less based on cod. Others are based on other species, like herring or shrimp, so they can turn to other species. But this area here was mainly on the cod because of the main fishing grounds of cod is just outside of Westfjörður. So it was a huge impact on those companies. [It] crippled them quite a lot. Then you add the economic turmoil that was in Iceland from the year of 1980 to 1993 or 1994. We had inflation skyrocketing to over a 100 % one month and always the devaluation of the currency was fixed by the government, so they just devaluated the Króna just to get the industry on bare zero. And then they changed it again to open up for the industry in Reykjavík. So this is a classic battle between those who are importing stuff – the industry itself who wants a stronger currency, and those who are in the export business that want a weaker currency. So it was a bit of a mess - most of the companies in this area were in a bit of a mess. They had to downsize a lot of their quota. Merge with other companies. Other companies in other fjords here went bankrupt so the whole thing changed quite a bit in those years. The trawler was sold to Ísafjörður [a neighbouring town], and they started up with smaller operations - smaller boats - trying to figure out a cheaper way to operate them. That was a big set back.

Merges and bankruptcies were not only occurring in the Westfjords, but all over Iceland during this period. In 1995, the company Sveinn's father had been involved in, merged with another company. Most of the investment that had gone into the company was lost in the year of 1995 and up to the year of 1999. At this time Sveinn's family stopped its direct involvement with the industry - "But we were always on the side, so to speak," Sveinn told me, referring to his family. In 1999 a major avalanche swept down on Norðurstað, with terrible destruction and 20 people were killed. This was a hard toll for a little town. Right

away 100 people who were related to the deceased moved away, Sveinn said. It was a depressing time for the townspeople, and it was still in their thoughts 15 years after. The town had now, however, gotten huge avalanche deflection dams built close to the village.

Little had happened in Norðurstað between 1995-99. However, in 1999 a new company called Fjörður took over production, giving the town a turn for the positive. Starting up from scratch the company Fjörður used small fishing boats, and the coastal small-boat quota system to get hold of raw material, and started buying fish quota little by little. This resulted in a 4000-ton share of fishing quota after 7 years and the factory was producing 9000 tons of material a year, Sveinn told me. However, following the possibilities of the Individual Transferable Quota-system the town of Norðurstað experienced another major downfall and loss; The ITQ-system enabled owners of quotas to sell and lease quotas freely as they wanted, across Iceland. The previously mentioned moral anger felt by Icelandic citizens found its source in incidents like what would happen in Norðurstað. Without going bankrupt, Fjörður stopped their production and business completely:

They sold their [...] owner equity<sup>8</sup> and just quit and took the money! So they sold all the quota, all the ships, and stopped, and said: ‘Okay, this is good!’ That meant that 120 people lost their jobs. [...] So we had 80 people moving out of the town, almost right away, and other families moving also. [...] so over a 100 people moved away in 2007.

What happened afterwards proved how close Sveinn’s family felt to the town of Norðurstað. Sveinn’s father went to his old business partner, who had run Fjörður, and bought the production facility in Sveinn’s cousin’s name. Shortly afterwards Sveinn’s father passed away.

We were given the task. I’m not even sure we said yes or no. It was just suddenly our task in the summer of 2007 to make something out of it. So that is why I am here.

Starting up in 2007 their goal was to continue the fish industry in Norðurstað. Sveinn’s cousin was the company owner, but it was a family business, really, Sveinn said. Though his cousin was the definite head and owner with the biggest majority of shares, Sveinn and his other cousin, Ingibjörg, were two small shareholders who "were willing to team up” alongside and work in the managerial side of the company. Taking over the factory Sveinn and his cousins recognized their social responsibility. Failing in making the company work would bring

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<sup>8</sup> Equity – shares or assets

around the closing down of the factory, and the town of Norðurstað would not survive. They had seen the tendencies in Norðurstað in 2007 when Fjörður sold out. It was a gradual process, where in the end the church, school, kindergarten, bank and all other services disappeared, leaving a few commuters and summer residents. The task of making A-Fiskur work was not easy, but they were certainly trying their best.

They [Fjörður] sold everything out. So when we started we were back on square one with nothing. No quota, no boats, no nothing. That's a difficult situation.

They hired almost all the people that was left and had not gone away, which meant about 40 people. Sveinn and his cousins were hopeful that they would not lose any money, and perhaps in the end earn something. Still, they had no romantic vision that running A-Fiskur would be easy the first 3-4 years.

When A-Fiskur now were up and running, the problem of quotas and the acquisition of raw material again became a problem, as Sveinn explained:

You have a situation on Iceland where [...] operating on the fishing plant or finding the best way to produce any type of product - say for example cod, salted cod even, salted products you sell to Spain. In itself it's not a big deal. It's easy to catch it, you have the knowledge here, it's easy to produce it - we have the knowledge, we have the skill - and it's relatively easy to sell it. So what's the big problem? The problem after 2007 was the finance in Iceland. You couldn't get the finance, so you couldn't take the risk of buying yourself the security a factory needs, which is the raw material input. You need to buy or lease a fishing quota. So there are two options. You could either buy it, the right to go out and catch a certain amount of fish. Or you can lease it from somebody who has it. At the time the price of buying one kilo of cod quota went up in 2007 to 4000 Króna per kilo: just to give you the *right* to come back with one kilo! The leasing price when you rent it was about, say 2000 Króna per kilo. The price you were selling if you were a fisherman and you were selling me for example, being a fish plant, that one kilo of cod: I would be paying around 200 Kr. per kilo. So you see the investment of buying to give you the annual right to catch one kilo of cod - If you are buying that for 4000 Kr. per kilo - that's a huge investment that won't pay off until you give yourself a 6-10% earnings on your investment in the next 40 years. That's how you calculate - should I buy it or should I rent it. We saw straight away it couldn't work.

So A-Fiskur tried their best with the small coastal quotas, fishing what they could, and buying the rest at the fish auctions.

It certainly has not been easy. We still have not lost a great deal of money. [...] We are just stuck! There is no good news, but there is no real bad news.

Even though running A-Fiskur was a challenge, there were also bright sides to running a company in a little cosy town in the North of Iceland. Before moving up to Norðurstað and becoming a manager in A-Fiskur, Sveinn had been a successful tax lawyer in Reykjavík “[...] doing all the deals for the banks that went bankrupt”, as Sveinn himself said. Everyone had asked him when he moved north in 2007: “What the hell are you doing? Why have you decided to give up one of the nicest jobs in Reykjavík and start this madness?” But Sveinn laughed and said their tone changed after October 2008 and the financial crisis hit: “They said: ‘Well, you’re in a good spot. A nice place and doing something for real!’ And that can be true,” Sveinn finished, smiling.

As the case of A-Fiskur shows, quotas and finance caused a lot of insecurity and challenges for a company that did not already own quota. The case also reflects what Guðbergur in SF pointed out on the big responsibility that a fish production company has towards the people working there and the survival of a whole village that may depend on a company making it. However, even though there were great challenges that followed in the wake of constraints such as finance and quotas, these constraints also could result in innovative behaviour when people or companies adapted to the challenges as is illustrated by the company Sjóinn in the next case.

### **4.3.3 Sjóinn**

During what was favourable times under WWII, with low export costs and technological progression (Agnarsson & Árnason, 2003), the predecessor to the fish production company *Sjóinn* was created. However, even though the export costs may have been low, there occurred other problems in relation to the war which led to creative entrepreneurship, as told by Jón, the production and marketing manager:

The company was started 19. January 1941. During WWII, transporting fresh fish to Great Britain was difficult and the fishermen had to do something with the fish. So the local people of Holtdalur, mainly 4 local families, teamed up to build up a freezing company. That was the first reason for starting up – the other was to create more work in the area. Times went by, and boats sold fish to the firm to freeze.

After the cod-wars and the “riddance” of the foreign vessels, a leap of modernization occurred in Iceland as 80 new stern trawlers popped during a decade in the economic high between

1971-1980 (Agnarsson & Árnason, 2003: 5-6; Eythórsson, 2000). This renewal was also reflected in the Westfjords and Sjóinn, as Jón continued to tell:

Later on, in the 1960's, bigger boats were bought and bigger investments made. The fish processing part of the company became more and more active within fisheries itself, and they started up a daughter company - a shipping company, and investments in larger boats. For many years there was only the freezing company and the daughter company that had a big boat to supply the freezing plant with resources so that the access to fish was more stable, in addition to buying fish from the other fishermen as before. That lasted all the way until 1972, when they bought a new stern trawler. That was a big step into getting stable year-round supplies of fish and stable work for the community.

Stability in resource income was important to companies as it made it possible for them to keep a stable production going all year round, being able to supply clients with fish, and last but not least keeping local people with work.

The consolidation processes occurring in the late 80's and during the 90's also affected Sjóinn, but not in a very negative way as others had experienced, as Jón explained:

All the time, these families have owned this company. Some have stepped out of the fish industry business, and have moved southwards to Reykjavík. Later on, in about 1985, a development here in Iceland started, towards consolidation. Companies start to merge together, and become bigger units. That was after 1990. And in 1997, there was a merger between the freezing plant and of course the subsidiary shipping company. And together they merged with Sjó, that's a small company in the next fjord, in Holtvík.

Sjóinn continued to do well, also after this merger. Between 1998 and 2002 a privatization process in the banking sector with subsequent financial expansions occurred in Iceland (Halldorsson & Zoega, 2010), and made its mark on the company's development:

[From 1995] the worth of the stocks in the company went up, and bankers became more involved in these processes [of development]. Those that had shares in the company in that period, 96-7, they saw the value increase. They were outside the company, they were down in Reykjavík, down south, and would like to sell their shares to get funds out. So, the common conclusion was that the company should be made bigger: Register it at the Icelandic stock exchange, so that everyone that were not involved in the [running of the] company could sell their shares at a market set price. So it was done [like that]. And some funds came in and invested [in Sjóinn]. There were several companies here in the area, in Ísafjörður, which

merged in 1999. And bigger investors came in. It all went well, everyone that wanted to sell could sell at market prices, set outside.

However, after a period of doing well, Sjóinn now started facing the down-side of the financial banking system. Jón told me that after 1999 there were too many shareholders and too big a share of the company stocks were externally owned by funds and investors in Reykjavík. At the same time the company was planning a new merger. This time Sjóinn was loosing their local control to a bigger and non-local company:

We thought we wanted to take the company into a merger with a bigger company in Akureyri or Reykjavík. Then all decisions would be made externally. We decided [against it] and got finances to buy out one of these big investors, and the company was delisted by the stock market. So that Stórfisk<sup>9</sup>, and different funds that had stocks here, sold their shares. [The shares] were bought back by these three big families that started the business originally. The firm was delisted<sup>10</sup> from the market. So it is in the hands of the 2<sup>nd</sup> and 3<sup>rd</sup> generation descendants of the founders. So we are starting to close in on 70 years [now]. So that's how it is today. We run one factory ship, two fresh fish trawlers, and a processing plant. And we have in the last 5-6, 7-8 years built a fish farm.

The family owners and managers of Sjóinn had secured local control and continuity. Sjóinn had some quotas and leased some of the quota to others, but as Jón said: “Without growing access to resources, a company is not able to grow.” This was the reason for why a fish farm had been started by Sjóinn, since it would secure a growing resource income. Fish farming seemed more reasonable than buying quota. Jón summed the conditions for A-Fiskur and other companies quite well when he said: “When the quotas are too expensive, [companies are unwilling to buy, [because] it is not economically feasible to buy quota.” Looking back at A-Fiskur and including the case of Sjóinn it may be concluded that a stable base of resource access to provide stable work was important, as well as avoiding factors of insecurity – which could be difficult in an unstable industry that fisheries were, and continue to be. In addition, a need for something could prompt creativity, as it had done for the four families that started Sjóinn's predecesing company, and later when Sjóinn had started a fish farm. The instability

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<sup>9</sup> One of Iceland's biggest fish production companies.

<sup>10</sup> Removed from the stock exchange.

and changes that affected the fish production industry are also illustrated in the next case presenting Norðfiskur's history.

