
NOTES

The Role of the Entrepreneur in the Emergence and Development of UK Multinational Enterprises

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1. Introduction

It is generally accepted among business historians that the most active early UK multinational enterprises (MNEs) held strong oligopolistic positions in their home markets e.g. Stopford (1974), Nicholas (1982) and Jones (1984). The fact, however, that not all of the UK companies in such a position undertook foreign direct investment (FDI) implies that this does not provide a complete explanation of the prerequisites for FDI. Stopford, for example, suggested that leadership in an oligopoly was perhaps a necessary, though by no means a sufficient, condition for international expansion; other leaders in oligopolies had remained at home. The contention of this paper is that strong entrepreneurship was also a necessary condition for early multinational growth on a significant scale.

A recent study by Archer (1986) examined the emergence and development of UK MNEs from 1870 to 1984,¹ and, using the eclectic paradigm of Dunning (1981; 1985) focused upon the Ownership-Specific (O), Location-Specific (L), and Internalisation-Incentive (I) advantages that caused these companies to engage in FDI during this period. O advantages explain the ability of companies to compete in both domestic and foreign markets (i.e. the "*how is it possible*" question of multinational activity) e.g. superior technology, differentiated products, marketing skills, etc; L advantages determine why MNEs prefer to locate at least part of the production process outside their home countries (i.e. the "*where*" aspect of multinational activity) and

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¹ See also Dunning & Archer (1987).

include such factors as tariffs, transport costs, etc; and I advantages determine why companies which possess O advantages choose to exploit them themselves outside their home countries rather than to sell or lease them to indigenous companies (i.e. the "why" multinational activity question) e.g. the desire to maintain quality control over the product, concern at creating or assisting a potential competitor, awareness of the problems than can occur with transferring technology externally through the market, etc.

In our 1986 study, we found that one of the most outstanding features to arise from the examination of the O advantages of the significant UK MNEs of the pre 1939 era (and, in particular, of the pre 1914 period) was the importance in their internationalisation of entrepreneurs with global drive and vision; although these entrepreneurs were generally no less important in their companies' domestic growth. The purpose of this paper, therefore, is to expand upon this point and highlight the central role played by such entrepreneurs as William Lever (Lever Brothers), Henri Deterding (Royal Dutch Shell) and Henry Wellcome (Burroughs Wellcome & Co.) in their companies' development as MNEs, *given* that they had the O advantages with which to compete in overseas markets. Clearly, if a company did not have the competitive strength with which to compete successfully in foreign markets, there was little that an entrepreneur could achieve in terms of its internationalisation, however strong his global drive and vision was.

It is pertinent to note that Casson (1984, 1985) has sought to develop a dynamic theory of ownership advantage using the economic theory of the entrepreneur. The theory views the economy as an evolutionary system whose future is very uncertain; as a result, decisions have to be made on the basis of mere speculations about their consequences. Significantly in the context of FDI being a new phenomenon before 1914 — and relatively new during the inter-war years — Casson observes that even the *probable* consequences of decisions cannot be estimated objectively as there are often insufficient precedents with which to estimate the relative frequencies of different outcomes (Knight, 1921). Consequently, people hold different opinions about what is the best policy to follow, and this leads to a need for judgemental decisions. An entrepreneur is a person who specialises in taking such decisions (Casson, 1982); and he is of especial interest to the business historian because, at turning points in the evolutionary process, it is his judgement which most often prevails. Casson concludes that there is one aspect of this theory that is particularly relevant to the MNE, and that is the idea that the most crucial entrepreneurial judgements take place on "the frontier" - in both technological and territorial terms.

Casson (1985) suggests that the qualities required of a successful entrepreneur are exceptional and "it is only rarely that someone will possess all (or even most) of them" (p 184). As a result, particularly when its operations are diverse, a company may prefer to be run through team organisation (although there are problems of: (i) communication; (ii) incentive; and (iii) stabi-

lity). This is more relevant to examining the importance of entrepreneurship in the development of UK MNEs after World War II when they were increasingly adopting new organisational structures, most notably the multidivisional (or M) form (see Channon, 1973).

Significantly, however, in an earlier study, Casson (1982) observed that even when control is exercised collectively, such as through voting on a Board, there is still scope for the entrepreneur to operate within such a system through his ability to persuade other people how to exercise their vote and, in particular, to prevent them from vetoing his proposals.

