

BUSINESS HISTORY

Christopher McKenna

N.B. The most current and accurate version of this reading list can always be found on the Intranet, printed copies will rapidly go out of date.

SOLO tag: embas16marbh

Aims of the Course

This paper will blend historical with managerial analysis to understand the process of institutional evolution from the Eighteenth through the Twenty-First Centuries around the world. Using Oxford as the lens to understand global business history, most of the class sessions will take us outside of the Said Business School in the museums, libraries, and colleges of Oxford. The course is aimed at non-historians who want to understand better why history matters in the modern world, how institutional change occurred, and how entrepreneurs profited from fundamental changes to the world economy. It is also, unusually, a chance to understand how business school teaching operates since the participants will write their own case study and describe how they would teach that case in a class which they might run.

Learning Outcomes for the Course

This paper will probe the evolution of modern management in the United States, Europe and Asia over the past three centuries. The first part of the course will examine how the structure of big business emerged in the United States, Great Britain, Germany, and Japan during the second industrial revolution. We will consider the traditional explanation offered by business historian Alfred Chandler, alternate explanations offered by other leading business historians, and the work of economists, sociologists, and management theorists on industrial evolution. In doing this, students should come to understand the historical development of "varieties of capitalism" around the globe by the middle of the twentieth century.

In the second half of the course, we will examine the important role of banks and financiers in the organization of the industrial economy, globalization as a historical phenomena in the transmission of commercial products and fashion, the rise of new technologies during the "information" revolution, and, finally, some lessons to be applied to the "third" (and "fourth"?) industrial revolution. Through these various topics (and the trips to museums, libraries, and colleges) students should be able to use material culture, not simply documents, to contextualize economic change. They should also be able to use historical differences among industrial countries to better analyse the future of the global corporation.



Method of Assessment

The course assessment will take the form of an individual written assignment (100% of the total course mark):

For the first part of the assignment, you are expected to research and analyse the history of an organisation over a period of ten years or more and, using both primary and secondary sources, describe the history of the institution. This should be prepared in the form of a "case study" (modelled on Harvard Business School case studies) suitable for a business school class, like the historical case studies we have read in this course. You should normally choose an organisation in which you work or already have strong ties so that you can get access to internal archival records. Alternately you may wish to choose an organisation whose archival records are deposited near where you reside. Your history should not simply be based on secondary sources but also on primary documents (these might include correspondence, internal reports, regulatory filings, contemporary surveys, etc.), including internal records. Your history itself should, using academic references, explain how the organisation has evolved over time and the important inflection points in its development. It is important that you also contextualize the organisation within the industry in which it competes and its major national and international competitors. Your analysis should be a maximum of 3,000 words, and should constitute an academically-based, theoretically-informed, narrative history in the form of a business school case study. All word counts normally cover the main body of text, including tables, figures, and diagrams, and excluding appendices, footnotes, and references. Please note that any primary documents and/or internal records are for examination purposes only. This section will be assessed as 60% of the final assignment.

For the second part of the assignment, you should also prepare a "teaching note" that explains the pedagogical purpose of the case study that you wrote, the explicit lessons that the case might convey to a group of MBA students, and your suggested theoretical framework(s) for analysing the case. This teaching note should be designed to lead a group of 30 students through a one-hour analysis of the case with the suggested questions to frame the case, the important theoretical context that might otherwise have been absent in your narrative of the case, and the explicit pedagogical purpose for the case study session. It would be useful if you make reference to a couple of important academic articles or books that might serve as background reading for the instructor who is preparing to teach the case. This teaching note should be a maximum of 1,000 words. This section will be assessed as 40% of the final assignment.



General Information on the Course

We will be drawing on three essential texts throughout the course:

McCraw, T.K. (ed.) (1997) *Creating Modern Capitalism*, Cambridge, Mass.: Harvard University Press. ISBN: 9780674175563.

Search Oxford Libraries Online for this book

Micklethwait, J. & Wooldridge, A. (2005) *The Company: A Short History of a Revolutionary Idea*, London: Phoenix. ISBN: 9780753820407.

