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Business History: A Cultural and Narrative Approach

This article argues that a cultural and narrative perspective can enrich the business history field, encourage new and different questions and answers, and provide new ways of thinking about methods and empirical material. It discusses what culture is and how it relates to narratives. Taking a cultural and narrative approach may affect questions, sources, and methodologies, as well as the status of our results. Finally, a narrative approach may contribute to our historical understanding of entrepreneurship and globalization.

In this article, I argue that a cultural and narrative perspective can enrich the business history field, encourage new and different questions and answers, and provide new ways of thinking about our methods and empirical material. I am not arguing that business historians should abandon approaches informed by economics and the social sciences. On the contrary, I abstain from defining what business history should or should not be because I strongly favor a “live and let live” approach where different ontological and epistemological positions enrich the ongoing conversation in the field and its dialogue with other disciplines. I consider business history to have an enormous but not yet fully realized potential for multidisciplinary work and for understanding capitalism and its development.

In the following essay, I first discuss what I understand by “culture” and its relation to narratives. I then offer my view of how business historians’ research questions, sources, and methodologies, as well as the status of our results, may be affected by taking a cultural and narrative approach. Finally, before I conclude, I present how a narrative approach may contribute to our historical understanding of entrepreneurship and globalization. The following does not pretend to be an exhaustive discussion of all relevant literature and theories. Rather, it represents the views and positions I increasingly find interesting and relevant in

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my own work with business history and economic history over the last twenty years.

What is Culture?

Culture as a concept is difficult to capture and employ; as a result, culture is sometimes either assumed away or viewed as a residual—that is, if functional models and the rationality assumptions of much economic theory cannot explain it, it is ignored. We must become clearer about what we mean by a cultural approach. Business historian Kenneth Lipartito was among the first who seriously challenged the functional- and economics-oriented line of interpretation in business history from a cultural perspective.¹

Lipartito defines culture as “a system of values, ideas, and beliefs which constitute a mental apparatus for grasping reality. Business culture is that set of limiting and organizing concepts that determine what is real or rational for management, principles that are often tacit or unconscious.”² Lipartito argues that the business historian should leave functionalism for semiotics. I find it logical to link to anthropologist Clifford Geertz’s ideas about culture: “Man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning.”³ Culture, in other words, is about signification—that is, the meanings we, and historical actors, ascribe to events, institutions, practices, and artifacts.

In his article on culture and the firm, business historian Jeffrey Fear argues, “Culture is not outside business and economy, but permeates its practices.”⁴ Culture is thus not something that a society, an organization, a group, or a community has but something its members see through, making them ascribe similar meanings to phenomena. Along these lines, anthropologist Grant McCracken argues, “As a member of a culture, the individual sees his or her world through an interpretive frame. This frame is culturally constituted.”⁵ Culture, then, is a

¹Kenneth Lipartito, “Culture and the Practice of Business History,” *Business and Economic History* 24, no. 2 (Winter 1995): 37.

²Ibid., 2.

³Clifford Geertz, “Thick Description: Toward an Interpretive Theory of Culture,” in *The Interpretation of Cultures*, ed. Clifford Geertz (London, 1973; reprint, 1993), 5.

⁴Jeffrey R. Fear, “Constructing Big Business: The Cultural Concept of the Firm,” in *Big Business and the Wealth of Nations*, ed. Alfred D. Chandler Jr., Franco Amatori, and Takashi Hikino (Cambridge, 1997), 547.

⁵Grant McCracken, “Who Is the Celebrity Endorser? Cultural Foundations of the Endorsement Process,” in *Culture and Consumption II: Markets, Meaning and Brand Management*, ed. Grant McCracken (Bloomington, Ind., 2005), 166.

blueprint and a lens through which we see our surroundings, ascribe meaning to, and make sense of, what we see and do.⁶ By acting according to the blueprint and the meanings we ascribe to events and the world more generally, we inadvertently create and recreate the structures and patterns that guide our signification.

This semiotic approach to culture necessarily challenges the correspondence theory of truth, which argues that a statement is true when it corresponds with reality, as well as widespread ideas about human cognition and perception; it therefore raises epistemological issues. By implication, the semiotic approach also challenges the idea of history as a cumulative science where we accumulate more and more knowledge and one day—at least in an ideal world—we will know everything. If signification is an important part of historical actors' and historians' understanding of the world, then this dream will never come true. Hence, it is important to note Geertz's claim that "what we call our data are really our own constructions of other people's constructions of what they and their compatriots are up to."⁷

Clearly, from this view, common sense does not even come close to describing the historian's work with his or her empirical material.⁸ When culturally embedded signification is an integrated part of how humans make sense of the world, what we call our sources do not represent a clear window to the past. On the contrary, it is through the questions we ask of them that historians make traces from the past into sources. There is always something mediating between our perception of the world and that world, and that something is our culturally shaped meanings. According to anthropologist Stuart Hall, "It is through language that we give meaning to the world."⁹ This idea takes us to the role of narratives in the construction of meaning.

Narratives

There is a considerable field of study on narratives and organizations and on narratives and history.¹⁰ Nevertheless, recent articles that

⁶ See for instance, Grant McCracken, "Culture and Consumption: A Theoretical Account of the Structure and Movement of the Cultural Meaning of Consumer Goods," *Journal of Consumer Research* 13 (1986): 71–84.

⁷ Geertz, "Thick Description: Toward an Interpretive Theory of Culture."

⁸ Steve Toms and John Wilson, "In Defence of Business History: A Reply to Taylor, Bell, and Cooke," *Management & Organizational History* 5, no. 1 (2010): 117.

⁹ Stuart Hall, "New Cultures for Old," in *A Place in the World: Places, Culture and Globalization*, ed. Doreen Massey and Pat Jess (Oxford, 1999), 178.

¹⁰ On narratives and organizations, see, for instance, Barbara Czarniawska, "Identity Lost or Identity Found? Celebration and Lamentation over the Postmodern View of Identity in Social Science and Fiction," in *The Expressive Organization: Linking Identity, Reputation and the Corporate Brand*, ed. Majken Schultz, Mary Jo Hatch, and Mogens Holten

deal with business history scholarship and its challenges have mostly ignored such an approach.¹¹

The claim for the importance of narrative appears in organizational research, but only a few organization scholars are explicitly discussing the role of historical narratives.¹² An important implication in this literature is that not only historians, but also historical actors, and collective entities such as organizations and other communities, create order in, and make sense of, the real world and the past by telling stories. Narratives are basic instruments for ordering reality, assigning causality, and constructing meaning.¹³ Humans—whether modern historians or the people they study—make sense of the world by telling stories,

Larsen (Oxford, 2000) and *Narratives in Social Science Research* (London, 2004); David Boje, *Storytelling Organizations* (London, 2008); Charlotte Linde, *Working the Past: Narrative and Institutional Memory* (New York, 2009); Per H. Hansen, "Organizational Culture and Organizational Change: A Narrative Analysis of the Transformation of Savings Banks in Denmark, 1965–1990," *Enterprise & Society* 8, no. 4 (2007): 920–53 and "Networks, Narratives, and New Markets: The Rise and Decline of Danish Modern Furniture Design, 1930–1970," *Business History Review* 80, no. 3 (Autumn 2006): 449–83. On narrative and history, see Geoffrey Roberts, *The History and Narrative Reader* (London, 2001).