2. The Role of Entrepreneurs pre 1914

Multinational activity as we understand it today started to evolve around 1870 - strongly influenced by the technological developments of the second half of the XIXth century - but it is important to realise that UK overseas investment had been going on for a long time before 1870, i.e. through portfolio, expatriate and bilateral investment (see Stopford (1974) and Houston & Dunning (1976)). These investments were primarily directed towards the primary sector (i.e. mines, plantations, etc.), railways and utilities, and although in many cases the investments carried some degree of managerial control they could not be regarded as FDI in the sense that is accepted now. For the purposes of this paper an MNE is broadly defined as a company that engages in FDI and internalises intermediate product markets in at least one other country than the one in which it is based. Prior to World War I, it is generally agreed that the UK was the world's leading home economy of MNEs (see Hertner & Jones (1986, p 6), Stopford & Turner (1985, p 55), Wilkins (1970, p 3) and Dunning (1983, p 87)).

FDI during this period, therefore, was a new phenomenon; and - with little or no experience of other companies to draw upon, and difficulties of cross-border communications despite the innovations of the telegraph and telephone in the 1870s - it was a huge step for companies to take, even when location and internalisation factors suggested that it was the optimal mode through which to service a particular overseas market. Under such conditions of uncertainty and risk, it is the contention of this paper that entrepreneurs with global vision and drive played a central role in the multinational emergence and development of the major UK overseas investors of the period. (It should not be forgotten, of course, that many other UK companies engaged in FDI on a "one-off" or limited basis due to specific circumstances. In these instances, too, entrepreneurial flair was often an important factor, such as was the case with Beecham's investment in the US).

Unlike the present time when management, and indeed entrepreneurship, is largely carried out on a more collective basis, for most of the period up to 1939 individuals were often in a stronger position to exert their influence on

the overseas strategy of UK companies. Chandler (1980), for example, found that compared with their US counterparts, UK companies were far slower to build management hierarchies and adopt modern management methods. In particular, he observed that the great majority of the leading UK companies making packaged, branded goods continued to be run by their founding families during the inter-war years e.g. Cadbury's, Rowntree's, Reckitt's, Lyle's, Courtauld's, Colman's, etc. To these may be added Pilkington's, Coates', Kent's, Nathan's (of Glaxo), Bowater's and Brooke's when taking a wider range of industries. Consistent with Chandler's findings was the study of Channon (1973) which showed that out of 100 large UK companies, only 13 had established a multidivisional structure by 1950 (the numbers for 1960 and 1970 were 30 and 72 respectively).

In suggesting that the owner-entrepreneur played a vital role in the pattern and timing of the overseas growth and investment of UK companies before World War I, Table 1 identifies 15 major UK MNE's (arguably the 15 most significant overseas investors before 1914); and shows that it is possible, for each of these companies, to identify an individual, or small group of individuals, who were largely responsible for decisions relating to their company's FDI.

It is immediately obvious from the history of Lever Brothers that William Lever was a prime example of an entrepreneur who saw the world as his market; and during the 1880s and 1890s he travelled (often frequently) to France, Belgium, Germany, Switzerland, US, Canada, Ceylon, S. Africa, New Zealand and Australia. In the UK, Lever had been the first manufacturer to develop a national, rather than a regional, market for soap; and in his principal overseas markets he followed a policy of opening a local branch plant as soon as the volume of demand warranted it (he saw this as a way of overcoming the general problems of tariffs, local sentiment and transport costs).

Lever dominated his company and was solely responsible for the final decisions relating to important issues such as if, and when, to establish local manufacture in an overseas market. Wilson (1954) observed that "practically the whole of the business was carried in his head and was directed by his verbal instruction" (Vol. 1, p 48). Board meetings were few and formal, and such consultation as Lever found necessary took place at informal dinner parties at Lever's house. Table 1 shows the widespread investments that had been made by Lever by 1914, and significantly Wilson (Vol. 1, pp 186/7) recorded -

"to Lever business was never solely a matter of profit or loss rationally calculated by reference to a balance sheet... in him the rationality of the one word was blended with the restless ambitions of the explorer. Expanding business brought not merely bigger profits but more opportunities for adventure. "My happiness", he said once, "is my business. I can see finality for myself, an end, an absolute end; but none for my business. There one has room to breathe, to grow, to expand, and the possibilities are boundless."

