

## **RISK, PERSISTENCE AND FOCUS: A LIFE CYCLE OF THE ENTREPRENEUR**

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**Adapting a life cycle model from managerial literature, conclusions are drawn about the nature of colonial entrepreneurship from a case analysis of 133 New Zealand entrepreneurs, active between 1880 and 1910. Five stages in the life cycle of the entrepreneur are investigated: preparation, embarkation, exploration, expansion and transformation. Characteristic behaviours observed include the prevalence of entrepreneurial partnerships; a propensity for commencing multiple business ventures; and persistence in the face of business failure. Strategically, the colonial entrepreneur leveraged personal skills and abilities as a modus operandi for business expansion, often relying on family ownership and family management structures.**

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### INTRODUCTION

Greiner's article, 'Evolution and revolution as organizations grow', first appeared in the *Harvard Business Review*, in 1972.<sup>1</sup> Greiner argued that as organisations grew in size they underwent five stages of development. Each stage, or period, was characterised by particular challenges for the organisation and its markets, but most particularly, its management. One contribution of Greiner's research was the identification of crisis points in the life of an organisation. In short, a stable pattern of management could be maintained over a lengthy period, however, as employee numbers, sales volume and branch locations increased, problems of coordination and control multiplied and a period of turbulence ensued. These

1 See Greiner, *Evolution and revolution*. It has since been reprinted as an HBR classic in 1998. Greiner added in an afterword that he considered that the four points of the model still held true in economic life. He believed, however, that there was greater failure among present day organisations and there was greater overlap between the periods as he originally depicted them.

crisis periods Greiner termed 'revolutions'. Previous management practices were found to be unsuitable and new practices had to be implemented for an organisation to continue to expand, even survive.

Just as Greiner could discern a 'life cycle' of organisation development through looking at historical changes in large-scale American organisations, a model can be constructed to describe the business activities of colonial entrepreneurs. Such a model differs from that proposed by Greiner, however, on several key points. Clearly, a contemporary model describing phenomena in a modern industrial power has limited application to an emerging colonial economy in a previous century. However, the periodisation of a firm's history or an individual's history has some merit, and this technique can be applied to the colonial business environment, in particular, to analysing the life and economic behaviour of the colonial entrepreneur as opposed to the firm. In addition, whereas Greiner's model examined the development periods of a *single* organisation, it was evident from the present research that colonial entrepreneurs participated in *multiple* organisations over their lifetime, hence an alternative model was required to account adequately for this. Furthermore, while Greiner's research was a useful descriptor for the life cycle of Fortune 500 companies, this type of industrial structure did not typify the development of British and colonial capitalism, where the entrepreneur and the family firm were notable economic actors.<sup>2</sup> The life cycle diagram proposed here attempts to more meaningfully represent these actors.

Only a few business and economic historians have alluded to a life cycle for an entrepreneur. Mark Casson, for example, matched the age of an entrepreneur to their respective responsibilities in the firm. Casson suggested that entrepreneurs in their twenties would acquire knowledge of their industry before undertaking more innovative roles in their thirties. In their sixties, they assumed more figure-head or symbolic roles. Casson noted that only in some circumstances did the responsibilities of the entrepreneur develop along with the development of their own firm. He argued that it was more common for the entrepreneur, especially the high-level entrepreneur, to begin by gaining experience as an employee in a large firm.<sup>3</sup>

Alastair Owens has also examined what he termed the 'life cycle' of family firms among Stockport cotton manufacturers, tailors, drapers, publicans and brewers in the early industrial revolution.<sup>4</sup> Particularly interested in inter-generational wealth transfer, Owens found that inheritance strategies ensured that the firm was passed successfully on to another generation. Even in those cases where the family firm was sold off on the death of the founder, Owens argued that the small entrepreneurial family firm still proved an effective economic entity, as the

2 Family partnerships dominated the commercial landscape of Britain in the eighteenth and nineteenth century and proved a useful organisational structure in escalating the development of the industrial revolution. See Rose, *The family firm*, pp. 63–5.

3 Casson, *Entrepreneurship and business culture*, pp. 50–1.

4 Owens, *Inheritance and the life-cycle*.

liquidation of one entrepreneur's assets provided the means for new firm formation in successive generations.

This study explores similar themes in the context of the New Zealand economy between 1880 and 1910. Using a case analysis of 133 entrepreneurs, a life cycle model is constructed to represent the similarities that existed between entrepreneurs engaged in new ventures during this period. Family business, persistence in the face of commercial failure and a propensity to pursue business strategies within a limited sphere of industry emerge as dominant characteristics of the colonial entrepreneur. Faced with an insufficiency of comparable studies using broad case-based methodologies that have analysed this period and entrepreneurial behaviour, this article argues that the entrepreneurial life cycle model presented here provides an initial step in a theory building exercise that is much needed if we are to more fully understand the economic behaviour of the entrepreneur and their contribution to wealth creation. The following section of the article briefly examines the existing research using large-scale case studies. In Section 3 of the article, the five stages of the life cycle model are discussed and illustrated. Some conclusions are then offered.

## THE MODEL

While a single case can speak to existing theory – a useful and important function – one cannot construct a general theory from single cases.<sup>5</sup> For this outcome we must look at other types of analytical tools which examine the incidence of an event or behaviour over a larger sample. Fortunately, a number of business and economic historians have taken such an approach when studying entrepreneurship (and the business elite) in an effort to determine broad characteristics of the entrepreneurial class.<sup>6</sup> Berghoff and Möller, for example, examined the biographical records of 1,328 English and 1,324 German entrepreneurs active in business between 1870 and 1914.<sup>7</sup> The findings indicated that in both countries, upper-middle class recruitment dominated the pool of business talent, with slightly higher levels of education in the German sample. Furthermore, they found higher career mobility among German business executives, with a greater proportion of

5 For discussion of case analysis and its limitations see Eisenhardt, *Building theories*; Eisenhardt, *Better stories*; also Miles and Huberman, *Qualitative Data Analysis*; Yin, *Case Study Research*. Perhaps the best-known example of case analysis in the business history context is Chandler, *Strategy and Structure*. In an organisational setting see Lawrence, and Lorsch, *Organization and Environment*.

6 Results between these two types of studies – business elite and entrepreneurs – are not immediately comparable. Business elite can include, for example, politicians, landowners, gentry, financiers, company managers and company directors; such are not always entrepreneurs as economic wealth can be attained through routes other than entrepreneurial activity. For this reason, there are little useful comparisons between Miller's study of American business elite or Mills' study of American business elite (see below), and the present study of colonial entrepreneurs.

7 Berghoff and Möller, *Tired pioneers*, pp. 262–87.

German entrepreneurs first generation business people (72.5 per cent), as compared with British entrepreneurs (51.9 per cent).<sup>8</sup>

Others have investigated social mobility among the entrepreneurial business class, examining father's background, educational background and venture activity.<sup>9</sup> Crouzet's study of British industrialists between 1750 and 1850 investigated the class backgrounds, father origins, occupational groupings, and to a limited extent, business behaviour, of 226 founder industrialists. Among his many findings was that the 'rags to riches' picture of the new industrial order in the period of the Industrial Revolution was representative of very few. Instead, the middle classes and those with business backgrounds constituted the majority of industrialists.<sup>10</sup> Other studies have had a stronger sectorial bias including Chapman's study of partners in Midland cotton spinning firms between 1769 and 1800;<sup>11</sup> Charlotte Erickson's investigation of industrialists in steel and hosiery between 1850 and 1950;<sup>12</sup> and Katrina Honeyman's studies of lead miners, cotton spinners and Nottingham lace makers during the Industrial Revolution.<sup>13</sup> The studies showed some variation in the nature of the entrepreneurship depending on industry structures – lace, for example, was more open to those of limited means than spinning, which seemed to attract those of existing wealth from the pre-industrial era. However, a recurrent theme in these works is the democratisation of industry, as those of limited capital means found ways to enter entrepreneurial activity and encounter a degree of heightened social mobility as a result.

Of particular regard to the present study is Sarachek's work on American and Jewish-American entrepreneurs in the nineteenth and early twentieth centuries.<sup>14</sup> Following a similar methodological approach to the present study, Sarachek sought to explain the propensity of American entrepreneurs to mirror the Horatio Alger 'rags to riches' pattern of enterprise. Sarachek found that while some entrepreneurs clearly did come from disadvantaged childhoods and began work early in life, others also had very supportive fathers, in line with the general business elite.

