



Reconsidering the corporate narrative in U.S. PR history: A critique of Alfred Chandler's influence on PR historiography



Cayce Myers*

Virginia Tech, Department of Communication, 121 Shanks Hall, Mail Code 0311, Blacksburg, VA 24061, United States

ARTICLE INFO

Article history:

Received 1 October 2013

Received in revised form 17 February 2014

Accepted 19 February 2014

Keywords:

PR history

Corporate history

Corporate PR

PR historiography

ABSTRACT

This study explores the influence and dominance of Alfred Chandler Jr.'s theory of corporate development within public relations [PR] history. Chandler's work on late 19th Century corporate development is influential in PR historiography. PR oftentimes places its genesis in the late 19th Century corporate sphere to distance itself from press agency. Examining critiques of Chandler's work on corporate development, this study argues that rooting PR in a corporate context does not provide legitimacy to PR practice and skews PR history to favor a corporate narrative. Implications for both history and normative PR theory development are discussed.

© 2014 Elsevier Inc. All rights reserved.

1. Introduction

Many scholars of public relations [PR] history argue for a more inclusive and theoretically diverse history of PR. However, within current histories of U.S. PR this goal is difficult to apply because of the dominance that Alfred Chandler Jr.'s (1977) theory of corporate development has within PR history. As a result of this dominance, there is an understanding of U.S. corporate PR history that is too focused on the corporation itself while ignoring larger societal, governmental and individual influences on the creation of corporate PR. This historiography argues that new theories of PR history of PR history are needed to achieve a more accurate and inclusive history of corporate PR. However, for new theories to be applied and accepted within scholarship of corporate PR history, scholars must first reconsider Chandler's (1977) theory of corporate development. This does not mean corporate PR history should be ignored, but that corporate PR history has been skewed by Chandlerian influence. To create a more inclusive and accurate portrayal of early PR development in the U.S. this Chandlerian influence must be recognized, criticized, and reconsidered in PR's historical narrative.

The significance of Chandler's work in business history cannot be overstated. As a longtime professor at Harvard Business School, Chandler's *The Visible Hand* is considered by many to be a classic in business history (McCraw, 1988). In fact, *The Visible Hand*, Chandler's seminal work, won the Pulitzer Prize for History and the Bancroft Prize for the best historical work published in 1977. Since research in PR history began in the late 1960s, there has been a focus in scholarship on corporate PR departments or agencies with corporate clients. Given the issues within the PR field this is not surprising. Since the early 20th Century, the PR field has been dominated with concerns over legitimacy and professionalization. For PR scholars, this focus on corporate PR attempts to fill the role of professionalization by providing PR practitioners' historical roots within the corporate community. It is this corporate focus that makes Chandler's work so essential to many PR histories. As Karen Miller (2000), noted, the Chandlerian paradigm serves as the undertone for much of PR history which leads to limitations within

* Tel.: +1 706 338 0568.

E-mail address: mcmyers@uga.edu

the historical research in the field. Under this view PR is closely tied to corporations, moneyed interests, and consumer publics. This ignores a larger, more complex PR history that exists outside of the corporate sphere that includes politics, non-profits, religion, entertainment, nation building, and activism. Outside of the historical context Chandlerian influence is important for scholars of PR practice because Chandler's paradigm shapes PR theories and definitions of the field. Normative PR theories and the scholarship testing these PR approaches often comes from a moneyed, corporate, and consumer based approach resulting in a narrowed definition of the field and the assumption that true PR cannot exist or at best exists in an unprofessional context outside of the corporate sphere. This paper details Chandlerian theory of corporate development and argues that PR history and scholarship is ill-served by unquestionably accepting his approach to corporate history. While inclusion of corporate histories are essential to the story of American PR, telling this history through a Chandlerian lens creates a historical inaccurate narrative. By understanding the historical fallacies of Chandler's theory, PR historians can write a more accurate and inclusive history of U.S. PR development of corporate and non-corporate spheres.

