

Presidential Address, 1979: An Agenda for Business History

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My first, almost filial duty, is to express my feeling of sorrow at the death of Fritz Redlich, who was one of the major contributors to the field of business history over the past several decades. While listening to Alfred Chandler delivering his presidential address to this body last year, I was struck by the generous, albeit I am sure well-deserved, credit that he gave Fritz Redlich in the formation of Chandler's conceptualization of business and economic history. Chandler in his commemorative remarks again paid special attention to Redlich's great interest in helping younger scholars, an interest that Redlich kept alive almost to his last breath.

In many ways Redlich was a remarkable man. A son of well-to-do parents in Berlin, he lived a life of poverty for a good number of years in this country. A dedicated conservative and a proud Prussian officer of the German army in the first World War, he left Germany in 1936 out of abhorrence for the ways of the Nazis. As a protestant and conservative, he was under no outside pressure to leave his homeland and, as a consequence, after World War II he had no rights of compensation and indemnification from the German government. He had the opportunity to return to Germany after the war, but refused to go back because he feared to see the unpleasant changes that had taken place.

As a scholar, recognition came late in life to Redlich. To be sure he was already in his mid-forties when he came to this country. His scholarly contributions began after his arrival in the United States. One of these was in the field of American banking history where he looked at the subject in a novel way that later was found by others to be quite useful. And yet, it was for the purpose of learning about the economic history of his adopted country that he indulged in the exercise. His study on banking, reprinted in the late 1960s, was largely financed by himself, a man whose income was not sustained by a regular position in a university or any other institution. In subsequent years he continued to display a similar devotion to scholarship.

His magnum opus was the two-volume study, *The Military Enterpriser and his Work Force*, a work whose influence will long continue.

Here as in many of his other efforts Redlich took up an unusual topic and subjected it to intensive examination. By using the title "enterpriser" he wanted to indicate a distinction between an imitative and tactical role as opposed to the innovative and more strategic function of a Schumpeterian entrepreneur. Interested in typological limits he wanted to establish the framework for heuristic purposes within which economic actors operated. This penchant for neat systems may have been one of the inheritances of his German training.

Although he had an abiding respect for the military way of life, he saw clearly its connection with business life in general and, moreover, showed the mundane business aspects of military leadership. Besides the military aspects of business he investigated the relationship of the aristocracy with business, the role of fashion in the evolution of business, the division of labor in management, and the importance of technological change, among other elements.

I need not emphasize that I owe him a great debt of gratitude in my own scholarly attempts, for which he was at all times a sympathetic but rigorous critic. Beyond that I considered him a close personal friend whose loss I feel profoundly.

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Someone, I believe it may have been Harold Williamson, asked me what I planned to say in my presidential remarks, whether I would reminisce or whether I would try to define the field. I have tried to opt for neither. The field is already defined in the fudging sense, that the practitioners define the field by what they do. Nevertheless, it seems apropos to consider new aspects of the discipline that might be explored, that is, to suggest portions of a possible agenda for the future.

Traditional histories of firms or biographies of individual entrepreneurs will and should continue to be part of the business historian's task. They constitute a basic part of the discipline and require no apology. They have value in the telling as much as the description of any other institution in a society.

However, business history need not be simply the description and analysis of one firm or one person. Alfred D. Chandler in his *Strategy and Structure* and even more in *The Visible Hand* has demonstrated succinctly that business history can be a composite, if not necessarily a synthesis, of the experience of many firms and many men. As studies of managerial behavior these books remind one of such works as Sidney Pollard's *Genesis of Modern Management* in England and Jürgen Kocka's history of subordinate officials in Siemens and Company in Germany.

We need not view business history in as deterministic a way as is done in parts of central and eastern Europe to assert that

the study of the past makes positive contributions to the present. It may come as a surprise to some that business history, or more exactly the history of enterprises, has been strongly practiced in societies dominated by Communist parties. The novelist Maxim Gorki was able to convince the Soviet Communist Party in 1931 that the study and writing of histories of factories was an essential part of creating a Communist society. He wanted the workers to be involved in the research and writing, although he seems to have insisted also on high standards. In this way he felt that the workers would increase their devotion both to their enterprise and the society in general that depended upon it.

There should, however, always be a market for the telling of a story such as how the Rothschild brothers became great bankers or Krupp rose from being a teenage entrepreneur to a great munitions king. That is all part of our cultural heritage.

