

Business Ethics and Business History: Neglected Dimensions in Management Education

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This article highlights two large gaps in the business school curriculum: the neglect of historical and ethical dimensions. An overview is provided of progress made so far in the UK in the evolution of business history as an academic discipline; and also of the take-up of business ethics in university teaching. Both have had some success, but overall the response to these areas has been somewhat lacklustre – at least in the UK. A justification is provided for adding both components to a fully relevant business education. When the two are combined, the result can be a highly rewarding combination that provides insights that may not be possible for management writers, who work only in the present. Corporate ethics, the social responsibility of companies, disclosure, the environment, the actions of multinational companies overseas, the dilemmas of whistle-blowing, the impact of lobby groups and health and safety issues can all be understood more fully by students if they approach these subjects from an ethical and historical standpoint.

‘[History] enlarges the area of individual experience by teaching about human behaviour, about man in relationship to other men, about the interaction of circumstances and conditions in their effect upon individual and social fortunes . . . Historical knowledge gives solidity to the understanding of the present and may suggest guidelines for the future.’ (Elton, 1967, p. 67)

Introduction

Two large gaps in the curriculum of many business schools are very often apparent: the neglect of the historical and the ethical dimensions in understanding business and management. Two academic disciplines exist to fill these gaps: business history and business ethics. The former has had some limited success in penetrating the business education curriculum and is occasionally offered as an option subject; the latter is not as

well organized and has only recently appeared on the business education curriculum, again mainly in the elective option format. It will be argued in this paper that both disciplines have an important contribution to make to a fully relevant business education, especially if both subjects work *together* to enhance each others’ contributions to the curriculum. It will be argued that business ethics can make great use of business history as both a source of descriptive research evidence and as a resource for theory building.

First, a justification for the inclusion of business history and business ethics into the business curriculum will be given together with a discussion of their development as subdisciplines. An example of this mutual benefit to be derived from working together will then be given, and the paper will conclude with some further suggestions for other areas of common endeavour for business history and business ethics.

Justifying business history

To a large extent, the justification for providing a historical component in the business education curriculum is similar to the argument for history in general education: it is an important tool for understanding human nature and its past endeavours, and it can throw light on the present and the future in many ways. Its study increases our understanding of humanity and it has lessons to teach us about human aspirations, ambitions and organizations. This is most certainly the case in business, where there is often very little that is truly new under the sun: this year's empowerment and subcontractor initiatives were perhaps better known in previous times as the helper and putting-out systems. The tendency of business education to remain ahistorical is, in itself, remarkable, and perhaps shows that the development of business education has been overshadowed by economic ideology. The discipline was, after all, established in universities during a period when the social sciences were the dominant influence. It is perhaps time for business schools to develop a more liberal business-education curriculum, one that includes a historical dimension.

In some ways, the benefits of a course in business history are similar to those from any other liberal-arts discipline: the development of communication skills (language ability, writing proficiency), an ability to evaluate evidence and a healthy scepticism to received opinion and propaganda. But business history offers more. It provides the management student or trainee with an overview of the development of the national and international economy, besides providing key insights into industrial structure and the evolution of business strategies. A broad historical business education provides information on an extremely wide range of subjects: government-business relations, technology, corporate culture and, of course, business ethics. Importantly, business history provides instructive contrasts between past and current business practice. As Secretary of State for Industry Tony Benn stated in the House of Commons in 1974: 'In developing our industrial strategy for the period ahead, we have the benefit of much experience. Almost everything has been tried at least once' (quoted in Kransdorff, 1998, p. xxiii). Some might argue that a greater awareness of historical experience with nationalized industries might have avoided some of the

current problems with the rail sector. In any event, distinctions between past and present will be valuable to the management student as he/she seeks a job and settles within a company or industrial sector.

