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INTRODUCTION TO THE MAKERS OF GLOBAL BUSINESS

Teresa da Silva Lopes, Christina Lubinski, and Heidi J.S. Tworek

Introduction to the makers of global business

This Handbook draws together a wide array of state-of-the-art research on the makers of global business. It aims to deepen our historical understanding of how firms and entrepreneurs contributed to transformative processes of globalization. We see the volume making two main contributions. First, the chapters cumulatively explore how the multinational enterprise (MNE) impacted not just economic interactions, but also political, social, technological, and environmental patterns and relationships. Second, the volume analyzes how global business facilitated the mechanisms of cross-border interactions that in turn affected individuals, organizations, industries, national economies, and international relations. The chapters span the Middle Ages to the present day. They explore dynamic change as well as continuities, both of which often only become visible when analyzed in the long run.

Cross-border economic activity is a phenomenon of great relevance today. World trade has increased from 24 percent of world GDP (gross domestic product) to more than 50 percent. A similar trend can be observed in foreign direct investment (FDI), which amounted to 4.4 percent of world GDP in 1960 and reached 37 percent in 2017 (World Bank 2018; UNCTAD 1994; OECD 2018). This accelerated growth of international trade and investment arguably originated in the late nineteenth century, during what became known as the “first global economy” (Jones 2005a). The trend temporarily turned sluggish during World War I and the Great Depression of 1929 (although how much is a matter of debate), before a second wave of globalization after World War II. From the 1980s onwards, the ratio of world FDI to world GDP overtook the levels reached before World War I. Both waves of globalization are characterized by radical transformations: movements of people, transfers of knowledge and capital, shrinking distances between regions, changing lifestyles and consumer habits. Together they contributed to greater interdependencies between countries, regions, and cultures (Jones 2005a, 2008a).

This volume aims to expand current thinking on the evolution and the makers of global business by including long-term developments based on historical sources and methodologies. It provides new evidence about the multiplicity of entrepreneurs, institutions, and governance arrangements that “made” or created global business, while avoiding false labeling of some phenomena as “new.” The volume also analyzes the origins and evolution of global industries, while highlighting the many challenges that entrepreneurs and institutions have encountered.
when entering foreign markets. Finally, it addresses the long-term impact of the makers of global business on the environment, and on social and economic development.

There are many historical studies of globalization by economists, economic historians, and historians, explaining how it developed and its impact on the world economy. Many studies focus on macroeconomic factors such as countries’ policies and institutions (Williamson 1997; O’Rourke and Williamson 1999; James 2001), and the integration of national markets for capital, commodities, and labor (Bordo et al. 2003). Historians of capitalism, including global historians (Beckert and Sachsenmaier 2018), have focused on the movement of people, commodities, and ideas (e.g., Beckert 2014; Elmore 2014; Ogle 2017; Topik and Wells 2014; Beckert et al. 2014; Conrad 2016). Business historians, including Wilkins (2015, 2016) and Jones (1999, 2002, 2008a, 2013, 2014), point to the need to acknowledge the complexities arising when business enterprises are introduced as actors in cross-border economic activity.

Any attempt to define the MNE in a historical study is aiming at a moving target because, over time, MNEs go through different stages and invest in myriad assets. Moreover, contextual change requires adjustments in MNE strategy, often making one type of MNE particularly suited or unsuited for a specific historical time period. In this volume, we define the MNE broadly as an organization that “controls operations and income-generating assets in more than one country” (Dunning 1993a). More importantly, we look at these MNEs as essential for transferring (and sharing) physical and knowledge resources, developing innovations, creating new jobs, opening new markets, and leading to economic development. The field of international business history provides the detailed (often archive-based) evidence to capture the dynamics within firms as well as between firms and institutions. From this unique standpoint, business history can make valuable contributions to the history of globalization and the history of capitalism as well as the fields of international business, entrepreneurship, management, and strategy.

The field of international business history

International business history today has become a well-advanced field of inquiry. It might be traced back to the longitudinal work of Ray Vernon (1966), and his students John Stopford (1974) and Larry Franko (1974), but they were international business scholars with a somewhat ahistorical approach. The pioneer was Mira Wilkins (1969, 1970, 1974). Wilkins is the doyenne of historians of international business and deserves credit for opening up a previously neglected subject area in business history (Jones and Zeitlin 2008). As early as 1964, Wilkins (Wilkins and Hill 2011 [1st ed.: 1964]) published an archive-based analysis of the Ford Motor Company’s early internationalization; this was around the same time as the term MNE was first coined (Hymer 1968; Jones 2008a: 142).