The Role of the Entrepreneur in the Emergence and Development

Table 1

Company	Entrepreneur(s)	Investments made pre 1914	Investments made 1915-1939
BAT	J.B. Duke	Australia, Trinidad, Germany, Denmark, Japan, Korea, Puerto Rico, China, Canada*, India*.	S. Africa, N. Zealand, USA, Holland, Brazil, Mexico, Indonesia and numerous other countries.
Babcock & Wilcox	Sir James Kennal	France, Germany, Japan, Russia, Italy.	Spain, Australia, Canada, Mexico, Brazil.
Bryant & May (British Match Corp.)	Gilbert Bartholomew and George W. Paton	S. Africa, Australia, New Zealand.	Canada, Brazil, Columbia, S. Rhodesia, Argentina.
J & P Coats	D.E. Philippi	USA, Czechoslovakia, Hungary, Italy, Yugoslavia, Poland, Japan, Romania, Russia, Mexico, Spain, Austria, Belgium, Switzerland, Portugal, Brazil, Canada, Larvia, Manchuria.	France, Holland, Argentina, Germany, Bulgaria, China.
Courtaulds	Henry Tetley (D.1921) Dr. Ernest Lunge Samuel Courtauld IV	USA, Belgium (small portfolio investment)	Canada, France, India, Germany, Spain, Denmark, Italy.
Dunlop	du Cros family	France, Germany, USA, Japan, Malaya*, Ceylon*.	Australia, Canada, S. Africa, India, USA (new venture).
English Sewing Cotton	A. Dewhurst	USA, Spain, France, Canada, Brazil.	Australia, S. Africa, Belgium, Germany.
Gramophone Company (EMI-1931)	American senior management espec. Fred Gaisberg	Germany, France, Italy, India, Russia, Spain, Austria-Hungary.	Italy, Germany (new venture), Turkey, Australia.
Lever Brothers (Unilever-1929)	William Lever	USA, Australia, Canada, France, Switzerland, Germany, Belgium, Holland, Austria-Hungary, Japan, S. Africa, Solomon Isles*, Nigeria*, B. Congo*.	Argentina, Brazil, Chile, India, Uruguay, Norway, Sweden, Denmark, Finland.
Nobel Explosives (ICI-1926)	Thomas Johnson Lord Melchett Sir H.D. McGowan	Australia, Canada, S. Africa.	Australia, Canada, S. Africa, Brazil, Argentina, Chile.
Pilkington Brothers	Pilkington family	France, Germany, Canada, Belgium*.	Australia, S. Africa, Argentina.
Reckitt & Sons	Reckitt family T.R. Ferens	Australia, S. Africa, USA, Germany, Uruguay, France, Ceylon*, Germany*.	Brazil, Holland, Spain, N. Zealand, Greece, India, Peru, Denmark, Belgium, Canada, Argentina, Chile.
Royal Dutch Shell	Marcus Samuel Henri Deterding	US*, Dutch Borneo*, Romania*, Russia*, Egypt*, Trinidad*, Venezuela*, * numerous marketing and storage companies.	
Vickers	Vickers Family Basil Zaharoff	Italy, Japan, Canada, Russia, Turkey, Spain.	Romania, Yugoslavia.
Burroughs Wellcome & Co. (Silas Burroughs)	Henry Wellcome	S. Africa, Italy, USA, Canada, China, Argentina, India, Australia.	

Source: Company Histories and Archive Material.

* Resource-Based FDI.

William Lever, therefore, displayed many of the qualities required of a successful entrepreneur that are consistent with Casson's theory as outlined in the previous section, e.g. not being limited in his decisions by "matters of profit or loss rationally calculated by reference to a balance sheet" (see references to Eric Bowater in the next section). Such qualities were also evident in Henry Tetley who played a dominant role in Courtauld's growth before World War I. He was instrumental, for example, in the purchase from the Viscose Spinning Syndicate of the patent rights for making rayon and in the company's decision to invest in the US.² Coleman (1980) noted that Tetley displayed qualities invariably associated with entrepreneurial success (Vol. 2, p 205).

"a driving, relentless energy, a certain type of imaginative vision, and the business skills and cast of mind capable of translating that vision into practical achievement."

These entrepreneurial qualities were displayed by the other individuals referred to in Table 1. Thomas Johnson of Nobel Explosives was described by Reader (1970) as the "main architect of it (Nobel) as it stood before the Great War" (p 188) and a leading architect of the international explosives industry. Similar impressions arise of entrepreneurs such as James Kemnal (Babcock's), A. Dewhurst (English Sewing Cotton) and T.R. Ferens (Reckitt's). Dunlop, Pilkington's, Reckitt's and Vickers were all dominated by particular members of their founding families who maintained tight control; while the presence of foreigners such as J.B. Duke (BAT), George W. Paton (Bryant & May), D.E. Philippi (J & P. Coats), Fred Gaisberg (Gramophone) and Basil Zaharoff (Vickers) ensured that a cosmopolitan view was taken by their companies. These foreigners were all major driving forces in their respective company's multinational development.

