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Business History in Britain

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Since its earliest beginnings business history in Britain has been regarded as a constituent part of economic history, in much the same way as transport and agricultural history. The scope of this specialism within economic history and the desire to stimulate research in the history of business provided justification for the establishment, in 1958, of the journal *Business History*, largely the outcome of an initiative taken by Professor F. E. Hyde of the University of Liverpool. In the following year funds raised through an appeal, sponsored by the Glasgow Chambers of Commerce, enabled the foundation of the Colquhoun Lectureship in Business History at the University of Glasgow, which marked a further institutional recognition of the importance of business history. Since that time it has been the purpose of the journal to promote and publish research in this field, while Professor P. L. Payne's initial brief, as the first Colquhoun Lecturer was to locate and survey Scottish historical records, at the same time encouraging their use in research. In contrast to historians in the United States, where the search for a definition of business history has continued intermittently since N. S. B. Gras was appointed to the first Chair of Business History at Harvard in 1927, British historians have been less concerned with explicit statements on the scope and method of the subject, allowing it to define itself in terms of the pattern of published empirical work.

Nevertheless, in 1966 Professor Payne claimed that scholars on both sides of the Atlantic had largely abandoned the concept of business history as the study of individual enterprise, suggesting that business history could be seen as that branch of economic history that finds its source material primarily in company records and which took as its starting point the

entrepreneur and the firm rather than anything else. He did, however, point to the need to look beyond the individual enterprise by defining business history as « the grass roots approach to economic history » in which business records should be studied in terms not of the individual unit or the industry but in terms of the region.[1] While there may be valid reasons for rejecting Professor Payne's criteria, of the use of company records and the regional approach, for defining the necessary characteristics of business history — requirements which arguably produce a limited conception of the subject[2] — this is not the place to advance them, but we shall observe the very limited extent to which these definitions receive support in practice among other researchers in the field when we come to analyse the contents of *Business History* during its sixteen years in existence,[3] a step which will help us to reappraise the condition of the subject in Britain.

1. *The Institutional Setting: Teaching and Research*

Before proceeding to consider the dimensions and character of research activity it is relevant first to examine provisions for the teaching of business history as a separate course of study, dealing with the history of business broadly defined. In the United States the longstanding existence of the business schools has resulted in both research and teaching initiatives, and the absence of comparable institutions in Britain probably go far to explain both the orientation of research in business history and its omission, until very recently, from the curricula of institutions of higher education. In 1959 a Report of the Advisory Committee on Further Education for Commerce drew attention to the potential role of business history in education management, but not until nearly ten years later did the University of Wales Institute of Science and Technology pioneer a course explicitly entitled "Entrepreneural History".[4] It is true, however, that a handful of university departments of economic history already offered courses in the history of technology or industrial history. The scene has altered very little since that time, for special courses with business, industrial or entrepreneural history as their main theme exist at fewer than a dozen institutes, universities

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[1] P. L. PAYNE, "Business History", in P. L. Payne (ed.) *Studies in Scottish Business History*, 1967, p. xi.

[2] For example, some historians might consider the study by Professor CHARLOTTE ERIKSON, *British Industrialists: Steel and Hosiery 1850-1950* (1959) to be one of the most valuable single pieces of business history to be produced in Britain, yet this would not meet Professor Payne's criteria.

[3] Infra, Professor B. E. SUPPLE conducted a comparable analysis of a number of business histories in his important article on "The Uses of Business History", *Business History*, IV (1962), pp. 81-90.

[4] GRAEME HOLMES and HENRI RUFF, "The Perils of Entrepreneural History", in *Business History*, XVII, (1975), pp. 26-29.

and polytechnics (at the Universities of Aston, Durham, East Anglia, Kent, Lancaster, Loughborough, Strathclyde, Manchester Polytechnic and U.W.I.S.T.); a few others offer courses on the history of technology (Exeter, Sheffield and Strathclyde Universities).[5]

Ad hoc initiatives to promote teaching and research have also been taken, notably by the Cranfield School of Management, which in 1973 sponsored a symposium on "Business Histories and their Use in Management Education", where attention concentrated on discussion of the practical utility of the subject.[6] It remains to be seen whether the scholarly, but deceptively seductive, apologia presented by Professor Mathias will elicit a more sympathetic response to his assertion that business history has a role to play in management education,[7] and whether the needs of teachers of management will affect the character of research and publication in the field of business history. A former director of the Birmingham Management Centre, A. L. Minkes, addressed himself to the contribution business history can make to management training in his inaugural lecture as Professor of Business Organisation in the Faculty of Commerce at the University of Birmingham in 1972.[8] He argued that while it was necessary to have explanatory as well as analytical and predictive material, without historical information and perspective training for business produced people liable to think in terms only of theoretical structures, without due regard to the real situations from which theory can be drawn. This is another sign that the teaching of business history is at least receiving serious consideration and that the number of instances where it is taught may increase in the future. The indications are few and the momentum, as yet, uncertain, but the decision by the Economic History Society to produce a volume edited by Professor Barry Supple, of *Essays in Business History* in 1977 can be interpreted as an acknowledgement of the centrality of this area of the subject and a practical gesture of encouragement to the study of business history.

At the research level the past few years have brought important developments. The Cranfield Symposium of 1973 did touch on research, though specifically related to teaching needs, but during the next two years three events occurred which reflected both the presence of entrepreneurship and increasing research activity. The first was the Business History Seminar sponsored by Ealing Technical College and organised by Dr. Derek Oddy,

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5 R. P. Blows, *History at the Universities* (3rd ed. 1971); Audrey Segal (ed.), *Which University*, (1974); *Handbook of Polytechnic Courses in England and Wales* (Lund Humphries, 1975).

