

# Business History around the World



Edited by

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## **Introduction**

**FRANCO AMATORI AND GEOFFREY JONES**

Business history in the broadest sense includes everything about our business past, from the history of individual firms to that of entire business systems. While its boundaries and scope remain the subject of intense debate, business history research has yielded rich insights into the nature and origins of innovation and the wealth of nations. We have, as a result of this research, come to understand the role of business in momentous and sometimes horrendous historical events. Books and articles by business historians have had a profound impact upon the concerns of scholars working in management, history, and a broad range of social sciences. An important goal of this book is to make the enormous empirical wealth generated by business historians available to nonspecialists.

With that in mind, the book is organized in three parts. Part I consists of essays that seek to define the identity and borders of the discipline. It reviews some of the most important theoretical positions, including the so-called alternative approach, and the relationships of the field to economic theory. The contributors come from very different methodological backgrounds, and there is little consensus among them. They are engaged in ongoing debates.

Part II turns to the literature on national and regional cases. It begins with the historic core of modern capitalism in northwestern Europe and the United States. The subsequent essays consider the European

countries of the Mediterranean – Italy, Spain, and Greece. Finally Japan, Chinese-speaking cultures, and Latin America are discussed. The geographical coverage is not comprehensive; the distinctive experiences of major Asian economies such as those of India and Korea, the Middle East, Turkey, and North and Sub-Saharan Africa are not addressed. Nor are the substantial literatures on the business history of Australia, New Zealand, and Canada. The initial hopes of the editors to include essays on the eastern European transition economies were dashed.

Nevertheless this volume provides the widest geographical coverage of the state of business history yet published. It shows clearly that there is no single model for successful or unsuccessful capitalism, and that interpretations of the business past have changed dramatically over time. British business history, for example, was long conditioned by a search for the causes of Britain's relative economic decline since the late nineteenth century, an issue that, as Geoffrey Jones and Keetie Sluyterman in this volume show, has been greatly redefined by recent research. Conversely, Japanese business history was long driven by a search for the reasons behind Japanese post-World War II economic growth. Akira Kudô shows that the field is currently undergoing a major revision following the acute problems of the Japanese economy since the 1990s.

The book concludes with Part III on comparative business history. Although the doyen of business history, Alfred D. Chandler Jr. – whose latest work graces the end of this volume – has been an active proponent of international comparisons in the study of business history, and although Japanese scholars have worked to promote comparative research, the significant comparative business history literature remains rather limited. The reasons are not difficult to discern; the meaningful comparison of the history of firms and business systems among countries requires a thorough understanding of the political, economic, social, and institutional contexts. This information is in most cases published largely in national languages, adding greatly to the tasks of investigators in a subject where research is already labor-intensive. The three essays here consider three subject areas – multinationals, family business, and the relationship between business and government – where comparative work has made some headway. There are many other themes of central concern to business historians – marketing, innovation, human resource management, gender, and ethnicity among them – which the editors were constrained from covering, not only because of lack of space, but because comparative perspectives remain limited. Fortunately, many of the national and regional surveys in Part II refer directly to these issues.

We believe the essays in this volume demonstrate the remarkable scope and vitality of business history. Business history emerged as a discrete subdiscipline at the Harvard Business School in the United States in the interwar years, though in Europe several historians were also by that time interested in explaining the history of industries and firms, usually employing a broader framework than that seen in the United States. During the 1950s, major scholarly histories based on confidential corporate archives and written by academics – such as R. W. and M. E. Hidy’s study of Standard Oil, *Pioneering in Big Business* (New York, 1955), and Charles Wilson’s *The History of Unilever*, Volumes 1 and 2 (London, 1954) – began to appear in both the United States and Europe. Such works continued to coexist – as they still do – with thousands of more “popular” histories of firms.

Over time the subject established its own credentials and is now represented by an impressive array of books, journals, newsletters, research centers, associations, specialized libraries, and conferences. Much of the credit for the maturing of business history as an academic discipline lies with the U.S. scholar Alfred D. Chandler. Chandler remains the business historian whose work is most widely read beyond the discipline of business history itself – by historians, management scholars, and institutional economists. They regard him as one of the founding fathers of strategic management and identify him as a major formative influence. However, Chandler’s work matured within the context of a highly talented generation of American business historians that included Allan Nevins and Ralph Hidy and a younger generation including Louis Galambos and Mira Wilkins.