#### **4.3.4 Norðfiskur**

As remembered from the history section, during the 1990's production companies started to move away from having communal marketing and export companies. It was perhaps during this mood of free export and marketing that the distribution company Norðfiskur was started in 1994 in the town of Norðvík. My key informant, Runar, was the leader of the company, but divided the work with his two brothers and his sister-in-law, that part-timed as accountant and secretary. Norðfiskur was originally meant to be a distribution company for the older family production company that had been started in about 1980. The old family company had produced dried fish heads and similar products to Africa, but also produced dried, salted fish – bacalao – to Brazil. There had been many companies in Norðvík who produced similar products to Norðfiskur before the introduction of the quota system. However, the aforementioned turbulent period of consolidations and economic instability also affected the town of Norðvík. Björn, one of Runar's brothers, related his experiences with the quotas and the introduction of small boat quotas:

Since -87 when they put up these quotas [...] they [some of the quota-owners] started to sell the quota and deal with things, and big [companies] would buy the small, and all those things. [...] So there are some corrections being done by letting the small boats going fishing again. At least you have some younger people getting into it again. So it's not so stale as it was becoming. There is nobody left. I mean, when I started here, there were 33 individual producers, small ones. Everybody was fishing *and* making salted codfish from their production. So slowly they disappeared, most of them selling their quotas. Because they [presumably he meant the government or the Marine Research Institute] were always diminishing the [TAC] volume so it was not profitable.

The old family company did survive the early 90's, but it was not only quotas and resource access that producers had to worry about, the markets they were selling to were extremely important. Because Icelandic salt fish had gotten a low reputation after selling second-rate fish to Brazil during the 70's the goal of Norðfiskur was to give a better brand name to the Icelandic products in Brazil. The old production company had a great period around 1986-87, but when Brazil faced 100% devaluation during Brazils financial crisis in 1999 the old company went bankrupt. The old production company had very big outstanding claims, but as

Norðfiskur did not, it survived. “ Well, well, such is life” Runar sighed before continuing to tell. They did not re-start with Norðfiskur before 2002.

The thought was that we were going to export again towards Brazil, but by then everything was so changed. We didn't get a hold of the raw material we needed to export. In addition the dollar was weak against the Euro, and accordingly there was a bigger flow of goods and services, going for that currency perhaps. So, yes, we had to do something. Part of the raw material we had bought in for Brazil, like Saithe, was cheap. So we started drying for Nigeria. And that went well, so it increased steadily.

Norðfiskur still produced some salt fish for Brazil, and also worked as a distribution company for other Icelandic producers selling to Brazil, since both of Runar's brothers spoke Portuguese and they knew the market well. Norðfiskur exploited the hot water available from the ground for indoor drying of dried fish for Nigeria. Only 2-3 other factories were doing the same as them at the time in Iceland, so raw material in form of leftover heads and scraps from production was available for them. As they had done drying of fish to Africa before in the 80's, it was easy for them to do.

Talking about what led to the financial crisis, Runar described how people in small villages and towns in Iceland were good at helping each other out. Taking the load out of each other hands, one would do another a favour that later would be returned. That was the way of surviving in small societies, without helping each other life would not have been enabled in Iceland. The problem, he said, was when this small town collective helpfulness was taken into a larger scale, that of big town living, state government and banking.

Norðfiskur and Runar had kept cool and played a safer game with regards to borrowing money from banks and through having spread markets. Norðfiskur exported to Nigeria and Brazil, two separate markets, and Nigeria was quite stable as long as the oil prices were good. Runar had himself said that though it made the company development slower, he had specifically avoided any loans. He voiced that in 2002, when they started up Norðfiskur again and the banks had started their “raids”, Norðfiskur had been quite secure as the small town of Norðvík was not interesting enough for the banks. It was perhaps the same symptom as A-Fiskur had experienced in their attempt to get finance for quotas. This did not mean that Norðfiskur was unaffected from the financial crisis. I asked Runar if Norðfiskur immediately



was affected by the financial crisis in Iceland, which I had not expected taking into account the points above. His reply surprised me:

“Oh, yesyesyes, BOOM! At day two!” He did a sign with his arms to signify an explosion.

While looking at a mail on his computer, Runar continued:

Take for example this. [It's] about the bank we had [worked] with and [that] took care of things for us, just until the crisis. It has gone bust. It has been restored but that means it doesn't have any foreign connections. [The bank] has to set up these [connections] anew. [...] That doesn't mean that they get back their old contacts. They have to work to build up trust. [...] And some banks abroad just plainly refuse to establish connections again.

I must have looked shocked, because he looked at me calm and serious while confirming his words.

Yes. And that is okay [for the foreign banks to refuse]. One can understand that [they do] by what has happened. But that doesn't help me – a fish producer in Iceland. So it's in a way a hopeless situation. [...] It [the crash] turned everything upside down.

Establishing trust and good relations to clients – and banks – was important. Facing a future without being secure if one had steady clients meant insecurity to a production company's survival. Still, even though the banks in Iceland lost *their* clients' trust, this did not mean that Icelandic fish production companies did, as Guðbergur in SF explained:

We exported fish and products [to Great Britain] but the money was frozen in banks. But then we sorted that out, it took maybe 2 months. One company in Iceland [Fiskfyrirtækið] sailed abroad to England and sold their fish there. It was just two boats, I don't think they were having any problems, they were just showing the possibility. Even so – the trust between people in the fishing industry – that never broke. So there was always trust with whoever we were doing business with, it was just problems with the banks. But after the crash we were not buying any new boats. [Now] everybody's [on] wait [with the government].

Icelandic fish production companies, like Fiskfyrirtækið and Norðfiskur were flexible and able to use their knowledge - and could therefor send boats to Great Britain or change production focus from bacalao to dried fish scraps. Still, though fish production companies were as flexible as this and produced high quality products, finance and markets could be a challenge in other ways, as Dalfiskur in the next case was an example of.

#### 4.3.5 Dalfiskur

Dalfiskur was one of the other companies that resided in Norðvík together with Norðfiskur, and was run by Erlingur and his brother Sigurbjörn. Erlingur, who I interviewed, and Sigurbjörn had taken over the company after their father. Originally it was the brothers' grandfather who had started up a company around 1936. However, the old company had gone bankrupt not long ago, but they had started anew with Dalfiskur in March 2009, only one year before my arrival. Erlingur and Sigurbjörn did many jobs in their company: they managed Dalfiskur, did research and development on their products and worked somewhat in the factory. Filling several jobs within one company seemed usual for managers in smaller production companies. Although Erlingur had a humble view on the market prospects for Dalfiskur, they still were optimistic and hopeful. As Erlingur stated as the reason for creating the new company, Dalfiskur: "We saw that the future could be okay". Erlingur and Sigurbjörn had for two years been refining and developing "bitafiskur" as a childrens product for a popular children's TV-show called "Lazy Town". "Bitafiskur" is a dried fish snack resembling potato chips, made of fish<sup>11</sup>. They also produced harðfiskur (stockfish), and dried the leftovers on the fish, like heads and backspines for Nigeria, as Erlingur explained:

While we are so small we use everything, because we have the capacity in the drying cabin, like you can see. And also because everything is that expensive on the market, so we try to send it to Nigeria.

In a tough market they were trying to get their own brand and product into stores. At the time they had their products in two different stores. "Because the stores doesn't like each other, so we have two different names. Or else we could be in the cold on both sides", he said and laughed. Erlingur was modest, but proud of their dried fish products. He gave a big sigh after explaining their drying technology:

We say that, and everybody says that we produce the best harðfiskur in Iceland. And now I think we have it also in the bitafiskur. It's only small on the market, because we don't have the capacity financially to wait all the time for the stores to pay us back. That's a long time. And so we are only being with, holding the market open. But we produce the frozen [fish] in between to fill up the production.

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<sup>11</sup> It must not be mistaken for the dried whole filets called "Harðfiskur" (Stockfish/ tørrfisk).

The company's goal was to produce only dried fish. "That's where we *hope* all our fish will go" Erlingur said and laughed. They had capacity to produce 100 metric tons, but were at the time only producing 12 metric tons. The market was tough, and even with a high-quality product<sup>12</sup> this was not necessarily enough to give them a break in the markets. Many producers I talked to, like Runar in Norðfiskur and Marteinn in Fiskfyrirtækið, emphasized that acquiring and keeping good, long-term relations to clients was very important for producers, as it meant securing a market for future production. Dalfiskur had a new product that faced a market filled with competitors and so had to hope and work for a break with their product.

We have now looked at the general make-up of the Icelandic fish production industry, its history and some of the main challenges that face fish production managers and their companies. This provides a base of understanding when we now turn to how fish production managers related to their surroundings, both within their company and towards other peer companies.

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<sup>12</sup> With the best dried fish the anthropologist had ever tasted.

## **5. "MY DOOR IS ALWAYS OPEN": Relating to one's surroundings**

### **5.1 Introduction**

No man is an island, entire of itself; every man is a piece of the continent, a part of the main.  
(Donne, 1959)

The preacher John Donne touched upon the subject if humans really are all alone – disconnected from each other. Donne took an approach that would agree with the reality of most of the company managers that I have met in Iceland. The managers depended on their employees, and in bigger companies, on their co-workers. Also, no-one was unaware of their role in relation local community. The production line was an interactive process in the relation between the managers, their co-workers and their employees. Also, many of the companies were very aware of their environment and their own role within it. This chapter has three focuses. First, it will look at how managers have worked their way to experience. This was often in interaction with a family company, but also connected to locality. Furthermore, the chapter will deal with the informal tone and cooperation between the managers, their co-workers and employees. Thirdly it will reflect on how managers influence and reflect on their local community.

### **5.2 The making of a fish production manager**

When Runar told me: "If you are to understand anything about production and fish companies you have to work there yourself", he knew what he was talking about. He and his brothers had worked their way up in the company doing every kind of work, from gutting fish, being a foreman, to captaining a ship. They did not only know what was going on down on the floors, they had embodied it. They both knew who their employees were, and what they were working on – They *knew* the process and work occurring because they had been there themselves.

Marteinn was the chairman of the board of directors and head of production and marketing management at Fiskfyrirtækið, a company of about 350 people, where about 160 of them were at sea. Being a big company, they were involved in fisheries and the production of frozen, salted and dried fish to many markets around the globe. He was like most of the other managers a representative of how individuals had started their working life at an early stage,

in a family company that he and his brother and sister had taken over from their father. Marteinn told me how work had been valued very highly when he grew up. From he was 5 to 7 years old Marteinn had been sent for two months in summertime to help at the farm of his father's sister. That for him had been very important, he had even worked one summer at a Danish farm as a 15 year old.

At that time it was very common in Iceland to send the kids [to farms during the summer holidays]. I think they thought it was very good for the kids to be brought up on a farm where they had to work a little bit. Of course that is not good today where you are not allowed to work until you are about 16, but in those days it was very important to start to work when you were young. [...] We started working 12 or 13 years old in the plants, although I started a bit earlier. There were a group of youngsters working in the plants during summer. Either in the salt department or scampi department. But now the latest years we have not been doing this, they have to be about 16-17 if they are going to work. And also because we have been cutting the quotas down, we have less work during the summer. We are trying to fish more from September until May, so we have more or less the summer off.

The reason for this was that the fish was easier to work with during the winter season, as well as that fish was much more in demand during the winter season, before Christmas and Easter – “[...] thanks to the Catholics,” Marteinn said.

Edda<sup>13</sup>, was the CEO of Öldufaldur, one of the decidedly biggest companies in this study. Öldufaldur dominated the Icelandic fish oil production at the time of my fieldwork, and it also produced dried fish for human and animal consumption. Edda had also worked her to a lot of experience. She was 11 when she started working in Öldufaldur. During vacations she would help with the easy paperwork, cleaning, taking papers to the bank and so on. Edda's grandfather originally started Öldufaldur, and her parents had their own companies. She supposed the know-how of the processes and the product was in the blood of her family. She received some of her education and business experience from outside the company by starting up and running several companies on her own so she became a serial entrepreneur, owning and running a company from 16 years of age. She made pens and similar objects that provided her with money through school. She sold the companies after finishing her education. Edda then bought equipment to bottle fish oil and went in competition with

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<sup>13</sup> Edda was the only female leader I interviewed. There was a decided majority of men in the business, though it was difficult to get a good reply to why this was so. I heard of other women in leader positions in some big companies, but female managers were scarce.

