The Development of Modern Business

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Gordon Boyce

and

Simon Ville

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For Charlotte Erickson and Robin Craig

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Preface

We have written this book for the benefit of university undergraduates who, with a basic background in economics or management, are approaching the study of business history for the first time. It examines the development of modern business over the last two centuries in Britain, the USA, Japan and Australia. The book synthesises the different theoretical paradigms used in business history, which it then extends supported by a wide range of empirical evidence from all four nations. It begins with a broad historical survey of business growth over the last two centuries and explains the paradigms most useful to its historical analysis. The book is then divided into a series of broad thematic chapters, each dealing with a particular central issue for modern business notably entrepreneurship, information, finance, labour management, production, marketing, organisational structure, interfirm cooperation, international business and government relations. Secondary themes are then addressed within and between chapters such as research and development, business cycles, and corporate responsibilities and ethics. Each chapter follows a standard format. It begins by looking at current issues related to the main theme, and then explains the theoretical tools used to study it. This approach is then applied to survey the experience of the past two centuries finishing close to the present. Greater historical detail is provided by case studies or Boxes and is illuminated further by the inclusion of facsimile original Documents. The Boxes and Documents are located at the end of the chapter to which they relate and are also linked laterally to others appearing in different chapters. Plates 1–3 are located near their reference point in the text; Plates 4–24 are located at the end of Chapter 7. Further material will appear in a web site.

The study of four nations provides sufficient basis for cross-country comparisons without too much dissipation and dilution of detail. The nations chosen we believe provide interesting similarities and differences that help us to distinguish the role of particular environmental factors in business development. Most obviously the four nations are found in different parts of the world and raise the question of the importance of distance and location

to business enterprise. Factors of production provide both similarities and differences among the four nations. Australia and America would be classified as land-abundant but Japan and Britain as land-scarce. In the nineteenth century Japan and Britain would have been labour-abundant and Australia and America labour-scarce; in the twentieth century America has joined the former group. Each has gone through a distinct modernisation process, Britain as the first industrialiser from the end of the eighteenth century, America caught up a century later through large efficient firms with modern technologies. Japanese industrialisation came in the twentieth century particularly in the postwar economic miracle. Australia has been a developmental outlier, achieving high levels of economic growth in a primary producing economy. Cultural comparisons are also worth investigating. American individualism is often contrasted with Japanese faith in collective behaviour. Individualism has been overlain with group behaviour in a British class system and an Australian frontier survival mentality. Political systems have embodied similar democratic beliefs in the four countries although government-business relations have been quite different in each case as we shall see.

The approach adopted by this book is unique for the study of modern business history. Some studies exist for individual countries particularly those by Jeremy (1998), Wilson (1995), Hirschmeier and Yui (1975), Bryant and Dethloff (1990) and Fruin (1992). There are several of varying lengths that compare nations including the works of Chandler (1990), Blackford (1988), Schmitz (1993) and McCraw (1997). None however, favour our approach, which can be summarised as using theoretical paradigms and key themes to study the development of modern business in nations offering comparisons and contrasts, and supported by plentiful case studies and original documentation. The book is of a length that provides manageable weekly introductions for students as a starting point for more extended in-depth reading from the list at the end of each chapter.

The title *The Development of Modern Business* conveys the idea that this is a study of how enterprises have evolved over time to the point where they stand today. This does not imply that there is such a thing as a 'typical firm', nor a singular process of corporate growth. The rise of large numbers of global firms, the clarification of corporations law, and the bureaucratisation of the large business organisation are examples of modern development. However, continual improvement over modern history is not to be inferred. Firms develop through interaction with their environment: eighteenth-century firms were as appropriately designed as those of the twentieth century. In addition, development can also be 'circular' and 'revivalist': for example, the business network of the eighteenth century has re-emerged in a modified form today.

We are grateful to many organisations that allowed us to use their documents and advertisements. We thank Dofasco Inc., United States Playing Card Co., Unilever plc, Unilever US Inc., Furness Withy & Co. Ltd, John Swire & Sons Ltd., the Business Records Centre at the University of Glasgow, the History of Advertising Trust in Raveningham Norfolk, the University of Liverpool, the State Library in Melbourne, the Fletcher Challenge Archives Centre at the University of Melbourne, the Noel Butlin Archives Centre at

the Australian National University, the National Maritime Museum in Greenwich, and the School of Oriental and African Studies in London.

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The book will be supported by a website that will regularly update material in the book, with new examples and discussions of recent developments in the business history literature:

www.uow.edu.au/commerce/econ/modbusiness

GORDON BOYCE
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Arthur Thomas for 'Diagram of the London Stock Exchange'.

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