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Business History: Travails and Trajectories

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Abstract

The connection between study of history and management education is tenuous. Scholarly output in business history is expanding in scope and by region. But business history remains marginalized in management curricula across the world. This is despite the fact that management scholars realize the benefits of history—a methodological warning against simplistic, linear thinking and a healthy dose of sceptical attitude towards received views. In this essay we provide the history of the discipline as it strives to carve out its identity vis-à-vis its more established neighbouring disciplines like history and economics. We also discuss the reasons for the marginalization of business history in management education. We note that business history has not struck its roots in academic institutions in India, nor has business historians in India developed professional associations to promote their cause as in USA, Europe and Japan. Despite this, scholarship in business history of India is thriving. Thus, there are greater opportunities now for teaching business history in management programs in India. We look at institutional initiatives in teaching history in management programs in India. We argue that in the Indian case, the study of business history has a special relevance due to the fact that Indian capitalism has a unique colonial origin and a distinctive post-colonial evolution.

Keywords: business history, management education, Indian Institute of Management, economics, Harvard Business School

Section I: Introduction

Business history has always had a tenuous connection to management education. Business historians are usually not to be found in management schools, but in social science departments like history, economics, public administration etc. In management education, teaching of business history has been on decline for some time (Van Fleet and Wren, 2003). The discipline, however, has vastly expanded during the same period, with proliferation of professional journals, academic associations and conferences. In 1960s and 1970s, the works of Alfred Chandler Jr. at Harvard Business School (HBS) (Chandler 1962, 1964, 1965, 1977) brought management studies and business history close. Moreover, Chandler's works succeeded in breaking the isolation of the discipline and putting it intellectually at par with other established disciplines. Yet, the subsequent decades saw a divergence between management studies and business history due to several reasons, including 'scientization' of

management education. There is thus a curious mismatch between the scholarly output in business history today (which is expanding) and its use in management education (which is declining).

The connection between business history and the broader profession of history is even more peculiar. Business history remains both “inside history and outside history” (Fridenson, 2008:10). It was not born in the history departments but at HBS. Its origins in the business school made it an automatic suspect to historians who questioned its intellectual and methodological value (Fridenson, 2008). Moreover, the political conservatism of N.S.B. Gras—one of the founders of business history and the first leader of the research program at HBS—including his opposition to Roosevelt’s New Deal, did not go down well with the vast majority of professional historians who were politically aligned with liberal reformism in USA at that time (Galambos, 2003). At the same time, the fact that scholars of business history could come from disciplines other than history—such as economics, sociology or public administration—meant that these scholars increasingly came in contact with trends in broader profession of history (Fridenson, 2008) ¹. Thus business history developed as an interdisciplinary field which had to face its own “identity crisis” (Hausman, 2003).

The study of business history, to the extent it happens, is generally confined to academic institutions in developed countries. The compendium of syllabi on business history, published by the Harvard Business School², is dominated by course syllabi from North America, Europe and Japan. In India, business history had a promising early start when the Indian Institute of Management Ahmedabad (IIMA), the second oldest among the prestigious group of IIMs set up by the Government of India, decided to include business history in its curriculum for the postgraduate program in management in the very initial years of its existence. Dwijendra Tripathy, Kasturbhai Lalbhai Professor of Business History at IIMA, designed and led the business history teaching program there for a long time before it had to be dropped “when students preferred courses more directly applicable to employment...”

¹ “Of the president (2000–1), president-elect, and thirteen immediate past presidents of the BHC [Business History Conference], five are in history departments, five are in schools of business, four are in economics departments, and one has a joint appointment in history and economics. Of the 411 members in the organization’s database whose professional affiliation could be identified, 30 percent were in history departments, 22 percent were in business schools, 18 percent were in economics departments, 7 percent were in departments or programs in business, technological, or economic history, and 23 percent were in other departments, programs, or related occupations (including, for example, law, government agencies, and archives).” (Hausman, 2003:84)

² The compendia can be found and downloaded from their webpage on curriculum--
<http://www.hbs.edu/businesshistory/teaching/Pages/our-curriculum.aspx> (last accessed 30 April, 2016)

(Tripathy, 2014: 6). IIM Calcutta (IIMC)—the first IIM to be set up in India— has been unique among the IIMs in continuously offering, since the beginning, a compulsory course on Indian Economic and Political History for postgraduate management students. In addition, since 2013, an elective course in Indian Business History has been offered by the present author. IIM Kozhikode (IIMK) has set up a business history museum and has included business history in its foundational coursework with further plans for a full elective course. But, these remain isolated initiatives and management education in India has not, in general, found a place in its curriculum for the lessons from history.

Research on business history in India has matured, yet there is no institutional framework for the development of the discipline. This is unfortunate, given postcolonial India's unique experiments in the development of capitalism—notably, with economic planning on a large scale in a democratic setup. The regulatory regime on which Indian planning depended has shaped the structure of Indian businesses in a way that is quite unique. This is becoming more evident now as India exhibits a very special pattern of growth—with delayed structural transformation, a weak manufacturing and a dominant services sector—which provides causes for both cheer and concern. Recent scholarship suggests that the early years of planning had a far greater impact on determining India's economic strengths and weaknesses than hitherto recognized (Kochhar et al, 2006). Businesses in India face specific opportunities and challenges which shapes their strategies and structures which can only be understood in the concrete historical context of India.

In this essay we take stock of the current views about the relevance of business history to management education. We also argue that in the Indian case, the study of business history has a special relevance due to the fact that Indian capitalism has a unique colonial origin and a distinctive post-colonial evolution that distinguishes it from its comparators. We try to identify the challenges of teaching business history in management institutions in India, while stressing its importance in understanding the national character of Indian capitalism.

The rest of the essay is organized as follows. In Section II, we trace the history of the discipline of business history as it seeks to maintain its thematic and methodological identity in a tensed relation with its neighbouring disciplines like history and economics. In Section III, we look at the disconnect between business history and management education the world over and the challenges to teaching business history, noting particularly the crucial role that institutions play in supporting teaching and research of business history. In Section IV, we turn to the Indian context and explore the reasons why business history remains invisible in management education and lacks an institutional framework, despite impressive and

expanding research output and isolated but important attempts by several reputed management institutions in fostering research and teaching of business history. Section V concludes.

Section II: The History of Business History

The Harvard Business School (HBS) occupies a central position in the evolution of business history as a discipline not only because it pioneered the study of history in a business school and has sustained it till today, but also because of the intellectual impact of the works of scholars at HBS³. The birth of business history at HBS was due to the initiatives of economic historians like Edwin F. Gay, N.S.B. Gras and their students. Gay was the first Dean of HBS and an American economic historian of international repute. Wallace B. Donham, who succeeded Gay as the Dean of HBS, was highly appreciative of history and took the initiative to secure funds in the form of Straus Chair Professorship in business history at HBS for the appointment of N.S.B. Gras in that position⁴. Subsequently, Gras led the field of Business History as editor of *Bulletin of the Business Historical Society* (which later became *Business History Review*), editor of the monograph series titled *Harvard Studies of Business History*, President of the Business History Foundation and most importantly as a teacher, researcher and supervisor of research on business history at HBS.

