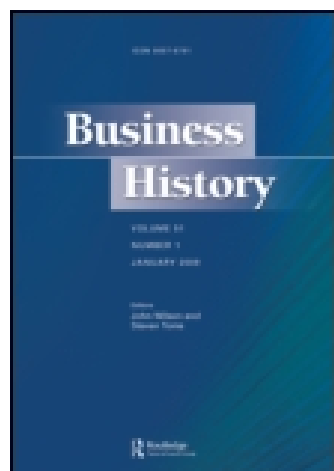


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## Prosopographic studies of business leaders for understanding industrial and corporate change

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## Prosopographic studies of business leaders for understanding industrial and corporate change

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One of the classical topics of business history is the studies of business leaders and entrepreneurs. The approaches, the material and the goals of these studies have varied over time, due to contemporary scholarly debates and methodological ‘fashions’, but this topic has been on the agenda as long as we can talk about a business history field. This article uses previous research to discuss prosopographic studies of business leaders and how these investigations have enabled us to reach a deeper understanding of managerial recruitment, professionalisation of management and (business) elite formation in a historical perspective. Furthermore, it shows that prosopographic studies of the business elite can also provide insights into other types of problems and questions in the field of business history, especially in relation to corporate and industrial transformations.

**Keywords:** prosopography; managers; business elite; professionalisation of management; corporate transformations; Finland

### Introduction

A classical research area within business history is the study of business leaders. The approaches, material and goals of these studies have varied over time, as a result of contemporary scholarly debates and methodological ‘fashions’. In spite of its ups and downs, the topic has, however, remained on the agenda since the inter-war period. For example, the studies by W.F. Taussig and C.S. Jocelyn, William Miller and C. Wright Mills are works that are still often referred to today.<sup>1</sup> The interest in entrepreneurs, business tycoons and top executives arose as a consequence of the expansion of the corporate sector and business leaders’ growing wealth. Most of these studies focused on the origins of the ‘new elite’. Where did these new men come from, how did they achieve their standing and what were their status and economic position? Could anyone rise to the top ranks in business? And did the increasing number of salaried managers mean that new career opportunities opened up for the less fortunate classes, or did growing educational requirements instead lead to more internal recruitment in the sense that managers to an increasing extent came from upper and upper-middle class homes? This research tradition was especially strong in the US during the first part of the twentieth century, but the field has also flourished in Europe, especially after World War II, with the works by most notably Tony Pierenkemper, David Jeremy, Hartmut Kaelble, and Youssef Cassis.<sup>2</sup>

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Research on business and economic elites has also been dynamic in the early 2000s. The question of the reproduction of elites in modern capitalism is often motivated by the – at least perceived – increasing power, wealth and social influence of the economic and managerial elite in the global economy. An interest in how the elite reproduces itself has been especially in focus.<sup>3</sup> There is at least occasionally a general underlying notion – or assumption – that especially in Western capitalism, the long period of growing social mobility and new possibilities to achieve success by means of competence and hard work for everyone, irrespective of birth, has been replaced by a period of increasing internal recruitment, in the sense that managers are to a growing extent recruited from among the sons and daughters of the elite, and there are new exclusion mechanisms and barriers to those coming from a disadvantageous background.

Nevertheless, the study of business leaders and elites has a lot to offer business history research. In his keynote speech at the European Business History Association's conference in Helsinki in 2002, Youssef Cassis<sup>4</sup> argued that studies of collective biographies – or prosopographic studies – of business elites also can provide insights into many other topics besides the obvious ones, such as, for instance, the professionalisation of management or business elite formation.

In this paper, I will (1) discuss the prosopographic approach in research dealing with business leaders, and consider how these investigations have enabled us to gain a deeper understanding of managerial recruitment, the professionalisation of management and elite formation from a historical perspective and (2) show how a prosopographic approach can provide insights into other types of problems and questions in the field of business history, especially concerning corporate transformations. This will be achieved with the use of my own research on Finnish industrial managers and their transforming social, educational and career backgrounds from a long-term perspective.<sup>5</sup> Besides revealing interesting traits of the transformations in the managerial background, my research has also provided insights into Finnish corporate development. For example, when analysing managers' careers it became evident that their changing career paths reflected, for example, changes in organisational structures.

These results were obviously only indicative as the focus of my study lay elsewhere, and thus the database which was established in order to answer the research questions was constructed in such a way that in-depth studies of other research question were not possible. By developing the data further, it would, however, be possible to use it to study changes in organisational hierarchies, in departmental structures and in the evolving 'division of labour' between top managers.

Finally, I will conclude by (3) briefly linking this analysis to the general discussion concerning the role of empirical material in business history, especially, advocating new types of empirical material, and the claim that business historians need to move beyond the case study.

