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The Alternative Business History: Business in Emerging Markets

This article suggests that the business history of emerging markets should be seen as an alternative business history, rather than merely adding new settings to explore established core debates. The discipline of business history evolved around the corporate strategies and structures of developed economies. The growing literature on the business history of emerging markets addresses contexts that are different from those of developed markets. These regions had long eras of foreign domination, had extensive state intervention, faced institutional inefficiencies, and experienced extended turbulence. This article suggests that this context drove different business responses than are found in the developed world. Entrepreneurs counted more than managerial hierarchies; immigrants and diaspora were critical sources of entrepreneurship; illegal and informal forms of business were common; diversified business groups rather than the M-form became the major form of large-scale business; corporate strategies to deal with turbulence were essential; and radical corporate social-responsibility concepts were pursued by some firms.

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In recent decades there has been a flourishing of business history literature on Africa, Asia and Latin America.¹ Progress has been made in

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¹ For reasons of space, this article does not include discussions of the small island economies in the Caribbean, Indian Ocean, and Pacific, nor Eastern Europe.

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translating some of the main conclusions of Latin American, Chinese, and other research into English, facilitating access by nonregional experts. There has been significant progress in comparing countries within regions, especially in Latin America; interregional comparisons are also starting.² This scholarship is exciting in the first instance because it brings a whole new set of empirical settings to a literature that has been overwhelmingly dominated by evidence from, and issues related to, the developed countries of western Europe and North America, and Japan.

Business history as a discipline originated in the countries where modern business was most successful, and this shaped research agendas. As the subject emerged at the Harvard Business School after 1928, a key research question was how history could be used to educate the managers of the world's largest corporations which were based in the United States. During the 1940s and 1950s, the Research Center in Entrepreneurial History at Harvard globalized the research agenda through exploring why entrepreneurs in the developing world were less successful than those in the United States. As business history became firmly established in Europe and Japan, much research was focused on explaining why the United States had developed large, professionally managed corporations in capital-intensive manufacturing that dominated the world capitalist system through innovation and multinational growth, and why European and Japanese business systems looked different from their American counterpart. In the past three decades, the assumption that the United States represents the benchmark, and that its story is primarily one of the growth of big business, has given way to a far more plural picture. However, this plurality is still explored primarily by using empirical evidence from the West and Japan.

This business history of emerging markets, then, is important in that it considers new settings when asking the established and familiar questions that concern business historians. This task alone is challenging because many knowledge gaps remain in the business history of many countries. The historiography of Latin America has advanced substantially in recent years, while progress in Africa and many Asian countries has been rather more modest. This patchy picture reflects serious challenges arising from a lack of archival materials and, sometimes, institutional reluctance to embrace the subject. Even more problematic,

² For example, Gareth Austin, "African Business History," in *The Routledge Companion to Business History*, ed. John F. Wilson, Steven Toms, Abe de Jong, and Emily Buchnea (London, 2017), 141–58; Rory M. Miller, "The History of Business in Latin America," in Wilson et al., *Routledge Companion*, 187–201; and María Inés Barbero and Nuria Puig, "Business Groups around the World," special issue, *Business History* 58, no. 1 (2016).

however, is how little this literature on Asia, Africa, and Latin America has been incorporated into mainstream business historiographies. It often remains marooned in its regional context. In part, this is a legacy of the fact that mainstream business history has been distinctively U.S.- and European-centric. The editors of a recent comparative historical study of family business in Latin America noted their own need to “shake off any inferiority complexes regarding the dominant theoretical paradigms from the English-speaking world.”³

This article proposes that the alternative business history of emerging markets can contribute something more radical and intellectually more challenging than just the addition of new settings. Its contribution is not, like the history of capitalism literature, to focus on capitalism rather than individual firms, nor, like the organizational history literature, to introduce sociological concepts into the analysis. Rather, the distinctive methodological contribution of this literature arises from the institutional context. This article argues that sufficient commonalities exist in the business history of countries across Latin America, Asia, and Africa—despite the significant differences between countries and within regions of each country—that it is possible to discern a distinctive body of scholarship different from that on the West. At the heart of these commonalities are five common challenges that businesses based in these regions have faced.

First, these countries were on the wrong side of the Great Divergence—the opening or rapidly widening gap between “the West and the Rest” in the nineteenth century—and have been catching up ever since. This left them with multiple challenges to building successful businesses, from finding skilled labor forces to breaking into markets already dominated by powerful Western incumbents. Given the role of country of origin in brands, being on the wrong side of the Great Divergence made their brands far less aspirational than, say, those based in Switzerland or the United States.

It must be emphasized that this broad generalization should not be taken as a denial of the huge differences between regions within individual countries and the risks of bifurcating in a stereotypical fashion the world economy into two camps—the successful and the unsuccessful. As Tirthankar Roy has emphasized in the case of India, before World War I the cities of Bombay and Calcutta were huge hubs of modern business enterprise, accounting for over half of modern

³ Paloma Fernández Pérez and Andrea Llach, eds., *The Evolution of Family Business: Continuity and Change in Latin America and Spain* (Northampton, Mass., 2016), 4. See also Gareth Austin, “Reciprocal Comparison and African History: Tackling Conceptual Eurocentrism in the Study of Africa’s Economic Past,” *African Studies Review* 50, no. 3 (2007): 1–28.

industry in the country, and were very much part of the global world.⁴ The same was true of the Chinese city of Shanghai.⁵ Mexico and other Latin American countries in the late nineteenth and early twentieth centuries also witnessed great variation in the business and economic development within countries.⁶ Everywhere there were vast income disparities between modernizing cities and the rural poor.⁷

Second, these countries faced colonial legacies, whether Spanish, Portuguese, Dutch, French, or British. The legal aspects of these legacies have become a staple of economic history, with the legal origins theory suggesting countries that inherited common law from Britain would fare better than those that inherited systems of civil law. It has also been contended that the so-called neo-Britains saw much faster economic growth after independence than other former colonies, and whether this was the result of the establishment (or not) of British-style private-property rights and representative government has been debated.⁸ The legal and property rights system was, however, only one legacy from colonialism. Colonial regimes favored different ethnic groups over others, characterizing some as merchants and others as peasants. In the settler colonies of southern Africa, white settler farmers and European mining enterprises were favored by policies of land reservation aimed at driving Africans out of the produce market and into the labor market, within a system of state and interfirm rules that ratcheted down black wages while preserving skilled jobs for whites.⁹ In partial contrast, in colonial Nigeria, Europeans were banned from owning land, and agriculture was the preserve of Africans, from small peasants to substantial planters, while ownership of banking,

⁴ Tirthankar Roy, "Beyond Divergence: Rethinking the Economic History of India," *Economic History of Developing Regions* 27, no. 1 (2012): 57–65.

⁵ Christopher A. Reed, *Gutenberg in Shanghai: Chinese Print Capitalism, 1876–1937* (Honolulu, 2004).

⁶ Mario Cerutti, "Regional Studies and Business History in Mexico since 1975," in *Business History in Latin America: The Experience of Seven Countries*, ed. Carlos Dávila and Rory Miller (Liverpool, 1999), 116–27; Carlos Dávila, *Empresas y empresarios en la Historia de Colombia: Siglos XIX y XX* (Bogotá, 2003).

⁷ Steven Topik and Allen Wells, *Global Markets Transformed* (Cambridge, Mass., 2014).

⁸ Daron Acemoglu, Simon Johnson, and James A. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91, no. 5 (2001): 1369–401; Ola Olsson, "Unbundling Ex-colonies: A Comment on Acemoglu, Johnson, and Robinson, 2001" (Working Papers in Economics No. 146, University of Gothenburg, Sweden, Sept. 2004); Gareth Austin, "The Reversal of Fortune and the Compression of History: Perspectives from African and Comparative Economic History," *Journal of International Development* 20, no. 8 (2008): 996–1027.

⁹ Giovanni Arrighi, "Labour Supplies in Historical Perspective: A Study of the Proletarianization of the African Peasantry in Rhodesia," *Journal of Development Studies* 6, no. 3 (1970): 197–234; Paul Mosley, *The Settler Economies: Studies in the Economic History of Kenya and Southern Rhodesia 1900–1963* (New York, 1983); Charles H. Feinstein, *Conquest, Discrimination and Development: An Economic History of South Africa* (New York, 2005).

shipping, and exporting was largely or actually monopolized by Europeans—and often by cartels at that.¹⁰

Colonial regimes moved ethnic groups around, most obviously through the importation of slaves in earlier centuries and to some extent as a legacy of the flows of indentured labor from Asia during the nineteenth and early twentieth centuries.¹¹ In some contexts, including urban Spanish America, some slaves became entrepreneurs, paying a share of their earnings to their owners; Chinese indentured laborers in Peru also became entrepreneurs, entering trade after indentures ended. In many cases, moreover, the extent of colonial direction should not be stressed. In the context of the South Asian communities of Africa, for example, Indian merchants were already involved on the East Coast, though the numbers of Indians were increased partly by those who came to build the “Uganda Railway” through Kenya. Like many twentieth-century Indian arrivals in East Africa, the Levantines in West Africa exercised some choice within a primarily colonial world, coming to Africa to a large or even overwhelming extent on their own initiative.¹²

Even countries that escaped formal colonialization experienced long periods of constrained autonomy. These constraints included the century-long treaty port system imposed on China after 1842 and Britain’s “protectorates” in the Arabian Gulf between 1820 and 1971. Equally important was the dominance of Western norms of international property law, the core proposition of which was that foreign property could not be taken without prompt compensation. These laws were imposed by treaty on the independent republics in Latin America after 1820 and enforced by the British and later the U.S. navies.¹³

Third, almost all of these countries went through long periods of state intervention as they reemerged as independent countries. China had a longer history of state intervention than most non-Western

¹⁰ Anthony I. Nwabughuogu, “From Wealthy Entrepreneurs to Petty Traders: The Decline of African Middlemen in Eastern Nigeria, 1900–1950,” *Journal of African History* 23, no. 3 (1982): 365–79; Ayodeji Olukoju, “Elder Dempster and the Shipping Trade of Nigeria during the First World War,” *Journal of African History* 33, no. 2 (1992): 255–71; Michael P. Cowen and Robert W. Shenton, “Bankers, Peasants, and Land in British West Africa 1905–37,” *Journal of Peasant Studies* 19, no. 1 (1991): 26–58; Gareth Austin and Chibuike Ugochukwu Uche, “Collusion and Competition in Colonial Economies: Banking in British West Africa, 1916–1960,” *Business History Review* 81, no. 1 (2007): 1–26.

