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From Wolverhampton to Calcutta: the Low Origins of Merchant Enterprise

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Introduction

In the eighteenth and nineteenth centuries the theatre for the various trading cultures was the great cities and ports where merchants competed for trade.¹

Trade and merchants were an essential component of British industrialization.²

The aim of this chapter is to explore how that essential link between trade and industrialization could spring up from locations other than those great cities and ports that are so prominent in the literature and through the actions of entrepreneurs with origins quite different to those conventionally associated with the mercantile elite. Adopting a case-study method, the chapter will examine how Shaw and Crane, a lowly Wolverhampton hardware factoring partnership, were able in to establish in Calcutta in 1834, and to subsequently sustain across many decades, a directly owned merchant house, T.E. Thompson and Co. This house operated an indent business and represented a classic example of merchant intermediation in cross-border markets. Relatively rich archival sources, particularly intra and extra-firm correspondence, allow us to address a series of

¹ S.D. Chapman, *Merchant Enterprise*, p. 11.

² Geoffrey Jones, *Merchants to Multinationals*, p.

key issues; as Matheson Connell notes, and as we shall see, for traders operating in the East Indies in the first half of the nineteenth century:

[C]orrespondence was the principal means of setting rules, sharing market information, building relationships with suppliers and agents, communicating strategy to partners, training and disciplining agents, [and] organizing industry support.³

Particular concerns for this study include: what motivated this entrepreneurial decision, what factors explain the timing of the decision and the location of the new enterprise, and what capabilities and resources was the firm able to draw upon in order to put into effect such a strategy?

In itself the case provides an intriguing if, inevitably, somewhat minor chapter in the history of British merchant enterprise but it perhaps also has some wider resonances, relating as it does to issues in the histories of international trade, merchant enterprise, multinational enterprise and, in particular, the processes of internationalization.⁴ Perhaps most importantly it also hints at a relatively unexamined facet of British nineteenth-century economic history, namely the links between manufactures, international trade and local enterprise outside the great staple trades, port cities and metropoli. Did other

³ Carol Matheson Connell, 'Jardine Matheson and Company: The Role of External Organization in a Nineteenth Century Trading Firm', *Enterprise and Society*, Vol. 4, No. 1 (2003), p. 122.

⁴ At the same time it is worth noting that, according to Tony Webster 'few attempts have been made to analyze the operation of individual firms in India during the early nineteenth century', adding further value to this case. Tony Webster, 'An Early Global Business in a Colonial Context: The Strategies, Management, and Failure of John Palmer and Company of Calcutta, 1780–1830', *Enterprise and Society*, Vol. 6, No. 1 (2005), p. 98.

provincial manufacturing sites also foster their own indigenous merchant enterprise, as Wolverhampton did in 1834? It will be argued that the basis for understanding Shaw and Crane's expansion into overseas trade and multinationality is best understood through a combined consideration of factors both internal and external to the firm. A modified network perspective, which sees Shaw and Crane's merchant enterprise as embedded in a wider system of structures and practices, allows us to understand how successful merchant enterprise could emerge from low and apparently poorly resourced and ill-equipped origins.

The chapter will be structured in the following way. After a review of the relevant literatures the history of the firm of Shaw and Crane will be introduced. Subsequently, the chapter will detail first the foundations of the firms involvement in trade with India in the period 1827 to 1834 and, second, its operations from the establishment of Thomson and Co. in 1834 to approximately the mid-century. A final section will conclude.

Merchant enterprise in the nineteenth-century: theories and concepts

The most thorough treatment of the history of British merchant enterprise is found in Jones' *Merchants to Multinationals*. In the first chapter of that work Jones sets out to provide a theoretical framework capable of explaining the emergence of British merchant enterprise and its ongoing success, evolution, and diversification at both the general and firm-specific level. Jones' explanation begins from the premise that conventional theory predicts the gradual shrinking and eventual extinction of a role for intermediation, and thus merchant enterprise, in international trade. In order to counter this argument, Jones draws on many of the same tools that are used to make it, namely theories of the firm and

transaction and information costs; as he notes the ‘general thrust [of such theories] has been to predict the demise of this type of [intermediary] firm’.⁵ In particular, transaction cost economics, the central cornerstone of core theories of the firm, including theories of the multinational, predict that hierarchy and managerial coordination will supplant market coordination and intermediation, thus it ‘follows that merchant intermediaries will over time be displaced as manufacturing firms internalize their activities ... to overcome transaction costs’.⁶ This thrust has underpinned the broad delineation of a shift over time from “‘age of merchant capitalism” to the new “era of industrial capitalism””.⁷

However, Jones argues that concepts core to the theory of the multinational enterprise, especially the concept of ownership advantages, can be used to frame hypotheses able to explain the existence and persistence of merchant intermediaries. In particular, he argues, the ownership advantages of service sector multinationals, such as merchant intermediaries, tends to lie not in ‘hard’ factors, such as technology, but rather in ‘soft’ skills and resources; in particular ‘knowledge, information, and human relationships often provide the ownership advantages of service sector firms’. Certainly we shall see that all three of these factors were important to the story of Shaw and Crane’s Indian ‘adventure’.⁸ In more technical terms, merchant intermediaries ‘can be seen as reducing search, negotiation, transaction, and information costs in international trade through their specialist knowledge of markets and business environments’.⁹

⁵ Jones, *Merchants to multinationals*, p. 4.

⁶ *Ibid.*, p. 5.

⁷ *Ibid.*, p. 6, quoting John H. Dunning.

⁸ A term they and their correspondents used.

⁹ Jones, *Merchants to Multinationals*, p. 6.

This emphasis on information and its handling is to make arguments that have subtle but important differences from those conventionally associated with transaction costs. Transaction cost economics, above all else, make arguments about the boundaries of the firm and internalization/externalization of activities. In turning to information and its handlings we are led increasingly to examine what takes place both inside and beyond those boundaries; that is to consider resources, competences, capabilities, and the sources of competitive advantage. This is most obvious, for example, in the stress on dynamic impact of learning and specialization. Jones himself uses such dynamic properties to explain the diversification (functional and geographic) of multinational trading companies. Nonetheless, it remains the case that for the most part transaction cost economics provide only static analyses and that the ‘transition between alternative institutions remains unexplained’.¹⁰

Having identified this elision, Nicholas set out to derive a dynamic model able to explain not simply the decision to transact across borders but also the institutional mode through which to do so and the transition over time from one mode to another – and in particular from intermediation to internalization. Drawing on principal-agent theory, Nicholas places dynamic monitoring costs – a species of information cost – at the heart of his model, which was then used to ‘explain the transition from selling through an agency system to selling through hierarchical sales subsidiary’ (that is from intermediation to internalization).¹¹

¹⁰ Stephen Nicholas, ‘Agency contracts, institutional modes, and the transition to foreign direct investment by British manufacturing multinationals before 1939’, *Journal of Economic History*, p. 677.