¹¹Christopher Kobrak and Andrea Schneider, "Varieties of Business History: Subject and Methods for the Twenty-First Century," *Business History* 53, no. 3 (June 2011): 401–24; Walter A. Friedman and Geoffrey Jones, "Business History: Time for Debate," *Business History Review* 85, no. 1 (Spring 2011): 1–8; Geoffrey Jones and Tarun Khanna, "Bringing History (Back) into International Business," *Journal of International Business Studies* 37 (2006): 453–68. See also the discussion between Scott Taylor, Emma Bell, and Bill Cooke: "Business History and the Historiographical Operation," *Management & Organizational History* 4, no. 2 (2009): 151–66, and Toms and Wilson, "In Defence of Business History," 109–20.

¹²See, for instance, Andrew D. Brown, "A Narrative Approach to Collective Identities," *Journal of Management Studies* 43, no. 4 (2006): 731–53. Daniel Geiger and Elena Antonacopoulou, "Narratives and Organizational Dynamics: Exploring Blind Spots and Organizational Inertia," *Journal of Applied Behavioral Science* 45, no. 3 (2009): 411–36. Eero Vaara, "On the Discursive Construction of Success/Failure in Narratives of Post-Merger Integration," *Organization Studies* 23, no. 2 (2002): 211–48. Andrew D. Brown, Yiannis Gabriel, and Silvia Gherardi, "Storytelling and Change: An Unfolding Story," *Organization* 16, no. 3 (2009): 323–33. One scholar who deals explicitly with historical narratives is Olof Brunninge, "Using History in Organizations: How Managers Make Purposeful Reference to History in Strategy Processes," *Journal of Organizational Change Management* 22, no. 1 (2009): 8–26.

¹³Whether the past is chaotic or already has some kind of narrative order to it is subject to much discussion. The more radical (and chaotic) view is taken by, for instance, Hayden White in *Metahistory: The Historical Imagination in Nineteenth-Century Europe* (Baltimore, Md., 1973) and "Historical Texts as Literary Artifacts," in *Tropics of Discourse*, ed. Hayden White (Baltimore, 1978), 81–100. Louis Mink, "Narrative Form as a Cognitive Instrument," in *The Writing of History: Literary Form and Historical Understanding*, ed. Robert H. Canary and Henry Kozicki (Madison, Wis., 1978). The view that there is a pre-narrative order to reality is taken by, for instance, David Carr, "Narrative and the Real World: An Argument for Continuity," *History and Theory* 25 (May 1986): 117–31. See also Roberts, *The History and Narrative Reader*. Mads Mordhorst, "Fra Bondefrigørelse Til Fødevarerindustri: Fortællinger Som Analytisk Greb," in *Historiefagets Teoretiske Udfordring*, ed. Per H. Hansen and Jeppe Nevers (Odense, 2004).

and these stories have the potential to frame the way members of an organization or citizens of a nation see the world. This characteristic of narratives is exactly what makes history such a powerful tool, or even a weapon. Thus, history in the shape of historical narratives is a basic part of any group's culture and identity, be it national or organizational, such as a company.

Narratives are shared and collective, not just individual stories. Historical narratives are important means for constructing collective identity, imagined and epistemic communities, and organizational culture.¹⁴ Of course, narratives do not stand alone in the construction of identities and communities. Artifacts and material practices, such as incentive structures and rituals, are also important. However, artifacts and rituals need a historical narrative in order to have meaning, while at the same time they support those narratives. Therefore, the strong focus on narratives in this article is warranted.

Individuals make decisions and take action on the basis of the narrative meanings they ascribe to their surroundings. Narratives influence the perception of the events they describe—i.e., they are performative—and therefore they are important analytical objects.¹⁵ By moving attention from first-order, real-world observations to second-order narrative representations, business historians can ask new and interesting questions, use traditional sources in new ways, and make use of new kinds of empirical material, such as movies, artifacts and monuments, that provides fresh insight about business and markets in a larger context.

Scholars from many other fields, such as behavioral economics, linguistics, psychology, institutional economics, history, sociology, and anthropology, have recognized the importance of narratives.¹⁶ They would agree with Lipartito's point that "culture inheres in all business decisions."¹⁷ Lipartito says, "Like any other social institution, business

¹⁴Brown, "A Narrative Approach to Collective Identities." Brunninge, "Using History in Organizations." An epistemic community is defined as "a professional group that believes in the same cause-and-effect relationships, truth tests to accept them, and shares common values; its members share a common understanding of a problem and its solution." See Helen Milner, "International Theories of Cooperation among Nations: Strengths and Weaknesses," *World Politics* 44, no. 3 (1992): 478, and Peter M. Haas, "Introduction: Epistemic Communities and International Policy Coordination," *International Organization* 46, no. 1 (1992).

¹⁵Brown, "A Narrative Approach to Collective Identities," 734.

¹⁶See, for instance, Christopher Jones, "The Carbon-Consuming Home: Residential Markets and Energy Transitions," *Enterprise & Society* 12, no. 4 (2011): 791; George Akerlof and Robert J. Shiller, *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism* (Princeton, 2009), 54; Douglass C. North, "Institutions and the Performance of Economies over Time," in *Handbook of New Institutional Economics*, ed. Claude Menard and Mary M. Shirley (Dordrecht, 2005), 22 and 25–26; George Lakoff, *The Political Mind: Why You Can't Understand 21st-Century Politics with an 18th-Century Brain* (London, 2008), 34.

¹⁷Lipartito, "Culture and the Practice of Business History," 25.

can be investigated for its power to ascribe meaning, and thereby constrain, control or claim to represent what is real;” he continues, “Locating culture in what we have assumed to be non-cultural is the challenge.”¹⁸ Here, of course, Lipartito touches upon the important issue of power. When one can control the process of signification and what to focus on or leave out from a narrative, one is exercising power.¹⁹ Controlling the company’s narrative adds legitimacy to managers’ formal power, and without legitimacy few managers would last long.²⁰

Narratives are also powerful at the societal level. For instance, in *Pull: Networking and Success since Benjamin Franklin*, Pamela Laird challenges the dominant individualist rags-to-riches narrative of the “American Dream” by demonstrating how social capital and networking were important factors in the rise of successful entrepreneurs.²¹ If Laird’s alternative story were to gain significant influence outside of academia, it would have the potential to change American society. The fact that this influence will probably not happen demonstrates other important features of dominant narratives: they represent certain groups’ and individual’s power and interests, they constrain the way we perceive the world and therefore our choice set, and they are path dependent. The American Dream narrative is still influential despite evidence that contradicts it.

Another example of the power of narratives appears in the ongoing debate over the financial crisis of 2007 to 2009. Regardless of the “real” causes of the crisis, the important issue is which narrative about it eventually comes to dominate. Whether a story of irresponsible monetary and housing policy in the US, of greedy bankers, or a more complex story comes to dominate will have enormous consequences for regulatory and popular responses.²² This situation illustrates management scholar Helga Drummond’s point that, “All meaning, all understanding come from looking backwards. . . . Yet what we see when we look backwards may be highly subjective, because we tend to reconstruct the past

¹⁸ *Ibid.*, 11 and 14.