¹¹ David Northrup, *Indentured Labor in the Age of Imperialism, 1834–1922* (New York, 1995).

¹² Edward A. Alpers, *The Indian Ocean in World History* (Oxford, 2013); Gijsbert Oonk, *Settled Strangers: Asian Business Elites in East Africa 1800–2000* (New Delhi, 2013); Fuad I. Khuri, “Kinship, Emigration, and Trade Partnership among the Lebanese of West Africa,” *Africa* 35, no. 4 (1965): 385–95.

¹³ Charles Lipson, *Standing Guard: Protecting Foreign Capital in the Nineteenth and Twentieth Centuries* (Berkeley, 1985).

countries. Practically all private businesses in late Imperial China required state patronage.¹⁴ In the Republican Era the level of state intervention was less, but after the Communist Revolution in 1949, capitalist enterprise was effectively abolished until the 1980s.

Long periods of import substitution, planning, controls, and other forms of state intervention were prevalent from the 1950s, notably in South Asia and sub-Saharan African countries from World War II—and especially after their respective independence from colonial rule—until economic liberalization (in conjunction with International Monetary Fund and World Bank loans) in the 1980s. In the Latin American republics, with their much longer postcolonial histories, the post-1945 period was similarly characterized by state-led development policies until the 1980s. State-owned enterprises have a long history in Asia and Africa, and not least in Latin America, and like state intervention in general, they were particularly prominent after 1945 and especially from the 1960s to the early 1980s.¹⁵ It should be noted that not all state interventions were repressive of private enterprise, although many were. In the context of a protectionist state-led development model in Latin America, private enterprise largely continued but became skillful at capturing the state with rent seeking. The Indian “license-permit Raj” between the 1950s and the 1970s restricted new entrants in many sectors of the economy, but—partly by the same token—protected incumbent firms, including foreign firms.¹⁶ In South Korea, the rapid growth from the 1960s to the early 1980s was characterized by state support for exporters, conditional on the latter enterprises delivering on their targets.¹⁷ It is also worth noting that in India, the acceleration of economic growth in the 1980s actually predated the start of economic liberalization, beginning instead with “pro-business”—rather than pro-market—concessions by the government on Indira Gandhi’s return to power in 1980.¹⁸

Fourth, these countries faced what are often described as “institutional voids” in their capital, labor, and other markets.¹⁹ The historical literature has fully documented many situations where land could be

¹⁴ David Faure, *China and Capitalism: A History of Business Enterprise in Modern China* (Hong Kong, 2006).

¹⁵ Miller, “History of Business in Latin America.”

¹⁶ V. N. Balasubramanyan, *The Economy of India* (London, 1984).

¹⁷ Alice H. Amsden, *Asia’s Next Giant: South Korea and Late Industrialization* (Oxford, 1989).

¹⁸ Dani Rodrik and Arvind Subramanian, “From ‘Hindu Growth’ to Productivity Surge: The Mystery of the Indian Growth Transition” (NBER Working Paper No. 10376, Mar. 2004).

¹⁹ Cheng Gao, Tiona Zuzul, Geoffrey Jones, and Tarun Khanna, “Overcoming Institutional Voids: A Reputation-Based View of Long-Run Survival,” *Strategic Management Journal* (advance online publication 22 Mar. 2017), doi:10.1002/smj.2649.

sold but only with difficulty and encumbrances, and where institutional credit was unavailable to the overwhelming majority of small businesses, who could obtain loans but only informally, often expensively, and from a very small range of potential suppliers.²⁰ Permanent rural-urban migration was discouraged, and in some cases prohibited, hindering labor market development in colonial Africa.²¹

The term “void” should not, of course, be taken to mean total absence. In West Africa and India, for example, there were long-established institutions capable of supporting marketing activities. The ethnic-cum-religious trading diaspora in South Asia and tropical Africa was one, creating a “moral community” within which moral hazard and other problems of information and coordination could be overcome or ameliorated.²² Another example was the versatile institution of the *hundi*, which served as both a means of payment and a form of credit, in South Asia and the Middle East.²³ Such institutions were not necessarily ideal for promoting innovative entrepreneurship. For example, there have been, and are, various ways of reflecting the time value of money despite interest taboos, but none of these accommodations are as simple and apparently as efficient as legalizing interest payments, although they may well have been the best available.²⁴

The use of the term “void” should also not imply that countries simply needed to import Western institutions to achieve successful economic modernization. Famously, when the Chinese government in 1904 introduced corporate law and limited liability with the aim of making it much easier for businesses to raise capital, Chinese entrepreneurs chose

²⁰ This can be seen, despite the qualifications offered, even in Gareth Austin and Kaoru Sugihara, eds., *Local Suppliers of Credit in the Third World, 1750–1960* (London, 1993).

²¹ Merle Lipton, *Capitalism and Apartheid: South Africa, 1910–84* (Aldershot, U.K., 1986).

²² Abner Cohen, “Cultural Strategies in the Organization of Trading Diasporas,” in *The Development of Indigenous Trade and Markets in West Africa*, ed. Claude Meillassoux (London, 1971), 266–81; Philip D. Curtin, *Cross-Cultural Trade in World History* (New York, 1984).

²³ Marina B. V. Martin, “An Economic History of Hundi, 1858–1978” (PhD diss., London School of Economics, 2012). There are interesting parallels to be drawn with indigenous Chinese banking systems of the era. See, for example, Craig Wilson and Fan Yang, “Shanxi Piaohao and Shanghai Qianzhuang: A Comparison of the Two Main Banking Systems of Nineteenth-Century China,” *Business History* 58, no. 3 (2016): 433–52.

²⁴ For different views on the theme of this paragraph, see Timur Kuran, *The Long Divergence: How Islamic Law Held Back the Middle East* (Princeton, 2011); Gareth Austin, “Developmental ‘Paths’ and ‘Civilizations’ in Africa and Asia: Reflections on Strategies for Integrating Cultural and Material Explanations of Differential Long-Term Economic Performance,” in *Institutions and Comparative Economic Development*, ed. Masahiko Aoki, Timur Kuran, and Gérard Roland (Basingstoke, U.K., 2012), 237–53.

not to use these “superior” institutions, probably because they preferred using personal relations and networks.²⁵

Despite such qualifications, the broad point stands that almost all mainstream business history has been written about countries with superior transaction-supporting market institutions. Business in most emerging markets existed, over the long term, in a different context.

Finally, these countries have witnessed a great deal of turbulence in their business environments. Political instability, expropriation, violence, and extreme macroeconomic fluctuations—often a function of dependence on exports of primary commodities and abrupt policy reversals—have been the norm rather than the exception in the modern history of Africa, Asia, and Latin America. This has generally not been the case in Europe and North America for two centuries, except in special periods of civil and international war.

The alternative business history of emerging markets suggests distinctive business responses to these distinctive challenges that differed, in many respects, from those in the developed West. The remainder of the article, which the authors see as an interpretative essay and certainly not a comprehensive literature review, suggests six such distinctive responses: the important role of entrepreneurship, the prominence of immigrants and diaspora among business elites, the importance of illegal entrepreneurship, the role of business groups, the priority given to coping with economic and political instability, and engagement with social responsibility.

Entrepreneurs as Central Actors

Across geographies, the literature on the history of business in Asia, Africa, and Latin America highlights the role of entrepreneurs as central actors and has less to say about large corporations and managerial hierarchies than does the literature on the United States, although for some European countries, such as Britain, there is certainly a significant historiography on entrepreneurs.²⁶ For Africa, Asia, and Latin America, the prominence of entrepreneurs in business historiography probably reflects the need to survive and take advantage of turbulent conditions in countries characterized by institutional voids.

²⁵ William C. Kirby, “China Unincorporated: Company Law and Business Enterprises in Twentieth-Century China,” *Journal of Asian Studies* 54, no. 1 (1995): 43–63.

²⁶ Joel Mokyr, “Entrepreneurship and the Industrial Revolution in Britain”; Mark Casson and Andrew Godley, “Entrepreneurship in Britain, 1830–1900”; and Mark Casson and Andrew Godley, “History of Entrepreneurship: Britain, 1900–2000,” all in *The Invention of Enterprise: Entrepreneurship from Ancient Mesopotamia to Modern Times*, ed. David S. Landes, Joel Mokyr, and William J. Baumol (Princeton, 2010), 183–210, 211–42, 243–72.

In Latin America and Asia, family business has been the dominant organizational form.²⁷ There was, however, diversity within this form. Cochran's research on Chinese and overseas-Chinese firms shows that they were family run but incorporated managerial hierarchies.²⁸ Family business was much less prominent in sub-Saharan Africa, despite families often being important to entrepreneurs as sources of labor. In a book published in 1937, the Nigerian nationalist and future prime minister Nnamdi Azikiwe attacked the preference of African businessmen for working alone rather than pooling capital, with the result that the businesses rarely outlived their owners.²⁹ While there were and are exceptions, especially in Nigeria—notably, the Dan Tata firm (a diversified business group) in Kano, which can be traced back to the nineteenth-century kola trade—Azikiwe identified a real pattern, whether the causes are a function of the kinship system or the extremely unstable business environment that reduces the life expectancy of firms and can easily force entrepreneurs to start again.³⁰

The importance of indigenous entrepreneurship in African history is particularly vivid, paradoxically enough, under the constraints of colonial rule. Not surprisingly, this was especially so in British West Africa, where the constraints on agricultural entrepreneurship were least, in contrast to the settler economies of southern Africa, the plantation colonies of central Africa, or even French West Africa—where often unfavorable ecological conditions encouraged the colonial administration to use coercion to try to induce a larger output of cotton from the savannas (largely unsuccessfully), and where as late as the crop year 1948–1949, French merchants were outbid by African buyers serving the local hand-craft industry for “almost all of the 1,800 tons of cotton produced.”³¹

²⁷ For recent historical research on family business in emerging markets, see Fernández and Lluch, *Evolution of Family Business*; Cheryl Susan McWatters, Qiu Chen, Shujun Ding, Wenxuan Hou, and Zhenyu Wu, “Family Business Development in Mainland China from 1872 to 1949,” *Business History* 58, no. 3 (2016): 408–32.