We may wish to relate the fortunes and evolution of an individual company or an entire industry or all of industry in a qualitative and descriptive manner. Additional insights in the functioning of the economy are thus gained and in this way, too, we contribute to an understanding of society, since business firms represent in the Western world such an important component. As a matter of fact, we might well ask how one can understand our society without the business firm. It seems to me, therefore, to be one of our primary tasks to tell our story in such a way that it can be easily assimilated into the more general texts that instruct students and all other persons interested in the background and dynamic of our age. How well this is done may be questioned and ought to be on the agenda for our discipline. It is not enough to complain that our subject matter is slighted; we ought to search for means to have it accepted. If the effective demand is not there, like other providers of services and goods, we may have to aid in the creation of the demand.

While ours is certainly an independent discipline in the sense that a unique corpus is available for its practitioners, its main function is to aid in understanding the human condition as explained and discussed in other disciplines. It is for that reason, among others, that we have to provide information and analysis in a form that historians, economists, and others can easily assimilate; and that goal I think has still not been achieved. We should provide material in such a way that it can contribute to answering questions that arise in connection with the larger issues in various related disciplines.

The business historian perforce considers the details within a firm or a managerial structure with greater sympathy than would be expected from a more general economic historian. In his preoccupation with individual processes within a firm, the retrospective observer is constantly in danger of concentrating on the unique to the exclusion of the general. At the same time, he may

tend to presume that his particular case is typical of a large number of others. This attitude emanates or at least is strongly reinforced by the randomness of the documentation to which he is heir. For example, the accidental nature of the preservation of business records of some 19th century enterprises makes this problem more apparent. One may recall George Unwin's report of his finding the Oldknow papers in Mellor, which permit insights in the operation of a textile mill but they do certainly not present a total picture of the mill or the industry. For the same era other collections of factory records that overlap can be consulted. For example, there are the McConnel and Kennedy papers where capital investment in a factory can be easily discerned, or the Strutt wage books for working conditions, or the Boulton and Watt collection for aspects of technology in the contemporary cotton industry. It might even be possible to study these collections in such a way so that the result might be a synthesized history of a typical textile firm. Such an attempt should be made but it would take a fearless scholar indeed to do so. Yet, in the absence of such an attempt we are faced with a number of studies of discrete enterprises or with industry studies that are based often largely on government reports. The pious hope of N.S.B. Gras, echoing the similar preachings earlier of Gustav Schmoller and his followers that a collection of individual studies would lead in some way to a general description of an economy is today largely discounted. Instead of collecting stones for an edifice that will only be known after it is constructed, we wish to have the plan of the building before us. In short, we prefer to work with historical models.

To speak of a historical model is of course little more than to specify the variables for an analysis of a historical evolution. This is what Chandler, among others, has done, while at the same time not using the term model. He in turn obviously benefited from the conceptualizations of an entrepreneur and entrepreneurship as suggested by such scholars as Schumpeter, A. H. Cole, and Redlich. The model as a heuristic device shows the direction in which the student should conduct his research. It should most certainly not determine the outcome of the research.

While a model suggests a scientific approach, the variables that constitute it are by the nature of things based on intuitive assumptions. These the business historian can with profit glean from microeconomics and business administration. Thus, the evolution of corporate structures and of mergers, among other things, is a most legitimate part of the field of business history. Without the economic models of the firm, the business historian would be primarily reduced to relating unique stories of separate enterprises. Using the models, however, enriches the explanatory content of the historical analysis and at the same time makes the material immediately available for inclusion in the modification

of the model itself. Similarly, writing business history with the conscious use of models on managerial behavior and on the organization of work within an enterprise makes the history more complete and at the same time provides material to refine the model of organizational behavior.

My plea then is that we should be willing consciously to employ techniques, worked out for the understanding in related fields, and that we should attempt to provide bridges between fields and make our studies more useful for others.

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It is clear that business historians are dependent on archives. The relationship between business archivists and business historians should be strengthened. Moreover, an organization such as the Business History Conference, I believe, can contribute to making the position of the business archivist stronger within a firm by asserting and detailing the importance of the archivist's work. The archivist is after all the custodian for the most important primary source available to the business historian. Not only should we try to buttress the position of the archivist, but we should also emphasize the basic need that we have for the information contained in the archives.

On the whole, I have the impression that we know little of the manner in which archives are kept and used by firms. In this respect, we are backward in this country compared with many other parts of the world. The English and the Germans, for example, have formal associations of business archivists, which in turn have journals that publish relevant materials. In the United States there seems to be only a committee of the Society of American Archivists that serves a similar function. It has undertaken a survey of business archives, once under Robert Lovett in 1968 and more recently in 1975. These efforts should, I believe, be strongly supported by the Business History Conference and expanded. Richard Overton raised this question in 1969. Ten years later, I should like to bring it up again and suggest further action.