¹⁹ For an interesting discussion, see Michel-Rolph Trouillot, *Silencing the Past: Power and the Production of History* (Boston, 1995). For an organizational perspective on narratives and power, see Brown, “A Narrative Approach to Collective Identities”; Geiger and Antonacopoulou, “Narratives and Organizational Dynamics”; and Brunninge, “Using History in Organizations.”

²⁰ Eli Teram, “Organizational Change within Morally Ambiguous Contexts: A Case Study of Conflicting Postmerger Discourses,” *Journal of Applied Behavioral Science* 46, no. 1 (2010): 43. Brunninge, “Using History in Organizations,” 13.

²¹ Pamela Walker Laird, *Pull: Networking and Success since Benjamin Franklin* (Cambridge, Mass., 2006).

²² Douglas J. Elliott and Martin Neil Baily, “Telling the Narrative of the Financial Crisis: Not Just a Housing Bubble,” Brookings Institution research paper, 23 Nov. 2009, and Peter J. Wallison, “Three Narratives about the Financial Crisis,” *Cato Journal* 31, no. 3 (2011).

in a manner that enables us to make sense of the present.”²³ Rather than searching for the true cause(s) of financial crises, business and economic historians might want to analyze the narrative construction of crises and their causes.²⁴

Like the recent financial crisis, the Great Depression and the gold standard can also be construed in a narrative perspective. Economists Barry Eichengreen and Peter Temin have argued convincingly that the gold standard only functioned well because of credibility and international cooperation between central banks, particularly in times of crisis. During the Great Depression, the gold standard became a strait-jacket that constrained the choice set of the actors because it had become a *mentalité*.²⁵ Eichengreen has also shown how the lack of international cooperation during the Depression was due to “incompatible conceptual frameworks [that] . . . precluded co-operative central bank response to the depression.”²⁶ These observations, in my opinion, fit perfectly with a narrative view where the dominant narratives of the gold standard and national interests created inertia and blind spots that prevented those in power from thinking of alternative solutions. Central bankers and decision makers were trapped in their own narrative. Unable to see the world differently, they imposed austerity on societies. The consequences, as is well known, were devastating.

* * *

At the more general level of understanding economic development, Deirdre McCloskey challenges technological explanations of the Industrial Revolution. In *Bourgeois Dignity*, she argues that it was rhetoric, not technology, that paved the way for the Industrial Revolution.²⁷ Historian David Moss provides yet another interesting example, although he uses the concept of ideas rather than narratives. Moss argues that the shift from a positive to a negative view of the state in the 1970s and 1980s contributed to the deregulatory environment that many consider

²³ Helga Drummond, “Living in a Fool’s Paradise: The Collapse of Barings’ Bank,” *Management Decision* 40, no. 3 (2002): 236.

²⁴ Per H. Hansen, “Making Sense of Financial Crisis and Scandal: A Danish Bank Failure in the Era of Finance Capitalism,” *Enterprise & Society* 13, no. 3 (2011): 672–706.

²⁵ Barry Eichengreen and Peter Temin, “Fetters of Gold and Paper,” *Oxford Review of Economic Policy* 26, no. 3 (2010): 371 and passim.

²⁶ The quote is from Barry Eichengreen, “Central Bank Co-Operation and Exchange Rate Commitments: The Classical and Interwar Gold Standards Compared,” *Financial History Review* 2, no. 2 (1995): 114. See also Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919–1939* (Oxford, 1992); and Eichengreen and Temin, “Fetters of Gold and Paper.”

²⁷ Deirdre McCloskey, *Bourgeois Dignity: Why Economics Can’t Explain the Modern World* (Chicago, 2011).

a cause of the financial crisis.²⁸ At the micro level, I have analyzed the commercial success of Danish Modern furniture and organizational culture and changes in Danish savings banks from a narrative perspective. In both studies, I argue that narratives are path dependent and constrain actors' choice set by framing the way they perceive the world. Narratives are important factors in constructing organizational culture and identity, creating organizational inertia, path dependence, and blind spots.²⁹

The examples mentioned above also illustrate another important feature of narratives. By framing the way we view the past, they shape both remembering and forgetting.³⁰ What does not get told might as well not exist. At the same time, strong narratives are not easily forgotten. Sociolinguist Charlotte Linde writes: "Although there is a great deal of fear about memory loss in business circles, there is also an equal and opposite fear that memory reproduces practices that were better forgotten and that too much memory is as much of a problem as too much forgetting."³¹ Thus, narratives play an important role in organizational knowledge, remembering and learning as well as in organizational culture and identity. A strong organizational narrative imposes limitations on the opportunities for change.³² Organizational theorist Karl Weick thus argues that over time, organizations develop a trained incapacity to see the world differently.³³ This process is related to economist Douglass North's suggestion that formal and informal institutions are path dependent and constrain our choice set.³⁴ History therefore is one of the most powerful forces in society.

My basic point, then, is that by moving focus from whether narratives are true or false to narratives' origins and effects, we can ask different questions that increase our understanding of capitalism at both

²⁸ David A. Moss, "Reversing the Null: Regulation, Deregulation, and the Power of Ideas," in *Challenges to Business in the Twenty-First Century*, ed. Gerald Rosenfeld, Jay W. Lorsch, and Rakesh Khurana (Cambridge, Mass., 2010).

²⁹ Per H. Hansen, "Cobranding Product and Nation: Danish Modern Furniture and Denmark in the United States, 1940–1970," in *Trademarks, Brands, and Competitiveness*, ed. Teresa da Silva Lopes and Paul Duguid (New York, 2010). Hansen, "Networks, Narratives, and New Markets," and "Organizational Culture and Organizational Change." See also Geiger and Antonacopoulou, "Narratives and Organizational Dynamics."

³⁰ For a discussion of organizational memory and forgetting, see Andrea J. Casey and Fernando Olivera, "Reflections on Organizational Memory and Forgetting," *Journal of Management Inquiry* 20, no. 3 (2011): 305–10.

³¹ Linde, *Working the Past*, 10.

³² Hansen, "Organizational Culture and Organizational Change: A Narrative Analysis of the Transformation of Savings Banks in Denmark, 1965–1990." Geiger and Antonacopoulou, "Narratives and Organizational Dynamics."

³³ Karl Weick, "Sensemaking in Organizations: Small Structures with Large Consequences," in *Making Sense of the Organization*, ed. Karl Weick (Malden, Mass., 2001).

³⁴ North, "Institutions and the Performance of Economies over Time."

the micro and the macro levels. There is an important implication here. If history is viewed as a true reconstruction of the past, an organization could be a “victim” of its history that cannot be changed. Thus, from such a realist point of view, an organization’s path cannot be changed because its history is essentialized. However, from a constructivist, narrative point of view, an organization (or nation, community, or individual) does not have only one history. Quite the contrary, an organization’s history can be reframed by remembering some things and forgetting others. From this perspective, when an organization needs to change, then it needs to change the story it tells about itself.³⁵ As philosopher David Carr has written, “Sometimes we must change the story to accommodate the events; sometimes we change the events, by acting, to accommodate the story.”³⁶

The Questions We Ask

The way business leaders, entrepreneurs, regulators, and consumers categorize and assign meaning to phenomena such as technology, products, risk, and context bears directly on their decisions and actions. In order to better understand different attitudes and decisions, we might ask how people in different countries and organizations ascribe different meanings to events, processes, and contexts. We might ask how business leaders make sense of competitive challenges or globalization; we might ask how certain actions and ideas are marginalized while others come to dominate. These issues cannot be reduced to a matter of rationality and the pursuit of objective interests. For instance, does globalization force companies to move production to low-wage countries with no alternative? Or does this representation of globalization serve as legitimization of managerial actions even though alternatives exist, such as investments in new technology and work processes in the home country?³⁷

I think historians are uniquely positioned and suited to analyze how the creation of meaning varies across time and space. Rather than taking their point of departure from theory or a priori assumptions, historians by training work with empirical material as an integrated part of their argument. Below I briefly elaborate three ways to ask questions: the uses of history, conceptual analysis, and sensemaking.