²⁸ Sherman Cochran, *Encountering Chinese Networks: Western, Japanese, and Chinese Corporations in China, 1880–1937* (Berkeley, 2003); Sherman Cochran, “Chinese and Overseas Chinese Business History: Three Challenges to the State of the Field,” in *Chinese and Indian Business: Historical Antecedents*, ed. Medha Kudaisya and Ng Chin-keong (Leiden, 2009), 11–29; and Sherman Cochran and Andrew Hsieh, *The Lius of Shanghai* (Cambridge, Mass., 2013).

²⁹ Nnamdi Azikiwe, *Renasant Africa* (1937; London, 1968), 132–33.

³⁰ John Iliffe, *The Emergence of African Capitalism* (London, 1983), 73–75; Ayodeji Olukoju, “Accumulation and Conspicuous Consumption: The Poverty of Entrepreneurship in Western Nigeria, ca. 1850–1930,” in *Africa's Development in Historical Perspective*, ed. Emmanuel Akyeampong, Robert H. Bates, Nathan Nunn, and James A. Robinson (New York, 2014), 208–30.

³¹ Richard L. Roberts, *Two Worlds of Cotton: Colonialism and the Regional Economy in the French Soudan, 1800–1946* (Stanford, 1996), 283.

West Africa's specialization in agricultural exports, so often associated with colonial rule, actually began decades earlier, during the decline of the Atlantic slave trade following British abolition in 1807. The initial growth of palm oil and peanut exports was greatly reinforced in the early colonial period by the adoption of cocoa cultivation in the forest zones of Ghana and Nigeria and the beginning of peanut exports from Northern Nigeria. The latter was made possible by the railroad reaching Kano, over five hundred miles from the coast. While this illustrates the importance of colonial investment and technology, the decisions to adopt peanuts rather than cotton as the export commodity were made by Hausa merchants and peasants. Further south, the adoption of cocoa—an exotic crop that took several years to begin to bear, but would then (as it turned out) continue to do so for often thirty years or more—was a case of long-sighted, risk-taking capital formation. In Nigeria, this was the achievement of Creole merchants who decided to turn to planting.³² In the process, they adopted a radically new production function, with a very different seasonal distribution of work, but which enabled them to exploit what at the time was the underused soil fertility of the forest zone. Faced with the eventual colonial prohibition of slavery and human pawning, they also pioneered regular wage labor in Nigerian agriculture, specifically in the form of the annual wage contract.³³

In Latin America, entrepreneurship has been identified as important across the cycles of globalization that impacted the continent: the era of commodity exports, between 1870 and the 1920s; the import substitution and industrialization phase, between the 1930s and the 1970s; and the second global economy, from the 1980s. In all these periods, entrepreneurs played a central role in confronting the challenges and opportunities characteristic of what might be termed the Latin American “variety of capitalism.” Business history research has been decisive in renewing interest in the Latin American entrepreneur and has effectively undermined the widespread assumption that an absence of entrepreneurial values was among the causes of Latin American underdevelopment.³⁴ It has also been argued that entrepreneurs, entrepreneurial families, and business groups constitute forms of business organization

³² A. G. Hopkins, “Innovation in a Colonial Context: African Origins of the Nigerian Cocoa-Farming Industry, 1880–1920,” in *The Imperial Impact*, ed. Clive Dewey and A. G. Hopkins (London, 1978), 83–96, 341–42.

³³ B. A. Agiri, “The Development of Wage Labour in Agriculture in Southern Yorubaland 1900–1940,” *Journal of the Historical Society of Nigeria* 12, no. 1–2 (1983–1984): 95–96.

³⁴ Carlos Dávila, “Entrepreneurship and Cultural Values in Latin America, 1850–2000: From Modernization, National Values and Dependency Theory towards a Business History Perspective,” in *The Determinants of Entrepreneurship: Leadership, Culture, Institutions*, ed. José L. García-Ruiz and Pier Angelo Toninelli (London, 2010), 143–60.

indispensable to grasping the evolution of the Latin American business landscape since its origins in the post-independence period.³⁵

The entrepreneurship literature has provided rich information about individual entrepreneurs, entrepreneurial families, and business groups. It has revealed organizational structures and leadership patterns that differ significantly from those seen in M-form organizations in the West. Entrepreneurs emerge as formative figures not only in the growth of manufacturing in Latin America, but also in mining, communication, commerce, and agriculture. A literature on agrarian capitalism in the late nineteenth and early twentieth centuries has demonstrated that large estates in some regions were less unchanging forms of organization and more examples of dynamic entrepreneurship.³⁶ A number of themes stand out as particularly important, including the importance of the local and regional base of many entrepreneurial ventures; their role within elites; the importance of land ownership that was not limited to providing original capital accumulation; the development of capabilities to deal with recurring crisis and instability; and the capability to learn and adapt best practices from the businesses of large firms based in the developed West in which varied forms of intrapreneurship are present. The role of entrepreneurs as innovators—often, in Latin America, not in new methods of production and new products, but in other forms of Schumpeterian innovations such as opening new markets, exploiting new sources of supply, and crafting new ways to organize business—has been explored. Research has also clearly established that there was no uniformity across the region. The performance of entrepreneurial families and business groups has varied by country, sector of activity, and historical period, as well as in terms of their impact on their specific country's wealth concentration and conditions of poverty. Additionally, it has been shown that a distinctive characteristic of Latin American entrepreneurs has been close interaction with politics and the state, manifested in multiple ways besides holding public office.

A considerable amount of the Latin American literature on entrepreneurship has taken the form of biography; however, the methodology behind these biographies has varied a great deal. Biographical studies of entrepreneurs have emerged out of a variety of disciplines—economic, social, and political history; historical sociology and economic development—and have come out in different formats, including full scholarly

³⁵ Carlos Dávila, "The Current State of Business History in Latin America," *Australian Economic History Review* 53, no. 2 (2013): 109–20; Fernández and Lluch, *Evolution of Family Business*.

³⁶ Samuel Amaral, *The Rise of Capitalism on the Pampas* (New York, 1998); Claudio Robles-Ortiz, "Agrarian Capitalism and Rural Labour: The Hacienda System in Central Chile, 1870–1920," *Journal of Latin American Studies* 41, no. 3 (2009): 493–526.

biographies, journalist biographies, biographical sketches, historical studies of regional elites, and biographical dictionaries of entrepreneurs.³⁷ Because biographies can tend toward the anecdotal and are hard to generalize from, Carlos Dávila developed an analytical framework in which individual studies can be placed, based on theoretical approaches and concepts of entrepreneurship from multiple disciplines, including economics, sociology, history, and psychology. The underlying assumption of the framework is that the entrepreneur must be conceived as a whole, not partially or in fragments, taking into account various elements of her or his nature and functions as an economic, social, and political actor. For that purpose, six categories are taken into account, each one considered in a dynamic, historical perspective: the economic, political, and social context; the entrepreneur's economic behavior, including capital accumulation, alertness to opportunities, risk, uncertainty, innovation, productive/unproductive/destructive functions, and filling market voids; the entrepreneur's socioeconomic background and profile; the entrepreneur's relations with politics and the state; the entrepreneur's lifestyle and mental outlook on economic development; and the state and the market.³⁸

Role of Immigrants and Diaspora

A noteworthy characteristic of the business elites of Latin America is the importance of immigrants. Tracing Latin American entrepreneurship back to the waves of globalization makes evident the significance of foreign immigration as well as foreign capital in the region as a means of filling voids in domestic factor endowments. The importance of foreign capital, including multinational investment, is well documented. British, German, and French capital, often taking the form of freestanding companies or diversified business groups, was very important before World War I. After the war, increasingly U.S.-based multinational enterprises played important roles in oil and mining, manufacturing, infrastructure, and agricultural commodities.³⁹ Since the mid-1980s, foreign direct investment in oil and mining has played

³⁷ See Dávila and Miller, *Business History in Latin America*; and María Inés Barbero and Raúl Jacob, eds., *La nueva historia de empresas en América Latina y España: Una aproximación historiográfica* (Buenos Aires, 2008).

³⁸ This framework has been used in research and teaching both to orient ongoing biographical research and as a tool to analyze existing works. See Carlos Dávila, "La historia oral y las biografías de empresarios," in *Historia del mercadeo en Colombia: Trayectoria empresarial de Napoleón Franco, 1946*, ed. José Miguel Ospina, Luis Fernando Molina, Gabriel Pérez, and Carlos Dávila (Bogotá, 2014), 47–96.

³⁹ Steven Topik, Zephyr Frank, and Carlos Marichal, eds., *From Silver to Cocaine: Latin American Commodity Chains and the Building of the World Economy, 1500–2000* (Durham, 2006).

a particularly important role in the region's exports. The turn of the twenty-first century saw a renewed influx of European (mostly Spanish and French) and a new wave of Asian (mostly Chinese) investment. These flows of foreign capital also brought with them people who became entrepreneurs in the host countries.

Across Latin America, immigrants have been not only major sources of entrepreneurship but one of the distinctive factors in the region's development. As in the case of foreign capital, the immigration pattern shows heterogeneity among countries and across time. At the time of the first globalized economy, several governments in the region pursued policies to encourage European immigration. The major wave of western European immigrants arrived between the end of the nineteenth century and the 1920s; lesser numbers followed over subsequent decades. These immigrants contributed greatly to the supply of workers, both urban and rural, skilled and unskilled. At the same time, they also became entrepreneurs.