Business history not only includes the study of organizational systems, but its breadth of approach also provides managers with insights into human behaviour operating under a variety of constraints and influences. Most management disciplines deal mainly with the short run, and are generally taught in theoretical terms. There is also a tendency to compartmentalize different aspects of management, destroying the interrelationships between subjects and events, so that analysis is divorced from the real world. In the modern world of high-speed decision-making, managers need to be aware of how long-term changes have affected enterprises. Business history, on the other hand, is multidisciplinary and concerned with long-term change, so offering a more practical focus. Management theory offers principles for managing business; but only business history offers 'portrayals of reality against which those principles may be tested and experienced vicariously' (Jeremy, 2000, p. 3). History thus relays the business experience of past generations ('on the cheap', if one likes) to a new generation of workers, managers and executives. The usefulness of this can be debated, and some are inclined to dismiss the historical dimension as 'bunk'. However, more than one businessman and analyst has seen the merits of preserving and analysing what might be termed the 'organizational memory' of business enterprises:

'It may seem to some that any preoccupation with how we did things yesterday will distract from how we do things today and tomorrow, but in an environment where intense competition is transforming the marketplace at a rampant pace and individuals will be changing their employer many, many times in their working lifetime, corporate productivity is always going to be inhibited by a workforce unenlightened by precedent, particularly one's own precedent.' (Kransdorff, 1998, pp. xxii-xxiii)

It should be noted that many leading companies have commissioned histories of their organizations, and sometimes they have recruited academic business historians to research and write them. Among the recent crop of business

histories are studies of Glaxo (Jones, 2001), Barclays Bank (Hannah and Ackrill, 2001), and Standard Life (Moss, 2000). To be sure, there is an element of public relations in these books. They celebrate the worthy deeds of big commercial companies and the successes of their chairmen and technologists. On the other hand, there can be a serious management component in the best examples of the company history genre – a fact not lost on Japanese companies, which are among the most enthusiastic publishers of business history.

Of course, this is no more than a recognition of a fact of life: that businesses are inextricably linked with their past. Even at a practical level, a company is bound up by past legal decisions, contracts, and even sometimes its past behaviour. To give one example: in 1985, the tax status of the investment institution 3i became an issue when plans for flotation were considered. Was 3i an investment trust or a trading company? Only careful evaluation of the archives of 3i and those of its predecessor, ICFC (established in 1945) settled the issue in 3i's favour (Coopey and Clark, 1995). The historical record can also be vital in evaluating the present (and possibly) the future performance of a company. This explains why company histories and business biographies can be so contentious and why individuals, such as Robert Maxwell, Armand Hammer and Sir Richard Branson, have been quick to resort to the libel courts to counter 'unauthorised' biographies (Hooper, 2000). It was Tom Bower's research into Robert Maxwell's past shady dealings that began the process of dismantling the widespread conception that he was a trustworthy and infallible businessman (Bower, 1991, 1996). In such cases, the historical record is used to test and criticize established facts and opinion. For this and other reasons, it seems reasonable to suggest that a comprehensive management curriculum should include some consideration of the historical dimension.

A brief history of business history

The historiography of UK business history has two strands. Academic attention on the history of business began with the study of firms of the industrial revolution period and was associated with the work of historians such as Sir John

Clapham, George Unwin, T. S. Ashton and R. H. Tawney. Some of these men were national figures, but their 'business history' was really only a variant of industrial history, in which information on entrepreneurs and companies was part of a larger historical canvas, not a discipline in its own right. Another strand, less academic (and more often non-academic) was the publication of numerous company histories, invariably sponsored by the businesses themselves. Authorship of the former was usually by retired chairman, public-relations departments or journalists. For example, the golf correspondent, Henry Longhurst (1959), was thought perfectly acceptable to write the 'story' of British Petroleum. Such books – with their onward and upward tone and unexciting and worthy formats – may contain useful information and are interesting from a sociological standpoint, but they have severe deficiencies as academic and business texts.