The intellectual origins of business history had a bearing on its subsequent evolution. Edwin Gay, like many other American economists of that time, was trained in the German historical school of economics, obtaining his PhD from the University of Berlin under the guidance of Gustav von Schmoller. N.S.B. Gras, as a PhD student of Gay, was influenced by Schmoller and Werner Sombart as well as by the pioneering studies in ‘business history’ by German and English scholars. However, while Gay believed that business history should be part of the synthetic study of economic development, Gras was of the opinion that “business behavior should be studied for its own sake and that new generalizations could only be developed after scholars had amassed a large body of case studies” (Lamoreaux et al, 2008:39). According to Gras, economic history—in so far as it is influenced by economic theories that focus on the market system rather than the entrepreneur as an actor in the market—will tend to ignore

³ To be precise, business history has origins in Europe in the nineteenth century, though it was not known by that term.

⁴ Donham was a graduate of Harvard Law School and he introduced case method of teaching at HBS.

businessmen and *business administration* (Gras, 1950)⁵. This led Gras to engage in amassing empirical material on individual firms and executives, often at the cost of adequate generalization of findings or synthesization of ideas⁶. Subsequently, Gras's students and followers produced a vast collection of narrative accounts of firms, entrepreneurs and business managers in the framework of study defined by Gras and the methodology insisted on by him⁷. But, arguably, Gras's attempts at defining the boundaries of business history resulted in a significant narrowing of the scope of research and extreme isolation of business history from other disciplines.

This lack of intellectual exchange between business history and economic history in its early days in USA is curious since both have their origins in German and English intellectual traditions in the nineteenth century. In particular, the influence of the German historical school of economics on both economists in general and on economic historians in particular in USA was quite prominent. The scholars of the German historical school of economics were methodologically opposed to the dominant neoclassical and Austrian schools of economics and criticized them for their emphasis on static analysis, abstract theorization and deductive reasoning, including mathematical modelling. Instead, they prescribed careful empirical work, inductive reasoning and a holistic approach to the study of economy that is connected to its social, political and cultural context.⁸

Long after the waning of the influence of the German school of economics in Germany and elsewhere, including USA, business historians continued to hold that economics is “founded on a method of analysis that is essentially static and hence cannot account for the development of new business capabilities over time or, more generally, for innovation.” (Lamoreaux et al, 2008: 38). Among economists, Joseph Schumpeter, a Viennese Economist at Harvard and arguably one of the most influential economists of the twentieth century, was

⁵ “The economic historian often takes his cue from the economist and therefore has no clear vision of the importance of the business man, though he does play with the metaphysical concept of the entrepreneur.” (Gras, 1950: 8)

⁶ See Gras and Larson (1939) which was used for teaching business history.

⁷ Gras's works were also motivated by his views on Roosevelt's New Deal in the context of Great Depression and widespread popular critique of financial capitalists. According to him, “[i]n the long run, the New Deal would corrupt democracy and necessitate its abolition.....In Germany and Italy the Jews have been the scapegoats and in America financial capitalists.” (Gras (1939) quoted in Galambos, 2003: 12). Galambos (2003) argues that “[to] a considerable extent, the second generation of business historians [following in Gras' steps] ignored the problems of synthesis and was satisfied with developing correctives to the “progressive” analysis of businesspersons as robber barons.” (Galambos,13). The focus on what individual businessmen do as business *administrators* was essential to constructing a more positive image of businessmen.

⁸ The intellectual fight between Edwin Gay and NSB Gras—both influenced by the German historical school of economics—was over the scope of the study of business history rather than on the methodology per say. While Gay was more in favor of a history of business that locates it within the broader evolutionary dynamics of the economy, Gras identified business history as the historical study of “business administration in action”.

of the view that prevalent economic theories failed to recognize the disruptive impact of entrepreneurial innovation on the economic system, which according to him, was the “fundamental phenomenon of economic development”. In later years, Schumpeter’s emphasis on the role of “creative destruction” in driving the dynamics of industrial capitalism placed large corporations and not individual entrepreneurs at the heart of action. Given his emphasis on evolutionary dynamics and his views of the entrepreneurial innovation as the principle motor of change, Schumpeter belongs more or less to the same tradition as Schmoller and Sombart.

Schumpeter is an important figure in business history, though he himself probably did not view business history as separate from economic history (Lazonick, 2008: 68). His direct influence was visible in much of the work produced at the Harvard University Centre for Research in Entrepreneurial History which, under the leadership of the economic historian Arthur Cole, functioned as a vibrant multidisciplinary research centre between 1948 and 1958 (Jones and Wadhvani, 2006). Some of the most influential scholars associated with the Research Centre were sociologists like Talcott Parsons, economic historians such as Alexander Gerschenkron and Joseph Schumpeter (along with graduate students like David Landes and Douglas North) and business historians like Alfred Chandler Jr. and Thomas Cochran. It adopted an well-defined research program (Schumpeterian) and an eclectic approach to entrepreneurial history, thus facilitating intellectual exchanges between disciplines (economics, sociology, psychology, and history). In contrast, at HBS, business history had atrophied and become increasingly isolated from other disciplines due to Gras’s insistence on a single valid method of doing research in business history (Galambos, 2003).

The stimulating intellectual environment of the Research Center had a lasting impact on Alfred Chandler Jr.⁹, whose subsequent “influence on business history has been so dominant that parallels in other subfields are hard to find” (McCraw, 2008:209). After obtaining his PhD from Harvard, Chandler worked at MIT and John Hopkins University, before he joined HBS as Professor of Business History in 1970. By the late 1950s and 1960s, Chandler began publishing his works on large American multidivisional firms—like Du Pont, General Motors, Standard Oil and Sears Roebuck (Chandler 1959, 1962, 1964, 1965)—that culminated in his notion of managerial capitalism (Chandler 1977, 1984). By managerial

⁹ “Gras was pleased to instruct us, but he made it clear that there was only one way to write business history, his way.....After our discussion I almost decided not to become a business historian. Fortunately, at that moment I was asked to participate in the Research Center for Entrepreneurial History, which Joseph Schumpeter and Arthur Cole had organized.These years were intellectually the most stimulating in my life.” (Chandler, 1978:2-3)

capitalism Chandler meant an economic system dominated by large, multidivisional firms which were controlled by salaried managers (distinct from owners, business families or financiers) who replaced markets in coordinating flows of goods and services. Though influenced by Schumpeter, Chandler identified not the entrepreneur, but the professional class of salaried managers as the prime movers of the economy. Chandler didn't study Ford Motors, but his paradigm was ideally suited to study what came to be widely referred to as the Fordist system of mass production and mass consumption, enabled by the technological innovations unleashed by the Second Industrial Revolution (1870-1914). In a broader sense, Fordism refers to the postwar mode of economic growth and associated social and political order in USA and other advanced capitalist countries. According to Chandler, in the era of managerial capitalism, "[i]n many sectors of the economy the visible hand of management replaced what Adam Smith referred to as the invisible hand of market forces" (Chandler,1977:1).

Chandler's works dominated research in business history over the next three decades and gave birth to a lively research program at HBS in the late 1960s and 1970s. He moved business history away from narrative accounts and a singular focus on individual entrepreneurs towards more analytical studies of complex organizations using a mix of inductive and deductive reasoning that could yield general propositions. It is for this reason that Chandler is rightfully credited with establishing business history as a serious academic discipline. For the first time, business history broke out of its academic isolation as Chandler's works began to be read by scholars and came to influence research in other disciplines.¹⁰

At around the same time that Chandler began reshaping business history, a group of economists, known as New Economic Historians or Cliometricians were reshaping economic history in a radical way, by grounding it more solidly in the dominant economic theory. This led to a further widening of the gap between economics and business history as the Cliometricians were contemptuous of business history and business historians found no place in New Economic History for what they usually study—entrepreneurship, managerial functions or business strategies.