The business history of Bryant & May noted that one major consequence of the company's amalgamation with the British subsidiary of the Diamond Match Corporation of America in 1901, was the managerial association of Gilbert Bartholomew and George W. Paton; as together they became the main architects of the rapid and important developments of the company and its widening territorial outlook. Corley (1985) refers to the poor entrepreneurship of the company prior to the amalgamation and, significantly, all of its overseas investments were made after 1901, i.e. S. Africa (1904), Australia (1908) and New Zealand (1910).

The case of Burroughs Wellcome provides perhaps the best example of the crucial role played by owner-entrepreneurs in companies' international development. The company was formed in 1880 by two Americans, Silas W. Burroughs and Henry Wellcome, whom the company history described as "entrepreneurs with flair, initiative and enormous energy" (p 5). Henry

² See Coleman (1980), Vol. 2, Chapter 5.

Wellcome was further described as "an internationalist, interested in all races and their advancement" (p 11), and it was he who played the dominant role in the foreign expansion of the company. The company history records that Wellcome's best years in terms of business success were from 1895 to 1920. He was in the driving seat and the company prospered at home and abroad. Much of the rapid expansion which occurred came from new markets overseas. Always "international in outlook", Wellcome studied at first hand the needs of each country and travelled extensively. Companies were established in Australia (1886), S. Africa (1902), Italy (1905), Canada (1906), US (1906), China (1908), Argentina (1910) and India (1912).

However, after 1912, Burroughs Wellcome's overseas investments suddenly stopped, apparently because of Henry Wellcome losing much of his former commercial drive. The company history observed (p 29) -

"consequently the years between the wars were a period of some stagnation. The research skills were still there, the quality of the product remained, but the old magic of motivation and leadership from the top had gone. These were restrictive and frustrating years for employees. The company appeared to become complacent and to live largely on tradition. Perhaps, above all, it was a period in which flair and initiative were discouraged. Little money was spent on plant or equipment or on overseas expansion; no Wellcome subsidiary was opened between 1912 and 1954."

With the apparent dilution of Henry Wellcome's entrepreneurial qualities and flair, Burroughs Wellcome's international growth was suspended. Significantly, the company's renewed interest in overseas expansion and investments on a major scale coincided with the arrival in the 1950s of Dr. Fred Wrigley, who was himself an entrepreneur of "drive and enthusiasm" (p 109).

The analysis of this paper so far has been limited to UK manufacturing companies, but it is equally applicable to resource-base companies. For example, the determination of Henri Deterding to establish an oil company to rival Standard Oil of the US was a major factor in Royal Dutch Shell's foreign activities. Deterding was a man of great vision, and he possessed many of the entrepreneurial qualities and attitudes identified by Casson (1982, 1984, 1985). It was his ambition and drive (as compared with that of Marcus Samuel) which goes a long way towards explaining why, in the 1907 merger between Royal Dutch and Shell Transport & Trading, the Dutch company was able to outmanoeuvre Shell Transport & Trading and take a 60% share. When Samuel became Lord Mayor of London in 1902, oil was relegated to a secondary place in his list of priorities and this gave Deterding the chance to gradually improve his position. Deterding's entrepreneurial flair and his influence upon the growth of Royal Dutch Shell has been widely documented; and there is a general consensus that he was clever, ambitious, and able to see and plan things on a global scale.

Strongly contrasting with the success and growth of Shell were the problems experienced by Burmah Oil during this period. In his study of the UK oil industry, Jones (1981, pp 104/5), for example, observes that the atmosphere of gloom in the company was increased in 1904 by the appointment of John Cargill as chairman. He was an able and honest man, but a born pessimist - "with Cargill at the helm, Burmah Oil entered a period of growing caution and conservatism".

Finally, in his study of the Rio Tinto Company, Harvey (1981) refers to the company's unimpressive record of overseas growth and diversification over the period 1873-1925. In particular, he refers (p 187) to poor entrepreneurship and no fundamental change in the long term goals of the company. This was in marked contrast to the rapid growth of its principal US rivals and it was only after Charles Fielding joined the Rio Tinto Board in 1900 that new foreign opportunities were seriously considered. It was he, for example, who initiated the market studies which led to the acquisition of the Tocqueville phosphate mines in Algeria; and the erection of superphosphate plants at Mueiva in Spain, and wet process works in the USA. Rio Tinto's relative decline continued until Sir Auckland Geddes became Chairman in 1925, after which the company increasingly followed a policy of diversification and growth.