6 Papers presented at the conference have been published in *Business History*, XVII (1975).

7 Peter Mathias, "Business History", *loc. cit.*

8 A. L. Minkes, *Business and a Behavioural Tradition* (Birmingham, 1972).

which since 1974 has become an annual meeting; the second was the Seminar on the large corporation organised by Dr. Leslie Hannah in 1975 and held at the offices of the Electricity Council in London; and the third was the Conference on business history arranged by economic historians at the University of Liverpool in 1975 to mark the retirement of Professor F. E. Hyde. The exchange of ideas on substantive research to which these various meetings were devoted was complemented by the discussion of the sources of business history at a conference on business archives sponsored by the Social Science Research Council at St. Antony's College, Oxford, in 1973. Its purpose was to coordinate retrieval and listing activities and to intensify initiatives in the location and preservation of business archives. The major contribution of the SSRC, however, has been the financial support made available both for the survey and listing of archives and for substantive research.

The principal institutions responsible for expanding the supply of source materials are the Business Archives Councils of England and Wales (founded in 1934)[9] and of Scotland (founded in 1960). Since the establishment of the first Council, the growing interest in research into business history since the mid 1950's has brought an enlarged membership and prompted the Council to expand its functions. Through its journal, *Business Archives*, which first appeared in 1954, the B.A.C. communicates with businessmen, archivists, and economic and business historians, the articles contained therein reflecting their interests and needs. In addition to building up a library of business history, accessions being regularly recorded in *Business Archives*, the journal lists those archives deposited during the year, after abstracting them from the Historical Manuscripts Commission's annual *List of Accessions to Repositories*. *Business Archives* contains articles describing important deposits, whether recently deposited or which may be little known, and accounts of diverse collections or sources in particular libraries, record offices and museums.[10] The Historical Manuscripts Commission publishes annually *Sources of Business History in the National Register of Archives*, an alphabetical listing of undertakings for which some details of record sources are held in the National Register of Archives, and in 1971 Mr. R. A. Storey edited the first five-year cumulative list of sources. Printer, annotated indexes are, of course, enormously helpful to the historian, but in addition the B.A.C. not only provides personal advice on all matters relating to the location, retrieval and conservation of business records, but also has sponsored archival projects. The first of a series of surveys of business records initiated by the B.A.C. and sponsored jointly with the National Maritime Museum was published in 1972 as Peter Mathias and A. W. Pearson (eds.) *Shipping:*

[9] Formerly the Council for the Preservation of Business Archives.

[10] See, for example, T. W. M. JAINE, "Sources of Business History in Local Authority Records: An Introduction", *Business Archives*, 31 (1969).

A Survey of Historical Records. Together with the City University, where Professor L. S. Pressnell is the moving spirit in the development of business history, the B.A.C. is sponsoring a survey of banking records, now virtually complete, while the City University and the British Insurance Association combined to launch a survey of insurance records completed in 1974.[11] The International Council of Archives sponsored the survey of business archives in Britain relating to Latin America, the results of which were published in 1973 in *A Guide to Manuscript Sources for the History of Latin America and the Caribbean in the British Isles*.

As the B.A.C. depends for its existence on subscription and contributions, it is left to private enterprise and the research foundations to finance such surveys. In the recent past the Social Science Research Council has played a key role in this respect, having supported the following: survey of the records of the agricultural engineering industry at the Institute of Agricultural History at the University of Reading, among them the important Ransome's collection listed in *Ransomes. A History of the Firm and Guide to its Records*, (1975); survey of British business archives of the Middle East, printed as *A List of the location of records belonging to British firms and to British businessmen active in the Middle Eeast 1800-1950*, compiled by Dr. E. R. J. Owen; survey of Cunard's shipping records under Professor F. E. Hyde's supervision at the University of Liverpool, completed in 1975; and the ongoing surveys of records relating to millwrights and engineers 1750 to 1850, by Dr. Jennifer Tann at the University of Aston, of Coventry engineering records by Dr. Kenneth Richardson at Lanchester Polytechnic, and of the business records and estate papers in North East Scotland by Professor Payne at the University of Aberdeen. In financing the survey of British employers' association records the S.S.R.C. was joined by the Confederation of British Industries, a project completed in 1974,[12] while private money from the Pasold Research Fund was entirely responsible for financing the survey of business archives of West Riding wool textile firms, organised by Professor Sigsworth at the University of York in 1973.[13] Some other universities, like the City University, have initiated and financed surveys; the University of Aston is funding the survey of records relating to the pottery industry, and the University of Hull has supported surveys of the industrial records of Hull and York, carried out by Miss Joyce Bellamy. At the University of Birmingham, Mrs. B. M. D. Smith completed a similar survey for Birmingham in 1966, and in Manchester information

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[11] Edwin Green, "Insurance Sources for Historians: A Progress Report", *Business Archives*, 40, (1974).

[12] See G. McDonald, "Insight into Industrial Politics: The Federation of British Industry Papers 1925", *Business Archives*, 38 (1973).

[13] See Pat Hudson, "An Evaluation of Archives relating to the West Riding Woollen and Worsted Industries", *Business Archives*, 37 (1972).

on the records of business firms with more than 100 years continuous existence has been collected since 1967 by the College of Commerce Business History Research Unit, now part of the Manchester Polytechnic. A project for collecting the records of the Manchester Cotton Spinners Association is now under way at the Library of the University of Manchester. In Scotland, too, the picture is one of considerable research activity involving the Universities of Glasgow, Strathclyde and Dundee, and the S.S.R.C. The Scottish National Register of Archives, which is responsible for the searching out and listing of business archives, has played a role of the utmost importance, performing the centralised function of the searching out and listing of business archives, which in England and Wales is the responsibility of the Country Research Offices.