Wilkins shaped the field because many of her findings were later formalized in economic theory, particularly in international business. Wilkins’ epilogue of The Maturing of the Multinational Enterprise (1974) developed an evolutionary model of the development of US MNEs that anticipates the original Uppsala School model (Johanson and Vahlne 1977). In the 1980s, Wilkins identified the “free-standing company” as a type of multinational enterprise, conceptually distinguishing it from what prior literature had conceived as portfolio investments (Wilkins 1988; Wilkins and Schrörer 1998; see also, Hennart 1994). Wilkins’ two-volume The History of Foreign Investment in the United States (1989, 2004) provided a detailed analysis of both foreign direct and foreign portfolio investments. Other influential topics included technological transfer and diffusion (Wilkins 1974) and neglected intangible assets such as trademarks (Wilkins 1992).
Wilkins’ important body of work confirms the great relevance of historical research for understanding international business development both chronologically and conceptually.

Drawing on the work of renowned scholars, such as Alfred D. Chandler (1962, 1977, 1990), Ronald Coase (1937), John Dunning (1958, 1970), Stephen Hymer (1976), Charles Kindleberger (1969), Edith Penrose (1959), and Raymond Vernon (1966, 1971), Wilkins’ subsequent career focused on and significantly advanced the study of the history of MNEs, including major contributions to their impact on the process of globalization (Wilkins 1986, 1970, 1974; Wilkins and Schröter 1998; Wilkins 1994, forthcoming). Wilkins’ historical work pays close attention to the firm in its economic, social, and political environment, clarifying many of the complex issues of mutual interactions between firms, public policy makers, and societal stakeholders.

Following Wilkins’ line of research, Geoffrey Jones’ extensive work on the evolution of international business broadened the research agenda. Like Wilkins, he relies heavily on primary archival sources and connects their analysis, even more formally, with other disciplines, in particular with the economic theory of the multinational enterprise. Many of his contributions bring together the present and past by foregrounding patterns of the evolutionary and cumulative nature of international business, one important prerequisite for any interdisciplinary dialogue. Jones mapped the historical growth of businesses abroad and showed how and why business contributed to the integration of economies – for better or worse. His work pioneered many new areas of research, such as multinational banking (Jones 1993), business groups and multinational trading (Jones and Wale 1998; Jones 2000), and the consumer goods and beauty industries (Jones 2005b, 2008b, 2010). Many scholars have followed this tradition including Kipping (1999), da Silva Lopes (2007), and Fitzgerald (2015). This body of research has widened our understanding of multinational growth by exploring service providers such as management consultants and the role of brands.

Over the last decade, Jones has moved toward exploring critically the cultural, ecological, gender, and social impact of global capitalism over time (Jones 2010; Jones and Lubinski 2012; Jones, 2017; Jones and Spadafora, 2017). He has worked to shift the discipline of international business history from focusing on the history of the developed West toward much greater engagement with the historical experiences of Africa, Asia, and Latin America. Businesses in these regions faced widespread institutional voids and political and economic instability, to which they responded differently from in the West (Jones and Lluch 2015; Colpan and Jones 2016; Austin et al. 2017; Gao et al. 2017; Jones and Spadafora 2017, see also Jones, Origins, in this Handbook).

The field of international business history has thus matured and found its way into academic curricula, for example through the widely read and taught textbooks by Jones (2005a) and Robert Fitzgerald (2015). Increasingly, business historians also make important contributions to journals of international business (Jones and Khanna 2006; Bucheli and Kim 2012; da Silva Lopes et al. 2018) and international strategy (Bucheli and Kim 2015; Gao et al. 2017; Bucheli et al. 2018; Lubinski and Wadhwani 2019), where they use their historical approach to revisit big research debates, push new agendas forward, and contextualize ahistorical accounts.

This Handbook is part of these efforts. It aims to provide students, researchers, managers, and policy makers with an overview of current scholarship on how history has made modern global business. To do so, the editors have gathered an international team of authors from history and economics departments as well as business schools. The chapters discuss the emergence of institutions and actors as well as relevant contextual factors for global business development. They also suggest areas for future research and provide in-depth case studies to illustrate how the dynamics of global business have functioned in the past. While engaged first and foremost in historical analysis, many contributors also open their discussions to adjacent fields and audiences.
Some draw on economics and management literature, while others are inspired by and contribute to political science, gender studies, and sociology. The contributions reflect the methodological eclecticism of business history by relying on different, mostly qualitative approaches (Friedman and Jones 2017; Decker et al. 2015).