In respect of the New Zealand business elite, McAloon's study of the rich in Canterbury and Otago is one of the few works undertaken using a broad sample rather than 'one-shot' cases.<sup>15</sup> Studying the probate records of slightly over 1,000 Canterbury and Otago rich, McAloon found that in stark contrast to Eldred-Grigg's assertions about a Canterbury gentry,<sup>16</sup> the concept of a 'gentrified' lifestyle was misleading. Instead, humble origins and continued industry characterised the colonial rich. Although McAloon surveyed the early colonial period

8 It appears that 7.3 per cent of the English sample were career executives, as opposed to 27.7 per cent of the German sample.

9 See for example, Miller, American historians; Supple, A business elite.

10 Crouzet, *First Industrialists*, pp. 85–98.

11 Chapman, *Early Factory Masters*.

12 Erickson, *British Industrialists*.

13 Honeyman, *Origins of Enterprise*, pp. 163–6.

14 Sarachek, American entrepreneurs; Sarachek, Jewish American entrepreneurs.

15 McAloon, *No Idle Rich*.

16 Eldred-Grigg, *A Southern Gentry*.

and is regionally specific, his findings hold a resonance with the propositions advanced in this article. In particular, there was a predominance of family firm structures,<sup>17</sup> networks and interlocking directorships figured highly,<sup>18</sup> strong Calvinist values appeared to support an enterprise culture and personal, rather than managerial capital was the dominant form of business financing. What emerges from McAloon's work is a picture of an economy, not run in carefully planned fashion from a boardroom in Britain as Cain and Hopkins allude to in their work on British imperialism,<sup>19</sup> but rather, a dynamic mix of opportunities seized by people of lower-middle class origins who were able to extract a degree of economic and social agency they had not previously enjoyed.<sup>20</sup>

### SAMPLE SELECTION

The present research adopted a research methodology and sample size, which offered a degree of consistency and comparability with other overseas studies. In the first instance an initial list of possible candidates was compiled after an exhaustive search of biographies, company histories, industry histories, newspaper articles, *Who's Who* and national biographical dictionaries, such as Scholefield's *Biographical Dictionary*, *Otago/Southland Biographical Dictionary* and *Dictionary of New Zealand Biography*. This was the same approach Miller took in his study of 190 American business leaders from the first decade of the twentieth century.<sup>21</sup> Sarachek used a similar approach for his studies of 187 American and 136 Jewish-American entrepreneurs,<sup>22</sup> as well as Mills' study of American business elite using the *Dictionary of American Biography*.<sup>23</sup> In all these cases the selection was non-random and used secondary biographical material as the data source on which to answer questions regarding family background, birth order, social mobility, education, occupation and entrepreneurial or business activity. Clearly, a limitation of such a study is its non-random nature. In defence, while it would be possible to construct a random sample of business enterprises from the nineteenth century using, for example, postal directories, one could never ensure that sufficient data existed on whatever sample was selected to permit any kind of meaningful research. So, while randomness is sacrificed, what is generated is

17 Eldred-Grigg, *A Southern Gentry*, p. 56.

18 Eldred-Grigg, *A Southern Gentry*, pp. 64–5.

19 Cain and Hopkins, *British Imperialism*, pp. 44–6; 229–34; 255–8.

20 McAloon's research negates Cain and Hopkins' claims that collaborative groups exerted sufficient leverage over the colonies to keep them within the imperial system. Politically, such a claim may bear out; economically, the empirical evidence does not support it. See for example, McAloon, *No Idle Rich*, pp. 31, 66, 172.

21 Miller (American historians, pp. 189–91) subjected his 190 business leaders to 30 questions, collecting a range of biographical and economic data. Although interesting, Miller's sample was an analysis of elite, not entrepreneurs; all his business leaders were the presidents and board chairmen of leading American corporations.

22 For a discussion of Sarachek's method see Sarachek, *American entrepreneurs*, pp. 441–2.

23 Mills, *American business elite*.

information about economic actors who we might consider exemplars of a larger economic group, in this case, colonial entrepreneurs.<sup>24</sup>

For the New Zealand study a set of 500 names was assembled from the sources listed above. In line with other international research (particularly that of Sarachek), these candidates were then subjected to screening criterion.<sup>25</sup> The first was to establish whether or not the person could be considered an entrepreneur, or were they more correctly a manager, an investor, or some other kind of economic actor. Using a narrow Schumpeterian definition of the entrepreneur (which I too adopted), Sarachek determined someone was an entrepreneur if he 'creates a new economic enterprise; or brings an enterprise verging on economic bankruptcy and dissolution back to life as a thriving firm; or if his guidance transforms a quite small firm into a fundamentally different entity of quite different proportion; or if he creates a new enterprise from the consolidation of predecessor firms so that the consolidation is economically of different character than its predecessors'.<sup>26</sup>

In the present study, similar screening questions were devised on the basis of the theoretical work of Joseph Schumpeter and Frank Knight. Knight's definition of entrepreneurship emphasised the entrepreneur's ownership of the resources of production and responsibility for decision taking.<sup>27</sup> Similarly, Schumpeter, through his work on innovation and its central role in entrepreneurial activity, emphasised the newness or generative aspects of entrepreneurial endeavour.<sup>28</sup> In this vein, candidates were assessed as to their ownership stake in the enterprise and second, to see if they were taking active and conscious steps to transform an economic entity beyond its original boundaries – as opposed to those who might purchase a business for merely lifestyle reasons. This reduced the initial sample by approximately one-third.

A further question was period specific. Wanting to investigate the period 1880–1910 – a period when society and infrastructure had become more established in New Zealand – each of the entrepreneurs was investigated to see if they were economically active in new venture activity at some point during these years, or if their economic activity better represented some other historical period. Naturally, this was never a discrete measure. Some entrepreneurs were active before and during this time period, others were active during and then after this time period. However, all those studied were engaged in entrepreneurial ventures at some point in the New Zealand economy between 1880 and 1910. Mills, for

24 Crouzet (*The First Industrialists*, p. 56) encountered a similar problem and came to the same conclusion, as did Honeyman (*Origins of Enterprise*, p. 12).

25 Based on the theoretical work of Schumpeter and Knight, the four questions used to screen candidates in phase one were: Did this person have an ownership stake in the firm they were involved in? Did they have responsibility for making decisions regarding the firm's activities and direction? Did they have to accept the financial consequences, good or bad, of those decisions? Were they expanding the firm beyond its original confines using innovation?

26 See Sarachek, *American entrepreneurs*, p. 440.

27 Accordingly, those who did not own the resources of production and assume responsibility for the consequences for decisions made in the name of the firm were not included.

28 See Knight, *Risk*. See also Schumpeter, *Capitalism, Socialism*, pp. 132–42.

example encountered a similar problem in his study. By grouping his sample by birth cohorts, he was then faced with deciding the point at which such a cohort might be economically active. Arbitrarily, he picked 35 years after birth date as the point of economic influence.<sup>29</sup> The approach of this study was to tackle the problem in the reverse: to ascertain first, each candidate's period of economic influence, regardless of their birth date.

This screening further reduced the group to a sample of 133 entrepreneurs: 125 men and eight women, all of whom were born before 1886. These were then analysed on several criteria including family background, education, nationality, venture activity, capital, partnership and failure with the results entered into spreadsheets for further analysis.

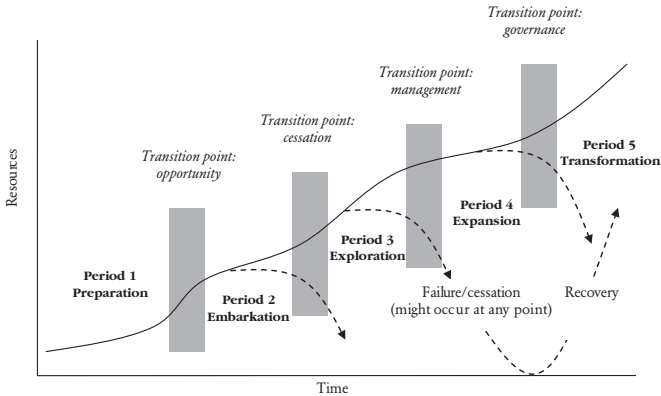
The life cycle model presented here is an interpretive work which attempts to represent the general patterns evident in the dataset, suggesting a possible profile for further research into the nature and characteristics of the colonial entrepreneurial class. Like any model, there were some entrepreneurs who did not fit neatly into the model – their entrepreneurial careers advanced in unique and varied fashion – however, after close reading of the data, there appeared sufficient numbers to warrant the creation of a model to represent patterns of entrepreneurial economic behaviour which seemed to be, *a priori*, recurrent.