¹¹ *Ibid.*, p. 677.

Still, we are left with a number of problems. Nicholas does introduce a dynamic element but one that is concerned only, or primarily, with the shifting boundaries of firms. He also, of course, returns to that conventional trajectory away from intermediation and towards internalization that Jones has more recently tried to counter. Jones, on the other hand, is able to use the dynamic properties of learning and specialization, in concert with an information cost perspective, to deftly explain how merchant intermediaries both survived and evolved. What he is less concerned with, we would argue, is the critical issue of the *birth* of multinational merchant enterprise. It is this question with which we are confronted in the case of Shaw and Crane. Jones stresses how many ‘of the advantages of trading companies might be explained by [*advantageous*] reputational and informational advantages’. Here is the crux. Because they need to be accrued such advantages are surely only available to the firm after some time of international operation. How did Shaw and Crane overcome the *disadvantageous* reputational and informational asymmetries that they, as home trade factors based in inland Wolverhampton, must undoubtedly have faced with respect to international trade generally and with India in particular?

From the literature, we might advance two, potentially complementary perspectives; one, derived from economics and international business studies, emphasizing evolutionary, capabilities-based perspectives and the other, derived from a sociological perspective, emphasizing broad institutional factors and the role of networks in particular.

An evolutionary, capabilities-based perspective will emphasize the importance of a factor such as routines in leading cumulatively, through learning, to enhanced capabilities.

Interestingly, we find in this perspective echoes of the stages of internationalization model developed in international business studies in the 1970s in an attempt to explain the process by which firms become multinational. This model is of relevance because, first, it has an interest in attitudinal issues; as ‘the internationalization process is basically an account of the interaction between attitudes and actual behaviour’, the model necessarily demands attention to motivations.¹² Second, and perhaps of greatest importance, the model stresses the process as the outcome of ‘incremental decisions’.¹³ As Johanson and Wiedersheim-Paul argue, and we suggested above, the principal barriers to international business are deficits in necessary knowledge and resources. In the stages model, ‘incremental decision-making and learning’ allow these barriers to be gradually eroded rather than vaulted in one leap. Crucially, the model includes a stage of no regular export activities that precedes any degree of multinationality for the firm – in other words it allows us to explore that point of transition with which we are concerned in the case of Shaw and Crane, the very initial decision to invest directly overseas.

In order for these complementary perspectives to help us to understand how Shaw and Crane were able to develop the capabilities and resources necessary to the successful establishment of international operations it is important we are able to identify both the routines and associated capabilities implicated and the decisions required. From our archival knowledge of the firm’s domestic operations we might emphasize the simple

¹² Jan Johanson and Finn Wiedersheim-Paul, ‘The Internationalization of the firm – four Swedish cases’, *Journal of Management Studies*, (1977), p. 306.

¹³ Ibid. The emphasis on process is important in the context of historical studies, indeed Johanson and Wiedersheim-Paul stress that they ‘adopt a more longitudinal approach, describing and discussing the whole development which has led [firms] to their present international position’. Ibid., p. 305.

routine of regular commercial travelling, involving, as it does, systematization, planning, decision making and rules, particularly with regard to credit, credit control more generally, matching of supply and demand, controlling for the effects of geographical separation and distance and the management of principal-agent problems in the field.¹⁴ Are these skills relevant and important to successful operations in international markets and, specifically, the running of an overseas office? Yes? Are they necessarily transferable to international markets? No.

Jones, in a study of a New Zealand general trading firm, cautions against any over-ready assumption that any routine-based learning and capabilities can form the foundation for successful strategies of diversification.¹⁵ Indeed, Jones concludes that, 'routines, by themselves, were simply incapable of generating the type of macro-mutations required to transform highly efficient drapers into highly efficient woollen and worsted manufacturers. Indeed, it seems that routinisation may have actually reduced the flexibility of the firm.' It is equally difficult to see how routine and habituation can act as catalysts to the taking of exceptional decisions, such as to make overseas investments. Jones reflects that evolutionary economics 'would thus seem to provide only limited insights into the processes lying behind the growth of the firm.'¹⁶ We must therefore seriously question whether the routines involved in undertaking commercial travels in the

¹⁴ Andrew Popp, 'Building the Market: John Shaw of Wolverhampton and Commercial Traveling in Early Nineteenth-century England', *Business History*, Vol. 49, No. 3 (2007)

¹⁵ S.R.H. Jones, 'Routines, Capabilities and the Growth of the Firm: Messrs. Ross & Glendining, Dundedin, 1862–1900,' *Australian Economic History Review*, Vol. 42 No. 1 (2002), pp. 34–53.

¹⁶ *Ibid.*, p. 52.

domestic market alone could have equipped Shaw's firm for the 'macro-mutation' of internationalization.

Thus, however incremental the process, knowledge and resources still have to be acquired somehow and from somewhere. Where and how might that be? A separate perspective – though one that might be combined with that outlined above – is that emphasizing the importance of the embedding of firms in appropriate and supportive institutional environments. In particular, both contemporary and historical studies increasingly highlight a role for externalized networks (though of varying definitions and types). Jones, for example, says of British that:

[m]any of these firms were linked to wider business networks. Wilkins called these 'clusters' and describes how firms were linked in various ways with various degrees of robustness around their original promoters, financial intermediaries, lawyers, accountants, mining engineers, banks, merchants, and trading companies.¹⁷

These networks are often conceived of as having important spatial dimensions, with great metropolis and ports serving as:

[h]ubs of information, contacts, capital, and personnel which provided a dynamic environment for the emergence of entrepreneurs engaged in international trading. They were places where merchants, shippers, manufacturers, and bankers could interact frequently, developing the kind of high trust atmosphere which facilitated transactions.¹⁸

¹⁷ Jones, *Merchant enterprise*, p. 11.

¹⁸ *Ibid.*, p. 35.

As applied to merchant enterprise, this perspective has been prominent, for example, in analyses of the success of Greek firms/families in shipping and a number of chapters in this volume explore a similar avenue.¹⁹ Margrit Schulte Beerbühl, for example, notes that ‘networks of trust and obligation were of crucial importance for reducing risk in early modern overseas trade’ and that ‘non-economic social and religious institutions could ... be useful instruments in promoting honesty among business partners and creating a bond of mutual obligations’.²⁰ Taking the specific case of marriage decisions, Lesley Doig notes how ‘marriage within merchant circles had many benefits: marriage consolidated capital. Marriage maximized the financial resources available to new enterprises and ... it expanded the pool of persons with whom partnerships could be readily made’.²¹

The latter point is important, because from this perspective wider networks based in family, shared ethnicity or nationality and other sociological factors might not only lead to lower information and transaction costs but also, perhaps more importantly, enable the firm to overcome both internal constraints (such as those suggested above by Jones) by providing access to otherwise missing resources and capabilities and to meet external challenges by providing vital resources such as social and political capital. Networks might also catalyze decision-making. Embeddedness might then act as the context in which routines and their associated capabilities can sidestep the potential threat of

¹⁹ G. Harlaftis and J. Theotokas, ‘European Family Firms in International Business: British and Greek Tramp-Shipping Firms,’ *Business History*, Vol. 46 No. 2 (2004), pp. 219–255.