However, since 1970s, the New Institutional Economists started developing a theory of the firm by addressing the question raised by Ronald Coase (1937)—namely, which activities are

¹⁰ Chandler's analysis of strategy was appreciated by the sociologist Pierre Bourdieu (2005). His works influenced the writings of New Institutional Economists like Oliver Williamson (1981, 1985). Chandler's influence on management literature in general and strategy literature in particular, has been enormous (Kipping and Uskiden, 2008).

coordinated outside the firm (i.e. in the market) and which are coordinated inside the firm? Building on Coase's original idea that market transactions involve costs, Oliver Williamson (Williamson, 1981) argued that asset specificity and costly bargaining in the face of imperfect information explains the emergence of firms as replacement for market transactions. Williamson himself found Chandler's works useful and illustrative of his theory. The New Institutional Economists moved away from the traditional treatment of the firm in economic theory as a black box of production and towards an economic theory of organization that recognized hierarchy, power and governance structures. But, Chandler remained unconvinced by the New Institutional Economics.¹¹ Chandler, however, endorsed the neo-Schumpeterian evolutionary economics of Richard Nelson and Sidney Winter (Nelson and Winter, 1982) which inspired research mostly outside economics departments and had no impact on mainstream economics profession (Lazonick, 2008). Thus, despite Chandler's breakthrough and the institutional turn in mainstream economics, there has been no significant increase in cross-disciplinary dialogue between economics and business history, at least in USA.

Outside USA, Chandler's works were particularly influential in Germany and Japan, where research had traditionally focused on successful, large-scale corporations and on the crucial role the State played in the emergence of national industries in each of the countries. In Germany, business history was more grounded in social and political history and in Japan, business history literally took off from the Chandlerian paradigm. In both countries, individual researchers resisted using economics and professional associations of business historians did not show much enthusiasm for exchange with economists, including the New Economic Historians or Cliometricians. In Britain, where Chandler's ideas had much less of an impact—partly because giant, managerial enterprises that Chandler studied were less important in Britain than in USA—business historians were more open to economics in general and New Economic History in particular.

Chandler's influence began to wane with a) the decline of the large, vertically integrated, multi-divisional enterprises giving way to more specialized, less integrated enterprises, b) geographical dispersion of production such that markets and networks now replaced hierarchical management as the principle coordinating mechanism, c) the rising challenge to

¹¹ Chandler's primary orientation was sociological—being particularly influenced by the works of Talcott Parsons and Max Weber in particular. He felt that "Max Weber's single chapter on bureaucracy written before World War I had more useful information and a more significant approach to the problem of the growth of the large corporation than almost anything written in price theory" (Chandler(1968) quoted in McCraw,2008: fn 22 page 220-221). To the extent economics influenced Chandler's works, the main influences on him were Joseph Schumpeter and Edith Penrose, both of whom worked outside the mainstream economic tradition.

the global dominance of US firms in many industries by successful enterprises from other countries with different histories of capitalism and d) financialization of the US economy and the ascent of the principle of maximization of shareholder value with the concomitant erosion of the relative autonomy of the managerial class. In 1990s, the ‘narrow’ Chandlerian framework—with its focus on large enterprises and his teleological model of business development with USA as the normative example—gave way to a more “open architecture” of research in business history which recognized historical alternatives, non-convergence and varieties of business firms (like family firms, business groups, industrial districts and clusters, entrepreneurial start-ups etc.) (Jones and Zeitlin, 2008).

One of the most influential alternatives to the Chandlerian paradigm is the “historical alternatives approach” to business history developed by a group of researchers first at MIT (Piore and Sabel, 1984, Sabel and Zeitlin, 2002, Hirst and Zeitlin, 1991). Their works proposed a definitive break with the Chandlerian paradigm as well as dominant paradigms of economic history. Emerging at the end of the Fordist era of mass production and mass consumption, the “historical alternatives” approach resurrected the history of the 19th century industrial districts or regions in Europe where networks of small and medium firms, relying on artisanal skill and general purpose machinery, created viable business models based on flexible specialization.

According to the “historical alternatives” approach, there is no linear history and thus Fordism is not the teleological outcome of developments in either technology or organization. It is argued that, due to a series of events since 1970s—e.g. increased global competition, new technology like ICT, rapid increase in wealth in advanced countries etc.—mass production of standardised products in high volumes using special purpose machinery, unskilled workers and routinized work was no longer a competitive strategy. The paradigm of craft production or flexible specialization was presented as an alternative paradigm of “manufacture of a wide and changing array of customized products using flexible, general-purpose machinery and skilled, adaptable worker” (Hirst and Zeitlin, 1991: 2). This mode of organization historically was embedded in regions and was strongly governed by social regulations and institutions. The “historical alternatives” research program not only reinterpreted the history of economy and technology of the 19th century Europe, it foregrounded success stories of flexible specialization from USA, Europe and elsewhere in the twentieth century—Emilia Romagna in ‘Third Italy’, Baden-Wurttemberg in Germany, the Japanese industrial organization and Silicon Valley in USA.

The “Historical Alternatives” is not the only alternative to the Chandlerian paradigm to emerge since 1990s. There are research programs in business history grounded in mainstream economics (the New Institutional Economics of Coase and Williamson), neo-Schumpeterian evolutionary economics (of Nelson and Winter) and various strands of critical postmodern thought. There is no consensus on methodology as in the days of Gras or a dominant paradigm as in the days of Chandler. Business history has come a way long way from Gras’s initial paradigm of narrative accounts of individuals and firms—Chandler moved business history towards a study of complex organizations, the “historical alternatives” school brought region and industrial clusters into the study of business history and postmodern works have sought to bring culture, race, gender, ideology etc into the study of business history. As a result, business history has become more analytical and is being increasingly subjected to critical reflections by its practitioners. But, as we have seen before, its methodological openness, while being a source of vitality and dynamism, has also contributed to its denigration by established disciplines like economics.

With respect to history, its relation is no better.

In a number of countries, it is hard to imagine a history department hiring a business historian per se and many need to repackage themselves as national or international historians, often with uncertain outcomes. (Fridenson, 2008: 29)

This is so despite the fact that business history has contributed immensely to history—e.g. specific areas of study like social history of politics and public policy and specific methods of study like oral history. Since the days of Gras, however, historians have been prone to “criticize business history for its human or financial links with industry, commerce, and banking or for its connections with the fields of business administration or organization science, at which some historians still gaze suspiciously” (Fridenson, 2008: 31). This is despite the fact that business history scholars in many countries (France, Italy, USA etc.) are often leftist (even Marxist) scholars.

Business history thus continues to hold its ground as a distinct discipline identifiable from the broader traditions of history and economics by its insistence on business unit as the object of study, its interdisciplinarity and methodological openness. The proliferation of different strands of research in business history in recent times is a sign that “business history is today more interesting than it has been at any time since the founding of the subdiscipline in the 1930s” (Galambos, 2003:29).