Chandler’s work – the latest example of which appears at the end of this volume – has been distinguished by a sharp focus on the enterprise. He succeeded in taking business history beyond the lurches of ideological disputes by fostering dialogue with scholars in related fields, including economists, management specialists, and lawyers. Chandler’s work remains central to business history, most notably through his generalizations about the relationship between strategy and structure, the distinction between core and peripheral sectors, and the role of big business and management in innovation. His generalizations remain controversial and disputed, but they still provide the most central framework for discussion in this immensely rich field of study.

Chandler has never claimed to cover all aspects of business history. At the end of *Scale and Scope* (Cambridge, 1990), his breathtaking comparative work on big business, after more than 600 pages of detailed analysis,

he writes, “indeed this book has only begun to map the history of the institution before World War II. Much more work needs to be done at every level. . . .” But Chandler, like Karl Marx, claimed he was studying the most significant elements of the past, and he has not shirked the responsibility for making bold statements. As a result, he has sometimes been treated as a straw man who claimed that the development of any national industrial system must necessarily pass through a similar set of stages in the rise of large managerial corporations. Considered in this way, it is clear that Chandlerism could not satisfy even the most orthodox of his followers. For instance, those who write about Mediterranean Europe cannot avoid the role of state intervention, which, for Chandler, has been of secondary importance. At the same time, they have been forced to consider the enormous importance of small enterprise to national business systems. Similarly, scholars on overseas Chinese business need to make family firms rather than large managerial enterprises central units of analysis. Even in the United States, scholars have made it clear that there is a diverse and vibrant world beyond large firms, a world that requires our attention.

This volume includes contributions from several of the leading U.S.-based critics of Chandler’s approach, as well as those who consider his interpretation of national cases outside the United States to be only partial. William Lazonick, an economist by training, emphasizes the need to consider companies in their broad social setting and not just through their entrepreneurial and managerial aspects. At the same time, he says we should think about the organizational capabilities of firms but also examine the process of their formation. He emphasizes “social conditions of innovative enterprise,” a new perspective, building in part on the writings of both Chandler and the economist Edith Penrose. Insofar as there is a methodological spectrum between theory and empiricism in business history, this essay is an extreme example of a theoretical approach to the subject. Many scholars whose primary allegiance lies with history would dispute Lazonick’s assertion that “business history needs a theory of innovative enterprise” and might be critical of an essay that talks very little about actual firms. Certainly there is an enormous methodological gap between Lazonick and Chandler. While Chandler has sought to generalize from rich empirical research, Lazonick’s work provides a theory in search of evidence.

The “alternative approach” that characterizes Jonathan Zeitlin’s essay is an alternative to Chandler, whose architecture Zeitlin deconstructs in favor of a vision that does not distinguish between subject and context,

between opposed ways of production, and between epochs. In contrast to Chandler's emphasis on the critical role of large, professionally managed firms engaged in mass production, Zeitlin stresses the diversity of production systems that have always been present. He also stresses "the rediscovery of flexible production as a pervasive feature of industrial history prior to its contemporary resurgence since the 1970s." Zeitlin's methodological approach is drawn from history and the social sciences and differs profoundly from those of Lazonick. However Zeitlin's approach, like that of Lazonick, is heavily theoretical, and it is noteworthy that he refers to "industrial history" rather than "business history."

The essay by Louis Galambos offers a different post-Chandlerian approach. The author describes those who have challenged the stronghold of business history, the history of the industrial company. Why should we not consider the social or ecological impact of enterprise, ethnicity in business, or enterprise and gender? Influenced by approaches popular in university history departments, a new generation of business historians in the United States is heading in new directions. U.S. scholarship, which in the past was heavily biased toward the study of big business and organizational systems, is recently gravitating toward gender and culture. This has contributed – as Galambos notes – to a proliferation of approaches to the subject, in contrast to the Chandlerian orthodoxy that prevailed in the United States two decades earlier.