A 5-period classification of the business careers of colonial entrepreneurs was adopted: preparation, embarkation, exploration, expansion and transformation. Like Greiner's model, it is suggested that a separation occurred between these periods marking the end of one period and the start of another. Greiner used the word *crisis* to indicate this period of revolutionary change. The descriptor used here was 'transition point', as it seemed more indicative of what was clearly a decision point in the life of the entrepreneur, but one where using the word 'crisis' would suggest a heightened sense of urgency that was not always present.

For example, a transition point characterised by opportunity occurred at the end of period one, when the entrepreneur initiated their first venture. Although there might be uncertainty at this time, there might also be optimism, challenge and anticipation as the entrepreneur moved from paid to self-employment. It would be a misnomer to term this a 'crisis' in the sense that Greiner used the word to indicate a deepening managerial crisis in the organisation. A further transition point appeared at the end of the embarkation period, when the entrepreneur concluded their first venture and commenced another. The nature of this transition point was often the cessation of a business venture. The choice of the word 'cessation' as opposed to 'failure' was deliberate. For as this article will argue, rather than being characterised by high failure rates, colonial entrepreneurs persisted towards enterprise, and ventures which were ceased, were often for the sake of some other form of business activity.

In the model provided in Figure 1, the horizontal axis represents time and is the duration of the entrepreneur's life. Actual years have not been allotted to the

29 See Mills, *American business elite*, pp. 41–3.



**Figure 1. Life cycle of the entrepreneur.**

various periods. While Period 2 typically commenced when the entrepreneur was in their mid-twenties, this was not the case with all entrepreneurs. Some did not begin Period 2 until their forties or fifties. Similarly, the spacing between the transition points is indicative only. Some entrepreneurs, for example Dunedin clothing manufacturer and retailer Bendix Hallenstein or Auckland mail-order merchant Robert Laidlaw, addressed the management transition point early on in their entrepreneurial careers, enabling them to expand their enterprises much faster than if they had not done so.

The vertical axis is troublesome to label. It is tempting to call it business size, but that is too limiting and does not accurately reflect the cluster of factors involved in the entrepreneurial life cycle. A more inclusive label is resources and here the term signifies information, contacts, wealth, capabilities and judgmental decision-making ability, all of which we might expect to increase during the developmental periods of the entrepreneur's life.

In a similar vein, the single solid line of the diagram moving in a curvilinear upward direction is meant to signify the entrepreneur's progression in life; the accumulation of wealth or economic power. It is generally upward, although it does not move in a uniform fashion indicating periods of turbulence as shown by the transition points. Similarly, the single line represents the life of the entrepreneur and not their firm (as opposed to Greiner's model which represents the firm). In addition, as Period 3 makes plain, the majority of colonial entrepreneurs had multiple enterprises and if these were to be added to the diagram it might show more than a dozen lines.

Finally, the three downward sloping dotted lines represent cases of economic failure; times when the entrepreneur had to cease their undertaking to avoid further losses or worse, encountered bankruptcy. The life of an entrepreneur was not one of continuous economic success; failure could occur at any point in the life cycle. The dotted lines are indicative of this likelihood. Moreover, as the

research will show, even in cases of complete economic failure, entrepreneurs showed a propensity to return to entrepreneurial activity and once again accumulate wealth. This is shown by the upward recovery line in the far right of the diagram. The periods are now discussed in more detail.

## ANALYSIS

### Period 1: preparation

The early years of an entrepreneur's life acted as a preparation stage for their eventual business activities. The key characteristics of this stage included early work experience, acquisition of technical skill, the accumulation of capital, the formation of initial networks, the accumulation of trade and industry knowledge and the identification of a business opportunity.

While the social and economic background of entrepreneurs did vary, there were some distinct similarities. It was more common, for example, for entrepreneurs to come from families where the father was already a business owner, rather than families where the father was in the professions or in an executive position (see Table 1). Having a father who was in business provided several advantages. The adverse social stigma that can be created from a non-standard career path had been overcome in the immediate family.<sup>30</sup> Fathers who were in business might also provide capital to start a venture or introduce their offspring to a network of suppliers for capital, goods and information. Finally, potential entrepreneurs were advantaged through exposure to the nuances of business life and the tensions and challenges of self-employment from a young age.<sup>31</sup>

**Table 1. Occupation of entrepreneurs' fathers**

	Case analysis fathers	% share	Sarachek (Non-Jewish)	% share
Workers	9	6.8	10	5.6
Skilled workers	25	18.8	22	12.2
Farmers	25	18.8	52	28.9
Professionals	10	7.5	22	12.2
Owners of businesses	52	39.1	68	37.8
Minor executives	1	0.8	5	2.8
Major executives	0	0.0	0	0.0
Other	0	0.0	1	0.6
Unknown	11	8.3	0	0.0
Total	133	100	180	100

Sources: New Zealand Fathers, see main text and data underlying the Appendix; Sarachek, Jewish American entrepreneurs, p. 361.

30 Gershenkron, Social attitudes, pp. 1–19.

31 Alfred Marshall discussed this in his *Principles of Economics*, where he pointed out the advantages enjoyed by the sons of businessmen which included established trade connections, access to capital, business knowledge, and technical skill. See Marshall, *Principles*, pp. 298–9.

Bernard Sarachek's case research on Jewish-American and American entrepreneurs in the nineteenth and early twentieth centuries, with a similar methodology to the New Zealand dataset, permits some comparisons.<sup>32</sup> For example, having a father who was already in business represented the greatest proportion of New Zealand and American entrepreneurs: 39.1 per cent of the New Zealand cases had a father who owned his own business (Table 1, Column 3), 37.8 per cent of Sarachek's non-Jewish sample did (See Table 1, Column 5). Both groups of entrepreneurs displayed a similar low percentage of fathers who were unskilled workers; 6.8 per cent for the New Zealand group and 5.6 per cent for Sarachek's study (Table 1, Columns 3 and 5).

Although there are not direct comparisons due to differences in definition between industrialist and entrepreneur, this finding was also similar to that of Crouzet, whose study of 226 British founder industrialists revealed 52 per cent with fathers who were in business. Among the balance, 8.8 per cent came from the upper class, 7.1 per cent had fathers who were professionals and only 7 per cent were from the lowest orders.<sup>33</sup> Overall, across all the studies it appeared least likely that an entrepreneur would come from one of two extremes: either from a family where the father was a labourer or unskilled worker, or where the father was a highly successful career executive. What this suggests is that while the traditional rags to riches account of economic prosperity may characterise some, it is not the typical entrepreneurial experience, the origins of which appear more firmly rooted in the middle classes, where limited capital, enterprise and skill are generally found in good measure.

However, for all their usefulness, origins-type studies do not typically speak to debates about entrepreneurial behaviour. Or to restate: knowing where they come from is only of limited use in explaining how entrepreneurs then acted. This study, asking questions both of origins and behaviour sought to further this knowledge. One immediate area of interest was to investigate how old entrepreneurs were when they commenced their first venture. For this question, there was some comparable data as Sarachek had asked a similar question of his sample of American entrepreneurs. In both studies, entrepreneurs commenced their first venture early in life. In Sarachek's study, six out of 10 of the entrepreneurs started their first entrepreneurial venture before the age of 30; in the New Zealand study, seven out of 10 had done so before the age of 30.

The length of the preparation stage in the life of a colonial entrepreneur typically lasted from the entrepreneurs' mid-teens until their mid-twenties. On average, colonial entrepreneurs were 27 when they started their first venture, having had the benefit of 12 years commercial experience. Early trade networks formed during the preparation stage were vital, as some would be the basis of

32 Bernard Sarachek has undertaken two broad case analyses on American entrepreneurs in the nineteenth and early twentieth centuries on the basis of biographical research. The first investigated 187 American entrepreneurs; the second investigated 139 Jewish-American entrepreneurs. See references above.