²⁰ Margrit Schulte Beerbühl, ‘The commercial function of spiritual kinship: a case study of the religious culture among German merchants in London, c. 1750–1850’, *Commerce and culture*

²¹ Lesley Doig, ‘To have and to hold? Marital connections and family relationships in Salem, Massachusetts, 1755–1810’, *Commerce and culture*

developing rigidities. Lloyd-Jones and Lewis, in their study of business networks in the Coventry industrial district, express this notion of wider, embedded ‘cultural attributes, conventions and routines’ as the product of ‘social habits.’²² For Lloyd-Jones and Lewis, this foundation in routines and social habits led to a strategy of ‘profusion’ amongst Coventry manufacturers, suggesting that networking allows firms to overcome the barriers to diversification inherent in routines and learnt capabilities. Bringing these two perspectives suggests then that we might need to understand diversification processes, and in this case internationalization specifically, by looking both within and beyond the firm itself.

Such a fusion, and one applied to the very relevant case of the early history of Jardine Matheson and Co., is found in Matheson Connell’s adoption of a ‘Penrosian’ perspective. For Matheson Connell the early growth and development of Jardine Matheson illustrates very effectively the Penrosian concepts of:

[r]eceding managerial limits, evolutionary growth of knowledge, importance of enterprise and entrepreneurial vision, respective importance of the firm and the environment, possibility of failure, and the persistence of uncertainty and risk.²³

In particular, Matheson Connell stresses how unused pools of resources within firms ‘together with the changing knowledge of management, create a productive opportunity

²² R. Lloyd-Jones and M.J. Lewis, ‘Business Networks, Social Habits and the Evolution of a Regional Industrial Cluster: Coventry, 1880s –1930s,’ in J.F. Wilson and A. Popp, *Industrial Clusters and Regional Business Networks in England, 1750–1970* (Aldershot, 2003), p. 230.

²³ Matheson Connell, ‘Jardine Matheson and Company’, p. 104.

unique for each firm'.²⁴ Ultimately, firms choices for growth are determined by 'managers' perceptions of the opportunities resident in the environment of the firm'.²⁵

Before examining the case of Shaw and Crane, however, we would wish to add some qualifications. Haggerty, for example, has cautioned that network perspectives, 'usually presented as a positive or innate good', can lead to:

naïve interpretation[s] of how people did worked together in the eighteenth century. In an increasingly impersonal world, in which trade was already global, there was no way that traders could know everyone that they dealt with, be assured of their nationality, religious or ethnic affiliation, or indeed know of everyone in their distribution chain.²⁶

In order to succeed under these conditions of increased modernity, anonymization, and distantiation, firms "had to move beyond the base of family, kind, and ethnic relations". Indeed, business connections were increasingly ruled by simple merchant practice'.²⁷ Trust increasingly resided not in people or relationships but in 'the system in general', pointing to a new, emerging more formalized model of institutional embedding. Networks were perhaps most important in relation not to the 'conventional' tasks of risk and cost reduction through trust but instead to 'opening opportunities up in the first

²⁴ Ibid., p. 102.

²⁵ Ibid., p. 105. In similar arguments, Matheson Connell goes on to stress how 'interrelatedness of resources and mental models [act] as two sources of firm distinctiveness'. Ibid.

²⁶ Sherylne Haggerty, p. 109.

²⁷ Ibid. Haggerty goes on to note that whilst familial and other ties were important 'their use in day-to-day reality has been over stressed' and even that they were 'often ... a burden rather than a help'. Ibid.

place'.²⁸ Certainly, we shall see that for Shaw and Crane it was a business network that first presented them with the opportunity to engage in trade with India, but it was a much wider and more impersonal institutional setting of structures, norms and practices that allowed to them to overcome the barriers they faced and to successfully seize that opportunity.

Shaw and Crane

The roots of the partnership of Shaw and Crane were put down at some point in the first decade of the nineteenth-century when farmer's son John Shaw commenced in trade as a hardware factor based in Wolverhampton in the English midlands. Wolverhampton sat at the heart of an extensive and complex industrial district dedicated to a wide range of metal using trades and through his travels Shaw's firm distributed a myriad of metal goods to customers across very wide swathes of the Midlands and Northern England. His customers were overwhelmingly retail businesses and ironmongers in particular. Journey books for the period 1810 to 1816 provide a detailed insight into the nature of this factoring business, from routes and schedules followed, to customer profiles, values of accounts, customer relationships, methods of payment and the use of credit. Detailed analysis of this material can be found elsewhere and will not be rehearsed here.²⁹ A key point to stress however is that the firm had been in what one may assume was profitable operation for at least a quarter of a century before making its initial investment in India. In relation to the foregoing discussion, we would also stress the very high degrees of routinization necessarily involved in the home-trade factoring business. The firm may be

²⁸ Ibid., p.111.

²⁹ A. Popp, 'Building the market'; 'From town to town'.

assumed to have developed capabilities and competitive advantage in terms of systemization, control mechanisms, particularly in relation to the interdependent issues of employees and credit control, customer relations, and deep knowledge of markets of both supply and demand.

There is little evidence that Shaw was able to draw on extensive networks, familial or other, in order to supply his fledgling firm with resources. His paternal background was non-industrial and non-mercantile. He did in 1813 marry Elizabeth Wilkinson, the daughter of a retail customer in Colne, Lancashire, but all the evidence, contained in extensive family correspondence, suggests that this was an affective rather than an instrumental union. Certainly there is no evidence that it contributed meaningful resources to his enterprise, echoing Doig's exploration elsewhere in this volume of a shift in societal attitudes to marriage towards the end of the eighteenth-century.³⁰

The partnership with Henry Crane that was responsible for the creation of T.E. Thomson and Co. in 1834 was established in 1815.³¹ Archival evidence suggests Crane may previously have worked for Shaw as an employee.³² Admittance of Crane to a

³⁰ Doig, 'To have and to hold'.

³¹ Articles of copartnership were signed by Shaw and Crane, both described as factors resident in Wolverhampton on 21 August 1815. The articles declared that 'in consideration of the special trust and confidence they repose in each other and in order to augment their fortunes ... [they] have agreed to commence and continue copartners in the trade or business of a factor ... in buying, manufacturing and selling all sorts of goods, wares and merchandise incident to the said trade for and during and unto the full end and term of ten years'. The new partnership was to have a joint stock of £7000, four thousand provided by John Shaw, to be paid in full within the period of eighteen months, and three thousand from Crane, to be paid in three installments of £1000. DB/24/A/1

³² WALS DB/24/A/46 Letter from H Crane to John Shaw, 1810.

partnership may thus have been more by way of recognition of loyal and effective service than for any financial or other resources that Crane could contribute. All the evidence is suggestive of the growth of the firm being organic and internally generated. Similarly, though the firm was certainly successful and apparently well-run, its history to this point is not indicative of a decisive entrepreneurialism.