Section III: Teaching History in Business Schools

Despite the increase in the volume of scholarly output, the expanding membership of professional associations of business historians¹² and its geographical expansion (particularly in Asian and Latin American countries)¹³, business history remains marginalized in management education. Comparing findings from two surveys of the status of history courses in business schools in USA in 1982 and 2003, Van Fleet and Wren (2005) report that “(1) less history is being taught than was the case in 1982; and (2) the history that is being taught is not in separate courses by individuals who are prepared by their professional education and who are interested in teaching the history of their business discipline” (Van Fleet and Wren, 2005:53).

Teaching history to MBA students poses certain challenges, as Gras recognized when he initiated the teaching program in business history at HBS.

Teaching History to a group of professional students just a few months before they expect to enter practical affairs is an exceedingly difficult task. I am not sure I will succeed, but I do sympathize with the motive behind the experiment, that is, to give the students a cultural background for their work and perspective to their work (Gras, 1927 quoted in McCraw, 1999:154)

Students at business schools do not ordinarily come to study history. Neither does history provide conceptual tools or technical skills for tackling everyday challenges of management. What history provides is a perspective that distinguishes business leaders from ordinary businessmen¹⁴. A global and historical perspective enables leaders to understand the nature and direction of change and to take decisions accordingly.

In an interesting article, McCraw (1999) summarized the following interesting lessons from teaching history courses at HBS.

1. Country experiences show that there are various models of capitalist development and each country must carve out its unique path.
2. Government acts as the developer and regulator of business environment without which credible business commitments and sustained economic growth is not possible.
3. Social equilibrium cannot be assumed and must be carefully sustained in order to avoid catastrophic outcomes for business and society.

¹² The US Business History Conference is estimated to have 550 members and Business History Association of Japan 850 members in 2000 (Amatori and Jones, 2003).

¹³ See Amatori and Jones (2003), Kudaisya (2011), Davila and Miller (1999) among others.

¹⁴ See Mayo and Nohria (2005) for the discussion of contextual intelligence and leadership.

4. Economic changes impose heavy social costs and businesses should be appreciative of the social tensions that inevitably accompany change.
5. Business requires moral choice and business decisions and strategies must respect moral absolutes and basic human rights and needs.
6. Champion performers are often unbalanced people and their personal lives do not make pretty stories.
7. Business depends on both the individual genius that revitalizes institutions as well as institutions that provide stability and predictability as a counter-force to the disruptive impact of individual entrepreneurial initiatives.

This list of lessons is revealing as to what business history delivers—it provides an account of business as part of social history. It impresses on students that businesses are embedded in society and a given social context imposes certain constraints and presents certain opportunities for decision-makers. More importantly, business decisions are both shaped by and in turn shape the social context. Finally, the benefit of studying history is the cultivated tolerance of ambiguity and contingency and a reasoned rejection of all that is linear and formulaic (Smith,2007).

Faculty members in business schools may often privately realize and publicly acknowledge that history is important in management education, but like all nice things that must make way for pragmatism, such beliefs usually get a quiet, solemn burial. There are several aspects of management education worldwide that contribute to the negligence of history in management curriculum. It has been argued that business schools themselves have succumbed to the trends of “de-professionalization” (Trank and Rynes, 2003, Pfeffer and Fong,2004). To the extent business schools submit to the market pressure to *sell* their programs to students and their students to recruiters, they degenerate into “glorified vocational schools, training people for jobs, rather than educating them as professional managers” (Gioia and Corley, 2002:1 08). Professors frequently complain of “dumbing down” of course content and grade inflation to ensure student satisfaction and frequent curriculum review to signal relevance and conformity of their academic programs with business trends (Trank and Rynes, 2003). Even accrediting agencies focus more on “mission-oriented internal processes than agreed-upon professional standards” (ibid:190), while media rankings often forces business schools to focus on the image rather than the substantive content of their academic programs. In such a scenario, the axe falls often on courses like history. In this, the recruiters’ real or perceived preference for desirable skills and knowledge in students also influences the academic curriculum.

The second challenge of teaching history in business schools is the predominance of case method of teaching as a pedagogic principle. At HBS (and at many other business schools), history courses are taught using the case method. Chandler himself viewed cases as mini histories of management and business administration. It is possible through company cases to bring in the history of the firm. But, it has also been pointed out that the case method of teaching has some limitations for teaching of history. Cases present situations from the real world involving a problem of decision-making without, however, providing the particular resolution of the problem by the actors and protagonists involved or their identities. Thus, cases present raw historical data, but not historical records, since they suppress the identities of the actors, the actual decisions and the short-run and long-run consequences of the decisions. History, on the other hand, deals precisely with the resolution of the problem and it is the nature of the resolution of the problem—success or failure—that throws light on the broader principles that act as a guide for decision-making in the present (Kikpatrick, 1987). Moreover, cases are more frequently drawn from the recent past to present students with contexts closer to what they are likely to face, whereas history often deals with events that happened long ago. The case method therefore poses some challenges to the integration of a historical perspective in the teaching of courses in business schools, leaving all learning of history to stand-alone courses.

The third reason for marginalization of history in business schools is the “scientization” in management research and teaching (Kipping and Uskiden, 2003). While Chandler’s works—in particular, his book *Strategy and Structure* (Chandler, 1962)—helped establish business history as a serious academic discipline and had a strong influence on management research in the 1960s and 1970s, the initial impact of his research did not sustain. Methodologically management research and business history moved in opposite directions in the later part of the twentieth century, with management studies trying to develop into a ‘science’ with natural science as the normative model. The quest for scientific method with its requirements for ‘rigor, parsimony, validation and generalization’ created a lack of interest and even denigration of business history. It was argued that scientific management research should have the following among other characteristics.

An emphasis upon current and immediately observable organizations in the interests of full and rigorous data. Historical research, while not ruled out, is given second level priority and rigorous comparative studies substituted at the first-priority level (Delany (1960) quoted in Kipping and Uskiden, 2003: 100).

According to a widely cited critique of the trend towards scientization of management studies, “[t]he problem is not that business schools have embraced scientific rigor but that they have forsaken other forms of knowledge” (Bennis and O’toole, 2005: 10). Business history, on the other hand, is characterized by much catholicity of concepts and methods and has remained largely unpersuaded by the methodological strictures of the “scientific” approach. As such there has been less and less communication between business historians and management scholars.

Given these formidable challenges to teaching history at business schools, it should be clear that only supportive institutional frameworks can provide space for business history in management curriculum. The Business History Initiative launched in 2012 at HBS is evidence of continued support by an institution which pioneered the discipline and sustained it through the vicissitudes of nine decades of its existence at HBS. The elective history course at HBS (begun by Gras) used to attract very few students (between twenty and thirty) during 1920-1950. It changed dramatically by the late 1970s and 1980s when Chandler redesigned the course and renamed it as “The Coming of Managerial Capitalism: The United States”. This course has subsequently been revised several times by Chandler and other historians at HBS. The enrolment in the course increased rapidly to reach more than 400 by 1990s, which was more than 40 % of the class. In terms of student evaluation it regularly ranked among the top two or three courses. In mid 1990s, HBS’s historians were asked to develop a short history course (titled “Creating Modern Capitalism: How Countries, Companies and Entrepreneurs triumphed in Three Industrial Revolutions”) to be taught as part of the new compulsory four-week “Foundations” curriculum for all entering MBAs students. The collaborative effort that went into creating this compulsory course is noteworthy—apart from eight authors, forty five persons, including research assistants and outside reviewers, were involved, finally producing a 711-page text and more than 140 pages of teaching notes and totalling twelve person-years’ of work (McCraw, 1999). At one time, this course was taught in ten sections by five historians, four economists and one political scientist. The compulsory course is now defunct, but currently there are three history electives for MBA students at Harvard—“The Coming of Managerial Capitalism”, “Entrepreneurship and Global Capitalism” and “Creating the Modern Financial System”—in addition to a Doctoral Seminar in Business History.

