'Best for the family': researching families and business

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Abstract

For most of us, the term ‘family firm’ summons images of an old-established and perhaps rather conservative business that has been passed down through the generations. This article starts by using a study of one firm to argue that the stereotype conceals significant questions about firms, families and the relations between them. It goes on to outline some recent historical work on family firms by looking, in turn, at research on the incidence and character of family business, on the strategies and performance of companies, and on the family dimension in enterprise. It stresses the importance of the small-scale and the local in this research and notes that historians are now using a range of sources familiar to local and community historians to develop this field.

During the winter of 1996, the discreet world of Edinburgh's business establishment was shaken by a very public battle for the future of the transport and business services group, Christian Salvesen plc. The cause of the conflict was a proposal from the board to hive off the company's most successful subsidiary. Sir Gerald Elliott, a former chief executive and chairman of the company and still a substantial shareholder, denounced the proposal as 'lunacy done to satisfy some speculative fat-cat shareholders in the City' and questioned whether 'the board is fit to carry on' (*Scotsman* 26 Nov 1996; *Financial Times* 26 Nov 1996). The reply from the current chairman, Sir Alick Rankin, was equally scathing. 'Gerald is a nice chap, but not only is he not up to date with the way the City works, he is deeply resentful of it . . . All he's doing is creating a degree of uncertainty in the mind of the shareholder' (*The Times* 4 Dec 1996).

For journalists, the key to the story was the structure of Christian Salvesen's shareholding. The company had been floated as a public company in 1985, but over 200 members of the extended Salvesen family –– including Sir Gerald -- retained more than 30% of the shares. An offer to buy the company in the summer of 1996 had collapsed when it failed to win the support of family shareholders (*The Times* 7 Aug 1996). As a result the share price had slumped. Institutional investors were less than delighted; the November proposals to demerge the company (and raise a special dividend) were widely seen as their 'payback time'. Despite attempts to reassure shareholders, the board was unable to quell Sir Gerald's rebellion. The showdown came at an extraordinary general meeting the following March: 31% of shareholders –– including most of the private ones –– voted with Sir Gerald. The institutional investors, however, backed the board. Sir Gerald's camp might claim the result was a 'moral victory', but it was well short of a real one. *The Scotsman* concluded: 'this is the unromantic and realistic world of business where value is all' (14 Mar 1997).

The story attracted a considerable amount of comment, both in the Scottish and the London press: ‘Family at War’ proclaimed *The Scotsman*, ‘Grandees do Battle for the Soul of Christian Salvesen’, *The Times*. Most articles presented it as a clash between the old and the new (*Scotsman* 4 Dec 1996; *The Times* 4 Dec 1996; *Financial Times* 18 Dec 1996). Much was made of the contrast between Sir Gerald Elliott, 72, who had a distinguished record of public service in Scotland and had worked for the company for 40 years, and the younger and brasher Sir Alick Rankin, who was not a Salvesen, but, as chairman of Scottish and Newcastle Breweries, was as much at home in the City as in Edinburgh. The clash was presented as one of generations, of styles, and, not least, of business goals. The traditions of a historic family firm, it was widely suggested, were being forced to give way to the demands of modern business.

‘Family firms’ were part of the old and journalists relied on the label to create an image in the minds of their readers. What is indeed striking is that better-informed commentators were at pains to point out complexities. Sir Gerald, after all, had been chairman at the time the company was floated and had recruited both the current chief executive and Sir Alick himself. By 1996, no Salvesens worked for the company; two, however, still sat on the board, which was, apparently, united behind the demerger proposal. Nor was it clear how family shareholders viewed Sir Gerald’s campaign. Some, it was rumoured, were less than happy with the company’s rather lacklustre performance; all stood to benefit from the extra dividend. When one family member spoke of collectively assessing whether ‘these proposals are the best for the family’, it was by no means clear all would place the same value on preserving the company’s unity (*Scotsman* 4 Dec 1996).

By coincidence, shortly before these events, work was completed on a history of the family, the *Slekten Salvesen* (Salvesen 1995). ‘Slekten’ is a Norwegian word most easily translated as clan, and the book traces the family back to the 1550s and the small town of Mandal in southern Norway. Ten sides, however, cover the first nine generations with the bulk of the book, some 320 pages, devoted to the period after 1800. A brief profile is provided of all

1431 descendants of Salve Aanonsen (1740-1828), a farmer near Mandal –- including one Robin Mackie. Patronymic surnames were widely used in Norway well into the 19th century and Salve's sons were known as Aanen and Ole Salvesen; Ole's children, however, kept the Salvesen surname, thus ensuring its spread. The book includes the children of both sons and daughters and the sixteenth generation (the eighth since Salve, and born in the 1970s and later) has over a hundred different surnames.