**Temporal and spatial embeddedness**

The chapters in this volume excel in tracking the embeddedness of actors and actions across both time and space. Jeffrey Fear (2014: 177) has argued that historical reasoning establishes the significance of a moment or period “by relating events, actions, and actors’ reasons to past, present and future developments.” One frequently used tool of the historian is therefore periodization, i.e., the division of larger timeframes into smaller units, marked by significant events or turning points, to organize coherent eras or epochs. Defining a period’s beginning (possibly including antecedents), an endpoint, and important junctures is a genuinely historical act of interpretation (Rowlinson et al. 2014; Wadhwni and Decker 2017). Throughout the Handbook, the authors highlight that historians’ guiding questions frequently include “when” questions and result in chronological interpretations with real analytical impact on broader fields of inquiry (Aldous; Fernández Pérez in this volume). To situate the makers of global business in their temporal and spatial context is thus one important contribution of this volume.

Because periodization necessarily changes with the subject of research, there is no pre-defined scheme for all chapters in this volume. A research question focused on climate change requires a different periodization from one that considers the global expansion of insurances or cars. Periodization does not easily translate from one context to another – a fact that several of the authors in this volume address by identifying heterogeneous chronologies for different sets of actors (see e.g., Colpan and Cuervo-Cazurra on the different development paths for business groups based on origin). However, in comparing the chapters, some repeating patterns or nested temporal frames emerge, as well as some equally important discrepancies between periodizations.

First, while the majority of the chapters support the argument that the first rise of global integration can be placed in the mid- to late nineteenth century, several chapters explore antecedents of this first global economy. These are important because they establish (some) path dependency and shed light on how organizations, actors, and practices emerged. Catherine Casson’s discussion of guilds from 1200 to 1500 argues for rapid expansion of global trade around 1500, which reduced the attractiveness of guild membership. Reinert and Fredona focus on the role of merchants in Europe’s prosperity during the early modern period as an antecedent and causal explanation for the “great divergence” between the West and the rest in the mid-eighteenth century. Identifying “the story before the story” helps them both to criticize earlier historiography and to explain an evolutionary development.

Second, several complementary periodization schemes emerge from the chapters. The most widely used is based on Jones (2005a) and distinguishes roughly between a First Global Economy (1840–1918/1929), a Deglobalization period (1918/1929–1979), and a Second Global Economy (1945/1979–2008), with significant overlaps and possible further turning points in particular during the post-World War II period. The First Global Economy can roughly be described as the process of global integration starting in the second half of the nineteenth century, enabled by international business networks (David and Westerhuis in this volume) and technological advances of the second industrial revolution (Jones, Origins; Lopes, Lluch, and Pereira; Cassis; de la Cruz-Fernández; Storli all in this Handbook). Depending on the specific theme or industry, some authors see its endpoint in World War I (de la Cruz-Fernández for manufacturing industries; Boon for oil; Cassis for financial institutions; Fitzgerald for decentralization; Rollings for...
business–government relations, Kurosawa, Forbes, and Wubs for business during the war). Others point to the Great Depression of 1929 as the event concluding this period (Jones, Origins, on the development of global business; da Silva and Bartolomé Rodríguez on electricity; Harlafts on shipping).

The subsequent Deglobalization period, roughly from 1914/1929 to the late 1970s, presented a series of new challenges for global business – new government regulation, expropriations, war and nationalism, fragmentation of corporate structures, and many more – which are described in detail across the chapters (Jones, Origins; Jones, Divergence; Cassis all in this volume). Some authors stress turning points within this period for their specific topics, such as the beginning of the Cold War, which is of particular relevance to commodity traders (Storli), or the process of decolonization, which impacted decentralization and international management (Fitzgerald). Other authors question whether the term “deglobalization” adequately describes this period. They propose seeing the period instead as one when the relationship between governments and multinational companies was fundamentally reordered, particularly outside Europe, but not necessarily when global engagement declined (Rollings in this volume; Dejung and Petersson 2012; Fitzgerald 2015).