3. The Role of Entrepreneurs 1915-1939

The continuation of the family firm and the lack of managerial hierarchies were country-specific characteristics that had a great influence on the role of entrepreneurship in the development of UK multinational activity during the inter-war years. Another country-specific characteristic that played a significant role was culture. For example, Harry Jephcott (Glaxo), Robert Barlow (Metal Box), Maurice Coates (Coates Bros) and Walter Kent (George Kent) were all very Empire-minded. Often, too, they had close family ties within the Empire; and, in many cases, this was a crucial factor in the Empire orientation of their companies' business and their willingness to invest in these markets. During the inter-war years a strong Empire/Commonwealth preference for UK FDI emerged, and this peaked during the 1940s and 1950s (see, for example, Stopford (1974, 1976), Houston and Dunning (1976), Dunning (1983) and Archer (1986)). Casson (1985) suggests that the emphasis on migration as an information channel explains why UK companies often expanded into Commonwealth markets, before tapping those in Europe and the US.

With the exception of Burroughs Wellcome, the 15 pioneering UK MNEs identified in Table 1 continued to engage in FDI during the interwar years, although to a varying degree. An important point to note about these companies is that they had developed global horizons through their pre-war inter-

nationalisation; consequently, even where the original entrepreneurial force had disappeared, a new one often arose of similar spirit and drive.

Courtaulds is an example of this. Henry Tetley had played a central role in the company's domestic and overseas expansion before World War I, but he died in 1921. During the inter-war years, Courtaulds was controlled by Samuel Courtauld IV (Chairman 1921-46) and grew to rate 4th among the largest UK companies of 1930 and 1948 (Hannah (1976), by estimated market value), whilst investing in Canada, France, Italy, India, Germany, Spain and Denmark. Coleman (Vol. 2, p 221) observes that Samuel Courtauld IV did not have "the creative business vision" of Tetley and that "if there was any one single creator of the rayon firm it was Tetley" (p 221). The company expanded for a time almost under its own momentum; Samuel Courtauld IV consolidated, influenced, and steered it in certain directions.

Under the new chairman, there was scope for individual members of the Board to play leading roles in certain policy areas. One such individual was a Swiss, Dr. Ernest Lunge, who was concerned with the company's foreign relations (excluding the USA) during the 1920s. He had a gift for languages and, naturally, a European outlook. Consequently, he played a major role in Courtauld's overseas investments, particularly in Europe, during this period. Jones (1986), for example, commented with respect to the investments in Spain and Denmark -

"These investment decisions were taken by Courtalds during the Lunge-inspired period of enthusiasm for Continental factories in the mid-1920s".

A second example is provided by BAT. A company profile observes that in 1923 J.B. Duke retired as Chairman and was succeeded by Hugo Cunliffe-Owen "another powerful and decisive personality who guided the fortunes of the company for the following 22 momentous years". It was during this period that BAT entered the US market and set up depots in the Empire which grew and mostly developed into fully-fledged subsidiaries with their own manufacturing and distributing operations.

Examination of the company histories and archive material of the major "new" UK overseas investors of the inter-war years reveals that owner-, or manager-, entrepreneurs continued to play a central role in the multinational developments of their companies (Table 2). It must be stated, however, that it was not possible to find evidence of such dominant individuals in a minority of cases, e.g. Distillers.

As was the case with the companies contained in Table 1, it is possible to go through each of the UK MNEs contained in Table 2 and give illustrations of important individuals in their multinational (and domestic) growth. However, reference to Eric Bowater, Harry Jephcott, Harry McGowan and Charles Greenway serves to demonstrate the point.

One of the most outstanding entrepreneurs of this and the immediate post-World War II period was Eric Bowater. It was his decision that caused

Table 2

Company	Entrepreneur(s)	Investments made 1915-1939
Aspro	George Garcia George Davies	S. Africa, France.
BBA	W.C. Fenton A.A. Pearson A.C. Fearn	Spain, USA, Canada, France, Germany.
BOC	Kennith Sutherland Murray	Australia, S. Africa, India, Rhodesia, Norway.
Baker Perkins	E.H. Gilpin	Australia, USA, Canada, France, Germany.
Bowater	Eric Bowater	Sweden*, Norway*, Newfoundland*, Australia, USA.
Brooke Bond	Brooke Family	India*, Kenya*, Tanzania*.
Cadbury	Cadbury Family	Canada, Australia, N. Zealand, S. Africa, Trinidad*.
Columbia (EMI)	Louis Stirling	US, Italy, Sweden, Germany, Spain, Poland, Austria, Japan, Switzerland, Argentina, France, Brazil, Australia.
Coates Bros	Maurice Coates	S. Africa, India
GKN	Lysaght Family	Australia, India, Sweden, Spain*
Glaxo	Nathan Family Sir H. Jephcott	Australia, Argentina, Greece, Canada, Italy, N. Zealand
G. Kent	Kent Family	Australia, Malaysia, S. Africa
Metal Box	Sir Robert Barlow	India, S. Africa, Holland, Australia.
Rowntree	Rowntree Family	S. Africa, Canada, Germany, Australia.
Tate & Lyle	Tate Family	Trinidad*, Jamaica*
Turner & Newall	Sir Samuel Turner (1840-1924) Sir Samuel Turner (1878-1955)	S. Africa*, Canada*.
APOC (BP)	Sir Charles Greenway	Russia*, numerous concessions explored during inter-war years e.g. Argentina, Venezuela.