Collaborative effort need not take place at the level of the institution only; it could be across institutions and even countries—as the example of the Copenhagen Business School (CBS) shows. Unlike most of business schools in Europe, where business history remains

marginalized, CBS has a strong presence of business history with a group of faculty members, PhD students and postdoctoral fellows. The Centre for Business History was established at CBS in 1999 with the objective of teaching and research in business history and several courses on history are offered in various programs in management. In the undergraduate International Business program at CBS, the compulsory Semester I course on “The Company in its Historical and International Setting” struggled in its initial years due to poor student evaluations despite several revisions of the syllabus. It was found that the students—both domestic and foreign—wanted to know more about Scandinavian capitalism, whereas the course used the same textbooks that HBS used—which meant that the reading material was dominated by cases mostly from USA, the major European countries and Japan. The lack of teaching material on the history of Scandinavian capitalism led business historians from four different business schools—BI Norwegian Business School, The Stockholm School of Economics, Helsinki University and CBS—to produce a new text book, *Creating Nordic Capitalism: The Business History of a Competitive Periphery* (Fellman et al, 2008). Since then, the course has consistently been among the most highly evaluated courses in the program.

The Business History Society of Japan (BHSJ) is the largest academic association of business historians in the world with 850 members in 2000. According to Kudo (2003), there were over three hundred business historians affiliated with universities throughout Japan at the beginning of the millennium, with over forty chairs of business history in large faculties of economics, commerce and business management offering many courses in business history in business management and business information science departments. Since business and economic history was a requirement for graduation, there was large enrolment in undergraduate course. Though membership of BHSJ remained stable over time, interest in study of business history among undergraduates is declining (Yongue, 2012). The BHSJ conducted a survey in 2000 to understand the nature of the problem in order to find a solution. The survey revealed that students clearly preferred cases over theories and more recent history and current affairs over events in the more distant past. The faculty members teaching history responded by expanding the selection of case studies to make history relevant to students and to rekindle their interest (ibid). However, the economic problems of Japan and declining employment opportunities present some of the biggest challenges to business historians in sustaining a lively scholarly interest in the classroom.

Beyond such collaborative initiatives at the level of the institution (as in HBS), between institutions (as in CBS) and by professional associations (as in Japan), the expansion of

teaching and research in business history has mainly been due to individual initiatives wherever the rest of the faculty at the institution was tolerant of or at least not overtly hostile to business history. The Business History Initiative at HBS has been bringing out a series of compendia of syllabi of business history courses (around two hundred in total) from around the world—with regional coverage¹⁵. The compendia is dominated by courses from North American, European and Japanese academic institutions, but other regions are also developing their traditions of business history (Davila and Miller (1999), Amatori and Jones (2003))¹⁶.

Section III: Business History in India

Business history emerged in India with studies published primarily by economists and economic historians between 1930 and 1950. The first two Indian Institutes of Management set up by the Government of India in 1961—the first one in Calcutta and the second one, within a month, in Ahmedabad—both developed traditions of teaching history to post graduate management students from the very beginning. This happened at around the same time that business history emerged in Japan. Yet, unlike Japan, India has not developed a stable institutional framework for the study of business history¹⁷. Despite a substantial volume of work in business history, the discipline itself has not been recognized as such in India and many scholars of business history do not identify themselves as such. Writings on Indian business history have generally been undertaken by historians, economists and even journalists, with little influence on management education and with little exchange with management scholars.

As elsewhere in the world, professional historians in India are deeply divided along ideological lines, with liberals—of both nationalist and leftist schools of Indian history—dominating the profession. Given the colonial history of India and given the colonial origins of India's large business groups, business remained an unsavoury topic of intellectual inquiry for a long time. When businesses were studied by Indian historians, it was often, though not

¹⁵ See Footnote 3.

¹⁶ See the *Guide to Courses in Business History Vol 2* (available at <http://www.hbs.edu/businesshistory/Documents/BusHisCoursesVol2Web.pdf>, last accessed April 30, 2016) and the *Report on the conference "Business History in Africa, Asia, and Latin America: Integrating Course Development and New Research" held on June 13–14, 2014* (available at http://www.hbs.edu/businesshistory/Documents/Final_Conference_Report_11.14.pdf, last accessed April 30, 2016) at HBS. Both are outcomes of the Business History Initiative at HBS.

¹⁷ For example, there is only one journal in the field—*Journal of Entrepreneurship*—brought out by Entrepreneurship Development Institute of India at Ahmedabad.

always, studied as part of political or social history¹⁸. This attitude to business history, however, began to change in the 1980s.

Yet, one reason why business history has not coalesced into a self-identified discipline is that despite some dominant themes in research on Indian business history—entrepreneurship and family firms, business communities, state and business, politics and business etc¹⁹—there developed no research program or research paradigm that brought groups of scholars pursuing similar themes together. What is missing in India is something akin to Gras's research program, a Schumpeterian or Chandlerian framework or even a broader research program like the “making of Indian capitalism”. This is despite the fact that, like in Japan, individual Indian scholars were not unaware of the inapplicability of analytical frameworks borrowed from the West²⁰, yet business historians as a community failed to develop a specifically Indian perspective in this field. However, this is part of a larger failure of the Indian academic community which, with some exceptions, has generally failed in developing Indian perspectives in their fields.

One of the major challenges to business history in India has been the lack of sustained interest among businessmen in research on business history. The 58th session of the Indian Historical Records Commission in 2003 passed a Resolution (Resolution VI) that recognised the need to identify business houses that are willing to make their records available to researchers or need assistance in cataloguing/ preserving their records for making them available to researchers. Though there have been some commissioned histories by professional scholars of business groups and leaders, Indian businessmen, in general, have not been very enthusiastic about giving access to business records and firms, though the situation has improved in the last two decades (Kudaisya (2011), Tripathi (2014)²¹. The 123-year old Tata Group has launched the Tata Central Archives and the 100-year old Godrej group has opened up its collection of private papers, speeches, annual reports etc. to scholars (Kudaisya,2011).

¹⁸ The fact that scholars in general did not identify themselves as business historians did not stop them from doing research on business history and since 1970s, at a brisk pace too, with significant contributions by liberal or leftist historians.

¹⁹ See *Introduction* by Medha Kudasiya by in Kudaisya (2011).

²⁰ Tripathi (1971) argued for a ‘new line of inquiry’ to understand Indian entrepreneurship, focusing on the “interaction of the ever-changing economic, political, and social environment on one hand, and personal influences of caste, family affiliation, nature and level of education, contact with and impact of the activities of others on individual decision-makers, on the other” (Tripathi, 1971: M-65). Tripathi also cautioned against a simplistic application of the Chandlerian framework to the Indian context (Kudaisya, 2011).

²¹ Lamb (1976) had noted that traditional Indian businessmen tend to keep company affairs out of public scrutiny.