The archive contains only one piece of evidence of the firm engaging in overseas trade before 1827, the date at which an export trade with India was begun; this is a letter, dated 1816 from Thomas A. Johne of Newfoundland, ordering further items of hardware.³³ The obvious implication is that trade had occurred between the two parties previously. However, though the lack of evidence cannot be taken as conclusive, there is nothing to suggest that Shaw and Crane were engaged in either extensive or sustained overseas trading operations prior to 1827.

Foundations, 1827–1834

Shaw and Crane's entry to trade with India came via a relatively short third-party letter of introduction, reinforcing Haggerty's stress on the importance of a variety of channels of information to the creation of opportunity. The letter, posted on 23rd August 1827, came from Sheffield merchants Joseph Rogers and Sons, who had:

[t]he pleasure to introduce our friends Mr Rawson and Mr Holdsworth who have an establishment in Calcutta and are visiting Wolverhampton for the purpose of obtaining consignments to be sent out there.

³³ WAL5 DB/24/A/48

We have done some business through their hands and have always found them exceedingly punctual and attentive to our interests.³⁴

Here we can see that Rogers and Sons are anxious immediately to place their recommendation in the context of their own experience of dealing with Rawson and Holdsworth. However, that assurance is one focused far more on efficiency than probity, though they do go on to note that they are also ‘highly reputable’. Rogers further situate the recommendation by noting that Rawson and Holdsworth not only have a house in London but that Mr Rawson has ‘joined the house only lately he was a Banker in Rochdale and no doubt you will recollect him’, Shaw having connections to the business community of Rochdale through marriage.³⁵ Rogers continued, offering further advice and an avowal of their disinterested stance in the matter:

[s]hould you be inclined to make a treat in that Quarter we have no doubt you would find it a very profitable business if proper selections are sent out and we should be very glad to give you the advantage of our knowledge and experience in the trade as we find the amount of Sheffield manufacturers is as much as we can attend to and there is now a probability of a great increase in the demand for Wolverhampton goods.³⁶

It is evident several networks or circuits of information were in play in order to bring this opportunity to Shaw and Crane’s attention. Shaw and Crane had done an extensive trade with numerous Sheffield retailers and merchants since at least 1810 and must have been

³⁴ DB/24/A/52.

³⁵ Ibid.

³⁶ Ibid.

well known there. Rogers and Sons, in turn, had done business through Rawson and Holdsworth, who themselves, like Shaw, had connections to Rochdale. This was clearly a network that had moved far “beyond the base of family, kin, and ethnic relations”. There is little sense it is an interpersonal network as opposed to one rooted overwhelmingly in ongoing business relationships and for all the talk of reputable friends it is one driven primarily by the imperatives of punctuality, attentiveness and profitability.

Shaw and Crane replied on 31 August 1827 with what must have been an expression of interest. Though that reply is lost it is referred to in Roger and Sons next letter, dated 4 October 1827. The delay in correspondence occurred as Rogers and Sons awaited from Rawson and Holdsworth:

information ... whether they made any other engagements during their visit to Wolverhampton as we gave them a letter ... to be used in case you did not wish to extend your trade to that quarter. We have this day received a letter from them stating that they did not make any arrangements for similar good to what you supply with any house in Birmingham or Wolverhampton. We therefore feel pleasure in recommending you to make treat and if you pursue the same plan that we have done we hope you will be equally successful.³⁷

It is notable that for the time being, the correspondence between Shaw and Crane and Rawson and Holdsworth remains indirect, with Rogers and Sons acting as brokers in the relationship. It is also clear Shaw and Crane must, for now at least, act in competition with other *potential* correspondents in Wolverhampton and the West-midlands generally.

Having made their recommendation to make treat Rogers and Sons launch immediately in the provision of detailed practical advice on how best to conduct the

³⁷ DB/24/A/53.

trade: the suggested value of initial consignments ('£300 to £400 by any one ship'), how to pack goods, what paper work is required, 'to always insure to the full amount', and how to make a selection of goods and to present that selection. Particular attention is given to charging, Rogers confiding that they 'always reduce every article to nett cost price (as Discounts are unknown there) and we then put on an advance of fifty per cent'.³⁸ They go on to make it clear that Rawson and Holdsworth sometimes manage to sell in advance of this invoice price, sometimes at it and sometimes below it 'but we put the good against the bad on this trade and take the average for the whole of the year'.³⁹ They also reminded Shaw and Crane of 'the great length of time which you will be out your money and the ... expenses which you incur ... as well as by the exchange'.⁴⁰ In all, we sense the more experienced Rogers and Sons instructing the novice Shaw and Crane in that world of 'simple merchant practice' that regulated the increasingly impersonalized world of international commerce.⁴¹

The first extant correspondence from Rawson and Holdsworth to Shaw and Crane is dated 8th November 1827 and is an intensely practical affair, concerned almost solely with advice on where and when it is best to pay freight and shipping charges ('as the ship owners in this case ... draw at a very low rate of exchange we think it more to your advantage to pay it here'), the goods to be sent ('It is particularly desirable that this first shipment should be made as general as possible'), and the paperwork both to be sent with the goods and to be retained by Shaw and Crane. Rawson and Holdsworth also offer to

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Haggerty, p. 109.

arrange insurance if Shaw and Crane have no correspondents in London able to do this for them. The only note of what we might term commercial sentiment comes in a short concluding paragraph:

We hope the present adventure may lead to a lasting and mutually advantageous correspondence, at all events we beg to assure you that no exertion on our part shall be wanting in India to make the trade a profitable one for you.⁴²

We see that Shaw and Crane's entry in international commerce is not simply limited to well-understood norms and practices but also includes an infrastructure of service providers, such as Liverpool shipping agents Leech and Harrison. Shaw and Crane acted quickly, for Rawson and Holdsworth wrote again on from London on 17th November 1827 enclosing an insurance policy for Shaw and Crane's first shipment (to the value of £800) along with a cover note that again expressed a desire to see their mutual interests prosper.⁴³ Thus in the space of little more than two and half months and through the intercession of a series of parties, the most important of them as yet unknown to Shaw and Crane, a small Black Country hardware factoring business, was able to take the first step in the process of internationalization, export. What Shaw and Crane lacked in terms of internal resources and capabilities they were able to draw easily from the wider

⁴² DB/24/A/54

⁴³ 'It will give us much pleasure to find that this first shipment to our Calcutta house ... so as to encourage you to continue your correspondence ... we can at all events promise you that no exertion will be spared to render the correspondence active and mutually interesting'. DB/24/A/56.

environment offered by Liverpool, London and Britain's position in global systems of commerce and trade.

