Strategic and Organizational Change

From production to retailing
in UK brewing 1950–1990

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The brewing industry, through its network of public houses, has a profound impact on the lives of much of the population of the United Kingdom. This book explores the shaping of the industry in the years from 1950 to 1990, showing how the industry has moved from being largely concerned with the technical issues of production to being a key part of the retail industries.

Utilizing resources drawn from theoretical traditions such as critical realism and new institutionalism, *Strategic and Organizational Change* demonstrates the considerable differences between major companies in the industry and the ways in which they have adopted a retailing approach. At the heart of the book is an exploration of the relationship between managerial choice and the structural constraints and opportunities in which that choice was exercised. Using a much more historical approach than is normally met with in accounts of organizational strategy, the book draws on extensive archival material.

Strategic and Organizational Change suggests new ways of thinking about organizational strategizing in its context. Showing how ideas drawn from traditions such as critical realism can be applied, the book provides a new model of how history can inform the analysis of organizational strategy. Above all Alistair Mutch presents a fascinating story of change in an industry which is taken for granted, but whose actions affect, for good or ill, the lives of millions.

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To Adrienne, Andrew and Ella

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Preface

Chance plays a role in all research. For this project, it intervened through the success of a placement student with the managed house division of one of the major companies whose workings are explored in this book. This led to the opportunity to delve into the information use of the company's public house managers. Like many other users of pubs, I'd never considered the characteristics of the person running the pub in any great detail. When I came to realize that having a manager in a pub rather than a tenant was not only a prevalent but a growing practice (and one, moreover, that might have consequences for the nature of the pub), I turned to look for supporting material but found very little. In particular, as a historian by training and inclination I looked at the available accounts of the industry but found them light on the origins of the practice. I wanted this material because I had observed wide differences in practice between the way in which different companies in the industry had operationalized notions of 'retailing' and 'house management'. At the same time, I had developed an interest in emerging work in the tradition known as 'critical realism'. It seemed to me (and still does) that this had much to offer those whose interest was more in contemporary organizations. However, it seemed that little had been done to try to apply these ideas in looking at organizations. These two parallel streams of interest converge, then, in the book you have before you. It is my attempt to explain why different companies responded in different ways to what might be seen 'objectively' as the same circumstances, deploying approaches derived from existing theories of organization, bolstered by concepts drawn from critical realism. Its main thrust is in the area of application of theory rather than in the development of theory. It also probably represents an uncomfortable hybrid of business and social history with organization theory, but I hope that readers from a range of backgrounds can find something of interest in it, even if they don't accept the full package!

There has been a general shift away from more abstract and generalized considerations of organizational strategy towards a consideration of processes of strategizing within specific contexts. This reflects a general trend away from a focus on broader structures and towards the exploration of practice and its consequences. However, there can be a concern that for all the rich description that we gain by this move, we lose a sense of the broader context. This book attempts to explore some of the details of strategizing within and between one set

of companies whilst setting this in the context of broader economic and social change. This is, I think, an interesting story in its own right, so if you don't accept my deployment of critical realism or if you find the more theoretical material explored in the first two chapters of little concern, you might still find a good deal of interest in the unfolding story that is presented here.

The research presented here owes a great deal to a wide range of people. I am indebted to all the pub managers who explained the mysteries of 'the trade' to me and were generous with their time. The same applies to others in the industry who helped me out, and I'd like to thank in particular Martin Woolstonecroft, Claire Wilby, Sir Charles Tidbury and Peter Jarvis. Staff at a number of archives staggered out with dusty documents for me to peruse. I owe a particular debt to Liz Press at what was then the Bass Museum (now the National Museum of Brewing) at Burton on Trent for not only finding material but directing me to it. Ray Anderson's heroic work in retrieving the records of Allied Breweries and Ind Coope for preservation at the same location also deserves a special mention. Thanks are also due to staff at the Liverpool Record Office, the British Library, the London Metropolitan Archive and the Modern Records Centre at Warwick University. The inter-library loan staff at Nottingham Trent University have been indefatigable in handing my many requests.

In the course of an extended period of research, one builds up debts to the many people who have listened to one's enthusiasms with tolerance and critical support. Even when they don't realize it, their contributions at certain points can be key. So I would like to thank John Walton, Melanie Tebbutt, Paul Jennings, Stephen Ackroyd, Rick Delbridge, Marc Ventresca, Hugh Willmott and Harry Scarbrough. As always, any responsibility for errors of fact and judgement rests with me. The privilege of being able to engage in research depends on funding and support. For the former, I wish to acknowledge the support of the ESRC for the award R000223773, which funded much of the research on which this book is based. For support, I have to thank my many colleagues in Nottingham Business School, especially for making it such a friendly and welcoming environment in which to work. I would particularly like to thank Martin Reynolds, Paul Bowker, Conrad Lashley, Tony Watson, Melanie Currie and Jane Mason for their support and friendship over the period in which a historian has tried, probably unsuccessfully, but always with enjoyment, to turn into an organizational analyst! Were it not for Kath's support that attempt would not even have been possible, so I owe her more than can be expressed here. Our children have had to sit through what often seemed to them inexplicable lectures on the route; perhaps the dedication to them of this book is a small repayment!

Acknowledgements

Introduction

In December 1950 *The Economist* carried a three-page commentary on the brewing industry in the United Kingdom. Under the heading 'The Brewers' Dilemma', it noted falling demand for beer, but suggested that there were deeper problems for the industry to face. The unique pattern of 'tied' public houses, under which brewers owned the outlets which sold their beer, was, the writer argued, the product of Victorian licensing law. The pattern of trading that this legislation had produced was no longer appropriate and brewers 'might pause to consider whether the methods of marketing their two products do not need to be conceived and executed independently' (*Economist* 30 December 1950: 1215). That is, the writer was suggesting that the manufacturing and wholesaling of beer might be a separate activity from its retailing. Nearly forty years later, the same journal, writing of the result of a Monopolies and Mergers Commission (MMC) report that found that a 'complex monopoly' existed in the brewing industry and recommended that brewers should be forced to divest themselves of a substantial part of their estate, commented that 'The effect of this will be to force big brewers to choose between retailing and manufacturing' (*Economist* 25 March 1990: 106). Since that date the industry has been dramatically reshaped, with the exit of some major companies from either the production of beer or the running of public houses – or, in some cases, both. However, it is possible to argue that this was not just the product of the Commission's report, but the coming to fruition of some of the trends that the writer had isolated in 1950. It is the unfolding of these trends that is the concern of this book; why should this be of any broader interest?

In the context of the United Kingdom, the brewing industry (to use this somewhat unsatisfactory term as shorthand just for now) represented during this period some of the largest business organizations, both by turnover and by capitalization. At least five of the major companies which dominated the industry were consistent members of the 'Top 100' companies during the period 1950–1990. However, one effect of the mergers that produced these companies was the rationalization of production into fewer bigger units and the disappearance of many of the local breweries that had marked nearly every town of any substance over the previous 100 years and more. As the productive face of the industry retreated into gigantic breweries often situated in the countryside, more

emphasis was placed on the public houses that now represented the public face of the breweries. As they became more conscious of design trends they started to take the appearance of their public houses more seriously. Great attention was paid to signage as national brands started to emerge. Such trends brought very visible changes to town centres in particular and represented part of the shift towards the homogenization of physical space engendered by retail brands. However, the public house for all its physical changes remained a central part of social life throughout the period. One symbol of these changes is that the shady ex-policeman James Drury in Minette Walter's popular crime novel *The Shape of Snakes* (2001) has become a pub manager. The ex-policeman as pub landlord was a familiar figure in the mid-twentieth century, but usually as tenant, not manager. So social life might now take place in a managed public house, rather than one run by a tenant: would that make any difference for those who drank in the pub? It certainly might for those who wished to take food with their drink. Women might find an increasing choice of places to socialize not dominated by a hard-drinking masculinist atmosphere. So the shifts in the industry affected a wide group of people beyond those working and investing in the industry. A deeper understanding of these changes might be helpful in contributing to our knowledge of broader social change during the period.

In a sense, this is an argument for the need to set our studies of business organizations, be they historical or contemporary, in a broader setting. One commentator who has looked at such broader changes is George Ritzer (1993). This is not the place to comment on the debates around the adequacy or otherwise of his 'McDonaldization' thesis, but one key development that he points to is the growth of national, and indeed international, chains of branded retail outlets, of which McDonald's is one examplar. We could pick others, but one common feature is the dependence of such chains on a management structure that ensures adherence to company policy. Without such structures, the strategy would be untenable, and yet we often know little about the development of such structures. As Gourvish and Wilson comment in their seminal history of British brewing:

> The precise nature of their managerial hierarchies, the directors' areas of responsibility, the functions and status of the salaried staffs, the reporting lines and the control of managers and agents in the breweries' national distribution networks, the presence (or absence) of accounting and financial expertise in decision-making and control systems – all remain a mystery.
>
> (1994: 397)

It seems useful to explore the development of such hierarchies as a complement to their account. They do touch upon the growth of a retailing orientation in brewing but this is not a prime concern of their work. In particular, a key part of the shift by some brewers to retailing involved a greater use of salaried managers, as opposed to tenants, to run their public houses. This was to be of considerable importance in the growth of branded national chains, again a point

of connection to Ritzer's argument. These shifts, then, have their counterparts elsewhere and an exploration of how they came to be should contribute to our broader understanding of social change in the period.

They also have relevance to those whose main concern is with the study of business organizations, and especially those primarily interested in the development of business strategy. There is an ongoing debate, to be reviewed at much greater length in this book, about the influences on business strategy. To what extent is strategy a response to market conditions, market conditions which might be perceived differently but which will tend towards a convergence of strategies, or how far is it conditioned by what is considered to be an appropriate response in particular contexts? This could be put as a difference between universalist or local approaches. Those in the former camp will seek to identify underlying forces which will, ultimately, override local differences. Those who emphasize local factors will stress the contingent nature of strategy based on a particular constellation of local forces. A key point in considering business strategy in this context is the notion of 'related diversification'. Businesses can, if they choose to grow, follow a number of paths. They can grow organically within the constraints of their original line of business. However, they are frequently faced with a decision about whether to diversify into other areas. Such diversification is often analysed under the heading of the degree to which it is related (or not) to the original line of business. However, this raises important questions about what constitutes 'relatedness' and from which perspective this is determined. If seen from the eagle eye view of the researcher with the benefit of hindsight, then 'relatedness' might cover a wide range of business. However, seen from the perspective of the participants and at a lower level of detail, companies that have chosen 'related' diversification may end up looking very different (Johnson *et al.* 2003).

To anticipate our later discussions, let us take a brief look at what 'relatedness' looked like for the major brewing companies during our period. One major company, Guinness, was distinctive in our grouping for never moving into retailing, making its position as a manufacturer of a very specialist product that stood, to some extent, 'outside' the mainstream of the industry. The other companies, however, followed very different paths when seen through our lens of retailing versus production. All began and ended the period as vertically integrated manufacturers and retailers of beer, but all had also started to diversify, and that diversification could be seen to bear the marks of their attitude towards retailing. This was perhaps clearest at Whitbread, whose diversification was marked by the assumption of the UK franchise for the Pizza Hut restaurants. This diversification followed an early foray into food-led retailing. For Whitbread, then, relatedness came in the form of a retailing orientation. By contrast, for Allied the relatedness came in the form of food and drinks production, as it moved into mergers with the Lyons group. Retailing in the brewing business had come to be the poor relation, with the company coming late to the trends that Whitbread had pioneered. A similar story can be found at Bass, whose later diversification was into leisure businesses. Here the legacy of the relative lack of attention to retailing in brewing was of a heavily centralized approach towards issues such as theming

and branding. Two brewing companies, Watneys and Courage, disappear for a time into diversified conglomerates but, as far as their fortunes can be traced, take different emphases from their parent companies. For Watneys, within the mantle of the Grand Metropolitan group, the emphasis seems to be on product relatedness, as connections are drawn across product-based divisions. A retailing orientation is somewhat later to appear here. By contrast, Courage within the Imperial Group sees the first experiments in theming, but subsequent events see far more concentration on the notion of retailing as property acquisition and management. Finally, Scottish & Newcastle is the company that holds most closely to the traditional model of vertical integration and to brewing as it seeks to expand out of its northern heartlands.