Hitherto, record offices, libraries and museums holding particular deposits, like the Wedgwood,[14] Boulton and Watt, and Armstrong Whitworth collections, have provided the principal focus for archival research. The National Motor Museum archives, in conjunction with the Beaulieu Museum Trust,[15] and the Modern Records Centre at Warwick University, are two recent additions to the list, but partly as a result of the activity of the archive councils, and indeed of individual academics, the archives of British business are opening up in other places, too. Public bodies are becoming increasingly aware of the importance of business records for historical research. Evidence of this is the decision by the Royal Air Force Museum to promote a survey of records relating to the British Aircraft industry,[16] while the nationalised industries, notably the National Coal Board, British Railways, the British Steel Corporation,[17] and the Electricity Council, have appointed archivists and pay serious attention to the preservation and availability of records. A few large private enterprises have also become slightly less jealous of their records and several now employ archivists and offer access to researchers, including Baring Brothers, British Petroelum, Clarks of Street, Courtaulds, Imperial Chemical Industries, John Lewis Partnership, Lloyds Shipping Register, Midland Bank, Pilkingtons, Rio Tinto Zinc, Unilever, and Vickers.

Fortunately the largest companies have tended to choose professional historians to write their histories, though this is not true of all, and most business biographies produced in large numbers each year are the work of others — principally journalists or past or present employees (or owners) of the firm which is the subject. The result, too often, is little more than

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14 The Wedgwood archives are being transferred to Keele University Library. BRUCE TATTERSALL, "Wedgwood Museum at Barlaston", *Business Archives*, 41 (1976).

15 "National Motor Museum", *Business Archives*, 37, (1972).

16 "Aviation Records in the R.A.F. Museum", *Business Archives*, 33 (1970).

17 DEREK CHARMAN, "Records Management in the British Steel Corporation", *Business Archives*, 40 (1974).

a chronicle of past successes and a collection of anecdotes in a book or pamphlet poorly researched and coyly written to commemorate an anniversary. Such exercises in public relations, appealing either to a popular audience or to those directly connected with the firm or its founding family, may well seem to justify the view that there is probably no field of contemporary history so formidably dull as business history. These weaknesses in conception, added to limited availaibility (as most are either privately printed or issued under the company's imprint), explains the low utility of company histories for business historians, though the B.A.C. ensures that the occasional exception to this rule will not be missed, by collecting and listing such publications. This policy is important, for there is no British equivalent of Henrietta Larsen's *Guide to Business History: Materials for the Study of American Business History and Suggestions for their Use* (1948) or of the more recent *American and Business History: A Guide to Information Sources* by R. W. Lovett (Detroit, 1971): but of considerable value is the *Indexed Sources for Business History in London Libraries* (1961), Joyce M. Bellamy (ed.), *Yorkshire Business Histories. A Bibliography* (Bradford, 1970), S. Horrocks, *Lancashire Business Histories* (Manchester, 1971), and the listing of the Langford Collection of Business Histories at the University of Bristol Library, a special collection acquired in 1966.[18]

2. *Substantive Research*

The regular B.A.C. listings of new publications contain a very high proportion of material which is virtually worthless from the standpoint of the serious researcher, but it includes also a steadily growing number of carefully researched studies of individual enterprises, notable among those pubblished since Supple's review of the field in 1962 are the history of Wills by Alford, of Boots by Chapman, of Courtaulds by Coleman, of Huntley and Palmers by Corley, of Cunard by Hyde, of the North Eastern Railway Company by Irving, of Allied Suppliers by Mathias, of Crosfields by Musson, of I.C.I. by Reader, of Gillets by Sayers, of the Royal Exchange Assurance Corporation by Supple, and of Hollins and Viyella by Wells.[19] The author's

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[18] J. Lightbown and B. W. E. Alford, "The Langford Collection of Business Histories", *Business Archives*, 30 (1969).

[19] B. W. E. Alford, *W.D. & H.O Wills and the Development of the U.K. Tobacco Industry 1786-1965* (1973); S. D. Chapman, *Jesse Boot of Boots the Chemist* (1974); D. C. Coleman, *Courtaulds: An Economic and Social History*, 2 vols. (1969); T. B. Corley, *Quaker Enterprise in Biscuits: Huntley and Palmers of Reading 1822-1972* (1972); F. E. Hyde, *Shipping Enterprise and Management 1830-1939* (1967) and *Cunard and the North Atlantic: A History of Shipping and Financial Management* (1975); R. J. Irving, *The North Eastern Railway Company 1870-1914* (1976); Peter Mathias, *Retailing Revolution: A History of Multiple Retailing in the Food Trades based upon the Allied Supplies Group of Companies* (1967); A. E. Musson, *Enterprise in Soap and Chemicals.*

own study of Kenricks[20] could also, perhaps, be included in this list as a particular contribution to the history of the small family firm in constrast with the giant enterprises which form the subject for the other historians listed here. The success of their research derives to a large extent from their ability to combine analysis with description, to relate the individual enterprise to the industrial or commercial context and to the wider economic world, and by so doing extend our knowledge of how economic systems operate and alter, and illuminate the entrepreneural mechanism involved in the processes of aggregate economic change.

Whereas academic historians have written company histories, fewer have been attracted to entrepreneurial biography. *The Life of Lord Nuffield* (1959) by two economists, P. W. S. Andrews and Elizabeth Brunner, is an outstanding exception, for this remains the only major in-depth study of a British motor manufacturer, and other more recent exceptions are the biographies of *John Samuel Squire, 1824-1898* (1967) by Professor F. E. Hyde and Dr. Sheila Marriner, *Mark Huish* (1973) by Dr. T. R. Gourvish, and Professor S. G. Checkland's study of *The Gladstones: A Family Biography 1764-1851 (1971).* For the most part, however, the entrepreneurial biography tends to be the work of enthusiasts or historians with an eye to the popular or specialist markets, rather than to an academic readership. The same is true of the Samuel Smiles type of book, consisting of a collection of short biographies of historic business personalities. To a limited extent, Professor J. R. T. Hughes, author of *The Vital Few* (1964), is continuing this tradition in the United States, but in Britain such publications are typically the work of journalists and historians outside the universities, appealing to a very different audience from that which is composed of subscribers to *Business History.*

While *Business Archives* is the journal designed to disseminate information on the sources of research, the publication of completed research is to be found in *Business History,* one of a number of specialist periodicals, including *Agricultural History, The Journal of Transport History,* and *Industrial Archeology,* not to mention each of the many regional and local historical journals, which sometimes contain articles on business history. While American journals of history and business history have also included articles on business history by British historians, as, indeed, have some of the British economics periodicals, by far the most important competitor

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Joseph Crosfield & Sons Ltd., 1815-1865 (1965); W. J. Reader, *Imperial Chemical Industries: A History,* (2 vols. 1970 and 1975); B. E. Supple, *The Royal Exchange Assurance: A History of British Insurance 1720-1970* (1972); R. S. Sayers, *Gillets: In the London Money Market 1867-1p67* (1968); A. M. Taylor, *Gillets: Banking in Banbury and Oxford* (1964); F. A. Wells, *Hollins and Viyella: A Study in Business History* (1968).