Moving Overseas: 1834–1850

On Sunday 20th September 1835 John Shaw wrote from Wolverhampton to his wife at Skipton, Yorkshire, where she was staying with relatives. As in many of his letters, Shaw discusses both personal, family matters and business concerns. On this occasion the new venture in Calcutta preoccupied him:

It is rather uncanny one of the ministers we have with us also has been a missionary at Calcutta very lately and has given me a great deal of information respecting that place. By the bye we have this week had despatches from Thompson for the first time and am happy to say both he and Anderson are quite well he writes in most excellent spirits seems most sanguine as to what his adventure has done and as to future prospect has already sold two thirds of his cargo and sends us very considerable order which he begs me to send forward without delay as he shall have nothing to sell by the time they arrive. Desires we will send them out two more young men similar to the ones he has got with whom he is well pleased. He has got one of the best positions for a shop and store in all Calcutta directly opposite the Government House for which he pays 100 rupees a month in other words about one hundred and thirty pounds a year. A new field for trade is there open and [he is] quite elated with success. Hope he may not be too sanguine. He has sent us orders which will amount to I should think six to eight thousand but as this is such an unexpected sum I think it will be well to send about half for present. I do believe we have let open the finest field for commercial pursuits that we could have thought of as such a concern is not known in that place and altogether new as to its character and operation. Says he and Anderson board and lodge together in a very respectable family.

Despite his caution over Thompson's own eager estimation of market potential, there is an unmistakeable air of excitement to Shaw's account of his new business venture. There is also an awareness, perhaps not entirely misplaced, of the boldness and originality of the strategy he and Crane had conceived and executed. This is the voice of a decisive entrepreneurialism. How had exporting led to investment and multinationality?

Though from late 1827 the archive falls silent on the subject of India it does contain evidence of export trades to Batavia and Singapore from 1830–1 through the merchant partnerships of Anderson, Wise and Co. and Robert Wise and Co.; it seems possible then, if not likely, that Shaw and Crane had continued to send consignments of goods to India through Rawson and Holdsworth between 1827 and 1834. The exact implications of the next significant piece of evidence, a letter from Rawson and Holdsworth to Shaw and Crane dated 8th October 1834, are unfortunately unclear in some respects. The letter opened by noting that:

Our house in London Messrs. Rawson, Norton and Co., advise having received a letter from Messrs. Rodgers and Sons, stating that it was your wish to extend your business to India ... We can only assure you that should you confide your interests to our establishments either here or in India, the greatest attention shall be paid to them and nothing will be wanting on their part to make the trade a lucrative one to you.⁴⁴

As already noted, this suggests but does not confirm that Shaw and Crane's had continued to trade with India, through Rawson and Holdsworth, between 1827 and 1834. What is much clearer is that at some point during 1834, Shaw and Crane had taken the

⁴⁴ DB/24/A/98

deliberate decision to ‘extend’ this line of business – a moment of entrepreneurial action. The rest of this brief note from Rawson and Holdsworth details (three) ships sailing from Liverpool to Calcutta during October 1834 and offers to engage freight on behalf of Shaw and Crane. A further note from Rawson and Holdsworth on the 25th of the same month, in response to a lost letter from Shaw and Crane, is again largely concerned with sailings and which, in particular, would be best ‘should Mr Thomson be ready [to sail] at the time you state’.⁴⁵ Clearly the decision has been taken not merely to extend the trade with India but also to locate personnel in Calcutta itself.

The precise implications of the developments of late 1834 are made clear in the agreement between Shaw and Crane and one Joseph Anderson on the 7th November of that year, which opens by boldly declaring that:

[W]hereas the said John Shaw and Henry Crane have lately determined to open an Establishment at Calcutta in the East Indies for the sale of Ironmongery, Hardware and other goods wares and merchandise and have agreed with their late traveller Thomas Edward Thomson to manage and conduct the same as their agent who will forthwith embark with a cargo of goods for that purpose.⁴⁶

There can be no mistake as to Shaw and Crane’s intentions to invest directly in their overseas business. As early as 11th November 1834, Thomson was writing from Liverpool to his employers in Wolverhampton to tell them that he had been ordered to be ready to board ship at seven o’clock the next morning, having, seemingly for the first

⁴⁵ DB/24/A/97. The letter goes on to warn however that ‘the sailings of the vessels for India are ... so uncertain’.

⁴⁶ DB/24/A/35.

time, met Mr Rawson, whom he had found to be ‘a very active man of business and also a very pleasant man’⁴⁷. The move to multinationality had been made.⁴⁸

How can we understand this decision? The evolutionary perspectives central to both stages of internationalization models and Matheson Connell’s Penrosian interpretation of the nineteenth-century growth of Jardine Matheson and Co. emphasize the importance of learning effects occurring over time, such that the entrepreneurial ‘vision’ shifts sufficiently to incorporate new opportunities. Such an interpretation is supported also in this case by the clear indication that the impetus to extend their business with India came from Shaw and Crane themselves and not from their correspondents in international markets, such as Rawson and Holdsworth. Such learning effects, it might be

⁴⁷ DB/24/A/103. This letter from Thomson to Shaw and Crane is full of details; of goods, such as weighing machines and glass, though for the latter ‘the excise at Birmingham have not forwarded the certificate so cannot ship it’; insurance, the shipment was to have a total coverage of £3000; the ship, its captain; other passengers for the voyage; and other final arrangements. A series of letters and documents – including certificates of shipping and insurance and bills of lading – from or forwarded by Rawson and Co. in Liverpool, DB/24/A/105 and DB/24/A/108, give further interesting detail. Two shipments were made on behalf of Shaw and Crane in late November 1834, eleven casks and three cases on the Gunga (?), Joseph Mackinney master, and one hundred and five casks of nails, thirty cases, thirteen casks and one hogshead of hardware, eleven casks and five crates of earthenware, and one weighing machines on the Anne Baldwin, master Henry Crawford. Rawson and Co. also enclosed their account, comprised of expenses for arranging freight, carting and portorage, passage, excise, and insurance premiums, amounting to a total of £324 – 5 – 3, less £67 – 17 – 6 for insurance at six months credit, leaving £256 – 7 – 9 to be remitted ‘at any time at your convenience’. Shaw and Crane were clearly still heavily depended on the services of a series of specialist located in Liverpool.