What this brief sketch, the details of which are to be filled in later, indicates is the very different nature that both 'relatedness' and 'retailing' might have. Once we move from the corporate level to the level of business strategy, the clear patterns of relatedness start to become blurred. The question then becomes one about how organizations decide what line of business they are in. How they have then defined a term like 'retailing' will have an impact on their corporate strategy, as it suggests how they will perceive relatedness. I have used the term 'organizations' here, but this is also problematic. It tends to suggest that organizations are unitary bodies with a single direction. Indeed, this is how approaches drawn from economics have traditionally tended to see organizations. They are regarded as 'black boxes' whose internal operation is not of consequence. What is of importance is the way in which atomistic entities react to the market forces which form the environment in which companies exist. Such an approach has been challenged both within and without economics in recent years, most notably given concerns with the role of knowledge in modern economies (Casson 1997). If this is a central competitive force, then understanding the conditions of its production requires that the boundaries of the organization are penetrated and the ways in which it is created are shaped. Not only is there this interest in the internal functioning of organizations, but also a recognition that organizations are not passive actors but can also actively shape the context in which they operate. Such issues raise concerns about the way in which we conceptualize organizations, their internal workings and the relations that they have to their context.

One important aspect of this concern has been a focus on process as opposed to content. A recent book on strategic management, for example, observes that this

> has shifted the focus of attention away from a preoccupation with traditional 'content' issues in strategy – for example, questions about the merit of various strategies such as organic growth versus mergers and acquisitions, related versus unrelated diversification and so on – towards a focus on 'process' issues – i.e. questions concerning how particular strategies come to be formulated and implemented within organizations.
>
> (Hodgkinson and Sparrow 2002: 7)

We can locate this concern with process in broader shifts in intellectual thought. This shift can be seen at its clearest in that tradition that we would broadly call post-modernism, with its attack on 'grand theory' and its emphasis on the local, the contingent and the fleeting. Such thinking has had its influence on the study of organizations and their strategies, but actually one could argue that a more influential voice, certainly if we judge on citations, has been Anthony Giddens'. His structuration theory, which argues that we need to explore the mutual consti-tution of agency and structure, can be found in many accounts of the strategy process. Again, we will need to explore these ideas in more detail later, but we can see this influence in one of the most impressive explorations from a processual perspective. Andrew Pettigrew's (1985) massive and detailed exploration of 'change and continuity' at ICI (Imperial Chemical Industries) argued for a 'contextualist' approach which, he argued, would give the same degree of attention to both 'vertical' and 'horizontal' analysis. Whether the same degree of attention was actually given to the 'vertical' factors – the structures that formed the context for action – is a matter of some contention, but the processual component of the analysis was firmly based on Giddens. Such an approach, argued Pettigrew, 'recognises that processes are both constrained by structures and shape structures, either in the direction of preserving or altering them' (Pettigrew 1985: 37). Now, in truth we could argue (and we'll return to this point later) that Pettigrew's dis-cussion of Giddens is a little thin, and we could make the same point about the use of Giddens' work by others. However, it is an example of the issues that an exploration of the strategizing process raises and that this book will need to tackle.

For it is a criticism of Giddens' work more broadly that it fails to pay sufficient attention to the structural aspects. That is, in practice it ends up, as Alex Callinicos (1985) puts it, 'at the pole of agency'. Rather than giving us a better way of explor-ing the interrelationship of agency and structure, these critics would argue that Giddens' notion of the instantiation of structures in action actually gives us little purchase on their formation and influence. If these criticisms of Giddens seem persuasive, then we need to look elsewhere for a better approach to the relationship between structure and agency. In his account of strategic change in a retail organi-zation Gerry Johnson suggests one potential source. He comments that

> It is more realistic to see environmental forces as both constraining and enabling the formulation of strategies by managers: they provide managers with the strategic arena that they must understand, that they seek to trans-form and in which they act (Bhaskar 1979).
>
> (1987: 201)

That mention, almost in passing, of Roy Bhaskar's work suggests an alternative approach. It is the one drawn upon in this book, that of critical realism. We need to be clear at this stage about the status of critical realism. It is a current in philosophy that seeks to act as an 'under-labourer' to other forms of enquiry. In such a role, its task is to help with clarity on some of the central ontological questions that face the investigator. It is therefore formally incorrect to speak of

substantive enquiries as 'critical realist'. Rather, the aim of critical realism is to aid the development of theories that can help us understand the world. In the case of the social world, an impressive body of work has been produced by the sociologist Margaret Archer (1995, 1996, 2000, 2003). In a series of books, she has drawn on critical realist notions such as emergence and the stratification of reality to present an approach to social theory that stresses the interplay of structure and agency over time. In part this approach is developed through a detailed engagement with the work of Giddens. We will return to this critique in detail later, but the essence is that what she terms Giddens' 'central conflationism' does not give us any purchase on agency and structure, rather resulting in the dissolution of each into the other. On closer examination, Giddens does not supply what Pettigrew and others were looking for, and it could be argued that that is why their accounts could be criticized for tending to emphasize processual elements over structural considerations. However, we could observe of Archer's work in turn that it is concerned with great sweeps of time and might seem difficult to apply to something as mundane as the formation of strategies in one part of British capitalism over a forty-year period. For example, in examining the stability of Indian society over long periods she notes that 'the entire matrix of... institutions was internally related, and interconnecting lines could be drawn between caste/religion/kinship/economy/polity/law and education' (Archer 1995: 219). This is social theory developed at a high level. However, she would argue that her overall method would lend itself to investigations of a wide range of social phenomena, providing as it does 'a tool for examining the dynamics by which the "parts" and the "people" shape and re-shape one another through their reciprocal interaction over time' (Archer 1995: 194).

A more detailed exposition of what this method entails has to wait for later in the book, but she notes that her ideas do not dispense with the need for those investigating other problems to fashion their own concepts. In other words, we cannot simply apply a ready-made framework from Archer to the study of strategy in organizations. What we need to do is to take concepts derived from her work and adapt them for application in the area in which we are interested. To take one important distinction in our area, she does not provide a clear definition of institution and organization in her work, but scattered references indicate that she clearly favours a distinction between the two. In *Culture and Agency*, for example, she argues that 'there is no ready fund of analytical terms for designating the components of the cultural realm corresponding to those which delineate parts of the structural domain (roles, organizations, institutions, systems, etc.)' (Archer 1996: 1). Justin Cruickshank (2003), in his discussion of critical realism in relation to unemployment, argues for the need to generate 'domain specific meta concepts'. Such concepts can best be derived, he suggests, from the critique of existing bodies of work in the domain concerned. Such an approach suggests one task for this book, and that is to engage with bodies of work that exist in order to seek conceptual clarity. This poses us with something of a challenge, given the volume of work produced in this field. We can dismiss much of this if we declare at the beginning that we are concerned with analysis rather than prescription. That is,

we are more concerned with seeking to understand why it was that some companies rather than others adopted a retailing orientation than in suggesting how this might be done. If readers take something which they can translate into prescriptions for action, then well and good, but that is not the prime concern of the book, and hence neither is the literature which purports to prescribe how strategy might be formulated. However, this still leaves a substantial body of work. One convenient way into this work is to look at the concerns of a recent and very informative work on the shaping of strategy at the corporate level. Richard Whittington and Michael Mayer's work on *The European Corporation: Strategy, Structure and Social Science* is an incisive piece of analysis that challenges what they term 'postmodern relativism' and argues 'for the value of a modestly generalizing social science of management' (Whittington and Mayer 2000: 4). In so doing they raise questions about institutionalist forms of analysis, arguing that this underplays economic arguments. Here, especially given that our brewery companies all make an appearance in the book as 'related diversifiers', seems to be an important debate that needs to shape our thinking. One way, then, in which the agenda supplied by Margaret Archer shapes this book is by suggesting both the need for further definitions and a way of sharpening up those definitions.

Another is the insistence on the importance of time in social analysis. From this she argues that our method should consist in writing 'analytical narratives of emergence' (Archer 1995: 343). In writing such narratives, the aim is to be sensitive to the play of historical contingency whilst structuring them around the analysis of generative mechanisms. One criticism of many accounts of strategic change is that they fail to pay sufficient attention to the unfolding of events over time. The aim here is to provide an account that can trace the unfolding of events over a sufficient period of time to be able to provide an analysis of why certain companies took the direction that they did. At the same time, the aim is to provide a comparative account rather than the single company histories that so often feature in business history, and a comparative account that moreover seeks to locate these changes in a broader social framework. Of course, in attempting to meet these aims, it is entirely possible that we fail to satisfy either camp. Some of the problems that can be faced by those who attempt to supply a more historically grounded account of organizational change can be illuminated by the response to Pettigrew's exploration of developments in ICI. This received the unusual accolade of reviews in both the business history and the organizational theory literature, but the response was very different in each. Starkey's concern in the *Journal of Management Studies* was with Pettigrew's theoretical apparatus, with no mention of the status of the evidence presented (Starkey 1987). By contrast, Donald Coleman in *Business History Review* mentions the existence of the theoretical debates in passing, but concludes with the observation that 'this substantial piece of historical writing is very largely based on anonymous evidence and unattributed quotation' (Coleman 1987). It is only fair to point out that Whittington's review in *Business History* does suggest that Pettigrew's deployment of theoretical argument is a challenge to which business historians will have to rise, but fifteen years later he and his fellow authors comment that 'the interaction

between business history and business strategy research has been minimal' (Whittington 1987; Pettigrew *et al.* 2002). The present work is clearly an attempt to make a small contribution to fostering that interaction. However, this means that we need to consider the approach to both the use and the presentation of evidence deployed here.

In his review, Coleman suggests that the British laws of libel contribute to the difficulties of writing contemporary business history. The strictures of this, and of the Data Protection legislation, mean that in some places the identity of the actors, except where these are clearly public figures speaking as a matter of public record, is not revealed. However, in many of these cases these actors were acting on behalf of organizations in inter-organizational settings and so the loss of detail here is not crucial. Far more than books such as those of Johnson and Pettigrew, this book rests heavily on the use of archival material. In part this covers the period under question, and here we have to recognize that limitations are placed on access to this material. Even where company records have been placed in public archives, restrictions placed on access mean that availability, especially after 1970, can be limited. However, the use of archive material in this study goes beyond the period covered. It is set in an exploration of the development of management systems since the mid-nineteenth century. Little of this material is directly deployed here, but its use means that the material related to the period under direct consideration can be set in a much longer context. Further, the material obtainable from the archives has been supplemented with interviews and extensive analysis of the trade press. The problem in a hybrid work of this nature is how to present the results of this work. A work of purely business history would employ the traditional apparatus of footnotes. This is not just a matter of technical convenience, but carries with it assumptions about the full disclosure of evidence, assumptions which I broadly share. However, the convention of works in the business and management domain is that they employ the Harvard method, which, according to its advocates, avoids cluttering the text but which does not allow the detail that a system of footnotes does. As this is a book compiled under the dominant conventions of business and management, I have chosen to operate a modified system of references. I have not supplied full details of references to archival or newspaper material in the specific references, but the format of these will direct the reader to a list of primary sources, in which I supply sufficient details of location and reference to enable retrieval of the original. I hope that this compromise is sufficient to demonstrate the grounding of this work in extensive original research.

When we look at works that deal with the wider history of the period, we find that the pub receives remarkably short shrift. Panoramic accounts tend to merely note the importance of the pub before going on to discuss other aspects of leisure, such as the cinema, in more detail (Morgan 1990; Bernstein 2004). Where the pub is treated in a little more detail, the attention tends to be on the period before the Second World War, with little or nothing on developments since then (Royle 1987; Clarke 1996). Where pubs and drinking are taken more seriously, as in Marwick's (1990) discussion, there is a strong emphasis on the Campaign for Real Ale (CAMRA) (cf. Sampson 1982; Broadberry 2004). What this tells us

about the predilections of social historians and how it influences their accounts is a matter for elsewhere, but the impact is to underplay other arguably more significant trends. This emphasis also means that these accounts are often woefully misleading on the business dimension of their story. Whitbread seems to come off particularly badly in this respect. Garnett and Weight, for example, have it as the owner of the 'All Bar One' chain – it was actually run by Bass (Garnett and Weight 2004: 414). Even worse, in the context of our later discussion of the company as the forerunner of the shift to retailing, is Marwick's discussion of the company in the context of the move away from 'real' ale in the 1970s. 'Even more of a classic case,' he argues, is that of Whitbread. 'This historic family firm had been taken over, its beautiful old brewery in Chiswell Street on the borders of the City of London closed down, and a modern beer factory built at Luton beside the M1 motorway thirty miles north of London' (Marwick 1990: 243). Whatever we think of the company's actions, they were not the result of a takeover; they came from firmly within the same company, albeit now once more open to external influence. So the wider social histories are a rather shaky foundation on which to build.