Öldufaldur, and two years later she bought a drying facility for fish heads. Some of her firms would later become departments in Öldufaldur after she later bought it.

All the managers I encountered had a long history of working in the industry and had worked up masses of experience. As chapter 4 also goes into, family-run companies was a dominating feature within the industry, and the administration then often consisted of family members.

### **5.3 Working together and keeping it informal**

Family members or not, it was important to work together. Marteinn told me that it was not possible to run a company as big as Fiskfyrirtækið alone:

You can never do this all alone, you have to always work with others. Of course I am trained up, and brought up working with others. And that is how we are doing it: Distributing the things among ourselves, working together. It helps a lot! It's impossible to do it alone!

Each morning Marteinn would have a formal or informal chat with the manager of the factory trawlers to talk about the markets. Then he would visit the foremen at the plants to follow the processing and to organize it. Also in the morning Marteinn and his brother, who was the leader of the company, would meet for an hour to talk about the business. Previously, when their father was alive they all would sit down in their old home. "First we were listening to him, but later on it became he who was listening to us," Marteinn said and we both had laughed at this. I asked Jón in Sjóinn if he had any thoughts of why so many fish production companies were family companies.

I don't know, it has become a tradition, really. We're not that many, and it's all small-scale [business]. [It's] difficult to say. It's the culture, in a way, we are very independent. Yes, and it fits us nicely, really, also for this industry.

Öldufaldur like Fiskfyrirtækið was also a quite complex company to run, as Edda described it. Edda had been involved in other types of business operations but none as complicated as Öldufaldur. The big factory I visited her at was one of four plants. One plant produced crude oils from fish livers, while another dried fish heads and backbones, and the last plant produced pet food from fish. The crude oils were brought to the big plant that I visited, where they did all the refining, laboratory work and consumer packaging. Edda's role as CEO was to be on top of all things going on in all the plants and departments. "But then again I have the executive management people taking care of each department." 7 people in the executive committee took care of tasks in their respective departments and reported back to Edda.

With such a big company to run, Edda was a busy woman. She laughed a bit when I asked her what a typical day would be like for her, as there hardly existed such a thing. She came to the office at about 08.30 and started shifting through her e-mails, which usually took all her time until noon.

But my door is also open, so there is a lot of traffic with different matters. And the way I look at it I think it is better that people can come in and consult. Whether it's a problem or an opportunity or whatever it is. Because if it for example is a claim, then people shouldn't be put in a position having to take a big decision with a lot of money involved by themselves. So that's why they may consult with me whenever they like, and I'll give them an answer immediately. It makes the system very effective and, you know, matters don't hang loose for a long time because we work it through.

One side of the leadership task was managing and keeping staff. Though Öldufaldur was a complicated operation to lead, Edda expressed that anyone could do it if one had a very capable staff like she had. The important momentum was that the employee turnover was very low. This was a key element as it took at least one year to educate a person on the product, the processes, the quality system and so on. Consequently, making people thrive and be happy was very important, which they sought by among other things paying fair salaries. "I think that's probably the greatest source we have – it's in the staff." She often got the question on how they kept their staff, which perhaps was not so strange as another leader I had talked to had said that their biggest problem was keeping the staff turnover low. Edda thought the reason for their low turnover was the very positive atmosphere in the company. They emphasized having an information-flow to the staff as well as being keeping them comfortable in what they were doing, and letting them get a say in what and how things were done. In addition they had, if not extravagant, a generous salary system that awarded worthy workers, and they threw in a party now and then, Edda told me.

It's like one big happy family, really. There are no barriers between us. I go frequently around and check if people are happy, if something is annoying. You can always come to your next in the hierarchy and have a say in things. I think that is very important." [...] "The ones doing the job are those who know the most about the product.

Haukur in the company Sjóvar that employed 36 people said that the workers would rotate on the work in a small company, so the same person would not be doing the same job all year round and get bored.

Sometimes I go down there [to the processing line] and work, when I'm tired of this place [the office]. [...] It's nice, then you know what's happening. That's where I started, you know. Haukur had taken over Sjóvar after his father-in-law, but felt this was a comfortable break from all the work he had to do as a manager. Except a secretary employed 50%, Haukur took care of everything at Sjóvar, from sales, buying fish from the auctions, getting hold of packaging material and so on. I guessed he took his lunch together with his workers, and must have known quite well what was going on with them in production. Working together a few times with the workers made him updated on what was "happening".

Being close to her workers was also important for Edda. Since she had worked her way to a lot of experience I wanted to know if her background of having worked in different positions in the company gave her more respect from the employees. She replied that their respect was important, but that being close to the workers was very important to her.

This is a company of 115 people, so I'm not friends with each and every one, but I'm friends with many people here, and I think that they respect that I know the product very well, and the process.

She exemplified what she telling about what they currently were working on: sending out material to all households in Iceland.

They ask me to run through it for the last time, because I have big thoughts both in marketing, research & development, and in quality systems and so on. But I'm not necessarily pushing my ideas forward. I say to them: -Think about this, think about that. They have to do their job and I can't be going over them saying -I want to do it like this and that - then I might as well do it myself, you see. They ask me to just run through it... Of course, I have a lot of comments!

Edda laughed.

So respect is there, that they can have an opinion and discussion if there is a problem and so on. So my door is always open!

At this I asked her if this open- and levelness was a specific Icelandic trait. Edda took it to be an attribute of the smaller industry of Iceland. "But when you come to the financial sector that's not very common, and when you come to the bigger fish industry that's not even the case." I added my view on that it must be difficult keeping connections between people in the bigger fish companies. Edda agreed. They had tried to avoid losing the connections through other types of interaction.



When you grow and you grow fast, like we have been doing the last few years then of course you grow by money power also. And it gets more and more difficult to keep the old atmosphere where you could shout: ‘Hey, What about this customer?’ You can’t do that anymore. So it’s more through [e-]mail and of course frequent meetings.

If one was searching for a specific person one just ran through the factory and found this person. She would also frequent the factory to check that everything was going according to plan. For example checking if everybody was wearing what he or she were supposed to. Even though this was a very big company with a turnover of 4,8 billion Icelandic Króna, she said,

You had to have very quick communication in order to not divide the departments. So it’s very important to let people know immediately of decisions, if you are making a buy of something, that everybody is aware of it.

Delegating the work, keeping communication effective and in an informal tone with co-workers were key. The Icelandic fisheries industry did seem to traditionally stand for more informal relations between manager, co-workers, and employees, and the easy communication resulted in better flexibility for the company.

#### **5.4 Social responsibility: being embedded in local community**

Smaller companies had to balance keeping an effective production going, adding creativity for possible expansion and stability in addition to keeping their employees. Runar, my main informant and the leader in Norðfiskur, did not “formalize” going down to speak with his employees the same way Edda did. Runar would sometimes trot passed his workers, but when I worked there at least, did not stop to talk much with us that worked with the wet fish. One time when the employees, including me, had been taking too long “smoking”<sup>14</sup> and lunch breaks, it was his brother that made it clear that this was not acceptable. The workload distribution between him and his two brothers was not something we explicitly talked about, but it is likely that he was not in charge of the employee management. The foreman was of course the man that kept supervision with the daily work and Runar and his brothers knew

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<sup>14</sup> ‘Smóka!’ was what my co-workers would shout out when it was time for a 5-minute break that we had 3 of in between coffee breaks and lunch. This meant “To smoke” or in the context: that it was time for a smoke and break.

what was going on by communication with the foreman and they all knew *of* the employees in the company.

As often was the case with these small factories, they were located in small towns where “everybody knew everybody” so Runar not only knew the employees, but often also their family, life situation and so on. This meant that these kind of managers felt a broader social responsibility, for instance towards village youth that was quitting school. An example of this was a case with some of the teenage workers that worked together with me. He told me that “they”, which might mean Runar, his brothers and the foreman, would try to convince some of the teenage workers that had dropped out of school to return and finish their secondary education<sup>15</sup>. Some youngsters that worked in the factory had dropped out of school because they were tired of studying. Runar worried of a problem that some teen-agers wanted to quit school and become fishermen instead. Some had fathers working as fishermen, making good money on trawlers. The fishermen working on the factory trawlers would be out on seas for a long time, perhaps several months, but would return with fancy gifts and provided well for their families as they earned good wages. In the end, these men missed their families and wanted to get a job on shore, but that was difficult when many had not finished secondary education. Their children had a different view to it and could only see the material comforts and adventure on seas. Runar tried convincing the youngsters that they at least should finish upper secondary school before beginning a working life.

Haukur meant that many Icelanders did not feel it was classy enough, shunning some manual labour professions. “But that’s just the way it is, we have a lot of good people [working here],” Haukur ended. 16 of the 28 people working in the factory were foreigners, while 5 of the about 8 on the two small line-fishing boats were from over-seas. Several of these immigrants had gotten houses and put their kids in kindergarten and school. In many ways one might go as far to say that foreign workers had “saved” some of the fish industry, and now in several places the majority or half of the workers came from abroad. In the small villages where Icelanders were moving out for work in the capital, the managers were very happy for immigrants moving inn. Tryggvi in Háf told me how they 5 years ago had made an

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<sup>15</sup> *Grunnskóli*, compulsory education in Iceland lasts until 16 years of age, while *framhaldsskóli*, upper secondary education usually lasts from 16-20 years of age (Ministry of Science Education and Culture, 2012).

important decision in their employment policy that made the villages grow in the long run; They only hired couples.

Everything was more calm [afterwards], people were not looking for something else. They came here together, they worked here together. Create a family together. In last year [there] were 12 babies born. [...] Because we have a place for the man in the drying [facility] and for the woman [in the processing plant].

However, Tryggvi valued having a smaller company. Both for the company and the village he did not feel the necessity of having to grow too much. “Small is also beautiful,” he said and pointed out that every worker could then feel his or her place, know about what they were doing and feel proud of working with her or his hands, producing a good product. It also made them flexible, available to give the customer what they wanted – loins or whole fish, the customers got what they sought after.

Jón in Sjóinn thrived very much in his role as a manager. He had done his part of travelling and living abroad, worked up contacts and knowledge there, and it made it easier for him to settle in and appreciate the local society and nature.

I am very happy with my situation here. Of course I have roots here, through my dad and granddad and family. And there are those kinds of feelings invested in this company, so it's pretty motivating. I have lived four years in Norway, and two in Japan so that I have travelled around and become known with different milieus. I think it's made it easier for me to come back here and stay here and emphasize the values that one has here. And one travels a satisfying amount abroad and comes in contact with foreign customers a couple times a day. So one has learnt a lot about what happens outside these high mountains surrounding us, and that makes it so that I am more calm. I don't need to think that I am missing out somewhere, so that one values the society here and nature.

He continued:

In Iceland it's quite nice to be a leader of a fish production company. I think it's quite different to be a leader in a smaller society than in a big city, really. There are probably bigger differences there [between people in the big cities].

## **5.5 Summary**

What emerges from this chapter and chapter 4 is that the environment of the small (-town) production origins of fisheries in Iceland has formed the attitude to those who manage the companies. In a way it felt like the fisheries industry was a lifestyle to managers in this study.

Mostly all of them had grown up with a family running a company in the business, and most of them had started their working life with summer jobs there as youngster, and so had continued and educated themselves to become managers and leaders. All the fish production managers had a very clear idea and knowledge of what was going on, or rather of what was needed “at the floor”. Also the connection to company was most often through family. It made sense to “join forces” in an already established family tradition of fish production where one is “trained up, and brought up working with others,” like Marteinn said.

