

INVESTIGATING COMPETITION AS AN ETHICALLY NEUTRAL PROCESS

By Glenn R. Jackson

Copyright 1998 Glenn R. Jackson



If you had to choose one word to describe what is known as the Western world that word would have to be -- competitive. Only in the West has competition taken such a hold that it can truly be said to affect every aspect of an individual's life. And in the West, the United States is paramount in its complete and total worship of competition. Here every aspect of an individual life, from work to play, is affected by competition. Competition ranges from the common - like baseball or football, to the bizarre - like the longest ride on a Ferris wheel. This fact of life has not escaped attention before this of course. In fact, it has been analyzed and scrutinized from many angles, but most thoroughly in how it relates to business in general, and to economics in particular. It's not surprising that economics, and business in general, has dominated the investigations of competition. After all, everyone has the need for some form of livelihood, and the complexity of society has led to that livelihood being contained within society's economic order. So it is not surprising that economics, based on competition in the West, would lead the way in the investigations of competition. However, it would be quite surprising if something so pervasive in society as competition should have escaped the notice of philosophers.

From a philosophical point of view, competition stirs an interest within the field of ethics. Considering competition's pervasive nature, the question naturally should arise as to competition's ethical nature. Is it good? What effects does competition have on society's fundamental values? Is society better off with, or without competition? Of course these questions, and others, have been asked and discussed before, and perhaps the most thoughtful treatment of the ethics of competition was that by Frank Knight.¹ His examinations were concerned primarily with the ethics of business competition. Business competition, as mentioned earlier, affects everyone's livelihood in today's society and is an integral part of the business world. Knight proposed that any examination of business competition could be divided into three interconnected parts. First, competition as a means to satisfy the wants and needs of society. Second, an examination of "the fact that the motive of business is to such a large extent that of emulation as such," or the "gameness" of business. Third, competition as a primary motive in society and the effects that the ethics of the competitive situation have on the primary ethics of society.² Although least developed of the three parts, it is this third part that contains the hard question for society to answer. And that question is this, considering all that competition in business is able to accomplish, namely production and distribution of goods on an unprecedented scale and the creation of great affluence, is society paying too great a price in terms of changes to its fundamental values and ethics by using competition?

In this paper it will be taken as a fact that competition in the business environment is responsible for the material wealth and technological advancements that our society enjoys. This facet of the question has been explored at length and depth by others that cannot be reproduced here, so it is safe to assume that, although not perfect, competition is still the primary reason for our present state of material wealth. With this one point out of the way, the intentions of this paper can be defined. First, it is the intention of this paper to show that society has been undergoing changes to its fundamental values and ethics stemming primarily from a business influence. Second, in regard to these changes, competition as a process is ethically neutral. Third, that it is the use to which competition is put, and the input that it is furnished as a process that is responsible for the change society is experiencing. And finally, because it is implicit in our examination, an actual example will be offered to demonstrate an alternative available in business competition.

I

Take any number of businessmen today and ask them what their company's goals are, and you will get just about as many answers as there are businessmen. Doubtlessly maximizing profits will come up, probably increased market share and product diversification, and more than likely corporate growth will also be mentioned. All of the recognized corporate goals share one common feature, in each goal the corporation is seen to be striving after more. More of what is to be specifically defined by the corporate goal, but generally the corporation is striving after more utility. Each corporation is, therefore, seeking to maximize its utility, and because it is implied in each of these goals that the corporation is not alone in its "market," a corporation will be seeking to maximize its utility at the expense of others.³ The market is therefore seen as a place of contention for limited resources. The corporations at any particular point in time are viewed as holding all the resources of a particular market that are available between them. In this situation, to increase one corporation's share means that one or more corporations must decrease in share, and, therefore, in utility. Of course there are situations where a corporation will discover that all the resources in a particular market were not divided up, the corporation will have discovered a new "segment of the market." And although these situations are not rare, these occurrences have not been enough to discourage the perception of markets of limited resource.

Of course the market is not a physical place, but is, as W. L. LaCroix has explained, one of three models of social and economic relationship, namely the:

"Exchange relationship (market). This model exhibits trade wherein both parties are considered to strive, by trade, toward higher utility functions. Here one says, 'I do this if, or because, you do that.'"⁴

And although this is only one of three interconnected relationships working in society, it is important for our examination to realize that within the business environment this model is perceived as alone in its influence upon business.