The growth patterns of entrepreneurship, especially in Argentina, Brazil, Chile, and Uruguay, cannot be understood without reference to ethnic communities, immigrant rural settlements, and successive diasporas (Italians, Spaniards, Germans, British, and French) that settled not only in urban centers but across rural areas. These immigrant entrepreneurs benefited from contacts and institutional bonds with their home countries and with diaspora networks. These bonds were highly significant in matters of credit and finance (including their role as brokers in international funding) and technological catch-up. Typically they benefited from superior education and social connections that enabled them to successfully address market and institutional voids. Of course, immigrants were also hugely important in the growth of nineteenth-century North America (and Australia and New Zealand), and they provided some of the United States' most iconic entrepreneurs, such as Andrew Carnegie, Joseph Pulitzer, David Sarnoff, and the Guggenheim and Lehman brothers. However, in these Latin American nations the impact of immigrant entrepreneurs was disproportionately greater, and they appeared at the center of economic, political, social, and cultural life at the local, regional, and even national levels.

Argentina, one of the most dynamic economies in the first wave of globalization, experienced the second-biggest immigration wave in the world between 1850 and 1950.⁴⁰ Italians dominated the inflow, but there were also Spaniards, Germans, British, and French. German and

⁴⁰ María Inés Barbero and Andrea Lluch, "Family Capitalism in Argentina: Changes and Continuities over the Course of a Century," in Fernández and Lluch, *Evolution of Family Business*, 123–53.

British immigration often came with foreign trading houses looking for sources of supply of natural resources or for new markets. Later, migrant agricultural settlers were crucial in neighboring Southern Cone countries, such as southern Brazil and Uruguay, as well as in Chile, although the numbers did not reach the volume of Argentina. In the case of Mexico, French, Spanish, and German immigrants were highly significant.⁴¹ Italians and Chinese were important in Peru. Throughout the region, waves of Syrian, Lebanese, and Palestinian migrants settled during the first half of the twentieth century, constituting a diaspora that stands out in all local business communities, especially in commerce and services—much like the Levantines in West Africa.⁴² More recently, American expatriates have been prominent in developing the large ecotourism industry in Costa Rica since the 1980s.⁴³ Finally, it is revealing that even in the case of Columbia, a country that attracted few immigrants, the few hundred Europeans who settled in its Caribbean ports from the late nineteenth century became prominent among the local business elites.⁴⁴

Diaspora capitalism was hardly limited to Latin America. South Asia was a large source of diaspora business communities.⁴⁵ For example, the Sindhi community was a longstanding diaspora that increased drastically after the partition of India and Pakistan in 1947, spreading over Southeast Asia and Britain.⁴⁶ In Kenya, it was the Indian business community, rather than Western firms, state enterprises, or African-Kenyan entrepreneurs, that was the major driver of the growth of manufacturing by the 1980s.⁴⁷ The Gujarati diaspora was prominent in Kenya and elsewhere, including in the diamond trade in Belgium and in pharmacies and hotels in the United States.⁴⁸ A study of the Gujarat business elite in East Africa has explained their success not only in terms of family, caste, and

⁴¹ On the role of French immigrants in Mexican textiles, see Aurora Gómez-Galvarriato, "Networks and Entrepreneurship: The Modernization of the Textile Business in Porfirian Mexico," *Business History Review* 82, no. 3 (2008): 475–502.

⁴² H. L. van der Laan, *Lebanese Traders in Sierra Leone* (The Hague, 1975); Issac Xerxes Malki, "The Alienated Stranger: A Political and Economic History of the Lebanese in Ghana, c.1925–1992," (DPhil diss., University of Oxford, 2008).

⁴³ Geoffrey Jones and Andrew Spadafora, "Creating Ecotourism in Costa Rica, 1970–2000," *Enterprise & Society* 18, no. 1 (2017): 146–83.

⁴⁴ For bibliographies on immigrant entrepreneurship in Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay, and Venezuela, see Dávila and Miller, *Business History in Latin America*; and Barbero and Jacob, *La nueva historia*.

⁴⁵ Rajeswary Brown, *Capital and Entrepreneurship in South-East Asia* (London, 1994).

⁴⁶ Claude Markovits, *The Global World of Indian Merchants, 1750–1947: Traders of Sind from Bukhara to Panama* (New York, 2000).

⁴⁷ David Himbara, *Kenyan Capitalists, the State, and Development* (Boulder, 1994).

⁴⁸ "The Gujarati Way: Going Global," *Economist*, 16 Dec. 2015.

community networks, but also because of their familiarity with money management and the concept of rent.⁴⁹

A large literature has documented the importance of the Chinese business diaspora in Southeast Asia, where ethnic Chinese dominated the economic growth of most countries. The traditional literature offers two alternative explanations: one stresses cultural characteristics (like Confucian values and networking capabilities, or *guanxi*) and the other stresses structural factors, such as market conditions and relations with states. A revisionist literature has tended to disparage the cultural approach and paints a more complex and integrated picture involving interethnic competition, extensive interaction with mainland China, and the centrality of business familism.⁵⁰ While reluctant to invest deeply in innovation, these Chinese groups emerged as adept at identifying opportunities in often turbulent contexts and skilled at building alliances with both governments and foreign multinationals.⁵¹ Christine Dobbin undertook an important comparative study of Chinese and other diasporas over centuries based on their interaction with European powers. She finds commonalities among the experiences of the Hokkien Chinese in Java and the Philippines, the Chinese mestizos in the Philippines, the Parsis in Bombay, the Chettiars in Burma, and the Gujarati Ismailis in East Africa.⁵²

Illegal and Informal Capitalism

In the history of capitalism, illegal business has hardly been absent from the industrialized West, which boasts a rich history of smuggling, illegal distilling, and cash labor payments, although popular parlance and some degree of ethnocentrism seems to imply it is a province of emerging markets. Indeed, one of the few studies of entrepreneurship and organized crime is largely based on empirical evidence from Europe, including Russia.⁵³ Still, there is undoubtedly a significant spectrum of business extending from the criminal to the simply unregistered to be found in the business history of emerging markets. Latin America

⁴⁹ Oonk, *Settled Strangers*.

⁵⁰ Hong Liu, "Beyond a Revisionist Turn: Networks, State and the Changing Dynamics of Diasporic Chinese Entrepreneurship," *China: An International Journal* 10, no. 3 (2012): 20–41.

⁵¹ Rajeswary Brown, *Chinese Big Business and the Wealth of Asian Nations* (London, 2000); Ching-hwang Yen, *Ethnic Chinese Business in Asia: History, Culture and Business Enterprise* (Singapore, 2014).

⁵² Christine Dobbin, *Asian Entrepreneurial Minorities: Conjoint Communities in the Making of the World Economy 1570–1940* (Richmond, U.K., 1996).

⁵³ Petter Gottschalk, *Entrepreneurship and Organized Crime: Entrepreneurs in Illegal Business* (Northampton, Mass., 2009).

has plentiful examples across the spectrum. The subcontinent, particularly Bolivia, Peru, Colombia, and Mexico, and more recently also Central America, has for the last four decades been on the supply side of a global narcotics market whose major demand is located in the United States and Europe.⁵⁴ Contraband is a business with a *longue durée* path that goes back to the colonial times.⁵⁵ Alongside the expansion of mining by multinationals since the 1990s, illegal gold-mining exploitations have flourished in some countries, with damaging social and environmental impacts at the time that became a source of violence.⁵⁶

Illegal business in Asia may have been studied less systematically, but prominent examples of criminal business activity on a large scale can be found across chronological periods. In interwar China, the powerful criminal gang, or triad, known as the Shanghai Green Gang had a large illegal opium business and was engaged in corruption at the highest levels in local and national politics.⁵⁷ After Indian independence in 1947, the Bombay mafia were the major financiers of the Bollywood film industry, the world's second-largest movie industry in terms of movies produced. The Indian government denied Bollywood official status as an industry before 2000, which made getting legitimate financing impossible.⁵⁸

In recent decades, Chinese triads have also built large businesses trafficking in heroin and opium and have evolved as diversified business groups by entering new activities such as arms smuggling, credit card fraud, counterfeiting, software piracy, prostitution, gambling, and smuggling of illegal aliens into the United States.⁵⁹ For obvious reasons,

⁵⁴ U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *2014 International Narcotics Control Strategy Report*, 2 vols. (Washington, D.C., 2014), <https://www.state.gov/j/inl/rls/nrcrpt/2014/>; John Gibbs, "An Annotated Bibliography: How Narcotics Trafficking Organizations Operate as Businesses" (report prepared by the Federal Research Division, Library of Congress, Sept. 2002).

⁵⁵ John H. Coatsworth, "Political Economy and Economic Organization," in *The Cambridge Economic History of Latin America*, vol. 1, *The Colonial Era and the Short Nineteenth Century*, ed. Victor Bulmer-Thomas, John H. Coatsworth, and Roberto Cortés-Conde (Cambridge, U.K., 2006), 235–74; Cristoph Rosenmuller, ed., *Corruption in the Iberian Empire: Greed, Custom and Colonial Networks* (Albuquerque, 2017).

⁵⁶ See, for instance, Gavin Hilson, "The Environmental Impact of Small-Scale Gold Mining in Ghana: Identifying Problems and Possible Solutions," *Geographical Journal* 168, no. 1 (2002): 57–72; Gian Carlo Delgado-Ramos, ed., *Ecología política de la minería en América Latina* (Mexico City, 2010); and Jorge Garay, ed., *La minería en Colombia: Fundamentos para superar el modelo extractivista*, 4 vols. (Bogotá, 2013).

⁵⁷ Brian G. Martin, *The Shanghai Green Gang: Politics and Organized Crime, 1919–1937* (Berkeley, 1996).

⁵⁸ Gaurav R. Wankhade, "Film Financing in Bollywood: Scripting a New Saga, Screening an Extravaganza," in *Business of Bollywood: The Changing Dimensions*, ed. Anuradha Malshe (Hyderabad, India, 2009), <https://ssrn.com/abstract=1382511>.