In their defence, it can be argued that the more specialist histories do not supply the necessary material on which they could build. Consumption, broadly defined, has often played a second place to production in historical accounts (Obelkevich 1994; see also Black 2004). The particular problem in the case of the pub is that it falls outside the purview of many accounts, whether they are concerned with retailing or leisure. For many historians the link with brewing, and hence manufacturing, is too strong for them to be included in either category. Benson's (1994) account, for example, of the *Rise of Consumer Society* focuses its attention on shopping, tourism and sport, with the pub almost being taken for granted. There is almost a sense here of the pub being so familiar that its nature is taken as being obvious, with more attention being paid to novel and innovative forms of consumption. The consequence is, of course, that what might be novel and innovative within the pub gets relatively little attention (Clarke and Critcher 1985). Again, the attention that it does get focuses on the earlier period. Hill's (2002) account, for example, effectively stops at the Second World War. It may be that such historians are assuming that the pub is adequately covered by those who have looked more specifically at the brewing industry, but this would be mistaken. Here again the influence of CAMRA is noticeable, whether this is more generally in accounts of the industry (Cornell 2003) or more specifically in the case of the pub (Haydon 1994). There is one popular account of the pub during our period that does consciously set out to consider other important trends in a slightly more detached fashion, whether these are the rise of lager or the increasing use of the pub by women. Unfortunately Brown's (2004) account is marred by both the uncritical retailing of the myths demolished by Cornell and a tone of relentless superficiality that means it is not to be depended upon. Here he is, for example, on the direct management of pubs, an important part of the discussion that follows. Writing of the 1950s he observes that 'A new breed of publican was appearing as the brewers replaced tenant landlords with appointed managers, in an

attempt to take more control of how their beer was sold' (Brown 2004: 226–227). The consequence, says Brown, was that the new managers did not know how to serve beer properly and so the brewers developed keg beer. Unfortunately, this is to ignore the widespread employment of managers in cities such as Birmingham and Liverpool since the mid-nineteenth century, a practice which seemed to have little impact on beer production methods in those areas. Hence, we are short of accounts that cover changes in the pub during our period.

We do, however, have the magisterial account of the brewing industry from 1830 to 1980 supplied by Gourvish and Wilson. This is an important building block for the present study. Commissioned as it was by the Brewers' Society, it tends to focus more on the production aspects of the industry and, as we will see later, tends to place an emphasis on exogenous change during our period. In this work I hope to add some of the detail on retailing and managerial practices for the post-war years, building on and extending their discussion. The focus is on the formation of strategy, but a more detailed account of the shifts in management practice that this entailed may contribute not only to the literature on business strategy but also to a better understanding of developments on the part of social and cultural historians. In this way, we might escape from a position where business history is corralled off from rather than being integrated with broader historical discussions (Mutch 2004a).

This book has, therefore, a number of interrelated objectives. It aims to provide a description of changes in an important industry in the United Kingdom, one whose actions have an impact on millions of consumers and on the shape of the country's high streets. Further, in their evolution in some cases into global companies, these organizations are a key part of the global system of capitalism. In describing such changes, the aim is to show that there was both a secular shift away from a production towards a retailing orientation across the field as a whole, and a very different interpretation of what such a shift meant at the level of individual companies. In relating such shifts to the broader context, the aim is to explore the structures and mechanisms at work by deploying some of the ideas supplied by the tradition of critical realism. Rather than, however, being a theoretical exposition of such ideas the book aims to develop them through both a detailed consideration of the empirical material and an engagement with existing bodies of ideas on the analysis of organizations and their strategies. As such, a key aim of the book is to show that ideas drawn from critical realism can be of considerable value when applied to organizations.

In order to do this, the book begins with two chapters that explore some ideas that may be of value to our endeavour. Chapter 1 starts this process by looking at the debate on strategy and structure, exploring in particular the notion of 'relatedness'. This raises the importance of the ways in which those in organizations conceive of their context, and the notion of the 'dominant logic' is introduced. However, such a notion, it is argued, needs to be set in a broader context and it is here that the ideas of 'new institutionalism' are important. The focus of that approach on legitimacy and the taken for granted are highlighted as being of particular importance, but attention is drawn to some key weaknesses. These are seen to reside in the approach to agency and its interrelationship with structure. However, the notion of the 'field'

is taken as being one contribution of considerable value to take into the subsequent discussion. Chapter 2 continues the theoretical discussion with a closer examination of critical realism. In particular, the focus is on the work of Margaret Archer. Her morphogenetic approach is outlined, with a particular emphasis on her conception of the interrelationship between agency and structure. Her injunction to explore this interaction through the construction of analytical narratives that examine successive cycles of interaction is one which forms the justification for the historical approach taken in the rest of the book. Her discussion of agency, with its focus on persons as strong evaluators of their personal projects embarked upon in objective contexts is also one which influences the empirical discussion.

Our consideration of the historical development of the field of brewing begins in Chapter 3 with a brief outline of some of the distinctive features it possessed. This seeks to enumerate some key terms and, in the light of the previous discussion, some key characteristics of the structural conditions which shaped the context in which dominant actors operated. These actors are introduced in Chapter 4, which pays particular attention to the composition and operation of boards of directors at the beginning of our period. This discussion draws attention to the relative lack of strategic consideration in the deliberations of these bodies and the way in which their composition may have affected their awareness of and response to changing social and cultural conditions. The nature of these changes is the subject of Chapter 5, which presents some evidence of the key trends in consumption during our period. It has a particular focus on the notion of 'mobility', both physical and social. Both of these types of mobility had a considerable impact on the context in which our dominant actors found themselves. Chapter 6 returns to the exploration of their response to these changing conditions, with an emphasis on the impact of the merger movement of the 1960s on conceptions of retailing. This promoted a rather heavy-handed approach which called into being new forms of agency both within and without the industry. The development in particular of the direct management of public houses and the way in which this was shaped by the dominant logic of command and control is explored in Chapter 7. Here we start to see, in the late 1970s, the clearer emergence of a retailing orientation. In Chapter 8 we explore this emergence and the very different approach of the six major companies in a little more detail. The argument here is that a focus on retailing emerged but that the form that it took was strongly shaped by the dominant logics which operated in each company. In particular, a continuing commitment to the pre-eminence of brewing meant that the shift to retailing was not fully realized in most companies. The reasons why it was much stronger in Whitbread then form a bridge to the concluding chapter. In this chapter we see how trends that emerged in the 1980s were consolidated, trends which saw a decisive split at the level of the major companies in the industry between production and retailing. The chapter, and the book, conclude with a consideration of some of the implications for both business history and the study of strategy. It is argued that the analysis presented indicates the value of a critical realist approach that emphasizes the need for analytical dualism in the consideration of the interrelationship between agency and structure over time.

1   Organization, strategy and institution

The evidence to be presented in the later parts of this book is used to suggest that there was a shift towards a retailing orientation amongst the major companies in the British brewing industry over a period of forty years from 1950, but that this shift took place at different speeds and with different inflections from company to company. In order to frame this shift and to help to interpret it, we need to look at some ideas that might guide us. A key part of this book is the argument that ideas derived from critical realism are helpful in this endeavour, but that the development of these ideas can happen most fruitfully by means of a dialogue with existing perspectives. This chapter, therefore, examines a set of these perspectives, selected because they address some facet of the central issue of how it is that dominant actors in organizations come to conceive of their situation and adopt strategies towards it. There is a particular interest here in the constraints placed upon and the resources enabling such formation by both other agents within the organization and by structures external to the organization. We start with a review of some work that revives an old debate, that of the relationship between strategy and structure. This introduces both a number of themes and a pivotal figure between the disciplines of business history and organization theory, Alfred Chandler. An exploration of his work suggests a need to look at how dominant actors conceive of their situation, which introduces the notion of the 'dominant logic'. Whilst this notion is suggestive, it lacks an adequate specification of the structures which might form such a logic and this leads us to a consideration of institutionalist perspectives. Here, a number of claimants are reviewed, with a particular focus on the ideas presented by the 'new institutionalists'. Drawing on both internal and external critiques a number of problems are outlined, problems which it is suggested can be tackled most usefully with ideas drawn from critical realism. We end, therefore, with a balance sheet of both potential ideas for application and some problems which frames the discussion of critical realism in Chapter 2.

In their work on *The European Corporation*, Richard Whittington and Michael Mayer (2000) use an extensive set of empirical evidence to suggest the success of a particular form of organization, the multi-divisional diversified corporation. Corporations, they argue, have a number of choices in structuring their operations. At the most basic are those companies which are either single product

or in which a single product dominates (with domination being defined as between 70 and 90 per cent of turnover). However, many companies are driven to grow either organically or by acquisition and in the course of this growth split into a number of product-focused divisions. This multi-divisional firm can occur either through related diversification or through the acquisition of unrelated businesses, with the latter form often being referred to as a conglomerate. Whittington and Mayer argue that their data indicate that there is a long-run tendency towards the prevalence of the multi-divisional firm across Britain, Germany and France. They argue that 'The enduring performance advantages of Chandlerian patterns of strategy and structure suggest that it is not international institutional effects but market pressures for efficiency that drive this conformity' (Whittington and Mayer 2000: 225). This argument is important for our discussion in two ways. In basing their evidence on the top 100 companies by turnover in each country, our companies formed part of the evidence base. This raises some interesting questions about the nature of 'related diversification'. Second, the work on the European corporation represents an attempt to take seriously the work of a significant figure in both business history and organization theory, Alfred Chandler. However, Chandler's work is treated very differently in these two domains, a difference of treatment that raises important questions about the relative importance of structures and the interpretation of those structures.

Whittington and Mayer are concerned 'to test the Harvard programme's predictions on Harvard's own terms' (Whittington and Mayer 2000: 16). This means that the definition of the related company is one where no single product accounts for more than 70 per cent of turnover, but there are market or technological relationships between the activities of the firm. Of course, we are then immediately faced with the question of how such relatedness is to be determined. Is this the decision of the dominant actors in the firm – that is if they consider the activities to be related then they are, regardless of any more 'objective' test? Or is this an analytical construct? For Whittington and Mayer it would appear to be the latter, but it is important here to distinguish between levels of analysis. Whittington and Mayer are concerned with aggregated shifts at the levels of national economies. Further, as they explain, for their level of analysis 'Diversification concerns corporate strategy, not business strategy. It is at the level of business units that firms actually produce and sell. ... The corporate level has a different role to the business unit, but it is certainly important' (Whittington and Mayer 2000: 16–17).

At their level of analysis, definitions of relatedness which include all our British brewing companies as 'related diversifiers' (with the limited exception of Scottish & Newcastle as 'dominant product' in the early years) can be justified but a closer examination suggests considerable differences. By the end of our period, for example, Whitbread had restructured into separate divisions for retail activities, managed houses and brewing, whilst Scottish & Newcastle was firmly wedded to a traditional model of vertical integration. From the level of a national economy they might both appear as being in the same business, with related activities, but at the level of the sector their activities seemed to have a very different flavour.

In both cases, and in the cases of our other companies, therefore, the perceptions of what constituted relatedness in the minds of dominant actors differed.

An important conclusion of the Whittington and Mayer survey was that 'In post-war Europe, it has been the forces of competition that have gradually dominated' (Whittington and Mayer 2000: 18). They suggest that whilst institutional arrangements in the different countries are important, the existence of similar trends across national boundaries indicates that patterns of organizing are driven by market forces, forces that outweigh attachment to different national traditions of organizing. Of course, there is a counter to this in pointing out that there has also been during the period the growth of cross-national means of knowledge diffusion, notably management consultancies, which create accepted patterns of organizing. However, what is important about their argument is the desire to take seriously the ideas of Alfred Chandler, an agenda followed in particular by Whittington, who is anxious to rescue Chandler's work from those who have pursued his work in a particular direction. He observes that 'It is true that much of what followed in the Chandlerian tradition was highly attenuated, but Chandler's (1962) own original definition of structure did allow for a richer conceptualization that is still useful today' (Whittington 2002: 117). This is a very different conclusion from the dominant conception of Chandler as one of the founders of the 'rational planning' school of strategic thinking. The focus of much recent work on organizational strategy has been to emphasize a 'processual' approach, in which the operative words are 'strategizing' and 'organizing' rather than 'strategy' and 'organization'. This thinking puts particular emphasis on the way in which strategy emerges from a pattern of decisions, rather than being the result of what is seen as a 'rationalistic' process of analysis of environmental factors and planning to meet them. In this rejection of the rationalistic perspective (as not corresponding to what organizations do, and as not being realistic given a variety of constraints, notably on the ability of people to comprehend and handle the full range of complexity that strategy entails) Chandler's work, in so far as it is considered at all, is placed firmly in the 'planning' camp. Pettigrew *et al.* (2002), for example, cite Chandler with Ansoff and Andrews as founders of the field of strategic management. In the same collection, Tsoukas and Knudsen (2002) argue for the structural functionalist roots of Chandler's thought. Chandler is clearly a figure of importance in this discussion, although Whittington (2002) argues that he is used more as a proxy for broader debates – he cites those over rationality, over internal politics, over institutional pressures and over universals in organizational analysis – than for the content of his arguments. One interesting example of this is the use of Chandler by Johnson (1987) in his account of strategic change in a UK menswear retailer. Chandler is cited as support for the contention that existing strategic positions generate a momentum which is hard to shake. However, there are direct discussions in the book of changes in structure as a consequence of strategic decisions, but Chandler is not explored here. Chandler, then, is seen as a somewhat old-fashioned figure whose contentions have been overtaken by developments in

theory. As we have seen, Whittington's work is a valuable corrective to this, but it would be fair to argue that Chandler does not figure as a central figure for much thinking about contemporary business strategy.

