ECONOMIC HISTORY LMU

History of Business Networks 2008

Lecturer: Dr. Gordon Winder (email g.winder@auckland.ac.nz)
Lecture: Mondays 12-3 Hgb M105

OUTLINE

Generally business history has been used to assert a progressive narrative of ever bigger and more complex business organisation. Today, the largest enterprises have 'global reach' while many trans-national enterprises have such power as to be able to control and co-ordinate the activities of other enterprises without directly owning them. The global economy is now deeply integrated by the practices and activities of trans-national corporations. Such enterprises are now responsible for the bulk of world trade. Their organisation continues to evolve as new transport, communication and computational technologies are deployed and as trans-national corporations strive for more efficient arrangements with their partners. In this course we will critically review this history of business networks. Attention will be focused on historical models of business networks and organisation, competing theoretical approaches to understanding the evolution of business networks, and finally to some specific historical cases of business networks.

SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>14 April</td>
<td>History of Business Networks</td>
</tr>
<tr>
<td>2.</td>
<td>21 April</td>
<td>Merchant Enterprise</td>
</tr>
<tr>
<td>3.</td>
<td>28 April</td>
<td>Industrial Districts</td>
</tr>
<tr>
<td>4.</td>
<td>5 May</td>
<td>The Vertically Integrated Corporation</td>
</tr>
<tr>
<td>5.</td>
<td>12 May</td>
<td>Global Webs of Enterprise</td>
</tr>
<tr>
<td>6.</td>
<td>19 May</td>
<td>Transactions Costs</td>
</tr>
<tr>
<td>7.</td>
<td>26 May</td>
<td>Actor Network Theory</td>
</tr>
<tr>
<td>8.</td>
<td>2 June</td>
<td>Commodity Chains and Diaspora</td>
</tr>
<tr>
<td>9.</td>
<td>9 June</td>
<td>Manufacturers’ Networks</td>
</tr>
<tr>
<td>10.</td>
<td>16 June</td>
<td>World’s Fairs as Site for Business</td>
</tr>
<tr>
<td>11.</td>
<td>23 June</td>
<td>News Agency</td>
</tr>
<tr>
<td>12.</td>
<td>30 June</td>
<td>Alternative Business Networks</td>
</tr>
<tr>
<td>13.</td>
<td>7 July</td>
<td>Review</td>
</tr>
<tr>
<td>14.</td>
<td>14 July</td>
<td>Examination</td>
</tr>
<tr>
<td>18.</td>
<td>15 August</td>
<td>Term Papers Due</td>
</tr>
</tbody>
</table>
LECTURE OUTLINE

1. History of Business Networks
In this introductory lecture the history of business networks and organisation is positioned in the context of ideas about globalisation and the history of the world economy.

**Reading**

HISTORICAL MODELS

2. Merchant Enterprise
Marxist political economy viewed the merchant enterprise as the dominant mode of organisation under mercantile capitalism. Business historians have shown that merchant enterprise operated in diverse ways and persisted well after the rise of industrial capital. In this lecture we will investigate the practices of merchant enterprise that facilitated mercantile trade in the late nineteenth century.

**Reading**

3. Industrial Districts
Alfred Marshall first theorised the clustering of industrial enterprises in districts, but, until the publication of Piore and Sabel’s *Industrial Divide*, these were thought to have become uncompetitive because of the rise of trans-national corporations. In recent decades industrial districts are again perceived as important features of the world economy. Some business and economic historians argue that specialised industrial districts and regions persisted as competitive modes of organisation well into the twentieth century. Nevertheless the specific advantages of local milieu, and of ‘being there’ have proved difficult to pin down. In this lecture we will review the key organisational and network features of industrial districts and the debates surrounding their competitive dynamics.
4. The Vertically Integrated Corporation
Alfred Chandler jr. neatly and cogently theorised the rise of the vertically integrated corporation within the USA, and then, with others, pioneered comparative research on corporate business organisation. In this lecture we will review the findings of this large body of research and recent calls for greater attention to competitive and alternative business organisation and networks.

Reading

5. Global Webs of Enterprise
Peter Dicken has summarised recent work by arguing that enterprises can now control extensive webs of business without actually owning all of the constituent business units. This is achieved through various firm-to-firm arrangements including strategic alliances, subcontracting and licensing agreements, and agency contracts. In this lecture we will review the new practices of global business webs.

Reading

THEORETICAL APPROACHES

6. Transactions Cost
Following the initial work of Coase, many business historians and economists have theorised the dynamics of the firm by focusing attention on the need to minimise the costs of transactions. This can be done, principally, by internalising the activities within the firm. Here we will review this approach to the history of the firm.

7. Actor Network Theory
In the context of the history of science Bruno Latour developed actor network theory. Subsequently ANT has been applied in a number of other contexts. We will discuss
the prospects for and implications of adopting an ANT framework for thinking about business networks.

8. Commodity Chain/Diaspora Community
In this lecture we will discuss two other theoretical approaches to business networks: commodity chain analysis with its useful extension of analysis beyond the firm to consider the relations among enterprises engaged in the production, distribution and consumption of any one, usually resource-based, product; and the trans-national communities formed through diaspora that help to frame ethnic business networks.

*Reading*

**SPECIFIC STUDIES**

9. Manufacturers’ Networks
How did late nineteenth-century manufacturers organise networks of suppliers and sales teams? In this lecture we will review some of the practices used by manufacturers and their implications for competitive dynamics.

*Reading*

10. World’s Fairs as Sites for Business
World’s fairs have been important subjects of study by sociologists, anthropologists and geographers since these were prime sites for the organisation and display of modernity. In this lecture we will explore the world fair as a site for business. How did manufacturers and other enterprises use the world’s fairs and with what repercussions for their own businesses?

*Reading*

11. News Agency
While Benedict Anderson argued in *Imagined Communities* that newspapers constructed the imaginary of the national community, late nineteenth century newspapers proclaimed to their readers that they offered the news of the world, supplied to them by trans-national news agencies like Reuters, CTC and Havas. In this lecture we will review the possibilities for networked news, the effects of time-space compression and new telecommunications technologies on news business, and the changing organisation and networking of news agency business.

*Reading*


12. Alternative Business Networks
In this session we will discuss alternative business networks their organisation, competitiveness and dynamics. Our purpose is to break away from the conventional narratives and foci of attention in business history and globalisation accounts.

REVIEW

13. Review
We will use this session to discuss where our studies have brought us. What prospects are there for a renewed and critically engaged history of business networks? What role is there in such analytical work for economic geography, economic theory, sociology and so on?

Reading


COURSEWORK
You may opt for a combination of coursework from the components below, up to a maximum of 6 credit points.

<table>
<thead>
<tr>
<th>Component</th>
<th>Credit Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term paper (minimum of 2,500 words)</td>
<td>2</td>
</tr>
<tr>
<td>Oral report (minimum of 20 minutes)</td>
<td>2</td>
</tr>
<tr>
<td>Test either one hour test or two hour test</td>
<td>2 or 4</td>
</tr>
</tbody>
</table>

Maximum 6 credit points

GW 2008-04-11