What has been described thus far is a perceived area containing limited resources whose acquisition is the goal of the contestants, in this case, corporations. And in this striving for the acquisition of resources a rivalry is promoted, for in the striving to "maximize one's own utility" there is, by necessity, a decrease in utility elsewhere. These situations of conflicting interests fall easily under the heading of game theory. It is quite easy to see that within the business environment the contest motive is primary, successes and failures, the actions and reactions to what others do, the searching for the best decision among many alternatives that leads to the best position for oneself, all this demonstrates the "gameness" of business.

A lot has been written concerning game theory, and concerning business as a game, but for our purposes it is not necessary to reproduce that here. It is just enough to recognize the aspects of games in the business environment, and in particular the aspect or motive of emulation. It is emulation -- the striving for superiority and the spirit of rivalry, that concerns us most in our examination of changes to society's fundamental values and ethics, because "The modern idea of enjoyment as well as of achievement has come to consist chiefly in keeping up with or getting ahead of other people in a rivalry for things about whose significance, beyond furnishing objectives for the competition, little question is asked.⁵

By and large, society's highest values have been those that promote stability for society. Whether this stability springs from a guarantee of the greatest amount of "good" for the greatest number of individuals, or from an enlightened self-interest that realizes that others interest are important for an individuals own self-interest, stability is the final result. Most definitely, the major religions, with their emphasis upon how man ought to act and upon what the motive behind these acts should be, have placed Man's relation with Man as one of the highest values. The highest values then are those that make society possible, though it be composed of a collection of individuals with as many goals, needs, wants, and dreams as there are individuals. Even given that Man is the "social animal" that biologists and psychologists say he is, it is exceedingly difficult to believe that Man would be able to build the complex societies that he has without values that help him to transcend his own selfishness.

Emulation, as a motive, seems to be inconsistent with any of society's values for promoting stability. Rivalry between individuals and the institutions of society contradicts these values completely. If our complex society is possible because of values that help Man to transcend his own selfishness, then any motive that promotes the achieving of one's own utility at the expense of another's can only be seen as destructive of society's stability. The contest motive, as represented in the business environment, is therefore fostering an adherence to values contrary to all that society has held as the highest. The individuals increasing dependence on business for his livelihood (perhaps existence?) heightens the influence of the contest motive in society. The emphasis on success, at the expense of others, is spreading throughout society (especially American society).

But if the motive of emulation is so detrimental to society's values, how has it managed to survive, and not only to survive, but also to become dominate in society? "The striking fact

in modern life is the virtually complete separation between the spiritual ethics which constitutes its accepted theory of conduct and the unethical, uncriticized notion of efficiency which forms its substitute for a practical working ideal.'⁶ It is because of a perceived choice between the efficiency of business and society's highest values, where the efficiency of business is seen as the direct result of the contest motive. Society is forcing on itself a hard choice between business competition and its efficiency, and society's own highest values and the stability they ensure.

Of course there are attempts to prove that no choice really exists. These take the form of either "proving" that there is really nothing wrong with business and its values, or in showing that business competition is really not all that efficient. Both of these attempts must be dismissed, however, for reasons already discussed. First, because emulation as a motive is contrary to all of society's values, and second, because the present state of material wealth has no other explanation than business competition. However, with the dismissal of these attempts at solving society's dilemma, it does not follow that the choice will again fall to that between competition and society's values. This is so because competition is being viewed as one and the same with emulation and the contest motive, when in fact competition as a process is, besides efficient, also ethically neutral.

II

When individuals or businesses are in competition, they are said to be engaged in the act of competing, and it is this act that is supposedly open to an ethical analysis. Almost all examinations of competition proceed from this very assumption, that competition is an act and therefore open to an ethical judgment. If this is true, then as regards our present concern, competition can be judged to be unethical. Unethical either because of its unwanted consequences for society's highest values or because of the motivations (emulation, rivalry, etc.) that lie behind the act of competition. It seems then that this is the conclusion that must be drawn if competition is truly an act, but this conclusion is based on a mistaken assumption and is therefore false. Human actions are, even though they are in reaction to any number of external events, only human acts if they are initiated by an individual. Man must therefore originate human actions, i.e.; they must come from human nature and not merely from nature.