Search Oxford Libraries Online for this book

Allen, R. C. (2011) *Global Economic History: A Very Short Introduction*, Oxford: Oxford University Press. ISBN: 9780199596652.

Ebook available on Very Short Introductions Online.

The remainder of the materials are available online.

Each session we will discuss a case study. The case studies serve both to illustrate fundamental theoretical concepts in the development of business history and also how case studies function as pedagogical tools to link managerial theory with narrative explanation. As such, it is useful to read the case studies both to understand the materials in them and also for the rhetorical techniques that the authors have employed in writing them.

As you explore potential case study topics, it may be useful to speak with the lecturer both to find potential archival (aka primary) sources and also for potential links to the theoretical literature. There will be plenty of opportunities to speak but you are welcome to arrange a time, via email, to meet privately.

Eventually, for a subset of the case studies, it may be possible to include them among the cases for the Global History of Capitalism project that will be distributed around the world. In that way, this course is a virtuous cycle that will produce historical cases for future cohorts and support further research on the specific topics that we will discuss.

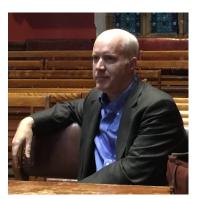


Outline of Course Structure:

Session & Date	Topic	Location
Session 1: Thursday, 26 April 2018	Business History and the First (and Second) Industrial Revolution: Agriculture	Said Business School
Session 2: Thursday, 3 May 2018	Alfred Chandler's Model of the Second Industrial Revolution: Transportation	Boat Trip, Departing from Folly Bridge in Oxford (adjacent to Folly Restaurant)
Session 3: Thursday, 17 May 2018 NB: Skipped Week	Germany and Alternate Models of Capitalism in the Second Industrial Revolution: Industrials	Said Business School
Session 4: Thursday, 24 May 2018	Japan and the Second Industrial Revolution: Weapons	Pitt Rivers Museum
Session 5: Thursday, 31 May 2018	International Trade and Cycles of Globalisation in India: Textiles	Ashmolean Museum
Session 6: Thursday, 7 June 2018	The Financial Revolution: Silver and Coinage	Brasenose College
Session 7: Thursday, 14 June 2018	The Information Technology Revolution: Wireless	Weston Library (Broad Street) and Museum of the History of Science (Broad Street)
Session 8: Tuesday, 19 June 2018 NB: 9th Week	Contextualizing the Third (and Fourth?) Industrial Revolution: Medicine	Brasenose College



About the Lecturer



Christopher McKenna

University Reader in Business History & Strategy, Saïd Business School and Fellow & Tutor in Management at Brasenose College, University of Oxford

Chris is currently the Co-Director of the Global History of Capitalism project in the Oxford Centre for Global History. He is particularly interested in the historical development and evolving strategies of professional firms and their role in the global transformation of business, non-profit organisations and the state.

McKenna is currently overseeing a research project on the history of the corporation for the British Academy in London.

Chris teaches on a number of executive education programmes as well as undergraduate, MBA, Executive MBA and doctoral courses. A popular teacher, Chris was twice chosen as one of Oxford's very best teachers for the United Kingdom's National Teaching Fellowship Award, and he has been awarded grants within Oxford to support his teaching innovations. He coordinates the production of a series of case studies in the global history of capitalism that, in turn, constitutes a core element of that research project.

McKenna first worked on Wall Street and later in the City of London before entering academia. He has held research fellowships at Yale University, the Harvard Business School, and in the Law School at Georgetown University. He has also held visiting teaching appointments at Warwick Business School and the University of Toulouse. Prior to joining Oxford Said in 2000, Chris taught at the Wharton School at the University of Pennsylvania.