These two strands dominated UK business history (such as it was) before the 1950s – a marked contrast to the USA, where interest in business history as a discipline began early. Within 20 years of its foundation, Harvard Business School had appointed Norman Gras and Henrietta Larsen, as professor and associate professor respectively, of business history. By 1950, the group of academics around Gras and Larsen had published sixteen monographs in the 'Harvard Studies in Business History' series. Heavyweight company histories, based on manuscript records, were their forte, covering industries as diverse as banking (Barings) and retailing (Macy's). Also at Harvard Business School, a Research Centre in Entrepreneurial History was organized by the economic historian Arthur H. Cole. Active between 1948 and 1958, the Center's inspiration came from Schumpeterian ideas about business, which was reflected in the output: collective biographies of US business élites, biographies of individual businessmen and studies of entrepreneurs in action or in their community settings. Among the Center's research staff were Thomas Cochran, Douglass North, Hugh Aitken, David Landes and Alfred Chandler Jnr. The latter in particular was to emerge in the 1980s as a leading 'voice' in business history (Supple, 1960).

Nothing so sophisticated was available in the UK until the 1950s, when the commissioned company history was transformed. The genre was to be reinvigorated by more enlightened companies

and a new breed of economic historian. Charles Wilson's two (later three)-volume history of Unilever was the landmark event, which showed that company history could be scholarly, relatively independent and a key component in the wider discipline of history (Wilson, 1954–68). This work became a model for a whole generation of business historians – W.J. Reader (on ICI), Donald Coleman (Courtaulds), Barry Supple (Royal Exchange Assurance), T.C. Barker (Pilkington), and B.W.E. Alford (Wills) (Goodall, 1987; Supple, 1977) – who cut their professional teeth with a major company monograph. The validity of this company/case-study approach was later to be questioned, but it laid a solid bedrock for future business historians (Church, 1976).

Attempts to construct a wider foundation for business history were made: the journal *Business History* was started in 1958; the first university post explicitly in the subject was created in 1959; and there were attempts (only partially successful) to launch series of book-length biographies of business leaders. The Business Archives Council had long been active (since 1934) in its campaign to preserve and list business records. But major developments had to await the foundation of the Business History Unit (BHU) at the London School of Economics in 1978. Funded by private business and national research bodies, the BHU approach was to undertake research into business history that spanned more than single companies (though the latter would remain among its interests). Its first achievement was a five-volume biographical work on business leaders, the *Dictionary of Business Biography*, which was designed to fill a perceived gap in the 'national memory' (Jeremy and Shaw, 1984–86). Developments at the LSE were mirrored at Glasgow University, where a Centre for Business History was simultaneously established. This centre, too, concentrated some of its first efforts on producing a biographical reference work (Slaven and Checkland, 1986–90).

The 1980s was a period of growth for business history. Academics from the Business History Unit fanned out to other universities; new centres of business history were founded; and new journals were created (for example, in accountancy history). The change in climate and approach was enough to produce what one historian would dub a 'New Business History' (Jeremy, 2000, p. 13). The new champions of business history were less

likely to be interested in company history narrowly defined, but took their cue from models created by Alfred Chandler, with the emphasis very much on the historical evolution of business structures, managers, and entrepreneurship (Hannah, 1983). Some were influenced by the message of Douglass North, who emphasized the role institutions played in shaping business organizations. Others found a useful theoretical framework in Michael Porter's analysis of competitive advantage and clustering. By the end of the 1990s, the number of business-history books published and their wide-ranging subject matter made it difficult to talk of a predominant influence or school.

In 2000, it would be too much to claim that business history has come of age. In 1997, there were only five UK professors of business history and about 40 staff working on the subject in the UK's 115 universities. This compared with 300 professors of business history in Japan; and a similar number or more working in the USA. Obviously, these countries differ in size and educational systems, but whatever yardstick is used (quantitative or absolute) the UK lags well behind the USA and Japan. On the other hand, the successes of British business history should not be underestimated. The subject has penetrated into some business schools, where 'longitudinal' or 'temporal' studies have found a place in discussions of companies such as ICI (Pettigrew, 1985) and the growth of large corporations generally (Whittington and Mayer, 2000). Business history is capable of making a contribution to the business curriculum: its academic credentials are now established and its monographs, journals and textbooks merit serious consideration by business schools (Jeremy, 2001).