[20] R. A. Church, *Kenricks in Hardware: a Family Business 1791-1966* (1969).

to *Business History* is the *Economic History Review*. Like the journals, the *Review* publishes articles dealing with the history of business enterprise, typically in a much wider economic context than that which characterises most of the articles which appear in the specialist journals. To some extent, therefore, the editorial policy of *Business History* is determined by constraints imposed by the policies of other editors, notably the *Review*, whose very high reputation is related to its extensive circulation, and partly influenced by decisions of potential contributors choosing between other journals and *Business History*. Ignoring the difficulties which such interdependence produces, it is interesting to examine the character of British research in business history as reflected in articles published in its major specialist journal since its foundation in 1958, though because of the difficulty in applying precise classification to articles our results should be taken only as a rough guide to the present condition of British business history.

If we classify articles according to geographical areas, period and business unit, the following picture emerges. The greater proportion (37%) were concerned with the years between 1750 and 1830, and the period from 1830 to 1914 was the subject of 33% of the articles. Each of the periods preceding 1750 and following 1914 scored 12%, the remainder dealing with method in business history. Excluding the contributions on method, 75% dealt with British business, slightly more than 8% European and 3% North American. Manufacturing and mining was the subject of 40%, followed by commerce (31%) and finance (18%), the small percentages claimed by transport (7%) and agriculture being explicable in part by the existence of specialist journals in those areas. Finally, 47% of all articles not dealing with method were concerned with the history of an individual enterprise, while 28% focussed upon an industry, either within a national or regional framework, and the remainder (25%) could be described as being oriented towards an even wider economic context. Apart from the cluster of articles discussing the scope and method of business history when the journal first began, there is no clear trend over time, either with respect to geographical interests, chronology, character of enterprise, or breadth of focus. On this evidence business history in Britain is overwhelmingly Anglocentric, preoccupied with the history of manufacturing enterprise and commerce during the 150 years since the industrial revolution, and with little concern for the transition to industrialisation before 1750, or for the history of business in the twentieth century.

Public enterprise, both local and national, has been virtually ignored by contributors to *Business History*, which continues to be dominated by studies of successful individual business organisations between 1750 and 1914. The most obvious conclusion to be drawn from these figures seems to support the most frequently heard criticism of business history that not enough is being done to investigate general business processes and the inter-

relationships between business organisations and the economy as a whole; furthermore, a sceptic might suggest that while business history need not necessarily be defined as company history, in fact this is the definition which current research indicates is most apt. But this verdict would be ungenerous, precisely because the competing specialist journals welcome those articles in business history which depend either on a variety of business sources and develop a general theme, or in which a problem or debate is fundamental, rather than incidental, to the history of a single business enterprise. To counter this attempt to exonerate business historians from the charge of "particularism" the cynic might point to the numbers of articles relating to aspects of business history which border on industrial archeology and transport antiquarianism, and which appear in the specialist journals as even too particularist for the editors of *Business History*. Certainly there is no *need* for business history to be identified with the history of individual enterprise, any more than agricultural history is identified with the istory of farms, urban history with the history of single towns and cities, or transport history with the history of individual transport enterprises, vehicles or routes. Business history is about business in all its forms, in all its ramifications, economic, social and political, and is no less valid a specialisation than those referred to above.

There is, nevertheless, more than an element of truth in the accusation that too many British business historians pay too little attention to the exploration of general business processes and structures, and the connections between business enterprise, industrial and commercial organisation and change. One of the reasons which explain this situation is the lack of even the most elementary data, for example on size, profitability and failure, before 1914, except occasionally for individual firms; and British business history, as we have seen, is heavily concentrated on the nineteenth century. Professor Erickson's pioneering study of British business elites is an example of what can be done with unpromising and disparate sources, but the sheer scale of her research project may well have deterred emulation. Even in Erickson's study the decision-making process remained obscure, and much the same is true of Payne's examination o fthe emergence of the large-scale firm,[22] and of Utton and Hannah in their respective treatment of early merger movements before 1914.[24] The problem of reconciling breadth with depth in industrywide or regional studies remains, and so far the work

[21] Charlotte Erickson, *British Industrialists: Steel and Hosiery 1850-1950* (1959).

[22] P. L. Payne, "The Emergence of the Large-Scale Company in Great Britain", *Economic History Review*, 2nd ser., XX (1967).

[23] M. A. Utton, "Some Features of the Early Merger Movements in British Manufacturing Industry", *Business History*, XIV (1972); Leslie Hannah, "Mergers in British Manufacturing Industry 1880-1919", *Oxford Economic Papers*, 26 (1974); "Managerial Innovation and the Rise of the Large Scale Company in Interwar Britain", *Economic History Review*, 2nd series, XXVII (1974).

of Dr. Chapman and Dr. Wilson have probably come closest in recent years to resolving this difficulty.[24]. Among the newest initiatives in British business history is Dr. Hannah's research into the role of the corporation in twentieth century Britain. His work, perhaps more than that of any other British researcher, lies in the mainstream of American business history, his analytical approach rooted firmly in economic theory and quantitative methods, balanced by his concern to test the Chandler thesis on the relationships between the strategy of a business organisation and its structure. It was Dr. Hannah who invited other writers of business biographies to contribute evidence on the Chandler thesis at the Seminar on Strategy and Structure held in 1975, the papers from which are soon to be published.