The definition of family used – every descendant of a single ancestor –- ensures an ever-widening circle of family members. Part of the charm of the book is their dispersal: by 1995 there were descendants not only in Norway and Scotland but also as far away as New Zealand and Venezuela. Of course, one can question how strongly individuals identify with the Salvesen name — before the publication of the *Slekten*, I, for one, knew little more than that my grandmother had relations who owned a transport firm with a logo based on the Norwegian flag. That I knew of the firm is, however, significant. What holds the book together are the business ventures of the Salvesen family. The main author, Alastair Salvesen, had worked for Christian Salvesen plc for ten years, and received assistance from others who had been closely involved with the company. Moreover, if formal unity stems from Salve Aanonsen, more important to the story are his grandsons, Theodor and Christian Salvesen, who first left Norway to settle and found businesses in the booming economy of industrializing Scotland. It is entirely appropriate that the *Slekten* also includes brief histories of a number of Salvesen enterprises.

The company, therefore, helps define the family. Yet the role of the family within it changed over time. In the mid-19th century, indeed, it would be wrong to talk of 'the' company as, to limit risk, separate enterprises were launched to manage different ventures. What held the network together was family, as Theodor and Christian set up new partnerships and sent to Norway for brothers and cousins to man them (Vamplew 1975). Later, a limited company was founded to run the increasingly important, but high-risk whaling business; control, however, continued to be exercised by the family-owned partnership. When a number of sons were killed in the First World War, other members of the family were brought in to lead the firm (Salvesen 1995: 403). The family continued to provide top personnel until the 1980s, but after the Second World War outside directors also assumed senior roles. Alastair Salvesen indeed suggests that family members were no longer encouraged to enter the business (Salvesen 1995: 429). At the same time, the passing of generations meant that shares were ever more widely distributed and more shareholders were not personally involved with the firm or closely related to someone who was. With the flotation of the company in 1985 and the retirement of family members from active roles within the company, it was this role as shareholders that remained. That the *Slekten* was completed in 1995 was timely –– it seems improbable that later generations, without such strong emotional bonds to tie them to the firm, would choose to write a family history in this form.

Buddenbrooks – the price of survival?

In many ways, Christian Salvesen conforms to traditional pictures of the long-lived dynastic family firm. Yet, a careful reading of both reports on the planned demerger of Christian Salvesen plc and of the *Slekten Salvesen* reveals the complexity behind the phrase ‘a family firm’. Much hinges on the relationship between family and firm. Yet exploring this relationship involves questions about both concepts. Who is the family? Do they have a common interest? Where are the boundaries of the firm? What makes it a family one? What roles do directors, managers, shareholders and indeed –- to use a contemporary phrase –- other stakeholders play within it? Families and firms are two of the basic building blocks on which we base our understanding of society and the economy, and researching the interaction between them raises challenging questions. In recent years, this challenge has increasingly been taken up, and historians have begun to map out an agenda for research on the relationship between families and business.

What is perhaps curious is that a major stimulus for this research has come from a much narrower debate. For decades, the issue that has dominated discussions about family enterprise in Britain has been its impact, if any, on Britain's loss of economic leadership. Journalists writing about cases such as Christian Salvesen can draw on a deep-rooted belief, to which both popular and academic writers have contributed, that family ownership acted as a drag on the British economy. One argument has been described as 'the Buddenbrooks effect' (Jeremy 1984: 20) after the novel by Thomas Mann about the rise and fall of a merchant house in Lübeck. Drive was lost as firms were passed down: the men who had built the business by 'unremitting application' were replaced by grandsons who 'worked at play and played at work' (Landes 1969: 336). In the 1960s, in his widely read *Anatomy of Britain Today*, Anthony Sampson spelt out what many perceived as the implication: 'the undeniable charms of the family firm, like those of the palace or the squire, are dangerous for a country that must come quickly to terms with change' (Sampson 1965: 531).