The case for business ethics

The case for putting business ethics in the business curriculum is more contentious and debatable. Objectors might point to the fact that business ethics might be just another fad that business schools would do well to ignore. The case for embracing business ethics has to be made more explicit than for business history. Two reasons are offered: one concerns the development needs of the potential business person; the other, the responsibilities of the role of manager in a business.

First, our business students are perhaps now perceiving the world less in terms of collective interests and more as individuals who have to make their own way in life. Henry Phelps-Brown (1990) has termed this 'the counter revolution of our time', where a reaction to collectivism and the welfare state has been effected by rising standards of living and new patterns of working life causing a dissolution of the labour movement and the embracing of a new individualism. Our students in a post-traditional world are faced with the ontological question about the nature of their being as never before, which brings the matter of the choice of lifestyle to the centre of their attention. In the modern world, a set of institutions has developed which have largely emancipated them from the dogma of tradition and religion, and modern science and technology have freed them from the pre-existing constraints of previous life chances. Consequently, they are much more concerned about choosing morally justified forms of life for self actualization. 'Who am I?', and 'how shall I live?', are important questions facing today's students. However, as a post-modern generation they are also very sceptical about the operation of reason together with the fact that science and technology can be a mixed blessing, which creates new risks and dangers for society. They also live in an age where the social supports of community and tradition, that gave past generations a sense of security and identity when faced with problematic moral choices, have broken down. Consequently, difficult moral questions now face us in all directions: how far should genetic engineering go?; what are the rights of the unborn child?; what are our responsibilities towards nature?; and in business, can integrity and efficiency be combined? Small wonder that applied ethics has come to the fore in the training courses of a variety of professions. Business ethics is therefore an attempt to give a moral compass to this generation of business professionals.

Second, those who come to occupy the role of manager have begun to recognize that the establishment of their authority, as distinct from their manifest power, must entail an understanding and acquisition of responsibility. It may be a sign that business education is coming of age, because it is now starting to respond to this need and is moving beyond a purely technical view of management and is increasingly showing concern for its ethical dimension and its impact upon society and the

natural environment. Peter Anthony (1998) has described managers as a 'barbarian elite', a pointed phrase which emphasizes the contradiction that membership of an élite carries authority, whereas barbarians are only respected because of fear of their power. If the contradiction is to be overcome, he argues, managers must be educated so as to help them acquire moral authority in their powerful positions. An ethical aspect to management education is therefore crucial, but it must be realistic.

'The education of managers must concern their reality: in other words, the practice of their craft, which is more art than science, akin often to acting in a play which they have plotted under uncertain direction towards an unknown conclusion. Their education must help them to understand their reality and if it is fiction, then like all fiction, it must reveal its moral context (Anthony, 1998, p. 274).'

The requirement for business ethics in a fully relevant business education is justifiable, but not necessarily compelling. Anthony's point about the relevance and reality in the approach taken in business ethics is important if managers themselves are to be convinced of the case for embracing business ethics in practice. An important contrast to be noted is why the widespread take-up of business ethics in the USA has preceded that of the UK.

The take-off of business ethics as an academic discipline in its own right has been pin-pointed as occurring in the USA in 1974, when the first national conference on Business Ethics was held at the University of Kansas (Bowie, 1986). A committee for Education in Business Ethics (CEBE) was set up and reported in 1980 on guidelines for the curricula of business ethics courses. Since then the accrediting body of American Business Schools (AACSB) has decreed that in all schools, business ethics, in some form, should be part of the curriculum. In addition to the many generously endowed chairs, and the publication of many journals and textbooks on business ethics, the Federal government has passed legislation that encourages corporations to engage actively in business ethics training. This in itself has furthered the growth of a large ethics consultancy industry in the USA. To a large extent, business ethics has been pioneered in the USA mainly because it has had three powerful sponsoring institutions: corporations, churches and the state.