⁴⁸ A multinational enterprise (MNE) is here defined as any form owning or controlling assets in more than one country.

assumed, would deliver both generic benefits, relating to engaging in international trade per se, and specific ones, relating to doing business in India and Calcutta. It is also true, however, that such benefits, would nevertheless remain limited so long as Shaw and Crane remained heavily dependent on intermediaries. Nonetheless from an embeddedness or network perspective, such dependence is not necessarily a fatal flaw. Indeed, as we shall see, and as was probably true for all agency and merchant houses in India at this time, especially the very smallest, T.E. Thompson and Co. long remained enmeshed in a much wider network of trade intermediaries and specialists, including such prominent firms as Jardine Matheson and Co. Certainly as Wolverhampton hardware factors Shaw, Crane and Thompson could not rely on the kinds of resources on which earlier agency houses, and Palmer in particular, had relied; ‘social intimacy, paternalistic concern and patronage ... Palmer’s career encapsulated a whole commercial culture, which married cross-ethnic patronage and social obligations to entrepreneurial risk-taking’.⁴⁹

However, we may identify some specific advantages possessed by the Shaw/Crane/Thompson connection. Webster has noted how after 1813 ‘the opening of the trade between Britain and India brought new competitors from home who were mostly interested in selling British manufacturers’ and that the ‘established houses generally left the export trade in British manufactures to the newcomers’.⁵⁰ Though not part of the first wave new entrants to the Indian trade, T.E. Thompson and Co., through Shaw and Crane, had strong capabilities in terms of sourcing manufactures throughout

⁴⁹ Webster, ‘An Early Global Business’, p. 109 and p. 131. Thus, whilst Shaw was the son of Midlands farmer and married to the daughter of a retail ironmonger from Lancashire, John Palmer was the son of General William Palmer, with a career in both the military and the East India Company. *Ibid.*, p. 107

⁵⁰ *Ibid.*, p. 103 and p. 126.

the Midlands and northern England. Seven years of selling in Calcutta, albeit through the intermediation of their correspondents Rawson, Holdsworth and Co., must have served to match this capability with a growing knowledge and understanding of Indian markets.

Location was initially contingent upon the connection made with Rawson and Holdsworth through Joseph Rodgers and Sons in Sheffield, but it is worth noting that in the late 1820s Shaw and Crane were exporting to other sites in Asia, such as Batavia, through other merchant houses, sites that were not in 1834 selected for expansion. Ultimately, choices over where to locate the overseas house, and when to make that move, were conditioned by the events of the years 1830–34, during which period all the established agency houses in Calcutta collapsed following the failure of Palmer and Company.⁵¹ This great crisis in Anglo-Indian trade created a vacuum into which rushed a second wave of new entrants, Shaw, Crane and Thompson amongst them. Already active in Calcutta, Shaw and Crane were relatively well positioned to observe but not be directly affected by these cataclysmic events.

By the close of 1834 they had evidently decided that this was an opportunity of which they could take advantage.⁵² Aware of their own internal resources and capabilities, bolstered by incremental processes of learning over the preceding seven years, and embedded in a wider system supplying both information and missing resources, Shaw and Crane's 'entrepreneurial vision or "image"' shifted to incorporate this new

⁵¹ Ibid.

⁵² That Shaw and Crane and Thompson, and their correspondents, several times referred to the Indian business as an 'adventure' suggests we are fully justified in viewing this as an entrepreneurial act, if we view entrepreneurship as at least in part a risk bearing function.

possibility.⁵³ Whilst it is true that most of the post-crisis entrants ‘proved no more durable’ than their predecessors, many failing in a second crisis in 1847–8, such a fate did not befall Thompson and Co., which remained in independent existence until 1947.⁵⁴

Being multinational: principals, agents, and customers

A quite extensive, if patchy, archive of post-1834 intra and inter-firm correspondence allows us to explore a number of issues in the subsequent management and operations of the firm, including; agent-principal issues between Wolverhampton and Calcutta, relationships with suppliers in England, and attempts to extend the firms activities to the ‘country’ or intra-Asian trade through relationships with such large and well-established agency houses as Jardine Matheson.

John Shaw’s decision to appoint T.E. Thomson as head of the house and Calcutta (and, indeed, to name it after him) followed a pattern of appointing former employees to positions of authority and responsibility, Thomson having worked for Shaw and Crane

⁵³ Matheson Connell, ‘Jardine Matheson and Company’, p. 103.

⁵⁴ Webster, ‘An Early Global Business’, p. 129. Administrative history, WALs. This is not to say the subsequent history of the firm was without its troubles. John Shaw junior travelled out to India but died there in 1839. Thompson died in 1846, the firm retaining its name but now being managed by William Turner, who had joined the firm in 1840. Turner himself died in 1853, a succession of managers being employed thereafter. Following the deaths of John Shaw’s last remaining sons in 1886 and 1887, the firm was registered as a private limited liability company. Nonetheless, the Shaw family remained involved in its ownership and management thereafter. Issues of management under both Thomson and Turner will be examined in more detail shortly.

from 1825 at the latest.⁵⁵ Matheson Connell has described how at the dawn of private trade to India in the early nineteenth-century ‘the need for capabilities and market institutions far exceeded their existence’.⁵⁶ The weakness of institutions, coupled with the vagaries of long distance communication and the centrality of credit to all forms of trade, placed a premium on finding trustworthy correspondents and agents – with family members being the most obvious candidates. In the absence of appropriate family members able to assume crucial positions able, loyal, and proven employees could be vital to firms looking to expand their operations beyond the managerial resources of the principals. Trust, it could be assumed, might be safely placed in such figures, especially if the new relationship was cemented with the offer of a partnership, as Shaw had done with Crane and as Shaw and Crane now may have done with Thomson.⁵⁷ In addition,

⁵⁵ DB/24/A/34: agreement for five years service between Shaw and Crane and Thomson. Thomson was to be employed in the ‘capacities of a Clerk, Bookkeeper or Assistant in the Warehouse and Traveller and shall and will well truly and faithfully employ himself in the service of the said John Shaw and Henry Crane ... to the utmost of his skill and power use his best endeavours to promote the interest of the said John Shaw and Henry Crane ... [and] in all things shall and will act and conduct himself as a faithful and honest servant during the said term’. Under this contract, Thomson was to be paid £80 for the first year, £90 for the second, £100 for the third, £120 for the fourth, and £140 for the fifth. These increments do not seem to have been dependent on meeting any specified criteria. The contract makes no mention of either commission or expenses.

⁵⁶ Matheson Connell, ‘Jardine Matheson and Co.’, p. 99.