More recently, two major books by American historians have lent new weight to this claim. Alfred D. Chandler, in his monumental *Scale and Scope*, uses extensive research on the 200 largest companies in three countries to explore the strategies that created success. His conclusions are damning. In comparison with their counterparts in America and Germany, British businessmen failed to make the necessary 'three-pronged investment in manufacturing, marketing and management' and, as a result, their firms grew more slowly than American ones. British businessmen continued to rely on 'personal capitalism', the individual management of their firms (Chandler 1990: 235-7). Chandler has relatively little to say on the reasons for this choice, but suggests that British businessmen may have pursued different goals: 'there is a good deal of evidence to support the view that in Britain a large and stable income for the family was more of an incentive than the long-term growth of the firm' (Chandler 1990: 390). William Lazonick also discusses the goals of family businessmen. For him, Britain's small, specialized, market-oriented firms were effective in the period of the industrial revolution. By the late 19th century, however, this business structure had become a handicap. British firms were too small to develop the economies of scale necessary to benefit from new production methods. Yet 'institutional rigidities' slowed change in the business structure. One of these was family ownership:

> The British practice of passing on managerial control of the firm to family members from generation to generation, regardless of relevant career credentials, stifled the growth of the enterprise and the development of organizational capability. The family firm often adopted a nonexpansionary strategy in order to avoid becoming dependent on outside creditors or shareholders who might threaten loss of control or to avoid becoming reliant on, and potentially subservient to, a bureaucracy of technical specialists and middle managers (Lazonick 1991: 48).

Both the older criticisms of family enterprise and the work of Chandler and Lazonick have been widely challenged (for good reviews of this debate, see Payne 1990; Rose 1994; Rose 1995). Nevertheless, the questions raised have played a major role in shaping research and, therefore, provide a useful framework to explore recent work on family enterprise. In particular, as Roy Church points out, the role attributed to family ownership implies a causal link between the structure of enterprise and business behaviour (Church 1986: 166-7). Both structure and behaviour have been widely debated.

The family firm in the British economy

It is often assumed that family firms are and always have been the most common form of enterprise in Britain. Chandler, of course, focused on the extent of family control among the largest firms. Much less is known about the ownership of smaller ones. The first major attempt to investigate the small firm sector, the Bolton Committee on Small Firms, commissioned a survey that showed that 85% of the firms sampled were controlled by one or two people. The

Report concluded that, depending on the sector, between 38% and 69% of firms were family-owned (Bolton 1971: 5-7). More detailed information on the number and ownership of enterprises, their spread across sectors, or business entry and exit rates remains frustratingly difficult to find. Official sources are of limited help. The Censuses of Production, which were carried out every few years from 1907 on, were designed to answer rather different questions and only provide summary data on the number of firms in each industry. In contrast to the census of population, the original returns also remain closed. Some use has been made of other national statistics. James Foreman-Peck (1985) uses the Registry of Business Names to explore entry rates in the inter-war years; whilst John Hudson (1989) investigates the 'birth and death of firms' from company registration and liquidation figures. These sources, however, exclude large numbers of small and medium-sized businesses –- before the 20th century, indeed, limited liability was primarily a vehicle for companies with wide ownership. The Register of Companies files do contain a great deal of information on firm ownership, but most files for defunct English and Welsh companies have been destroyed (Armstrong 1991: 9), and only limited use has been made of the more complete Scottish ones (Payne 1980; Mackie 1998).

With such poor national data, historians have turned to a range of other sources to explore the business structure of the economy. Local directories, ratebooks, and the census –- all sources well known to family and community historians –- have been used to investigate business numbers, firm size, survival rates and ownership patterns. Each source has its own strengths and weaknesses for research into business history and the best results have often been obtained where different sources have been linked. Such a process is time-consuming and –- of necessity –- most research is of one community.

This contribution made by local studies is perhaps best illustrated by a number of examples. A first is provided by the work of Roger Lloyd-Jones and A. A. Le Roux on the structure of the cotton industry in early 19th-century Manchester. Starting from an article by Gatrell (1977) that used a survey of factories during the depression of 1841, Lloyd-Jones and Le