In the UK, only the first of these sponsors has taken a serious interest in business ethics, but our business schools are now beginning to respond to this interest. A recent survey of management education produced by the Institute of Business Ethics reported that business ethics is taught to some extent in 57% of undergraduate courses; in 43% of postgraduate courses and 29% of professional institutions (Cummins, 1999). Most business schools reported that they had recently (within the last five years) introduced electives in this subject, but the survey's principal findings were:

- the teaching of ethics in business schools has developed mainly as a result of individual lecturer enthusiasm and perceived concern about ethical behaviour on the part of business;
- it appears to have a low level of support from the management of business schools;
- there is no adequate career structure for those who teach it;
- UK and European case material is inadequate;
- virtually no lecturers in the subject are employed specifically as lecturers in business ethics and it is very difficult to recruit appropriately qualified lecturers;
- a minority of professional institutions have included ethics teaching in their management development programme over the last five years. Even those who have, tended to include it in some, but not all, of their courses. Most have yet to consider it seriously, and many do not regard it as an issue which needs addressing in professional course syllabi (Cummins, 1999).

This lacklustre response by British business schools to the ethical needs of business and managers has often driven them into the arms of the 'can-do' management consultants and their quick-fix solutions, or has convinced managers that moral muteness has to be a way of life. Even when some business schools have embraced these concerns, their offerings have been of limited value, very often overly abstract, platitudinous, and moralistic. In an article, 'What's the Matter with Business Ethics?', Andrew Stark commented that:

'Far too many business ethicists have occupied a rarefied moral high ground, removed from the real concerns and real-world problems of the vast majority of managers. They have been too

preoccupied with absolutist notions of what it means for managers to be ethical, with overly generalised criticisms of capitalism as an economic system, with dense and abstract theorising, and with prescriptions that apply only remotely to managerial practice. Such trends are all the more disappointing in contrast to the success that ethicists in other professions – medicine, law, and government – have had in providing real and welcome assistance to their practitioners.' (Stark 1993, p. 38)

Many business ethicists took issue with these remarks, on the grounds that business is not a profession like other professions, that his comments ignored the important critical and normative aspects of moral deliberation and that it is not the job of ethics to shore up managers' preferred solutions. However, many did acknowledge that there was some truth in these criticisms, and that better business ethics would have to take greater account of the contingencies of managerial life and enter into dialogue with managers about their own moral concerns. As Professor Tom Sorell of Essex University cogently put it:

'We have before us, then, a triple challenge to a philosopher writing business ethics for a British audience. The first is to make business ethics seem relevant to business, since there is no natural niche for it as an ethics for a recognised profession of business. The second is to make it accessible to those who may have no academic training; and the third is to fit it into a British moral and political tradition.' (Sorell, 1998, p. 89)

Business ethics research

Before business ethics tells managers what they should do, it needs to know the facts and gather the evidence about what they actually do now. This implies engagement with business and managers in their own context and empirical research into what they do, and careful description and evidence gathering. In short, business ethics has to take empirical research more seriously and engage in theory-building that will be more 'grounded' than previously. Several of the reviews conducted into the methodology of business ethics research have made this important point. Randall and Gibson's review (1990) of 94 business ethics research papers in the USA found that over 80% were based on questionnaire surveys that purported to measure respondents' ethical

attitudes. Besides asking questions about the validity and reliability of these questionnaires to get at the real issues of ethical behaviour in business, Randall and Gibson also were concerned that these studies showed a lack of theory development and often had failed to test different hypotheses.