The small town mentality of equality and informal relations, in addition to knowledge of persons helped in controlling and keeping a company flexible. It was a tool in itself. This could be important when managers had to maintain and adapt a company should rougher times approach. Keeping a close-tied and friendly management section also could secure an emotional investment. This emotional investment also followed when a manager, like Jón, had family roots in the area. Like the case of Edda shows, where some companies would grow bigger, more formalized and hierarchical, she tried to work against a distancing in social relations. These managers kept the informal and egalitarian mentality of the village with its sense of community responsibility present within the company. In the smaller societies the company usually was a vital part of infrastructure and contributor to local economy. In some cases, like that of A-Fiskur, the death of the company would mean the death of the community in the longer run.



## **6. “WE ARE IN THIS TOGETHER”: Cooperation in the fish processing industry**

### **6.1 Introduction**

#### **Hávamál**

44.

Hast thou a friend whom thou trustest well,  
from whom thou cravest good?  
Share thy mind with him, gifts exchange with him,  
fare to find him oft. (Bray, 1982)

No one could run a company alone some of the managers in this study said. This seemed to extend to the relations between the fish production companies and the rest of the industry as well. In this chapter we will continue the meditations on relations but will move on to look at the informal connections between managers in fish production companies and ask ourselves what ends these relations meet. As the verse above states, keeping good relations with peer companies could be very positive for a manager and his company.

In this chapter we will first look at cooperation in the form of information transactions between producers that can be, but not necessarily are neither regional nor national. That is, the parties involved can be in the same district or be as far apart as in Norway or perhaps further away. Secondly comes regional informal which is separated from the former category by the potential services given to nearby companies, as well as a cooperation based on the proximity of companies and common problems they may meet in their region. Thirdly, the chapter will examine the trade of experience between companies in different countries. It will present the case of cooperation between a fish production company in Iceland and two cod-farming companies in Norway.

### **6.2 “Information is power”**

There was something iconic about the scene that met me when I entered the tea-kitchen in the factory office; Two men on each side of the window, bent towards each other and their coffee cups in deep conversation. Behind their dark profiles the steep mountains of Norðvík shone in on their tête-à-tête. Networks and the information one got through them was important to fish

producers. This day, Gylfi, Runar's contact in the distribution company Dreifingar was over for a chat. Dreifingar distributed 50% of all dried fish going from Iceland for Nigeria. They were four in their office in Hafnavík, the neighbouring village from Norðvík.

“So one has these days when one meets to have a chat. That meeting room table we only use when we get visits from buyers from Africa.” Runar was talking about a big, oval table in the biggest office, which I on a previous occasion had asked about since I never saw it being used. “[..] So we just talk about these kinds of things, looking at the products and talk together about what is happening on the market and that sort.” Runar explained what they would talk about and what function it had. Gylfi had knowledge of the situation in Nigeria, which was important for Runar when they were going to plan their production.

So it looks like it's going to be difficult now. That is, it looks like the price of some products is going to be lowered down there towards summer. So it's really important that I get to know such things, so I don't buy in expensive [fish] and sell [it] cheap. So that information is power! That's just the way it is!

The last comment from Runar summed up the function of networks and contacts. “You know, it changes all the time in this industry, no two years are the same,” Runar continued. That meant they needed the intelligentsia so they could be flexible. The situation in Nigeria at the time described this well. After talking a while in Icelandic, Runar and Gylfi took their time to explain to me what their conversation was about. The prices of Saithe were going up after being low for a while. **Saithe** had been used for drying, but now it was becoming too expensive so they had started using “substitute” fish like **Tusk**. “We have been using Tusk, but now it's starting to go up in price. They want filets of Tusk.” “They” could mean both other Icelandic producers as well as consumers in Nigeria, but in any case the consequence was that Runar had to look for other species of fish that were cheaper but still suited the Nigerian pallet. The other low-point was that the rain season was soon to come in Nigeria. “The sales go slower then,” Runar explained. Fewer people in Nigeria wanted to buy dried fish to make soup of. Fish soup cooked on fish heads worked as a needed protein addition to the otherwise carbohydrate-rich yams diet, Runar had told me once. What had started out as food for starving Nigerians during the crisis in the 1960's and 1970's now had resulted in producers like Runar actually making money of drying leftovers for Nigeria. This meant heads, gills and backbones acquired from other production companies, and fish that was less sought-after in the Euro-American markets. In the kitchen Gylfi was calling two distributors

in Nigeria to know what was happening down in Nigeria so Gylfi and Runar could plan ahead.

### **6.3 Knowledge, planning and production control**

Knowing the market was power, but how important was it really? Sveinn from A-Fiskur had talked about how a production plan became out-dated in a blink of an eye and just how hard it was to predict the future in such an ever-changing industry. I asked Sveinn what figures and prognosis they had for 2009, the previous year. He replied by giving me his recipe on making a business model:

Well, you try setting up a [production plan] for the [next] business year. [...] You look into the past year, and how that went [...]. You look into the cost figures, the sales, the price figures and all that, and you try and look into 3 or 4 [of the past] years, if you have that data. You look into that, and then you more or less.. you guess!

Sveinn smiled. In the end, he said, they planned what they actually could control in the management:

Then you try looking at the macro environment, the economy of the country itself. The exchange rate of the Icelandic currency versus for example the Euro. You try to foresee if there will be any increase in the salaries, or how the inflation will be. And that is just a lot of variables. I mean you can go to the bank, for example. If you tell them: Well, this is our prospect, our guess for how this year will turn out, and.. I mean, you can take whatever, an actual sheet or something, and tell them this is our best guess, and they will be happy with that because they don't know either..

So in the short term you can manage quite a lot of things. And you can say yes or no to certain proposals. [If] somebody is offering you some new equipment or something to make your processing process easier or better, you can say yes or no. But in the long term, in the big picture, you don't have control over anything, and it's actually surprising how little control you have! So our aim is just to.. well: try to do our best! [...] You hope for the best, and you have plan A, plan B, a plan C, and you just hope that your end result after the year, or after the month, or after you've finished the contract that the end result would be that you could say that: -Okay, this result is satisfactory to your [sighs] aim.

Your aim is to make money, and though you didn't make as much money as you would have, or liked to, a little earning is good. A little loss is acceptable; Maybe if it gives you the



opportunity to continue with a business partner or contract for the next two or three years. So a little loss is all right if you just try to focus on the long-term business relations. So that's how you try to get this going!

#### **6.4 Networks instead of unions**

Knowing more of the future could be of great value to a company, not only for the sake of being flexible in the production but to keep the company stable at all. In this way being flexible and adapting meant survival. Standing strong if the tide struck against a company was everything for some, perhaps especially the smaller companies since they would not necessarily get support from the state in case of bankruptcy.

“In Norway you have these ‘Norges Fiskarlag’<sup>16</sup>, and you have FHL<sup>17</sup> as the counterpart.” Runar explained how the Norwegian fisheries industry was differently structured than Iceland. “Trade-unions, we can't afford these heavy associations and they don't even know us and what we look like.” Runar instead relied on his network and contacts. Runar spent a great deal of his time in the phone, and both me and others, like the foreman and Runar's brothers had to wait “in line” for a talk with him. Among clients and other business related people Runar would talk to friends within the business about their take on the situation, how they were doing and ask about news.

Once, Runar was sitting laid-back in his office chair, smiling at me and said “I have contact with about 5 producers frequently.” In reply of my question about who these producers were and what their company names was he smilingly said: “No comment.” This was in my recollection the only time Runar bluntly denied me an answer to anything I had asked him about. He did not want me to know who these people were, or at least give out their names. He did mention their locations around in Iceland. As I understood him, he had these 5 Icelandic producers in a closer network, and then 5 more friend-contacts that he maintained regular contact with both in Iceland and over-seas to the east.

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<sup>16</sup> The Norwegian trade-union for fishermen.

<sup>17</sup> “Fiskeri og Habruksnæringens Landsforening”, the Norwegian trade union for the fish production industry.

Another time when entering the office I witnessed Runar in one of his thousands of phone chats. He was talking in Norwegian to a man on the phone about the prices of **Blue Whiting** going into the ceiling and so on. It turned out that the talk had not been with a Norwegian producer, but with a Faroese. This friend and contact of Runar had been interested in a new appliance Norðfiskur had acquired to make production much more effective and easy. The producer on the Faroe Islands had been interested to hear if this would be something for his company as well. On another occasion Runar was sending e-mail to a producer friend in the North of Norway. He had been telling this producer as well about the new appliance. The North-Norwegian producer was also an “inheritor” of a family business that went back for generations, and Runar was in contact with him frequently. The Faroese and North-Norwegian contacts both belonged to the “friend-contacts” category mentioned above.

Networks was then a consciously used tool as the next segment shows.

### **6.5 The value of friends: “Hast thou a friend whom thou trustest well [..], fare to find him oft.”<sup>18</sup>**

Runar had gone to school in Tromsø for his fisheries economics diploma and ran a factory in North Norway for several years, so he had many friends in Norway. Runar, Marteinn, Edda and other managers would often tell how relations to customers or other producers would go way back, and some were of the opinion that Icelandic fish production companies were better at keeping long-term relations than Norwegians, at least with clients. Icelandic managers would rather keep a more consistent relation with a client, and lose some money for a period, than be off chasing the best market price. They all felt like they were profiting on these long-term relations. Keeping connections was easy when customers were only a phone-call or e-mail away. New media like Skype could be employed to get a hold of each other, and rarely were the chats only concerned with the needed numbers or figures though often dominated by business talk; at any rate it was so in Runar’s case. Making sure the other was doing okay, small jokes and friendly talk seemed important. Knowing how things were working out in the other’s company was of interest and additionally if it was a client, how the clients own clients were doing.

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<sup>18</sup> Verse 44 in (Bray, 1982)

The same day I was fishing after information on how networks worked in Iceland I told Runar of my conversation with the economist Ingolfur, Runar's friend. Ingolfur had advised me on making a "map" of networks in the fisheries industry to use as an aid in the writing of my thesis. I put forward a theory to Runar that producers would not be able to survive without a network in Iceland.

That is, one probably could use it in the normal way, and one could probably do much *more* [than Runar was doing]. It depends on how one uses the network. I don't use the network to do business. I use network, that is as friendship, to connect together [things]. Now I'm sitting on information. He [his friend from the North of Norway] calls me. I can connect him to where he can figure out [this and that]. You can say it another way: you know that there are a lot of other people that sit around and live out of doing exactly what I am doing right now. But it's this thing about having networks – and it's like you kind of wished they would do the same thing for me, right? I know they do. Or I believe they would have done it.

Runar laughed at this and started writing on his computer while I came with words of agreement. He "mhm'ed" a little before continuing:

Yes, yes, and often one has succeeded in both conveying information where it should go and at the same time collecting information that is really important. If one just *knows* what is about to happen, so that one self can be dragged into the decisions.

Another day the same system of cooperation and network was up to discussion between Runar and me. He laughed a little at what he was thinking and voiced his thoughts:

Runar: "I talk to my buddies, 'kjenninga'<sup>19</sup>, or who it may be. Then I get to hear, when talking to my 'kjenninga', what *their* 'kjenninga' are saying."

He laughed a bit more at this and we continued our conversation:

Johanne: "Yes, it seems like one keeps oneself up and going..?"

Runar: "You are forced to do that, there are never someone else keeping you up and going. That's how it is in life! One can have an illusion that there is a system carrying you forward, but the bottom line is that it's only yourself [who is doing that]. And close family."

Johanne: "Yes, maybe that's why there are so many family businesses here?"

Runar: "Yes."

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<sup>19</sup> "Kjenninga" is a Norwegian dialect word used in several different dialects, among other the North Norwegian dialect Runar talked. It would literally approximate to "known ones" and means people one knows. This category of relations can both contain people one had met only a few times, or closer relations that "one knows".

No-one of these mentioned 3-5 producers who were Runar's contacts were his family or relatives in any way. They were "just 'kjenninga'," he said. While Runar's contacts appeared to be more on the production side of business he continued to tell that his brother had a network of contacts that was more related to the selling part of production. One of the brothers would talk to contacts in China or Brazil. He also had Icelandic friends in Spain, Portugal and Italy that worked strictly with sales.