### **The prosopographic approach**

There are several definitions of prosopography. The basic scheme in prosopographic studies is to gather relevant biographical ('external') data regarding a specific group of individuals, whereby the goal is to gain insight into the 'normal' or 'average' individual.<sup>6</sup>

Prosopography is to be considered an approach rather than a method. This approach is usually motivated by an aim to generalise. This was also the motivation behind my study. Especially in the history of management, there is a tendency to focus on the 'great men', who were rarely the typical ones. This has been the case in Finnish historiography as well,

in which the classical works on entrepreneurs and managers have commonly been based on small samples of legendary managers. The aim of my study was instead to determine how the profile of the 'normal' Finnish top managers in the manufacturing industry has developed over time, i.e. how their social, educational and career backgrounds have changed. I did not aim either to collect information about their personal characteristics or to evaluate their success, but I included 'mini biographies' of specific managers, in which other types of information about the managers and their lives were also taken into account.

The databases collected in prosopographic studies are as a rule large; thus, they provide possibilities for generalisations. However, as usual this approach has its limits. Verboven et al. stress that one weakness of the approach is that the group of individuals in the data set is commonly selected according to one leading criterion defined by the scholar him/herself (in my case: 'Finnish managing directors in large-scale industrial companies'). As a result, the 'set' does not necessarily correspond to any actual historical group. It is only the scholar who feels that the individuals in the group have something in common or constitute an interesting group to study. The criteria used for deciding who belongs to the group are also often quite loosely defined and, moreover, again set by the scholar. Thus, who is included and who is not is already the result of interpretations by the scholar.<sup>7</sup> In my own research, who could be considered to belong to top management was quite well defined ('managing directors/CEOs in the largest manufacturing companies'), but it is of course questionable whether this group constitutes any historical group or whether it is at all interesting to study such a group of managers, not to mention that both the title and the position of 'managing director' have changed their meaning over time. I discussed this in detail in my doctoral dissertation, however.<sup>8</sup> A significant limitation of my own data set was also the focus on big business in the manufacturing sector. Thus, the results were only valid for this particular group of managers (see below).

As Verboven et al. note, the material in these kinds of data set can also have other weaknesses, which are more difficult to observe. One common source consists of registers of various kinds, and these have already been compiled by someone for a particular reason and with a particular objective in mind. Moreover, information is as a rule collected from a large variety of sources linked together. Consequently, there are already many hidden interpretations and interferences with the material prior to the scholar starting to construct the data set.<sup>9</sup>

Finally, these kinds of studies tend to lead to highly stylised facts without deeper reflections. The scholar produces one table after another in a mechanical fashion without reflecting on the results and their significance or on their relation to broader questions and phenomena. On the other hand, in good prosopographic studies the database's material is generally supplemented with other types of material to make the story richer and the interpretations more convincing.

### Establishing a database

An important point of departure for my own study was an observation made in the 1970s that Finnish managers had a very high level of formal education from a European comparative perspective.<sup>10</sup> According to this study, only their French 'colleagues' could compete with their educational level. This was surprising, as Finnish economic development still lagged behind that of most of the other Western European countries. The authors of this study could not explain their result either. I set out to study this phenomenon by asking whether this notion was correct and, if this was the case, what could explain it. My study, however, swiftly developed into a study of the

professionalisation of management as the transformation in managers' educational level was apparently closely linked to industrialisation and professionalisation. Moreover, it became evident that it was not enough to study only the educational background as education, career and social background are strongly interlinked.

For this, a large database, which is also utilised here, was constructed. This database consists of 324 managers in the 66 largest manufacturing firms in Finland during the period 1900–1975. The managers included were managing directors (*verkställande direktör*)/CEOs, or directors with the equivalent position in these firms (cf. above), during the period 1900–1975. As a result of this selection criterion, some managers had already been appointed prior to 1900 (the first one in 1856). The oldest manager in the sample was born in 1829 and the youngest one in 1940.

The personnel data of these 324 managers were collected from various sources, primarily different registers, but complemented with information from obituaries and birthday portraits in newspapers, from company histories, from memoirs and biographies and from personnel cards within various companies. These managers formed a well-documented group, so missing information was not a significant problem. They were to be found in books like *Who's Who in Finland* (*Kuka Kuka On; Vem och Vad*) and in registers for specific educational groups. Their birthdays and deaths were reported in newspapers and their careers and other achievements were reported in commissioned company histories. The risk of incorrect information was minimised with the use of multiple sources and the possibilities of double-checking from several editions of the registers.

The sample was divided into three cohorts according to two different principles: (i) year of birth and (ii) year of appointment as managing director. When analysing specific questions, especially in relation to transformations in the outside economic and social development, the year of appointment was often a better option than the year of birth. When analysing by year of appointment, the number of managers rose to 347, as 23 managers had been a managing director in more than one of our example firms. I also classified the managers as owners or salaried managers presented in Table 1. This was obviously important when analysing the professionalisation process.