The other important insight to have been generated by American business history, that concerning the characteristics and role of business elites by Professor T. C. Cochran, formed a starting point for Dr. T. R. Gourvish's analysis of British railway managers,[25] while Professor John M. Stopford of the London Graduate School of Business has begun to explore the origins of British-based multinational companies.[26] Finally, especially in the light of pleas in the recent past for the writing of more contemporary business history, the important research of Derek F. Channon should be mentioned, whose book on *The Strategy and Structure of British Enterprise* (1973) since World War II is an important contribution. These represent the major management-oriented research current in Britain which does not take as its point of departure the single firm.

Even so, British business history continues to be dominated, even more than in the United States, by the business biography, and it is pertinent to enquire why. It may be argued that a well-researched and amply documented individual business biography possesses a potential value in inverse proportion to the volume and quality of information available on a large proportion of firms. But such an approach which seeks to establish a broader industrial perspective by adding one business biography to another contains weaknesses as a methodology. The researching and writing of individual detailed studies is enormously time-consuming, and while the benefit to researchers, in general, is likely to exceed ultimately the value of a single contribution, there is likely to be a diminishing marginal utility to be

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24 S. D. CHAPMAN, *The Early Factory Masters* (1967); R. G. WILSON, *Gentlemen Merchants: The Merchant Community in Leeds 1700-1830* (1972).

25 T. R. GOURVISH, "A British Business Elite: The Chief Executive Managers of the Railway Industry 1850-1922", *Business History Review*, 47 (1973). For excellent empirical analyses of decision making by railway managers see Geoffrey Channon, "A Nineteenth Century Investment Decision; The Midland Railway's London Extension", *Economic History Review*, 2nd ser., XXV (1972), and R. J. IRVING, "British Railway Investment and Innovation 1900-1914", *Business History*, XIII (1971).

26 JOHN M. STOPFORD, "The Origin of British-based Multinational Manufacturing Enterprise", *Business History Review*, 48 (1974).

derived from successive studies (except for the final one) unless each is the work of a single researcher. To some extent this problem has been overcome by Mr. W. J. Reader who employed research assistants in the preparation of his massive two volume study of I.C.I., which involved the histories of the several constituent firms.[27] This strategy can ensure a systematic approach, whereby methodology and criteria are comparable between firms, which renders generalisation possible, but the present anarchic system of indipendent research, as was recently pointed out in an article in *Business History*, complicates the process of synthesis and generalisation.[28] Even with a research team, however, adding one business biography to another will not necessarily produce a satisfactory study of an industry or trade, for it is a truism that an industry or trade is larger than the sum of its constituent firms, and without, for example, considerable research into the technical and trade press and parliamentary papers it will be difficult, if not impossible, to gain an appreciation of the industrial dynamic, the problems involved in industrial development, and the relationships between industry, commerce, economy and the wider world.

It is not easy to present a defence against the criticism that in comparison with the subject in the United States, British business history has too narrow a focus, for beyond the research with an entrepreneural orientation — though there are one or two exceptions — little effort has been directed towards the study of distribution, or to business institutions, Chambers of Commerce for example, or to the interrelations between government and business, or industrial and labour relations, or the social and political roles of businessmen. As the analysis of articles in *Business History* showed, the bulk of research is concerned with the economic problems and behaviour of the period between 1750 and 1914, and in particular with the riddle of British entrepreneurship. Before we turn briefly to survey this, the most lively area of British business history, however, it may be useful to consider the difficulties which hamper the historian of business as much in Britain as in the United States, namely the state of theory as it affects the business historian.

3. *Theory and Business History*

The lack of an established realistic theory of business has been acknowledged as a hindrance since the earliest days of the subject,[29] and since then theoretical advances have fallen far short of providing an adequate

[27] W. J. Reader, *op. cit.*, I, pp. xii, xiii.

[28] K. A. Tucker, "Business History: Some Proposals for Aims and Methodology", *Business History*, XIV (1972), pp. 2-5, 10.

[29] Henrietta M. Larsen, "Problems and Challenges in Business History Research with Special Reference to the History of Business Administration and Operation", *Bulletin of the Business Historical Society* (1950), p. 135.

analytical framework. A review of the theory of the firm in 1972 revealed that versions which have dominated the literature in the recent past could be broadly categorised as neo-classical and behavioural. The neo-classical model in its various forms posits profit or empirically modified goals (for example, sales volume or a general preference function in which measurement is expressed on some utility scale) as the objectives which the firm proceeds to maximise.[30] The behavioural approach, to which Professors Simon, Barnard, Papandreou, Williamson, Cyert and March have contributed much, concentrates on making empirical analysis of decision-making processes arising out of the firm viewed as an organisational and administrative system. To the extent that it is operational, the latter approach is applicable more particularly to the study of large corporations than to the firm whose size is below that manageable by a single entrepreneur of the classic "heroic" type, and so far British historians, due either to inclination or to the unavailability of business records since 1914, have yet to put behavioural analysis to empirical test. Apart from the efforts of Dr. Hannah to test the Chandler thesis in the British context there are few signs that British historians are paying more than casual attention to the organisational pattern in its relation to the decisions of firms, yet it is increasingly recognised, as we learn more of the history of large organisations, that the business of management is as much a political activity as an economic one and the business of studying it requires the perspectives which political science can offer. Arguably, it is the function of the student of business organisation, engaging in a study in "political economy" to recognise that the nature of organisation itself may define the businessman's choices for him. Such factors are beginning to be acknowledged[31] but hitherto have been only implicitly treated by historians of British business. The use of explicit models and concepts derived from political science has yet to begin.

