



## THE ENGLISH HERITAGE OF MANAGEMENT

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### Abstract:

The purpose of this article was to describe the foundations of modern business management that date to England's Industrial Revolution and to demonstrate the evolutionary development of management in that country to the present time. Although modern management has also appeared and developed in other nations, such as France, Germany, and the United States, this article was focused on the English heritage of modern management. The Industrial Revolution in England impacted upon the economic structure of England, which created a large commercial and industrial infrastructure that influenced Western Europe and the United States.

**JEL:** M16, M20

**Keywords:** Protestant Reformation, Industrial Revolution, Factory System, Domestic System, corporation, Adam Smith, Andrew Ure, Soho Engineering Foundry, Foundation for Management, British Association for Commerce and Industrial Education, large-scale enterprises, dispersed ownership

### Introduction

The purpose of this article is to expose the foundations and the development of modern business management that date to England's Industrial Revolution and to demonstrate the evolutionary development of management in that country to the present time. The Industrial Revolution in England impacted upon the economic structure of that nation which resulted to a large commercial and industrial infrastructure that influenced Western Europe and the United States

### Review Of The Literature

#### The Industrial Revolution and the Factory System

The industrial Revolution is typically defined as a series of process and product innovations that together led to the manifold increase in the level and standard of living in late eighteenth and early nineteenth century England (Wrigley, 2010). The Factory System made its entrance into the economic system of England at the end of the 18<sup>th</sup> century, which was precipitated by the new methods in producing cotton that was one of the most basic industries in the country. During the same century railroads, steamships, and the production of steel made their appearance (Allen, 2009). Machines gradually started to replace humans; this process was accelerated because of the importation of agricultural products from the colonies and the ensuing advances in domestic agriculture, transportation, and technology.

Industrial innovation had far-ranging consequences for the structure of both the economic and the social system (Wrigley, 2010). The English Industrial Revolution of the 1770s is the start of the industrial age and the commencement of the process of development and economic growth which transformed the West and to which less developed countries aspire. Financial capital precipitated economic activities such as funding, emerging entrepreneurs, and innovators to explore the vast potential made possible by the new technologies (Brynjolfsson & McAfee, 2014).

### **The Transformation of the English Society by the Industrial Revolution**

Before the appearance of the Industrial Revolution, the socioeconomic fabric of England was based on agriculture, fishing, and trade. The family was the core of the socioeconomic system known as the Domestic System (Rodriguez-Pose, 2003). The Industrial Revolution impacted upon the social structure of the nation in a positive way. It resulted in the creation of a social infrastructure that was flexible and conducive to evolutionary change, which made it possible for that nation to assist and support the Industrial Revolution which, in its turn, supported the social structure (Hey, 2016).

Due to the Industrial Revolution construction of machines made human labor less necessary in producing food for domestic consumption. Subsequently, machines were constructed for industrial production leading to the creation of both mass production and consumption that gave birth to a mass society, leading to a profound revolution in the way of living and living standards, and creating fundamental changes in the previous socioeconomic structure (Montague, 1963).

### **Data Methodology**

The data incorporated in this article are secondary and emanate from the research of the present writer in global management and other microeconomic areas during the last fifty years. The author has been conducting research and publishing peer-reviewed articles and books since the early 1970s. In addition, he is a Certified Management Consultant by the Institute of Management Consultants in Washington, D.C. Although modern business management appeared in other countries, such as France, Germany, and the United States, this research is limited to the development of modern management in England as the result of the First Industrial Revolution

### **Results And Discussion**

#### **The Corporate Form of Business Enterprises**

The Industrial Revolution necessitated the development of large-scale enterprises in England, which demanded large-scale capital (Kyle & Peacey, 2020). The corporate form of business offered the advantages of broadly distributed ownership, limited liability, and the ability to attract many English investors by offering common stock at reasonable prices (Brech, 2002). Corporations managed to raise capital much easier than proprietorships and partnerships. The dispersed ownership appeared early in the twentieth century (Morck, 2007) and with the presence of the corporate form of business came the growth of investment banks to serve as intermediaries for corporations and investors.

### **Business Education and Training**

Education in England came under the positive influence of the Protestant Reformation and consequently became one of the best educational systems in Europe and the entire world. In addition to the classical type of studies, curricula in economics and business were introduced during the last two centuries, especially in higher education (Hans, 1958).

The emergence of corporations necessitated managers with related education and training. At the end of the 1700s, the first evidence of management education and training appeared in England which enabled managers not to depend entirely on their practical experience but to include theories and practices gained through business education and training (Montgomery, 1832). It is important to mention that Andrew Ure, a highly educated industrialist, dedicated his time, energy, and money to establish learning institutions where both management education and management training were conducted (Ure, 1835).