Roux take ratebooks to chart firm size at earlier dates and thus map change over time. Confirming Gatrell's conclusion that there was little concentration in the industry, Lloyd-Jones and Le Roux also argue that the number of medium-sized firms grew faster than the number of small ones during the early 19th century. In addition, therefore, to the constraints on firm size discovered by Gatrell, they also suggest that the smallest businesses had trouble surviving the violent fluctuations of a notoriously volatile industry (Lloyd-Jones & Le Roux 1980). In further articles they build on this work and explore entry and exit rates, and whether big firms grew from small ones. Their research suggests a dualism in the industry: most medium-sized and larger firms began life as such and few small firms grew into large ones (Lloyd-Jones and Le Roux 1982). This did not deter, however, others from trying their luck in the boom industry of the era and entry rates were high. They conclude 'entrepreneurial behaviour in the Manchester cotton industry does not fit the cautious, calculating, profit maximization of the textbook . . . entrepreneurs tended to suspend long-term strategy for short-term gain' (Lloyd-Jones and Le Roux 1984: 119).

In a study of an American city, Melanie Archer uses the idea of 'the family economy' to explore family enterprise. The concept has chiefly been used for peasant or working-class households; Archer applies it to business families in late 19th-century Detroit. Linking data from a representative sample of the 1880 census with city directories and the credit reports on local businesses, she discovered that 18.8% of household heads in employment were self-employed (Archer 1990: 265). Among family entrepreneurs two contrasting models could be identified. The first, described as 'family enterprise', involved the shared ownership of the business by different members of the family. This she found to be chiefly associated with higher social status. Small-scale entrepreneurs used 'joint labour participation', meaning that other members of the household were employed in the business. Interestingly, she found that a majority of the self-employed fitted neither model and were apparently the sole breadwinners in their households (Archer 1990: 274). In a second article, Archer (1991) goes on to map the frequency of strategies such as legal partnership, shared management, the use of family labour and apprenticeships for kin. Family economic strategies have chiefly been associated with low status groups. Archer discovered that it was the highest status families who made most use of family networks, often extending beyond one household.

Archer's sources mean that her work is a snapshot picture. Stana Nenadic's investigation of small firms in Edinburgh in the late 19th century, in contrast, focuses on change over time. Nenadic uses the annual Post Office directories to map survival in business and concludes that the overwhelming majority of firms had very short lifespans: over half the firms she investigates survived for three years or less (Nenadic 1993: 90). However, she warns against concluding that high exit rates represented failure. Many of these short-term businesses, she suggests, may have been owned by 'young men who regard[ed] business formation as one of several income generating options available to them and were able to move rapidly in and out of business concerns as opportunities presented' (Nenadic 1990: 189-190). She charts, for instance, the career of John Dobie who went through a series of enterprises during a twenty-year period from 1871 and argues that he should be seen as 'an active and successful minor entrepreneur' (Nenadic 1993: 92). This constant flux meant of course that only a minority of firms survived long enough to become classic family-owned firms -– most businesses never had more than one owner. This did not mean, however, that family was unimportant. Some firms did survive and were passed on to a future generation (although this process was complex since few firms were large enough to support more than one household), and family labour and capital were often crucial (Nenadic 1993). She too highlights the distinction between a minority of longer-lived businesses that conform to traditional pictures of the family firm, and a much larger small business sector, which also relied on family networks, but where neither shared ownership nor survival over time were significant.

These three projects all focus on one locality and creatively link a range of standard and widely available sources to illuminate broader questions relating to business structure. Although such work is labour intensive, an increasing number of local studies are following these leads. In a recent article, I link valuation rolls (the Scottish equivalent of ratebooks) to Register of Company files and chart the ownership of manufacturing companies in Fife between 1870 and 1970 (Mackie 1998). Judith McGarty (2000) uses directories for a survey of shops on Stockport's High Street during the first half of the 20th century. In both cases family-run businesses were found to be maintaining their position until the 1950s. Ann Crisp (1998) explores persistence among boatbuilders on the Thames. In this issue, Helen Doe (2001) uses local sources to painstakingly reconstruct the shipbuilding industry in a Cornish port, raising questions about entry and exit patterns and family networks.

Work on specific localities reveals the vitality of the constantly changing small firm sector. Yet such work also suggests it is too simple to equate small business with family ownership. Most small firms were short-lived and owned and run by single traders; family firms, such as Christian Salvesen, which included a number of related individuals or were passed down through generations, were always a minority. Nevertheless, family links were important. Family firms involving several family members were larger and longer lived, and may have dominated any community. Furthermore, the ability of small entrepreneurs to move in and out of business depended on a wide network of connections, many of them family. The Salvesen example is a reminder that wealthier families too might have interests in several firms. The 'family firm' may be a poor measure of family business.