A bigger problem for business history is that it hasn't found a place in the public educational system of India consisting of universities, research institutions, institutes of technology like the Indian Institute of Technologies (IITs) and even top management Institutions like the Indian Institutes of Management. At IIMA, in its very initial years, Dwijendra Tripathi was appointed assistant professor of history and was asked to lead the teaching program in business history. He later held the Kasturbhai Lalbhai Professor of Business History at IIMA, the first and perhaps the only chair professorship of business history in India²². IIM Ahmedabad (IIMA) was set up with support from HBS which influenced its pedagogy and curriculum. But unlike HBS, the teaching and research program in business history remained the sole initiative of Dwijendra Tripathi, with the result that when he left IIMA, the program had also to be shut down. A boost to research in business history came with Tripathi's initiative to organize IIMA Seminar Series in Business History in early 1980s, which brought together respected scholars from India and outside. From these seminars emerged three volumes of essays edited by Tripathi (1984, 1987, 1991), which made a substantial addition to teaching and research material on business history.

Despite the promising start, the teaching program in business history at IIMA did not attract many postgraduate students as expected, even though the course was highly appreciated by those who took it.

If I were to tell a student how business history was important for their career, I couldn't explain. I could only say it provides a perspective for thinking. It helps your imagination. But that was not cutting too much ice with anybody. (Tripathi, in Kumar et al. 2011: 34)

The doctoral course at IIMA, however, was very successful, prompting Tripathi to argue that courses in business history are probably best offered at the doctoral level (while keeping it open to postgraduate students), where the course can be embedded in a research environment with students reading research articles and books and presenting in class as part of joint learning (Kumar et al 2011).

A course specifically dedicated to business history was not offered at other IIMs till 2013, when a new 3-credit (30 hour) elective course titled "Indian Business History" was offered at IIM Calcutta (IIMC) by the present author. The course is offered at the end of the 2-year postgraduate management program, so that students can independently apply the historical perspective to their lessons from different courses they have taken over two years. The course is designed as an introduction to a history of Indian business in the modern period—i.e. the period covering India's transition to the modern industrial economy. The colonial period was

²² It is now called the Kasturbhai Lalbhai Chair Professor in Entrepreneurship, IIMA.

crucial to this transition, as contact with European businesses unleashed many forces that transformed India's traditional businesses and the activities of traditional Indian business communities, including their transformation into industrial capitalists. This transformation was neither smooth nor linear, always involving both collaboration and conflict between Indian entrepreneurs and business groups with, first the colonial state and then, the independent Indian state—a complex relation shaped by the changing domestic and international contexts. The course takes the student through the vicissitudes of this journey through the early and late colonial periods as well as the planning and post-reforms periods of independent India, right up to the present. The motivation behind this course is not to study history for its own sake, but to understand the present. The lectures emphasize the contemporary relevance of specific historical experiences through examples. The objective, clearly presented to students, is to understand the irreducible complexity of organizing business in society and to highlight the importance of strategic decisions by business actors in response to changing business context.

The course uses analytical literature (including research articles) to discuss particular topics like *bazaar* economy in the colonial period and the evolving economic structure in the postcolonial period as well as case studies to discuss particular aspects of Indian business History—pertaining to individual figures like Dwarkanath Tagore or Walchand Hirachand, business houses like Birlas and Ambanis, sectors like textiles and automobiles and individual organizations like Amul or Maruti. Students are formed into groups to do research and make a classroom presentation on a particular topic²³. The course has been offered twice and has attracted a good number of students in both years with an encouraging and improving student evaluation of the course. However, it is too early in the life of the course to deduce any lessons for teaching business history to postgraduate students at IIMC.

History of Indian business, whether it is recognized by that name or not, has matured in the last four decades with an expanding and already impressive range of scholarly work²⁴. This has resulted in the publication of several books that can now be used as texts for courses on business history (Tripathi (2004), Tripathi and Jumani (2013), Kudaisya (2011)). In designing a course on Indian business history, it is important to emphasize the distinctive aspects of the story of Indian capitalism, starting from colonization and ending at the present, so that the

²³ See Appendix for course syllabus.

²⁴ The fact that *Business History Review* brought out a special issue called “Business, Networks and the State in India” in 2014 is evidence that research on business history of India has reached a certain stage of maturity.

relevance of history in understanding contemporary problems can be demonstrated. Fortunately, enough research has accumulated to tell this fascinating story²⁵.

The business history elective at IIMC would have been difficult to conceive had it not being for the fact that IIMC has been offering, since its beginning in 1961, a 1.5 credit (15 hours) compulsory course on Indian Economic and Political History for postgraduate students in the first term of their 2-year program. While courses on economic history or economic and political history are quite common (and often are required courses for graduation) in undergraduate and postgraduate programs in Indian universities, the course at IIMC is consciously taught from a particular perspective— it focuses on the dynamics involving business, state and politics that has shaped industrial history of India from 1757 to 1991. In this sense, the course already introduces the students to some of the dominant themes in Indian business history—the legacy of the colonial rule, the State and business in India, Indian politics and the business class as political actors etc. Thus, it is much easier to pitch the business history elective to students at the end of the program, given the introduction they receive in the compulsory history course at the beginning of the program.

This course has a colourful history of its own, having been taught by several of India's most reputed historians at various times. The tradition of teaching history at IIMC is connected to its origins and formative years. IIMC was set up with the support from MIT's Sloan School of Management, which adopted a philosophy and pedagogy of teaching in management programs that was different from HBS. The approach was more analytical and the emphasis was on core disciplines like economics, psychology, sociology, applied mathematics, statistics in addition to management subjects like marketing, production, finance and organization. Unlike IIMA where faculty members were trained at Harvard and the case method reigned supreme, IIMC's collaboration with MIT consisted of some of the MIT faculty visiting IIMC, taking classes and doing research with some faculty members at IIMC. There was much less of direct influence on curriculum and pedagogy and faculty members at IIMC developed their own pedagogic devices and curricular character²⁶. Quite early in its life, it was clear that IIMC was "not a typical business school", as Amartya Sen described it to one young scholar, while encouraging him to join IIMC faculty (IIM Calcutta, 2012).

²⁵ See Introduction by Medha Kudaisya in Kudaisya (2011). For a bibliographic survey of the literature on Indian business history in India, see Benjamin and Rath (2005).

²⁶ For the institutional history of IIMC, see IIM Calcutta (2012)

The eminent historian Barun De joined IIMC in 1963 as the first professor of social and economic history and stayed at IIMC till 1973. De, who was the second chairperson of the postgraduate program, developed the course Indian Economic and Political History.

The way I used to teach economic history was that I would focus on what I thought were the secular trends. There was a book that I used to use and I got Sabyasachi [Bhattacharya] to use it also. It was called *Enterprise and Secular Change*. It was a collection of papers on entrepreneurial history, brought out by the American Economic Historian. That book taught entrepreneurial history from readings, all of which focused on the social and economic milieu, which we through MIT, were taught to call environment. When I had set up a group separate from economics, I called it the Environment of Social Change. But MIT would have taught it as strict economic history, more of the econometric history variety. MIT were trying to sell us Fogel and the economics of slavery. Econometric history was one of the great streams—and MIT was trying to sell that to us, hook, line and sinker. (Barun De in IIM Calcutta, 2012:108-109)

The business history course at IIMA, was motivated by a similar approach as Tripathi makes clear in the following statement.