The picture is very different in business history. Here Chandler's ideas continue to shape the key debates. For example, in his text *British Business History 1720–1994*, John Wilson (1995: 219) comments that 'British businessmen clearly lacked the expertise to employ the highly sophisticated control and planning procedures required in an M-form organization'. We can see from this comment the way in which concerns drawn from Chandler's work shape much work done on British business history. In this case, the concern of Chandler to show the progressive development of divisional structures with their associated planning techniques sets the problematic for British business history. We might, in the light of the scathing comments about the failure of elaborate planning techniques emanating from the work of Henry Mintzberg (1994), suggest that the adoption of this agenda is mistaken. However, that the agenda of much British business history has been profoundly influenced by ideas drawn from Chandler is a contention supported by recent commentaries from historians with otherwise very different perspectives. Rowlinson and Proctor (1999) take issue with the dominance of Chandlerian ideas and argue for a very different approach in which the need is to take account of the centrality of culture and, in particular, the discursive shaping of reality. They conclude with the need to deconstruct the messages emanating from company histories, a call which would be sharply rejected by Jeremy (2002). His survey of the field, however, would indicate both the continuing centrality of Chandler's ideas and the limited progress that has been made towards different perspectives. This is not to argue that such perspectives do not exist (see, e.g. Church 1999; Jones 2000) but rather that ideas about the firm emanating from economics continue to exercise a strong hold. However, Jeremy points out that within economics the contemporary importance of issues of knowledge is forcing a reassessment of the notion of firms as passive respondents to the stimulus of economic forces. The work of economists like Casson (1997) suggests that the way in which companies interpret their environments can be central to their responses to it. Within business history, therefore, there are limited shifts towards recognizing the importance of interpretation; within the study of business strategy it might be argued that this has become a key focus to the relative neglect of topics like organizational structure. In seeking to reconcile these two positions, it might be useful to start by looking at the work of Chandler in a little more detail.

Chandler's founding argument, first elaborated in *Strategy and Structure* in 1962 (1990a) and pursued and elaborated in a series of detailed works in the following years (1977, 1990b), was that organizational structure followed from the strategies that organizations chose to follow. However, the starting point might usefully not be with the definitions of strategy and structure, but with the language of 'administration' that begins and ends the book. 'Business administration', writes Chandler (1990a) on page 1, 'has a particular relevance for today's businessmen

and scholars'. His conclusion links this administrative effort directly to planning:

> In all industrial, urban and technologically advanced societies where the large enterprise, either private or public, has acquired an essential role in planning, coordinating and appraising economic activities, a lack of systematic structure within these organizations can lead to a wasteful and inefficient use of resources. Further studies of the way in which the great enterprise has grown and become administered have, then, more than mere scholarly value.
>
> (Chandler 1990a: 396)

This focus on planning reflects the fascination with planning that Harris (1983) points to as a feature of both sides of the Cold War divide. For the executives in large American corporations the functions are that they 'coordinate, appraise and plan' (Chandler 1990a: 8). Following this, strategy is defined as the 'determination of the basic long-term goals and objectives of an enterprise' (Chandler 1990a: 13). Quite clearly, this must involve some consideration of the direction in which the business is heading, but this is subordinated in terms of both language and content to the functions of coordination and planning. We have already seen that this means that where Chandler's work is recognized in the organizational literature, it is as an exemplar of the planning school of strategy. Of course, this is not to argue that planning is not important, nor that issues of structure are not important, but that we also need to attend to the question of how strategies are formed. What is significant in his approach, above the linking of structure and strategy, over the privileging of strategy and administration, is the placing of these in the context of the market overall. He is firm that 'The market, the nature of their resources, and their entrepreneurial talents' were the significant forces for American corporations (although he allows a place for the state in shaping specific markets) (Chandler 1990a: 384). He further argues that 'The changing American market shaped initial strategic growth, integration and diversification' (Chandler 1990a: 382). What is underplayed in this approach is the way that such large organizations, in various ways, intruded into those markets and in part formed them (Roy 1997). However, his work reminds us that the market has real impacts, if only in placing constraints on the actions managers can take. It is this argument that Whittington and Mayer have returned to. However, in doing so we have noted that the question of how actors conceive of related diversification is underplayed. For their testing of the Chandlerian model this is valid, but in our consideration of the different meanings of retailing, the way in which dominant actors deployed what we might call for now 'interpretive schemes' is of some importance.

   This can be seen within one company in Johnson's (1987) study of the British mass men's clothes retailer Foster Brothers. In this study he indicates that retailing could itself be perceived of in a number of ways. It could be seen as expertise in property buying, in which the advantage comes from the ability to secure favourable locations. The nature of the merchandise, how it is displayed and the reactions of customers take a poor second place here to the perception that if the

product is available in the right places then success will follow. This view is clearly predicated on a low degree of customer choice – or of a perceived lack of interest in such choice. A contending image of retailing, and one which became prevalent in the company, was that success in retailing centred on the success of the buying function. In this scenario, the challenge became the sourcing of merchandising at such a price that the company retained a competitive edge. In such a perspective, issues such as design and image played a lesser role, with again assumptions about the nature of the customer being made that focussed on 'value for money'. A further perspective would be one that centred on the importance of ascertaining the views of those customers, but this was a perspective that was strongly resisted within the company, a resistance that led to the eventual demise of the company. The strength of commitment to the previous notions suggests both the range of strategic choice open to dominant actors even given the market constraints that Whittington and Mayer point to, and the importance of conceptions of how the world is viewed. Johnson uses the term 'organizational paradigm' to describe such world views, a term which was added to the growing number of such terms, as we will see. However, there is an unresolved tension in Johnson's work. Much of the literature on the interaction of organizations with their environments suggests that organizations can enact their environments rather than just being passive recipients moulded by them (e.g. Daft and Weick 1984). However, in much of the emphasis on process in organizational theorizing the market becomes at best a shadowy presence, at worst a simple discursive construction. Knights and Murray (1994: 187), for example, argue that 'Although at first glance it appears that decisions are flowing from "market requirements" which are assumed to derive from the external environment, it is clear that particular distinctive views of the market are mobilized by different managers.' From this observation about how markets are known it is but a short step for some to argue that markets are nothing but these distinctive views. So at one point Johnson argues that 'environments are, for Weick, enactments by managers of the world in which they live'; however, some 150 pages later he suggests that

> it is more realistic to see environmental forces as both constraining and enabling the formulation of strategies by managers; they provide managers with the strategic arena that they must understand, that they seek to transform and in which they act.
>
> (Johnson 1987: 41, 201)

He mentions, almost as an aside, the work of Roy Bhaskar as a support for the latter contention, but this is not followed up in any detail. A much more committed use of Bhaskar's critical realism was to follow two years later with the appearance of Whittington's (1989) examination of the strategic response to recession in the domestic appliance and office furniture industries. That this was an initiative that appeared to run into sand is a point that we will return to later, but Whittington also places considerable stress on the importance of what he terms 'local ideologies' in the formation of company strategy. 'These "local"

ideologies', he argues, '. . . are beliefs concerning the organization and its relation to its environment that both embody the objectives held by dominant actors and serve to secure the compliance of other actors important to achieve them' (Whittington 1989: 105). What is important in the perspective is that it sees the construction of these 'local ideologies' as drawing upon resources available to actors from the structures of society in which their firms are embedded, but in a way which places the strongest emphasis on the strategic choice that this makes available to actors.

In adding the terms 'organizational paradigm' and 'local ideology' to the melting pot, Johnson and Whittington were adding to the proliferation of terms that were used to describe what we have so far termed 'interpretive schemes'. Hodgkinson and Sparrow (2002) supply a useful overview of these terms, which include in their number the term 'dominant logic', and it is this term which I wish to explore in a little more detail. It appeals because of the two components of the term. The use of the word 'dominant' mirrors the way in which the logic for an organization is often powerfully shaped by the dominant group of actors. 'Dominant' here implies that this group is not the only one, and that their ideas may be held in place by their command of the authoritative resources of the organization. This seems much more helpful than notions like 'shared' or 'common' meanings; there is no need for a 'dominant' logic to be agreed to by all parties for it to be employed nevertheless. Unlike some conceptions which tend to view the organization as having unitary status, such as Daft and Weick's (1984) conception of the organization as an 'interpretive system', the notion of a dominant logic echoes the work of those who have found multiple contending logics at different parts of organizations (Sackmann 1991). 'Logic' is also helpful in stressing a set of rules that constitute an approach to varying content, and, as we will see, is useful when we look in more detail at ideas drawn from critical realism. Sets of ideas presented as a body of logic imply that there are logical relationships between concepts. This might mean that adoption of one idea, such as regarding the public house as a retail rather than a distribution outlet, might bring with it a related set of ideas such as the importance of direct management, which might not have been desired or which might clash with existing interests, either of the dominant actors or of others. The notion of institutional logics supplying a set of resources which both constrain and enable organizational action is also a feature of new institutionalist thought to which we will return (W. R. Scott 2001; Seo and Creed 2002). For a number of reasons, therefore, the idea of a 'dominant logic' is worth further pursuit.

Prahalad and Bettis first presented their notion of dominant logic in 1986. For them it 'is a mind set or world view or conceptualisation of the business' (1986: 491). It is formed over time through the activities of the senior decision makers of the organization. Whilst it can be a source of advantage, it can also be used inappropriately when, for example, the firm diversifies into unrelated areas. Prahalad and Bettis suggest that historical exploration of the development of such a logic is one important analytical approach (1986: 499). Clearly, this is the approach that is tackled in this book, but it is one which seems to have been little

followed. For despite their returning to the notion of the dominant logic in 1995 it is a conception which seems to have been little developed (Bettis and Prahalad 1995). In their return to the idea the authors are more concerned with speculation about the relevance of chaos or complexity theory than in developing the notion. In particular, it suffers from the excessively internal focus that writing on organizational strategy often has, in which the world outside the organization is conceptualized as the 'environment' to which the organization reacts, rather than as a set of structures in which the organization is inextricably embedded. One consequence is that dominant logics are seen almost entirely as a product of those within the organization itself, rather than being in dynamic relationship with ideas produced within the particular domain within which the organization operates. In examining industries as diverse as foundries, dairying and forklift rentals, J.-C. Spender (1989) suggests the notion of 'industry recipes'. He argues that managers in these industries exhibited a 'pattern of judgements', 'a way of looking at their situations that is widely shared within their industry' (Spender 1989: 188). This pattern of judgements tended to be at senior levels, which suggests that it was based on shared experience. For Spender, 'such beliefs may work in the same way that myths do for all of human society, to address the uncertainty of life, death, the hereafter and those other awesome concomitants of being alive and conscious' (Spender 1989: 215). We do not need to go so far as to see that it is important to relate logics within a firm to those resources which exist both within a shared domain of operation and in society more broadly. It also suggests a need to examine potential channels of knowledge diffusion, from trade journals to the extent of managerial mobility between companies. However, this need to recognize the embeddedness of organizations in a broader context makes it useful to examine a little further a body of ideas which stresses the nature of this wider context, a body of ideas that comes under the broad heading of 'institutionalism'.