Business strategy

Analyses of the Salvesen case linked ownership to policy choices. More widely, concerns about the role of family firms in the economy assume that family control will influence strategy. But does 'structure' affect 'behaviour'? Is there any evidence that family ownership or management has an impact on business policy, and even performance?

As when investigating the structure of business, the sources available have shaped the avenues of research. Understanding business decisions is difficult without access to internal company papers. Although much has been done to trace and sort business records (Armstrong 1991), it remains the case that these are available for only a minority of firms, and, not surprisingly, these tend to be large and long-lived. Firms such as Christian Salvesen not only existed long enough to become interested in their history; they also had the physical continuity to preserve records. As a result, although many company histories exist, including a good number for family-owned firms, it is the most successful firms that have received the most attention. Recent work on smaller businesses such as that by Patricia Bull (1998) on Medway boatbuilders, or Christine Martin (1999) on a firm of military tailors in Woolwich — or the article by Ann Day in this issue (2001) — help fill an important gap.

Access is not the only problem. The records that are most likely to survive — company minute books, for instance, or financial papers — are not always easy to interpret. Balance sheets and profit and loss accounts, in particular, contain many pitfalls (Marriner 1980; Arnold 1995). To assess performance, a yardstick is also needed. Studies of individual firms may reveal the role played by family members, but find it harder to assess it. If the firm had not been a family-owned one, would different decisions have been made? Still harder (but central to the 'Buddenbrooks' thesis) is to demonstrate inferior performance. As one leading business historian has remarked, it is 'extremely difficult to perceive glaring errors from the records of individual firms' (Payne 1990; for an exception, see Church 1977).

One solution is comparison. Some of the most interesting work on company history has attempted to get round the constraints imposed by sources and create contexts which permit comparisons to be made between the experience of different firms. Some studies draw on the growing secondary literature on individual entrepreneurs and companies (Church 1986; Nicholas 1999). Others take questions from broader debates about business strategy and use firm-level data to analyse the responses of a range of firms, some family or privately owned, others not. Lloyd-Jones and Lewis use this approach to explore the strategies of Sheffield steel firms between 1880 and 1920, decades in which the first signs of later decline are often identified. In answer to Chandler, they argue that many smaller personally-managed companies 'survived and prospered over an impressively long period by following a business strategy based on quality production, a search for market niches, and the adoption of flexible technology' (Lloyd-Jones and Lewis 1994: 405). In a number of articles on Lancashire cotton in the same period -- another mature industry facing increased competition -– Steven Toms also looks at the impact of ownership. Using financial data, in particular, he explores widely debated issues, such as the adoption of new technology or the integration of spinning and weaving operations, and compares the strategies and performance of individual firms (Toms 1998A). Ownership, he argues, was important. The owners of family firms exercised tight control, delegating few decisions to managers (Toms 1996). Family-owned firms 'limited their dividends and placed greater emphasis on company growth' than did public companies (Toms 1998B: 16). He also highlights the development of a new breed of Lancashire entrepreneurs who bought up previously public companies, but, rather than seek to expand them, paid themselves high dividends and used the profits to invest in further ventures, thus creating personal rather than company empires (Toms 1998B).

An alternative approach open to historians of the 20th century is to go out and collect new material. Questionnaires and interviews have been used in a number of business studies and have proved particularly valuable in understanding business culture (Hay and Morris 1984; Mulholland 1997; Thompson 1998). In one major study of smaller firms, Jonathon Boswell (1973) interviewed the chief executives of 64 engineering and hosiery firms in the Midlands with between 10 and 200 employees. Many were family owned. Although Boswell notes the strengths of such firms, most attention is focused on the problems of decline. Here he finds 'the human factor' crucial. Many of the problems he identifies – older men who refused to retire, inheritors who lacked the qualifications, training or desire to take over, a reluctance to appoint outsiders to top positions – stemmed from family control. He sees such problems as so serious, that he concludes that business inheritance should be made more difficult (Boswell 1973: 136, 183-8). Oral history has also proved fruitful in investigating how companies managed their workforces. Family firms are often associated with paternalist relations, and historians have explored how employers attempted to use the values and rituals of the family to create a factory community (Joyce 1980; Mills 1998). Bob Morris and Jim Smyth use interviews to explore how workers responded. Paternalism, they suggest, 'produced a culture of respect and sometimes awe. There was little affection' (Morris and Smyth 1994: 220).