As the focus was on managing directors in large-scale manufacturing firms, the empirical results, when it came to, for instance, the educational level or previous career, were obviously only valid for big business in the manufacturing industry. However, by making comparisons with other studies covering managers in other industries and in smaller firms, I could discuss the limitations of my own results. Moreover, it could be observed that the broader trends were similar in other sectors and industries as well. In all the industries and sectors of the economy, the level of education grew. On the other hand, some clear differences were also observed. Oiva Laaksonen showed in 1962 that the level of education was considerably higher in big business than in smaller firms, and also in manufacturing and banking than in, for example, retail.<sup>11</sup> Moreover, I also analysed the level of education within various industrial branches and observed that there were some divergences between them. For instance, the level of education was lower in the textile and food industries than in the metal, forest or chemical industries throughout the period.<sup>12</sup>

Tracking down the career paths was challenging work. It was usually necessary to trace the employment history from several volumes of the same registers (*matriklar*). The longer the career, the less detailed was the documentation of positions in the early career phase. Another problem was that moving between divergent positions within the same company was not always documented separately if it was not considered a significant move 'upwards' in the hierarchy. Thus, I had to simplify the managers' 'career ladder' and

count only movements from one hierarchy to another, from one production unit/division to another or from one firm to another as a 'new position'.

A particularly problematic field was the recruitment process. The recruitment of top managers included a strong informal element throughout the period. However, some key features, for example whether managers were recruited externally or internally and from which types of positions, could be documented in the database and these will be utilised below.

### **The prosopographic approach and understanding the professionalisation of management**

At the outset, I had aimed to investigate whether Finnish managers indeed had such a high level of formal education as De Bettignies and Lee Evans had shown, and if so, to provide an explanation for this phenomenon. The results from my data could also show that Finnish managers had been well educated and that this was a persistent feature with long historical roots (see Table 2). One of the explanations for this was the managers' privileged social background. Managers in big business in Finland originated to a large extent from the upper strata of society and, as everywhere else during this time period, institutes of higher education mainly recruited their students from among these groups. The high prestige of formal higher education in Finnish society supported the phenomenon. Moreover, in the backward, but rapidly industrialising country, investments in both fixed and human capital were actively promoted.<sup>13</sup>

Although formal education is usually considered of fairly limited importance for advancement further on in the career, it actually seems to have formed something of an exclusion mechanism in big business in Finland. Most future managers held a university-level education and their first job was as a rule high up on 'the corporate ladder'. Thus, personnel with lower or intermediate education could seldom compete for top positions; a 'glass ceiling' existed not only for women,<sup>14</sup> but also for employees with a lower- or intermediate-level education.

Although high throughout the whole period of investigation, it can be observed from Table 2 that the level of education was much lower in the first cohort than in the third. One explanation is the backwardness of the Finnish economy at the beginning of the 1900s. Another explanation for the fairly low level of education in the first cohort is the limited availability of education for persons intending to have a career in business. The first technical university was established in 1908, although its predecessor, the Polytechnic Institute, which provided fairly extensive four-year education, had already been established in the 1870s. The first business schools opened their doors in 1909 and 1911, respectively. However, many Finns studied at foreign technical universities and commercial schools, which partly made up for the lack of domestic training.

In the early cohort, there was, on the other hand, a tradition of educating future managers by means of apprenticeship training and study periods at home and abroad. This spell abroad – the so-called 'grand tour' – was often quite long and could include extensive apprenticeship periods and on-the-job training and learning. The grand tour was, from far back in time, the traditional way of educating the sons of the business elite throughout Europe. This grand tour was particularly common among heirs to family firms. Thus, even though many heirs did not have a high level of formal education, one should not conclude that they lacked the skills and knowledge required to manage a large firm. As a result, we can conclude that the focus on the rise in formal education partly overemphasises the *increase* in the educational level among Finnish managers over time.



On the other hand, at the same time, it *strengthens* the support for the claim that Finnish managers were already well educated early on.

Besides providing an explanation for Finnish managers' educational background, my research, as mentioned, concerned the professionalisation of management and its various aspects. Thus, Mable Newcomer's book *The Big Business Executive. The Factors that Made Him* and her article on the professionalisation of management opened up new lines of thought to me.<sup>15</sup> Her portrayal of how the big business executives' background had changed over time and what characterised the professionalisation of management matched my empirical results well.

Newcomer showed that industrial and corporate development had not only been marked by a transition toward selecting managers from outside the owning family, but had also been affected by parallel developments that were inseparable from this transition and that had profoundly transformed the profile of the big business executive. Among other things, the amount of formal education had increased and managerial recruits had to spend an increasing number of years before reaching top positions. Moreover, management became a full-time task and managers became more closely tied to the firm. The last notion could be seen as resembling the 'professional ethics' commonly associated with liberal professions.<sup>16</sup>

All these aspects were also to be found in the study based on my Finnish data set. There was, firstly, a clear shift from owner-managers towards salaried managers (Table 1). The level of education, although high throughout the whole period, rose. The type of education the managers held also converged towards education usually considered suitable for a career in business and manufacturing, namely engineering, business or law (Table 2). The career paths did not necessarily become longer (see below) – primarily because young recruits had to spend an increasing amount of time in further education – but the 'path to the top' included a growing number of steps on the 'career ladder'. Furthermore, to an increasing extent, heirs to family firms also had to climb the corporate ladder before reaching the top. Managerial careers became more similar irrespective of the ownership relation to the company and resembled what has been called a 'bureaucratic career'.<sup>17</sup>