The Second Global Economy emerged slowly and first in the Western world in the decades after World War II. Several authors find that the makers of global business started engaging in their ventures in this period of postwar recovery, whether the internationalization of executive education (Amdam) or the global expansion of the automobile industry (Fridenson and Wada).

By the late 1970s and early 1980s, this Second Global Economy became global, incorporating ever more areas of the world. This period was marked by deregulation and pro-market reforms leading to organizational responses, including the global expansion of emerging market business groups (Colpan and Cuervo-Cazurra), transformations of global value chains (Hesse and Neveling), and the gradual decline of state-owned national champions (Colli and Nevalainen). It was also the era of new practices, such as intensified cross-border production, off-shoring, and contracting-out (Fitzgerald) as well as new environmental strategies by corporate actors in response to increased pollution (Bergquist; Stokes and Miller).

This basic timeline serves as a temporal map for most authors in this volume. Some, however, find divergence from it for their particular topics. For the luxury industry, Pouillard and Donzé see the entire pre-1945 period as one unit, followed by an early globalization (1945–1980). Like other contributions, they confirm the change in character of the global luxury industry in the early 1980s. For the issues of sustainability, pollution, and climate change, the authors prefer to extend the first period up to the 1960s, labeling it “pre-global” (Bergquist) or the “first wave of environmentalism” (Stokes and Miller). Both chapters follow the perception of their actors and situate the newly emergent awareness of pollution and sustainability in the early 1960s. Both Jones’ and Cassis’ contributions indicate a newly emerging transition period after the financial crisis of 2007/2008 and the subsequent great recession, which might be characterized as a new form of deglobalization. It includes a surge in micro-protectionism, new export taxes, and trade distorting subsidies as well as discrimination against foreign firms.

Some chapters potentially fit neatly into a subset of these timelines, while accounting for the antecedents of the developments that they analyze. For example, Amdam pays close attention to the forerunners of the global spread of executive education back to the late 1920s even if his primary research interest lies in the post-World War II era; Bucheli and Minefee stress the importance of the Foreign Corrupt Practice Act (1977), but describe the period from the Progressive era to Watergate in the United States as a backstory to this development.

Finally, some authors make an explicit effort to provide historical analogies which can help to contextualize present concerns. Tworek and John, for example, use the communications
industry to explain how the present is not the first historical epoch when enormous technical advances have reshaped the world economy and reordered assumptions about time, speed, and space. They explicitly discuss the lessons from history, most importantly the importance of institutional arrangements fostering and perpetuating political and market power.

Identifying new periodizations and challenging existing ones matters because different types of causal explanations emerge from different historical organizations of time. For example, selecting shorter research periods usually assigns greater agency to individuals, while longer timeframes tend to foreground structural factors (Wadhwani and Decker 2017). In this volume, the authors often switch between zooming in on events and individual actors and zooming out to show structural developments that illuminate complex causalities over time.

While periodization embedded historical actors in time, the authors of this volume also advance arguments about actors’ embeddedness in space. Several authors highlight particular places of global business, such as large globally connected cities (Cassis; Kipping) or global networks of academic campuses (Amdam). Unsurprisingly, most of the chapters track transfers of goods, services, and ideas from one space to another, contributing among others to the large historical literature on colonialism (Aldous; Giacomin; Oonk) and Americanization (Amdam; Miskell; Kipping). Many find that over time, centers of gravity shift between different locations, as in the case of commodity trading, which was first based in Europe, then shifted to the United States after 1945, then back to Europe in the 1960s, and after 2000 to Southeast Asia (Storli).

The relationship between the global and the local permeates all chapters of this volume in different ways. First, several authors describe the efforts of globally active companies to localize their offerings, be that in response to anti-foreign sentiments or critical government policies, including taxation (Jones, Origins; Kurosawa, Forbes, and Wubs; Rollings) or to better serve customers (Amdam; Kipping). Strategies to accomplish localization include information gathering via agents or local partners (Jones; Storli; Lubinski and Wadhwani), cloaking strategies designed to hide country of origin or fraudulently display a false origin (Lopes, Lluch, and Pereira), and incorporating local companies or hiring local staff (Kipping). Authors also stress that localization efforts could be unsuccessful or have unintended consequences, for example in the consulting industry, where consultants instigated offshoring and outsourcing, which then stimulated the emergence of local service providers that became competitors (Kipping).