Source: Company Histories & Archive Material.

* Resource-Based FDI.

Bowater to move into newsprint production; and the subsequent growth of the company both in the UK and overseas was primarily due to the huge risks, especially financial, that he was prepared to take. Several times during 1915-39 the company was on the brink of disaster, but due to Eric's skill and drive - together with a fair share of luck - it survived and flourished to the extent that it rated 22nd among the largest UK companies of 1948 (by net assets). This drive led to a determination to see Bowater grow in overseas markets as well as the in UK, and (following problems caused by a sharp rise in

the price of wood pulp in 1937) to secure supplies of its raw materials. During the inter-war years raw material acquisitions were made in Sweden, Norway and Newfoundland; and marketing investments in Australia and the US. In the immediate post-war period (1940-60), manufacturing investments were made in Canada, US, France, Belgium and Italy, while a further resource-based investment was made in New Zealand.

In the direction of Bowater's business Eric acted very much as if he owned the company, although in actual fact he never came near to such position, for the shares that he owned were never more than a tiny fraction of the whole amount. His dominance was complete and he never concealed it. However, he valued professional advice highly, paid for the best he could find, and used it judiciously (Reader (1981), p 90). He was surrounded by directors and senior managers that were his own men, chosen and advanced by him as he saw fit. In many respects, therefore, Bowater was run by a team organisation, but the team was led and dominated by one man, Eric Bowater, whose authority was complete. This authority rested not on a massive shareholding, but on the force of his personality.

Eric Bowater displayed virtually all of the characteristics associated with strong and successful entrepreneurship. In particular, he was prepared to make bold, speculative decisions, even when the risks were great; this led to many of his critics calling him a gambler (indeed, he visited the casino at Le Touquet fairly regularly). The outstanding example of the risks that Eric Bowater was prepared to take is provided by his decision to acquire the Corner Brook company in Newfoundland in 1938, when (i) the company, like others in the pulp and paper business in North America, was suffering from renewed depression in its main market, the US, and Bowater had no immediate hope of a return on its investment; and (ii) Bowater was experiencing a period of great financial difficulty, to the extent that no ordinary dividend was paid in December 1937. Eric Bowater considered that, in the long run, the potential benefits from the acquisition — to provide "a means of assuring to all our mills and their customers a permanent source of supplies at reasonable costs" and to obtain "an important footing in the United States market" — outweighed the risks. In his history of Bowater, Reader (1981) referred to the far-sighted boldness of Eric Bowater, and stated (p 322) -

"The North American success would have been remarkable at any time but it shines all the more brightly in a period when success seems to be something which people no longer expect from British business. The stakes and the risks were both high and in making both the fundamental decisions — to take over Corner Brook in 1938 and to set up in Tennessee in 1952 - Eric Bowater flew in the face of conventional wisdom and displayed the highest level of commercial courage."

In his history of the Metal Box company, Reader (1976) observed that Robert Barlow dominated the Board of the company from the moment of his

election, and that by August 1930 his pre-eminence was acknowledged. Metal Box had been created by an amalgamation of UK tin-box makers; and it was Barlow's intention that the new company should become a powerful unified monopoly. He was behind the centralisation of Metal Box and it was under his direction that the main lines of Metal Box's foreign policy were laid down. The company made overseas investments in India (1933), S. Africa (1933), Holland (1934) and Australia (1936). Barlow was described by Reader as being a "far-sighted, strong-minded optimist" (p 59), as was George Williamson, another important figure in Metal Box's domestic and overseas expansion. Furthermore (p 97) -

"Between 1929 and 1933, as the new Metal Box took shape, the value of international trade dropped by nearly 50%. Hardly the time, it might be thought for ambitious overseas ventures, yet from the outset the two most forceful characters on the Metal Box Board, Barlow and Williamson, were looking beyond the British Isles."