Chris has a wide variety of research interests, including the international history of white-collar crime, the development and administration of professional firms, the transmission and translation of management models and the influence of professionals in shaping corporate governance. His first book on the growth of elite management consulting firms, *The World's Newest Profession*, was named one of the best books of the year by the *Financial Times*. His next book, *Partners in Crime*, will examine the international history of white-collar crime from the eighteenth century to the present. Chris' research has been featured in the *Harvard Business Review*, the Sunday Times, The Wall Street Journal, The New Yorker and the Economist.

Chris has a doctorate in history from The Johns Hopkins University and an undergraduate degree in economics from Amherst College.



Detailed Course Structure: Before the Class Starts:

Readings

Micklethwait, J. & Wooldridge, A. (2005) "Introduction: Utopia Unlimited", "Merchants and Monopolists, 3000 BD-AD 1500", "Imperialists and Spectators, 1500-1750" & "A Prolonged and Painful Birth,1750-1862", introduction & chapters 1, 2 & 3 in *The Company: A Short History of a Revolutionary Idea*, London: Phoenix, pp.1-60.

Search Oxford Libraries Online for this book

McCraw, T.K. (1997) "Introduction", chapter 1 in *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp. 1-16.

Search Oxford Libraries Online for this book

Botticelli, P. (1997) "Prologue to Chapter 3" & "British Capitalism and the Three Industrial Revolutions", prologue to chapter 3 & chapter 3 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp. 49-93.

Search Oxford Libraries Online for this book

Gilbert, E.W. (1947) The Industrialization of Oxford, The Geographical Journal, 109(1/3): 1-22.

Cases

Koehn, N. (1997) "Prologue to Chapter 2" & "Josiah Wedgwood and the First Industrial Revolution", prologue to chapter 2 & chapter 2 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp.17-48.

Search Oxford Libraries Online for this book

McCraw, T. (1995) <u>Samuel Slater, Francis Cabot Lowell, and the Beginnings of the Factory System in the United States</u>, HBS case #9-792-008.

Suggested YouTube Video:

On the Industrial Revolution: https://www.youtube.com/watch?v=zhL5DCizj5c

Lecture 1: Business History and the First (and Second) Industrial Revolution

This lecture will introduce both the structure and purpose of the course as well as the central theoretical logic that will guide us for the next eight sessions. The metaphor of "Revolution" is particularly important for both its strengths and weaknesses. We will start our discussion with the national context of the United Kingdom since it was the first country to become industrialised via the European model of development.



Readings

Micklethwait, J. & Wooldridge, A. (2005) "The Rise of Big Business in America 1862-1913", "The Rise of Big Business in Britain, Germany, and Japan, 1850-1950" & "The Triumph of Managerial Capitalism, 1913-1975", chapters 4, 5 & 6 in *The Company: A Short History of a Revolutionary Idea*, London: Phoenix, pp. 61-120.

Search Oxford Libraries Online for this book

Chandler, A.D. (1990) The Enduring Logic of Industrial Success, *Harvard Business Review*, 68(2): 130-140. Search <u>BSC AN= 9005210824</u>

McCraw, T.K. (1997) "American Capitalism", chapter 9 in *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp.301-348.

Search Oxford Libraries Online for this book

Cases

Tedlow, R. (1997) "Henry Ford, Alfred Sloan, and the Three Phases of Marketing", chapter 8 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp. 264-300.

Search Oxford Libraries Online for this book

Jones, G. & Kiron, D. (2008) *Globalizing Consumer Durables: Singer Sewing Machine Before* 1914, HBS case #9-804-001.

Suggested YouTube Videos:

On the Transportation Revolution: https://www.youtube.com/watch?v=GYAk5jCTQ3s

On the history of Walt Disney:

https://www.youtube.com/watch?v=B-xMYY3XG1U

Lecture 2: Alfred Chandler's Model of the Second Industrial Revolution

This lecture will discuss Alfred Chandler's conception of the Second Industrial Revolution that provides the basis for the modern industrial world as we know it. Based in both the concepts of scale and scope (and hence transaction costs) as well as the importance of investments in both transport and marketing, Chandler's theory is the central spine of our analysis – and worthy of comparative challenge from other global economies. Our context will be the transportation revolution and the United States vs the United Kingdom.