33 See Crouzet, *First Industrialists*, p. 85.

entrepreneurial partnerships. Drapers John Kirkcaldie and Robert Stains, for example, met in Sydney before arriving in Wellington, pooling £350 each to open their first store in Lambton Quay in 1863. Likewise, Staffordshire-born harbour pilot James Bradney met engineer Ernest Binns in the early 1880s while working together in the Auckland shipping trade and agreed to commence a firm, which they did in 1884. In this regard, networks were not only a means of reducing transaction costs, but they were also a means of entry into entrepreneurial careers. Managerial experience also advantaged some; 39 per cent of the case analysis entrepreneurs held management positions before they commenced their own firm.

The transition point at the end of the first period of the life cycle was the emergence of an opportunity. For the first-time entrepreneur, opportunity emerged in several forms (see Table 2). For some, there was opportunity to start the same type of firm as their present employer in a different region that was not served. Others saw underused resources not being exploited or a technological innovation in their industry not being pursued by their present employer. Less commonly, the entrepreneur engaged in inventive activity and decided to exploit these inventions themselves. In addition, the severing of the master/apprentice relationship provided a natural trigger for the entrepreneur to commence trade on their own account. In all the cases mentioned here, the uniting factor was a single entrepreneur deciding to start a firm in an industry in which they had prior knowledge.

It is fashionable to associate high levels of risk with entrepreneurial behaviour. However, colonial entrepreneurs were not gamblers. Instead, they tried to lay off risk and such behaviour was evident in the reasons behind their first move into entrepreneurial activity. Low-risk entry strategies could be considered those

**Table 2. Reasons for first venture**

Reasons for first venture	Number of entrepreneurs	%
Complementary partners – (same industry working in/complementary skills)	34	25.6
Saw an opportunity in an industry already working in and pursued it alone	22	16.5
Determined self-employed (includes those who set up on own account in a business outside present industry)	19	14.3
Opportunity in industry with established partner (one with capital/existing business)	17	12.8
Natural extension of trade (move from apprentice to starting up on own account)	14	10.5
Partners self-starting – all new to industry	12	9.0
Adverse circumstances – death of a spouse/illness/unemployment/clear dissatisfaction	9	6.8
Opportunity to buy firm working in	6	4.5
Total	133	100.0

*Source:* See main text and data underlying the Appendix.

where: the entrepreneur purchased a business they had been working in; started a firm by themselves or with partners in an industry they had been working in; moved from an apprenticeship into a business in the same trade; or joined a partner with existing capital in a business. As they were made on the basis of some degree of experiential knowledge and the assurance of continued custom, all these reasons behind starting a new enterprise can be conceived as risk-minimising. This represented 70 per cent of the case analysis entrepreneurs (Table 2). The other 30 per cent, being those who exhibited high-risk strategies into their first venture, included those who were pushed into entrepreneurial activity through adversity, such as job loss or the death of a spouse (6.8 per cent), or those who started in an industry in which neither the entrepreneur, nor his partners, knew anything about (23.3 per cent).

The reasons women entrepreneurs started their business careers varied. Of the eight in the study, three commenced as complementary partners who started a business in the same industry they were working in, including hosiery manufacturer, Helen Smith, and milliner, Mary Milne. Three of the women entrepreneurs had no business experience at all prior to their first venture, yet for all of the women entrepreneurs their first business venture lasted more than five years. Half of them commenced their ventures in the clothing trades; six out of eight had family continue in their businesses after they died. Two commenced their first venture arising out of adverse circumstances. Draper Sophia Anstice who eventually operated four branch stores commenced her venture after the death of her husband, while Annie Millar, with nine children to support, took a job as manager of the Prince of Wales Hotel in Invercargill in 1893, as a result of her husband's business failing. Her business acumen quickly proved superior to that of her spouse, and by 1900 she had leased a large tea room and bakehouse. Forced into bread making through the actions of competitors refusing to supply her tea rooms, Millar developed a significant South Island bakery that is now part of Quality Bakers New Zealand Ltd.<sup>34</sup>

In short, while the image of the entrepreneur as someone who undertakes highly risky activities on which they produce great profits might be an attractive representation in the media, such risks did not typify the behaviour of colonial entrepreneurs. For these men and women, significant skill, experience and capital economising entry strategies all served to minimise the risk involved in their first venture.

## **Period 2: embarkation**

In Period 2 the entrepreneur commenced their first enterprise. The major challenges during this period of the entrepreneurial life cycle included: the establishment of a new enterprise; difficulties in market acceptance of new product

34 Hunter and Wilson, *Tapping our entrepreneurial heritage*, p. 25.

or service innovation; limited capital; expansion through reinvestment of profits; increase in trade networks and industry knowledge; fostering trust in regards to suppliers, customers, staff; and risk of venture failure.

The initial venture of an entrepreneur was often small and with good reason. None of the entrepreneurs studied in this research undertook their first venture on publicly raised venture capital, although it was not impossible in the colonial market to have done so; new gold companies in the 1880s and dairy companies in the 1890s would do so habitually. However, given the relatively immature state of colonial capital markets, funding for new venture activity, especially initial venture activity, was more often from private sources rather than public ones.

In addition, new ventures typically expanded slowly, along with the entrepreneur's capacity to manage them. Knowledge of markets, products, networks, staff management, finance and the ability to make informed decisions evolved as the entrepreneur developed their enterprise. A case in point was Dunedin cabinet maker Francis Butterfield, who started his first business in 1865 aged 27. Butterfield stayed with this business his entire life and focused on increasing productive capacity on a single site at a moderate pace. Of the dataset, 18.8 per cent displayed a similar pattern, remaining with a single enterprise over their lifetime.

The transition point between the initial venture and further ventures was cessation – the entrepreneur ceasing one business to commence another. It is important to use the word cessation and not failure to describe this transition. Failure in respect of entrepreneurship alludes to total commercial failure or bankruptcy on the part of the entrepreneur. This accounted for very few entrepreneurs in the case analysis. More often, other reasons accounted for a venture failing and a brief analysis of the first ventures undertaken by the case entrepreneurs illustrates this.

Table 3 gives 12 types of cessation, noted from an analysis of the first venture undertaken by the entrepreneurs in the case study. The most dominant category for the cessation of a business was the dissolution of a partnership which accounted for 18.8 per cent of all first ventures. Yet in all of these cases the partnership was restructured in a different form, and the original entrepreneur carried on in trade. In other words, while the ownership structure changed, the basic economic entity underneath did not. Auctioneers, grain, wool and general merchants, Friedlander Brothers commenced trading in 1876, purchasing the business of South Island general merchant, Joseph Mendelson. The firm expanded successfully under the headship of brother, Hugo Friedlander, an astute trader. When in 1895, the Bank of New Zealand called in a loan to the firm of £40,000, the brothers were forced to dissolve their partnership, commencing again in the same business as a limited liability company, Friedlander and Company. Similarly, merchant Joseph Nathan originally commenced his career as a partner with the exporter and importer Jacob Joseph in Wellington in 1861. Difficulties between the two, Joseph being older, resulted in the partnership

**Table 3. Reasons for first venture failure, colonial entrepreneurs**

Category	Case analysis entrepreneurs	As a percentage	Average duration of firm (years)
Sold business, opens another firm in same industry	11	8.3	7.5
Sold business, opens another firm in different industry	3	2.3	14.0
Ceased business to commence new firm in same industry – perceived better opportunity	12	9.0	4.8
Ceased business to commence new firm in different industry – perceived better opportunity	23	17.3	8.0
Ceased due to illness	1	0.8	4.0
Kept original firm for period, while commenced additional activity	5	3.8	10.4
Closes down to avert further losses – then starts another venture	5	3.8	9.4
Closes down due to losses and does not restart	1	0.8	45.0
Partnership dissolved but firm is restructured and continues	25	18.8	11.3
Business destroyed by fire commences new enterprise	1	0.8	3.0
Bankrupt, then commences another enterprise	3	2.3	12.0
Did not fail – entrepreneur continues in firm for life	43	32.3	45.4
Total	133	100.0	

*Source:* See main text and data underlying the Appendix.

dissolving in 1873, upon which Nathan purchased all the assets of his partner's business, renaming the new enterprise Joseph Nathan and Company.<sup>35</sup>

One of the things the prevalence of partnership dissolution highlights is not necessarily that the partnership arrangement was particularly unworkable. For example, Friedlander Brothers was not of this nature. Instead, it is indicative of the prevalence of this type of organisational form in the colonial economy. Although it is a popular literary portrayal of the entrepreneur, many entrepreneurs in the colonial economy were not individualists but used partnerships as a venture strategy into self-employment. Of the case analysis alone, 50 per cent of all first start-ups were partnerships.