Many chapters trace the myriad frequent tensions between the global and the local. Some criticize past historical research, arguing that it unjustly overemphasized the local over the global, or vice versa. For example, Giacomin shows that the literature on clusters focuses strongly on the local elements as sources of competitiveness. It becomes “location-obsessed” and loses sight of how clusters entertained global linkages and fostered internationalization. Other authors highlight tensions that the historical actors themselves experienced, as for example in the cooperative movement that for a long time had celebrated its deep embeddedness in local communities and then found itself faced with a legitimacy crisis when it started to globalize (Mordhorst and Jensen). Tensions also emerged because legal frameworks remain a preserve of the nation-state and are seldom global or even transnational. They thus require forms of local implementation, creating challenges for globally active companies, for example with regards to heterogeneous corruption laws (Bucheli and Minefee) or protective laws against imitation (Lopes, Lluch, and Pereira).

Main themes

This book addresses several research desiderata recently identified by business historians (Friedman and Jones 2011; Scranton and Fridenson 2013) that can help to make historical research
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“matter” to other disciplines such as economics, political science, management, and law. The topic of this Handbook and the archival evidence on how firms and institutions responded, drove, and framed their activities within a global context, addresses these recent appeals. Many chapters individually provide evidence of spillover effects by foreign investors to local business. Other chapters address topics which only recently started to receive attention in business history, such as business and sustainability, pollution and climate change, the role of government and state-owned enterprises on economic growth and globalization, and the great divergence and great convergence.

Some topics appear throughout the volume, even if they are not addressed in a specific chapter. These include the impact of different types of non-profit-making institutions, such as religious groups on efforts to combat corruption (Bucheli and Minefee), environmental associations (Bergquist), and foundations’ effects on global knowledge transfers (Amdam). Several chapters address colonialism and imperialism, a topic that has recently attracted significant attention from business historians and historians of capitalism (see the special issue in Business History Review, June 2012). While entrepreneurship, gender, and race have affected globalization, the reverse is also true, and empires played an important role in this process (Yeager in this volume). Several chapters deal with obstacles to trade, providing an important context for the origins and development of global business (Jones, Divergence; Fitzgerald; Kurozawa, Forbes, and Wubs; Lopes, Lluch, and Pereira). Many of the chapters address cases of less rational or irrational business behavior, including conflict, speculation, and non-rational decision-making processes. While the Western world plays a central role in many chapters, either as home country or host country, the authors committed themselves to exploring global flows of goods, people, and ideas.

The chapters in this Handbook address a key set of themes to understand why and how, over time, the makers of global business shaped and challenged the complex processes of globalization. These themes are briefly discussed below. They include: (i) entrepreneurship as a driver of change; (ii) international transfer of resources; (iii) organization and coordination of multi-market activities; (iv) political economy; and (v) long-term impact. While some of these themes are explicitly the topic of one part of the book, all of them also cut across the contributions.

Entrepreneurship as a driver of change

The concept of entrepreneurship is usually connected with the development of business activities which involve uncertainty and risk bearing, and lead to innovations which, over time, bring about historical change. Entrepreneurship is thus a creative process, by which actors imagine and pursue future forms of value. Chapters 3 to 5 of this Handbook address the topic of entrepreneurship explicitly. Mark Casson as well as Lubinski and Wadhwani review the key literature in business history and highlight how entrepreneurship shaped the process of business internationalization, how entrepreneurs identified and pursued opportunities across borders, and how they legitimized their international ventures. Yeager focuses on the contribution of female and non-white entrepreneurs to globalization, showing how race and gender intertwined to create unequal and exploitative hierarchies, with white men generally benefitting most from globalization. She also examines how globalization affected employability and working conditions of females and non-whites.

Many other chapters in the Handbook contribute to understanding the multiple drivers that led entrepreneurs to trade and invest abroad. Harlaftis’ chapter on shipping discusses how Aristotle Onassis, a Greek shipper, pioneered the formation, development, and consolidation of the modern model of ownership and management of global bulk shipping companies after 1945.
Oonk discusses collective entrepreneurship and shows how diaspora communities formed networks coordinated essentially through family ties, where trust bonds substituted contracts, and which were decisive in the emergence of long-distance trade between pre- and post-colonial societies in the Indian Ocean.