So in that way we are pretty well informed [here], that's why we are completely relaxed right now in the salt fish department because there isn't going to be any business [now]. The Euro is too weak, and it is going to be even weaker because of bad economy in Spain. The raw material prices are still too high. [...] So instead of turning to an organization to know what's going on and how one should act, one talks to these buddies or 'kjenninga' and one just tried draw a conclusion on one's own. And that's why the system here is much easier [than in Norway]. The vigour here, that is the reflex here becomes much quicker. One is forced to just [do it].

I asked him why he was in contact with *these* particular producers, meaning the five Icelandic producers:

In my case they profit because I trade with them. I buy either finished products, which we export, raw material, or both. Then it's like that when one stops and talks one tries to look after one's own business: One wants to know how the companies one does business with are doing, those who are delivering to oneself. So then one goes to visit, and they come to visit. [Though] there hasn't been much social events.

He stopped for a while to work and mumbled something about the last point not being entirely true:

For example that guy in the south, he has become a personal friend. And those in the east, we have become more.. [closer.] When we went to visit them we were taken out for sailing in a uninhabited fjord and that was really fun. That was really nice of them. But that was because they wanted to get to know *us* better. [Too see] if we were just some gossip boys, or if we.. [had some know-how/experience/skill]. It's all based if one is able to settle one's accounts.

To my question on how the relations started with these producers, since there had to be a first time one had contact Runar replied:

You have called *many* times. Tried to get fish, tried getting hold of something [for your own company]. Perhaps [in Norðfiskur] we had different markets, we have worked towards Brazil while no-one else did. Then we had been working on drying here, and we had specialized on

specific kinds of raw materials. For example raw materials from the factory trawlers. At that time we had to..

“Phone around?” I shot in as a suggestion.

Yes. So we got talking. Then I have been in politics, so people knew who I was. Some people one has met in harbours, or in national committee meetings for the port authorities.

Just then Runar was called out of the office and he added something about it not being too difficult getting into contact with people. “I have called the factory in the Faroe Islands to get them to..” was all he could say before he disappeared out of the door.

These informal relations were used to gather information and so knowledge became an object of trade. Foreseeing the future for a company and its managers was impossible, but with knowledge of the right things it became closer to possible. Relations of knowledge leaned towards generalized reciprocity, where the expected payback came once in the future when the recipient was able to reciprocate back similar valuable information. The number of network contacts was also limited. With an element of industry competition, possible valuable information was not smeared too thin, giving the other relations an element of competition as well. However, it appeared that knowledge, like a soccer ball, was passed from manager to manager and if each individual held a similar number of contacts. So if such assumptions were right, information would diffuse into the industry until “everyone” knew. However, as Runar commented, he and his brothers held a special position from other producers in that two of the brothers spoke Portuguese and had lived in Portuguese-speaking countries and therefore had both competency and contacts in those areas. Running a distribution section of salt fish to Brazil for themselves and other companies then ensured that they had more contacts and taps into intelligence. It is also likely that knowledge could have an “expiry-date”. For example, there would come a time when the news of dried fish being less sought after in Nigeria would arrive too late if a producer already had bought fish and started producing it.

## **6.6 “To do things rationally”: Regional cooperation**

When I was preparing for an interview trip to the Westfjords several of the managers I contacted said they would be in Brussels until so-and-so date. Runar told me about the European Seafood Show in Brussels where these managers were going. “Aha, they have been wine-ing and dining!” Runar joked about some of the guys he knew who had been there. “It’s

become one of those meeting places for people from all corners of the world,” he stated. I understood it to be each spring and “all” the people from the fish business would go there, but not Runar since he had no big purpose of going. “I used to go there, but it’s so expensive!” If one did not have a reason for travelling there, to build a network and brand one’s product there was no point of spending lots of money. Runar seemed to have enough customers and contacts.

Tryggvi from Háf, located in the Westfjords, had made the trip to Brussels. I asked him if he had exchanged experiences with other producers there.

Of course we are always talking about what we are doing and things like that. And yeah, we try to take the best from each other. I would say we are very close, at least in this area. I mean the Westfjords as an area.

The region had a history for cooperation Jón in Sjóinn told me:

[There is something] that has been worked on for a pretty long time in this area: Some years ago one got to hear about the concept of ‘clusters’ that companies can do better if in a geographically limited area. When I think back on the time I started working here, in -72/-74, there was a sort of wave of upwards-moving times. There was made investments in stern trawlers, fresh fish trawlers, in this area. [7 trawlers in total in the area.] At that time this computer technology also arrived. Then 6-8 companies here [...] [founded a joint] computer company that took care of calculating salaries, bonuses, and tried doing things in a rational way. Even though there was competition between these companies. They opened up an own office and employed a technological knowledgeable person to help with the technical things within the companies. This bloke travelled between the companies, and spread knowledge, and was the leader towards new technology, equipment and so on. And the biggest in this was that these stern trawlers had to go to [the] boat docks, some broke down, one boat would break down one week, so that one wouldn’t be able to bring into shore these 80 tons needed for production that week. Then they [the other companies] lent that company fish from their own trawlers. 20-30 tons from 2-3 trawlers. They lent fish to keep production going in this company, and so that people didn’t have to go home [i.e. being temporarily laid off]. In the weeks afterwards they [the company in debt] delivered fish back as repayment. I think this has helped all these companies in production all-year round. In this way these companies worked together. And that’s typical that in 2005/2010 they present these magnificent models about cluster cooperation and all that. That existed 30-40 years ago. And what I think is special about the companies in this area is that they own a shared company that dries heads and scraps. To do things rationally with the logistics of transport of these bi-materials, everybody

tries to do this rationally. It's been in the culture - individuals or small companies - they have had the ability of working together. There's competition in some areas [of production], but they have succeeded in using this cluster concept without it being a defined concept in their time. I think that has been a bit amusing<sup>20</sup>.

Tryggvi in Háf also pointed out the Westfjords cooperation over the two drying facilities in the Westfjords as he explained their motivation behind collaborating:

So we are in this together, and we are always facing the same problems. [...] We talk together.

Of course we don't always have the same opinion, but we learn something.

In later years the government had introduced the concept of regional cluster cooperation, formalizing and taking the previous regional cooperation further.

In this thesis I focus on the more informal networks, so the new cluster cooperation is not included. Suffice it to say that it had proved quite successful in the Westfjords, perhaps because the region had a longer history of cooperation in the fish industry. The Westfjords companies were not only ones where informal local cooperation occurred, as in the older, informal and practical solution mentioned by Jón in Sjóinn that occurred before the clusters. There were times when one company had bought too much fish to keep in their inventory, he told me. They could then send it to someone else, either to keep or to produce. Then the service would be reciprocated some other time. It was my impression that this kind of cooperation occurred between for example Dalfiskur, Norðfiskur and Sjóvar that were located close to each other, and so it was practical to cooperate in this way.

## **6.7 Networks for innovation and experience**

Being innovative in a company required knowledge. It was difficult to achieve anything new when one lacked experience on the area of interest. Consequently one had to build connections to people with the right kind of experience. Sjóinn was a company that stood apart from other informants by running a fish farm in addition to getting their fish from their own ships. A stable supply of resource was very important to both keeping production stable, but also to be able to expand the company. Stability meant trust with the customers, which

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<sup>20</sup> Jón's exact words in Norwegian were: "Det synes jeg har vært litt artig, altså." The meaning of the term 'artig' can be 'funny' and 'interesting' at the same time (Bokmålsordboka, 2010).

again allowed for long-term relations. These long-lasting relations meant stability for the business with a promise to sell products in the future. This was the reason for Sjóinn's choice of starting with fish farming, a process that was unknown to them. There was no previous history of fish farming in the Westfjords area, Jón, the company's production manager, told me.

The main motivation is that we have limited access to quotas or fishing rights. That what nature gives is limited. Quotas in Iceland are expensive, and it's hard to grow on the present circumstances [for the company]. If we are going to grow in the future, fish farming is one alternative. The other is to go to other countries and sea areas/banks to build up activity there, but this was the result we got around 2000. Previously we were involved in prawn catching and production. After 2000 that sector started struggling. We decided in 2003/4 to lay down [the prawn production]. A little before that we found that fish farming could be an alternative. We had the choice between red fish – **arctic char or salmon** – or **cod**. By that time the salmon production in Norway had gone up and down. We found that we perhaps were a bit too late in, plus that Norway was looking into the possibilities of doing cod farming. Bigger and bigger amounts of money was being put into research and development of cod farming. Cod fitted well into our company infrastructure, we have been working with it for years, production technology and so on, so that it suited nicely. Additionally, the seawater temperature is lower here than in West Norway. The cod has a lower ideal temperature to grow [than salmon], so that the cod fitted better into these surroundings than fish that demands higher temperatures. [...] That's why we chose cod. As I told you, we had no knowledge of fish farming, so it fell naturally perhaps to catch wild cod and spawn to build knowledge and study different localities and get experience on how it [fish farming] could be done. [...] There are two kinds of fish farming: the on-growing of captured cod, and intensive farming from egg to market sized fish, but in the future it is the intensive fish farming of cod that has the growth potential.

Since no one had any real experience with aquaculture in Sjóinn was in contact with the Marine Research Institute (MRI) in Iceland to build up the competency on fish farming. At the time of the fieldwork the fish farming had stabilized, and they were focusing more on the economical side of profiting on it, as well as some other technical points. They had to breed a third generation to get the financial side of it to work, given that the market prices, that were a bit too low, went up. "It is a long term project, really. You have to think ahead some years," Jón explained. The biggest difficulties the company had were to make the fish thrive and grow, and make it economically feasible.



But since then we have followed what is happening in Norway. We have been on visits there and kept a connection with the sector over there. Since then we have succeeded in developing a way of fish farming.

Sjóinn's contacts in Norway were mainly a Norwegian research institute with expertise in aquaculture, and two companies<sup>21</sup> in the north of Norway. The two companies worked with the on-growing of captured cod, and egg-to-market intensive cod farming, respectively. For knowledge on fish farming, Sjóinn had exchanged their own experience and knowledge on their production line with these connections. Sjóinn's quality of the fish production line had been quite successful. "Everything is fileted, trimmed and packaged here, and exported very fresh or as frozen products. In Norway one has had a little different view on things." Jón stated that the custom in Norway had been to cut off the head and gut the fish, or export it whole – meaning gutted but with the head – to Europe. There was a problem in this, Jón expressed.

Then you have less control on the price setting. You become more of a raw resource supplier. Also, the quality is lower, or you get much better quality if you filet the fish some hours after the fish is slaughtered. The Norwegian company working with egg-to-market fish farming saw that they could learn something from our way of processing and selling fish. Then we learnt some about the fish farming part from them.

I asked Jón how they got into contact with companies like these, and how one grew a network generally in the business.

We go to meetings like cod conferences. It's not such a small world. Someone knows somebody within research in Iceland and Norway. The research groups are in contact with many [companies/people], and pass on contacts. There are some common subjects that people and companies are willing to open up and share knowledge on, but usually you have to pass on some knowledge you are looking for. It is a flow of knowledge. If you really want to get something out of such a connection over time, you have to give something back. We have had visits from the egg-to-market farming company, and we have been on a fieldtrip to them in Norway.

The discourse on the need to reciprocate hinted to an underlying suspicion or fear of negative reciprocity; Having "secret" knowledge appropriated, without something to show for the

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<sup>21</sup> Jón gave me both names of companies, institute and people, but as it is not seen as directly relevant to the thesis to give out their name, and I have had no communication with these in that respect, I will not use their names here.

“loss” would be bad for a company. Having been to companies where production equipment had been shown to me that I later was told was not supposed to be exhibited because of secret technology or the likes, I enquired if there was a lot of hush-hush business that companies kept secret from each other.

It depends on which production type it is within. There is little knowledge on fish farming on Iceland, and there are low profits within the Icelandic infrastructure, and a low competency level generally speaking. There are always some equipment suppliers that one buys from and you get some knowledge, but secrets.. Well, well, there are some business connections you don't want to mention. Like if you have a good buyer that is willing to pay a good price for special products, then you don't want to tell too much so [that] others, especially Norwegians, can come in and bid lower. Then that piece is lost. But technically there's not too much.