Another review conducted by Robertson (1993) of empirical research papers, published mainly in the *Journal of Business Ethics* in 1993, noted the preponderance of attitudinal studies based upon survey questionnaires. She criticized the lack of focus on behaviour and speculated that this was probably due to the sensitivity of the issues involved such that, 'It is probably less threatening for respondents to report their attitudes towards other people's cheating on tests than it is for them to report honestly about their own cheating behaviour' (Robertson, 1993, p. 588). However, she then notes that in other fields of study, such as criminology, research methods have been devised to elicit information about sensitive behaviour. For business ethics research to progress, she considered several improvements in methodological approach were required: a greater emphasis needed to be placed on the normative basis of empirical studies, behaviour (rather than attitudes) needed to be established as the key dependent variable, theoretical models of ethical decision-making needed to be tested, and empirical studies needed to focus on theory-building. The behaviour to be investigated should not be confined to individuals but should be widened to include work groups, department units, the corporation, consumers and other market behaviour. The methodological research base also needed to be broadened beyond the dominant questionnaire technique to include observational and documentary techniques, and other qualitative research methods.

Cowton's recent consideration (1998, p. 110) of the empirical contribution to business ethics in the UK also notes these same weaknesses and suggests that more imaginative responses to research design are made to overcome these problems. 'If it is going to be done, empirical work of the conventional variety should be done "well".' However, he cautions against letting the empirical approach overwhelm the normative base of the subject, that, after all, has to be mindful of Hume's basic puzzle: that one cannot determine an 'ought' from an 'is'. Facts have to be taken into account when arguing towards an evaluative conclusion,

but moral reasons must still include normative premises. One of the major issues Cowton's discussion highlights is the problem of access to field work and the reliability and validity of research designs in business ethics. After all, few people will admit to unethical behaviour and self-interested motives; and the assessment of the individual's or a group's vocabulary of motives and interests in any situation is complex and difficult. Designing empirical research which takes account of this complexity is difficult and gaining access to companies and institutions to study the behaviour inside them is again taxing in terms of time and resources.

Often the rich ethnographic accounts of participant-observer social science studies are some of the most fruitful sources of evidence for the examination of moral conduct in business. Most notable in this respect in recent years has been the study by Jackall (1988) of norms and values in use in some American corporations; and in the UK, Tony Watson's in-depth account (1994) of managers in conversation and in action. It is contended that the methodological development of business ethics can be improved still further by drawing upon the insights that are available from business history for understanding business conduct and theory-building in business ethics. Many studies in business history contain rich insights into past management behaviour and actual organizational activity that can be used to explore the moral issues involved and to help develop and test theories about managerial decision-making. In fact, by drawing the two subjects closer together both might grow and enrich each other in the development of the business education curriculum.

An ethical agenda in business history research

An implied criticism of historical writing and study is that it is merely antiquarianism: that yesterday's events might be interesting or entertaining, but are little use or relevance to contemporary or future affairs. More detailed examination shows the falsity of that premise. First, there is a remarkable convergence in subject-matter between business history and management writing. Pick up any book on business ethics, and the subjects chosen for discussion – corporate

governance, state-industry relationships, religion and business, ethical investment, environmental concerns, trade unions, and fraud and accountability – all these are meat and drink to the business historian.

Or to put it another way: in the months during which this article was written, among the many news items on the front pages were stories about a major Lloyd's fraud trial, rail accidents involving passenger deaths, and the smuggling of cigarettes. The Lloyd's trial involved an alleged conspiracy by the company to defraud Names (investors in Lloyd's) by concealing the extent of liabilities. On the railways, a derailment and the resulting loss of life had raised the issue of corporate accountability and the question of whether directors should face corporate manslaughter charges. Cigarettes had hit the headlines, because the government had decided to conduct a detailed investigation into a major UK cigarette company (BAT), which had been accused of smuggling its products into overseas markets. It would seem that business history would be of little or no relevance to an understanding of these issues. In fact, it can shed a good deal of light on all these business events, as it can on many others. The Lloyd's trial itself (as are all such trials) was an exercise in business history, as lawyers and witnesses for either side gathered evidence and pored over internal documents relating to the company's past (Hodgson, 1984; *Lloyd's v. Jaffray*, 2000; Raphael, 1994). Similarly, Britain's rail problems can only be understood within the context of both nationalization and privatization – the former already treated in great detail by business historians (Gourvish, 1986). Untangling cigarette smuggling is also essentially an exercise in historical detection, in an industry whose past has already evoked much interest from journalists, medico-legal experts and historians (Glantz *et al.*, 1996; Taylor, 1984).