There is a notion that business history is a sub-discipline of economic history. I refuse to accept that because I feel that business history is closer to social history than economic history alone simply because business history is a result of forces operating in a society, and if you do not understand social history, you do not understand business history. (Tripathi in Kumar et al, 2011: 22-23)

Thus, teaching of history in management programs in India has been methodologically aligned with the global intellectual trends, as discussed in Section II.

The compulsory course at IIMC has retained, to this day, its original vision as laid down by Barun De—that of providing an understanding of the social milieu of change in the business world. Subsequently the course was taught by other historians like Sabyasachi Bhattacharya, Raghendra Chattopadhyay etc. Bhattacharya's case studies on adoption of technology by artisans and craftsmen in India during the colonial period (Bhattacharya, 1966) are used in the business history elective at IIMC. Chattopadhyay's widely-read works on the evolution of the idea of Planning in India and the role played in that history by India's capitalist class (Chattopadhyay, 1991) is an essential reading of the compulsory course on Indian Economic and Political History. Currently the course is co-taught by a political scientist and an economist (i.e. me) in six sections with a total of around 460 entering students.

The faculty community at IIMC has stood behind this course through many curriculum reviews—illustrating once again, the crucial role the institution plays in supporting history at business schools. Quantitative student feedback has shown ups and downs through the long life the compulsory course, but qualitative feedback reveals that a significant section of the respondents find the course to be one of the most interesting at the end of the first term, while others mainly complain of the difficulty of the readings. Attempts are being continuously

made to address the problem by revising the list of readings (and bringing in other teaching aides). It is also heartening to see, from our interaction with the alumni, that students realize the value of the course later in their professional career even if they didn't find the course interesting as students in the program.

IIM Kozhikode (IIMK), set up in 1996, launched a unique initiative in 2010 to create the country's first Indian Business Museum, covering 23000 sq ft and with exhibits covering the entire history of Indian business from Indus Valley Civilization to independent India. The business museum aims to showcase the contribution of business leaders in the making of modern India. IIMK also developed plans to introduce business history into the curriculum of postgraduate management program, using the business museum as a unique pedagogical resource, around which the course would be structured²⁷. A course on business history has been run as a pilot six-session workshop for two years for the incoming batch of 360 postgraduate and doctoral students as part of their orientation. IIMK is considering offering it as a full-fledged elective course in business history for second-year post-graduate students.²⁸

IIM Bangalore (IIMB) organized a Roundtable on Business and Entrepreneurship History in 2009 to discuss the opportunities and challenges of teaching and research in business history. The organizers expressed a felt need at IIMB to introduce business history as a course at IIMB. The workshop brought together young and senior scholars of business history, including economists, historians, anthropologists and journalists, to discuss issues related to research (themes, methods, culture of research and challenges to research in India) as well as teaching of business history. With respect to the latter the participants discussed whether the course should be called business history or entrepreneurial history, whether it should start from the colonial period or from independence and whether it should be a doctoral course or a course for postgraduate students. The Working paper that emerged from the roundtable (Kumar et al, 2011) is a valuable document that records current thinking by business historians on current trends in research, the state of history education in the country and the challenges to teaching and research in business history in India.

These initiatives are isolated attempts by individual institutions or individual faculty members in institutions. As far as the general picture of history in management education is concerned, top business schools in India show similar trends as those in North America,

²⁷ See Ramnath Aparajith in Friedman and, W.A. and Jones, G. (ed) *Report on the conference "Business History in Africa, Asia, and Latin America: Integrating Course Development and New Research" held on June 13–14, 2014* (available at http://www.hbs.edu/businesshistory/Documents/Final_Conference_Report_11.14.pdf , last accessed April 30, 2016) at HBS.

²⁸ The syllabus for the course is in the Report cited above in footnote 27.

discussed in the previous section,—primarily due to the fact that Indian management education tends to follow the North American model. There are additional peculiarities in the Indian system that presents some specific challenges to teaching history in management programs in India. First, the top management institutions in India, led by the Indian Institutes of Management, are stand-alone institutions and are not part of universities. As such there is less scope of intellectual exchange between faculty in management and other disciplines and consequently less cross-disciplinary dialogue. Second, within the public higher education system, barring a few universities and research institutions recognized as ‘centres of excellence’, the Indian government has, over time, created and favoured a small group of elite institutes like the IIMs and the IITs, at the cost of the larger public university system which remains chronically resource-starved and badly managed. As a result management institutions like IIMs suffer from elitist isolationism, thus cutting themselves off from the broader intellectual trends. This is particularly crucial in case of history, since most of the research in business history is done in social science departments in universities and research institutes. Third, the student profile in flagship postgraduate programs in management at IIMs is extremely skewed—being dominated by students from engineering backgrounds (more than 90% at the top-ranked IIMs like IIMC, IIMA and IIMB) and science backgrounds, with hardly any student from humanities and social science backgrounds²⁹. The engineering education of students provides little exposure to social science and humanities—being often limited to a few compulsory courses in their engineering programs, which hardly ever includes history—with the result that the overwhelming majority of the students in the management program had their last serious encounter with social sciences, including history, at the age of 15 or 16 in school. This acute lack of academic diversity in class makes teaching history many times more challenging, since history demands an appreciation of ambiguity, non-linearity and contingency when facing a problem, while engineering education often fosters a linear view of change in students and trains our students to think in terms of a unique technical fix to any problem. Finally, 40 to 50 per cent of the students, even at the top three IIMs, come with no or little (i.e. less than a year’s) work experience, which implies that they did not have enough experience in the complex world of business to temper their engineering orientation.

²⁹ The students at the top business schools often come from the elite IITs—a fact which is, no doubt, partly explained by the lacklustre performance of the manufacturing sector in India, which forces students to opt for managerial jobs, even when after they receive coveted engineering degrees from the best engineering institutions in India.

Despite these problems, it must be said that the students in top management programs are exceptionally bright and hardworking and if teachers can explain the relevance of history to the world of business and use some means to make learning history easier for them, the students usually do appreciate the history being taught in class. In fact, business history can often be an interesting value course for them and a “different” sort of experience to end the program with. That is why, courses like business history might be in demand towards the end of the two-year program.

Section VI: Conclusion

The main challenge in teaching business history to students in Indian management institutions is to make them understand how history weighs heavily on the present in India and why ignorance of the specificity of capitalist development in India is likely to have an impact on the success or failure of their business decisions. In India, management studies, like many other disciplines, rely heavily on North American resources for their conceptual frameworks, with the result that the management curriculum hardly enables a student to develop an Indian perspective to business. The lesson from comparative business histories of countries is that each ‘successful’ country developed its unique variant of capitalism. The success or failure of the Indian business class depends on its critical reflection on how it has shaped and was in turn shaped by the specific form of evolution of the Indian society over time—i.e. on the *historic* role that the business class has played in the past and must play *in the present*.