### **The Emergence of Advanced Management**

The emergence of the corporate form of business that took place immediately after the Industrial Revolution continued to develop on an uninterrupted evolutionary basis and precipitated the development of management under the same auspices. Smith (1776) in his book on the *Wealth of Nations* wrote about the management principle of division of labor and the benefits organizations received by implementing such principle. At the same time, the concept of coordinating the factors of production such as labor, machines, and capital materials appeared and was rapidly spread to industrial organizations (Mantoux, 1961). Of great importance were nascent management principles in the Soho Engineering Foundry starting in 1800 that included planning, management and employee training, employee incentives, teamwork, and employee welfare programs (Roll, 1930).

A cadre of managers emerged from the late eighteenth century and the early nineteenth century from which the true figure of the manager appeared (Crouzet, 1985). Being a leader in international commerce, England developed small commercial enterprises that were initially managed by their respective owners-managers. The first portion of the Industrial Revolution became a strong force that led to the development of machinery and industrial firms necessitated a new type of managers, the industrial managers, who had no financial interests in the organization; they were salaried employees (Brech, Thompson, & Wilson, 2010). It must be noted that while families relinquished the management of their enterprises, they retained control through their positions on the board of directors and exerted power without responsibility (Morck, 2007). Such families placed persons in selected managerial positions with tremendous accountability for their performance.

### **A Brief Description of Managers, Management Education, and Training Today in the United Kingdom.**

Employers in England and the entire United Kingdom today recognize their managers' individual responsibility, especially their interactions with their subordinates (Wilson & Thompson, 2006). British managers are participating in many innovations and developments; they are professional managers and are recruited to be good managers for today and tomorrow with skills that can

match present and future corporate requirements (Kalff, 2006). Managers have access to universities that offer both academic and practical management courses, whose purpose is the greatest scope for management development in the immediate future. These courses include: operational resources, work study, critical path analysis, linear programming, and statistical methods. Higher education programs leading to training managers in small and medium size firms have been in existence for a long time in the country (Storey, 2004).

Furthermore, management education providers benefit from greater engagement with recent graduates about their experiences in the workplace and the relevant skills that should be developed in their graduate and undergraduate programs (Wilton, 2008,); there is ample cooperation between business organizations and educational institutions. The impetus for the spread of management education in the post-World War II period came from industries and universities and from the creation of the Foundation for Management Education (FME) in 1960 (Wilson & Thompson, 2009).

At the present time, every university and other institutions of higher learning in the United Kingdom offer managerial education. In addition, specialized institutions in the country offer an abundant number of courses and curricula in management education and the number of business schools offering MBA programs in Britain has increased substantially over the last decade (Paucar-Caceres, 2008). During the 1960s, emphasis was placed on behavioral sciences in the area of management education. When the universities became involved in management issues in the late 1960s, the rise of structural analysis in social science was in considerable part led from Britain (Wilson & Thompson, 2006,); furthermore, the country has a wide range of professional institutes that contribute to the development of management (Wilson & Thompson, 2006,).

### Research and Development in Management

There is also great emphasis on research and development in management and management studies. One of the agencies responsible for such activities is the British Association for Commerce and Industrial Education (BACIE). It has been extremely active in doing consultant and research work toward the improvement of management and organizational structure in British enterprises. In addition, research assessment exercises (RAE) were established to produce quality ratings of the United Kingdom universities and used as a basis for allocating much of the research funding from central government (Ball & Butler, 2004). United Kingdom business schools are now well-established and mature, having plateaued after the major growth phase in the last quarter century, with a focus on degree-level qualifications (Wilson & Thompson, 2006).

### Concluding Statements

The author of this work has been engaged in research, publications, teaching, and consulting in management and other related areas of microeconomics in which literature includes an astronomical compilation of data. However, only a small number of publications are dedicated to the English origins of modern management as a distinct topic.

It is imperative to recognize the role of several important events

that took place in England that led to the emergence and development of management such as: the English Protestant Reformation, the English Industrial Revolution, the Factory System, the separation of management from ownership in enterprises, the necessity and emergence of professional managers, the principles of management, and management education and training. Such elements were developed on an uninterrupted and evolutionary basis in England and were proliferated into other nations.

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## Biography

John Theodore is the holder of a Ph.D. degree in Administration and Latin American Studies from the University of Kansas, USA; a Ph.D. in Management from the Aristotelian University in Greece, European Union; and a DBA in International Business from the University of South Africa. He has been teaching and consulting in higher education for over five decades domestically and internationally. He is a visiting professor in various foreign universities. Dr. Theodore is the president of JDT Management Consultants in Clearwater, Florida, specializing in management, organization, strategy, international business, human resources, organizational development, and educational administration. He is a Certified Management Consultant (CMC) certified by the Institute of Management Consultants in Washington, D.C. He is the author of three books and of a large number of peer-reviewed articles and global academic presentations in economics, management/organization, Latin American business and economic topics, and education.