People steal, people kill other people, people give money to the poor, and people compete. Are these all human actions? People act by taking, they act by killing, they act by giving, but do they act by competing? Semantically we do identify competition as an act, but unlike true acts, competition is a process identified by the human actions within its framework that collectively have become known as competition. When identifying competition it is possible to identify it by the act of rivalry, or by the act of striving, or by both together. What this says in effect then is that competition is an "act" recognized at different times and places by various other actions. In actuality what is occurring is that competition is considered as an act only as a semantic simplification. Competition is not an act but is a process, and the confusion arises because it is easier to speak of a process as a unity of its collective acts.

In addition, when an individual commits an act, that action remains the same action regardless of the situation the individual is in. Not so with competition, here an individual can be in the "act" of competition in two entirely different situations with the net result being, if these are truly acts, that the acts are contradictory. Consider two games, one a game between two teams and the other an individual playing a game of chance. In the former, the act of competition is one of rivalry, but in the latter, there is no corresponding act of rivalry. Both games are competitive, but they are composed of different actions within the competitive framework. Take two actual examples like football and golf. In football there is competition of team against team - a rivalry, but in golf there is, by the nature of the game, only competition against oneself or a striving for excellence - no rivalry.⁷ These cannot be the same act of competition, as they do not have the same act in common. They do, however, have a similar result, and a similar result indicates the operation of a similar process.

As a process, that is a motion or a series of changes leading toward a conclusion, it is much easier to identify competition and to understand how competition can be ethically neutral. Perhaps at this point it would be best to examine the process of competition with the human aspect removed, the best example in this case is the competition that is called evolution. Evolution is a good example for our examination of competition for three reasons: (1) Because the human element is removed, the process of competition is shown in it's most nearly perfect form; (2) There is clearly no way to render an ethical judgment on evolution; (3) When the theory of evolution was first advanced, it was accepted readily by the business community as a justification of capitalism and of business competition.

Human nature being what it is, people tend to personalize everything they do, that is they tend to claim things as originating within themselves. This is why individuals claim competition as an act, and this is the beginning of the confusion with competition. The truth seems to be that individuals engage in competition or act within the process of competition, and this can be clearly seen by an examination of evolution.

Evolution is a process that has been at work on this planet since life first began here, and this makes it a perfect example for our purposes. Evolution is the original competitive situation, and it (except for the last thousand years or so) is a process unaffected by Man. With the removal of Man from this competitive scene there is, by necessity, a complete removal of motive from the competitive process. And with motive removed from the ethical analysis there remains only evolution's consequences upon which to base our analysis of the competitive process.

Evolution occurs as organisms interact "at the same trophic level in a given food web,"⁸ or more clearly stated, they compete over the same food supply. This interaction leads to what is known as competitive exclusion which results in either one population of organisms eliminating the other or in both populations undergoing an evolutionary change to achieve resource partitioning.⁹ In this view, the process of competition leads to two possible consequences, survival or extinction. Is it possible to make an ethical judgment on this process by its consequences? Let's add one more bit of information and then ask the question again.

When the original theory of evolution was advanced by Darwin it had the form of which we are all familiar, namely that the strongest survive. This implied a direct confrontation between organisms, a dog eat dog type environment where the strongest eliminates all weaker competitors. In other words, there was an intense rivalry for the available resources. It is this explanation that business first used as a justification for its competitive practices, it gave in effect the backing of Natural Law to business competition. However, evolution now has a different theory, one that accurately reflects the process of competition. This theory is not based on confrontation, but on informational advantage. In this theory it is the "informational content" within a particular ecosystem that is brought to the point of interaction "at the same trophic level." "The populations within a community maintain a store of variation, which is interacting continuously with biotic and abiotic elements of the ecosystem to effect further adaptation, and therefore further evolution."¹⁰ It is, therefore, the informational content of a particular organism (information carried in an organism's genetic pool) that enable that organism to survive. So it is not confrontation or rivalry as such in the competitive process, but the information available to an organism that enables it to "answer" correctly, as far as the information permits, the problem presented to it by its environment.

To go much further will embroil us in an in-depth biological discussion, but that is not going to be necessary, as the important points for this discussion are available. Which is that evolution as a competitive process relies not on confrontation or rivalry, but upon the complete use of information to find the right "answer," or as a businessman might say "the most efficient solution," to a particular problem caused by the interaction of organisms at the same trophic level. With this last bit of information let's turn to the question proposed earlier on judging the process of evolution by its consequences.