⁵⁹ Mike Brunker, "Asian Gangs Are Brothers in Crime," *NBC News*, 31 Aug. 2013, <http://www.nbcnews.com/id/3071662/t/asian-gangs-are-brothers-crime/>.

academic case studies of the strategies and organization of triads cannot be found; although, there are case studies that provide a lens with which to observe at least some aspects of these opaque businesses. A study of the Taiwanese triad Heavenly Alliance, founded in 1986, explored in detail how it trafficked Chinese women to Taiwan for purposes of prostitution.⁶⁰ United Nations reports indicate high levels of criminal business, much of it in the hands of well-organized gangs. A 2013 report estimated (for example) annual revenues from smuggling illegal methamphetamine drugs from China and Myanmar to Southeast Asia at \$15 billion, annual revenues for smuggling illegal Chinese immigrants to the United States at \$600 million, and the trafficking of women to the large sex markets in Thailand and Cambodia at over \$180 million.⁶¹

Illegal entrepreneurship may emerge in the formal business system as well as in the “informal” economy that is a prominent feature of emerging markets in Latin America, sub-Saharan Africa, and Asia. The “informal sector” is different from criminal entrepreneurship, though it does not involve the payment of taxes. In Latin America the informal sector is immense in size and has grown steadily in recent decades. It is inextricably linked to rampant poverty, great social deficit, inequality, and unemployment. Yet it embodies interesting elements of subsistence entrepreneurship. It also dramatically reflects institutional and market voids, since the thousands of informal businesses that are part of the landscape of urban areas are not registered, pay no taxes, and are not covered by even minimal health and social welfare. All this notwithstanding, the informal economy has developed supply, production, financing, and commercialization networks with their own logic and structure. Interestingly, since the mid-1990s, large multinationals have started using these informal networks to market and commercialize their products to the millions of poor consumers in several Latin American capital cities.⁶²

In sub-Saharan Africa the scale of the informal sector grew rapidly during the 1970s and early 1980s, at least outside the franc zone countries, as gaps between official and parallel-market exchange rates widened dramatically, and price controls proliferated across the majority

⁶⁰ J. O. Finckenauer and Ko-lin Chin, “Asian Transnational Organized Crime and Its Impact on the United States: Developing a Transnational Crime Research Agenda,” *Trends in Organized Crime* 10, no. 2 (2006): 18–109.

⁶¹ United Nations Office on Drugs and Crime, *Transnational Organized Crime in East Asia and the Pacific: A Threat Assessment* (Bangkok, Apr. 2013), http://www.unodc.org/documents/data-and-analysis/Studies/TOCTA_EAP_web.pdf.

⁶² C. K. Prahalad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* (Upper Saddle River, N.J., 2005). On the long history of financial services for the poor in Spain, Argentina, and Colombia, see José Camilo Dávila, Carlos Dávila, Lina Grisales, and David Schnarch, *Business Goals and Social Commitment: Shaping Organizational Capabilities – Colombia’s Fundación Social, 1984–2011* (Bogotá, 2014), chap. 2.

of national economies. One of the most extreme cases was Zaire (now Congo or DRC); Janet MacGaffey made a careful anthropological study of the second city, Kisangani, in the 1970s and early 1980s. She found that the weakness of the state apparatus and the growth of a parallel economy, mainly serving the domestic market, had permitted considerable numbers of people at all levels of society to enhance their incomes and enabled—and been driven by—the emergence of a small capitalist class, autonomous from the jealous but ineffective government.⁶³ While the subsequent transition to “structural adjustment” is usually attributed to pressure from the international financial institutions, in many cases what led governments to accept “structural adjustment” was a fiscal crisis resulting from hundreds of thousands, or millions, of small-scale producers and traders bypassing official markets in a reaction against severe price controls.⁶⁴

The Importance of Diversified Business Groups

For decades diversified business groups were practically nonexistent and/or stereotyped in the mainstream economic development, strategy, and management literatures. At the same time, they were not of interest to business history scholars focused on big business, capital-intensive manufacturing, and the M-organizational form in advanced manufacturing economies. A great deal has changed. On the one hand, business historians in the West have shown that the business group form was widely used in some advanced Western countries, including Britain and Sweden.⁶⁵ On the other hand, the importance and persistence of business groups in emerging markets has been reaffirmed. It is this form of business organization, rather than large corporations managed by hierarchies of professional managers, that has been the focus of research. No longer automatically seen as rent-seeking and inefficient legacies of the past, or second-best alternatives to Western-style corporations, they have been recently reinterpreted as rational responses to institutional voids, which could be highly productive and which certainly lasted.⁶⁶

⁶³ Janet MacGaffey, *Entrepreneurs and Parasites: The Struggle for Indigenous Capitalism in Zaire* (New York, 1987).

⁶⁴ See, for example, Victor Azarya and Naomi Chazan, “Disengagement from the State in Africa: Reflections on the Experience of Ghana and Guinea,” *Comparative Studies in Society and History* 29, no. 1 (1987): 106–31.

⁶⁵ Geoffrey Jones, *Merchants to Multinationals* (Oxford, 2000); Geoffrey Jones, “Business Groups Exist in Developed Markets Also: Britain since 1850” (Harvard Business School Working Paper No. 16-066, Nov. 2015).

⁶⁶ Asli M. Colpan, Takashi Hikino, and James R. Lincoln, eds., *The Oxford Handbook of Business Groups* (Oxford, 2010). This handbook includes studies of business groups in Argentina, Brazil, Chile, and Mexico.

As the first Asian economies began to develop modern industrialization, family-owned business groups emerged and became the norm rather than the exception. In India, particular ethnicities and, among Hindus, castes dominated modern entrepreneurship. The Tata group emerged in the middle of the nineteenth century. The founding family was Parsee, a small ethnic and religious group that had collaborated closely with the British colonial rulers and become an important source of early Indian modern entrepreneurship.⁶⁷ Jamsetji Nusserwanji Tata was one of the pioneers of India's modern textile industry. By the time of his death in 1904, Tata had built a giant cotton-textile business that could rival the once-dominant British incumbents. His other entrepreneurial ventures included founding the Taj Mahal Hotel in Mumbai, which provided world-class accommodations for visitors to the city. In 1907 the Tata group established Tata Iron and Steel Company, at Jamshedpur in Bengal, which proved to be the start of the continuous mechanized production of iron and steel in India.⁶⁸ This laid the basis for a long-lasting, increasingly diversified business group.⁶⁹

From World War I, Marwari families, originally from the Marwar region of Rajasthan, formed the basis of many of India's business groups. Originally traders, they moved into manufacturing during the war, subsequently buying into many of the British-owned merchant houses in the country. A pioneer example was the Birla family. Ghanshyam Das (universally known as G. D.) Birla founded the Birla Jute Company in 1920.⁷⁰ Marwari families, such as Birla, Piramal, Modi, Rungta, Khetan, Mittal, and Sanghai, came to dominate modern Indian business through large diversified business groups. In the 1990s an estimated three-fifths of Indian private-sector business were controlled by Marwaris.⁷¹ By then, however, the opening up of India to globalization was rapidly eroding the identity and significance of such ethnic business groups.⁷²

⁶⁷ Ashok V. Desai, "The Parsis: Entrepreneurial Success," in *The Oxford India Anthology of Business History*, ed. Medha M. Kudaisya (New Delhi, 2011), 122–30; Mani Kamerkar and Soonu Dhanjisha, *From the Iranian Plateau to the Shores of Gujarat: The Story of Parsi Settlements and Absorption in India* (Mumbai, 2002); John R. Hinnells and Alan Williams, eds, *Parsis in India and the Diaspora* (London, 2007).

⁶⁸ Dwijendra Tripathi, *The Oxford History of Indian Business* (Oxford, 2004), 121–22, 159.

⁶⁹ Franco Amatori and Andrea Colli, *Business History: Complexities and Comparisons* (London, 2011), 248.

⁷⁰ Gita Piramal and Margaret Herdeck, *India's Industrialists*, vol. 1 (Boulder, 1985).

⁷¹ Thomas A. Timberg, *The Marwaris, from Traders to Industrialists* (New Delhi, 1978); Anne Hardgrove, *Community and Public Culture: The Marwaris in Calcutta, c. 1897–1997* (New York, 2002).

⁷² Tirthankar Roy, "The 'Marwari' Business History Community Is Now a Part of History," *Economic Times*, 5 Sept. 2014.

The Indian example set a pattern that would become common outside the West as industrialization and related economic modernization began. As the government of the new Republic of Turkey, established in 1923, began to seek modernization behind tariff protection and with extensive government intervention, family-owned business groups became dominant forces in the economy. Although the first president of the Turkish Republic, Mustafa Kemal Atatürk, pursued a secular agenda, the new government was also very nationalistic. It discriminated against non-ethnic Turk and non-Muslim businesses owned by Greeks, Armenians, and Jews, who had dominated business in the Ottoman Empire. Of the fifty largest businesses by employment in Turkey in 2005, twenty-eight were diversified business groups. A number of the biggest of these groups, including Koç and Sabancı, emerged in the interwar years, and they scaled up extensively after World War II, benefiting from both government restrictions on foreign multinationals and the development of their own organizational capabilities. Koç began a slow professionalization of management from the 1970s, but in practice the family remained highly influential in both ownership and management, as was the case for all business groups in the country.⁷³ From the 1980s the older business groups such as Koç faced a new and increasingly powerful set of competitors from firms associated with the Islamist political party AKP.⁷⁴

The overwhelming importance of family-owned business groups in Latin America has been traced back to the agricultural export period of the late nineteenth and early twentieth centuries.⁷⁵ Yet they persisted long after this era had passed. The surge of new business groups in countries such as Argentina, Brazil, Chile, and Peru during the second global economy, the disappearance of other business groups, and the emergence and rapid expansion as global corporations (“*multilatinas*”) of some Latin American groups—especially Brazilian, Chilean, and Mexican, amid liberalization reforms, privatization, and global political and economic shifts—represent major new developments in global business history.⁷⁶

⁷³ Asli M. Colpan and Geoffrey Jones, “Business Groups, Entrepreneurship and the Growth of the Koç Group in Turkey,” *Business History* 58, no. 1 (2016): 69–88.

⁷⁴ Ayşe Buğra and Osman Savaşkan, *New Capitalism in Turkey* (Northampton, Mass., 2014), chap. 4.

⁷⁵ Geoffrey Jones and Andrea Lluch, eds., *The Impact of Globalization on Argentina and Chile: Business Enterprises and Entrepreneurship* (Northampton, Mass., 2015); Fernández and Lluch, *Evolution of Family Business*; Barbero and Puig, “Business Groups around the World.”