⁵⁷ No articles of partnership between Shaw and Crane and Thomson exist but that the Calcutta house was named T.E. Thomson and Co. would suggest this was at least a possibility.

connections in Wolverhampton were subsequently used to recruit further employees, such as Messrs. Powell and Turner, who both journeyed out to Calcutta in 1840.⁵⁸

Thomson certainly seems to have been loyal. He stayed with the firm until his death, in India, in 1846. In total, he was employed by Shaw and Crane for at least twenty-one years, twelve of them in Calcutta. Nonetheless, his position at the head of the firm in Calcutta does not always seem to have obviated friction between there and Wolverhampton. Amidst much routine discussion, Thomson is exhorted from Wolverhampton against too readily laying out ready money on purchasing goods cheap in Calcutta (though it be ‘true that you at times buy some goods very cheap’), to more accurately follow instructions (‘do not send anymore of them, they will not sell. My old advice to you was Sugar to Liverpool Indigo to London. If you had stuck to that we should have made a deal more money’), to make his remittances back to England full and

⁵⁸ Turner succeeded Thomson on his death in 1846 until himself died in service in 1853. Powell, for example, came recommended by Ben Walton, Wolverhampton manufacturer, customer, and, as is clear from some letters, friend; ‘Powell dined with me he looks forward [with] great glee to his voyage to India and does not appear at all influenced by the death of young Shaw. A more gentlemanly youth I can safely say never was sent out ... [you] will be delighted with him and I have no doubt will give you equal satisfaction with respect to business’. DB/24/B/450; Assorted Correspondence, 1839–1846. Similarly, Shaw and Crane wrote to Thomson in March 1840 that ‘Since the receipt of yours last stating that William Perry was coming home I have been upon the look out for a person to succeed him ...I concluded with Mr Turner who you know ... Mr Barker says that he has never had a young man about him that he can’t place more confidence in than Turner and he feels confident that he will be a much useful person at Calcutta’. Ibid. These fulsome recommendations did not prevent Turner and Powell getting into a vitriolic dispute over salaries in 1849. See DB/24/B/461; Correspondence between Turner and Powell and between Powell and his mother.

timely and generally to further the business more vigorously ('I would like to see your remittances reach £2000 per month over and above any amount you may draw upon us'). Clearly, Thomson had been given discretion to trade on the firm's behalf, both in ordering manufactures from England (as we shall see in more detail shortly) and in purchasing commodities in India for the return journey. At the same time, however, this discretion was also clearly not unlimited and was closely monitored.⁵⁹

Relationships with English suppliers were marked by a similar mix of tension, obligation, and the cordial or familiar. This is striking so in the case of Ben Walton, a Wolverhampton based manufacturer of tin, iron and japanned wares. Seriously pressed for money following the dissolution of an earlier partnership, Walton's letters of the early 1840s are often filled with complaints as to slow or incomplete payments from India. Typical is a long letter of November 1840:

I have been daily expecting to hear from you with a remittance and assure you I am seriously inconvenienced for want of money ... I have Mr Ryton's capital to pay out of the trade and of course every hundred pounds is an object to me – I do most earnestly entreat that upon receipt of this letter you will draw upon Messrs Shaw and Crane for the balance ... If you will look at the dates you will find profit on part of this transaction quite out of the question add to two years and half credit at six months bill and judge of the loss we have to sustain ...

⁵⁹ DB/24/B/450. The letters often also contain clear touches of sentiment and friendship. Crane for example relates a Sunday evening gathering at home in Wolverhampton and supposes 'you sometimes think of us. How soon have half a dozen years past away'. Most poignant are comments following the death in India of John Shaw Jr. in 1839; Crane commenting in one letter that 'I do not know when he [John Shaw] will overget this sad affair it will I fear make sadly against us in this concern. However time alone will restore [him]'.

From my present situation with regard to money it will be impossible for me to give the credit that you have taken from the last firm and I shall want your remittance and reply to this before I put the new [order] in hand.⁶⁰

However, having continued to set out the terms and conditions he expects if the trade is to continue, particularly with regard to length of credit, Walton proceeds in the same letter to promise that ‘you shall upon these terms have any new articles that may be produced reserved exclusively for you as regards the East Indies’.⁶¹ Clearly, despite seriously delayed payment from India, Walton was prepared to continue allowing Thomson some favours. Further letters, mixing business matters with personal news and reflection on the Shaw and Crane families, demonstrate that this was never a purely commercial relationship. Never is this clearer than in a letter from April 1840 that combines a glowing pride in the manufacturing prowess of the firm and the wider Black Country with touching family details:

With this you will receive an Invoice of paper tables and ... patent coffee pots. The tables were very much admired by everyone who saw them before they left here. We had visits from some of the principal ladies of the town and neighbourhood and several tables ordered. With the rest of the visitors we had Mr and Mrs Shaw who very much admired them, little did they think at the time that their son would never see them. Mr Shaw spoke

⁶⁰ Ibid. The complaints about slow payment continued; ‘no profit can cover three years credit and when the bill of Shaw and Crane falls dues which you last remitted three years will have transpired. You are supplied with goods upon the same terms as the respectable furnishing Ironmongers are who [pay] first journey, we only allow 10% if second journey is taken ... I shall be happy to do all in my power to serve you [circumstances] impel me to say I cannot afford to give you the credit you have taken’. Ibid.

⁶¹ Ibid. A similar promise to reserve particular goods for exclusive supply to Thomson and Co. was made in a letter dated April 1841 despite an offer from a ‘London merchant which he wanted for Calcutta [which] I could have had for cash subject to the same discount’. Ibid.

with the greatest delight upon the pleasure it would be to his son to see so good a specimen of the manufactures of his native town.⁶²

Thus we are reminded of how Thomson and Co.'s roots lay in the Black Country industrial district.⁶³ Black Country connections similarly underpinned a further important relationship and an agreement in June 1844 to act as sole agent in Calcutta for Wolverhampton lock manufacturers Chubb and Co. This valuable trade emerged directly from:

[a] conversation I had some weeks ago at Wolverhampton with Mr Crane. I mentioned to him that I was sorry that Messrs Shaw and Crane sold so few of our Patent Locks at Calcutta whilst we were selling so many at the other two presidencies in Ceylon in each of which we have several agents ... I felt quite sure that if proper means were taken we might sell at Calcutta as many or more than we do in all other parts of India and that we had made up our minds to have some efficient agents there.⁶⁴

Chubb's proposal was succinctly put: 'provided ... you will take up the thing with spirit we will make you sole agent in Calcutta and as the merit of our locks are now becoming more generally known and duly appreciated in India I think such an arrangement would

⁶² Ibid.

⁶³ Popp, 'Building the Market'.

⁶⁴ DB/24/B/450. For students of the industrial district concept, there is interest in the way this business decision came about through a face-to-face meeting in the heart of manufacturing centre, illustrating the importance of proximity to relationships.

be mutually beneficial'.⁶⁵ Blander, yet still revealing, is correspondence from 1843-4 with Sheffield manufacturer James Dixon and Son, for whom Thomson also acted as sole agent in Calcutta. Dixon's letters are constantly solicitous of the good relations between themselves and Thomson. In particular, Dixon frequently enclosed with orders additional, new wares and patterns, 'as samples, feeling a confidence of them being suitable for your market and such as we trust you will like'.⁶⁶ The letters from both Chubb and Dixon paint some British manufacturers, though reliant on agents, as active in attempts to extend their export trades. They also shine a light on an important though often neglected element in the great chain of international trade that stretched from small Midland's workshops to far distant markets – the procurement strategies of merchant-exporters. Moreover, manufacturers were concerned not only to introduce new lines but also to extend the geographical scope of their markets. Thus, Dixon also wished to know 'so far as your knowledge may go are you aware whether our goods are likely to be introduced into China?'.⁶⁷ This was a pertinent question, for as we shall now see, Thomson and Co. were already busy looking further eastward again for yet more opportunities.