In looking at those bodies of work that use the term 'institution' as a core concept, it is useful to distinguish three broad groupings: institutional economics, the comparative business systems perspective and the 'new institutionalism'. I will briefly describe some key features of the first two before discussing the latter in more detail. This is because the first two are more concerned with developments at the level of national economies. They have important things to say in relation to organizations and their strategies, but this is not their main concern. The new institutionalism, by contrast, is very much a development from within organizational theory and so demands more of our attention. Institutionalist economics is a body of work that responds to perceived difficulties within economics. In particular, this development responds to an increasing concern that treating the firm as an atomistic 'black box', as in classical economics, in which the actions of management were irrelevant because firms simply responded to stimuli from their environment, was simply inadequate. In an influential recent collection institutions are defined 'as a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive, or material reasons' (Hall and Soskice 2001: 9). They arise 'because of the support they provide for the relationships

firms develop to resolve coordination problems' (Hall and Soskice 2001: 9). This is still a profoundly functionalist view, in which institutions arise because they are functional for an economy as a whole (and the level of analysis is quite clearly the level of the nation state (Hall and Soskice 2001: 4)). Despite nods towards the comparative business systems perspective, the notion that institutions might arise for other reasons and then in turn shape economic activity is not considered. What is, however, valuable in this perspective is the very clear distinction that is drawn between institutions and organizations, the latter being defined as 'durable entities with formally recognized members, whose rules also contribute to the institutions of the political economy' (Hall and Soskice 2001: 9). This is useful because, as we will see shortly, there is considerable confusion between the two terms in perspectives originating from within organization theory.

   This distinction between organizations and institutions is also seen in the comparative business systems perspective, but the focus here is, as acknowledged by the institutional economists, both wider and 'more sociological' (Hall and Soskice 2001: 3). Whilst still developed at the level of economies, this school of thought has been more interested in regional or sectoral developments in addition to those at the level of the nation state (Whitley and Kristenson 1996; Whitley 2000). The focus of this group of thinkers is on how patterns of institutions affect economic development and organization. Whilst recognizing the strength of some of the institutionalist arguments presented later, they point to a relative neglect of questions of economic organization. What they wish to develop is a comparative approach in which a number of key dimensions are compared across nations or groups of nations. Each such cluster forms, they argue, a strongly interrelated set of basic assumptions in which change in one institution would of necessity involve change in others. So, for example,

> The peculiarities of the prevalent business system in Britain ... cannot be adequately understood without taking into account the combined consequences of the interconnected pre-industrial state and financial systems, their links with the development of the training 'system' and organization of labour markets, and the pervasive and long-established cultural norm of individualism.
>
> (Whitley 2000: 55)

Because of this, they reject any notion of a 'universal' pattern of organization, such as the multi-divisional firm. In addition, their focus on the complexity of change requiring concurrent change in related institutions has led to the suggestion that these ideas are better at explaining stability and continuity rather than change (Lane 1995; Ackroyd 2002). Further, as we have seen, it is the contention of some that different institutional patterns do not prevent the evolution and spread of particular organizational forms. However, for our purposes this group of thinkers reinforce the notion of institutions as enduring structures that constrain and enable organizational activity. They also suggest that whilst institutions are changed by that organizational activity they are not the

same as that activity nor changed at the same pace, issues to which we will return later. They also provide a very useful outline of the key institutions, such as educational systems and labour markets, that are an important resource for analysts who are more concerned with company level activity. They have little, however, to say about such organizational level activity; for this we need to turn to the new institutionalists.

New institutionalism is a body of work that is predominantly associated with North American scholars and has produced a diverse range of work. An overview has been provided by W. R. Scott (2001) and for the present purposes the focus will be on two strands of this work. One will be the influential formulations of Powell and DiMaggio (1991), notably their outline of the varieties of 'isomorphic' pressures and subsequent developments. DiMaggio, in particular, has been a leading internal critic of the lack of an adequate theory of agency at the heart of the institutionalist projects (DiMaggio 1988, 1997). Other critics associated with 'critical institutionalism' will form the second group. Whilst in other domains of organizational theorizing North American and European scholars have seemed to be at the edges of an unbridgeable gulf, in this area the debate seems to have been a little more of a dialogue than an argument (Lounsbury 2003; Phillips 2003). Stewart Clegg's development of a 'modes of rationality' approach, for example, 'seeks to fuse elements of both the "power" and the "institutions" perspectives' (Clegg 1990: 12). In particular, the 'new structuralism' advocated by Lounsbury and Ventresca (2003) seems to contain an opening to ideas derived from critical realism (although that tradition would reject claims to a structuralism of any form). Accordingly, the following discussion lays out some of the features that Powell and DiMaggio suggest characterize the ways in which organizations come to adopt similar practices. We then consider some of the criticism that has been developed from both inside and outside of the tradition.

The new institutionalism starts from a critique of 'rational actor' models of social life. It is concerned to resist the colonization of the exploration of social and organizational life by models drawn from economics which posit actors as atomistic utility maximizing individuals, possessed of invariant goals which they are in a position to achieve by the rational selection of a range of choices (Archer and Tritter 2000). By contrast, the new institutionalism looked to alternative traditions – the social constructionism of Berger and Luckman and the institutional analyses of Selznick – to argue that many organizational practices arise from non-economic motives. (A powerful critique was that in this endeavour they tended to focus on non-economic areas of life and effectively ceded consideration of economic activities to economists, but this is a point to which we will return later.) An important outcome of this endeavour was the suggestion that many organizations came to adopt practices which 'objectively' seemed to violate the tenets of economic rationality. Powell and DiMaggio (1991) suggested a number of reasons why this might happen. They did not totally neglect the impact of competitive economic pressures, but focused in particular on three reasons for why organizations might come to look the same – a process which they termed, borrowing from population ecology, 'isomorphism'. They suggested that organizations operating in the same

domain might come to share similar features because of three pressures which they termed mimetic, coercive and normative isomorphism. As they emphasize 'This typology is an analytic one; the types are not always empirically distinct' (Powell and DiMaggio 1991: 67).

Mimetic isomorphism describes the process whereby organizations faced with uncertainty choose to adopt the response of what is perceived to be a successful organization. This perspective suggests that we need to establish how organizations come to be identified as those which might be copied and on the mechanisms by which such practice is diffused. Mimetic processes suggest the influence of fashion on senior decision makers and is important in suggesting that their decisions may not be 'rational' in purely economic terms. It is the need for legitimacy that may persuade such actors that it is safest to accept and adopt 'best practice' regardless of whether such practice fits the needs of their organization – indeed such 'needs' may in turn be shaped by what is perceived as common practice. We can see that such a formulation echoes elements of the notion of industry recipe suggested by Spender (1989). However, an organization may be in a position to enforce its practices on others in the same domain, through coercive pressures. This often is associated with the possession of particular resources which enable a particular organization to insist on its way, which was particularly appropriate in the public sector settings within which much research inspired by this project have been conducted. The final type of pressure suggested by Powell and DiMaggio was normative pressure, which was linked in particular with the sponsorship of particular practices by professional bodies. In this case, the need for legitimacy could be satisfied by adhering to the practices which professional bodies laid down as appropriate. The potential in all three cases for application in the context of the dominant logics that organizational actors might construct ought to be clear, but in practice the application of many of these ideas has been biased towards particular facets.

Mizruchi and Fein (1999), for example, suggest, based on a content analysis of journal articles deploying these ideas, that there has been a bias towards consideration of mimetic and normative isomorphism. They locate this in the context of the predominance of North American scholars in the application of such ideas, but we might also relate this back to the original formulation and to the subsequent emphasis on non-economic settings for investigation. Powell and DiMaggio do note the existence of competitive isomorphism, but set out to balance the picture, arguing that the notion of isomorphism that they find in population ecology emphasizes 'market competition, niche change, and fitness measures' (Powell and DiMaggio 1991: 66). They do not deny the existence of such pressures, but suggest that they are most relevant 'for those fields in which free and open competition exists' (Powell and DiMaggio 1991: 66). This is an unfortunate move, as it institutes an unhelpful divide between 'economic' and 'non-economic' spheres of life. It means that much research is then conducted on the public sector and, as Powell notes 'Institutional arguments have become associated (inappropriately, in my opinion) with notions that organizations are not concerned with task performance; instead organizations are viewed as manipulators

of appearances, seeking only legitimacy' (Powell and DiMaggio 1991: 189). However, as Whitley notes, this emphasis has been dropped

> at least amongst some researchers. Indeed, competitive logics themselves are now seen as institutionally constructed, not least by regulatory changes, in a number of accounts which attempt to subsume economic rationality in the narrow sense under wider-ranging institutional norms and conventions.
>
> (2000: 13)

A further concern that may have been encouraged by the original formulation but perhaps lies more in the intellectual context into which the ideas were introduced is the focus of much work on counting particular forms of practice and then attempting to find correlations between such data and other factors. Whilst this is not an inevitable product of an approach that examines isomorphism, such practices indicate something about more fundamental problems, problems which some from within new institutionalism have drawn attention to. These centre on the formulation of what constitutes an 'institution' and on the specification of the nature of 'agency'.

Casting his eye briefly on sociological institutionalism Michael Rowlinson comments that 'some of the new institutionalism in sociology tends to find institutions everywhere, from handshakes to marriages to strategic planning departments' (Rowlinson 1997: 86). At the root of this ubiquity is the more serious tendency to conflate organizations and institutions. Of course, there is warrant for this in everyday conversation. Organizations, especially those in the public sector are frequently referred to as institutions – not least those in the sphere of higher education! And institutionalization remains a handy shorthand for describing a process of the acceptance as taken for granted of a wide range of practices. The easy slippage between organization and institution can be found in a wide range of material. Here, for example, is Colin Hales questioning the nature of management practice:

> Once established, organizations take on a life of their own as past actions and events become institutionalized into norms and practices and ideas that entrap their creators. How much more so is this the case for middle managers who are recruited to, and in the image of, a pre-existing institution – or for senior managers who have assiduously scaled the organizational ladder.
>
> (2001: 56)

Notice here the use of 'institutionalized' in one sentence to represent a process, followed in the next sentence by the use of 'institution' as a synonym for 'organization'. Closer to the heart of the new institutionalist project, Seo and Creed (2002) swap without notice between the societal and the organizational level. Thus, at one point they note 'although institutionalization is an adaptive process, once in place, institutions are likely to be both psychologically and economically locked in and, in a sense, isolated from or unresponsive to changes

in their external environments' (Seo and Creed 2002: 228). At this point in the discussion, then, we are clearly *within* organizations and discussing a different form of institution from those in the 'classical' tradition – which would, in that tradition, *be* the external environment. However, a few sentences later they refer, seemingly with approval, to a discussion of 'the major institutions of contemporary Western society – a capitalist market, the nuclear family, the bureaucratic state, liberal democracy, and Judeo-Christian religious traditions' (Seo and Creed 2002: 228). This promiscuous intermixing of organization and institution is seen at its sharpest in Tolbert and Zucker's use of the term 'institution' for routines within organizations. Thus, for Tolbert and Zucker, the following are examples that have passed through particular stages and so have a greater chance of survival than 'those in the pre-institutionalized stage': 'team-based production, quality circles, gain-sharing compensation plans, internal consultants, sensitivity training programs for management, managers of work/family policy, and employee assistance programs' (Tolbert and Zucker 1999: 177). I want to contrast this usage with an alternative tradition that holds institution and organization apart in order to examine their interaction.

The problem with the conflation of organization and institution is that it draws us away from the central insight of institutionalist thinking. This is that action is shaped by being embedded in taken-for-granted contexts which place limits on the range of options that are considered (Zucker 1988; Powell and DiMaggio 1991). Such an insight depends on institutions being reserved for supra-organizational patterns. Such is indeed the position in more traditional forms of sociological thought – the 'plain old sociology' that Aldrich (1992) argues informs much institutionalist thought. John Scott (2001) in his discussion of the notion of 'social structure' advises us that a good place to start is with the dictionaries that purport to outline basic concepts. What is of interest here is that we simply get confirmation that a wide range of uses is common. The focus for the brief discussion in Jary and Jary is on established patterns of order, but they comment that 'The term [institution] is widely acknowledged to be used in a variety of ways, hence often ambiguously' (Jary and Jary 2000: 302). A much more extensive discussion in Abercrombie *et al.* notes that 'institution is regarded as a higher order, more general unit that incorporates a plurality of roles' (Abercrombie *et al.* 2000: 180). They too note a variety of usage, but do have a consideration of the use within organizational theory. However, their overall conclusion is that the new institutionalism 'should be treated more as a general orientation than as a fully developed theory, because there is a significant lack of agreement among its adherents as to its precise specification' (Abercrombie *et al.* 2000: 181). This is the most extensive discussion to be found in the sociological dictionaries consulted of the relationship between organization and institution, with Marshall's (1994) discussion simply repeating the observation about 'differences in the analytical precision' with which the term 'institution' is used. What these observations quite clearly point to is both a lack of clear specification but also a 'canonical' usage within sociology of institutions operating at a higher level than organizations. It is this usage that characterizes the usage of the term in both institutional

economics and in the comparative business systems perspective, and it is also one which finds support in the ideas derived from critical realism that we will consider in Chapter 2. This sense of institutions as supra-organizational social structures also makes better sense of the notion of institutional logics. For Scott these are 'the belief systems and related practices that predominate in an organizational field' (Scott 2001: 139). For these to impose some common constraints across an organizational field the logic would seem to be that institutions must refer to arrangements that also span the field. This notion of logics and the interests they give to actors is one that we will return to in Chapter 2. However, for now we can turn to the second criticism of new institutionalism that might also find some repair in ideas drawn from critical realism, its conception of agency.