2. From Chandler to Tedlow: corporations' role in the U.S. economy

Alfred Chandler (1977) and later Richard Tedlow (1993) developed a theory of a theory of modern corporations that attempted to explain why corporations in the United States are so dominant within the world economy and how these corporations developed into such a powerful force within U.S. and world finance. Both scholars approach this question by looking at the structures and behaviors of the corporations, specifically their internal operations. For Chandler and Tedlow, external stimuli, such as politics, consumers, and even individual actors, are secondary to management structure and internal organizational behavior in explaining corporate growth and power (Chandler, 1977; Chandler & Tedlow, 1985; Tedlow, 1993).

Managerial structures are the hallmark of Chandler's (1977) view on the growth of corporations. He argues that self-replicating middle management systems were a revolutionary development that allowed large American corporations to emerge and thrive in the late 19th and early 20th centuries. For Chandler (1967), the American corporation is the "most important single economic organization in the American economy" (p. 71). Chandler and Tedlow (1985) build on this managerial focus by examining the strategy of managers within the field of communications. Using salient messaging to maintain corporate identity and image within the public, these corporate managers were able to sustain their goals of corporate goodwill, market dominance, and longevity (Chandler & Tedlow, 1985; Tedlow, 1993).

According to Chandler (1977), corporate structures prior to the 1840s were familial or, at most, loose partnerships that were similar to those found in older European models of business that were rooted in the Renaissance. One of the hallmarks of pre-industrial businesses was the continual disbanding of certain businesses when partners died. Shares of stock within businesses were not prevalent during this time, nor was any type of large business that was involved in several different types of businesses. Moreover, pre-industrial businesses went through changes in structure gradually in the late 18th Century with the rise of merchants who imported goods from ports. However, even these merchant importers retained the traditional business models of their precursors. Artisanal manufacturing was another component of this business structure since factories in large scale production were non-existent because they were cost-prohibitive. Large scale businesses could only be found in rarified environments in pre-1840 America. Plantations arguably were an example of large scale businesses with middle management in place. However, this point is debatable since plantation businesses were predicated on slave labor, rather than wage labor, and because owners often directly served as managers. Technological innovations coupled with population expansion during the 19th Century led to a gradual change in corporate structure. Railroads served as the harbinger for most of this change since they expanded throughout the United States in order to remain competitive and, as a result, created a middle management business structure (Chandler, 1965). These railroads created national corporate structures which permanently changed the dynamics of ownership and management within businesses (Chandler, 1977, 1990).

Chandler argues that in traditional businesses prior to 1840, owners and managers were often one and the same. However, because of the capital needed to facilitate large-scale railroad expansion in the late 19th Century there was a need for outside investors. The emergence of finance within corporations is a very complex narrative. Finance, particularly European finance, emerged in New York City in the early 19th Century. These financiers were concerned with placing their money in solid investments that were not subject to volatility of markets or government forces. The stock exchange in New York boomed during this period and stockholding among non-managerial owners who were engaged in market speculation dramatically increased. Stockholders were not interested in railroad management, but were interested in profits derived from their investments. These investors effectively became the owners of railroads while managers, notably middle-managers, made the decisions concerning daily business operations. Owners wanted profits since their investment was exclusively monetary while managers at all levels wanted longevity of the business because they were concerned with maintaining their careers (Chandler, 1965, 1977). Chandler makes particular note of how managers' careers in railroads were highly prized by the individuals. He argues that even within the communities of these railroad managers, these railroad jobs were recognized as highly desirable and respectable positions, no matter what the level the manager was in the company (Chandler, 1977).

Chandler argues that railroads' model of business became a template for other businesses notably including communications, large retail stores, and factories emerging in that era (Chandler, 1962). His book *Strategy and Structure* provides an analysis of how individual fields developed within the American economy and utilized the principles first developed in railroads to create complex corporate systems that relied on middle management.

Download English Version:

<https://daneshyari.com/en/article/139074>

Download Persian Version:

<https://daneshyari.com/article/139074>

[Daneshyari.com](https://daneshyari.com)