³⁵ See Hansen, “Organizational Culture and Organizational Change” and Brunninge, “Using History in Organizations,” 10.

³⁶ Carr, “Narrative and the Real World,” 126.

³⁷ See also Dani Rodrik’s interesting view on the relation between ideas and interests: “Ideas over Interests,” <http://www.project-syndicate.org/commentary/ideas-over-interests> (accessed 9 June 2012).

The Uses of History. The question of how society and organizations use history and memory is highly topical for business historians and companies alike. A very recent example is Citi's use of its two-hundredth anniversary to establish legitimacy after the financial crisis.³⁸ Citi's slogan in this campaign, "Progress informed by the past and inspired by the future," indicates how the finance giant uses history. The interesting question here is not whether Citi is representing its history in a precise or even true manner but rather how Citi uses history to create memory and strengthen its organizational identity, reputation, and brand. Linde writes that:

Institutions and their members use narrative to remember. And in remembering . . . they work and rework, present and represent the past for the purposes of the present and the projection of a future. Individuals and groups may have a variety of purposes for recalling and representing the past. These include using the past to establish legitimacy of authority, to claim ownership, to claim political or intellectual priority, to establish stability, to indicate the working out of divine purpose in history, to compare the past with the present to show that things are getting either better or worse. All of these are ways of working the past: invoking and retelling parts of the past for present purposes.³⁹

Power is an issue. Citi is trying to create both memory and forgetting by including some elements and leaving others out of their narrative. For example, Citi leaves out its role in the financial crisis and in a number of other incidents. The bank fails to mention its closure of its Japanese private banking activities in September 2004 due to serious violations of banking laws, a July 15, 2004, memo outlining how to destabilize the European government bond market in order to make an extraordinary profit, and the London office's dumping \$11 billion in German government bonds a few weeks later only to repurchase some of them at a lower price.⁴⁰ The Citi case also illustrates that counternarratives are likely to arise and are difficult to control, especially in the era of the Internet and social media. Thus, it didn't take long for historian Peter James Hudson to post on line his observation that Citigroup's timeline of its history neglects to mention its nineteen-year interference with Haiti's sovereignty, aided by the US State Department and US troops,

³⁸ See <http://www.citigroup.com/citi/#!200> (accessed 29 May 2012).

³⁹ Linde, *Working the Past*, 3.

⁴⁰ Todd Zaun, "Japan Shuts Unit of Citibank, Citing Violations," *New York Times*, 18 Sept. 2004. See also Charles P. Kindleberger and Robert Z. Aliber, *Manias, Panics and Crashes: A History of Financial Crises*, 6th ed. (New York, 2011), 151. Päivi Munter, "Citi Bond Memo Revealed," *Financial Times*, 1 Feb. 2005.

which, according to Hudson, resulted in thousands of Haitian deaths and a tidy profit for the bank.⁴¹

A different example dealing with organizational dynamics and change is equally telling, if less controversial. In 1904 Anders Peter Møller founded the Danish Maersk Group, a shipping, oil, and retail conglomerate. He led the company until his death in 1965, after which Mærsk Mc-Kinney Møller, his son, took over and led the group until he retired in 2003. As the main owner of the group, he was still actively engaged in the management until he died in 2012. Today, the Maersk Group employs more than 100,000 employees in 142 countries, and it is the largest Danish company, both in actual size and the place it occupies in people's minds. Maersk provides an interesting example of how a multinational company has been almost completely identified with its founder and his son.

One of the mainstays of company myth is a slogan coined by Anders Peter Møller, who said, "No loss should hit us, which can be avoided with constant care." Since then, "constant care" has been a motto for the company, and it has been deeply embedded in the corporate culture and promoted by Mærsk Mc-Kinney Møller at every possible moment.⁴² The myth and the motto have served the company well. However, with increasing global competition, there was a need for a historical narrative that also emphasized other important qualities of the Group, such as capacity for innovation, competitive spirit, and responsibility—three variables on which the Group was not considered strong according to a 2008 image analysis.⁴³

In response to these challenges, the Maersk Group's newly appointed Head of Group Relations, Steen Reeslev, decided to use communication strategically to change or adjust the historical narrative of the Group. As Reeslev has said, "If you don't tell your story yourself you don't get a vacuum, you get stories told by others," and "The myth of Mærsk Mc-Kinney Møller was too massive. . . . We need to update the whole narrative."⁴⁴ Reeslev wanted to supplement the strong, conservative

⁴¹ Peter James Hudson, "Where Does Haiti Fit in Citigroup's Corporate History?" <http://www.bloomberg.com/news/2012-06-13/on-citigroup-s-anniversary-don-t-forget-its-brutal-past.html> (accessed 18 June 2012).

⁴² For instance, when the group commissioned a book about Mærsk and A. P. Møller, the title was *With Constant Care: A. P. Møller: Shipowner, 1876–1965* (by Ove Hornby) (Copenhagen, 1988). See also Robert Wright, "Multi-Billionaire with a Modest Lifestyle," *Financial Times*, 6 June 2008 and "Founder's Son on Course to Step Back from Maersk Helm," *Financial Times*, 7 June 2008.

⁴³ Jens Chr. Hansen, "Vi Tager Image Dybt Alvorligt," *Berlingske Nyhedsmagasinet*, 25 Apr. 2008.

⁴⁴ "Apm/chef: Myten Om Mærsk McKinney Møller Har Fyldt for Meget," *Erhvervsbladet*, 28 Oct. 2008.

narrative about constant care with a narrative about Maersk as a high technology firm with a strong capacity for innovation. The purpose was not only to change the external image and brand of the Group, but to change the organizational culture, as well. Maersk aimed at doing this by reinterpreting its history and by putting more emphasis on innovative capacity and risk taking.⁴⁵ This retelling and revision of the Maersk Group story is intended to allow the company to change and adjust to the demands of globalization.⁴⁶

Both the Citi and the Maersk examples illustrate how companies use their history to create and alter brands and to enable organizational and strategic change. They also show how historical narratives imbue events with certain meanings and construct causality. Companies and other organizations are constantly making decisions in the context of the organization's "space of experience" and "horizon of expectations," as the late historian Reinhart Koselleck has written.⁴⁷ The historical narratives of the organization constrain the space of experience and the horizon of expectation. Business scholar Olof Brunninge argues, "When organizational members reinterpret and assign new meanings to their historical heritage, the implications of the past for present and future challenges also change. This provides managers with the option to actively 'use' history in change processes, by giving sense . . . to past events."⁴⁸ This strategy is exactly what the Maersk Group has been doing over the last four years. Clearly, the study of how organizations use history is relevant to business historians.