⁷⁶ María Inés Barbero, *Multinacionales latinoamericanas en perspectiva comparada: Teoría e historia*, Serie Cátedra Corona no. 23 (Bogotá, 2014).

The entrepreneurial role of business groups in countries and regions with institutional voids and market imperfections has been heavily explored in the Latin American context.⁷⁷ Although not always based on family ownership, a large proportion of the most important business groups across the region have been closely linked to the historical path of entrepreneurial families, their businesses, and their position in their respective social and political milieu. Business history scholarship has challenged oversimplifications about a “Latino type” of family business group. Instead, considerable diversity has been noted across different countries and across regions within countries.⁷⁸

The reinvention of business groups as a rational and efficient form of business does not mean there have not always been examples of excessively close links to political elites amounting to corruption. In Malaysia, the business groups that grew from the early 1980s run by ethnic Malays were closely tied to the ruling political party. The government of Prime Minister Mahathir Mohamad explicitly sought to create internationally competitive Malay-owned enterprises. He argued that the path to this goal lay through a process of targeting particular entrepreneurs and providing them, without open tender, with concessions and privatized projects, financed by loans from government-owned banks. Renong is one such example. It emerged from a British-owned tin company, was acquired by ethnic Chinese, and was then transferred to Malay ownership in the 1980s. The chief executive Halim Saad grew Renong as a highly diversified conglomerate, and it became the largest business group in the country. Many of these ventures were badly impacted or collapsed in the 1997 Asian financial crisis. The hugely indebted Renong was taken over by the government amid a major financial scandal.⁷⁹

The importance of business groups in emerging markets provides challenges, as well as opportunities, for business historians working on developed markets. Organizational studies and management history scholars, for example, might turn their attention to why some entrepreneurial start-ups make transitions to diversified management-driven business groups after a couple of decades, while many others fail to do so.

⁷⁷ María Inés Barbero, “Business Groups in Argentina during the Export-Led Growth Period (1870–1914),” in *Entrepreneurship and Growth: An International Historical Perspective*, ed. Gabriel Tortella and Gloria Quiroga (Houndmills, U.K., 2013), 90.

⁷⁸ Barbero and Puig, “Business Groups around the World.”

⁷⁹ Terence Gomez, “The Perils of Pro-Malay Policies,” *Far Eastern Economic Review*, 1 Sept. 2005.

Responding to Institutional Frailty

Business in emerging markets has typically had to deal with instability, voids, and autocratic governments. This has created a wholly different dynamic than that faced by firms operating in countries with broad stability over decades and the rule of law—although the wave of populism that spread over the United States and some European countries during 2016 suggests that this distinction may be soon redundant.

A distinctive feature of Latin American and African experience since their respective independence has been institutional instability and frailty. The reasons for this instability are manifold and remain contested. They reflect aspects of the colonial legacy (despite the gap of more than a century in the timing of independence in most of Latin America and most of sub-Saharan Africa), as well as the huge problems in state building after independence. As the Latin American and African economies grew as commodity exporters, they also experienced volatility alongside fluctuations in world commodity markets. Discordant policy-making and weak legal systems have been the regional norms, rather than exceptions.⁸⁰

In Latin America, dealing with both economic and political uncertainty and upheaval has been the “given” context in which entrepreneurial actors (individual entrepreneurs, entrepreneurial families, firms, business groups, and business interest associations) have forged their capabilities along generations. Within this long-term setting, a milestone was the reopening of the region to the second global economy during the 1980s and the deregulation, liberalization, and privatization policies that accompanied it. It was a change from the protectionist, state-led, import-substitution industrialization decades between 1930 and 1979 toward a market model of economic development in which the business sector plays a key role. From the standpoint of institutional instability, this “turning back to the market” constituted a major shift in development policies for entrepreneurs and businesspersons.⁸¹ Before then, a century-long crafted adaptability to changes in the rules of the game was an especially important component of entrepreneurial “rent-seeking” behavior. The story is broadly similar in sub-Saharan Africa, though the growth of state intervention in the economy there dated

⁸⁰ On the debated parallels between the early-independence periods of Latin America and sub-Saharan Africa, see Robert H. Bates, John H. Coatsworth, and Jeffrey G. Williamson, “Lost Decades: Postindependence Performance in Latin America and Africa,” *Journal of Economic History* 67, no. 4 (2007): 917–43; and Leandro Prados de la Escosura, “Lost Decades? Economic Performance in Post-Independence Latin America,” *Journal of Latin American Studies* 41, no. 2 (2009): 279–307.

⁸¹ Luis Bértola and José Antonio Ocampo, *The Economic Development of Latin America since Independence* (Oxford, 2012), 258–68.

mainly from the outbreak of World War II, and the actors having to adjust to changing circumstances included a much lower proportion of enterprises devoted entirely to business, as distinct from entrepreneurs whose businesses formed only part of their wider personal and household activities and commitments.⁸²

Economic and political institutional instability became embedded in business life in Latin America to a degree not easy to ascertain from outside. Yet despite being a commonality across the region, institutional instability has shown major differences across countries and time periods. Among the larger countries of the region, Mexico and Colombia are the main exceptions to the overall pattern of regional instability resulting from waves of coups, military dictatorships, and political shifts. Although facing huge social problems, the two countries managed to remain democracies over the long term. The same is true of the smaller economy of Costa Rica, which even abolished its army after World War II. The resultant stability was an important factor in the growth of the country's ecotourism industry.⁸³ In contrast, a high level of macroeconomic turbulence and volatility characterized Argentina, Brazil, and Peru from the middle of the twentieth century. The impact on business of high-turbulence countries was profound: for Argentinean (and Peruvian) entrepreneurs, extended volatility and abrupt shifts in economic policy frequently led to a tactical rather than a strategic mind-set. The short run became a matter of weeks.⁸⁴

A similar crisis-driven shortening of horizons can be seen in various African countries from the later 1960s to the early 1980s, with slow (or negative) economic growth, shortages of goods, and often (increasingly) high inflation providing opportunities for military coups that usually reinforced the uncertainty in the business environment. A good example is Ghana, which had five successful coups between 1966 and 1981.⁸⁵ But an almost equally damaging form of instability emerged, initially below the surface, in Kenya, which experienced fairly steady economic growth and no successful coups. There, the first president, Jomo Kenyatta, provided protection and contracts for the emergence of sizable private firms run by members of his core network, notably, an ethnically based holding company called the Gikuyu-Embu-Meru Association (GEMA). When Kenyatta died, however, in 1978, his successor proceeded to dismantle Kenyatta's patronage network, in the process

⁸² Austin, "African Business History."

⁸³ Jones and Spadafora, "Creating Ecotourism."

⁸⁴ Geoffrey Jones and Andrea Lluch, "Argentine and Chilean Business in the Second Global Economy," in Jones and Lluch, *Impact of Globalization*, 261–62.

⁸⁵ Gareth Austin, "National Poverty and the 'Vampire State' in Ghana: A Review Article," *Journal of International Development* 8, no. 4 (1996): 553–73.

frustrating the expectations of some analysts that Kenya had embarked on a process of autonomous economic development led by a national capitalist class.⁸⁶

It should be added that only Mexico in the early twentieth century, Bolivia in the 1950s, Cuba in the 1960s, and to a lesser degree Peru in the 1970s have experienced a transformational agrarian revolution.⁸⁷ In other countries, like Colombia, perennial institutional weakness on land property rights has been a source of social conflict and unrest since the nineteenth century.⁸⁸ This critical institutional void has in fact been a major determinant in the fifty-two-year armed conflict between the government and the revolutionary group known as FARC. In contrast, as part of the heterogeneity of the business sector of this Andean country, modern, urban business groups were central as advocates of the peace process between the Colombian government and guerrilla groups that led to a peace agreement in 2016.⁸⁹ Latin American experience supports the view that economic institutions cannot be studied in isolation from political institutions.⁹⁰

The same view applies to Africa. For much of the twentieth century, land shortages were largely a phenomenon of settler economies, where they had been created by state appropriation of land from the black populations for the benefit of white settlers. But rising populations after 1918, and especially after 1945, gradually eroded land surpluses wherever they existed. Moreover, in Africa cultivable land is far from homogenous. Access to the forest zones of West Africa enabled producers to capitalize on the small percentage of the region's lands that were suitable for the cultivation of cocoa or coffee, the most profitable of the crops that could be grown in the region. In 1963, the first president of Ivory Coast, Félix Houphouët-Boigny, offered "land to the tiller" to encourage people from the savanna to the north, including across the border in what became Burkina Faso, to come south to work in cocoa and coffee

⁸⁶ This view was originally put forward, albeit cautiously, by Colin Leys, in "Capital Accumulation, Class Formation and Dependency: The Significance of the Kenyan Case," *Socialist Register* 15 (1978): 241–66.

⁸⁷ Solon L. Barraclough, *Land Reform in Developing Countries: The Role of the State and Other Actors* (Geneva, 1999); Cristóbal Kay, "Why East Asia Overtook Latin America: Agrarian Reform, Industrialization and Development," *Third World Quarterly* 23, no. 6 (2002): 1072–102.

⁸⁸ Comisión Nacional de Reparación y Reconciliación, *La tierra en disputa* (Bogotá, 2010); and Marco Palacios, *¿De quién es la tierra?* (Bogotá, 2011).

⁸⁹ Alvaro Tirado, "Demócrata practicante y luchador por la paz," in *Nicanor Restrepo Santamaría, 1941–2015*, ed. David Bojanini, Alvaro Tirado, José Alberto Vélez, Daniel Pécaut, Cecilia María Vélez, Juan Luis Mejía, Ana María Cano, Marta Elena Bravo de Hermelin, Tomás Restrepo, and Constanza Toro (Medellín, 2017), 10–29.

⁹⁰ Stephen Haber, ed., *Political Institutions and Economic Growth in Latin America: Essays in Policy, History, and Political Economy* (Stanford, 2000).

production. Helped by their inputs, the Ivory Coast economy boomed in the 1960s and 1970s. After Houphouët-Boigny's death in 1993, with pressure on forestland now intense, his successor repudiated the historic "deal" with the northerners working on southern farms. This became a major cause of the civil war that broke out in 2002.⁹¹

Northern laborers had similarly helped cocoa expansion in neighboring Ghana, but by the end of the century they were still only beginning to acquire land rights in the forest zone. Yet, in contrast to Ivory Coast, this did not become a significant political issue in Ghana. Perhaps the explanation turns on the fact that, unlike in Ivory Coast, no promise of land had ever been made.⁹² As in Latin America, economic phenomena in Africa have to be considered in their political context.