British historians have strayed only infrequently beyond 1914, and behavioural theory, therefore, is of much less potential relevance to them. It is hardly surprising, then, that they have taken their conceptual and analytical clues from the research associated with three main forms of intellectual inquiry: the company history or business biography concentrating on the internal management problem, with whom the disciples of Professor N. S. B. Gras and the *Harvard Studies in Business History* came to be identified in the 1930s and 1940s; the work of the now defunct Harvard Centre in Entrepreneurial History, from its foundation in 1948 with its emphasis on interdisciplinary approaches from the entire range of social

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[30] R. M. CYERT and C. L. HEDRICK, "Theory of the Firm: Past, Present and Future: An Interpretation", *Journal of Economic Literature*, X (1972), pp. 398-409.

[31] See R. A. CHURCH, *op. cit.*, p. 327; W. J. READER, *I.C.I.: A History* (1975), I, p. xii.

sciences;[32] and economists' theoretical literature on the firm and resource allocation at the microeconomic level. Important though many of the contributions of the entrepreneurial historians were, and extensive though the information generated about entrepreneurs and entrepreneurship is, the Centre closed without having provided either a synthesis of entrepreneurial change and its relation to economic change, or a history of business which specified the role of business history. While the complexities of entrepreneurship were exposed, the theoretical key has remained elusive, though numerous concepts and low level generalisations have assisted a more systematic analysis of the phenomenon which has rightly come to be viewed more and more through interdisciplinary approaches. Indeed, there has been a growing tendency to view the entrepreneur in a socio-cultural as much as in a functional economic context, as recent discussion of the relationship between economic theory and the entrepreneur clearly demonstrate.[33]

Such an approach is manifest in the current debate on the quality and character of British entrepreneurs in the nineteenth and early twentieth centuries, an area which has absorbed a major proportion of the activities of business historians in this country since the 1950's, and which since the early 1960's has gathered increasing momentum. This is explicable partly by the interest in the entrepreneur stimulated by the work of the Centre in the United States in the 1950s, and partly by the interpretations of British economic performance by Professors Habakkuk and Deane. By consigning to the entrepreneur a fundamentally passive role in the process of international competition after 1870, in which market opportunities, changing factor prices, and technical change were the principal determinants of entrepreneurial response, other historians were faced with opposing hypotheses crying out for empirical verification. Thus, Professors Aldcroft, Coleman and Charles Wilson, and in the United States Professor Landes, have sought to elaborate and buttress the entrepreneurial interpretation, Landes and Coleman in particular stressing the socio-cultural context which explain entrepreneurial failure.[34] Others have questioned the extent of entre-

[32] For a survey of the origins and development of the study of business history in the United States, see JAMES H. SOLTOW, "The Entrepreneur in Economic History", *American Economic Review*, LVII (1968).

[33] JAMES H. SOLTOW, The Entrepreneur in Economic History", *American Economic Review*, LVII (1968).

[34] D. H. ALDCROFT, "The Entrepreneur and the British Economy 1870-1914", *Economic History Review*, 2nd ser., XVII (1964); CHARLES WILSON, "Economy and Society in Late Victorian Britain", *Economic History Review*, 2nd ser., XVIII (1965); D. C. COLEMAN, "Gentlemen and Players", *Economic History Review*, 2nd ser., XXVI (1973); D. S. LANDES, "Technological Change and Development in Western Europe 1750-1914", in the *Cambridge Economic History of Europe VI: The Industrial Revolution and After*, Part 1; ed. H. J. Habakkuk and M. M. Postan (1965).

preneurial failure by examining, in detail, the histories of particular industries and firms,[35] while the research of a group of American practitioners of econometric history led Professors McCloskey and Sandberg to conclude recently that very little, if anything, was wrong with British entrepreneurship between 1870 and 1914, that *economic* circumstances rendered Britain's relative industrial decline comprehensible, even inevitable, and that irrational behaviour by British businessmen is not needed to explain retardation. Thus the most recent research has tended to reinstate the British entrepreneur, to rescue him from damnation to redemption.[36] Such a conclusion, which runs contrary to the impressions stated by contemporaries since Alfred Marshall and which run deep in British business lore, and, indeed, in present debate, has, at the very least, placed those who are sympathetic to the hypothesis of entrepreneurial failure on the defensive.[37] Such is the posture taken by Professor P. L. Payne in his recent survey of the subject. But even if relative retardation can be shown to be consistent with rational and effective entrepreneurship, is it necessary to discount the possibility that entrepreneurs were, indeed, ineffective or irrational, in the sense of neo-classical economic theory, and exacerbated the difficulties which British industrialists at that time felt they were experiencing? At any rate, this debate is sure to continue, and it is clear that the entrance to the arena of entrepreneurial business history, with its stress on the quantitative verification of explicitly formulated hypotheses, will stimulate research with much more carefully defined assumptions and criteria for assessing performance if the revisionist interpretation is to be counter-attacked effectively.[38]

Even before the penetration of British history by the American econometric historians, Professor Hyde had expressed optimism with respect to the likelihood of British researchers employing economic theory to elu-

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[35] D. H. ALDCROFT (ed.), *The Development of British Industry and Foreign Competition* (1968); E. H. SIGSWORTH, "Some Problems in Business History 1870-1914", in *Papers of the Sixteenth Business History Conference*, ed. Charles J. Kennedy (Lincoln, Nebraska 1969).

[36] DONALD N. MCCLOSKY (ed.), *Essays on a Mature Economy: Britain after 1840. Papers and Proceedings of the N.S.S.B. Conference on the New Economic History of Britain 1840-1930*; DONALD N. MCCLOSKY and LARS G. SANDBERG, "From Damnation to Redemption: Judgement on the Late Victorian Entrepreneur", *Explorations in Economic History*, IX (1971).

[37] For an incisive and constructive review of some of the weaknesses in one such attempt at refurbishing the image of the British entrepreneur, see Professor BARRY SUPPLE's review of Donald N. McClosky, *Economic Maturity and Entrepreneurial Decline: British Iron and Steel 1870-1913* (Harvard 1973) in *Business History Review*, 48 (1974), pp. 238-9.