Once we have disregarded the notion that business history is unimportant, we can examine ethical areas in which the discipline can make a contribution. Religion was perhaps the ethical dimension that appealed first to industrial historians. It was after all Tawney, who wrote about religion and the capitalist ethos, and emphasized the problems of inequality and the 'acquisitive' society. Business managers and management analysts have been wary of linking religious ethics with business, a feeling noted by Tawney himself: 'Trade

is one thing, religion is another' (Chryssides and Kaler, 1993, p. 50). But business and its (sometimes) profound links with religion have been a consistent thread in the writings of economic and business historians. The impact of nonconformist ideals on industrialization has been noted frequently; and more recently exhaustive analyses have been conducted on the impact of Christianity on British business leaders in the twentieth century (Jeremy, 1990). Such studies provide material for answering some of the fundamental questions often posed in business ethics: namely, is capitalism compatible with religious ideals? It has been said that the question can 'only be approached by the historian through those answers which have been given by businessmen and churchmen in the real-life structures and situations within which they have meshed' (Jeremy, 1998, p. 5).

So-called ethical businesses – companies that were founded with a social conscience – also have a long lineage. Britain has some of the oldest and most famous in the world, including building societies, retailers, food and confectionery manufacturers, co-operative stores, credit unions, and Trustees Savings Banks. Their histories date back at least 200 years and they offer a rich field of study for the historian and the management student. They include some of Britain's leading companies, such as Cadbury, the John Lewis Partnership, and Sainsbury (Kennedy, 2000). Many were established with mutual or co-operative ownership. Though the influence of mutual ownership has lessened during the course of the twentieth century, interest in such ethical ways of doing business has endured into the millennium. For some companies, the legacy of the past continues (for better or worse, according to one's viewpoint) to shape the present. In 2001, the Co-operative Movement was the subject of a detailed review, which aimed to reinvigorate its flagging fortunes and overhaul its traditional management techniques. The report offers a fascinating example of a business attempting to reconcile long-standing conflicts between profit and social targets, while simultaneously retaining the spirit of its original charter (Co-operative Commission, 2001). Similarly, the John Lewis Partnership – a mutual retailing business launched in the 1920s by John Spedan Lewis – has recently debated its 70-year commitment to mutual ownership. In 1999, the idea of selling the business for windfall payments was rejected – not least because the original trust

deeds ensured that the group could only be sold after an act of Parliament had been enacted. As the founder intended, the future of the partnership ideal would hinge on the actions of the past (Lewis, 1952). Business historians have examined some of these companies and their founders in detail (the *Dictionary of Business Biography* provides a convenient entrée into recent research); and management writers have taken some of this work on board. Other areas of ethical business history remain to be explored.

Various aspects of corporate crime are also currently issues in business ethics. History and ethics are important tools for understanding the implications and consequences of producing a lethal material – in particular the recent problems of the asbestos industry. The investigation of this failure of corporate ethics was essentially an historical exercise using company documents (from UK asbestos giant, Turner & Newall) produced by legal discovery in the American courts. It would not have been possible to explore this issue any other way. The richness of the documentation meant that the ethical perspectives raised by asbestos were not single, but multiple (Tweedale, 2000; Tweedale and Warren, 1998; Warren, 1997). They were also international, especially in South Africa, where the politics of asbestos mining were intermingled with the ethical dilemmas of colonialism and apartheid (McCulloch, 2002).