The consequences of this competitive process are either survival for one organism and extinction for the competitor or a diversification for both that eliminates the point of interaction. Now, in rendering a judgment on one or the other of these two consequences it is implied that there is a good consequence or a bad consequence, but can that judgment be passed on to the process of competition? That is to say, if we judged the survival/extinction consequence as bad then must we judge the process of competition as bad? In this situation there are no alternative consequences, the competitive process has made use of all available information and has reached the only possible result given the information at hand. To judge a process as bad or unethical it must be shown that the process, given the information used, could have reached another consequence -- a good consequence.

Perhaps another view would help clarify this conclusion further. To do this we can use the example of another process, the process of logic. Now in logic if you know all the possible premises for a particular situation, then the conclusion will naturally follow, and it will be the only possible conclusion given that you have all the possible premises. To arrive at any other conclusion would entail the removal or addition of one or more premises, but the process of logic does not remove or add the premises it only arrives at a conclusion given the premises available. How do you ethically judge the process of logic? There does not appear to be a way.

Now it might be argued that it is not possible to know if all available information went into a conclusion, and this appears to be true. The fact, however, that the conclusion has stood the test of time indicates, unless another conclusion can be produced, that the conclusion was based on complete information. So the most that can be said of the process of logic is that it reached the only possible conclusion given its premises. The same applies to the process of competition and it's only possible consequence. As understood in evolution, the consequence is the only one possible and as to whether it is good or bad is open to an ethical judgment, but as for the process itself there can be no judgment. It seems then that evolution, and competition, are as a process ethically neutral.

Evolution was chosen as an example of the process of competition because it was possible to separate the pure process of competition from the human version. With evolution it was possible to show that competition is a process that only makes use of the information available to arrive at the only possible and logical answer. And, in another sense, that the process of competition is like a mathematical equation that delivers an answer based on the quantities given, and that it is not possible to make a judgment on the process as such. Finally, evolution was chosen as an example to accent the fact that if the process of competition is ethically neutral and if society finds that business competition produces consequences that are bad for society's highest values, then it must be concluded that the process of competition is not responsible for the bad effects, but has just used the information furnished to arrive at the only answer possible. This leads to the conclusion that the information furnished to the process of competition is of questionable ethics. Therefore competition is not an ethical problem; it is the artificial constraints placed on the information entering into the process that is causing the changes to society's values.

III

Competition is a process and, as with other processes, Man has found that he can use competition as he does any other tool. Man is no longer shaped by his environment, but is able to use these processes that originally shaped him to shape the environment to his liking. In other words, Man borrows the processes and natural laws of his universe and shapes and uses them for anything he wishes, and that is as it should be. Although some feel that Man should not use competition, or should at least find a substitute, it appears that this is the wrong conclusion. The question is not whether Man should or should not use competition, but whether he should be using it in the ways that he is?

Business competition is just such an area where this question is applicable. The original attraction of competition was the fact that given a quantity of information, the process of competition would produce the most efficient answer, and that answer meant great material wealth for society and for business. But it seems that while the quantity of information was sufficient to answer the questions of production and distribution, it was not sufficient to protect society's highest values. The reason for this seems to clearly be that the information furnished the competitive process is incomplete. While the process is being furnished all the information necessary to solve efficiently the problems of production, distribution, etc., the competitive process is not receiving information of society's higher

values and therefore, true to competition's nature, these values are being efficiently excluded from society itself.

LaCroix described the spirit of competition in our society today as being divided into two purposes, and he used game competition as a means of describing these purposes. In games, competition seems divided under two surnames -sports and athletics. In sports, the purpose is excellence in performance in a game against an opponent, while in athletics the purpose is just victory.¹¹ From this description the problem becomes clear, as intended the process of competition is engaged in to produce the best possible answer, but as used by business, competition is engaged in to be the best possible answer. There is no trusting to the competitive process by the business competitor of all the possible information for a sports like purpose. Instead, competition is become increasingly constrained, receiving only the information deemed necessary for the purpose of victory. In the final analysis society must continue to use and support competition, but at the same time inject into the competitive process it's own highest values. This then is the problem faced by society concerning business competition -- to convince the business community that adding these higher values in the competitive process will not alter competitions outcome on the limited scale that a business is concerned with, but will instead have great benefits on society. And one of the best methods of convincing is by example.