The journey to capitalism is complex, tortuous and uncertain. It depends on the specific history of the country as well as the contemporaneous global context. The role of the state is significant in shaping the path of development. Capitalist development has always been a matter of national strategy. One must not forget that the rise of the modern capitalist economy is historically tied with the development of the modern nation-state. The instruments of state policy have always been central to the making of national capitalism, which involves the creation of a basic inclusive social infrastructure for capitalism as well as successful business organizations. But the state not only responds to demands of business communities, it must also deal with social tensions that inevitably follow the development of the capitalist economy which radically transforms the way people live. Markets, by their nature, are always destabilizing at the micro-level and an aggregate measure of its benefits can be misleading. In a capitalist society, the State has the dual function of responding to political demands of the people and reproducing the conditions for capitalist expansion. It is thus the State-business-

society connection that lies at the heart of the study of business history. Managers need to be sensitive to this because business investments are often made in the face of radical uncertainty and business strategies contain an element of gambling against unknown future. An understanding of the historical evolution of the interaction between the State, business and society provides a firmer foundation on which to base such strategies and form expectations regarding future.

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**Appendix: Outline of Elective Course on “Indian Business History”,
IIM Calcutta, 2014-15**

Course Code and Name: [PPM 265] Indian Business History

Course Instructor: Rajesh Bhattacharya, Public Policy and Management Group

Course objectives:

Course Evaluation: There will be an mid-term exam accounting for 40% of the grade, a two-page response paper on any one of the readings on the reference list, accounting for 20% of the grade and a presentation (individual or group, depending on the number of students enrolled in the class) at the end of the term on a topic of the students’ choice, approved by the course instructor and accounting for 40% of the grade.

Topics and Reading List:

Session I: Introduction:

What is Business History? Lessons from History for Managers

Session II: Indian Businesses at the Time of Colonization:

Agriculture, Industry and Trade in the period of decline of Mughal Empire

Reference: Habib, I. "Potentialities of capitalistic development in the economy of Mughal India." *The Journal of Economic History* 29.1 (1969): 32-78.

Session III: European Agency Firms and the Managing Agency System: Case Study — Carr and Tagore Company

Early colonial rule and the fate of indigenous merchants in different parts of India—origins of agency houses and their failure in Calcutta in early nineteenth century—maturation of the managing agency system.

Reading: Tripathi, D. and J. Jumani. *The Concise Oxford History of India Business*. Oxford University Press, New Delhi. 2007. Pgs: 20-36, 111-12

Sessions IV-V: The Rise and Maturation of Indian Industry in the Colonial Period: Case Studies—Scindia Shipping, Tata Steel, *Swadeshi* enterprises in Calcutta

The rise of Indian industry in Western India—profits from opium trade and the rise of cotton textile industry in the second half of the nineteenth century— British dominance of industry in Eastern India—Multinationals, Agency houses and rise of Marwari industrialists in Eastern India in the early twentieth century—the impact of two World Wars and the Great Depression on the rise of Indian industry—Swadeshi and Indian businesses.

Readings: Kudaisya, M. (ed) *The Oxford India Anthology of Business History*, Oxford University Press, New Delhi. 2011. Pg 225-234, 258-281

Goswami, Omkar. "Sahibs, Babus, and Banias: Changes in Industrial Control In Eastern India, 1918-50." *Journal of Asian Studies* 48.2 (1989): 289-309.

Session VI: The *Bazaar* Economy:

Indigenous capital and the bazaar economy (between traditional subsistence economy and the modern European enclave economy)—traditional commission agencies (arhat) and financial instruments (hundi)—the cotemporary relevance of the concept of the bazaar economy.

Reading: Ray, Rajat Kanta. "The bazaar: changing structural characteristics of the indigenous section of the Indian economy before and after the Great Depression." *Indian Economic & Social History Review* 25.3 (1988): 263-318.

Sessions VII-VIII: *Business Communities in the Colonial Period: Parsees, Marwaris and Nattukottai Chettiars*

Reading: Kudaisya (2011): 122-130, 135-158

Sessions IX: Technology Adoption by Artisans in the Colonial Period:

Role of artisan-craftsman in industrial revolution in Britain—Case studies of slow and difficult adoption of new technology in colonial India in silk filature, cotton ginning and iron smelting—artisan resistance.

Reading: Bhattacharya, S. "Cultural and Social Constraints on Technological Innovation and Economic Development: Some Case Studies." *Indian Economic & Social History Review* (1966) 3.3: 240-267.

Session X: Private Business in National Plans in Independent India:

Independent India and the planning period—the conceptual division of the economy into sectors and the place of private industry in economic planning—growth of traditional big business groups during the Nehru era—conflict and collaboration between the Indian State and business groups.

Reading: Tripathi and Jumaní (2007): 155-181

Sessions XI: License-Permit Regime and the Business Response: Case Studies— Birla, Ambani

The restrictions on private business in late 1960s through 1970s and business response— Aditya Birla Group and Multi-nationalization of Indian Business, Dhirubhai Ambani and the Stock Market—Expansion of the public sector

Reading: Kudaisya (2011): 381-405

Session XII: Capital Accumulation from Below: Case Study—Powerloom Sector

Development of capitalism from below—Indian textiles and garments industry—policies and evolution—the story of powerloom.

Reading: Roy, T. "Development or Distortion? 'Powerlooms' in India, 1950-1997." *Economic and Political Weekly* 33.16 (1998): 897-911.

Sessions XIII-XIV: Alternative Models of Business Success: Case Studies—Amul, Maruti and Tiruppur Knitwear Industry

Amul and the cooperative model—Maruti and the state-initiated revolution in the automobile market— industrial cluster in the Tiruppur area.

Readings: Bellur, V. V., et al. "The white revolution—How Amul brought milk to India." *Long Range Planning* 23.6 (1990): 71-79.

Becker-Ritterspach, F. A.A, and J. C.E. Becker-Ritterspach. "The Development of India's Small Car Path." *Management Online Review* (2009):1-20

Cawthorne, P. M. "Of networks and markets: the rise and rise of a South Indian town, the example of Tiruppur's cotton knitwear industry", *World Development* 23.1(1995): 43-56.

Session XV: Origin and Evolution of Indian Software Industry

Reading: Khanna, T., and K. Palepu. "The evolution of concentrated ownership in India: broad patterns and a history of the Indian software industry." in Morck, R.K., *A history of corporate governance around the world: Family business groups to professional managers*. University of Chicago Press, (2005). 283-324.

Session XVI: Evolution of Indian Business Groups

The salience of family businesses—rise of new industrial elites—trends in industrial concentration.

Reading: Kedia, B. L., D. Mukherjee, and S. Lahiri. "Indian business groups: Evolution and transformation." *Asia Pacific Journal of Management*, 23.4 (2006): 559-577.

Session XVII: Social Origins of India's New Capitalists

Bazaar-to-factory, office-to-factory, field-to-factory transitions—caste and entrepreneurship.

Readings: Iyer, L., T. Khanna and A. Varshney (2013): "Caste and Entrepreneurship in India", *Economic & Political Weekly* , XLVIII(6): 52-60.

Damodaran, H. "India's new capitalists: Caste, business, and industry in a Modern Nation." *South Asian Journal of Management*(2011): 141

Sessions XVIII-XIX: Student Presentations

Session X: Summing Up: Contemporary Challenges to Businesses in India

Topics for Student Presentations in 2014-15:

1. E-Commerce Industry in India
2. Public Sector Insurance Firms
3. *Dabur* Company
4. Indian Automobile Industry
5. Garment Industry of Tiruppur
6. Indian Software Industry
7. Nattukottai Chattiars
8. Economic Development and Democracy
9. Microfinance Industry in India
10. Crony Capitalism in India
11. The House of Tatas
12. Indian Industries and Labor Laws
13. *Fabindia*