A series of letters from the Macao and Hong Kong branches of leading British merchant house Jardine, Matheson and Co. detail Thomson's attempts to develop a country trade, both sending English manufactures eastward and buying Chinese goods

⁶⁵ Ibid. The letter noted that Crane had advised that Chubb correspond directly with Thomson and that very shortly £200-300 of locks would be sent out. Chubb also considerable play of their existing connections with the Governor General and government in Calcutta.

⁶⁶ Ibid. Letter dated Sheffield, 20 February 1843.

⁶⁷ DB/24/B/450

destined for England.⁶⁸ The letters, spanning a period from mid-1843 to early 1845, show how Thomson could attempt to use existing networks in extending the firm's trade, just as Shaw and Crane had done in the initial move to Calcutta in 1834, but also illustrate the barriers and difficulties faced by even a relatively well-established, if small, house like Thomson's in pursuing such a strategy, even with access to the highest quality correspondents.⁶⁹

Together the letters tell the somewhat tortuous tale of a shipment of glassware sent to Macao on the "Sylph" in the spring of 1843. From the very start, though assuring Thomson that 'our best care will be devoted to the realization of your property', Jardine, Matheson were pessimistic as to this trade; 'we cannot hold out any great hope of an early sale, our community being very limited and its wants generally supplied direct from England'.⁷⁰ These fears proved well-founded. By November 1843 Jardine, Matheson were writing to Calcutta to 'assure you that every thing in our power shall be done to shield you as far as possible from loss on your adventure per "Sylph"'. In order to do this Jardine Matheson proposed sending the unsold goods on to Manila.⁷¹ This policy seems

⁶⁸ Namely various types of tea as well as ivory-ware and lacquered goods, one shipment of 1844 amounting in value to \$1,780.

⁶⁹ Webster notes that whilst most new entrants to Anglo-Indian in the 1830s 'were mostly interested in selling British manufactures ... a few also were prepared to challenge the established houses in the country trade, Indian commodity speculation, and banking'. Webster, 'An Early Global Business', p. 103. Thomson seems to have followed a hybrid strategy, engaging in some commodity speculation but using established agency houses to conduct country trade.

⁷⁰ Ibid.

⁷¹ Ibid., letter from Jardine, Matheson, Macao, 1 November 1843. Even so Jardine Matheson held out little hope for a profitable trade; 'We regret exceedingly that we are unable to advise any further sale of these

to have been at best a limited success, those sales that were made leaving a messy financial situation:

Owing to the long credit granted in Manila [our correspondents] have not yet sent in account of sales of the portion sold by them some time ago and we have been a good deal puzzled in what way to arrange the matter, as the charges ... are from many causes considerable. After due consideration we have resolved to draw upon you for the amount of the invoice of sundries sent you ... in the early part of last year.⁷²

It seems most unlikely Thomson and Co. were able to realize any profit on this particular 'adventure'.⁷³

Conclusion

This chapter has explored how the partnership of Shaw and Crane was able to evolve to become a merchant house engaged in international trade. Despite their lowly origins as domestic hardware factors engaged in a highly routine line of business, Shaw and Crane

goods and are afraid that your consignment will remain many months on hand. Should however that portion which has been forwarded to Manila find a ready sale we shall probably ship a further quantity to that market'. Ibid., letter from Jardine, Matheson, Macao, 6 December 1843. Ibid. Jardine, Matheson had already warned in 1844 that 'We cannot we are sorry to say expect any sale of the remaining portion of your consignment here, nor have yet heard of the disposal of that sent to Manila' and in February 1845 Jardine, Matheson wrote again to inform Thomson that they 'would lose no time in complying with your request that we should return to you the remainder of the glassware of "Sylph"'.⁷²

⁷² Ibid.

⁷³ As Matheson Connell notes 'inculcating sound financial judgement in its agents was the most pressing management issue' facing Jardine, Matheson. Matheson, Connell, 'Jardine, Matheson and Company', p. 123. The correspondence quoted here paints Jardine, Matheson generally urging caution on Thomson.

handled this challenging transition highly successfully, as judged by the longevity of their foreign adventure. In doing so they relied and built upon both their internal managerial capabilities and resources – management of credit and risk, knowledge and contacts in markets of supply, careful inculcation of trusted employees – and external resources accessed through networks of correspondents. These networks operated at varying degrees of remove from Shaw and Crane but few of them were founded on close, personal connections as classically conceived of in much of the network literature – ‘trust’, for example, cannot be argued to have played a major role in this story. Instead, as Haggerty argues, personal networks were embedded in much wider and largely impersonal systems of structures and practices that facilitated trade across ever greater distances and amongst constantly widening populations of traders. Without such wider connections Shaw and Crane would have likely remained the domestic hardware factors they had long been.

Nonetheless, even with access to these wider systems, Shaw and Crane needed to show considerable entrepreneurial ambition in order to seize the opportunities presented to them by Rawson and Holdsworth in 1827 and they quite frequently referred to their international business as an ‘adventure’, displaying something of a buccaneering spirit. At the same time chance and good fortune played their role, the decision to invest in Calcutta in 1834 was largely contingent on the sequence of opportunities presented first by Rawson and Holdsworth’s approach and secondly by the subsequent collapse of the first generation of English Calcutta merchant houses in the early 1830s. Entrepreneurial vigour revealed itself again in the attempts to expand from a base in Calcutta into the ‘country’ trade, even if these attempts met with rather mixed fortunes. This case supports

then a number of other studies and perspectives; Haggerty's exploration of the Atlantic trade, Matheson Connell's study of the early years of Jardine, Matheson and Co., models of the internationalization process from international business studies and evolutionary models from economics.

Decisions to invest and the capabilities and resources to put them into effect were only one part of the story however. Once established, the Calcutta house needed careful management, as attested to by the high numbers of new entrants that failed in the 1830s and 1840s. Shaw and Crane relied on the classic strategy of employing a known and proven employee. Even so principal-agent problems were not entirely avoided and at times Thomson had to be restrained from excessive or unwise speculations, particularly in commodities. Maintaining effective control over credit also remained a constant concern.

It is evident then that merchant enterprise was not the exclusive preserve of the great port cities; such as London, Liverpool, and Glasgow. Merchants were not all part of some social elite. The evidence is so far limited but other manufacturing districts, such as the North Staffordshire Potteries, also generated similar 'home-grown' international trading houses.⁷⁴ In terms of the overall structure of British merchant enterprise, 'provincial' houses such as Shaw and Crane/Thomson and Co. were undoubtedly insignificant, but their existence points to the existence of unexamined strata to the story of Britain's international trade in the nineteenth-century.

⁷⁴ Neil Ewins, "'Supplying the Present Wants of Our Yankee Cousins ...': Staffordshire Ceramics and the American Market, 1775–1880", *Journal of Ceramic History*, Vol. 15 (1997), pp. i–154.