There's more [secrecy] in connection to how the flow through the production line is set up. The equipment isn't such a big secret really.

Jón mentioned Norwegians producers' lack of focus on experience and lack of adding value to their fish products. Other producer informants, like Runar's brother Björn, had mentioned an impression they had of Norwegians preferring to sell their fish at the spot market, without creating longer relations with customers. What is interesting to point out in is how such a cooperation process can be challenging to achieve, and there may be scepticism and fear of negative reciprocity in relation to knowledge “free-riding” by other participating companies. This is especially true in the establishment of networks.

## **6.8 Summary**

What may be concluded on in this chapter is that Icelandic producers are no strangers to cooperation, both for practical reasons and to appropriate information. Independence was brought forward as a valuable trait by the Icelandic managers, and that it was up to oneself, together with one's close family, both in business and life to make it or break it. However, networking was a consciously used tool for managers like Runar. Information allowed managers to know the market in advance and adapt their production accordingly. Indirectly he appeared to be criticizing the Norwegian system to rely too heavily on its strong unions, and that in Iceland managers did not have this luxury. This however to him came across as positive – that self-reliance was a positive trait in itself, and that one's flexibility increased accordingly. Furthermore, networks could be used to exchange services with local peer companies. This provided companies with greater security in case they were in need of

practical help. Lastly, networks could also be used to trade experience with other companies where the company was lacking in certain points of knowledge.

What may be read out of this empirical data is that the ultimate trust relation lies in oneself and with close family, or perhaps the fellow managers in one's company. It is the relation of generalized reciprocity where unrequited help can be given. In networks of knowledge transfer and service managers will not work *for* each other, but rather *with* each other towards a common goal or solution to a problem. Something is expected back, and one cannot expect such relations doing something completely unconditionally even though they may be relations of friendship.

## **7. ANALYSIS AND CONCLUSION**

### **7.1 Introduction**

The goal of this thesis has been to look at how organic capitalism - the everyday-practised, local commerce – is manifested among of Icelandic fish production managers. We have now gotten a glimpse of these managers’ “Weltanschauung” and the “reality which [managers] breathe”, as Malinowski would write (Malinowski, 1984: 517). We will now illuminate some of these organic capitalism traits by theories from chapter 3. Before we start looking at actual traits of the fish production industry we must start with some initial examinations on whether it is correct to claim that every fish production manager of this study is a capitalist. Next, in sub-chapter 7.2. we start emphasizing what we see as characteristic traits of the Icelandic fish processing industry. We will first look at the “making” of fish production managers in how they gather experience and build sentiments in interaction with family, company and local community. Section 7.3. examines the internal relations in a company that fish production managers engage in. It deals with how managers value informal relations, friendliness and interactive, quick communication patterns within their companies. This attitude also extends towards the close community where the sense of social responsibility is strong. Here we will first meet the sense of risk that the fish production managers feel when operating in a turbulent environment. The managers may find some of the strength in their dealing with risk within these relations and these strong links may both motivate their action pattern for survival and growth and reduce the perceived uncertainty in their decision-making. In sub-chapter 7.4 we ask why and how fish production managers engage in networks with each other. Afterwards, it inspects the deeper patterns of networks and the manifestations of entrepreneurial tendencies that may be found there. Lastly, in section 7.6 we will provide some concluding remarks of the thesis.

#### **7.1.2 Heterogeneity and the question of what makes a capitalist**

Looking back to the Merriam-Webster (2012) definition of capitalism we remember it eluding us on how all the processes within production, sales, and trade occur as well as all the relations these processes encompass. The definition of capitalism says nothing on the diverse expressions that occur around the globe, changing from country to country, and between industries. In addition, the capitalism descriptions skip mentioning anything on the choices

and strategies that are necessary when adapting to the ups and downs of the local and global economy, as we have seen in the uncertain world of fish production. Capitalism is not static and the understanding of capitalism is, as economists noticed in the 1600's, lacking a fourth factor in production, the enterprising entrepreneur. Entrepreneurial tendencies may be said to lodge within every capitalist that has a business to maintain. Cantillon's (Schumpeter, 1965) definition of the entrepreneur fits better as an explanation of capitalism as it includes both taking responsibility, dealing with uncertainty factors and the consequential risk that comes with the involvement in market trade. That Cantillon's entrepreneur definition coincides with the capitalist traits found in this study fits well with the fact that entrepreneurs and capitalists were defined as one and the same until the 1800's in the subject of economy (Schumpeter, 1965: 48-49).

One may state that Weber (1930) is correct in claiming that to become a capitalist one must conform to a set of rules, participating in the "capitalist ethos" and taking part in market relations to buy or sell goods. The fish production managers in this study fit this description. They are a part of the global setting of common ground wherein for example Nigerian distributors and Icelandic distributors and others meet to exchange goods on certain predetermined terms. This common ground agrees with theories on spheres of exchange. In the spheres of exchange the exchange setting is determined by certain moral values and institutions that in accordance with Appadurai (2000) knows no geographic borders. Rather, there exists a "business-scape" for fish trade wherein fish, knowledge and other related items flow freely, inasmuch as the trade is in agreement with the specific ideas, values and interests within that scape.

Fish production managers then exist as "intense" local manifestations and participants in a global flow of ideas and transactions, and may know just as much about where a client in Brazil's son is in his education as the next-door neighbour's daughter. They are in constant contact with buyers and colleagues all over the world; Taking an active part within "their" scape, transacting information, fish and more. Transactions over common agreement may be seen to a certain extent in the networks featured below. There may be simultaneously varied *and* similar practices of capitalism being enacted throughout the world and perhaps also in Iceland depending on the niche and industry. Thus, it is hard to name an "Icelandic capitalism" (Wolf, 2006). In stead we may suggest many practices within one country.

Variation is also a keyword to understanding the features of local, organic capitalism. We need to be aware of the differences between each fish production manager to understand their similarities. They emerge, as Yanagisako (2002) presented capitalists, a heterogenic group when we compare their individual experiences, sentiments, and the different niches they engage in. As remembered from chapter three, Yanagisako understood sentiments to encompass both thoughts and emotions. The managers of this study were engaged in one or more niches that differed from each other quite a bit; From producing dried fish scraps, fish oil, instantly frozen fish, fresh fish, salted and dried fish, to using different raw materials. These niches then demanded efforts towards different types of markets, clients, resources, technology, networks and so on. Furthermore, not only were the companies they managed within different niches, but the managers also did different kind of managing jobs. Some were leaders that co-worked with family members, other informants were the sole leader – taking care of much of the administration work, some managers were without ownership, while others a CEO with several managers working for them. In their diversity each informant would probably emphasize different points as important, not even taking into account their individual personalities.

The difference in management roles makes us question if it is right to claim that all these managers are capitalists. Some of the managers in this study do not themselves own the company and the resources within, and we must ask ourselves if they then are capitalists. Marx, (Donham, 2006), defined capitalists by their ownership and control. The managers without ownership in this study not only controlled at least some of the production power or means of production, but also the processes of production. Furthermore, through their positions they were the ones acting within the discourse and praxis of capitalism on behalf of the companies. Focusing on what they do and their sentiments they can certainly be seen as capitalists. However, a fish production manager – whether an owner or not –does probably not reflect on if she or he is a capitalist or part of a capitalist group. Rather each individual does a job managing a company, which involves engaging in a capitalistic trade of fish within a business scape. They are involved in free market trade, they administrate resources and personnel depending on changing times in markets and interact with others within their “scape”. Still, if we assume all fish production managers to be capitalists, then another question that surfaces is that of who takes risk. Is it correct as the academics of the 1800’s claimed; That risk only follows with the position of resource owner (Schumpeter, 1965) – as in the Marxian understanding of the capitalist. Even though we may claim that managers

without ownership are capitalists, does it likewise follow that these managers are risk bearers, or do they only take risk on behalf of the owners? The question of risk is one to be answered in the topic of social responsibility underneath.

What may be claimed is that the managers – both with and without ownership – together with all the other personnel that make up the administration and control of a company may be seen as a corporate group of capitalists. Here Marx' definition would be somewhat more suitable, if not sufficient, as the ownership and control is kept within this group. This corporate group is understood in the same way as Barth understands corporate group in relation to entrepreneurship. From this group decisions on the company, decisions on the production and the strategy of the firm are made. Even though titles and job division may be clear within such a corporate group, raising such questions such as “Who are capitalists here?” means there are unclear lines. I claim that relations between capitalists are diffused in the Icelandic fish production, in accordance with Miller (1997) and his case of Trinidad. For example, within the corporate groups processes of diffusion occur in relation to risk bearing. What must be clear to the reader is that I do not intend to show that fish production managers experience diffusion between their own role and the roles of those they are co-working with – which may or may not be the case. Rather, it is that in the etic understanding of capitalism in a company where more than one person is managing it, it is important to not only look at one leader as a sort of capitalism representative. In stead we must understand it more in the lines of a capitalist “productive organism” – or a corporate group – which together manipulate resources, personnel, strategize and interact with other actors within the business scape. In this, however, we must not loose sight of the individuals, or work division for that matter.

Having said something on how all the managers differed, there is also much to be mentioned on how they were alike. The managers of this study were all of the diligent kind – running a fish production company makes busy people. It was also my impression that they enjoyed it as a job, even if it was, or perhaps because it was, demanding and more a way of life. As Jón in Sjóinn said: “In Iceland it's quite nice to be a leader of a fish production company.”

We have now established some general reflections on capitalism and fish production managers as capitalists. We shall now move on to examine the common attributes that may be designated as symptoms of an organic capitalism. Flexibility, fast communication, open- and

levelness, learning through doing, social responsibility- and sentiments are some of the discourses found among the managers of this study that demand a closer look.

## **7.2 The Making of capitalists: Roots, work ethics and family**

Yanagisako claims that a capitalist is someone who is made, and not born. This postulate becomes very relevant to the managers of this study. Working to achieve experience seemed of great significance to all of the managers. Every informant had worked in a number of jobs within their sector and most managers had worked *within* the same company premises as they now were running. They all appeared to have started very early, many from the time of childhood and had grown up with the company, mostly through family, and some through locality connection. As such sentiments of community and family were embedded within the line of work they were in. Jón in Sjóinn told how his roots were connected to the town which his family came from, and that the same feelings described his relationship to Sjóinn. Several were proud to tell the story of the company related to town and/or family, so there was also a historical factor to many managers' sentiments.

Through their experience the managers had learnt a lot from their family members, or others experienced individuals; Learning by doing under guidance of others, before they usually took a relevant business education. As Marteinn in Fiskfyrirtækið said: through working from early age he had learned cooperation and the importance of distributing work between several people, work which could not be done alone. He and his brother had learnt from their father, but perhaps symptomatic of the big changes in the fish industry it was in the end their father who learnt some things from them.

Weber and Yanagisako highlight characteristics like being hard working and having a drive for work as capitalist traits. Starting work early, and the emphasis put on learning how to work hard resonates back to Finnur Magnússon's (1989) case on the working class ethics in Iceland. Since Magnússon says little on what discourses permeated the capitalist class in Iceland it is hard to pinpoint the origin of the informants' ethic. However, given the quite egalitarian situation in Iceland, and the relative small size of Iceland, in addition to Adalsteinn and others pointing to the homogeneity of Icelanders, and that ideas flowed fast between people, it is not unlikely that the working class ethic spread to most Icelanders. This presuming that the "hard working"-ethics had originated in the working class.



Having worked from young age in different positions in the fisheries and fish production sector, clearly gave managers a thorough knowledge of what was going on “on the floor”. They *knew* themselves what the jobs being done were and meant, and what was needed to change production and so forth. Though in bigger companies, such as Edda’s, the manager knew *of* all the steps in production, but probably did not know every job done from own experience, having several factories with differing productions –from research to the production steps itself. This the manager overcame by emphasizing the value of the opinions and experience of the workers and the role this played in the adaption of production. She used each persons experience and knowledge by encouraging him or her to suggest improvements.