It is striking, for example, when one looks at the *Fortune* 500 list of industrial corporations how many are "old" companies, 50 to 100 years and more old. Enough studies have been made, moreover, to suspect that these "old" companies frequently operate on the basis of tradition, and that decisions are made on that basis. Any major organizational changes have to take these traditions into account and it would have to be an immeasurable help to decision-makers to document the evolution of a tradition, so that change may be brought about in an optimal manner. This is not to say that the large firms use their archives in this way. It would, however, be a contribution of the business archivist and business historian if in fact they could point the way to such use.

Besides the documentary evidence contained in archives, the decision-maker and the historian could gain additional understanding by means of oral histories. Major figures in the firm who have participated in the strategic decisions in the past would, with the help of a trained practitioner of oral history techniques, set down their observations. This type of record could be especially useful in merged companies, where an effort is often made to have the component units follow a common procedure and where, however, great care has to be taken not to upset seriously those procedures that brought the new unit in its old environment to a position of success and profitability. Thus, business history can serve an eminently practical purpose.

It is on the practical uses of business history that I wish to say a few additional words. To the general cultural contributions that our discipline makes can be added the means by which a firm may be able to operate more efficiently. Such works as those of Chandler have already provided the businessman with an appreciation of the broader historical environment of the world within which he functions. A next step could well be to demonstrate how a historical approach would aid in the operation of the firm especially on the decision-making level. As Chandler has emphasized and such economists as Oliver Williamson have shown, the large firm tends to internalize its operations as much as possible. A concomitant of this tendency is the development of unique features specific to the firm over time, whose existence and reason for being should be required knowledge for any new actor on a particular level in the organization. If this firm-specific information is simply transmitted in an oral way as seems frequently the case then valuable time and effort are wasted and moreover completeness is bound to be lacking.

One can visualize the existence of a group within a firm that keeps the pertinent historical information up-to-date. Such a task would not simple be a chronicler's job but would require a sophisticated, historical, analytical approach. Should a new member be added to the board of directors, for example, the first order of business might very well be to have him or her briefed by the historical information group. In short, for the institutionalized structure of the large-scale, mature enterprise, specialization for the transmittal of internal history to new directors and to upper- and middle-echelon personnel would be extremely valuable. This would be akin to what Philip Selznick calls the "natural history" approach. Selznick sees this as a means to call attention to problems that may arise in organizational behavior. It could equally well be used even when no problems exist, merely to provide an official of the firm who has been placed into a new position with a more complete understanding of procedures of long standing. He may wish to make changes but may find that a tradition is too strong, that is, that the system takes over. By

knowing the origin and development of the particular procedure that he wishes to change, he would gain a better perspective and consequently may be more able to choose the most relevant method to accomplish his goal. In short, the historical approach will add significantly to his informational input and thereby, it is hoped, reduce the cost attendant to change.

Another facet of business history that can contribute to the operation of a firm and at the same time is eminently respectable in a scholarly way is to specify the institutional environment of business on a worldwide and multinational basis. In other countries probably even more than in the United States, tradition plays a strong role in the operation of a firm. Why, for example, is codetermination so much a part of the German business life? Why is there no serious questioning of socialized medicine in European countries? Why, for that matter do European businessmen frequently consider the American system of social services backward while our businessmen and many academics favor less rather than more? The answers are not simple but they must include, among other things, the socialist political tradition in European countries. Might the length of time that socialized medicine in Germany has been in operation, for instance, bear a relationship to the firmness with which this institutionalized form is embedded? Why, on the other hand, is wage and hour legislation in England less formidable than in the United States? Why do American unions push for such legislation and why are British unions indifferent to it? If the large firm of our day is above all a survivor because it can cope with the various institutional constraints that it meets with wherever it does business, then this type of information in historical depth is valuable to it.

In connection with the global nature of business, I would lastly like to plead that our geographical horizons should be expanded. In Europe, east and west, and in Japan, there seems now to be a lively interest in the field. But our intellectual desire for information should also extend to areas that seem relatively neglected such as Africa, other portions of Asia, and Latin America. Since we are meeting in New Orleans where Latin American trade and influence are strong, a few additional words seem in place. It is, for example, of some significance that Latin American business procedures have in the past been fairly strongly influenced by immigrant and quasi-colonial communities. Leland Jencks wrote on this point some years ago when he compared the control of British investors over railroads in the United States and in Argentina.

Summarizing from the broader, cultural approach we should now extend our interest to efforts that can have a practical effect within a firm. From a luxury we should try to make our field a necessary tool in the administration of a business. We should not only proclaim to colleagues in related fields that we have something of value and that they should come to pick it up. This thing

of value will become more valuable when we can present it in the language or languages that these colleagues have worked out for themselves. In short, we should go to them. And in this interest in our neighbors, we should above all not forget the archivist, who must be our eternal ally.