Clearly too, in Table 3, there is a difference in between those entrepreneurs who were forced to close a business down for external reasons versus those who did so by choice. Cyclical movements, such as falling grain or wool prices caused some, like Canterbury grain merchant George Stead, financial difficulty in the

35 For Nathan's see, Millen, *Glaxo*.

1880s, eventually forcing Stead into bankruptcy. Yet what is interesting from this dataset is that this type of business closure – in all its various forms be they bankruptcy, liquidation or closure to avoid further losses – account for only 8.3 per cent of business closures. The other form of cessation, whereby the entrepreneur made a conscious decision to sell or cease one activity in favour of what they perceived to be a stronger opportunity, was more numerous, accounting for 59.4 per cent. Blacksmith James Patterson was of this sort. As interest in dairying increased in the 1890s, Patterson moved out of blacksmithing and into farm development, establishing his own dairy farms. Forward integration followed, and by the First World War, Patterson had established his own dairy factory. The career of William Goodfellow bore remarkable similarities. When a purchaser of dairy equipment defaulted, Goodfellow left the hardware and general merchandise trade and commenced the Waikato Dairy Company in 1909. Goodfellow, like Patterson, did not return to his previous career.<sup>36</sup>

Perhaps one of the most revealing aspects of this analysis is the final category: those entrepreneurs who did not fail. One in three of the dataset commenced their first venture and continued with this the rest of their careers as entrepreneurs. Some would broaden and diversify activities, enter into backward and forward integration over time, but they did not part with their original firm. These should not be conceived of as runaway success businesses, for they typically were not. The more regular pattern, as noted earlier, was for modest and steady expansion, usually on the reinvestment of business profits. But what this accentuates, which is one of the claims of this article, is the persistence of colonial entrepreneurs. They commenced enterprises and either stayed with these firms, or even if they were forced to close out of economic necessity, they persisted as entrepreneurs, re-entering the market with another economic entity.

Collating all the business enterprises undertaken by the entrepreneurs in the dataset, one in three (31 per cent) experienced the commercial failure of a venture at some point in their careers where venture failure was defined as bankruptcy, closing down to avoid further losses or being ejected from the firm they started. In total numbers this represented 43 enterprises, 9 per cent of the total undertaken by the entrepreneurs.<sup>37</sup> Yet, what was equally obvious among the entrepreneurs in the case analysis was that business failure by an entrepreneur was not the conclusion of their business activities. Eighty-seven per cent of all those entrepreneurs who failed outright commenced another business venture and regained a position of financial independence. Cessation of business activity then, was not the end of the life cycle for the entrepreneur, but a developmental period. As indicated here, for the majority of the colonial entrepreneurs, it was the transition point between ceasing one venture and commencing another.

36 Heighway, *Sir William Goodfellow*.

37 These figures have some resonance with contemporary statistics. Watson and Everett (Do small businesses) suggest that the rate at which entrepreneurs close down a business because they are unable to make a go of it is in the region of 9 to 17 per cent, depending on the industry.

### Period 3: exploration

During the third stage in the life cycle the colonial entrepreneur looked to start further ventures. This stage was characterised by new initiatives, innovation, new partners, additional capital, commercial success and risk of failure. It was during this stage of the entrepreneur's career that they would typically embark on the venture that would be the most successful of their career. They would enjoy heightened levels of knowledge, trust, networks and decision-making skill.

Commencing further ventures was a developmental stage in the life of the entrepreneur for three reasons. First, instant success with their first business venture was not the case with the majority of entrepreneurs in this study. The more common pattern was that the entrepreneur started a venture, ceased this activity and then started another venture (or several ventures) prior to commencing that which would be the most successful venture of their careers. Second, further ventures were a distinct developmental stage because of the time delay between the two stages. Period 2 described the experience of many entrepreneurs in their mid to late twenties, while Period 3 was more representative of entrepreneurs in their mid to late thirties. Finally, to ascribe any kind of model to colonial entrepreneurs that only depicted a single organisation would be contrary to the evidence. Eighty-two per cent of the case group of colonial entrepreneurs undertook multiple business ventures over their lifetime (See Table 4). What are now termed 'serial founders'.<sup>38</sup>

This pattern included 23.3 per cent who were involved in two ventures and 57.9 per cent in three or more business ventures. Only 18.8 per cent of the case group had a single business enterprise that they developed over their lifetime. The most business ventures undertaken by a single entrepreneur was 40, and this was by newspaper entrepreneur, Joseph Ivess, who made a career out of founding and selling town newspapers. Overall, the 133 entrepreneurs in the

**Table 4. Lifetime venture activity**

Lifetime ventures founded (LVF)	Number	As percentage	Lifetime ventures involved (LVI)	Number	As percentage
0 ventures	8	6.0			
1 venture	35	26.3	1 venture	25	18.8
2 ventures	33	24.8	2 ventures	31	23.3
3 ventures	24	18.0	3 ventures	32	24.1
4 ventures	12	9.0	4 ventures	12	9.0
5 or more ventures	21	15.8	5 or more ventures	33	24.8
Total entrepreneurs	133	100	Total entrepreneurs	133	100
Total ventures	377		Total ventures	475	

*Source:* See main text and data underlying the Appendix.

38 See for example, Westhead and Wright, Novice, portfolio.

study represented 475 enterprises across the spectrum of commercial activities. The mean number of ventures each entrepreneur was involved in was 3.6. Of the 475 enterprises, 377 enterprises had been specifically founded by the entrepreneurs in the case analysis and did not exist previously. In total employment numbers, at their height of success these ventures represented approximately 24,000 jobs.

The explanations behind why colonial entrepreneurs behaved in this manner lie partly in the nature of the colonial economy and partly in the nature of the entrepreneur *per se*. Clearly the colonial economy with its dramatic changes in population, technology, infrastructure and markets created opportunities for individuals and firms to exploit change. Although international commodity prices fell during the long depression between 1878 and 1895 (especially wool and grain prices) and there was an obvious restriction of capital markets culminating in the banking crisis experienced by the Colonial Bank and the Bank of New Zealand in 1894, this did not signal the end of entrepreneurial activity. The export of frozen meats from 1882 onwards is the best known of these opportunities, but capital, enterprises and industrial employment also increased in the 1880s in gasworks, sawmills, printing establishments, iron and brass foundries and woollen mills, as new promoters entered these industries. Of the entrepreneurs in this case analysis, 41 per cent commenced their first venture during the years that we characteristically associate with the long depression, indicating that while stringency might dissuade some, it did not dissuade all.

Moreover, the tendency of colonial entrepreneurs to commence multiple ventures over their lifetime supports a life cycle view of career development. Only 38 per cent of the case group commenced the most successful venture of their career as their first venture. More commonly, an entrepreneur would have two or three ventures before starting the most successful undertaking of their career, indicating a maturation process. For example, the average age at which colonial entrepreneurs commenced their first business venture was 27, while the average age at which they commenced the most successful venture of their careers was 34. During this 7-year gap the entrepreneur gained further commercial experience, managerial capability, market insight, and developed greater networks as a result. The capacity of an entrepreneur to run a more successful enterprise heightened over time – along with their ability to make better judgmental decisions.

Starting another enterprise did not necessarily mean that the original enterprises commenced by the entrepreneur were shut down. Such was the case with George Skellerup, William Goodfellow and Bendix Hallenstein all of whom pursued multiple business ventures during their careers and did so without discarding their earlier ventures. Moreover, there were numerous examples of entrepreneurs who behaved like them. Southland entrepreneur, James Walker Bain, had run two newspapers and founded the Southland Building Land and Investment Society in 1869, before he commenced the Maitua Paper Mill in 1875 that he ran for 9 years. The mill was sold in 1884 to the English-born

Coulls brothers. Taking over the Mataura mill was not the Coulls brothers' first venture. Thomas Coulls had previously founded two newspapers and at the time he purchased Mataura mill was busily expanding the family printing business in Dunedin.<sup>39</sup>

#### **Period 4: expansion**

Period 4 of the life cycle described the particular strategies by which entrepreneurs developed their enterprises. It was characterised by the entrepreneur concentrating on their most successful business venture to date; new capital often entered the business; the growth strategy of the entrepreneur became apparent; the entrepreneur began to invest in other ventures with some diversifying their business interests and family members entered the firm.