Readings

Fear, J. (1997) "German Capitalism", chapter 5 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp.133-182.

Search Oxford Libraries Online for this book

Tolliday, S. (1995) Enterprise and State in the West German Wirtschaftswunder: Volkswagen and the Automobile Industry, 1939-1962, *The Business History Review*, 69(3): 273-350.

Wilkins, M., Thelen, K., Whitley, R., Miller, R.M., Martin, C.J., Berghahn, V. R., Iversen, M.J., Herrigel, G. & Zeitlin, J. (2010) "Varieties of Capitalism" Roundtable, *The Business History Review*, 84(4): 637-674.

Cases

Fear, J. (1997) "August Thyssen and German Steel", chapter 6 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp.183-226.

Search Oxford Libraries Online for this book

Jones, G. & Vargas, I. (2011) Ivar Kreuger and the Swedish Match Empire, HBS case #9-804-078.

Suggested YouTube Video:

On the history of Volkswagen https://www.youtube.com/watch?v=DNnV3Jb3pkA

Lecture 3: Germany and Alternate Models of Capitalism in the Second Industrial Revolution

This lecture will challenge the universality of the Anglo-American model of industrial development offered by Alfred Chandler and suggest alternative tracks for economic development. Looking to a more positive view of cartels, worker involvement, and state sponsored welfare capitalism, the Continental model epitomized by the German Mittelstand both supports and rejects the Anglo-American historical model of industrial development. We will link our analysis of German industrialisation to the



Readings

Bernstein, J.R. (1997) "Japanese Capitalism", chapter 12 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions*, Cambridge, Mass.: Harvard University Press, pp.439-489.

Search Oxford Libraries Online for this book

Crawford, R.J. (1998) Reinterpreting the Japanese Economic Miracle, *Harvard Business Review*, 76(1): 179-184. Search <u>BSC AN= 17242</u>

McKenna, C.D. (2009) "Mementos: Looking Backwards at the Honda Motorcycle Case, 2003-1973", in Clarke, S., Lamoreaux, N. & Usselman, S. (eds.), *The Challenge of Remaining Innovative: Insights from Twentieth-Century American Business*, Stanford, Calif.: Stanford University Press, pp. 219-239.

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Search Oxford Libraries Online for this book

Cases

Bernstein, J.R. (1997) "Toyoda Automatic Looms and Toyota Automobiles", chapter 11 in McCraw, T.K. (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions,* Cambridge, Mass.: Harvard University Press, pp.396-438.

Search Oxford Libraries Online for this book

Deshpande, R. & Hogan, H. (2005) *Kikkoman Corporation: Consumer Focused Innovation*, HBS case #9-504-067.

Suggested YouTube Videos:

On traditional soy sauce:

https://vimeo.com/204490277

On the history of Sony:

https://www.youtube.com/watch?v=cV4sTLgncm0

Lecture 4: Japan and the Second Industrial Revolution

If Germany offers alternative models for the industrial organisation, Japan offers an alternative model for economic development. Following the Meiji Restoration in 1868, Japan would pursue rapid industrialization that would result in the countries emergence as a major industrial power. That process of imitation and adaptation would become the dominant model for other Asian countries as they industrialised in the twentieth century. We will examine that process with the help of swords and guns held in the Pitt Rivers Museum at Oxford.



Readings

Beach, M.C. (2007) <u>The Ear Commands the Story: Exploration and Imagination on the Silk Road</u>, *Art Institute of Chicago Museum Studies*, 33(1): 8-19.

McCants, A.E.C. (2007) <u>Exotic Goods, Popular Consumption, and the Standard of Living:</u> <u>Thinking about Globalization in the Early Modern World, *Journal of World History*, 18(4): 433-462.</u>

Cases

Jones, G. & Grendon, A. (2011) *Opium and Empire in the Nineteenth Century*, HBS case #9-805-010.