Conceptual Analysis. Another kind of question relevant for business historians focuses on the importance of concepts. We might ask how key concepts such as strategy, entrepreneurship, shareholder value, speculation, and greed arise, how they are used, and how their meanings change over time as different groups try to use them for their own purposes. Concepts are not innocent descriptions of reality, but rather ways of changing or controlling that reality by introducing new ideas or by changing the content of those already known. One example made highly topical by the recent financial crisis is the concept of *greed*. Different groups have used greed to describe what went wrong in the housing bubble, but Barry Eichengreen argues, "Emphasising greed

⁴⁵ Conversation between the author and Steen Reeslev, Head of Group Relations at Mærsk, 29 Aug. 2008.

⁴⁶ Some of the results from this retelling can be seen at <http://wearemaersk.com/> (accessed on 21 Aug. 2012).

⁴⁷ For these concepts, see Reinhart Koselleck, *Futures Past: On the Semantics of Historical Time* (New York, 2004).

⁴⁸ Brunninge, "Using History in Organizations," 11.

and corruption as causes of the crisis leads to a bleak prognosis. We are not going to change human nature. We cannot make investors less greedy.”⁴⁹

By seeing greed as part of human nature, we essentialize or naturalize both the concept of greed and human character and behavior. We may come to mistake *Homo oeconomicus* for an actual human being and argue that people behave exactly the same way across time and space—at least when it comes to their response to economic and financial incentives; or that the concept of greed is the same in all cultures and throughout history. Such an ahistorical view of human behavior is problematic.

Greed, of course, is by no means a new concept construed to explain the recent housing bubble. One of the seven deadly sins in Christianity, the concept of greed has a long history, but one need only think of Gordon Gekko’s famous statement in the movie *Wall Street*—“Greed, for lack of a better word, is good”—to realize that the meaning of the word may vary between different social and occupational groups as well as across time and space. This insight shows that the business historian should study concepts and their use.

Rather than naturalizing greed, we could analyze the concept from a cultural perspective. We might look at how and when the concept of greed arose in response to specific events such as financial crisis and corporate scandal, how its meanings changed over time, and how it has been used, for what purposes, and in whose interests. We could then understand the concept in a larger cultural context, arguing, for instance, that Gordon Gekko’s statement about greed could both reflect, and contribute to, a new culture arising on Wall Street. In order to understand economic and organizational behavior, we must understand how culture works. By arguing that greed is a natural instinct rather than a social construct, we give up the option of changing people’s behavior.

A related example of a concept that has received some blame for the financial crisis is *shareholder value*.⁵⁰ Economic and financial incentives surely matter for human behavior, but they are necessarily contextualized and interpreted before they can be acted upon. Social and cultural contexts constitute the very foundation of how we perceive the world and respond to incentives. For instance, in her work, anthropologist Karen Ho demonstrates how Wall Street investment banks’ trading culture and worldview is socially constructed and rests on the idea of shareholder value and on cultural assumptions about how the world

⁴⁹ Barry Eichengreen, “The Best of Intentions Go Bust,” *Guardian*, 2 Oct. 2008.

⁵⁰ See, for instance, Ronald Dore, “Financialization of the Global Economy,” *Industrial and Corporate Change* 17, no. 6 (2008): 1097–1112.

works.⁵¹ These assumptions are then made “true” in the financial industry when traders and others act according to this cultural blueprint.

A brief search in the *New York Times* since 1851 shows that the newspaper first used “shareholder value” in 1982. Since then, it has appeared with an increasing intensity, adding up to 1,509 articles using the term. Likewise, *The Economist* historical database, covering 1843 to 2006, yields 478 results, the first being in 1986.⁵² The idea of shareholder value is not intrinsic to capitalist society, but an idea that emerged and gained momentum from the 1970s as a result of broader societal and ideological changes.⁵³ At the same time, the rise of the concept of shareholder value has had dramatic consequences not only for what meanings we ascribe to business and its role in society and for how we view and evaluate companies in economic and political terms, but also for how businesses operate.⁵⁴

While an economically oriented historical analysis of shareholder value might explore how well or badly companies served the interests of their shareholders over time, a cultural analysis might try to understand how the concept arose in the first place, how it won influence, and what the consequences were to companies and society. Since the shareholder value concept gained traction, it has contributed to a dramatic change in how we think about and do business. Interestingly, in the wake of the financial crisis, a new struggle has developed over the meanings of shareholder value.⁵⁵

A final example is the concept of *speculation*, which has been widely used to explain the bubble and to blame Wall Street for the financial crisis. Like other concepts, speculation does not have a stable

⁵¹ Karen Ho, *Liquidated: An Ethnography of Wall Street* (Durham, N.C., 2009) and “Disciplining Investment Bankers, Disciplining the Economy: Wall Street’s Institutional Culture of Crisis and the Downsizing of Corporate America,” *American Anthropologist* 111, no. 2 (2009): 177–89.

⁵² The search was performed on August 2, 2011. An alternative search for “share holder value” yielded no results.

⁵³ See, for instance, William Lazonick and Mary O’Sullivan, “Maximizing Shareholder Value: A New Ideology for Corporate Governance,” *Economy & Society* 29, no. 1 (2000): 13–35; Robert Reich, *Supercapitalism: The Transformation of Business, Democracy, and Everyday Life* (New York, 2007); Gerald F. Davis, *Managed by the Markets: How Finance Reshaped America* (Oxford, 2009); Neil Fligstein, “States, Markets, and Economic Growth,” in *The Economic Sociology of Capitalism*, ed. Victor Nee and Richard Swedberg (Princeton, 2005); and Ho, *Liquidated*.

⁵⁴ See for instance, George P. Baker and George David Smith, *The New Financial Capitalists: Kohlberg, Kravis Roberts and the Creation of Corporate Value* (New York, 1998). For alternative views, see Dore, “Financialization of the Global Economy”; Ho, *Liquidated*; and Davis, *Managed by the Markets*.

⁵⁵ Lynn Stout, *The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public* (San Francisco, 2012). Joe Nocera, “Down with Shareholder Value,” *New York Times*, 10 Aug. 2012. Justin Fox and Jay W. Lorsch, “What Good Are Shareholders?” *Harvard Business Review* (July–Aug. 2012).

and predetermined meaning. On the contrary, there is an ongoing semantic struggle about the meaning of speculation. Different periods and different interest groups have ascribed different meanings to speculation, and it would be of great interest to analyze this semantic struggle, for instance, by using Reinhart Koselleck's conceptual history approach.⁵⁶

Sensemaking. A closely related way of thinking about narratives and business history is to focus on how business leaders, entrepreneurs, and other historical agents made sense of their organization and the context in which it operated. Sensemaking is a concept mostly connected with organizational theorist Karl Weick. I suggest that the concept is useful in a wider cultural perspective. According to Weick, actors make sense of organizational phenomena retrospectively, and since "the essence of storytelling is sequencing, it is not surprising that stories are powerful standalone contents for sensemaking."⁵⁷

Mitchel Abolafia's studies of how central bankers make sense of available information in conducting monetary policy are fine examples of how functional assumptions of linearity and models cannot explain decision-making processes and the resulting actions. Abolafia shows how historians might read their sources differently if they discard *a priori* assumptions of rationality and model-based behavior.⁵⁸ I myself have used the notions of sensemaking and narratives in relation to organizational culture and financial crises. In my work on financial crisis, I argue that the important issue is not to find the true causes of crises, but to understand how different groups make sense of a crisis through narratives.⁵⁹

The Traces of the Past: Our Sources

I hope by now to have demonstrated that a cultural and narrative approach can assist business historians in asking relevant questions. However, there is another equally important issue that a cultural approach puts on the agenda. This issue concerns the business historian's

⁵⁶ See Reinhart Koselleck, *The Practice of Conceptual History: Timing History, Spacing Concepts* (Stanford, 2002); and his *Futures Past*.