Moreover, the investigation could show that top management became a full-time job. At the beginning of the period, managers could be managers of several companies simultaneously, or, vice versa, no specific managing director was appointed in the company, but the board members divided the daily duties between themselves. In the early twentieth century, it was often unclear what the top manager was to be called, and what his duties and responsibilities were. The role and responsibilities and the 'division of labour' between the board and the CEO became clarified over time.<sup>18</sup>

Interestingly, these transformations occurred not only as a result of the shift from owner-managers to salaried managers, who obviously as a rule had a higher level of education and had to show their abilities during their early career. A notable feature was that owners and heirs to family firms, to an increasing extent held similar education and similar work experiences to salaried employees. This particular feature was indeed a mark of a professionalisation process.

The professionalisation seems to have occurred in phases. There was a 'first professionalisation wave' in the 1920s and a second one in the 1960s (Tables 1 and 2). During these phases several of the above-mentioned transformations occurred swiftly. Interestingly, these phases also occurred simultaneously with rapid transformation in the Finnish economy. For example, the 1910s and 1920s represented a breakthrough period for Finnish industrialisation and the education system expanded. The 1960s and 1970s were again a period of rapid catching up, of educational expansion, also within the field of



Table 1. Breakdown of professional and salaried managers in large industrial firms in Finland, according to year of recruitment.

	Owner	Salaried managers	Total	Owners	Salaried managers	Total
Year of appointment	N	N	N	%	%	%
1856–1900	29	12	41	70.8	29.2	100.0
1901–20	45	41	86	52.3	47.7	100.0
1921–40	24	59	83	29.0	71.0	100.0
1941–60	22	53	75	29.3	70.7	100.0
1961–75	11	51	62	17.8	82.2	100.0
Total	131	216	347	37.8	62.2	100.0

Source: Fellman, *Uppkomsten av en direktörsprofession*, and database on managers collected by the author.

management education, and of rapid growth in firm size. During this period, a new post-war generation of managers, who often had some kind of modern management education, took over.

### Managerial careers revealing transformations in organisational structures

It has already been mentioned above that the careers of managerial recruits were transformed in the course of the professionalisation process. The ‘career path’ was also studied from various perspectives in my investigation. The focus was both on the length of the careers and on the structure of the ‘path’ prior to appointment as a managing director. I also accounted for the moves between hierarchies, how many times the managerial recruits changed employer, how many times they changed industries and in which functions they had worked during their career (administrative, marketing and sales, technical/production or outside the business sector). A special focus was placed on the managers’ early career, as this has been considered particularly important in the previous literature: it has been deemed important for young recruits to enter a ‘fast track’.<sup>19</sup> I documented the level in the hierarchy of the first job, what kind of job it was and how long the young managerial recruit had stayed in that post before moving to a new position.<sup>20</sup>

The jobs during the career prior to recruitment as a managing director were classified into eight hierarchical levels, of which five were managerial, including the position of managing director, as many of the managers had previously been a manager in another, often smaller, company. The fact that I could only identify three hierarchical levels prior to managerial hierarchies indicates two interesting phenomena. Firstly, it provides evidence that managerial recruits entered their first job at a high level in the hierarchy. Secondly, it is an indication that companies had fairly flat hierarchies, especially during the earlier periods.

When analysing the career paths, the first notion was that the age at which these managers were appointed as managing directors rose slightly over time. On the other hand, the length of the career path – i.e. the time span from the first full-time job/completion of education until the appointment as a managing director – did not change to any considerable degree. Thus, the managers in the later cohorts entered working life later, which was primarily due to an increasing number of years spent in education.<sup>21</sup> Over time, managers also passed through a growing number of hierarchies and positions (Table 3). The career measured in years did not become much longer, but managerial recruits proceeded – or had to proceed – more rapidly up the ‘ladder’. As a result, managers apparently also had to be more career-oriented. This was supported by the analysis of the time spent in the first job, which decreased from an average of 4.8 years to 2.7.<sup>22</sup> They should preferably enter a ‘fast track’ early on in their career.

Table 2. Educational background (by highest level) of top managers in the Finnish manufacturing industry: number of managers by year of birth; breakdown of salaried managers and owners.