Business history is an ideal instrument for showing the discrepancy between the popular image of business as a highly respectable activity (what one writer has described as the ‘management myth’ (Punch, 1996)) and what can happen behind the scenes – power struggles, rivalry, the manipulation of information and the pursuit of short-term ends. There are a number of black sheep in the *Dictionary of Business Biography* – Jabez Balfour, Horatio Bottomley, Clarence Hatry and Ernest Hooley. An attempt to extend this coverage was made in another reference book on twentieth-century businessmen, with profiles *inter alia* of Poulson, Clowes and Saunders (Jeremy and Tweedale, 1994). A chapter on various forms of unethical business behaviour is included in a recent business history textbook (Jeremy, 1998). Other studies have looked at industrial espionage (Harris, 1998). And no one can ignore the work of Richard Davenport-Hines (e.g. 1984), with his sharp eye for the more unethical aspects of the business world.

‘White-collar crime’ itself is a term with a history. It was coined in the 1940s by American sociologist Edwin Sutherland. Besides helping to define the subject, Sutherland also tried to map the extent of corporate crime by examining the *histories* of the 70 largest corporations and logging their legal violations. He found many examples of ‘habitual’ criminality. There is no comparable work by business historians (or management writers) in the UK. However, historical studies by George Robb (1992) and V. Markham Lester (1995) also paint a picture of Victorian society in which white-collar crime and bankruptcy were rife. Business historians are no strangers to financial chicanery (in the academic sense, that is). Edwin Green and Michael Moss (1982) have described the Royal Mail group debacle in the 1930s. The problems with insider dealing and fraud crops up in two recent books on the City and Stock Exchange (Kynaston, 1999; Michie, 1999). To these books, one could add a whole raft of publications on corporate skulduggery that fill the bookstalls: Tom Bower (1991, 1996) on Maxwell; Charles Raw (1971, 1977) on Slater Walker and the IOS; and Anthony Sampson (1977, 1982) on banking and arms dealers – to name only a few. These are not the work of academic business historians, but some have considerable merit and are essentially business histories that try to shed light on present events (and mistakes) by examining the past.

Conclusions: the way ahead

Business history may not sell as well as the present offerings of some management gurus; but by focusing on ethical issues that can inform management practice it may yet come to be recognized as having a valuable contribution to make to a broader management education. In fact, business historians have some advantages over many management theorists: a necessary long-term perspective; a tradition of patient archival research; and engagement in a wide range of subject areas that are relevant to business and management practice. When these are combined with the insights of business ethics, the result can be a highly rewarding combination that provides insights that may not be possible for management writers, who work only in the present. Corporate ethics, the social responsibility of companies, management disclosure, ‘green’ business and the

environment, the actions of multi-national companies overseas, the dilemmas of whistle-blowing, the impact of lobby groups, links between politicians and industry, and industrial health and safety can all be understood more fully by students of management if informed by historical experience.

Business schools certainly have more to offer the business community than simply to advise on strategy and analyse the current business environment, valuable though these are. Business history and ethics can function as the humanities of the business curriculum. They have an important contribution to make in supporting business and in helping it find its role as an integral part of a humane society, which can only truly flourish in terms of the quality of life of all its citizens. If business is to be fully professional, the past must be used to inform and guide actions in the present; the building of successful business institutions requires that the lessons from mistakes made in the past are not repeated in the future because of ignorance of that past. Management educators have much to learn from the institutional failures, frauds and unintended consequences of past corporate and individual decisions. Business history research that is focused upon this ethical agenda can richly detail and illustrate how and why these mistakes were made and help business students to reflect upon the structures and processes that are necessary to make progress in business ethics. Self-imposed constraints and pre-commitment strategies in institutional formation and operation can do much to help organizations avoid the dangers of paternalism, and yet ensure that they show respect and dignity to human rights in such matters as corporate governance (Warren, 2000). The scope and depth of potential research in this emerging field is vast, but its insights will only emerge if business schools support and invest in its development.

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