Comparing firms has produced little agreement on the influence of family ownership on business strategy or performance. Some studies have concluded that no link can be inferred (Church 1986: 177); even where one is identified, there is no agreement on its nature. Contrary to Chandler, Hay and Morris found that the managers of large unquoted (and often family-owned) firms felt they could take a longer-term view than their counterparts in public companies with one eye on their share price (Hay and Morris 1984: 135). If Boswell sees firm inheritance as a problem, it has little to do with dilettante or absent owners. There was no 'whiff . . . of the local golf course' (Boswell 1973: 129), but rather a reluctance to let go. Even among multi-generational firms, the 'Buddenbrooks effect' appears to be an unhelpful explanation for business behaviour. What has emerged instead is a more fine-grained answer. The consequences of family ownership have varied in different situations. This should not surprise us. Family firms, as we have seen, came in many shapes and sizes. More important, it is surely too simple to assume that family ownership operated in a consistent fashion. Mary Rose points to international differences in business culture (1995); how individuals perceived their firms and their families may also vary.

The family perspective

Shifting to a family perspective raises new questions. What did individuals want from their firms for themselves and for their families? How did they perceive the relationship? Did this change over time? In recent years, historians have turned to personal as well as company records to look at business from a different angle.

A leading American business historian, Philip Scranton, provides an unexpected answer to questions about goals. Exploring the textile industry of mid-19th century Philadelphia, Scranton finds instances of businessmen retiring young on ‘a competency’, a sufficient fortune from business to make it possible to withdraw from it (Scranton 1983: 68-71). Such a choice was understandable: operating in volatile markets, small producers faced endless toil and high risks –– a wrong decision, or simply bad luck (fire was a constant threat in the city’s crowded industrial districts) could destroy years of hard work. Scranton suggests that a cultural shift was under way, from an older tradition of capitalism in which a competency represented a ‘social ideal’, to the ‘accumulation process in its “modern” sense, unfolding without end’ (Scranton 1983: 69). Many of Scranton’s entrepreneurs were migrants from England and similar concepts and language can also be found in their country of origin. Writing about the early 19th century, Leonore Davidoff and Catherine Hall argue that: ‘no stigma attached to a man’s abandoning his occupation as long as the establishment could be maintained at a sufficient level . . . positive virtue, not idleness, was associated with a domesticated life’ (Davidoff and Hall 1987: 227). They too emphasize the risks of business: in an age before limited liability, partners in an enterprise were fully liable for its debts. Morris (1979) uses the diaries of two Yorkshire business families, to chart how business decisions taken at different stages in the life-cycle reflected changing priorities.

That entrepreneurs did not expect to establish dynastic firms does not, of course, mean that they were indifferent to the needs of their children. However, a going concern was not necessarily an easy inheritance. There might be no suitable sons to take over the business, or, as the case of the Treadgolds, ordered successions might be disrupted by unexpected deaths (Day

2001). Capital was increasingly seen in gendered terms; attempts were made to protect widows and daughters from risk (Davidoff and Hall 1987: 211-15; Morris 1994). Alastair Owens uses wills to show that, where risks were high, provision was made for businesses to be sold after death. Innkeepers might arrange for their widows to continue the business, but cotton manufacturers were more likely to arrange for assets to be converted to securities. 'The family firm was disposable' he argues, 'it was a means to an end' (Owens 2001: 21). Where there were too many sons for one business, some might be helped to launch independent enterprises (Scranton 1993). The multiple business ventures of the Salvesen family will be recalled. Such a strategy not only spread risks but also created openings for both sons and more distant kin. Vamplew describes how Christian sent one nephew to Finland to turn around an ailing timber venture. James Salvesen succeeded and T. & J. Salvesen became an independent company (Vamplew 1975: 77-9; Salvesen 1995: 435-443).