Most chapters discuss productive opportunities (Baumol 1990, 2010), often based on product or service innovations, as illustrated in Fridenson and Wada’s chapter on the automobile, de la Cruz-Fernández’ chapter on Singer sewing machines, or Fernández Pérez’ chapter on healthcare services. Some international business activities, however, take advantage of loopholes in the institutional environment. Lopes, Lluch, and Pereira show how, in the nineteenth century, wine producers in the New World developed a new wine industry by imitating brands, grape casts, and the types of wines produced. While in the short term these activities might have been considered unproductive, they led in the long term, to regional economic development, increased consumer choices, and contributed to the making of global business.

**International transfer of resources**

International business has contributed to globalization by transferring different types of resources between home and host countries. The process of knowledge transfer is usually associated with exports, FDI, licensing agreements, among other modes of entry in foreign markets. The resources transferred take the form of knowledge, people, physical goods, financial resources, or a combination. Much research has examined the types of knowledge transferred (or shared), ranging from patents and technologies, brands and trademarks, to organizational practices such as accounting and administrative practices, financial resources used for the financing of investments abroad, and people used to manage, provide training, and operate businesses abroad (Wilkins 1976).

In this *Handbook* several chapters review the literature on the topic and offer new evidence. Kipping examines the role of consultants in the making of global business, while Amdam analyzes the role of executive management programs set up by Harvard Business School and the transfer of management practices globally. Both authors argue that these agents shaped policies and practices of organizations and their stakeholders in multiple ways, and often crowded out other forms of less commercially driven knowledge sharing. Storli and Harlaftis show how shipping companies were essential in the transfer of goods across the globe. Their transportation of raw materials and other goods between different regions of the world was instrumental in creating global value chains. Cassis discusses how banks and capital markets transferred financial resources across the world. Banks were central in following investors in foreign markets, and financial centers were critical intermediaries in financing business investments.

**Organization and coordination of multi-market activities**


Part III on “Organizational Forms” provides detailed examples of the types of modes of coordination and integration of activities carried out by different businesses and institutions with international activity. Aldous shows how trading companies affected Anglo-Indian international trade in the nineteenth century. Over time, traders diversified their operations away from
intermediation to include production and related activities such as financial services, and adopted
diverse ownership and organizational forms. Catherine Casson shows how medieval guilds
helped individual traders to create, strengthen, and coordinate networks and infrastructure and
also provided them with the training and quality control which were essential in developing
sustainable global supply chains. Kurosawa, Forbes, and Wubs focus on the case of Roche from
Switzerland before World War I and highlight how this MNE implemented strategies and struc-
tures to survive in the high-risk political environment of the war.

Political economy

Several chapters explore the key importance of the macroeconomic environment in facilitating
or constraining globalization, particularly the role of governments and politics. Part V on “Chal-
lenges and Impact” examines how changes in the business environment created obstacles for
business success and survival. Bucheli and Minefee analyze the efforts by governments to combat
corruption in business between the Cold War and the 2010s. Jones’ chapter on the “Origins and
Development of Global Business” highlights the role of government policies, major crises such
as wars, the Great Depression, and communism in shaping global business from the late nine-
teenth century until the twenty-first century. Several chapters, including Rollings, Tworek and
John, Lubinski and Wadhwani, trace the intertwined nature of business and politics. They
suggest that “political economy” can be a useful lens for historians when thinking about global
and international history. Richard John (2008: 488–9) has defined “political economy” as “the
relationship of the state and the market.” Indeed, one may criticize an international history that
focuses too strongly on nation-states, diplomacy, and conflicts, while ignoring the important
role of multinationals (Fitzgerald 2015: 1). While home governments supported their MNEs
abroad, host nations used myriad political tools to gain from foreign investment. As a con-
sequence, MNEs always interacted with politics in different forms and with wide-ranging con-
sequences. Moreover, political decisions laid the groundwork for some of the most persistent
path dependencies during the time period studied here. The complicated interactions between
MNEs and political stakeholders certainly deserves more attention.

Long-term impact

This Handbook provides illustrations of how exactly business contributed to globalization in the
long term, going beyond the usual macroeconomic indicators such as aggregated flows of trade,
investment, capital, and people. Jones (Chapter 2) offers quantitative and qualitative macro-data
on the origins and development of global business, but also shows how specific businesses
affected and were affected by globalization since the late nineteenth century. Giacomin focuses
on two clusters from emerging economies – the palm oil cluster in Southeast Asia and the eco-
tourism cluster in Costa Rica – showing how these clusters facilitated investments into these
countries, which became spaces of global integration. As such, they affected economic activity
beyond their location and became building blocks of today’s global economy.