⁵⁷ Karl Weick, *Sensemaking in Organizations* (Thousand Oaks, Calif., 1995), 129. See also Vaara, "On the Discursive Construction of Success/Failure in Narratives of Post-Merger Integration," 216.

⁵⁸ Mitchel Y. Abolafia, "Making Sense of Recession: Toward an Interpretive Theory of Economic Action," in *The Economic Sociology of Capitalism*, ed. Victor Nee and Richard Swedberg (Princeton, 2005) and "Narrative Construction as Sensemaking: How a Central Bank Thinks," *Organization Studies* 31, no. 3 (2010): 349–67. For the concept of sensemaking more generally, see Weick, *Sensemaking in Organizations*.

⁵⁹ Hansen, "Organizational Culture and Organizational Change" and "Making Sense of Financial Crisis and Scandal."

sources. A cultural or semiotic view of the traces of the past differs from more traditional views of the business historian's sources and approaches based on source criticism. Rather than focusing on truth seeking, the historian might focus on how historical documents are often "forming, shaping, and molding elements" into the crafting of a narrative.⁶⁰

A cultural focus thus suggests different questions, with consequences for how the business historian analyzes the empirical material. But it also assigns a more central role to less traditional sources, such as films and other cultural expressions and artifacts, which the truth-seeking historian might overlook. A cultural approach could therefore lead us to use new kinds of sources and to use traditional sources for new purposes.

What is a Source? A conceptual or narrative approach to business history implies a different view of our sources. No material is useful for the historian by itself. The usefulness of, say, company minutes or ledgers depends entirely on the historian's research question, while the interpretation of these texts depends on the ontological and epistemological positions of the historian. The point is that sources are the historian's construction in the sense that they become resources to answer a specific question the historian asks.⁶¹ The implication is that there is no kind of empirical material that is privileged. It all depends on the questions we ask. In this view, archival material does not provide a transparent window to the past.

While many business historians today accept that the product of their work—the historical narrative—is not the final truth or even a reconstruction of the past, fewer practitioners within our field extend this view to the sources or traces from the past. In my analysis of the rise and decline of Danish Modern furniture, I used archival material along with newspapers and trade magazines to demonstrate how a network of actors constructed a specific narrative about Danish Modern. I then traced how this narrative came to dominate both producers' and consumers' understanding of Danish Modern as democratic and honest furniture. This image of Danish Modern fit perfectly with the rise of the Danish welfare state and made the furniture an appealing choice for consumers who identified with this societal development. Drawing on internal documents from the producers and designers and on

⁶⁰ Natalie Zemon Davis, *Fiction in the Archives: Pardon Tales and Their Tellers in Sixteenth-Century France* (Stanford, 1987), 3–4.

⁶¹ See Per H. Hansen, "Writing Business History without an Archive: Newspapers as Sources for Business History—Possibilities and Limitations," in *Markets and Embeddedness: Essays in Honour of Ulf Olsson*, ed. C. J. Gadd, S. Granér, and S. Jonsson (Gothenburg, 2004).

magazines and newspapers as well as pictures, I furthermore demonstrated how the story of Danish Modern became a serious obstacle to innovation in the 1960s, when consumer preferences changed and new materials and production methods came to dominate. The consequence was that consumers began to view Danish Modern as unfashionable.⁶²

The business historian using a cultural approach will look for how certain meanings were ascribed to events, artifacts, and phenomena. The decisions and actions of entrepreneurs, business leaders, and consumers depend on the meanings they assign to events, which can be traced in the empirical material.⁶³

For instance, if greed is not “natural,” then the way it is used to blame bankers for the financial crisis is an example of signification. The enormous number of texts produced in the wake of the crisis indicated the struggle over the narrative of the events. Moreover, the meanings of greed may, or will, differ over time as the general context changes. These meanings are necessarily shaped by many different sources, such as economic experts, news media, and politicians, but also by cultural expressions like movies. Movies such as *Margin Call* (2011), *Wall Street: Money Never Sleeps* (2010), and *Too Big to Fail* (2011) are likely to influence public opinion more than documentaries or academic reports, not to mention archival sources.

In the 1980s, when a shift from managerial to financial capitalism was under way, films like *Wall Street* (1987), *Barbarians at the Gates* (1993), *Other People's Money* (1991), and even *Pretty Woman* (1990) all addressed greed and speculation in different ways. As narrative representations of societal phenomena, some films have influenced how the public views the shift from managerial to shareholder capitalism and financialization. Their value as sources does not relate to whether their “message” is true or not, nor to the producers’ intentions, but to how they represent business. Such films have contributed to an ongoing discussion about the desirability of the new ideology of private equity and shareholder value. While most films have been critical of these changes, entrepreneurs and financiers have themselves tried to construe a narrative that makes them heroes of US economic growth and competitiveness during the second globalization period.⁶⁴ Concepts and narratives are not only part of a struggle over what is “true” but also reflect and shape social reality at the same time. Narratives themselves

⁶² See Hansen, “Networks, Narratives, and New Markets” and “Cobranding Product and Nation.”

⁶³ See also Lipartito, “Culture and the Practice of Business History,” 17; and Rodrik, “Ideas over Interests.”

⁶⁴ Louis Uchitelle, “The Richest of the Rich, Proud of a New Gilded Age,” *New York Times*, 15 July 2007. See also Baker and Smith, *The New Financial Capitalists*.

can be viewed as actions.⁶⁵ For example, there is general agreement that the film *Wall Street* actually changed Wall Street by influencing traders' behavior and view of the financial world.⁶⁶

The example of how films can serve as sources is just one small correction to the widespread idea that a real (business) historian must use archives.⁶⁷ In my opinion, this criticism begs the question of what constitutes real "sources." The usefulness of archival material and other sources depends entirely on what research question the business historian is trying to answer.⁶⁸ If the historian wants to know how the public perceived a company, the company's archive is hardly the first place to look. The historian Ludmilla Jordanova has called the idea that archival work is the only legitimate approach to historical research "the cult of the archive."⁶⁹ The position that historians must use archives narrows the range and scope of relevant questions that a business historian can legitimately ask. Let us not do that.

Approaches. Focusing on narrative requires that we become more aware of the role of language in framing the way people in the past made sense of and perceived their world. Textual and contextual analysis then moves to the center of what historians do.

In accordance with this view, historians can frame and carry out studies in business and capitalism in numerous ways. In my own work, my analytical strategies have come to rely mostly on the role of narratives. Other strategies may be fruitful and yield different interesting and relevant insights. There is always a choice to make, contingent on the ontological and epistemological views of the scholar. This is why I use the term analytical strategy rather than method. Method implies the existence of an objective truth to be uncovered by the correct procedures.⁷⁰ For instance, business professors Geoffrey Jones and Tarun Khanna argue that business historians should use more "rigorous" methods such as Boolean algebra and the techniques of quantitatively oriented business and management scholars.⁷¹

⁶⁵ For the idea of performativity, see, for instance, Donald Mackenzie, *An Engine, Not a Camera: How Financial Models Shape Markets* (Cambridge, Mass., 2008). See also Brown, "A Narrative Approach to Collective Identities," 734.