The most pressing concern as the entrepreneur moved from Period 3 to Period 4 was management. As the entrepreneur's venture expanded in size, either on the same site or through branch expansion, problems of coordination, control, organisational structure and formalisation occurred. To continue to expand effectively necessitated solving these managerial problems.

The solution, in the colonial economy, was often executed through family management structures. Dunedin mattress manufacturer Arthur Ellis for example, involved his sons in the management of the firm in the 1920s after it had become a limited liability company.<sup>40</sup> Similarly, William Winstone was joined by his brother George to assist with the expansion of the firm in the 1870s. Likewise, Joseph Nathan's eldest son David played an active role in his father's business immediately after the former assumed the assets of his former partner, Jacob Joseph in 1873. Eventually, all Nathan's seven sons would take responsibilities in the family mercantile and dried milk business spanning London and New Zealand.<sup>41</sup> The entry of family members into the entrepreneur's business had two immediate positive benefits. First, it allowed for employment of the family. Second, the firm might function with a degree of implicit trust in the decision-making process due to their family association. This being said, trust alone did not negate the need for sound management. Managerial control and coordination, systems of checks, reporting requirements, coordination of work, work layout, organisational structure and strategy, were all necessary tasks of business as an enterprise expanded in scale, regardless of the ownership structure.

Bendix Hallenstein for example, addressed the problems of management at his fledgling clothing factory in 1874 by assuming leadership of the new venture personally. His purposeful ability as regards management was seen in his regular

39 For the history of the Mataura paper mill see Angus, *Papermaking Pioneers*.

40 Kelly, *Mill in the Valley*.

41 Millen, *Glaxo*.

tours of the expanding branch retail network and the weekly financial returns demanded by the Dunedin head office.<sup>42</sup> The systemisation put in place by entrepreneur Robert Laidlaw in the early twentieth century was an even more deliberate policy. It permitted Laidlaw to expand his mail-order business far more quickly than would have been possible without such measures. Before the First World War, Laidlaw had organised his business along departmental lines: he appointed departmental heads, instituted firm and management meetings, used card-index systems to track stock and customers, adopted ratio analysis in accounting and used time and motion studies and productivity reports.<sup>43</sup>

Expansion – implicitly or explicitly – required a business strategy. Yet the strategy of the entrepreneur must be conceived of differently than the corporate strategy of a managed firm. In a managed firm, strategy can be devised and enacted as a corporate function; in an entrepreneurial firm it is often embodied in the skills, personality and ability of the founder. It was common, for example, for entrepreneurs with strong technical skills to advance their firm on the basis of product innovation. James Speight and Co., for example, could differentiate their beer and command a market leadership position in the early 1880s due to the founder's skill as a brewer.<sup>44</sup> Similarly, the engineering skills of the Price brothers, the technical skills of Henry Shacklock, George Fraser, George Skellerup and Richard Hudson, allowed a way for these entrepreneurs to enter the market using product innovation; thereafter becoming the defining strategy of their business enterprises as they expanded. At times, the in-depth experience that a qualification provided enabled the entrepreneur to introduce new product innovations, improve production systems, minimise costs or take advantage of technological advances faster than competitors.<sup>45</sup> The success that Henry Shacklock wrought, through his release of the technologically superior Orion coal-fired cooking range in 1873, was of this sort. Among other things, it enabled Shacklock to discharge the mortgage over his business premises within a year of starting up.<sup>46</sup>

In a similar fashion, entrepreneurs of superior trading ability used this as their dominant strategic approach. The comparative advantage of Bendix Hallenstein, John Aitken, John Court, David Theomin, Hugo Friedlander, Byron Brown, Myer Caselberg, Newton King, and Charles Wilkinson lay in their being expert traders. For these entrepreneurs, buying well and using sales promotion and marketing was their patterned entrepreneurial behaviour – their habitual response to business opportunity. Business expansion for these mercantile entrepreneurs regularly required developing branch stores.

42 Brasch and Nicolson, *Hallenstein*.

43 See Hunter, *Robert Laidlaw*.

44 Gordon, *Speight's*.

45 Other researchers have suggested similar taxonomies of entrepreneurs based on dominant business behaviours or backgrounds. See, for example, Gartner, Mitchell and Vesper, A taxonomy.

46 Angus, *Ironmasters*.

As entrepreneurs fastened on to the speciality that became the mainstay of their business career, further observations could be made about their preferred growth strategies. For instance, a clear preference arose for focused, rather than diversified activities. In total, 77 per cent of the case analysis entrepreneurs pursued a focused strategy in a single industry rather than diversify their business interests. This reluctance to stray far from known areas of expertise so infused the colonial entrepreneurial experience that 56 per cent of the case group had their most successful venture of their careers in the same occupational field as their first job, regardless of how many jobs or diverse positions they held in the intervening years.

For example, Dunedin-based Alexander Thomson's first job in 1860 was as an aerated water worker and he remained in this industry throughout his life. William Stevenson's first job in 1871 was as a grocery worker and even though he had numerous ventures throughout his life including a condensed milk factory, a shipping firm, woollen manufacture and starch manufacture, his most successful was in the grocery partnership, Irvine and Stevenson commenced in 1882. Frederick Pirani's first job was as a journalist and he remained in the newspaper industry, with his most successful venture, the paper *Manawatu Standard*, commenced in 1891. Robert Holt's first job was as a joiner, although he also worked as a millwright and undertaker. Once he started his own firm in 1869, he remained in the sawmilling and timber industry, his most successful venture, Robert Holt and Sons.<sup>47</sup>

What these suggest was that rather than shift resources at whim from industry to industry when margins were not high enough or competition was too intense, the colonial entrepreneur tended to move into an industry and there remain. Such a strategy produced some long-lasting firms.<sup>48</sup> With 78 of the 103 entrepreneurs who adopted a focus strategy, their most successful business venture continued past their death and was passed on to another generation.

Economist Mark Casson's emphasis on judgmental decision-making as an entrepreneurial characteristic goes some way to explaining the propensity of colonial entrepreneurs to remain in a single industry. Casson noted that entrepreneur's decisions were made on the basis of experience, insight, synthesis and imperfect information – information that the entrepreneur believed they held, not others.<sup>49</sup> It follows therefore, that in an industry unknown to an entrepreneur it would be more difficult, and involve higher risk to make a decision. Entrepreneurs would be less likely to diversify their business interests and more likely to specialise or focus their energies within a range of commercial activities known to them. Because of this, diversification is not a risk-limiting business strategy for an entrepreneur, but rather increases their exposure to risk.

47 Simpson, *Kauri to Radiata*.

48 See for instance, Collins and Porras, *Built to Last*.

49 Casson, *Entrepreneur*, pp. 334–8.

Comparing this view of decision-making with the established firm, one can argue that the firm and the entrepreneur make judgmental decisions on entirely different premises.<sup>50</sup> What one regards as a low-risk business strategy to diversify the business interests of the owners across a wide range of investments, the other perceives as a high-risk strategy, venturing capital into areas he knows little about. That three out of every four entrepreneurs in the study remained fixed in a single industry over their lifetime supports such a proposition.

Perhaps not surprisingly, the entrepreneurs in the case analysis also showed a preference for start-ups of additional ventures, as opposed to acquisitions. In either horizontal integration or vertical integration, it was almost twice as likely that the entrepreneur would start-up their own firm as opposed to acquire one that was already in existence. In total, 18 per cent of the entrepreneurs undertook vertical integration through acquisition of existing firms already operating at points in the supply chain. Thirty-seven per cent of the entrepreneurs undertook vertical integration, through starting up their own additional enterprises in the supply chain, or expanding their activities either through backward or forward integration.<sup>51</sup>

Overall, what this section has suggested is that entrepreneurs, as they expanded their enterprises, capitalised on their inherent and learned skills and abilities, using them to strategic advantage, whether this be trading skills or technical ability or networks. Imperfect information gave the entrepreneur decision-making advantages over his or her competitors, although as a result, to maximise their ability to make sound judgmental decisions, entrepreneurs showed a propensity to remain within a limited range of activities of which they knew a lot about. Firm expansion necessitated more vigorous controls. Using family members within the firm provided some measure of control, but it was not a complete replacement for sound, and increasingly systematic, management practices.