Jones, G., Arora, N., Mishra, S. & Lefort, A. (2013) <u>Can Bollywood Go Global?</u> HBS case #9-806-040.

Suggested YouTube Video:

On the history of Tata: https://www.youtube.com/watch?v=ku6SAMsyHbo

Lecture 5: International Trade and Cycles of Globalisation in India

Having surveyed the major powers of the Second Industrial Revolution, it is now time to return to the true workshop of the world prior to Britain's industrialisation: India. Prior to the development of mechanical looms, India's workshops provided textiles to the world, with merchant networks carrying their goods to the Middle East and Africa. Our focus at the Ashmolean Museum will be on the Paisley, the teardrop-like device so central to Indian textiles and so prominent, even to this day, in design. In tracing the global diffusion of this device, from the Middle East to India, from the European Continent to Scotland, and from India back to America, we will chart multiple cycles of global trade and development over more than five-hundred years.



Readings

Baskin, J.B. (1988) <u>The Development of Corporate Financial Markets in Britain and the United States</u>, 1600-1914: <u>Overcoming Asymmetric Information</u>, *The Business History Review*, 62(2): 199-237.

Bordo, M.D., Redish, A. & Rockoff, H. (2011) Why Didn't Canada have a Banking Crisis in 2008 (or in 1930, or 1907, or...)?, NBER Working Paper Series, Working Paper 17312. Available at http://www.nber.org

Cases

Moss, D.A. (1997) "The Deutsche Bank", chapter 7 in McCraw, T.K. (ed.) Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions, Cambridge, Mass.: Harvard University Press, pp.227-263.

Search Oxford Libraries Online for this book

Jones, G. & Gallagher-Kernstine, M. (2013) *Walking on a Tightrope: Maintaining London as a Financial Center*, HBS case #9-804-081.

Lam, V., Kubie, O. & McKenna, C. (2017) *The Birth of the Modern Chinese Banking Industry: Ri Sheng Chang*, SBS Business History Case #1. To be distributed in class.

Suggested YouTube Video:

On the history of Money: https://www.youtube.com/watch?v=YCN2aTlocOw

Lecture 6: The Financial Revolution

Whether in the financing of industrial development, the trade in global goods, or the origins of modern science in the alchemists of medieval universities, finance has always been central to global commercial development. It is no coincidence that the "Financial Revolution" of the late 17th century in Britain happened at the same time as the "Scientific Revolution". Both would provide powerful theoretical models aimed at taming seemingly unworldly forces. And both would contribute to the industrial revolutions that would follow. In our class sessions, we will consider the role of silver as a commodity, a product of global empires, and a practical store of value through the silver plate held by Brasenose College, the global demand for silver in China from the 18th century onwards, and the development of paper currency as an alternative store of value.



Readings

Christensen, C.M. (1993) <u>The Rigid Disk Drive Industry: A History of Commercial and Technological Turbulence</u>, *The Business History Review*, 67(4): 531-588.

Cusumano, M.A., Mylonadis, Y. & Rosenbloom, R.S. (1992) <u>Strategic Maneuvering and Mass-Market Dynamics</u>: The Triumph of VHS over Beta, *The Business History Review*, 66(1): 51-94.

Galambos, L. & Sturchio, J.L. (1998) <u>Pharmaceutical Firms and the Transition to Biotechnology: A Study in Strategic Innovation</u>, *The Business History Review*, 72(2): 250-278.

Lepore, J. (2014) <u>The Disruption Machine: What the Gospel of Innovation Gets Wrong</u>, *The New Yorker* [online], 23 June. Available via Gale Cengage Shakespeare Collection.

Cases

Olegario, R. (1997) "IBM and the Two Thomas J. Watson's", chapter 10 in McCraw, T.K. (ed.) Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions, Cambridge, Mass.: Harvard University Press, pp.349-395.

Search Oxford Libraries Online for this book

Raffaelli, R. & Snively, C. (2017) *Faber Castell*, HBS case #9-417-010.