[38] One of the few British historians so far to have adapted the American approach — and who identifies entrepreneurial failure in the chemicals sector — is KEITH TRACE with PETER H. LINBERT, "Yardsticks for Victorian Entrepreneurs", in DONALD N. MCCLOSKY, *op. cit.*, pp. 239-68.

cidate the problems of business growth, behaviour and performance. While acknowledging the deficiency in neo-classical economic theory, which failed to allow for "inconsistencies of human behaviour", which assumed profit maximisation and perfect knowledge, nevertheless he concluded that "the inherent difficulties of its use... have by the reason of the progression of the theory (of the firm) itself become less formidable." [39] This view of economic theory has been challenged by British and American theorists.[40] They point out that in conventional neo-classical theory the entrepreneur is a cypher, for the model is essentially an instrument of optimality analysis of well defined problems, which, because of the underlying assumptions of rationality and maximisation (not necessarily profit maximisation), will always be resolved in *self*-correcting movements towards equilibrium — at which point there is no room for the entrepreneur.[41] Yet some empirical studies on the nature of the production function have attributed a very substantial proportion of the historical growth of America's output not to capital accumulation and expansion of the labour force, but to technical change, and a similar conclusion has been reached for Britain.[42]

Any such innovation, whether purely technological or whether it consists in a modification of the way in which an industry is organised, will require entrepreneurial initiative in its introducton, and for this reason Professors Baumol and Liebenstein are inclined to attribute to the entrepreneur a key role in economic development and growth, paradoxically at a time when economic theory is coming to be reckoned by economists as grossly inadequate to deal with entrepreneurship. Baumol's point is that while neo-classical models — or for that matter the "managerial discretion" models which widen the range of goals — may be powerful instruments for analysing the optimality of resource allocation, they can tell us nothing about the role of the entrepreneur in that process, because he has been "read out of the model" by the assumption that he is an "automaton maximiser".[43] Harvey Liebenstein draws attention to other defects in the model from the standpoint of our wish to understand the role of entrepreneurs and development, arguing that conventional theory of the production function (which is crucial in many of the econometric studies, seeking to identify

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[39] F. E. Hyde, "Economic Theory and Business History", *Business History*, V (1962), p. 10.

[40] For a recent critical British view see the discussion in R. Marris, "The Need for a Theory of the Firm in Economics", *Economic Journal*, LXXXII (1972).

[41] See especially Harvey Liebenstein, "Entrepreneurship and Development", in *American Economic Review*, LVIII (1968); William J. Baumol, "Entrepreneurship in Economic Theory", (same issue); and Israel M. Kirzner, *Competition and Entrepreneurship* (Chicago, 1973).

[42] R. M. Solow, "Technical Change and the Aggregate Production Function", *Review of Economics and Statistcs* (1957), and E. F. Dennison, *Why Growth Rates Differ* (1967).

[43] W. J. Baumol, *loc. cit.*

best practice and "rational" choice) rests upon certain assumptions, which he challenges. He questions the assumption that the conception of the production function is clearly defined, fully specified, and completely known to all actual, or potential, firms in the industry. In fact, he maintains that while it is never stated where and to whom in the firm this knowledge is supposed to be available there are great gaps of knowledge about the production function, and to the extent that it is not completely defined in actuality the entrepreneur must in some way make up the deficiency. Furthermore, important inputs are not well marketed, notably knowledge of markets and types of management, and again it is the entrepreneur's function to fill this gap, securing such factors, and indeed others, necessary to complete the inputs needed for effective performance.[44]

Thus, while economic theory, as it now stands, can test whether a pattern of research allocation is consistent with effective or ineffective entrepreneurship, it cannot tell us how entrepreneurs behaved, nor indicate the importance of their contributions, and Baumol maintains that as long as maximisation and minimisation constitute the foundations of theory it is necessarily deprived of the ability to provide an analysis of entrepreneurship.[45] What can be done, he suggested, is to concentrate research on the examination of the determinants of the pay-off to entrepreneurial activity, an approach which takes us back again to the descriptive insights contained in J. A. Schumpeter's analysis of the records of innovation and the dynamics of the market process.[46]

This growing scepticism *among economists* to the view that the theory of the firm alone is likely to supply the key to our understanding of the role of entrepreneurs and business behaviour provides a significant counterpoint to the similarly inconclusive researches of the Harvard Centre, whose interdisciplinary quest for a satisfactory general hypothesis of the role of entrepreneurship ended in failure.[47] But while it is true that few would expect continued search for a general theory of entrepreneurship to yield success, the efforts of economists, sociologists, historians and other social scientist to find such a general theory have in fact produced more limited

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[44] HARVEY LIEBENSTEIN, *loc. cit.*

[45] W. J. BAUMOL, *loc. cit.*

[46] *Ibid.* Similar views were expressed by Professor Alexander Gerschenkron in discussion, *American Economic Review*, LVII (1968), p. 97. So far British historians have not followed this direction, indeed Professor Payne's recent survey excluded the word "profit" from the index. P. L. PAYNE, *British Entrepreneurship in the Nineteenth Century* (1974). Another recent review of current interpretation of British business in the nineteenth century recognises the central importance of investigating profit, but the availability of relevant data has so far hindered further progress in this direction. R. A. CHURCH, *The Great Victorian Boom 1850-1873* (1975).