⁶⁶ Francesco Guerrera, "How 'Wall Street' Changed Wall Street," *Financial Times*, 24 Sept. 2010.

⁶⁷ For this idea, see, for instance, Toms and Wilson, "In Defence of Business History"; Franco Amatori and Geoffrey Jones, "Introduction," in *Business History around the World*, ed. Franco Amatori and Geoffrey Jones (Cambridge, 2003), 5; and Kobrak and Schneider, "Varieties of Business History."

⁶⁸ See Hansen, "Writing Business History without an Archive."

⁶⁹ See Jordanova, *History in Practice*.

⁷⁰ See Niels Åkerstrøm Andersen, *Discursive Analytical Strategies: Understanding Foucault, Koselleck, Lauclau, Luhmann* (Bristol, 2003).

⁷¹ Jones and Khanna, "Bringing History (Back) into International Business."

From an analytical strategic point of view, the challenge is how to identify and understand the meanings historical actors assign to events and their context. We cannot look into people's heads to see how they perceived and made sense of the world, but we can study the narratives they have left behind in order to see how they established, circulated, and perceived meaning. In his work, Geertz distinguished between thin and thick description. It is only through thick description that we can understand the meanings ascribed to events or phenomena. Business historians who would like to acquaint themselves with the idea of thick description in a historical rather than an anthropological context should consult the field of microhistory, where historians have written fascinating and influential works.⁷²

By using thick description, business historians can observe and analyze how bankers, entrepreneurs, managers, and unions have made sense of the world through competing narratives. Likewise, business historians interested in understanding organizations can study how the historical narratives that always circulate in an organization contribute to organizational sensemaking, remembering, identity, and culture.⁷³ In addition, at the macro level, business historians can contribute to a better understanding of, for example, globalization and protectionism and the role of companies in these processes by focusing attention on how societies and business leaders made sense of these phenomena and legitimized certain actions.

One final comment on sources and "source criticism": In addition to archival work, source criticism is often considered to be the backbone of historical analysis. But source criticism and archival work are not analytical strategies. Source criticism is based on the idea that careful analysis can filter away biases and see through vested interests in order to find the reality of the past. This idea relates to business historians Steve Toms and John Wilson's quest for truth.⁷⁴ I agree, of course, that the historian should always consider who produced (and archived) a given source, in order to look for issues of interests and power. But I am skeptical of the idea of bias because it assumes that objectivity is a legitimate concept. Such a neutral platform from which historians can claim objectivity or the ability to filter away historical actors' lack of the

⁷² Giovanni Levi, "On Microhistory," in *New Perspectives on Historical Writing*, ed. Peter Burke (Cambridge, Mass., 1991). Natalie Zemon Davis, *The Return of Martin Guerre* (Cambridge, Mass., 1983). Carlo Ginzburg, *The Cheese and the Worms: The Cosmos of a Sixteenth-Century Miller* (London, 1980).

⁷³ Linde, *Working the Past*, 71; Casey and Olivera, "Reflections on Organizational Memory and Forgetting"; Geiger and Antonacopoulou, "Narratives and Organizational Dynamics"; Brown, "A Narrative Approach to Collective Identities."

⁷⁴ Toms and Wilson, "In Defence of Business History."

same hardly exists.⁷⁵ It is precisely for this reason that as part of our analytical strategy we should make our theoretical assumptions clear and that a cultural approach focuses on the construction of meanings rather than truth. Adopting the term “analytical strategy” implies a conscious choice behind any approach to the empirical material—whether it comes from a corporate archive, newspapers, government documents, or published work. This is important because methods are not neutral. On the contrary, they have consequences for our results.

The Status of Our Results

Business historians should explicitly explain to the reader their theoretical approach, analytical strategy, and use of sources. Moreover, it is a misunderstanding that archives are not useful for answering research questions from a constructivist perspective, as implied by Toms and Wilson. Again, our results depend on the questions we ask.⁷⁶

Traditionally, business history, like the discipline of history in general, has been based on the search for historical truth as a main rationale. My basic argument is that economic and business phenomena have cultural foundations. Historians’ explanations and search for understanding must therefore pay attention not only to contextual and cultural specificity but also to processes of signification and sensemaking and how they matter for decision-making and actions.

It is a basic idea of the cultural (and the linguistic) turn that society is constructed by its members rather than containing an unchanging, intrinsic essence. This idea does not mean that reality does not exist. What it means is that people impose meanings on reality, and the process of signification is not an objective one. The implication is that the way we see and understand markets, companies, and organizations is a result of the different, and quite often competing, meanings ascribed to them. While most historians recognize that historical truth is an evasive concept, many nonetheless have the ambition of coming as close to this truth as possible.

One of the features that may provoke some business historians is that a cultural approach has serious consequences for the status of results, questioning traditional ideas about objectivity and truth. While I believe that historians can establish what is true and what is wrong

⁷⁵ See Andersen, *Discursive Analytical Strategies*; Jenkins, *Re-Thinking History*; A. F. Chalmers, *What Is This Thing Called Science? An Assessment of the Nature and Status of Science and Its Methods* (St. Lucia, 1976).

⁷⁶ Hansen, “Writing Business History without an Archive.” See also Michael Rowlinson and Agnès Delahaye, “The Cultural Turn in Business History,” *Entreprises et Histoire* 55 (June 2009): 108–9.

about some historical events, there are problems here, as well. According to the late anthropologist Michel-Rolph Trouillot, “In history, power begins with the source.”⁷⁷ Moreover, the idea of the “fact” in itself is socially constructed: “Facts are never meaningless; indeed, they become facts only because they matter in some sense, however minimal.” In addition, Trouillot continues, “Facts are not created equal: the production of traces is always the creation of silences. Some occurrences are noted . . . others are not.”⁷⁸

In addition, the events that can be ascertained as true without any controversy are almost never the most interesting ones. As soon as the historian begins explaining causation or understanding more complex questions, the situation becomes more problematic. Source scrutiny does not solve most historical debates and problems. Debates and disagreements most often result from differences in framing, cognition, and interpretation or, in short, in sensemaking and signification.

If one sees the main rationale for business history as providing hands-on scientific advice for policymakers and business strategists, a focus on understanding rather than generalizing may be as frustrating as the search for truth. However, people, organizations and societies cannot be reduced to functional decision-making machines, and therefore it is important to understand why things do not always work out according to economic models and assumptions of rationality and economic man. For instance, Douglass North argues that “throughout history we have gotten it wrong far more often than we have gotten it right” when trying to figure out how to promote economic growth and development. According to North, one important reason for this is that our assumptions of rationality miss the importance of “the way we perceive the world and construct our explanations about that world.”⁷⁹ At the organizational level, sociologist Mark Granovetter and others have argued along the same lines—that organizations and their strategizing are far from the idealized view of organizational charts and strategic thinking. On the contrary, we should see strategy as a retrospectively constructed narrative phenomenon.⁸⁰ In addition, numerous contributions to behavioral finance and economics indicate that the usual rationality assumptions applied in economics and quite a lot of business history

⁷⁷Trouillot, *Silencing the Past*, 29.