We have observed a tendency to conflate 'institutions' with 'organizations'; there is also a tendency to reduce organizations to unitary bodies. The move tends to originate in part from the method of counting forms of organizational practice and relating them to other factors equally reducible to numerical form and hence amenable to statistical analysis. In this endeavour the focus is on identifying forms of practice and not on their formation (Johnson *et al.* 2003). From a perceived similarity of practice a similarity of becoming is hypothesized. As DiMaggio argues

> the theoretical achievements of institutional theory are limited in scope to the diffusion and reproduction of successfully institutionalized organizational forms and practices. Institutional theory tells us relatively little about 'institutionalization' as an unfinished process (as opposed to an achieved state), about where institutions come from, why some organizational innovations diffuse while others do not, and why innovations vary in their rate and ultimate extent of diffusion.
>
> (1988: 12)

As he points out, this leads to an impoverished view of agency. Because the new institutionalism starts with a rejection of the rational actor model, there is a tendency to ignore the questions of interest and agency (Lane 1995). One response to this absence is to suggest the notion of the 'institutional entrepreneur', the agent who actively seeks to introduce new forms. There are two problems with this formulation. One is with the definition of the term 'institutional', which seems to relate promiscuously to a wide range of forms. As we have seen earlier, if we are to reserve the term 'institution' for a relatively limited set of durable arrangements, then such complexes are not subject to the type of radical and immediate change that the term 'entrepreneur' connotes. The second problem is linked with the further connotations of the term 'entrepreneur'. This seems likely to smuggle the rational actor back in through the back door, giving us an overemphasis on designed and deliberate change. For these reasons, the term remains a contested one; of rather more significance has been the widespread adoption of ideas drawn from the work of Anthony Giddens.

It is the structuration theory of Giddens that is most often deployed in response to concerns about agency, but it is necessary here to question the reading

of Giddens that is presented before we can draw attention to some substantive concerns with this application. In their seminal article introducing the concept of varieties of isomorphism, Powell and DiMaggio argue that 'Bureaucratization and other forms of homogenization emerge, we argue, out of the structuration (Giddens 1979) of organizational fields' (Powell and DiMaggio 1991: 64). This use of the 'structuration' as a form of conscious introduction of structure into a field (Powell and DiMaggio go on to note in particular the role of the state and the professions) is one which persists into, for example, W. R. Scott's (2001) comprehensive review of the state of the approach – but is one which seems at odds with the way in which structuration is conventionally understood. This would seem to be about the mutual constitution of agency and structure. We will explore the usefulness of this formulation in a little more detail later, but similar misreadings appear elsewhere in the new institutionalist project. As Hasselbladh and Kallinikos (2000: 704) caustically observe 'It is not our task to defend structuration theory. However, we would like to observe that the analysis undertaken by Barley and Tolbert (1997) does not have much in common with Giddens' basic ideas.' This tendency to invoke Giddens more in name than in substance is nicely expressed in Phillips's phrase that 'the occasional nod' is given to structuration (Phillips 2003: 221). (Such a rather superficial engagement is not restricted to new institutionalism, as Whittington (1992) demonstrates.) However, given these concerns about their interpretation of the work, what is it that new institutionalists seek to find in Giddens?

It would seem that the main concern is to find a conception of the relationship between agency and structure that combines a focus on the activity of the agent, but also firmly embeds them in their context. The attractiveness of Giddens' conception of the relationship between agency and structure is seen to rest in the mutual constitution of each. The adequacy of this formulation is a key part of the discussion in Chapter 2. However, another criticism comes from Powell and DiMaggio when they suggest that 'Although Giddens repeatedly stresses the point that actors are knowledgeable, in marked contrast to the view of human as "cultural dopes," his work thus far provides little insight into the sources of this knowledge' (Powell and DiMaggio 1991: 23). This search for these sources leads DiMaggio (1997) in particular to an interest in the findings of the 'cognitive turn'. He allies this interest to one in the formulations of Pierre Bourdieu, and in particular his notion of 'habitus' (Bourdieu 1990). This notion is one which stresses the relationship of dispositions to act with a particular social location. Acquired unconsciously at an early stage and expressed in embodied as well as embrained form, such dispositions to act are durable and transposable across situations. Here we have one way of expressing why it might be that ideas are transposed across organizations, but, apart from the other criticisms of the concept that could be raised (Mutch 2003), we are here surely getting too far away from the transmission of organizational practices. To be sure, the predispositions that actors bring with them into organizations are an important source, but the thrust of the institutional argument must surely be on taken-for-granted understandings at the level of the organization and society. To reduce these to matters

of individual cognition seems to ignore the change that comes about through interaction at an organizational level. However, one important observation that does emerge from this interest in the work of Bourdieu is his focus on the field. The field is seen as a more active term than 'environment' being a terrain which is capable of being shaped by the active agency of those involved in its activities. It is constituted as a wider setting than that of the industry or sector and involves far more players than the companies whose Standard Industrial Classification (SIC) codes are taken as providing the shape of these more traditional divisions. The notion of the field draws our attention to what counts as important for sustaining reputation and the mechanisms for developing and deploying the type of capital appropriate to the field.

This discussion of new institutionalism indicates that there are three key features that are of importance to our enterprise. One is the insistence on the embeddedness of social action in wider institutions, institutions which shape and constrain that action. A second is the focus on these wider structures as being social and cultural as much as economic, with a key focus on the centrality of legitimacy as a core consideration in organizational practice. Finally, the new institutionalism draws our attention to the importance of the taken-for-granted. However, there are also some problems, problems which relate in particular to the conceptualization of agency. One problem relates to the definition of the term institution. This is either conflated with organization, or is taken to relate to purely cognitive rules. Both these approaches are rejected here. From the business systems perspective we take the notion of institutions as supra-organizational formations which have both a social and a cultural dimension. This is something which we will elaborate in Chapter 2. We need clarity on this because it also relates to a further weakness in the new institutionalist project, a weakness in the conception of agency that is readily admitted by internal critics. Again, we will return to this issue in Chapter 2 when we review Archer's conception of agency and suggest that it offers resources with which to repair these deficiencies. However, what can we take forward from our discussion so far?

One important theme is the importance of the context in both shaping and enabling the formation of organizational strategy. Thus, one writer closely associated with the business systems perspective turns Chandler's formulation on its head to suggest that 'Structure is more determinant of strategy than strategy of structure' (Lane 1995: 198). In this case, what she means by structures are the dominant institutions. We might not want to go as far as this, but the work of this school indicates the importance of institutions conceived of as supra-organizational structures in shaping responses. In the light of Whittington and Mayer's (2000) work we would want to be careful to elaborate the nature of the market in which our companies operated. We can usefully take the notion of the field as developed by the new institutionalists to conceptualize the setting in which these companies worked. This gives a more active role to those same organizations in the shaping of that field than the notion of the environment, which tends to connote something given to which organizations simply have to adapt or respond. However, we also have to recognize the importance of ways of seeing this field. If companies

do not simply respond to a set of institutional arrangements then we have to explore the ways in which they perceived those sets of arrangements. In deploying the notion of the dominant logic we need to take notice of the ways in which it was constructed from the resources provided by the field and by the interplay of agents within it. Within the latter group, our discussion of the notion of dominance suggests that we will need to pay particular attention to the activities of those with authoritative control over the resources of the organization (Ackroyd 2002). We are suggesting then a tension between a focus on the structures that condition action and a focus on the perception of those structures. This tension raises the central problematic of the relationship between agency and structure, a problematic which is at the heart of debates in social theory. It is to these debates that we turn in Chapter 2. Elucidation of the relationship between agency and structure has been at the heart of Margaret Archer's project, and the development of these ideas in the context of critical realism is the prime focus of what follows.

2 Realism and strategy

The year 1989 saw the publication of an explicitly realist account of organizational strategy. Richard Whittington's (1989) *Corporate Strategies in Recession and Recovery* drew on Roy Bhaskar's formulation of critical realism to examine the response of companies in the domestic appliance and office furniture industries to the vicissitudes of the business cycle. The account wove together Bhaskar's conceptualization of social structure with that of Giddens to argue that 'markets not only constrain; they actually extend agency by affording certain privileged actors the resources with which to act' (Whittington 1989: 47). It argued that even the best treatments of organizational strategy, the 'contextualist' accounts of Pettigrew (1985) and Johnson (1987), tended towards a very 'internal' discussion of their case companies, providing a rich picture of developments but failing to ground these in 'the companies' scope for strategic discretion in terms of positions within product markets, capital markets and the market for corporate control' (Whittington 1989: 70). A realist account, stressed Whittington, would draw attention to the use of the resources that such structures afforded. We have already noted that this leads to an emphasis on the skilled construction of 'local ideologies' by dominant actors. This leads to a 'strong' conception of strategic choice:

> My contention is that the direction of these strategies were determined neither by environments nor by rigid action selection mechanisms; rather they stemmed from the deliberate and independent actions of agents who had, as individuals or groups, carefully exploited initial positions in order to enlarge their margins of discretion.
>
> (Whittington 1989: 197)

This account, however, seems to have had little impact on the study of strategy. When cited at all, the work is used to support the broad ideas of 'local ideologies' or dominant teams (Alvesson and Willmott 2002; Jarzabkowski and Wilson 2002) rather than as a part of an engagement with the theoretical approach. There is also no evidence of such engagement in the comprehensive review of approaches to the study of strategy contained in the *Handbook of Strategy and Management* (Pettigrew *et al.* 2002), just a passing mention from the author himself. The

emphasis in the field of strategy has shifted to processual accounts which have largely been concerned with how strategies emerge from within organizations. However, we have noted already that Whittington has returned to the subject of structures, this time with a much greater emphasis on both their power to constrain organizational practice and on one particular form, that of markets. We might also note the observation by a leading member of the comparative business systems approach, Richard Whitley, that, following Margaret Archer 'social agents are constituted with certain powers and capabilities in distinctive ways in particular institutional environments' (Whitley 2003: 494). It is timely, therefore, to revive the examination of social structure through a revisiting of the critical realist project. However, since 1989 there have been considerable developments in both organization theory and critical realism. In organization theory there has, in particular, been the considerable growth in institutional perspectives that were examined in Chapter 1. Meanwhile, there have been substantial advances in the critical realist project, in part in the organizational field, but largely in the domain of social theory. It is these ideas that this chapter reviews, with the primary aim of suggesting resources that can repair the deficiencies we explored in Chapter 1.

Before exploring these ideas in more depth it is necessary to make some preliminary comments to do with the status and development of these ideas. As we have noted, critical realism is a philosophical endeavour which seeks to act as an 'under labourer' for those working with more substantive theories. Collier (1994) suggests that the conceptual clarity that critical realism seeks to provide is compatible with a range of substantive theories. The major work to be outlined in the following pages, that of Margaret Archer, represents her reworking and deployment of these conceptual resources in the domain of social theory. In her turn, she argues that her 'morphogenetic approach' is 'compatible with a wide range of social theories' (Archer 1995: 159). What we will endeavour to do in the rest of this book is to apply these ideas to aspects of organizations. There is a staged process at work here, therefore, that is at two removes from the work presented by Bhaskar and others. However, the term 'critical realist' is widely used as a convenient shorthand for the approach essayed here. A further caveat that needs to be made is the relatively limited application of these ideas in the organizational domain. The present approach is indebted to the acts of 'secondary recontextualization' (Bernstein 1996) performed by authors such as Rob Willmott (1999, 2000), and Michael Reed (1997), but it would be fair to note that these are primarily works of explication rather than application. The use of these ideas to perform concrete analysis has been rather limited, with Whittington's (1989) work being the most substantive example to date (but see Mutch 1999; Ackroyd and Fleetwood 2000; Reed 2001; Fleetwood and Ackroyd 2004). The present work is an attempt to develop this application, but this is not best conceived as an attempt to construct a new substantive theory of organizational strategizing. Rather, as Cruickshank (2003) argues, the project is one of constructive engagement with existing perspectives, recognizing the wealth of work that has already been done and seeking to develop these perspectives. With these caveats in mind, it is

possible to explore some of the ideas of critical realism in a little more detail. Given that many readers will not be familiar with these ideas, some basic tenets are briefly sketched first before a more detailed engagement with the work of Margaret Archer. However, of necessity the coverage essayed in the following pages is selective. The aim is not to develop the theoretical apparatus of critical realism but to use it to help to understand concrete passages of organizational life. At numerous points, therefore, the reader is referred to further resources where the ideas outlined have been developed in more depth than can be attempted or is appropriate here.