Education	1829–74				1875–1904				1905–40			
	Owners		Salaried		Owners		Salaried		Owners		Salaried	
	N	%	N	%	N	%	N	%	N	%	N	%
Doctoral or licentiate degree	3	5.9	1	2.6	5	8.8	4	4.8	1	..	6	8.5
Higher technical education	11	21.6	12	30.7	18	31.6	43	51.2	6	..	38	53.6
Law degree	4	7.8	3	7.7	3	5.3	4	4.8	5	..	7	9.8
Business school, higher	–	–	–	–	3	5.3	4	4.8	6	..	13	18.3
Forestry degree	–	–	–	–	1	1.7	3	3.6	1	..	1	1.4
Agricultural degree	–	–	–	–	2	3.5	1	1.2	–	..	1	1.4
Military academy	2	3.9	3	7.7	1	1.7	1	1.2	–	..	–	–
Other higher educ.	1	1.9	1	2.6	3	5.3	5	5.9	–	..	5	7.0
<i>Total: higher education</i>	<i>21</i>	<i>41.1</i>	<i>20</i>	<i>51.3</i>	<i>36</i>	<i>63.2</i>	<i>65</i>	<i>77.5</i>	<i>19</i>	<i>..</i>	<i>71</i>	<i>100.0</i>
Vocational technical	3	5.9	1	2.6	3	5.3	–	–	–	..	–	–
Vocational commercial school	6	11.8	5	12.8	5	8.8	5	5.9	–	..	–	–
Other vocational training	2	3.9	2	5.1	2	3.5	6	7.1	1	..	–	–
<i>Total: vocational training</i>	<i>11</i>	<i>21.6</i>	<i>8</i>	<i>20.5</i>	<i>10</i>	<i>17.5</i>	<i>11</i>	<i>13.0</i>	<i>1</i>	<i>..</i>	<i>–</i>	<i>–</i>
No professional training	19	37.3	9	23.1	10	17.5	5	5.9	2	..	–	–
Unknown	–	–	2	5.1	1	1.7	3	3.6	–	..	–	–
<b><i>Total number of managers</i></b>	<b>51</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	<b>84</b>	<b>100.0</b>	<b>22</b>		<b>71</b>	<b>100.0</b>

Source: see Table 1.

Table 3. Industrial managers who had passed through one or several managerial hierarchies during their career, prior to appointment as managing director/CEO; number of managers according to year of birth.

Level	1829–74		1875–1904		1905–40	
	Owners N	Salaried N	Owners N	Salaried N	Owners N	Salaried N
Head of department	11	13	21	54	12	53
Factory manager, plant manager	6	13	14	23	2	11
Senior executive	8	4	9	21	10	35
Deputy managing director	1	1	6	19	12	28
Total number of managers in each cohort	(51)	(39)	(57)	(84)	(22)	(71)

Source: see Table 1.

Apart from learning something about the managerial career, this investigation at the same time reflected the development of corporate hierarchies in big business. By looking at the positions the managers had held during the course of their career, the emergence of new tasks, of new departments and of new hierarchical levels, especially of middle-management positions, was revealed. The increasing number of managers (see Table 3) who had passed through managerial hierarchies that did not show up in the career paths of the managers in the first cohort was an indication of the need for managerial experience due to increasing professionalisation, but it was also an indication of growing companies, an increasing division of labour and new organisational models.

For example, the case of deputy managing director (*vice verkställande direktör*) is interesting. From Table 3, it can be observed that most managing directors in the first cohort had never held any management position prior to their appointment and only two had been a deputy managing director. Later, the number of managers having held a position as a deputy managing director increased. In the last cohort, this was a common position prior to appointment as a managing director. One explanation for this is that succession became better planned: some managers were explicitly recruited as a deputy managing director in order to be prepared to take over the top management position. After the war, these kinds of ‘running-in’ periods became customary for top managers. The need for better preparation for succession was also explicitly stated by contemporaries.<sup>23</sup> The growing number of managers who had held a position as a deputy managing director also reflected that it had become a more common position overall. In a similar way, the growing number of managers who had held a position as a vice president (*direktör, medlem av ledningsgrupp*) or as a head of department reveals the emergence of executive groups, but also an increasing number of divisions in the growing industrial companies. The growing number of middle-management positions, again, provides evidence of new departments and an increasing number of managerial hierarchies (Table 3).

Changing career paths can also be seen as reflecting the changing power structures within the company. Neil Fligstein has argued that ‘the path to the top’ should be considered as an intra-organisational power struggle between various professional groups.<sup>24</sup> The professional group that commanded the dominant strategy also had an advantage in this power struggle and thus dominated the top management. This was the case in the Finnish manufacturing industry, in which engineers were able to dominate the top management well into the twentieth century (see Table 2).<sup>25</sup> However, other important factors also influenced who had the advantage in this ‘power struggle’. For example,

specific functions and/or units or divisions formed an advantageous 'platform' for career advancement. Working on the technical side was commonly a more important function than working in the administrative one. Line functions created a better platform than staff functions.

The distance to the power centre, i.e. to top management, could also be important, however. For example, working closely with and/or in the head office has been considered particularly important on the way to the top. Edgar Schein characterised the organisational career as a three-dimensional cone or cylinder, in which the 'path to the top' can be understood as a move upwards and towards the centre.<sup>26</sup> According to Schein, a move within an organisation can occur vertically, radially – i.e. by increasing or decreasing one's centrality – and circumferentially. A movement from a more peripheral to a more central job on the same level (from the periphery towards the centre) should be considered a promotion. Usually a vertical move upwards meant at the same time a move towards more centrality in the cone. Working in key divisions, and especially if they were located geographically close to the head office, was thus a better position for reaching the top. Based on the results from the data set (see [Tables 3 and 4](#)) it can be observed that working in the head office, and especially as a member of the executive group, became an important step on the way up over time. The growing number of managers who had spent an increasing amount of time in the head office and in executive groups reflects, moreover, that such executive groups became more common in the growing companies.