Following its formation in 1926 by the amalgamation of the four largest UK chemical companies of the time - Nobel Industries, Brunner Mond, United Alkali and British Dyestuffs — ICI was dominated during the inter-war years by first Lord Melchett and then Harry McGowan, two men who played leading roles in the formation of the company. Reader (1975) observed that when Melchett died in 1930, McGowan dominated the Board, indeed he dominated ICI,³ with his conduct of the company's business being shrewd and far-sighted. "McGowan trusted his own judgement and as long as his gambles came off he found it easy enough to carry his Board with him" (p 135). For example, McGowan insisted on having the last word on ICI's overseas policy and was behind the joint companies set up with du Pont in Argentina and Brazil.

A similar impression arises about Harry Jephcott of Glaxo. In his study of the company Davenport-Hines (1986) stated -

"His strategic perception of Glaxo Laboratories' business dominated its decisions and performance in Britain and abroad from 1935 until the mid-1960s. Its major product diversifications, into vitamin foods in 1924, and into antibiotics twenty years later, were also substantially at his initiative."

During the inter-war years Glaxo invested in Australia, Argentina, Greece, Canada, Italy and New Zealand; between 1945 and 1960 manufacturing investments were made in Pakistan, Uruguay, S. Africa, Brazil and numerous selling companies were established.

Finally, in his history of BP, Ferrier (1982) recounts the influence of Charles Greenway in the internationalisation of the company. Greenway had visions of building APOC (BP's predecessor) into a major world oil produ-

³ See Chapter 13. For example, Reader states (p 255) that "ICI was as near to being run by one man as any business of its size could be."

cer. In doing so he deliberately set out to control as many sources of oil as possible; and to be established in as many markets as possible. Indeed, during the inter-war years APOC set out to become "an absolutely self-contained organisation" (Ferrier, p 476), with a marketing strategy of self-sufficiency. The first subsidiary acquired for this purpose was in Belgium (1919), and further ones followed in Denmark (1920), Norway (1920), France (1921), Italy (1924), Switzerland (1924), Austria (1924), Holland (1926) and Sweden (1927). Outside of Europe, the company established marketing interests in Australia, S. Africa, Egypt, Ceylon and Kenya. In addition to its oil producing interests in Persia, the company gained and examined numerous concessions, e.g. Mesopotamia, Kuwait, Columbia, Papua, Egypt, Venezuela, Argentina, Borneo, etc.

Conversely, of course, lack of entrepreneurial drive and vision could severely hinder the growth of a company, both in the UK and in overseas markets. The example of Wellcome between 1913 and 1954 has already been referred to, while Corley (1985) wrote of Huntley & Palmer -

"Huntley & Palmer's experienced poor entrepreneurship. The gap it left in failing to satisfy newer biscuit tastes was largely filled by four Scottish and Irish rivals, all of which between 1897 and 1914 carried out regional direct investment, setting up factories in England nearer to the main domestic markets. Huntley & Palmer's retreated into its export markets; about ten times up to 1939 it turned down proposals to produce overseas, claiming that it lacked the managerial resources for this purpose."

4. Postscript

In two important respects - in the context of this paper — the period since 1945 became increasingly different from the pre-1939 one: (i) FDI was no longer a new phenomenon, so overseas investors had the experience of their earlier FDI and/or that of other companies to learn from; and (ii) rapid improvements in communications and transportation, e.g. in air travel and telecommunications, meant that in psychological and practical terms overseas markets were closer and, therefore, it was easier for companies to monitor and control the operations of their subsidiaries than it had been before the War. A further important factor to note is that UK companies increasingly adopted new organisational structures, in particular the multidivisional, or M-form (Channon, 1973).

Although the implication of these points is that the importance of owner-entrepreneurs (or individual managers) in the multinational emergence and development of their companies would diminish, Channon (1973) found that the policies and growth of several of the UK MNEs which emerged during the immediate post-World War II were still dominated by an individual (this was less the case after 1960, as when many of the important personalities reti-

red or died, it was easier for their companies to implement new managerial structures and techniques). Included among the dominant entrepreneurs identified by Channon were H.G. Lazell (Beecham), Ivan Stedeford (Tube Investments), Jules Thorn (Thorn), H.W.P. Matthey (Johnson Matthey) and Allen Clark (Plessey). To these can be added Lord McFadzean (BICC), Fred Wrigley (Wellcome), W.E. Ogden (Delta Metal) and Owen Aisher (Marley); while several important entrepreneurs of the inter-war period continued to play an important role in the multinational development of their companies, e.g. Eric Bowater, Robert Barlow and Harry Jephcott.