[47] See the comprehensive survey by JAMES H. SOLTOW, "The Entrepreneurs in Economic History", *American Economic Review*, LVII (1968).

generalisations in the course of the methodological debate. Scepticism towards the all-embracing hypothesis is now beginning to lead to a revaluation of research whose objective falls far short of the ultimate construction of a general theory, and to produce substantive research within more limited theoretical frameworks, using partial theories and quantitative analysis to integrate entrepreneurial research with the main bodies of social scientific thought.[48]

The rapidly expanding literature on the debate over British entrepreneurial performance in the late nineteenth and early twentieth centuries, embodying as it does a variety of approaches, while it may not be conclusive, provides a good indication of the healthy state of the entrepreneurially-oriented research in business history in Britain, though it is the American econometric historians who are at present mainly responsible for the hectic pace of this debate. For the inter-war years a similar re-examination of entrepreneurial performance has been undertaken by British historians,[49] and perhaps surprisingly it is the industrial revolution and its origins which, though still relatively heavily researched, lacks a comparable running debate on the character and performance of the business sector. Professor Charles Wilson's article written more than twenty years ago,[50] helped to focus research interest in Britain upon the entrepreneur whose distinctive contribution, in his view, was in exercising « a sense of market opportunity with the capacity to exploit it », though Professor Wilson did not ignore the managerial contributions of entrepreneurs. The studies of Professor M. W. Flinn, of the *Origins of the Industrial Revolution* (1966), and by Professor Sidney Pollard, of *The Genesis of Industrial Management* (1965), have stimulated further research in these general areas, in particular the exploration of the connections of entrepreneurs with, and the significance of, science, technology and capital formation in the industrial revolution; nevertheless the intensity of the debate which characterises the recent historiography of business in the 1870-1914 period, with frequent frontal academic assaults and counter-attacks is, on the whole, lacking.[51] This cannot be explained in terms of a unanimous acceptance of the conclusions set down

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[48] See the examples quoted, *supra*.

[49] Reviewed by D. H. ALDCROFT, "Economic Growth in Britain in the Inter-War Years: A Reassessment", *Economic History Review*, XX (1967), which has been followed by debate at the macroeconomic level (see the bibliography in B. W. E. ALFORD, *Depression and Recovery: British Economic Growth 1918-1939* (1972), and is the subject of a collection of studies of individual industries in a forthcoming book, *Instability and Industrial Development 1919-1939* (ed. D. H. Aldcroft and W. K. Buxton).

[50] CHARLES WILSON, "The Entrepreneur in the Industrial Revolution in Britain", reprinted in BARRY E. SUPPLE (ed.), *The Experience of Economic Growth* (1963), p. 176.

[51] See the essays in A. E. MUSSON (ed.), *Science, Technology and Economic Growth* (1972), and in J. P. P. HIGGINS and S. POLLARD (eds.), *Aspects of Capital Investment in Great Britain 1750-1850: A Preliminary Survey* (1971).

by Flinn and Pollard. Pollard's statement that "management" though not a barrier to progress yet could not be shown to have been an initiator of change either "and that there surely can nowhere be a managerial theory of industrial revolutions", runs counter to the conclusions drawn by many development economists [52] as to the central importance of the contribution of entrepreneurship and management. It is on such grounds that Dr. R. M. Hartwell has challenged the view expressed by Professor Pollard, but so far only Mr. McKendrick has risen to the challenge of actually providing evidence to the contrary, with respect to the celebrated pottery entrepreneur, Josiah Wedgwood.[53] This debate has yet to begin even to simmer and offers a challenge to business historians to try to resolve this question.

Similarly, the issue of entrepreneurial origins remains largely unexplored, surprisingly so since the appearance in 1966, and again in 1967, of Professor Flinn's provocative thesis, advanced with due academic caution in the absence of empirically researched studies, that the influence of personality and cultural factors, via dissenting methods of child rearing, were critical in the emergence of the first industrial entrepreneurs who sparked off the first industrial revolution.[54] His cues were taken from the theoretical postures adopted by Professor Everitt Hagen and McClelland,[55] but since that time the works of both have attracted damaging criticism, from the standpoint of methodology, consistency, and empirical data, and yet [56] Flinn's unresearched provisional conclusion remains both unsupported and unchallenged. There are, then, opportunities here for research, if we are to proceed further in this debate on the origins of entrepreneurship and its contribution to the first industrial revolution. Professor Payne has drawn attention to many more.[57]

To summarise. There is much activity in the British world of business history, though there are issues awaiting attention. Archives are growing and business organisations are showing a gradually increasing willingness to allow researchers access to records, but the breakthrough into contempo-

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[52] "Hunting the Heffalump", in *Entrepreneurship and Economic Development*, Peter Kilby (ed. 1971).

[53] R. M. HARTWELL, *The Industrial Revolution and Economic Growth* (1971), p. 300; N. MCKENDRICK, "Josiah Wedgwood and Cost Accounting in the Industrial Revolution", *Economic History Review*, XXIII (1970.

[54] M. W. FLINN, *Origins of the Industrial Revolution* (1966), "Social Theory and the Industrial Revolution", in TOM BURNS (ed.), *Social Theory and Economic Change* (1957).

[55] E. E. HAGEN, *On the Theory of Social Change* (1964); D. C. MCCLELLAND, *The Achieving Society* (Princeton, 1961).

[56] See BENJAMIN HIGGINS, *Economic Development*, 2nd ed. (New York, 1968), Chap. 12, and PETER KILBY, *Entrepreneurship and Economic Development* (1971) pp. 19-22.

[57] P. L. PAYNE, *op. cit.*

rary business history is still slow. The amount of teaching of business history is limited to a few, mainly new, universities and polytechnics, though there is also some awareness of the relevance of the subject to education management. At the research level, business biographies comprise the largest element, mainly concerned with the eighteenth and nineteenth centuries, with a handful of major studies of mostly very large firms. This gap in twentieth century business history has begun to attract researchers who have set out to test the Chandler thesis on strategy and structure in the British context, and in other directions, too, the managerially oriented business history has at last begun to develop. The most intensively researched area of business history, however, continues to be entrepreneurial in orientation, and especially comparative entrepreneurial performance, though as yet rarely systematic or symmetrical in approach. Not all parts of the subject are advancing, neither have all parts of the subject incorporated the latest thinking from the social sciences, but the overall picture is one of a flourishing sector of British history, and encourages optimism for the future.