Where businesses did survive, succession became an issue. Rose suggests this is one of the major problems facing family firms (Rose 1993: 133-5). Referring to, amongst others, Boswell's work on small firms, she highlights how many firms struggled with the handover from one generation to the next. Succession, she argues, works best when it is managed. She cites the example of the Horrocks family in Lancashire to show how bringing in non-family partners enabled a 19th-century firm to preserve the business when no suitable sons were available (Rose 1993: 138-9). Daunton uses family papers to explore the contrast between two City merchant dynasties and show how a mismanaged succession could have disastrous consequences for both firm and family. With careful regulation of the relationship between family and firm, 'it might be possible to protect the family in case of business difficulty; and business survival might be assisted if the firm was not used for "outdoor relief" for relatives' (Daunton 1988: 281). Training was an important element in planning succession. Care was often taken to ensure that sons received the combination of practical education and shop-floor training deemed necessary to run the enterprise (Scranton 1986). In interviews with small businessmen in Britain in the 1990s, Kate Mulholland found the same belief that sons who were to take over the business needed both a suitable education and shopfloor experience. However, by now the 'virtual apprenticeship' was 'short-lived and nominal' (Mulholland 1997: 702-3). She points out that such experience is not seen as suitable for daughters, thus creating a further barrier to a career within the firm.

From the 1890s on, increasing numbers of family firms adopted limited liability. This was probably both a result of changing expectations about business survival and, in turn, a cause of increasing longevity (Payne 1984). Incorporation reduced the risks of business ownership. Firms such as the Salvesens spread ownership widely within the family; soon, only a minority might have direct involvement with the company. As family relationships become more distant, problems of a different nature arise. Jörg Scheid suggests a schema for exploring this. By the third generation, he argues, attitudes towards the firm may differ enormously. For some it remains 'the main thing in their lives', others are more distant. Yet the firm remains 'a common denominator' that holds the family together. 'On the one hand it creates tension (where consensus is not forthcoming) on the other it is the focal point and a binding link' (Scheid 1985: 9-10). Melanie Devine's investigation of the fate of a corner-shop in Harrogate (1996) reveals that the different ambitions of a younger generation were one reason for closure.

Finally, what of the smallest firms? It will be recalled that work on the structure of business demonstrates that large number of the smallest firms were very short-lived. Although some small enterprises did survive through generations (see, for instance, Rodan 1998) there can have been little expectation of founding a dynastic firm. At this level, strategies are better understood in terms of family survival as recently surveyed in this journal by Dan Weinbren (1999). Craig Young uses the voluminous records of sequestrations — as bankruptcies are termed in Scotland — to explore the world of small craft businesses in Perthshire at the end of the 19th century. Independence, he suggests, was the goal, but most relied on larger producers and merchants for credit. Among such tiny firms, neither business nor family assets were sufficient; survival depended on a web of trade links (Young 1995: 420-1; see also Cookson 1997). The point is an important reminder. Family networks were important, but not sufficient. Family links could provide a web of contacts that helped progress and ensured security (Lisle-Williams 1984). Yet networks needed to be wider. Pamela Walters (2000) shows that the shareownership that sustained Knottingley shipowners extended beyond the family. Nor were family relations necessarily safe. In their study of a small mid-19th-century American town, Sally and Clyde Griffen found family relations were preferred, but only because 'relationships outside the family would be even less trustworthy' (1977: 156). 'In smaller businesses proprietors often used both the firm and members of their families opportunistically with few apparent scruples about damaging the reputation of either' (Griffen and Griffen 1977: 148).

Conclusion

Researching firms can be a frustrating exercise. Data is often absent or incomplete; rarely does one find sources that allow clear insight into why decisions were made, leaving one guessing at motivation from behaviour. Nevertheless, a great deal can be achieved by using a wide range of sources relating to firms, to property and to the individuals who owned them. Post office directories, ratebooks, census returns, interviews, newspaper reports, company and family papers have all been used to explore the history of individual or groups of firms. The focus of business history was long on the large firms that dominated the economy; among family-owned firms, it is the long-lived businesses, such as Christian Salvesen that have attracted most interest. Historians are now widening the field by exploring the incidence of different types of firms, by setting performance in comparative perspective, by investigating business from the point of view of individuals and their families. Central to this process has been a growing interest in smaller firms. Most businesses were always small-scale and it is unsafe to make assumptions about the character and strategies of small enterprises from their larger neighbours.

Small-scale means local, but need not – should not – mean parochial. The history of individual firms means little without context. Context is needed to assess the significance of findings. Was the firm studied typical? Was it, compared to others, successful? What impact, if any, did ownership have? Furthermore, although part of the attraction of studying one firm is that a business seems a clearly defined subject, increasingly research seeks to go beyond this perception. Companies existed within complex commercial and social networks. Individuals moved through many firms; families might have wide business interests. A focus on the meaning of enterprise to families can enrich both family and business history.

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