### **Period 5: transformation**

Period 5 would signify the end of the colonial entrepreneur's career. This period was characterised by the changeover to the next generation as leadership of the firm often passed to the founder's family members, with associated changes in company structure. Some ventures at this point were also marked by cessation. When there was no heir apparent, the death of the founder effectively brought

50 Edith Penrose (*Growth of the Firm*, pp. 40–2) discusses these points obliquely in her work on the theory of the firm; however, while she investigates the limitations of managerialism and expansion, her definition of the firm amalgamates enterprising talent, or its productive possibilities (read entrepreneurship). The entrepreneur, as distinct from the firm, is touched on in a discussion of temperaments.

51 Similarly, when considering horizontal integration, 30 per cent of the case entrepreneurs undertook horizontal integration through acquiring existing businesses, whereas 56 per cent undertook horizontal integration through their own new initiatives.

the venture to an end as a family firm. Period 5 typically occurred when the founder was in their sixties, seventies or eighties.

Characteristically, problems of governance prompted the final period of transformation. During this transition point, the entrepreneur faced passing on the leadership of his enterprise or enterprises to the next generation. This was significant for the entrepreneur precisely *because* they were an entrepreneur, and not a managed corporate, and so to varying degrees, they personified their economic entities. Because of this, passing on leadership signified a period of disentanglement – the final exit strategy. In many cases, the founder's sons or brothers were brought in to the venture when they came of age (often during Period 3 or 4) and by the start of Period 5, these family members had moved into managerial positions. For example, Henry Shacklock's four sons all entered the South End Foundry as it expanded and took on areas of responsibility suited to their particular temperament and skill. Shacklock's son, John, became the general manager, his sons Henry and Percy both worked in the general office and his son Francis worked in production.

Similarly, Ephraim Ellis, the Dunedin mattress manufacturer, was succeeded by his son Arthur in 1894, who in turn was succeeded by his sons Norman, Roland and Maurice. Dunedin biscuit maker, Richard Hudson, passed his business on to his six sons all of whom stayed in the business. Auckland cartage entrepreneurs, William and George Winstone, were succeeded by sons George Winstone Jr, Percy Winston and Eric. Nathaniel Levin, the Wellington merchant and exporter, was succeeded by his son William Hort Levin. Auctioneer Alfred Buckland, after the failure of the New Zealand Frozen Meat and Storage Company Limited in 1889, reorganised his activities as the firm Alfred Buckland and Sons, although he continued to play a role until his death in 1903, aged 77. Overall, among the case analysis entrepreneurs, 71 per cent involved family members in their enterprises. About half of the enterprises (54 per cent) left by colonial entrepreneurs continued to be operated by their families after their death.

Recapitalisation of the business often marked this transformation stage in the life of the colonial entrepreneur. Many firms in the early twentieth century, just prior to the founder's death, or shortly afterwards, were restructured as public or private limited liability companies with shares allotted among the various family members. Speight and Co. was one example. In 1895, Speight's became a limited liability public company with a paid up capital of £60,000 in 6,000 £10 shares. These were held between original partners, Charles Greenslade (2,491 shares), William Dawson (2,496 shares), with Speight's portion of 993 shares held by his widow. This was in turn passed over to son Charles, who was active in the firm as head brewer and works manager.

The transformation into a new form of organisation could also signal a change in strategic direction for the entrepreneur's original enterprise. The changeover at Winstones, for instance, from founder control by William to his nephews, George Jr and Percy, was undertaken in 1895, long before Winstone's death in 1924. In 1904, Winstones was turned into a limited liability company and further

family members entered the firm. The founder's descendants transformed the firm, branching out into the manufacture and supply of building and drainage products.<sup>52</sup>

Effective changeover to the next generation was not always completed early in the life of an entrepreneur, as entrepreneurs showed a reluctance to disassociate themselves from their business enterprises. Overall, 62 per cent did not retire from active involvement in their enterprises upon reaching retirement age. While some took more symbolic rather than managerial roles, it was not uncommon for entrepreneurs to continue founding additional ventures well into their sixties and even seventies.

### CONCLUSION

It is one of the criticisms of business history, that amidst its scholarly analyses of the firm and the role of the firm in the broader economic context, it has not taken up the challenge to hunt determinedly for useful generalisations among firms and economic actors, which might advance our theoretical toolkit.<sup>53</sup> Individual assessments of the prowess of entrepreneurial talent or family experience provide valuable insight, but they do not speak to the characteristics of the broader economic classes.

This research, adopting a similar methodology to large case analyses of British, American and Jewish-American entrepreneurs addresses such a limitation and presents a life cycle model for conceptualising the colonial entrepreneur. In doing so, it does not suggest that the colonial entrepreneur was particularly unique or different from other entrepreneurs at work in other economies at this time. Indeed, many similarities are shown. Where this study does make a contribution is in adapting the company-based life cycle model of Greiner to the life of a single entrepreneur. As a result, the economic behaviour and wealth creation patterns of a single economic actor – the entrepreneur – are revealed. This does not make Greiner's model redundant: far from it. Rather, it suggests that the entrepreneur deserves to be considered separately from the firm, as their behaviour, characteristics and modus operandi are different. The entrepreneur may own a firm but they may also work through cooperatives, sole proprietorships, partnerships and other organisational structures. What is salient is that their knowledge, skills, traits and abilities are so intertwined with the economic entities that they direct that their own life cycle mirrors their patterns of wealth generation and economic contribution.

Any life cycle model is not without its limitations and the one presented here is no different. As stated previously, it is not indicative of every entrepreneur – such a claim would be preposterous. However, it seems to be indicative of the

52 Simpson, *First Century*.

53 Geoff Jones (Company history and business history) puts a similar argument.

behaviour and economic activities of sufficient number to warrant representation, and this representation itself, might be a useful launching point for further theoretical work. Immediate questions surface, for example, as regards the life cycle model and present day entrepreneurial behaviour. With the growing international trend towards encouraging enterprise, the life cycle model proposed here suggests several potentially useful avenues for research. These might include a re-evaluation of entrepreneurial failure, which according to this study, appears to be more a learning step in the life of an entrepreneur leading to further new ventures, rather than the end of an entrepreneurial career. Moreover, the propensity of entrepreneurs to take decisions within areas they are competent, and remain within narrow confines of expertise could well have ramifications in the career guidance given to prospective entrepreneurs and the business development advice given to existing entrepreneurs. Rather than looking for competitive advantage in unknown areas or diversifying their business interests, entrepreneurs may find their greatest advantage in a focused business strategy in which they have in-depth and longitudinal business knowledge.

Finally, this study echoes the arguments of Honeyman, Erickson, Crouzet, Sarachek and Chapman towards the social origins of the entrepreneurial class. Like many of those who rose to industrial power during the period of the Industrial Revolution in Britain and America, New Zealand entrepreneurs from the period of the Second Industrial Revolution came primarily from the middle class, and were typically, sons of businessmen. As such, the entrepreneurial story was usually not one of rags to riches; rather, it was a story of expertise and business talent leading to gradual and increasing wealth creation over a lifetime. Aside from problems of origin, this study has sought to extract additional value from biographical analysis and suggested further discernible patterns among the entrepreneurial class in new venture behaviour, access to capital, business strategies, failure and family involvement. The 133 entrepreneurs investigated (representing 475 enterprises) suggest considerable and determined effort towards business culture during a period of New Zealand history characterised initially by recession and then, from the early 1890s, export-led economic growth. Such effort not only benefited the entrepreneurs but also their extended families and descendants. What is presented is not a tale of unstoppable success. Business failure also occurred. However, the colonial entrepreneur displayed a persistence for enterprise that was not easily dissuaded.