If deep knowledge of production was so important, it was perhaps not so strange that there were so few “new” companies being started – new meaning people without any family background in the fish production or fisheries sector. Some managers told me that some private investors had started up companies, but that this was a very recent phenomenon. It would have been interesting to see what these new company leaders’ previous knowledge of the industry was. An interesting hypothesis would be that these “new” initiators already had a more thorough working experience from the industry, or that professional investors relied heavily on employing skilful and experienced leaders – who had achieved knowledge of fish production, working from a young age. However, one may open for the fact that more institutionalized knowledge transfer through the educational system may over time have changed the role of practical experience, and transfer of tacit knowledge as the single source of competence. Several of the younger managers had this combination of higher fisheries education, many of them from Norway, and a practical experience from young age.

Jón in Sjóinn found it hard to explain exactly why fish production companies were family related – but he saw it as a tradition and part of culture. As there were few Icelanders, and that the ones in each town were very independent and that family businesses, fitted both Icelanders and the fish processing industry well. I have not focused strongly on family relations, as it felt as a difficult and private topic in an interview setting. However, one may speculate to some degree on what information has been given. First of all, families were featured often as those working in the administration together. Family relations or having a long-term connection to a company, profited managers since they learnt from other experienced individuals. The discussions with people they trusted and respected might also

reduce the feeling of risk in decision-making. Cooperation between family members may come more easily if they also had grown up within the company and knew each other's strength and weaknesses. Edda did not have family in her administration, to my knowledge, and so presented an exception. However, she valued close connection to her co-workers, and an open-door policy. She treasured happy workers, barrier-free relations and a general feeling of "family". All of Edda's values did not necessarily stem from the fish production tradition only. She was clearly an entrepreneur with a sharp mind for new opportunities. However, Edda herself pointed out the ideal of running a company that kept the informal relations that were featured in the old small industry sector of Iceland.

The discussion above shows how kinship played a role in education, control and management of fish production companies in Iceland. Many had in some way inherited their position or control of resources from their family. Yanagisako (2002) states that even though several capitalists are recruited from other classes, and have not inherited their position in some way, they still have to be brought up to learn the knowledge demanded, and get the motivation demanded in managing a (fish production) company. From this section we can see some of the basic organic capitalism traits in the Icelandic fish production industry; Family and community have positively sanctioned work experience through the encouragement of starting work early. Managers have built a deep understanding and connection to the industry through starting working within the industry in early youth. The feeling of family ties and local roots connects managers and their firm together, though manifesting in different ways depending on the manager, her or his situation and history within a company and location.

### **7.3 "Everyone knows everyone": Communication and community sentiments**

Open- and levelness in communication was a trait that was valued by the managers both explicitly and implicitly through their actions. According to informants this was featured within the smaller industrial companies as well as throughout the communities in the small towns of Iceland. Bigger companies, like Edda's, would have to fight against a distancing, slower-going communication, and losing close relations with employees. Edda talked of the "old atmosphere" of informal communication between co-workers, while Jón believed city-companies as having bigger differences between workers, and valued being a manager in a smaller community with more equal relations between people.

Gudbergur in SF said each village used to have a production company that had employed the whole village and took on the big responsibility of providing jobs and paying wages. It seems that this heritage was not entirely gone from Iceland. On the contrary, it may have been in some ways heightened; Björn mentioned the consolidation process that occurred following the strict quota system introduction. There are today much fewer companies, and those who remain may mean a lot to the continued survival of local communities, like in the case of A-Fiskur. Tryggvi did not see the need for a larger firm or employing more people but saw a small company as sufficient for the local community as the town did not need to be bigger. Instead, the company played an important role in town developed by being strategic on employment policy, among others recruiting couples that wanted to stay in the town. In this way the management of Háf were planning and acting both for the improvement of the company and the local community. Accordingly, there was an underlying sense of community within the discourse of the managers. Haukur liked going down some hours now and then when he had the time, working in the production line, getting to know what was “happening” both within the company and the community – this may have been everything from what was on the grapevine to the production du jour, which he probably already knew of. Rotating workers was also something that was done in his company to not get bored workers, though this may not be all due to a sense of community but also done as a practical solution. Edda valued being close to her employees, and that she was on friendly terms- and friends with many. Runar cared for the well being of his employees, through influencing on things he could have a positive affect on. He would rather have a couple of youngsters finishing their education than working for him, though he may have needed their working skills. Tryggvi valued having workers who were proud of producing Icelandic products of high quality, to be skilled workers and active contributors within their community.

We may in these companies see some floating borders between the company and the local society. Gudbergur talks of an Icelandic heritage for the fish production industry involving a sense of village responsibility of supplying work and wages to the town. A-Fiskur and Norðurstað is one typical example, but also Sjóinn, Norðfiskur, Fiskfyrirtækið and several of the other companies probably play a pivotal role in their local community. With changing relations of production and economic turbulence it seems that in some cases, it is the family companies in villages that have in some ways taken over from the old landowners in providing some of the work and the basic infrastructure. However, workers were free to choose, and in some instances it was mainly young Icelandic workers and immigrant workers

that dominated the workforces in the processing plant. Still, these newcomers were also a vital contribution to the renewal and prosperity of the community.

Defining in what degree social responsibility to community and workers played up in the mind of managers is hard. Nevertheless, without doubt all the managers were conscious of the company's role in the local community, and many did an active part in contributing to different areas. In the extreme, Sveinn and his family bought back the A-Fiskur to save the local community from possible human abandonment. An interesting avenue of research would be to look closer into this combination of business and community entrepreneurship. Does the local community sanction the actions or non-actions of a local company in any way? Is it likely that managers and company would receive positive sanctions of the community, contributing with a positive working environment, infrastructure or other possible ways the company could participate in local community development? What are the counter-forces, and how will a more "cynical" business investor approach influence on the company-community relations? In a transparent society where "everyone knows everyone" it is also plausible that negative sanctions would occur should the company in any way have a negative affect on local community or inhabitants. To what extent will this depend on the manager himself? Personality, rather than structural processes, is seen as the reason for differences between social groups (Durrenberger & Pálsson, 1996; Pálsson, 1989). In small communities, and perhaps in the smallness and transparency of Iceland as a country as well, every manager holds, as Radcliffe-Brown (1940) and Linton (1964) proposes, many statuses and roles with the rights and duties that follow them. Another possible future study could feature the role of managers as individuals in their local community. It would have been interesting to see if managers have a specific role where they, rather than the company, become the focal point for any changes occurring. If blame is given is it directed towards individual managers or towards the company as a whole? This again raises the topic of risk, as was mentioned earlier. Do non-owner managers take any risk in managing a company at all? As in Edda's company, sharing decisions was important, and one may say that it is the corporate group that takes the risk. Even so, this does not answer the question of managers. Non-owners are perhaps free from receiving any negative legal or economic sanctions should the downfall of their company occur. Yet, a downfall of their company may risk their workplace, a workplace that may be necessary for them to be able to live in the area. Nevertheless, this is not only a question of ultimate ownership and the risk that follows with it. In my perception it is a matter of sentiment, both for owners and non-owning managers. The feeling of responsibility to

workers and community is bound together with the sense of local belonging and roots. Together with the fact that managers without ownership control the use of resources, it follows that they are the ones that execute actions involving risk. It is therefore likely that the *sense* of risk within this group of managers may be very high including not only the risk for the survival of the company but also the responsibility for the community they are attached to. This section has been used to argue for the existence of additional traits of organic capitalism traits of Icelandic fish production industry and managers; Starting work at an early stage and being tied to a company by locality and kinship has built up the managers' sentiments, motivations and ideals towards the industry, their employees and local community. A feeling of community responsibility as well as valuing open- and levelness in communication is what permeates the empirical data. Managers are aware of their influence on the local infrastructure. Through their sentiments it is likely that everyone, including non-owning managers, feel a sense of risk and responsibility in what they do which may span much broader than to the company they run. In the next section, we illuminate how the fish production manager may be linked up to other actors in their industry, including a sense of joint responsibility for each others companies and the managers in their network.

#### **7.4 Networks of cooperation and exchange: Industry constraints and the opportunities found in networks**

The traits illuminated so far have emphasized the internal links within the companies and within the local communities of the fish production managers are a part of. We will now look at the outwards-going relations and strategies that occur. One of the traits found among the managers were their informal *networks of cooperation*, as I have termed them here. The term *cooperation* has been chosen because it describes two or more parties that work together by way of shared interests towards certain ends. *Network* I understand to be a group of people that interact through a common interest, which is universal for all the cases featured underneath. To get a holistic view of these networks we ask ourselves why fish production managers go into networks of cooperation. An alternative would for example be to stick to arm-lengths market contracts.

As Barth (1972) states, the study of entrepreneurs reveal processes of social continuity and change in communities. The networks found in this study seem to serve as a source of continuity and change – or rather instruments to continuity and transformation. In the fish

industry in Iceland, the markets and the resource inputs are ever changing, and so the challenges that the managers face are strongly linked to the uncertainty of the future. Barth sees restrictions as an interesting focal point for understanding choices and strategies. Therefore it is relevant to follow the constraints and possibilities determined by niche and assets in relation to the networks of cooperation. Underneath we will look closer at the constraints featured in the industry, such as the unpredictability of the future for production and markets, and the role that networks may play in facing these challenges.

Sveinn in A-Fiskur explained that a business plan for the near future could be made based on the previous years' figures, but these were not guaranteed to be the same in the coming year. Among others, one needed to know the macro conditions of a market countries currency, and the general economic situation. The conditions for selling fish changed with the seasons in each market country, and every other socio-economic phenomenon that could influence the markets. Furthermore, the prices of fish changed. Runar, that had to select the type of raw material bought, needed to be alert in case they had to change raw materials towards fish species that was cheaper. So, in the short-term a company could plan their salaries, what technology they might or might not buy, and so on. However, with all the external circumstances that were neither controllable nor easily predictable, making a business model involved producers trying their best at estimating what might happen in the future. There was always a risk in the unknown for a fish production manager.

The constant change and unpredictability was met with the strategic endeavour for flexibility and fast reaction to the "needs" of their market(s). At the same time they had to adapt to the price and availability of fish as raw material. These fluctuations on both the input and market side created a strong feeling of risk. Achieving long-term relations with their customers was important as it might give some security of demand into the future, or at least more prompt market information. For A-Fiskur, the most important thing was continuity, and so only a little earning was good, and a little loss acceptable as long as long-term relations were maintained. Gathering information was a way of getting a say in things, and/or taking action in any kind of way to adapt the company to changing demands or resource availability. What managers needed was information about the market they were selling to, knowledge about resources and technology or production processes. "Information was power", as Runar said. Furthermore it was comforting to know that one had a backup if practical problems of logistics should arise, and that there was security in hurdling together. In this way the

constraints of their niche opened up for opportunities in form of a joint information gathering, as well as exchange of services.

Some informants claimed that Icelanders were very individualistic people. However, relations played a big role in the management of the fish production companies in this study. The lack of formal institutions may play a role here. Not everyone felt they could rely on unions for the support they needed. Runar preferred informal networks to formal trade unions, as the unions did not stand as strong in Iceland as in Norway. Through networks Runar could appropriate the specific information he needed. Producers were forced to keep themselves up and going, since the only real person to trust was oneself and one's closest family. This might have been a reason for why the individualistic Icelanders chose to sustain themselves through running family businesses. The positive sides to being self-sustained were that one had a high degree of flexibility and reacted quickly to changes. However, there was a discrepancy here in what Runar had declared: Even though the ultimate trust was in self and family, to survive in small towns one had to help each other out. In the Westfjords, and in fisheries and fish production in general, "one talked together" because everyone had the same problems and "were in this together", facing many of the same insecurities and challenges. Networks were then "natural" strategies for these managers. Runar had contact with many producers, while his brothers, who were proficient in Portuguese, had many contacts in the market section. The amount of information this gave them, reduced their sense of risk. They were able to more easily foresee and adapt their production. It was then needed to be a networker, being active in getting in touch to get the information one needed, and also to maintain the relations. Runar had different kinds of networks for different kind of strategies. There was some information that was kept secret, except for the closest relations. Good clients and how to create "the most efficient" production line were, for example, knowledge that managers regarded as "hush-hush". Technology could be a source of secrecy depending on production type, but not in the same level as clients and the configuration of the production line. Even so, as we shall see in the network of over-seas experience, some were willing to open towards others in cases where reciprocal relations were established.