A move upwards on the hierarchical ladder could, on the other hand, occasionally require a temporary move outwards to more peripheral tasks or divisions. This was especially the case during the early periods when many companies were still geographically dispersed. However, a move out into the periphery as a rule meant simultaneously a move to a more central function and/or up the hierarchical ladder. Up until the 1960s, positions as plant managers or as technical leaders in one of the key plants in the decentralised and geographically dispersed companies were often quite independent and powerful positions.<sup>27</sup> For example, R. Erik Serlachius, later head of the pulp and paper company G.A. Serlachius Ab (GAS), was transferred from the main plant in Mänttä, where the head office was also situated, to the position of plant manager at another of the paper mills, Kangas. After a few years in Kangas, he returned to Mänttä as the plant manager and deputy managing director. However, primarily careers consisted of a sequence of moves inwardly and/or upwardly – i.e. moves towards centrality.<sup>28</sup>

This change in the career path also reflected the change in the organisational and power structure of the firms. The growing importance of the headquarters in the route to the top indicates that power became centralised. Many Finnish manufacturing companies adopted a division by branch in the 1960s and early 1970s, in which the head office took a more pronounced role.<sup>29</sup> Power was at the same time concentrated in the head office. This went hand in hand with the growing importance of working in the head office among the managerial recruits (see [Table 3 and 4](#)).

### **Recruitment revealing power shifts in organisations**

In my study, I paid special attention to the recruitment process. As mentioned earlier, this analysis was mainly carried out with other types of material, but the data set enabled the study of whether managers had been recruited externally or internally and, in the case that they had been recruited internally, how long they had worked in the same company and at which level they had entered the company.<sup>30</sup>

Table 4. Top industrial managers' last job before appointment as managing director/CEO; number of managers by year of appointment and by internal and external recruitment.

1856–1918 Form of recruitment	Managing director N	Deputy managing director N	Senior executive N	Plant manager N	Head of department N	Specialist N	Other		Task unknown N	Total N
							or no prev ious career N	ious career N		
Internal	–	1	8	8	13	7	3		3	43
External	25	1	4	6	6	7	7		3	59

Note: Only managers recruited from business firms. In this cohort, eight managers had been recruited from the civil service and one from an organisation. For four managers the previous sector of employment was unknown.

1919–45 Form of recruitment	Managing director N	Deputy managing director N	Senior executive N	Plant manager N	Head of department N	Specialist N	Other		Task unknown N	Total N
							or no prev ious career N	ious career N		
Internal	–	13	7	8	10	6	–		1	45
External	19	–	5	8	9	8	2		2	53

Note: Only managers recruited from business firms. In this cohort, seven managers had been recruited from the civil service and two from an organisation. For two managers the previous sector of employment was unknown.

1946–75 Form of recruitment	Managing director N	Deputy managing director N	Senior executive N	Plant manager N	Head of department N	Specialist N	Other		Task unknown N	Total N
							or no prev ious career N	ious career N		
Internal	–	38	18	4	6	3	–		1	70
External	21	4	7	2	3	2	–		–	39

Note: Only managers recruited from business firms. In this cohort, seven managers had been recruited from the civil service and six from an organisation. For six managers the previous sector of employment was unknown.  
Source: see Table 1.

Table 5. Industrial managers according to form of recruitment; number of managers, by year of appointment as managing director/CEO.

Form of recruitment	1856–1918			1919–45			1946–75		
	Owners	Salaried managers	All	Owners	Salaried managers	All	Owners	Salaried managers	All
Internal	27	16	43	19	26	45	18	52	70
External	11	26	37	11	40	51	8	41	49
Founder, recruited at foundation or at change of ownership	30	5	35	5	7	12	2	2	4
Unknown	–	–	–	–	1	1	–	–	–
Total	68	47	115	35	74	109	28	95	123

Source: see Table 1.

An important question in the literature on managerial recruitment has been the question of external versus internal recruitment. External recruitment would be assumed to be more common due to professionalisation. One reason for this is that internal recruitment is more common among owners and heirs. Moreover, firm-specific competencies would decrease over time. The idea of a ‘professional manager’ also includes the aspect of a manager who has some kind of ‘generalist’ competence and therefore can move easily between firms. Thus, external recruitment could be assumed to have grown over time.

There was growth in external recruitment in the second cohort, but not in the third cohort, however (Table 5). This result gained support when I took a closer look at which level the managers had entered the firm (Table 6). In the last cohort, the managers in the data set had entered the firm at a lower hierarchical level and then worked their way up in the company. The average years of service in the same firm also increased: managers in the first cohort had worked for the same firm for an average of 10 years, while managers in the third cohort had worked for an average of 14 years for the same company of which they later became a managing director. Moreover, the number of managers having solely worked for the same firm also grew in the last cohort.<sup>31</sup> In sum, there was an increase in firm commitment in the later period, a result that went against the hypotheses of the consequences of increasing professionalisation.