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## APPENDIX: ENTREPRENEURS IN CASE ANALYSIS

	Surname	First name	Year of birth	Place of birth	Primary venture
1	Ah Chan	Joe	1882	China	Market gardener
2	Aitken	John	1849	Scotland	Merchant
3	Alderton	George	1854	Surrey	Newspaper
4	Alison	Ewen	1852	Auckland	Ferry company
5	Andrews	Samuel	1836	England	Plasterer
6	Anstice	Sophia	1849	London	Dressmaker/drapery
7	Bain	James	1841	Edinburgh	Newspaper
8	Barr	Peter	1861	Dunedin	Accountant
9	Basten	Alice	1876	Auckland	Accountant
10	Bell	George	1809	Yorkshire	Newspaper
11	Blair	John	1843	Scotland	Publisher
12	Bradney	James	1853	Staffordshire	Shipper
13	Brett	Henry	1843	Hastings	Newspapers
14	Brown	Byron	1866	Wellington	General storekeeper
15	Brown	Henry	1842	Penwardine	Sawmilling
16	Buckland	Alfred	1825	Devon	Auctioneering
17	Butler	William	1858	Warwickshire	Sawmilling
18	Butterfield	Francis	1838	Hobart	Furniture manufacturer
19	Buxton	Alfred	1872	Hanley	Landscaper
20	Carter	Francis	1869	Moutoa	Sawmiller
21	Caselberg	Myer	1841	Poland	Merchant
22	Cassidy	Hugh	1840	Ireland	Coach company
23	Chambers	Joseph	1859	Te Mata	Winemaker
24	Chambers	John	1839	England	Distributor of engineering equipment
25	Chong	Chew	1836	Canton	Butter factory
26	Clark	James	1833	Scotland	Clothing manufacturer
27	Cock	Joseph	1855	Cornwall	Shipping
28	Collinson	Leopold	1878	Palmerston North	Department store
29	Coory	Shirefie	1865	Lebanon	Retail store
30	Corban	Assid	1864	Lebanon	Winemaker
31	Corpe	William	1836	England	Butter factory
32	Coull	Thomas	1829	London	Printing

APPENDIX: *continued*

	Surname	First name	Year of birth	Place of birth	Primary venture
33	Court	John	1849	England	Retailer
34	Crawford	William	1844	Ireland	Brewing
35	Dahl	Carl	1856	Denmark	Tent manufacturer
36	Dawson	William	1852	Scotland	Brewing
37	Donald	Alexander	1842	Scotland	Shipper
38	Duncan	Peter	1838	Scotland	Engineering
39	Edgecumbe	George	1845	Wiltshire	Newspaper
40	Edmonds	Thomas	1858	London	Baking powder manufacturer
41	Edwards	Edwin	1862	Surrey	Newspaper
42	Ellis	Arthur	1868	Leeds	Mattress manufacturer
43	Elsom	Sarah	1867	Dunedin	Florist
44	Fenwick	George	1847	Sunderland	Newspaper
45	Firth	Josiah	1826	Yorkshire	Flourmilling
46	Fleming	Thomas	1848	Scotland	Flourmilling
47	Fletcher	James	1886	Scotland	Builder
48	Fraser	George	1832	Scotland	Engineering
49	Frear	Joseph	1846	England	Builder
50	Friedlander	Hugo	1850	Prussia	Grain merchant
51	Gear	James	1839	Somerset	Butchery
52	Gibbons	Hopeful	1856	Tasmania	Brewing
53	Goodfellow	William	1880	Tc Awamutu	Dairy processor
54	Hallenstein	Bendix	1835	Germany	Merchant
55	Hatch	Joseph	1838	London	Chemist
56	Hatrick	Alexander	1857	Victoria	Tourism
57	Hayes	Eben	1851	England	Engineering
58	Hayward	Henry	1865	England	Motion pictures
59	Hellaby	Richard	1849	Derbyshire	Butchery
60	Holland	Henry	1859	England	Engineering
61	Holt	Robert	1833	England	Sawmilling
62	Horton	Alfred	1843	England	Newspaper
63	Hudson	Richard	1841	England	Biscuit manufacturer/ confectionery
64	Ivess	Joseph	1844	Limerick	Newspaper
65	Johnston	Walter	1839	London	Merchant
66	Kennedy	Martin	1840	Ireland	Mining
67	King	Newton	1855	New Plymouth	Stock and station
68	Kirkcaldie	John	1838	Kemmpway	Department store
69	Kirkpatrick	Samuel	1854	Ireland	Canning
70	Kuhitze	Frederick	1863	Germany	Brewing
71	Laidlaw	Robert	1885	Scotland	Mail-order
72	Logan	Archibald	1865	Scotland	Boatbuilders
73	Luttrell	Alfred	1865	Tasmania	Design and construction company
74	Macarthy	Thomas	1834	London	Brewing
75	Macdonald	Thomas	1847	France	Accountant/ auctioneering
76	Manoy	Henry	1879	NZ	Retail
77	McGeorge	Alexander	1868	Dunedin	Gold dredging
78	McGregor	Alexander	1828	Canada	Shipping

APPENDIX: *continued*

	Surname	First name	Year of birth	Place of birth	Primary venture
79	McIndoe	John	1858	Scotland	Printer
80	McKee	Arthur	1863	Liverpool	Industrialist
81	Mckenzie	John	1876	Australia	Department store
82	McMinn	Alexander	1842	Ireland	Newspaper
83	McSkimming	Peter	1848	Scotland	Pipe/brick manufacturer
84	Menzies	Robert	1854	Scotland	Aerated water
85	Millar	Annie	1855	Scotland	Bakery
86	Mills	James	1847	Wellington	Shipping
87	Milne	Mary	1840	Ireland	Drapery
88	Mitchelson	Edwin	1846	Auckland	Sawmilling
89	Myers	Arthur	1867	Ballarat	Brewing
90	Nathan	Joseph	1835	London	Importer/exporter
91	Nelson	William	1843	England	Meat processing
92	Newman	Thomas	1859	Nelson	Carrier
93	Niccol	George	1858	Auckland	Shipbuilder
94	Partington	Joseph	1858	Auckland	Flourmilling
95	Patterson	James	1859	New Plymouth	Farm owner
96	Perano	Joseph	1876	Dunedin	Whaler
97	Pirani	Frederick	1858	Melbourne	Newspapers
98	Price	Alfred	1838	England	Engineering
99	Reed	Alfred	1875	Middlesex	Publisher
100	Reid	Donald	1833	Scotland	Stock and station
101	Reynolds	Henry	1849	Cornwall	Dairy exporter
102	Richardson	George	1835	Middlesex	Shipper
103	Richmond	William	1869	Scotland	Meat processing
104	Riley	Arthur	1860	England	Art school
105	Roose	Caesar	1886	Mercer	Shipping
106	Russell	George	1854	London	Newspapers
107	Sanderson	Ernest	1866	Dunedin	Cycle/car importer
108	Sanford	Albert	1844	Devon	Fishing
109	Sargood	Percy	1865	Melbourne	Merchant (drapery)
110	Seifert	Alfred	1877	Canterbury	Flaxmilling
111	Sew Hoy	Charles	1837	Canton	Goldmining
112	Shacklock	Henry	1839	England	Coal range manufacturer
113	Skellerup	George	1881	Victoria	Rubber manufacturer
114	Smith	Helen	1873	Otago	Retail
115	Smith	Marianne	1851	Ireland	Retail
116	Stead	George	1841	London	Grain exporter
117	Stevenson	William	1856	Scotland	Canning
118	Theomin	David	1852	England	Merchant
119	Thomson	Alexander	1845	Barthgate	Aerated water
120	Todd	Charles	1868	Scotland	Sock and station
121	Walsh	Leo	1881	Yorkshire	Engineering business
122	Warnock	Thomas	1850	Northern Ireland	Drapery retail
123	Wellwood	Robert	1836	Kilkenny	Auctioneering and commission
124	Whitney	John	1836	England	Ammunition manufacturer

APPENDIX: *continued*

	Surname	First name	Year of birth	Place of birth	Primary venture
125	Wigley	Rodolph	1881	Canterbury	Tourism
126	Wigram	Henry	1857	London	Seed merchant
127	Wilkinson	Charles	1868	Oakura	Merchant
128	Williams	Frederic	1854	Poverty Bay	Merchant
129	Wilson	Robert	1832	Omagh	Merchant
130	Winstone	William	1843	Sommersetshire	Transport
131	Wise	Henry	1835	Edinburgh	Directory publishing
132	Wright	John Inglis	1861	Scotland	Advertising
133	Wright	John	1828	England	Stock and station/ auctioneering

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