The findings above indicate that networks are important means to achieve flexibility, continuity and some stability or predictability for companies that faced the turbulence of the Icelandic economy and their markets. Through the networks, knowledge of markets and access to fish resources could be obtained, profitable technology procured, favours and regional

development achieved and experience acquired. To put it short: networks of cooperation were a “rational” choice for many as one way of surpassing the risk they might feel. Networks were a way of being pro-active to prepare for the unknown and also for exploiting new opportunities. Given the constraints of the industry, (and the cultural processes that already existed), network building was a logical opportunity readily exploitable for managers as they saw fit. In the next section we will elaborate on the special features of the networks studied.

In the discussion above, we have looked at networks as spheres of exchange. The goods are knowledge and services that are traded by certain rules. Managers do not engage in networks randomly. They are searching for certain commodities and therefore choose their network partners accordingly. Approaching their networks we must decide on the validity of defining these networks as spheres of exchange, and knowledge, services, and experience as commodities. Starting with goods and recalling back to Simmel (2004) and Appadurai (1986) it was concluded that an economic object is what lingers between proximity and distance just enough to suffice for our craving of it. This then prompts a sacrifice to achieve ownership. Fish production managers know what they need to secure or enhance their company, and are willing to “part” with own knowledge, render services to others, or in other ways cooperate with actors that may also be their competitors. We might therefore claim that what is exchanged within these networks are economic objects because of the desire felt and value set on them, as well as a willingness to reciprocate. Exchange is then understood in the wide sense as Polanyi (1968) suggested, but the categorization of exchange is understood in accordance with Sahlins (1988) and his claim of exchange belonging under reciprocity, as trade also is a “vice-versa” movement. Conversions between spheres of exchange was seen by Barth (1972) as especially interesting in relation to creating profit in an entrepreneurial fashion. However, the profit gained through these networks comes from what is conveyed *within* the networks. Or rather, that the profit from these networks or spheres happens when knowledge *from* a sphere is transformed into action.

By participating in different networks with varying geographical range, the Icelandic fish production managers took part in the continuation and transformation of a multicentric fish production economy. While their engagement in reciprocal networks was centred on the survival and development of their own company, the managers’ participation was also helping the other companies in their networks. Taking the argument further with Belshaw (1965), one may see fish production managers’ use of networks as a fusion between old and new. In many



ways the networks are reminiscent of Levi-Strauss' bricoleur (1966), where managers use the already existing tendencies of building relations and tradition of helping each other out, to construct or use existing networks for specific ends. By acquiring new information and linking it to their present knowledge and experience, managers could adapt the production to changing times. This fusion between old and new is according to Belshaw a trait of entrepreneurship and expansive management. Furthermore, it is very likely that innovative movements flow through these networks. However, seeing networks as purely instrumental would be underplaying the meaning some of these friendly relations play.

Weber (1930) saw capitalists as constantly chasing profits and opportunities of exchange to survive. In the light of the material at hand this seems a rather narrow understanding. Survival was about a company's actual continuance, not necessarily its profit. Loss for some was better if it ensured long-time relations with a customer that ultimately led to the persistence of a company. One may of course claim that acquiring a long-term relation to a customer is profit to a company. This may be claimed if the term profit is interpreted in the wider sense, in the same way that Larsen wrote about maximisation might be seen as a wide concept (Larsen, 1977). In any case, it would be wrong to interpret fish production managers as capitalists striving for own profit in the narrow sense. The biggest profit and focus lies in what directly affects the production company, which is where networks come in to play. What networks lead to are continuous changes in production through the information, services and experience they bring about.

We are then dealing with entrepreneurship as part of the local capitalism trait. The actions of the fish production managers in this study were entrepreneurial in the way they employed information and experience gathered through networks. They constantly navigated the uncertain waters of the fish industry and markets, by adapting their production according to new information they get in. Managers are then constant strategists that use their experience to act dynamically. This way, they either reproduce patterns in the fish production industry or create new ones, according to the challenges they meet. What the fish production manager or the corporate group must do is always to adapt, which demands creative action. Managers always need to read "the signs" of the industry – the market, technology development, and resource access – and so there is a whole group of factors that managers must sift through. As Schumpeter pointed out they must be good in taking decisions, and they must sometimes make informed guesses, taking a chance on the future. The managers of this study tried their

best to secure the company's way by networks of information, services and so on, but there lies an element of risk in it all. Not only risk, but in the constant adaption for survival and expansion traits of entrepreneurship are found; I argue that it is in this common base of adapting for the sake of continuity and development that some Icelandic fish production managers become (stereo)typical entrepreneurs, while some do not. Who "becomes" typical entrepreneurs depends on the niche they are in, the constraints and opportunities that follow, and personality and knowledge. A point for further research may be to look at how the cultural processes around the Icelandic fish production industry turn into different entrepreneurial strategies among its fish production companies.

Having had a closer look at networks there are more patterns of local, organic capitalism among these Icelandic fish production managers that stand out. First of all, the networks may be seen as trade posts for services, knowledge and experience. The exchange in these network spheres follows a reciprocal pattern where a manager departs with something to receive a return. It so follows that the networks that managers engage in are not random but that there are certain "goods" a managers seeks through them. The continuity and possible expansion these networks lead to may be seen as a sort of profit. Using networks is not a new phenomenon, but managers must interpret how to deal with every piece of knowledge he or she receives. Networks are an opportunity that managers cleverly exploit as an opportunity for continuity and growth which reduces the risk for a company and hence its manager(s). As Schumpeter, John Stuart Mill and Jean Baptiste Say, (Schumpeter, 1965), note that business management involves no such thing as luck. Even though luck may be present as a factor, business management in the Icelandic fish industry also demands good abilities in administration, as well as in building relations within their company, their community and their market.

## **7.5 Concluding remarks**

In this thesis we have tried to provide a view on fish production managers' sentiments, motivations and struggles as a group. This is what Yanagisako (2002) claims that Marx lacked in his theory on capitalism. It is these actors, as a group of heterogenic individuals with the variations of actions that follow, that take decisions with varying degree of risk, manage and administrate, take responsibility, and make innovations, constantly adapting to their rapid changing environment. What first and foremost is reflected in the data of this

thesis is the discourses of fish production managers on the relations they partake in. They are constantly in interaction with others in relations that may be diffused, both between workers and capitalists, and perhaps within the capitalist group. We are also reminded that kinship relations plays an important part in building knowledge, the ethics of hard work and desires for capitalism. In the constant interaction between fish production managers and actors in different spheres of exchange lies a long-term commitment, as Barth says, of strategic moves. The theories and data give a complex picture of what traits are expressed in the discourses of Icelandic fish production managers that can be interpreted as organic capitalism.

In this thesis we have been searching the Weberian “spirit of capitalism” of Icelandic fish production managers. It is their *ethos*, or their cosmology of capitalism in what the informants emphasize as important traits. In the same way, through Marx, we look at how managers as capitalists are produced and reproduced in a dialogue with the cultural processes that they participate in. We look for the organic capitalism of everyday commerce and the sentiments, knowledge, drive and meaning behind what these fish production managers do. We find that through the constraints and opportunities that encase these capitalists – made up of unstable conditions – they reply with flexibility, quick reaction, information gathering and cooperation that enables them to constantly navigate and adapt. In these constant, dynamic adaptations there are tendencies and possible growth for entrepreneurship. The networks and the emphasis on relations and knowledge can be seen as a part of the cultural processes in Icelandic small communities. Together the Icelandic fish production managers are participants in and active contributors to a multicentric and dynamic economy

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Sitting behind his desk Runar looked up at me entering the office.

“How are you doing today,” I asked him smilingly.

“How did I do last time you asked,” he asked me back.

“You said everything was going ‘Straight to hell’,” I replied truthfully.

“Yes”, he laughed, “today it’s a bit better since the weather is so nice. Half-way better.”





## APPENDIX

### DICTIONARY OF FISH SPECIES AND TECHNICAL TERMS

#### FISH SPECIES<sup>22</sup>

English	Norwegian	Latin	Icelandic
Arctic Char	Ishavsrøye	Salvenius Alipnus	Sjóbleikja
Atlantic Halibut	Atlantehavskveite	Hippoglossus Hippoglossus	Luða
Blue Ling	Blålange	Molva dipterygia	Blálanga
Blue Whiting	Kolmule	Micromesistius poutassou	Kolmunni
Capelin	Lodde	Mallotus Villosus	Lodna
Catfish, Atlantic/Wolffish	Gråsteinbit	Anarhichas Lupus	Steinbítur
Catfish, Spotted/ Wolffish	Flekksteinbit	Anarhichas Minor	Hlýri
Cod	Torsk	Gadus Morhua	Þorskur
Greenland Halibut	Blákveite	Reinhardtius Hippoglossoides	Gráluða
Haddock	Hyse	Melanogrammus Aeglefinus	Ýsa
Ling	Lange	Molva Molva	Langa
Lumpsucker/ Lumpfish	Rognkjeks	Cyclopterus lumpus	Hrognkelsi
Mackerel	Makrel	Scomber Scombrus	Makrill
Redfish/ Ocean Perch	Uer	Sebastes spp.	Karfi
Saithe/ Pollock	Sei	Pollachius Virens	Ufsi
Salmon	Laks	Salmo Salar	Lax
Starry Ray	Kloskate	Amblyraja Radiata	Tindabykkja
Tusk	Brosme	Brosme Brosme	Keila
Wolffish, Atlantic/ Catfish	Gråsteinbit	Anarhichas Lupus	Steinbítur
Wolffish, Spotted/ Catfish	Flekksteinbit	Anarhichas Minor	Hlýri

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<sup>22</sup> Fish species names are from: [http://www.hafro.is/undir\\_eng.php?ID=22&REF=3](http://www.hafro.is/undir_eng.php?ID=22&REF=3)

<b>Icelandic</b>	<b>English</b>	<b>Norwegian</b>
Blálanga	Blue Ling	Blålange
Gráluða	Greenland Halibut	Blákveite
Hlýri	Wolfish, Spotted/ Catfish	Flekksteinbit
Hrognkelsi, Grásleppa	Lumpsucker/ Lumpfish	Rognkjeks
Karfi	Redfish, Ocean Perch	Uer
Keila	Tusk	Brosme
Kolmunni	Blue Whiting	Kolmule
Lax	Salmon	Laks
Langa	Ling	Lange
Lodna	Capelin	Lodde
Luða	Atlantic Halibut	Atlanterhavskveite
Makrill	Mackerel	Makrel
Steinbítur	Wolfish, Atlantic/ Catfish	Gråsteinbit
Þorskur	Cod	Torsk
Sjóbleikja	Arctic Char	Ishavsrøye
Tindabykkja/Tindaskata	Starry Ray	Kloskate
Ufsi	Saithe/ Pollock	Sei
Ýsa	Haddock	Hyse

#### **TECHNICAL/ OTHER TERMS**

Demersal fish	Bottom-living fish. Examples are Cod, Haddock, Catfish, Lumpfish etc. <sup>23</sup>
Fisknet	Fish auction computer system
ITQ-system	Individual Transferable Quota-system
Long liner fishing	Fishing technique using lines with baited hooks that catch live fish. Mainly cod, tusk, halibut, haddock, catfish, redfish, ling are caught.
Óslægt	Bled, ungutted fish

<sup>23</sup> <http://www.fisheries.is/fisheries/fishing-grounds/demersal-stocks/>

Seine boat	Boat using net to catch fish/ Notbrukende båt,
Slægt	Bled and gutted fish
TAC	Total Allowable Catch
Trawler	Fishing vessel that operates a bag-shaped net dragged after the boat.

Sources:

[www.fisheries.is/main-species/](http://www.fisheries.is/main-species/)

[http://www.hafro.is/undir\\_eng.php?ID=22&REF=3](http://www.hafro.is/undir_eng.php?ID=22&REF=3)

<http://www.seafoodfromnorway.com/page?id=24&index=0>





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