This was at first a somewhat surprising result. On the other hand, it also gains support from other studies. For example, Youssef Cassis showed that up until the 1950s it was fairly common among top managers in Britain, Germany and France to ‘enter through the front door’, but after that managers more often entered the firm they later managed at a lower level.<sup>32</sup>

This feature could be explained by the emergence of large, bureaucratic firms, in which new opportunities to gain broad experience increased.<sup>33</sup> Moreover, by examining the types of positions that emerged over time and that the managers had held during their career, it can safely be concluded that this was the case. The large, hierarchical firms with new positions provided new opportunities to acquire a great variation of competencies. According to the international study from the early 1970s mentioned earlier, Nordic managers were, in comparison with managers in many other countries, fairly mobile between firms. The scholars explained this feature by the prominence of small firms in these countries.<sup>34</sup> Thus, the growing internal recruitment in fact reflected the increasing firm size.

Table 6. Hierarchical level at which top industrial managers entered the firm; number of salaried managers\* by year of appointment.

Hierarchical level	1856–1918	1919–45	1946–75
	N	N	N
Managing director	26	40	41
Deputy managing director	–	4	14
Director	1	3	8
Plant manager	2	5	1
Head of department	5	7	8
Specialist	3	5	19
Lower white-collar worker/worker	4	1	2
Unknown	1	1	–
Total	42	66	93

Note: \*Exclusive of managers appointed at foundation or at change of ownership.

Source: See Table 1.

During the post-war decades, the Finnish educational system expanded rapidly, which led to a growth in the number of managerial recruits. At the same time, the risks and costs of external recruitment grew. The screening of potential candidates to an increasing extent took place within the firm.

However, the issue of external vs. internal recruitment is dependent on many other issues as well, for example traditions and corporate culture, but also on the specific situation: sometimes it is safer to choose an insider, while sometimes the ‘big broom’ is needed and then outsiders are preferred. Moreover, the period post-1975 might have looked quite different, too. Especially as, since the 1990s, CEOs have tended to stay in their positions for shorter periods, switching firms more often.

## Discussion

This prosopographic analysis of Finnish business managers could reveal some interesting new evidence about the development of the ‘managerial profile’ and how career and recruitment patterns have changed. The approach enabled a – cautious – generalisation and periodisation of the professionalisation of management in Finland and various elements or features of this process, summarised in Table 7. Furthermore, the investigation showed that the empirical material that had been collected and used for one purpose could also be used to analyse other questions and other topics, not recognised at the time of collection.

The investigation and the approach also had their limits, however. Some of the results are quite stylised and the risk of making too far-reaching generalisations is obvious. The Scylla of the limited special cases is replaced by the Charybdis of sweeping generalisations. Moreover, although the aim was to put the issue into a broader comparative perspective and the results were as a rule reflected against existing research from other countries, especially the other Nordic countries,<sup>35</sup> and results from other industries and other types of firms, the comparative perspective remained limited. Although most people talk about the importance of comparative research, few actually carry it out. One reason is that genuinely comparative research is extremely complex and time-consuming. The shortage of truly comparable data is another important reason for this.<sup>36</sup> This was also one of the main reasons behind the lack of in-depth comparisons in



Table 7. Phases of professionalisation among Finnish industrial managers and some basic characteristics of this process.

<i>Stages of professionalisation</i>	<i>Cohort I Born 1829–74 Founders and entrepreneurs</i>	<i>Cohort II Born 1875–1904 'First professionalisation wave'</i>	<i>Cohort III Born 1905–40 'Second professionalisation wave'</i>
<i>Education</i>	High level of basic education Great variety in type of education Apprenticeships and practical education Firm-specific competence	Rapidly increasing level of formal education Education for manufacturing industry  Branch specialists	Academic education Education for business life Management education Corporate generalists
<i>Foreign experience</i>	'Grand tour'	Foreign degrees in field of specialisation Study periods and apprenticeship periods	Management education programmes Among the youngest: careers abroad
<i>Career</i>	Company-faithful retainers Independent entrepreneurs	Inter-firm, mobile branch specialists Bureaucratic careers	Intra-firm, mobile generalists Bureaucratic careers
<i>Management experience</i>	Leaders of small firms	Plant managers, technical and/or production managers	Management experience in different hierarchies within big business
<i>Recruitment</i>	Family networks	Professional networks	Bureaucratic networks

Source: Fellman, *Uppkomsten av en direktörsprofession*, 226, Figure 9.1, modified.

my investigation. The lack of comparable material about managerial background is a feature that has also frustrated other scholars.<sup>37</sup> My research could, at most, be what Jürgen Kocka called an ‘asymmetrical comparison’,<sup>38</sup> i.e. the scholar’s own case is investigated carefully, while the other cases are the target of fairly brief and sketchy investigations.