Suggested YouTube Videos:

On the history of LaserDiscs: https://www.youtube.com/watch?v=PRFQm0eUvzs

On the history of Video Games: https://www.youtube.com/watch?v=uuxoThzFPPw

Lecture 7: The Information Technology Revolution

Like the other revolutions we will study, information technology revolutionized industries by reducing the cost of production to a fraction of what it used to be. Oxford is lucky to be the repository of the GE/Marconi papers documenting the rise not simply of radio as a technology but also as a commercial business. We will examine the archives held in the Bodleian Library (Weston Building) and the commercial models held in the Museum of the History of Science to better understand how a new scientific technology was adapted to commercial needs. We will then consider this in light of the theoretical models of technological disruption and S-curves that are popular in among technologists.



Readings

Micklethwait J. & Wooldridge, A. (2005) "The Unbundling of the Company" in "The Corporate Paradox 1975-2002", "Agents of Influence: Multinationals 1850-2002", "Conclusion: The Future of the Company", chapters 7-8 & Conclusion in *The Company: A Short History of a Revolutionary Idea*, London: Phoenix, pp.124-189.

Search Oxford Libraries Online for this book

Lazonick, W. (2010) <u>Innovative Business Models and Varieties of Capitalism: Financialization of the U.S. Corporation</u>, *The Business History Review*, 84(4): 675-702.

Galambos, L. (2005) <u>Recasting the Organizational Synthesis: Structure and Process in the Twentieth and Twenty-First Centuries</u>, *The Business History Review*, 79(1): 1-38.

Schwab, K. (2016) <u>The Fourth Industrial Revolution: What it Means and How to Respond</u>, *Foreign Affairs*, 14 January. Available at www.weforum.org

Cases

Moon, Y. (2017) *Uber: Changing the Way the World Moves*, HBS case #9-316-101.

Spar, D. & Oi, J. (2006) *China: Building "Capitalism with Socialist Characteristics"*, HBS case #9-706-041.

Yamshon, S., Kubie, O., & McKenna, C. (2017) *Organ transplants at Cedars-Sinai Medical Center, Los Angeles, and the Third Industrial Revolution,* SBS Business History Case #2. To be distributed in class.

Suggested YouTube Videos:

On the history of Capitalism:

https://www.youtube.com/watch?v=B3u4EFTwprM

On the history of Walmart:

https://www.youtube.com/watch?v=Timt1H6eYw4

Lecture 8: Contextualizing the Third (and Fourth?) Industrial Revolution

The final session of the course, held in an Oxford medieval college, will paradoxically try to contextualise the most recent industrial revolution(s) through our shared understanding of prior industrial revolutions around the world. In particular, we will look at the market for modern medicine – which remains extraordinarily expensive despite (and perhaps because of) rapid scientific advancement. Is the Fourth Industrial Revolution upon us or is it the aftermath of the Third Industrial Revolution still in process? We will consider the future of the corporation by reconsidering the alternative models offered throughout history.



Additional Resources:

Business History in Popular Culture: Historicizing "Mad Men"

Readings

Taube, A. (2014) 'MAD MEN' vs. REALITY: Compare Don Draper's Ads With Those That Actually Ran In The 1960s, Business Insider [online], 22 April. Available at www.businessinsider.com/

Ream, A. (2015) <u>Don Draper, Feminist</u>, *The New Republic* [online], 20 April. Available at www.newrepublic.com/>

Steinberg, B. (2015) 'Mad Men' Finale Revives Landmark Coke Ad, Variety [online], 18 May. Available at http://variety.com/

Ryan, T. (2012) <u>The Making of 'I'd Like to Buy the World a Coke</u> [online]. Available at www.coca-colacompany.com/ Coca Cola's History of the 1971 advertisement.

Cases

Mukunda, G. (2015) <u>Is Don Draper Worth It?</u>, *Slate*, 15 May. Available at Nexis. A Harvard Business School professor writes up the troubled ad man as an HBS case study.