The role of business in the context of political instability has varied widely. American multinationals have played much-contested roles in supporting coups against democratic governments, as in the case of United Fruit in Guatemala in 1954 and ITT in Chile in 1973.⁹³ Yet modern business has also on occasion participated in return-to-democracy movements.⁹⁴ There have been cases in which business interests sacrificed growth to political gain, for example, in the case of infrastructure projects wherein economic efficiency was second to political considerations.⁹⁵ Business elites and business associations have been active agents in seeking to influence their institutional frameworks through funding political campaigns and lobbying.⁹⁶ Overall, the role of the Latin American business sector with regard to democracy has been ambiguous and heterogeneous.

The same can be said of business in apartheid South Africa. Employers profited from the lowering of wages engineered by the state—and in

⁹¹ Dwayne Woods, "The Tragedy of the Cocoa Pod: Rent-Seeking, Land and Ethnic Conflict in Ivory Coast," *Journal of Modern African Studies* 41, no. 4 (2003): 641–55.

⁹² Gareth Austin, "The Political Economy of the Natural Environment in West African History: Asante and Its Savanna Neighbors in the Nineteenth and Twentieth Centuries," in *Land and the Politics of Belonging in West Africa*, ed. Richard Kuba and Carola Lentz (Leiden, 2006), 187–212.

⁹³ Geoffrey Jones and Marcelo Bucheli. "The Octopus and the Generals: The United Fruit Company in Guatemala," (Harvard Business School Case 805–146, revised July 2016); Marcelo Bucheli and Erica Salvaj, "Reputation and Political Legitimacy: ITT in Chile, 1927–1972," *Business History Review* 87, no. 4 (2013): 729–56; Tanya Harmer, *Allende's Chile and the Inter-American Cold War* (Chapel Hill, 2011); and Lubna Z. Qureshi, *Nixon, Kissinger, and Allende: U.S. Involvement in the 1973 Coup in Chile* (Lanham, Md., 2009).

⁹⁴ Marco Palacios, *Between Legitimacy and Violence: A History of Colombia, 1875–2002* (Durham, 2006), chap. 4; Jon Martinez, "Large Entrepreneurial Families in Chile: Their Characteristics and Contributions to the Country, 1830–2012," in Fernández and Lluch, *Evolution of Family Business*, 255–75.

⁹⁵ Vito Tanzi, "Building Regional Infrastructure in Latin America" (Working Paper SITI-10, INTAL-ITD, Inter-American Development Bank, Washington, D.C., Apr. 2005).

⁹⁶ Ben Ross Schneider, *Business Politics and the State in Twentieth-Century Latin America* (New York, 2004).

the case of mining, by a monopsony of mining companies—which contributed to rapid growth in the decades that followed the mineral discoveries of the 1860s to 1880s, and made possible the growth of import-substituting industrialization, pursued by the government after 1924. But by the 1980s the economy was stagnating, not least because of the high premium on skilled labor that resulted from systematic racial discrimination in both schools and the workplace.⁹⁷ In these circumstances, a deputation of big businessmen from South Africa visited the exiled leadership of the African National Congress (ANC) in Zambia in 1985. At that time, the ANC was still illegal in South Africa, and its leader, Nelson Mandela, was still in jail; the National Party government showed no sign of willingness to even begin the negotiations that would eventually lead to the concession of majority rule in 1994. In that sense white business, as well as foreign multinationals such as Unilever, was ahead of the white government in beginning to negotiate a way out of the terminal impasse of the apartheid economy.⁹⁸

Not only has business interacted with governments, but governments have interacted directly with business by establishing their own firms. State-owned enterprises were very important in many developing countries between the 1930s and the 1980s, especially in public utilities, energy, resource extraction, and finance and banking. In Brazil, for example, the state-owned development bank BNDES assumed a critical role in the industrial sector.⁹⁹ However, the relative importance of state-owned businesses varied. Within Latin America, for instance, state-owned firms became very important in Argentina, Brazil, and Mexico, but rather less elsewhere.¹⁰⁰ In some countries of the region, the term “entrepreneurial state” was coined in response to this phenomenon. Moreover, state-owned firms differed greatly in effectiveness. Whereas Chile’s Codelco, the result of the nationalization of foreign copper companies in 1971, grew as the world’s largest copper-mining company, the names of other state-owned firms, such as ZCCM in Zambia, became bywords for corruption and inefficiency. Indeed, Brazil’s Petrobrás has recently been in the center of that country’s largest corruption scandal.¹⁰¹

⁹⁷ Feinstein, *Conquest, Discrimination and Development*.

⁹⁸ Nigel Worden, *The Making of Modern South Africa* (Chichester, U.K., 2012), 131–55; Geoffrey Jones, *Renewing Unilever: Transformation and Tradition* (Oxford, 2005), 182–83.

⁹⁹ Carlos Marichal, “Archival Note: Banking History and Archives in Latin America,” *Business History Review* 82, no. 3 (2008): 595–96; Anne Handley et al., “Critiquing the Bank: 60 Years of BNDES in the Academy,” *Journal of Latin American Studies* 48, no. 4 (2016): 823–50.

¹⁰⁰ Aldo Musacchio and Sergio Lazzarini, *Reinventing State Capitalism: Leviathan in Business, Brazil and Beyond* (Cambridge, Mass., 2014).

¹⁰¹ Marian Radetski, “The Role of State-Owned Enterprises in the International Metal Mining Industry,” *Resources Policy* 15, no. 1 (1989): 45–47; Joe Leahy and Samantha Pearson, “Brazil’s Petrobras: Tarred by Corruption,” *Financial Times*, 10 Aug. 2014.

Pursuing Social and Environmental Responsibility

It is noteworthy that some businesses in emerging markets developed long-term concerns and strategies about the responsibility of business to society. Although such concerns were also found in paternalistic and philanthropic businesses in the West, their equivalents in emerging markets were typically motivated differently, and their commitment was typically more extensive. This reflected a number of factors, including the extent of social deprivation in many countries, entrenched inequality in wealth distribution, institutional voids that meant public policies were unhelpful in addressing such deprivation, and religious beliefs. The extent of deprivation and the nature of the institutional voids may have worked to prompt some businesses at least to pursue a broad stakeholder view of capitalism.

A belief in business's broad responsibility to society emerged early in the modern industrialization of India, in the nineteenth century. Parsis followed Zoroastrian beliefs about the importance of doing good works in the material world.¹⁰² The Tata family was an early advocate of the responsibilities of business. "In a free enterprise," Jamsetji Tata, the group's founder, noted, "the community is not just another stakeholder in the business but in fact the very purpose of its existence."¹⁰³

It was also in India that more radical views of corporate responsibility emerged. During the interwar years, the independence campaigner Mohandas Gandhi proposed that businesses should act as trustees or stewards, sharing profits among multiple stakeholders and maintaining the highest ethical standards. These views, derived variously from Western writers such as John Ruskin and aspects of Hindu and Jain traditional philosophies and practices, influenced a number of business practitioners, especially the prominent Marwari business leaders G. D. Birla and Jamnalal Bajaj.¹⁰⁴ Following Gandhi, Bajaj affirmed a trustee model of capitalism, emphasizing the responsibilities of firms to all stakeholders. Bajaj and his family pursued an ambitious social agenda focused on addressing the needs of the disenfranchised in society, especially the Untouchables and women, as well as rural development and environmental sustainability.¹⁰⁵

Bajaj is notable for following Gandhi's idea that it mattered how a business made profits as well as how funds were used. In the 1930s,

¹⁰² Dobbin, *Asian Entrepreneurial Minorities*, 97.

¹⁰³ Tata Group, "TATA Corporate Social Responsibility – A Century of Trust," slide show, posted 29 Nov. 2010, <https://www.slideshare.net/Odishadevelopment/tata-corporate-social-responsibility-a-century-of-trust>.

¹⁰⁴ Tripathi, *Oxford History of Indian Business*, 260.

¹⁰⁵ B. R. Nanda, *In Gandhi's Footsteps: The Life and Times of Jamnalal Bajaj* (New Delhi, 1990).

Bajaj refused to follow his peers in diversifying beyond sugar refining into the lucrative business of alcoholic drinks, because Gandhi forbade consumption of alcohol. Bajaj's belief that the use of handmade cloth was essential to solving the poverty of the Indian countryside and providing employment opportunities for rural women, to facilitate their emancipation, also led him to avoid textile manufacturing.¹⁰⁶ However, many other Indian business leaders made donations to schools, temple construction, and other social causes, but their generosity was rarely the result of any Gandhian trustee model. "That most of them indulged in blatantly unethical behavior during the Second World War," Dwijendra Tripathi and Jyoti Jumaní note, "is a proof positive that their charities were a means to appease the gods they believed in rather than to discharge their obligation to society."¹⁰⁷ In the post-independence period, responsibility remained the preserve of familiar names. The younger generation of the Tata and Bajaj families helped found a fair practices association, with the aim of convincing business leaders of the need to respond to social concerns. In 1970, J. R. D. Tata committed his entire group to social responsibility.¹⁰⁸

The long-term commitment to corporate responsibility of successive generations of Godrej, the Parsee owners of a business group founded by Ardeshir Godrej in 1897, was equally striking. In 1955 the increasingly diversified group started building schools, and in 1972 the family placed 25 percent of the equity of the holding company into a trust that invested in health, education, and the environment. Over the subsequent decades extensive corporate responsibility projects were launched.¹⁰⁹ The group incorporated strong ethical standards into its business. Godrej Consumer Products, for example, built a huge personal care business in India and elsewhere, but unlike its largest competitor Hindustan Lever, it largely steered clear of the large, but controversial, skin whitening market.¹¹⁰

¹⁰⁶ Geoffrey Jones, "Jammalal Bajaj, Mahatma Gandhi, and the Struggle for Indian Independence" (Harvard Business School Case 807-028, revised May 2015).