IV

Earlier in this paper there was an attempt to define what was meant by society's higher values. Although intentionally vague, the effort was made to broadly show that there are many values in society beside the obvious material ones. That discussion was kept vague then in recognition of the fact that although these higher values exist, they are cloaked in many different ethical systems that have strong emotional attachment for some and strong emotional rejection for others. Broadly speaking, however, it is still possible to identify similar values within each of these different systems, those values that go beyond the material and transcend the self, values like love, self-sacrifice, bravery, loyalty, and unselfishness.

The point on the similarity of the ethical system is made to encourage the choice by a business of some particular system. Although that choice is free, it is the intent of this paper to recommend a particular system. The ethical system is Christianity, and it is recommended for two particular reasons (besides personal preference). First, the focus of this paper, to this point, has been on competition in Western society. Western society is primarily Christian and is therefore more familiar with Christian values. Second, the Christian ethic is recommended because, as Frank Knight stated in his discussion of Christian thought, "If there is anything on which divergent interpretations would have to agree, it would be the admission that the Christian conception of goodness is the antithesis of competition.¹² But, as maintained in this paper, competition is an ethically neutral process, therefore it is more accurate to state that the divergent interpretations of Christian thought would have to agree that the Christian conception of goodness is the antithesis of the informational content of the modern day process of competition. In way of a final proof that competition as a process is ethically neutral, and that it is the informational content of

this process alone that is causing problems for society, an example of Christian values being input to the competitive process will be offered.

There is an organization of companies, primarily in the Atlanta area but with a growing regional support, called The Fellowship of Companies for Christ. This fellowship is composed of corporations whose Chief Executive Officer is a Christian, and as a Christian wishes to run his company based on Christian values. The corporate affirmations of the members of this fellowship are offered in exhibit, and it would probably be worthwhile to accent certain points mentioned there.

In the first place, these member companies recognize competition, and that in their particular markets they do have competitors. This fact is implied by the mention of competitors in the first affirmation, also implied is the fact that they will be treated as competitors. The important difference, however, is that this treatment will be tempered by Christian ethics and values per the third affirmation and that a particular concern for the competition will be explicit in all dealings as stated in the first affirmation. So competition is viewed not only as an arena that presents the opportunity to improve society materially but also as providing the opportunity to improve society spiritually and ethically.

Also equally important is the recognition that a corporation is not an entity itself, but is composed of a collection of individuals with needs both within the company and outside the company. This recognizes the fact that employees have a set of values before the corporation, and that it is harmful to the individual to have to subjugate those values to a limited corporate value system. So it is important that a corporation be sensitive to these needs and not just to the needs of it's own employees, but to the needs of society as a whole.

The business community might find it hard to accept a system of ethics based on a religion, but the question is --why? The answer would appear to accent the concerns of this paper, which is that the higher values of society have become so removed from business competition that it is impossible to imagine competition with those values. For American business, it is important to remember that competition as a process will arrive at the best and most efficient answer to a given situation or problem based strictly on the informational content of that process. Competition as used by American business has created, and continues to maintain, a Superman, but it is a Superman without a heart, and without a heart it is something less than human.

"We have said that any ethical judgment of activity must be based not upon its efficiency, the quantity of results accomplished, but on either the character of those results or the character of the motive which led to the action."¹³

FOOTNOTES

1Frank Knight, "The Ethics of Competition," first published in Quarterly Journal of Economics, vol. 37 (1923), pp. 579-624. Reprinted in The Ethics of Competition (New York: Harper and Bros., 1935), pp. 41-75. All references are from original printing.

2Ibid., p. 612.

3W. L. LaCroix, Principles for Ethics in Business, (University Press of America, Inc., 1978), p. 41.

4Ibid., p. 42.

5Frank Knight, "The Ethics of Competition," p. 621.

6Ibid., p. 621.

7This point was used to explain the type of competition found in legal confrontations in courtrooms. In a courtroom there isn't the direct confrontation (like football), but all efforts are towards making the best possible case and all motivation is self-induced (like golf).

8Arthur S. Boughey, Man and the Environment, (New York: MacMillan Publishing Co., Inc., 1975), p. 17.

9Ibid., p. 17.

10Ibid., p. 15. ||W. L. LaCroix, Principles for Ethics in Business, p. 65.

12Frank Knight, "The Ethics of Competition," p. 620.

13Ibid., p. 621.