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Review

Reviewed Work(s): *Entrepreneurship and Multinationals: Global Business and the Making of the Modern World* by Geoffrey Jones

Review by: Marcelo Bucheli

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John Singleton is professor of economic and business history at Sheffield Hallam University, U.K. He is the author of *Central Banking in the Twentieth Century* (2011) and the principal author of *Innovation and Independence: The Reserve Bank of New Zealand, 1973–2002* (2006).

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Entrepreneurship and Multinationals: Global Business and the Making of the Modern World. By Geoffrey Jones. Cheltenham, U.K.: Edward Elgar, 2013. ix + 225 pp. Tables, bibliography, notes, index. Cloth, \$115.00. ISBN: 978-1-7819-5194-1.

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Reviewed by Marcelo Bucheli

Few scholars have contributed to the field of business history as has Geoffrey Jones, currently the Isidor Strauss Professor of Business History at Harvard Business School. A large percentage of his scholarly work has focused on the growth and development of multinational corporations and their role in creating the global economy. His book *Entrepreneurship and Multinationals* brings in new findings resulting from research he has conducted during the last two decades in partnership with other scholars. Although the focus of the book is on entrepreneurship (as explicated in chapter 1), and even though each of the chapters can be read independently from the rest, the book as a whole has implications for fields beyond business history, particularly political economy and international business. This is apparent from the discussion he develops in chapter 2 (titled “Entrepreneurs, Firms, and Global Wealth since 1850”), where the author challenges economic historians such as Kenneth Pomeranz, Douglass North, Daron Acemoglu, and James Robinson who explain the origins of the wealth or poverty of nations in terms of their institutional framework and human capital. Rather, through a global historical analysis Jones proposes an approach that considers the evolving conditions that generate entrepreneurial opportunities. In this discussion, Jones puts classic and recent theories of entrepreneurship in dialogue with big debates in economic history, showing the promises and benefits of such intellectual interexchange.

The political economy of development and its relation to the expansion of multinationals is at the core of three chapters of the book. In his analysis of the British-based Imperial Bank of Iran between 1890 and 1950 (chapter 5), Jones argues that this bank benefited the Iranian economy by providing an alternative to the traditional informal money-lenders (without retarding the development of domestic financial institutions), by helping to fund Iran’s insertion in the global economy, and by

channeling British capital to Iran after World War I. In his discussion on the economic effects of multinationals in Asia (chapter 6), he highlights the investments that firms made in infrastructure (particularly for the export sector), the transfer of technology, and employment generation at all levels. The multinationals had to develop political skills to operate in these types of countries, however, as he shows in the case of Unilever in India and Turkey in the post-World War II period (chapter 8); economic nationalism and the rise and consolidation of highly interventionist states created great obstacles for the firm's operations, which it overcame mostly through constant negotiations with domestic authorities and adaptation to changing conditions, such as embedding itself in the national culture and developing domestic brands.

The development of strategies under the conditions of political uncertainty is also present, in the chapter addressing the case of Beiersdorf between 1914 and 1990, a turbulent period in German history (chapter 7). Based on previous work coauthored with Christina Lubinski, the chapter shows how Beiersdorf dealt with the constant uncertainties through a cloaking strategy—that is, by hiding the true ownership from authorities. After having been expropriated in different countries during World War I, and as a Jewish-controlled firm, Beiersdorf developed a creative ownership structure in different countries, in which some affiliates in a particular country were owned by citizens or firms of a third country. Business scholars studying how firms manage political risk can highly benefit from this case.

The particular study of the global expansion of the beauty industry shows the benefits of historical analysis to discussions of current debates on the nature of globalization (chapter 3). International business textbooks strongly emphasize that the post-1989 globalization process did not necessarily mean a process of “Americanization,” or even “Westernization,” but rather a more complex process by which multinationals had to adapt to domestic markets. This is something repeatedly debated in mass media outlets by scholars such as Pankaj Ghemawat. In his analysis of such a quintessential representative of consumerism as beauty products, Jones shows how throughout their history multinationals have repeatedly faced the challenge of exporting ideals of beauty developed by Hollywood or Paris, while simultaneously adapting to local cultural and social patterns without harming their brand. These challenges were particularly hard to handle in the presence of global processes with unique local, social, and cultural characteristics, such as decolonization, the Cold War, and domestic state-led protectionist industrialization policies. For instructors of international business, this particular chapter is a perfect example of how to explain the complexities of globalization of consumer products.

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Scholars interested in comparing entry modes of multinational corporations will benefit from the findings and quantitative information in the chapter devoted to analyzing the operations of U.S. manufacturing multinationals in Great Britain between 1850 and 1962 (chapter 4). Here Jones uses a unique database he developed with Frances Bostock in the 1990s. Interesting findings include the fact that the Great Depression did not decrease American foreign direct investment in Britain, as previously believed, and ways that the British merger wave of the 1920s encouraged entry through acquisitions.

Jones closes his book with a chapter engaging in debates around whether the most recent process of globalization means the end of the nationality of multinational firms. Using historical evidence, Jones proves that since the first global economy (1870s–1929) most multinationals have been very cosmopolitan; they did not have a clear home, raised capital from different countries, or were part of international cartels. The two world wars encouraged many of them to migrate or organize themselves in international networks.

In sum, this book speaks to different audiences of scholars interested in globalization, particularly because of its theoretical debates in conjunction with case studies. Its organization makes it accessible to students of various levels (undergraduates, MBAs, doctoral students), especially in courses on the history of globalization or international business.

Marcelo Bucheli is associate professor at the University of Illinois at Urbana-Champaign and John H. Dunning Fellow in International Business at Henley Business School, University of Reading, U.K. He coedited Organizations in Time: History, Theory, Methods (2014) with R. Daniel Wadhvani and authored Bananas and Business (2005) and articles on the oil, banana, coffee, and telecommunications industries.

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Forging Capitalism: Rogues, Swindlers, Frauds, and the Rise of Modern Finance. *By Ian Klaus.* New Haven: Yale University Press, 2014. viii + 287 pp. Illustrations, notes, index. Cloth, \$30.00. ISBN: 978-0-300-18833-2.

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Reviewed by Jamie Pietruska

Ian Klaus's *Forging Capitalism* is an intellectual and cultural history of modern finance capitalism focused on the interrelationship between trust and fraud in Britain between the end of the Napoleonic Wars and the start of World War I. The double meaning of Klaus's title conveys the book's main argument: that capitalism's creativity and innovation