Another common pitfall in prosopographic research is the scholar’s unawareness of the limitedness of the material in his/her database. Large data sets are not per se better than small ones. Registers were, as mentioned, commonly collected for a specific reason in the distant past. The scholar, thus, has to ask why and how certain figures or information have been collected and for what purpose. Additionally, as it has already been interfered with, the scholar has to be aware of the methods used by those originally gathering the information, and – in the case that we are dealing with a long period of time – whether they followed the same principles over time. Although this seems self-evident, it is not always the case. Scholars who use large data sets are occasionally more concerned with gathering more and more data than with its quality. Moreover, as Verboven et al. emphasised, one of the significant risks in prosopographic studies is that the historian’s subjective interpretations already – often unconsciously – influence the building of the data set, and, thus, the story he/she tells has little to do with the original phenomenon or the past the scholar aims to reconstruct.<sup>39</sup>

All types of material and all approaches have their pitfalls, however, and this is not an argument for rejecting them. Instead, the scholar ought to be clear and reflective about the problems in his/her specific data. The micro-historian Giovanni Levi recently urged historians to remember to narrate openly, without concealing the ‘rules of the game’, making clear the process and paths through which the story has been constructed, how the answers have been sought and how they have been formulated.<sup>40</sup> This seems particularly important when using these types of constructed data sets, in which the ‘rules of the games’ relating to how the empirical data have been gathered and how classifications and categorisations have been carried out are easily concealed behind neat figures, convincing tables and beautiful graphs.

In spite of certain weaknesses it is, however, safe to say that prosopography has something to offer the business historian, namely a strongly empirically, but often also theoretically and methodologically well-grounded approach. As this article has shown, such studies can extend our knowledge of managers and management, of corporate transformations and of industrial and societal development.

## Notes

1. Miller, “American Historians and the Business Elite”; Miller, *Men in Business*. Mills, “The American Business Elite”; Mills, *The Power Elite*; Taussig & Jocelyn, *American Business Leaders*.
2. Pierenkemper, “Entrepreneurs in Heavy Industry”; Jeremy, “The Anatomy of a British Business Elite.” Kaelble, “Long-Term Changes”; Cassis, *Big Business*; Cassis, *Business Elites*.
3. Maclean, Harvey, and Press, *Business Elites and Corporate Governance*; Hartmann, “Class-specific Habitus.”
4. Cassis, *Business Elites and Business History*, 25–6.
5. Fellman, *Uppkomsten av en direktörprofession*; Fellman, “The Professionalisation of Management.” Fellman, “The Role of Internal Labour Markets.”
6. Verboven, Carlier, and Dumolyn, “A Short Manual,” 36–8.
7. Ibid., 63, 66–7.
8. Fellman, *Uppkomsten av en direktörprofession*, 20–24.
9. Verboven, Carlier, and Dumolyn, “A Short Manual,” 51–2, 66–7.
10. De Bettignies and Evans, “Europe Looks North,” 63.

11. Laaksonen *Suomen Liike-elämän johtajisto*, 104, esp. Table 34.
12. Fellman, *Uppkomsten av en direktörprofession*, 132–3.
13. See more on this in Fellman, “The Professionalisation.”
14. The data included two women, both widows to two owner-managers.
15. Newcomer, *The Big Business Executive*; Newcomer, “The Professionalization of Management.”
16. Newcomer, “The Professionalization of Management.”
17. The concept was used by e.g. Bendix, *Work and Authority in Industry*, 228; Mills, *The Power Elite*, 147–150.
18. The final criterion presented by Newcomer – i.e. a professional ‘code of ethics’ – could not be analysed with the material in the data set.
19. On this, see, for instance, Forbes and Piercy, *Corporate Mobility*, 12.
20. Fellman, *Uppkomsten av en direktörprofession*, 168–9.
21. Ibid., 150–62.
22. Ibid., 170.
23. Fellman, “The Role of Internal Labour Markets.”
24. Fligstein, “The Intra-Organizational Power Struggle.”
25. For data from the 1970 until 2000, see Fellman, “Managing Professionalization.”
26. Schein, “The Individual, the Organization and the Career,” 403.
27. Schybergson, “Tätort kring ett företag,” 40–57.
28. Fellman, *Uppkomsten av en direktörprofession*, 166.
29. Schybergson, *Verk och dagar*, 247–8; Fellman, *Uppkomsten av en direktörprofession*, 38–41.
30. See, Newcomer, *Big Business Executive*, and Cassis, *Big Business*, for similar analyses.
31. Fellman, *Uppkomsten av en direktörprofession*, 180.
32. Cassis, *Big Business*, 144–5.
33. For a lengthy discussion, see Fellman, “The Role of Internal Labour Markets.”
34. De Bettignies and Evans, “Europe Looks North.”
35. Fellman, *Uppkomsten av en direktörprofession*, 135, esp. Table 6.10.
36. See Rahikainen and Fellman, “On Historical Writing and Evidence,” 28–9.
37. Especially Kaelble, “Long-Term Changes.”
38. Kocka, “Asymmetrical Historical Comparisons,” 48.
39. Verboven, Carlier, and Dumolyn, “A Short Manual,” 36–40.
40. Levi, “Micro History and the Recovery of Complexity,” 124–5.

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