Contemporary critical realism has its origins in the work of Roy Bhaskar in the philosophy of science (Bhaskar 1979; Collier 1994). Rejecting positivism as an inadequate explanation of how scientists operate, Bhaskar was concerned, however, to preserve some sense of a striving towards better knowledge of an already existing world. That is, he adheres to the central tenet of realism that there is a world that exists independently of our knowing of it. He was concerned to work from the premise of what properties the world must possess for science to be possible. On this premise, he distinguished several levels of reality. On the surface are empirical events, those which are accessible as sense data and which form the basis of 'commonsense' or 'naïve' realism. Below these events was the actual, often accessible only through indirect means, such as the scientist's electron microscope. However, this 'scientific realism' is not the full extent of the real, nor does it explain what scientists do, a position which might be contrasted to that which seems to be adopted in the 'mainstream' of organizational analysis (Boal *et al.* 2003; McKelvey 2003). Rather, argues Bhaskar, the real is to be found in the causal mechanisms that produce the event states that we record as the 'actual' and it is these causal mechanisms that scientists are concerned to identify and explore. These mechanisms might only operate within a particular range of constraints, and there may be other mechanisms that operate to confound their operation. That is, mechanisms may exist but not be activated, or their effects might be hidden by countervailing tendencies.

Reality is also stratified and emergent. These twin concepts are well illustrated in the work of the biologist Stephen Rose (1993), whose explorations of the making of memory are located in a framework informed by Bhaskar's work. The mind emerges from certain physical and biological properties, but it cannot be reduced to them. That is, a particular combination of physical and chemical properties gives rise to the biological apparatus of the brain, but this working cannot be reduced to a simple collection of individual parts. In turn, Rose's experiments indicate that memory exists as a self-organizing system that depends on biological substance to operate, but cannot be reduced to any one part of it. This allows Rose to resist the claims of genetic determinism and further allows us to posit the notion of the social as a distinct layer, dependent on the actions of people but not reducible to individuals. A key concept here is the notion of 'emergent properties', the idea that levels possess properties that are *sui generis*. Finally, the difference in levels also corresponds to an increasing openness and complexity. At some levels we may be able to attain closure, or it may be feasible

for scientists to attain such closure through controlled experimentation. This allows for prediction, but in open systems there is increasing contingency which makes prediction difficult; laws give way to tendencies. At the level of human systems, all systems are open and further complexities need to be added. We have the operation of the 'double hermeneutic', that is, not only do we have to interpret the results of our observations, but our research subjects produce their own readings of the world (Outhwaite 1987). Sometimes these readings incorporate our own, making the 'scientific' isolation of variables a perilous business. This raises the central issues of contingency and free will. These make prediction fraught with difficulty and suggest that a more modest goal of explanation is appropriate for those exploring human activity.

Bhaskar recognized these crucial differences and, drawing extensively on Giddens, formulated his Transformational Model of Social Action. This has, however, been extensively critiqued by Archer and it is her more satisfying work that forms the basis of the following discussion. Archer is a sociologist of education who has explored the application of critical realist ideas to the domain of social theory in a series of exhilarating but complex books (Archer 1995, 1996, 2000, 2003). These books cover a wide terrain and the discussion in the following lines has of necessity to be selective. It will focus initially on her conception of the relationship between structure and agency. This raises the issue once again of the ideas drawn from Giddens that we have seen to be a significant factor in not only new institutionalist accounts but also those of others. Archer has been a trenchant critic of Giddens' approach to the relationship between structure and agency, and her discussion is helpful here in clarifying the application of his ideas in the organizational domain. Her discussion of the notion of 'institution' is rather more limited, but her advocacy of holding apart notions of structure and culture for the purpose of analysis is useful in returning to the definition of this key term. Her project has increasingly centred on the nature of agency and provides rich resources for tackling the concerns about agency that we highlighted in our discussion of the new institutionalist project. However, there does seem to be something of a shift in this later work to the 'pole of agency' and we will discuss the importance of practice here. Finally, we will tackle the issue of discourse and language, located in the context of one critique of the new institutionalist endeavour.

The problem that critics identify with Giddens' formulation of the agency – structure relationship is that in practice he ends up by privileging agency (Callinicos 1985; Layder 1990). In this, such critics are expressing a concern with a more general intellectual trend towards the privileging of process over structure. Basil Bernstein points to the rise of theories, based on the work of Chomsky and Piaget amongst others, that emphasize the inbuilt skills and competence of human beings. Whilst important in its valorization of the attributes that all humans have, this focus has, according to Bernstein, meant that we have paid 'the price of abstracting the individual from the analysis of distributions of power and principles of control which selectively specialize modes of acquisition and realizations' (Bernstein 1996: 58). By this, Bernstein means to draw attention to the

way in which only certain attributes are valued and developed by certain constellations of structural arrangements. The need is to pay attention to such structural conditions but, for his critics, Giddens fails to do so because of his notion that structures are only instantiated in action. That is, they have no independent existence except as 'memory traces'. In this case, argue critics, how can they then be analysed independently of the actions of agents? What purchase, for example, does this give us on technologies, which might usefully be viewed as inscribed structures (Jones 1999)? Archer (1995) joins these critics in arguing that Giddens is an example of 'central conflationism'. For Archer, those analysts who privilege the impact of structures on agents are 'downward conflationists', in which actions are simply an epiphenomenon of deep structures. On this reading, once we have acquired the key to the structures, we can simply 'read off' the corresponding action. By contrast, those who focus on human interaction, such as the Symbolic Interactionists, are 'upward conflationists' for whom society is simply an aggregation of a myriad of individual interactions, with no discernible shape or pattern beyond these. Archer rejects both, just as does Giddens, but finds that Giddens' structuration resolves the tension by dissolving it altogether. Her solution, by contrast, is to insist on the importance of both agency and structure and to suggest that what is important is to explore the relationship between both. This is the core of what she terms her 'morphogenetic' approach ('The "morpho" element is an acknowledgment that society has no pre-set form or preferred state: the "genetic" part is a recognition that it takes its shape from, and is formed by, agents, originating from the intended and unintended consequences of their activities' (Archer 1995: 5)), which she formulates as follows:

> every morphogenetic cycle distinguishes three broad analytical phases consisting of (a) a given structure (a complex set of relations between parts), which conditions but does *not* determine (b), social interaction. Here, (b) also arises in part from action orientations unconditioned by social organization but emanating from current agents, and in turn leads to (c), structural elaboration or modification – that is, to a change in the relations between parts where morphogenesis rather than morphostasis ensued.
>
> (1995: 91)

Such an approach draws on the notion of emergent properties derived from Bhaskar's work explored above to argue that whilst society is quite clearly the product of human activity, it is not necessarily the product of those humans 'here present'. That is the previous activities of human actors create structures (institutions, roles, routines) that then both constrain and enable the activity of actors in the next round of activity. In each cycle of activity, actors begin their interactions in a context which they did not create but which enables certain outcomes and makes others unlikely or difficult. To label them as unlikely or difficult does not, however, make them impossible. Agency is not determined by context, but has to take into account opportunity cost in exercising choice.

Such choice, of course, may well not appear as such, with certain courses of action being practically unavailable in many contexts. However, the result of social interaction is structural elaboration, either change or stasis. It is down to empirical analysis to determine the content of each cycle, but a key part of such analysis will be an adequate exploration of the formative context. Time is therefore a critical dimension of this approach, and it is one which fits well with institutionalism's focus on historical accounts (Lawrence *et al.* 2001).

   The contrast with Giddens' conceptions should be clear: the focus of Archer's social realism is on the interaction over time between agency and structure, with structures possessing emergent properties that have causal powers. This is a much stronger conception of structures than Giddens' notion of structures as memory traces and has occasionally been recognized as such. Whittington (1989), for example, notes the tension between Bhaskar's notion of structure and what is seen as the more voluntarist position that Giddens adopts, but he 'nevertheless' relies on Giddens' account. Others note the tension but proceed to ignore it. Barley and Tolbert, for example, state that

> Although the critics of structuration theory have aimed their critique at problems they believe to be inherent to the theory's logic and, for this reason, have sometimes argued for re-establishing the separation between structure and action that Giddens sought to transcend [citing Archer], we submit that the worth of the critique actually lies in the epistemological rather than the ontological issues that it raises.
>
> (1997: 99)

In similar vein, Hendry has a brief discussion of the criticisms of Giddens but chooses to use his ideas as 'a metatheoretical device' arguing that the tensions in the conception reflect 'the tensions of the world we live in' (Hendry 2000: 971). In another account we find another way of avoiding the issue; this time by bracketing together a number of very different accounts:

> Giddens's work can be located in the theoretical tradition that aims to transcend the structure – agency dualism and to reconcile interpretive and functionalist sociological views, in common with the work of such theorists as Bhaskar..., Bourdieu..., and Silverman.... Each of these approaches is different, but they all share the concern of bridging the gap between action and structure in social life, the recognition that, in the study of social systems, understanding individual actors' meanings is of paramount importance, and the proposition that meaning, and therefore social reality, is constructed, sustained and changed through social interaction.
>
> (Heracleous and Hendry 2000: 1253)

By contrast, in this account I wish to argue that the ontological differences between Giddens and the critical realist tradition are significant ones that cannot simply be elided. My contention would be that in many accounts the language of

'structuration' is being used, but that authors are employing in practice a much stronger conception of structure than can be found in Giddens. For example, Pettigrew's (1985) 'contextualist' account of organizational change at ICI is nominally informed by Giddens, but not only is the discussion of Giddens' ideas remarkably slim, but in practice the analysis of how structures both constrain and enable action would seem to fit more comfortably in the framing provided by Archer. Hence, I wish to champion the strong conception of structure that Archer has provided us with and use it as a guide to resolving the status of the nature of 'institution' as discussed in Chapter 1.

If we are to follow Archer's approach, then it is important to maintain some distinction between institutions, organizations and routines, in order that we may examine the interrelationships between them. Archer seems to suggest this herself, although only in passing. There is no direct definition of institutions, with this seeming to be taken for granted in her discussions. In *Culture and Agency*, for example, she argues that 'there is no ready fund of analytical terms for designating the components of the cultural realm corresponding to those which delineate parts of the structural domain (roles, organizations, institutions, systems, etc.)' (Archer 1996: 1).

This suggests both this 'taken-for-granted' status and the existence of a hierarchy of structures in which organizations and institutions are distinct from each other. What she is more concerned with is laying out patterns of logical relations between systemic components, as we saw above in the example of the education system, in which some components may be organizations. However, in other areas we can glean from her examples that she is operating with a 'traditional' sociological conception of the institution. As we have seen, in her discussion of ancient India she argues that 'the entire matrix of . . . institutions was internally related, and interconnecting lines could be drawn between caste/religion/ kinship/economy/polity/law and education' (Archer 1995: 219).

This discussion suggests that we need to return to a more restricted conception of institutions as a relatively limited set of sedimented and durable combinations of ideas and practices at a supra-organizational level that both enable and constrain action at both the organizational and the individual level. In this context the idea of the organizational field is useful provided that we include those aspects of institutions likely to play a role in shaping action. What we cannot do is specify in advance what those institutions will be, to 'read off', as it were, the institutions that 'belong' to a particular social formation. Archer (1995: 218) points to the difficulty of specifying 'core institutions'; the focus is rather on developing a method of analysis which enables us develop an 'analytical narrative' of a particular constellation. It is here that the work of the comparative business systems tradition is useful in supplying a framework for comparing the institutions that frame organizational activity. For our purposes the observations about the complex of institutions that frame activity in the British economy are of particular importance. This is a different conception from that prevalent in much new institutionalism, which places more emphasis on the cultural and cognitive aspects of what it terms institutions. It is here that we need to turn to the distinction that Archer draws between structure and culture.