Some of the effects of MNE activities are cultural rather than economic. Cruz-Fernández,
for instance, shows how sewing machines allowed people to make clothing and ornaments at
home, generating cultural experiences that became ingrained within households’ economies and
national cultures. Haueter’s chapter on insurance argues that culture and local idiosyncrasies, and
the legal environment, shaped the development of the global insurance industry.

Multinational investment also had a huge impact on environmental sustainability. Sustain-
ability, climate change, and pollution are key challenges for humanity. Bergquist shows how
polluting firms sought to reduce environmental impact, and in recent years created sustainability in for-profit businesses, developing new product categories such as organic foods as well as wind and solar energy. Stokes and Miller focus on the impact of globalized businesses on pollution and climate change from the earliest days of industrialization to the present and the strategies that firms have developed to deal with this.

Jones’ chapter in the concluding part of this volume expands the discussion about impact to include social equality. He shows that global business created both wealth and inequality contributing to the great divergence between the West and the Rest, and the more recent great convergence. He appeals to the multiple obligations of business to pursue corporate strategies and executive compensation schemes to help legitimize capitalism again and reduce inequality, even if that comes at a cost for management and shareholders.

Organization of the volume

The volume comprises 37 chapters divided into five parts. The opening part introduces the volume, provides an overview of the development of global business, and engages with international entrepreneurship as a major driver of international business. Part II discusses prominent institutions that the makers of global business interacted with, namely governments, capital markets, educational institutions, and consultants. Part III gives an overview of the myriad organizational forms found in past international business, from guilds, merchants, and trading companies, to business groups and clusters, to the creative organizations by diaspora and international networks, to cooperatives and state enterprises. The sheer diversity raises new questions for modern-day businesses and how they can be conceptualized. As many of the more interesting research questions can only be addressed on the micro- and industry-specific level, Part IV of the volume makes selected deep dives into a few major industries that became global or enabled the spread of business around the world, namely automobiles, insurances, healthcare, manufacturing, luxury goods, electricity, commodity trading, communication, film, shipping, and oil. While this provides only a selection of industries, we have endeavored to cover a range of goods and service industries to explore some ways that industries interacted with and shaped globalization. Finally, Part V engages with some of the big challenges to global business and its broader impact. Major challenges have constantly confronted global business in the past, and continue to create obstacles for global business: political risk, imitation, corruption, excessive decentralization, and the need for environmental sustainability. Two closing chapters examine the impact of global business, particularly the two primary and most heatedly debated consequences of globalizing business: the effects on pollution and climate change, and on the great divergence and social inequality.

All chapters first survey and assess the relative significance of changes, continuities, and discontinuities. Different regions are examined both as originators of global business and also as hosts of foreign investments; many chapters provide international comparative analysis. Others focus on in-depth original case studies, highlighting how particular agents contributed to globalization beyond their narrow scope of activity, when seen in a larger time frame. Internet submarine cables, for instance, are laid along the same lines as telegraph cables were in the nineteenth century—a path dependency that can only become visible in the long run (Tworek and John). The contributions reveal causal relationships and detect patterns in the past through the detailed analysis of businesses which provide learning opportunities and raise new questions.

Despite the very agentic title of the volume, business is neither the hero nor the villain of the chapters in this volume. In some cases, business constrained globalization; in others, it created or facilitated the process. We often think of booms and busts in business, and the chapters are
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certainly full of experiences of failure, setbacks, obstructions, and problems. Yet, the longer history of multinationals shows that many experienced surprising longevity and were well equipped (or learned) to deal with the challenges that they encountered. While individuals, organizations, and institutions emerged and disappeared, became successful, were challenged, failed, and dissolved, the relevance of global business today is greater than ever. The multinational nature of their ventures may have waxed and waned, but many of the makers of global business proved astonishingly resilient in the long run. However, global business today also faces serious opposition, which may require decision makers to explore new forms and new ethics of international business behavior—an formidable task, which can be facilitated by exploring the deep historical roots of the makers of global business.

Note

1 There is evidence of early forms of globalization as far back as 2000 BC when the Old Assyrian Kingdom expanded international trade and investment. During the following centuries, empires rose and fell, trade routes opened and closed, and international commerce expanded and contracted in response to shifting political, economic, social, and physical environments around the globe. The late fifteenth and sixteenth centuries, when explorers navigated the world, accelerated world integration (Wilkins 1970: 3; Carlos and Nicholas 1988; Moore and Lewis 2000, 2009).

References

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