An important feature of the post-1945 period has been the increasing number of relatively small, specialised UK companies that engaged in FDI (see Archer (1986) and Hood (1986)). In the international development of the majority of these companies individual entrepreneurs have continued to play a central role. Examples include W.A. de Vigier (Acrow), H. Emory Chubb (Chubb), Clark family (Clarks), Cohen family (A. Cohen), Comino family and N.P. Bailey (Dexion-Comino), Eric Weiss and Kossy Strauss (Foseco), and John Rae (McKechnie Brothers). Consistent with this point, in studying the period 1960-84, Archer (1986) found that in the case of approximately two-thirds of his sample of 70 small, specialized UK MNEs,⁴ it appeared that an individual - or small group of individuals - played a dominant role in the overseas expansion and investment policies of the company during part of the period at least. For example, Molins' company history observed that E.D. Broome "proved to have a strong entrepreneurial flair and provided the inspiration behind the product development success after the war and the expansion of the business overseas" (p 50).

The increasing product and geographical diversity of many of the larger UK MNEs during 1960-84 - in conjunction with the widespread adoption of the M-form of organisation - meant that individuals were seldom in a position to dominate the overseas growth and investment programmes of the whole group; however Casson's analysis, referred to in the introductory section, suggests that there was still scope for the entrepreneur to play a vital role. Certainly, such individuals as Keith Showering (Allied Lyons), H.G. Lazell (Beechams), Lord McFadzean (BICC), J. D. Milne (Blue Circle) and Alastair Pilkington (Pilkingtons) were driving forces in their companies' multinational development during this period; and Archer(1986) found that similar individuals existed for approximately one-quarter to one-third of the remaining 117 companies in his survey.⁵ But increasingly individual entrepreneur-

⁴ These were 70 companies without a top 300 ranking in size for 1960 (Board of Trade, by net assets), 1971 and 1981 (Times 1,000 by turnover) which had established at least 3 overseas subsidiaries by 1984 according to Who Owns Whom.

⁵ There were a total of 187 companies in this sample, all of which had established at least 3 overseas subsidiaries by 1984. 70 were grouped together according to the criteria in note (1); and this figure relates to the remaining 117 companies, all of which were in the top 300 companies for at least one of the above years.

rship was being replaced by the team entrepreneurship. Typical were comments of spokesmen from ICI:

"all expansion is the result of the drive and vision of individuals, but it can only be successfully achieved and sustained by the efforts of management and staff working together as a team"

and Courtaulds:

"generally whilst projects have champions, the size and hierarchy of the Group are such that any project of any size is bound to be subject to objective scrutiny. Consensus support is more typical".

5. Conclusion

This paper has sought to examine the importance of the individual entrepreneur on the emergence and development of UK MNEs, primarily concentrating on the period up until the Second World War. The central role played by such individuals in the growth of the pioneering UK MNEs, and the extent to which strong entrepreneurship was a necessary condition for FDI, was highlighted with particular reference to William Lever, Henry Wellcome, Henry Deterding, etc. Similar dominant entrepreneurs can be found among most of the important UK MNEs of the inter-war period, e.g. Eric Bowater, Robert Barlow and Harry Jephcott. In examining the characteristics of these strong and successful entrepreneurs several qualities repeatedly emerge that are consistent with the entrepreneurial theory of Casson (1984, 1985) as outlined in the introductory section, e.g. vision, drive, leadership, initiative willingness to gamble and take risks, relentlessness, etc.

Increasingly, since 1945, the need and scope for entrepreneurs to play such a dominant role in the domestic and multinational development of their companies has diminished - especially in the case of the large diversified MNEs - although several examples can still be found, e.g. Lazell, Lord McFadzean and Jules Thorn. Entrepreneurs of a similar spirit to those of the pioneering UK MNEs also still existed among the majority of the relatively small, specialized MNEs, e.g. W. A. de Vigier, E.D. Broome and H. Emory Chubb - although, of course, FDI was not the new phenomenon that it had been in the earlier period; and improvements in communications and transportation meant that it was easier to monitor and control overseas subsidiaries. While this paper has focused upon the rôle of entrepreneurship in the emergence and development of UK multinational activity, it must be clearly stated that it attempts to deal with only one aspect of the story of UK multinational development. For a fuller picture, one must also examine the competitive strengths of the UK MNEs, the location and internalisation factors causing them to engage in FDI, their relative success or failure, etc. These matters, however, lie outside the scope of this particular paper.⁶

⁶ See Archer (1986) for an examination of these issues.

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