In some ways, business history stands at a crossroads at the beginning of the twenty-first century. The choices are whether to seek to embed the subject more firmly within the multiple concerns of history, or whether to position it as part of the discipline of management, seeking to establish valid generalizations about the role and performance of firms, entrepreneurs, and business systems. Postmodernists, who tend to view such conceptualizations as self-serving constructions, have little regard for the archival evidence that has been so important in traditional business history. Conversely, scholars who stress that the future of business history lies with its ever-closer integration into management studies would stress its potential for enriching and extending our current understanding of business behavior and performance by providing empirical evidence on our business past. Although these tensions are real and growing, as William Hausman notes in his essay, "debate over what constitutes the essence of business history is not new."

The surveys in Part II are indicative of some of the continuing national differences in business history research, often reflecting the national academic context in which they developed. Almost certainly a process of

convergence is now underway, most strikingly in Europe, where the formation of the European Business History Association in the 1990s has led to enormous growth in interaction and networking between European scholars, who formerly often knew more about what was happening in the United States than in their neighboring countries. However considerable differences of emphasis remain. In Scandinavia, Håkan Lindgren notes, business history remains firmly rooted in economic history and centrally concerned with the study of the firm – in other words, wholly different from recent trends in the United States. In Greece and Spain, too, the links of business history with economic history have been strong, though the subdiscipline has developed a noticeably quantitative dimension in the latter country. In Britain, France, and Italy, business history has shown far more vitality than economic history and to a large extent has superseded it, and business historians have increasingly worked in the context of management and business studies. Meanwhile, in Japan, the large number of business historians largely work and teach within faculties of management and commerce, and for many years there has been a sharp distinction between business and economic history. As Akira Kudo stresses, Japanese business historians have a long tradition of international comparative research, and Japanese scholars have an almost unique interest in studying the business histories of other countries. Much of this research is not translated from Japanese and represents almost an “alternative” business history literature.

The chapters about the various nations also reveal some striking differences in the forces stimulating research in business history. In Germany, Harm Schröter shows that public concern about the country’s Nazi past has stimulated a new interest in business. In Italy, companies were important in stimulating research into business history, in part to improve their image. In some countries, such as the Netherlands, the lack of academic institutionalization has made business historians dependent on commissions from companies as their main source of employment. In others, such as Britain and Japan, commissioned corporate histories are primarily undertaken by scholars who hold established university positions in business history.

Over the past twenty years, business history has become of greater interest to a wider range of emerging economies, and in this volume Chi-Kong Lai and María Inés Barbero review the cases of Chinese-speaking and Latin American cultures, respectively. Both show growing literatures with distinct biases. In Latin America, research has been heavily focused on entrepreneurs rather than firms. In China, too, there have been only

a limited number of firm-specific studies. One of the major challenges facing business historians in many emerging countries is that there is virtually no tradition of private companies devoting resources to preserving corporate archives and even less of a tradition of allowing access to them by outsiders. Fortunately, the widespread activities of Western multinationals in many Asian, African, and Latin American countries provide a partial solution to this problem, as their archives can often provide substantial information not only on their specific affiliates, but also on the general business environment in their host economies. The essay in this volume on multinationals by Geoffrey Jones reviews some of the literature on foreign companies in emerging countries.

Business history lies in a peculiar position between the micro and macro explanations of economic growth and performance. In the best examples, its goal is that of beginning with a micro institution for the purpose of outlining the path of growth of a national economic model. In this way, business historians have traced the emergence of an American corporate economy, the cooperative capitalism of Germany, and the privileged role of government in France and the southern European countries. It is the way in which micro and macro intertwine that often makes the Chandlerian unit of analysis – the firm – appear inadequate. The essays in this volume demonstrate the value of including in the historical analysis not only the internal organization and strategies of firms, but also the national culture in which they operate, along with their legal and political environment.

As this volume indicates, business history is today an academic subdiscipline of remarkable potential and diversity. Its diversity is reflected in the fact that its academic practitioners are to be found contributing in many different contexts, and this is reflected in its eclectic methodology and still-developing research agendas. What is evident is the potential for business history research. In the world of academia, the attention of economists and management scholars has shifted from representative firms to unique firms. They are seeking to identify the differences between individual firms or key actors as a means of explaining technological innovation and the achievement of competitive advantage. Business history still has great potential to reach a wider audience, that is, people who almost never read academic books but have a great interest in – and perhaps even a right to know – something about the history of the firms that employ them and the branded goods and services they use in everyday life. We believe the essays in this volume demonstrate the remarkable scope and vitality of business history.