¹⁰⁷ Dwijendra Tripathi and Jyoti Jumaní, *The Oxford History of Contemporary Indian Business* (New Delhi, 2013), 223.

¹⁰⁸ *Ibid.*, 223–24.

¹⁰⁹ B. K. Kananjia, *Godrej: A Hundred Years, 1897–1997*, vols. 1 and 2 (New Delhi, 1997); Adi Godrej, interview by Tarun Khanna, 2 May 2013, Creating Emerging Markets Project, Baker Library Historical Collections, Harvard Business School, <http://www.hbs.edu/creating-emerging-markets/>; Godrej & Boyce Mfg. Co. Ltd., *Working for a Better Tomorrow, Today: Sustainability Report 2014–2016*, <http://database.globalreporting.org/reports/47982/>.

¹¹⁰ Information from Vrunda Pathare, Chief Archivist, Godrej & Boyce, and Vivek Gambhir, Managing Director, Godrej Consumer Products. For Hindustan Lever's creation and growth of the *Fair and Lovely* skin whitening brand, see Geoffrey Jones, *Beauty Imagined: A History of the Global Beauty Industry* (Oxford, 2010), 226–28.

In China, also, the new business leaders who began to develop manufacturing and other businesses from the late nineteenth century sometimes pursued wider social and cultural roles, especially in their local cities and regions. One case is Zhang Jian, who founded the Dasheng Cotton Mill in Nantong and initiated its development into a diversified business group in the 1920s. Zhang invested extensively in educational, welfare, and cultural facilities in Nantong in an extensive program aimed at modernization of a formerly very underdeveloped area. Zhang understood that these activities increased both his social status and his influence. He carefully handled his favorable image in local newspapers, while reducing his actual financial commitments by charging for use of the schools and libraries he founded and often handing over facilities that his family had founded to the local government.¹¹¹

In the Islamic world, strong beliefs about the importance of charity were manifested in a unique legal institution known as *waqf*. The institution was found throughout the Islamic world, represented by buildings and mosques and services in hospitals and medicine, and has been associated more recently with the growth of Islamic financial instruments.¹¹² Studies of the South Asian Muslim business diaspora have shown the extent of their charitable and philanthropic activities.¹¹³

In Latin America, an important driver of the business response to social responsibility was the influence of the Roman Catholic Church, and especially Catholic social doctrine, usually dated to Pope Leo XIII's 1891 encyclical letter *Rerum novarum*, which condemned both capitalism and socialism. This doctrine has been influential in the education of business elites and in motivating efforts to alleviate social problems. Catholic social doctrine is not restricted to worker-capitalist relations, but provides guidance on broader issues of economic and social justice and inequality. As a result, although the globalization of the rhetoric and action of corporate social responsibility is a recent development, many precursors can be seen in Latin America. A frequent pattern was an evolution from conventional donor philanthropy to much more extensive social intervention.

An intriguing case is that of Fundación Social (FS), one of the largest Colombian business groups, which is now active in the finance, insurance, and construction sectors. Originally a workers' savings fund founded by a Spanish Jesuit immigrant priest in 1911, FS was launched

¹¹¹ Elisabeth Koll, *From Cotton Mill to Business Empire: The Emergence of Regional Enterprises in Modern China* (Cambridge, Mass., 2003), 230–47.

¹¹² Rajeswary Brown, *Islam in Modern Thailand: Faith, Philanthropy and Politics* (London, 2014).

¹¹³ Gijsbert Oonk, *The Karimjee Jivanjeed Family: Merchant Princes of East Africa 1800–2000* (Amsterdam, 2009), chap. 6.

as a foundation and then started successive businesses to make profits. Profit was channeled to fund direct social action programs in education, and credit was provided to low-income housing and community development in poor, conflict-torn communities. FS financial companies pioneered low-income credit practices from the 1910s, a century before such practices received international attention as innovative instances of social entrepreneurship in other parts of the world.¹¹⁴ Although existing research is limited, it would appear that FS was part of a broad trend found all over Latin America.¹¹⁵

The wider growth of business philanthropy in Latin America during the second half of the twentieth century cannot be explained solely by Catholic social doctrine. A study of the growth of philanthropy in Venezuela and Mexico points to the importance of families who built large business groups—such as Mendoza and Zambrano, respectively—and the influence of American business philanthropy as a role model.¹¹⁶ Context mattered too in Latin America: the inability of governments to address major social issues represented a void that business philanthropists saw a need and an opportunity to fill.¹¹⁷

At least partly for the same reason, in much of Africa self-made men and women were expected to spread their wealth sufficiently to help members of their families and networks to afford school and hospital fees, among other socially worthy uses of money. This social attitude was reinforced by the two world religions widely practiced in Africa (i.e., Christianity and Islam). The ideal is epitomized in a tribute to the leading Nigerian entrepreneur of the late twentieth century, Chief M. K. Abiola, in a posthumous Wikipedia entry.

From 1972 until his death [in 1998] Moshood Abiola had been conferred with 197 traditional titles by 68 different communities in Nigeria, in response to the fact that his financial assistance resulted in the construction of 63 secondary schools, 121 mosques and churches, 41 libraries, 21 water projects . . . and [he] was grand patron to 149 societies or associations in Nigeria. In this way Abiola reached out and won admiration across the multifarious ethnic and religious divides in Nigeria. In addition to his work in Nigeria, Moshood Abiola was a dedicated supporter of the Southern

¹¹⁴ See Dávila et al., *Business Goals*.

¹¹⁵ See Cynthia Sanborn and Felipe Portocarrero, eds., *Philanthropy and Social Change in Latin America* (Cambridge, Mass., 2005).

¹¹⁶ Nuria Puig, "The Origins of Modern Business Foundations in Spanish-Speaking Countries: A Preliminary Study," in Fernández and Lluch, *Evolution of Family Business*, 57–74.

¹¹⁷ James E. Austin, Ezequiel Reficco, Gabriel Berger, Rosa María Fischer, Roberto Gutierrez, Mladen Koljatic, Gerardo Lozano, and Enrique Ogliastrì, *Social Partnering in Latin America: Lessons Drawn from Collaborations of Businesses and Civil Society Organizations* (Cambridge, Mass., 2004).

African Liberation movements from the 1970s and he sponsored the campaign to win reparations for slavery and colonialism in Africa and the diaspora.¹¹⁸

Abiola's ambitions eventually transcended business, in that he ran for president when a military government (to which he had seemed close) decided to step down. Abiola won the election in 1993, according to election observers, only to be denied by further military interventions; he died in prison. Most successful businesspeople have not run for president, even in Nigeria, but Abiola's model of combining business and conspicuous philanthropy is truly remarkable in West Africa only for the scale on which he practiced both, rather than for the kinds of beliefs and calculations that guided them.

More recently, the best-known social-responsibility policy by a business leader in Africa is the Mo Ibrahim Prize for Achievement in African Leadership. It has been offered annually since 2007 by a foundation set up by Mo Ibrahim, a Sudanese-born British citizen who made his fortune by building what became one of the biggest mobile telecommunications companies in Africa.¹¹⁹ The prize—a \$5 million lump sum plus \$200,000 a year for life—is awarded to former African heads of state or government “who, under challenging circumstances, have developed their countries and strengthened democracy and human rights for the shared benefit of their people, paving the way for sustainable and equitable prosperity.” The Mo Ibrahim Foundation also tracks the “quality” of African governance through an annual index.¹²⁰

Conclusion

The discipline of business history developed around the corporate strategies and structures of developed economies. This context dominated the research questions asked in the subject and established benchmarks for what was the norm and what was not. The alternative business history of emerging markets addresses themes that are largely different

¹¹⁸ *Wikipedia*, s.v. “Moshood Abiola,” accessed 7 Apr. 2017, https://en.wikipedia.org/wiki/Moshood_Abiola. For more on Abiola's business career, including political links developed during his career and his success in winning government contracts, see Tom Forrest, *The Advance of African Capital: The Growth of Nigerian Private Enterprise* (Edinburgh, 1994). It should be noted that his benevolent image was challenged before he entered formal politics, most notably in Fela Kuti's widely heard song “International Thief Thief (ITT),” (Kalakuta Records, 1979), which mentions Abiola's name in the course of making a general point.

¹¹⁹ Mo Ibrahim, “Celtel's Founder on Building a Business on the World's Poorest Continent,” *Harvard Business Review*, Oct. 2012.

¹²⁰ “Ibrahim Prize for Achievement in African Leadership,” Mo Ibrahim Foundation website, accessed 7 Apr. 2017, <http://mo.ibrahim.foundation/prize/>; “Ibrahim Index,” Mo Ibrahim Foundation website, accessed 7 Apr. 2017, <http://mo.ibrahim.foundation/>.

from those concerning developed markets; as such, it differs from what can be called mainstream business history. Emerging markets experienced long eras of foreign domination, extensive state intervention, institutional gaps and inefficiencies, and extended turbulence. While fully recognizing the dangers of bifurcating the world into two camps of winners and losers, we can describe these regions broadly as being on the wrong side of the Great Divergence. Yet they are the countries where most of humanity has lived in recent centuries, and their overall share in the world economy has grown exponentially during the era of globalization that began in the 1980s. In 2017 the world's twenty largest economies in terms of nominal GDP included (in descending order of size) China, India, Brazil, South Korea, Mexico, Indonesia, Turkey, and Saudi Arabia. If business history is to remain relevant as a subject, it behooves the discipline to transition from its heavy focus on North America, Europe, and Japan to the full incorporation of the historical experiences of Africa, Asia, and Latin America.

This article suggests that the different institutional and other contexts of emerging markets drove business responses unlike those in the West. It maintains that this response should be neither ignored nor relegated to the margins of mainstream journals and conferences, but rather studied as equally central as the business history of western Europe, North America, and Japan. In this alternative business history world, entrepreneurs and their families counted more than managerial hierarchies; immigrants and diaspora were critical sources of entrepreneurship; illegal and informal forms of business were commonplace; diversified business groups rather than the M-form became the major form of large-scale business; corporate strategies to deal with turbulence were essential; and radical social-responsibility concepts were pursued, if not by the majority of businesses.

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