⁷⁸Ibid.

⁷⁹North, “Institutions and the Performance of Economies over Time,” 28.

⁸⁰See for instance, Mark Granovetter, “Economic Action and Social Structure: The Problem of Embeddedness,” *American Journal of Sociology* 91, no. 3 (1985): 499–501; Henry Mintzberg, *Tracking Strategies: Toward a General Theory* (Oxford, 2007); Robert C. H. Chia and Robin Holt, *Strategy without Design: The Silent Efficacy of Indirect Action* (Cambridge, 2009).

needs to be qualified, at best.⁸¹ As I have indicated, one of the ways we can meaningfully study the history of business without restricting ourselves to functional explanations is through thick description that focuses on historical actors' construction of narratives.

Suggestions for Further Research

Organizational studies professors Andrew Brown, Yiannis Gabriel, and Silvia Gherardi argue that without change there would be no need for stories:

In a world of change, however, threatening forces are at play, uncertain choices confront us, unpredictable outcomes result from our actions and disturbing emotions suffuse our being. Meanings are fragile, identities require maintenance work, sense is confronted with many diverse possibilities. Stories and other narratives then help us make sense of change, explain it, domesticate it and, at times, celebrate it.⁸²

Since the world is in a constant state of change, people and groups of the past and their historians constantly strive to make sense of their societies. I agree with business historians Walter Friedman and Geoffrey Jones that practitioners must contribute to a better understanding of entrepreneurship and innovation, globalization, the role of the state, and the environment.⁸³ These are timely topics that call for better explanations and historical understanding. Why are some companies constantly innovating while others are not? Why do some nations appear to have higher rates of entrepreneurship and in different sectors than others? Why is there a tense debate on the merits and problems of globalization and on the role of the state, with no end in sight? And why is it that unintended consequences of business ranging from global warming to devastating financial crises seem to be unstoppable?

Business historians all over the world are already carrying out careful analysis that helps us understand how these problems have developed. However, there is little dialogue with other academic disciplines, and in this article I have suggested that applying a narrative approach

⁸¹ See for instance, Verner de Bondt, "Bubble Psychology," in *Asset Price Bubbles: The Implications for Monetary, Regulatory, and International Policies*, ed. William C. Hunter, George G. Kaufman, and Michael Pomerleano (Cambridge, Mass., 2003); Linda Lai, "The Norwegian Banking Crisis: Managerial Escalation of Decline and Crisis," *Scandinavian Journal of Management* 10, no. 4 (1994); Dan Ariely, *Predictably Irrational: The Hidden Forces That Shape Our Decisions*, rev. and exp. ed. (New York, 2009); Daniel Kahneman, *Thinking, Fast and Slow* (New York, 2011).

⁸² Brown, Gabriel, and Gherardi, "Storytelling and Change," 328.

⁸³ Friedman and Jones, "Business History."

and being more explicit about our analytical strategies may contribute to new knowledge and better communication and cooperation with the social sciences.

More importantly, I would argue that a narrative approach to entrepreneurship and to globalization would enhance our understanding of these phenomena and make business history more attractive to other disciplines. Business historians could analyze how different narratives about economic development and the role of entrepreneurs have developed over time in different countries. What consequences have these narratives had for entrepreneurial activity across countries and companies, and what blind spots have developed that make governments, companies, and individuals unable to identify and act on opportunities? Rather than focusing exclusively on tax rates and functional or rationalistic analysis of the general formal institutional framework of incentive structures, business historians might contribute to a better understanding of how informal institutions have historically constrained the choices of entrepreneurs. If narratives are path dependent and create inertia, an understanding of how national and company narratives have limited or promoted entrepreneurship will be necessary in order to improve innovative activity in nations and companies.

Business historians have a unique opportunity to contribute to an understanding of globalization by analyzing the narratives that drove its first period, which lasted from the late nineteenth century to World War I. By identifying and analyzing the narrative drivers of globalization and the eruption of new narratives of protectionism in the 1930s, business historians can, I believe, contribute to a better understanding of what is driving the current period of globalization. Much as David Moss argues that (academic) ideas have influenced deregulation and the critique of the state, I would suggest that business historians analyze how changing narratives have paved the way for new relations between states, markets, and businesses.

Conclusion

In this article, I have argued that business historians could expand their toolbox by exploring culture and narrative. I have argued that the rationale of the cultural and narrative turn in business history is to analyze processes of signification carried out by business leaders, entrepreneurs, managers, employees, and consumers. The insights gained from historical analysis can be supplemented and expanded by a more explicit focus on meanings, values, and perceptions precisely because they play an important role in business decisions and actions and thus in the history of business. By applying a more rigorous understanding

of culture, in which the construction of, and struggle over, meanings and how they relate to power are of great significance, we will, I believe, become better at opening the black box of business and understand the decisions and actions of entrepreneurs, business leaders, regulators, and others involved in business.

I have tried to navigate carefully between approaches that reify culture and approaches that deconstruct everything or focus heavily on identity politics. Problems of gender, race, and class are certainly legitimate and much-needed topics in business history, and critical theory can add to our understanding of these issues.⁸⁴ However, I hope to have shown that cultural perspectives can also add substantial insights into more general concerns in business history—such as entrepreneurship, strategy, innovation, marketing, globalization, organizational change, memory, inertia, and so on. In my opinion, the narrative and the “uses of history” approaches can deliver these insights. When history is seen as path-dependent narratives that both enable and constrain individuals, firms, and other organizations, the focus of history moves easily from understanding the past to understand the present in order to change the future. When an organization’s dominant historical narrative becomes a constraint to strategic change, it is time to reframe the history of the firm and to come up with another story that can accommodate and promote change rather than constrain.⁸⁵ By thinking along these lines, business history has the potential to become more directly useful for businesses and society.

Finally, a few words about the narratives that historians write. A constructivist (or relativist according to Toms and Wilson) view of historical work does not mean that anything goes. The analysis of sources, the references to empirical material, and the need for coherence and consistency are no less rigorous than in any other field of history or social science. I thus challenge the social sciences’ capture of the concept of rigor, where it has come to signify mainly the use of quantitative methods and nomothetic ideals of generalization. Good qualitative business history is every inch as rigorous as quantitative disciplines; it just yields a different kind of knowledge and understanding.⁸⁶

I would argue that not only is business history a field with a huge potential for reaching a larger public readership, but also there is a considerable demand for business history narratives—a demand mostly covered by business journalists and other writers whom academic business historians sometimes denigrate. By trying to appeal to social scientists

⁸⁴ Rowlinson and Delahaye, “The Cultural Turn in Business History.”

⁸⁵ Hansen, “Organizational Culture and Organizational Change”; Geiger and Antonacopoulou, “Narratives and Organizational Dynamics.”

⁸⁶ See also Rowlinson and Delahaye, “The Cultural Turn in Business History,” 103.

and specialized academic journals, business historians may risk missing the larger readership that a genuine public interest in history warrants. Since academic business historians do not per se represent special interests and are free—or even obliged—to express their scholarly opinion, the stories we produce are at less (but not without) risk of being captured by special interests.

My plea, then, is for business historians to look for narratives and the construction of meanings in the traces of the past and to write engaging narratives themselves that address important contemporary issues such as globalization, entrepreneurship, and organizational performance. If we do that, business history, like history in general, will be a force to be reckoned with.

. . .

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