Just as Archer argues that it is necessary to separate out 'the parts' and 'the people' in order that we may analyse the unfolding relationship between them, so too she argues that we need to apply the same approach to the study of culture. However, here she argues that the situation is far worse, with there being very little clarity in sociological debates over the role of culture. Rather, she argues, there are either approaches in which culture is an all enveloping master cause, or approaches in which it is a mere epiphenomenon. The dominant approach she characterizes as the 'Myth of Cultural Integration', which 'perpetuates an image of culture as a coherent pattern, a uniform ethos or a symbolically consistent universe' (Archer 1996: xvii). Such would seem to be at the heart of formulations such as the notion of 'organizations as culture' (see, e.g. Parker 2002: 73, following Smirich). The problem here, argues Archer, is that this gives us no purchase on the development of culture and the way in which it is employed in the service of different material interest groups. This failure to define the notion of culture clearly and in distinction to structure might be found in much of the work on organizational culture. For example, in Brown and Starkey's examination of information practices we find the following:

> The deliberate construction of reports by subsidiaries so as to fail deliberately to reveal a clear picture of their activities had a detectable cultural basis. Such actions reflected a lack of confidence on the part of subsidiaries (especially subsidiary 1) in the holdings board's intentions. This low level of confidence had its origins in the restructuring of the company which had effectively disempowered subsidiary 1.
>
> (1994: 821)

One would have to question here whether this was indeed a 'cultural' issue, or whether it was one of the exercise of power within organizational structures. Brown and Starkey point to the need to recognize tensions and cleavages in organizations, but in practice seem to favour a version of the cultural myth. By contrast Archer argues that we need to hold the two terms apart in order to examine their inter-relationship. In order to analyse culture in a little more depth she employs the same tools of emergence and analytical dualism as were brought to bear on the problematic of agency and structure. She separates culture into the cultural system and cultural interaction. The latter domain is that more familiar to treatments of organizational culture, dealing as it does with stories, myths and symbols. This is the world of interaction, in which actors employ ideas from the cultural system and use them creatively for their particular purposes, confirming or changing them in the process However, they do not do so in entirely free conditions, for the cultural system imposes certain boundaries to their action. It does this by allowing certain combinations or ruling out others by virtue of the logical relations appertaining between bodies of ideas. This is because, for Archer, 'the Cultural System is restricted to the propositional register of society at any given time' (Archer 1996: xviii). This distinctive approach allows her to analyse the way in which combinations of ideas related by logic are available to particular actors at

particular times. Some ideas complement each other, reinforcing each other and suggesting a situational logic to those who draw on them of elaboration. That is, the logic seems to suggest the further refinement of a set of closely connected ideas, all of which support each other. In such a situation, social gain comes from being associated with the elaboration of ideas, filling in the interstices of that which exists rather than striking out in new directions. By contrast, other bodies of ideas have contradictions at their heart, directing those who draw upon them to censorship in order to prevent the contradictions from tearing their position apart. That is, social groups who adopt one idea to bolster their position may require to keep other aspects of the connected set of ideas hidden, lest they enable others to challenge their ideas. They cannot, however, do away with the contradiction alto-gether, for it is at the heart of the set of logically related concepts. Archer illustrates these concepts with discussions of the development of bodies of religious and scientific thought over time that are far too complex to do justice to here. What is important for the present discussion is the weight accorded to the careful analysis of culture, which is two fold. One is the attention paid to the elaboration of ideas, in which contest, creativity and debate at the interaction level populate the cultural system with new propositions. The emergent properties of this level mean that it provides new resources and new situational logics to a new generation of actors. The second is the relationship between structure and culture, with both elements having a degree of autonomy, meaning that, for example, changes in ideas are not some pale reflection of changes in social practice, nor do they in some way imme-diately affect actors without some form of mediation. In her critique of the edu-cational ideas of Basil Bernstein and Pierre Bourdieu, for example, she argues that they assume 'that education is a completely permeable social institution' (Archer 1983: 197). Her argument is that this neglects the mediating power of the 'educa-tional system' which is defined as a 'nationwide and differentiated collection of institutions devoted to formal education, whose overall control and supervision is at least partly governmental, and whose component parts and processes are related to one another' (Archer 1983: 196). How might this discussion be related to organizational strategy?

Rowlinson's (1995) discussion of the changing relationship between culture and strategy at Cadbury at first sight seems to offer some answers. He argues for the need to examine the interrelationship between meanings and the more material practices on which they are founded. One of these 'material practices' is the formation of strategy. His account is in particular founded on the relationship between labour management practices and cultural understanding. This leads him to the conclusion

> that strategies and structures which attempt to realize the mobility of capital within a firm are likely to undermine the culture that is identified with insti-tutions located in a specific time and place. This might be seen as a conflict between capital and community, where strategy and structure are concerned with the requirements of capital, and culture is an expression of community.
> (Rowlinson 1995: 138)

What Rowlinson does, then, in a manner which has distinct echoes of the Habermasian distinction between 'system' and 'lifeworld', is to counter pose strategy and culture and to identify them with the interests and actions of particular groups of actors. However, whilst this might recognize tensions between strategy and culture, is it an adequate approach? We might want to contest, for example, the notion that culture is solely formed on the basis of labour management practices; this would seem to echo the failure of much labour process analysis to take into account the competitive nature of the process of capital accumulation, which gives rise to different pressures on cultural formation (Roberts 1994). Rowlinson's approach is useful in recognizing the divide but wrong in founding it directly on particular material interest groups. In this, we have a restatement of the myth of cultural integration, but tied to the 'lifeworld'. Meanwhile, ideas seem to have no purchase on the 'system', which operates purely according to the tenets of economic rationality (Archer 1996). This underplays the way in which culture can be drawn upon by different material interest groups in different ways. This is nicely brought out in Tony Lane's account of Liverpool where he argues that the rhetoric used by merchant families

> to extol the city and its world role passed to others whose livelihood in the city was dependent upon a continuation of its traditional role as a port. The sense of stature that Liverpool people have of themselves is due in part to the extravagant language once used so readily and frequently by the 'old families'.
>
> (1987: 82)

In other words, ideas, once lodged in the Cultural System, have an impact that escapes their conditions of creation. They can be drawn upon by very different groups to further what they perceive are their interests but which perhaps in turn constrain the realization of those interests. Culture does not inhabit a distinct world from the material practices exemplified by strategy and structure but exists in relationship with them. Both need to draw upon culture to inform and shape their development.

We need, then, to keep culture and the way that it is drawn upon as a resource by, and acts as a constraint on, competing material interest groups distinct. However, where does this leave strategy? Archer notes that 'social policies can be inconsistent with economic planning, religious doctrine can contradict defence programmes and educational knowledge can stand in logical opposition to legal rules' (Archer 1996: 279). This would suggest, then, that we place strategy as a structural element – or at least, that we recognize that the formal product of the process that we call 'strategy' belongs in the structural realm. Of course, in practice we know that strategy making is a messy business involving many different organizational actors and their different material interests, and that it draws upon many bodies of ideas for justification and inspiration, but for the purpose of analysis it can be useful to regard it as a process that is constrained by past strategies and their associated material practices (organizational structures, labour

management practices, installed systems, etc.) and by the range of ideas on offer as to what is an appropriate strategy. Separating out strategy into these component parts for analytical purposes offers us a way in which to handle cognitive shifts identified in our empirical material presented earlier. If we accept, then, for the time being the notion of strategy as properly being in the structural dimension, then what does Archer suggest about the Cultural System and what implications does it have for the organizational domain?

For Archer there is one Cultural System at any point in time (part of the challenge being to explore its elaboration over time) and what is important is that there are logical relationships between propositions contained in it, relationships which have implications for practice. She sets these relationships out in summary form as follows in Table 2.1.

We can draw a clear distinction here between Archer's discussion of logical relations and that conducted in new institutionalism on institutional logic (Seo and Creed 2002). In both cases, the sets of relations give direction to action, but in new institutionalist discussions the implications of contradictions are not as clearly brought out. In that process the focus is on the existence of contradiction as forming a space for action. Archer, by contrast, points out that contradictions may take a particular form, one that operates in relationship with social relations. The constraining contradiction is where items in the cultural system logically contradict in such a way as to constrain the advocacy of one part of the relationship. However, such contradictions can go unnoticed if they are not seized upon by social groups with an interest in exploiting part of the contradiction. The social group which does employ the major part of the idea seeks to modify the impact of the contradiction. Once, however, another social group becomes aware of the contradiction then they seize upon it, so emphasizing the nature of the tension and rendering the contradiction competitive. In such a case the situational logic is one of a battle between the two ideas. Rather than reconciliation, elimination is the aim. Now, these ideas are developed over a grand sweep of history, with examples drawn from religion and science. However, what they do suggest for organizational analysis is a means of developing the notion of institutional logic.

What is particularly important here is the notion that relationships between propositions in the Cultural System have a situational logic for actions at both the

Table 2.1 Cultural System (types of logical relations)

Which condition	Contradictions		Complementarities	
	Constraining	Competitive	Protection	Contingent
Situational logic	Correction	Elimination	Protection	Opportunity
CS level	Syncretism	Pluralism	Systematization	Specialization
S-C level	Unification	Cleavage	Reproduction	Sectionalism

Source: Archer 1996: 270.

level of ideas and at the level of practice. So, for example, the adoption of a direct retailing strategy by brewing companies depended on the development of practices and ideas within retailing more generally. One important idea here was the use of salaried managers to run pubs directly. However, the adoption of such ideas did not come without a cost, for with them they necessarily brought ideas about the nature and role of managers. For many brewers this was seen as a subordinate role exemplified in the language of master and servant. However, managers and their representatives could draw upon alternative notions of professionalism to argue for an improvement in status. Exploring the unfolding nature of these tensions and the disagreements that they brought between and within brewing companies, as well as between and within manager and tenant groups is one of the tasks that we will pursue in subsequent chapters, but the value of Archer's approach is that it focuses our attention on these issues and suggests one important avenue for further work. She notes at several points that her analysis is speculative and based in many places on analysis generated from theoretical logic as opposed to detailed histories of the development of particular bodies of ideas. She notes, for example, that 'until we have a body of "doctrinal" or "disciplinary" histories, compiled from the perspective of analytical dualism, we lack the empirical means to explore these speculations about and at a greater level of complexity' (Archer 1996: 271). Whilst recognizing the exceptions (pointing in particular to the work of Elias and Needham) she suggests that the absence of empirical work means that her work has to be largely at the level of suggestive generalities. We return to the challenges that this poses for work on organizations in a moment, but what her work suggests is that part of the answer to our questions earlier about the different approaches to the 'retailing' turn is that we need an account of the development of ideas about retailing and management, both in general and as they are applied to brewing in particular.

However, the work Archer presents about the relationship between agency, structure and culture is conducted with a broad sweep. It covers issues such as the rise and fall of great religious systems, or the emergence of bodies of scientific thought. To be sure, she argues that her identification of logical relationships 'is general in nature and could be applied to society as a whole or to some sector of it' (Archer 1996: 270). However, where do organizations fit into this approach? We can see that we need more adequate accounts of the ideas that are available to organizational actors and the way in which they are constrained. We can also accept that it is of great value to regard ideas as not necessarily involving shared understanding, but entailing debate, tension, compromise and dissent. However, we are still left with the middle term, of the way in which actors within some organizations seem to acquire particular ways of viewing the world which are mediated by factors specific to that particular organization. This restricts the range of choices to which organizational actors perceive they have access. This need not be a matter of the operation of organizational power to block access or censor ideas, although this might be involved. It is rather a question of how organizations create and sustain a dominant way of viewing the world, one in which actors might indeed disagree about a particular body of ideas but in which they accept

common parameters. The organization then acts as a mediating term between the body of ideas and their reception and it is this mediating role that we are often thinking of when we speak of organizational culture. However, conceiving of this as 'dominant logic' might give us a little more purchase, but this returns us to some of the problems of the conceptualization of agency that we noted in Chapter 1.

The paradox is that of 'embedded agency'. That is, we have seen that Whittington used critical realism to argue for a 'strong' version of strategic choice, in which actors draw on the resources afforded them by their relationship to wider structures to carve out space for idiosyncratic action. The main thrust of the institutionalist argument, by contrast, is that organizations come to look remarkably similar, and that that is because of the pressure of broader institutions. Clegg (1990) suggests that one way of viewing this is to argue that powerful actors do choose, but from a limited repertoire of resources that express the 'taken-for-granted' arguments of institutionalism. If we explore Archer's notions of agency, we will see that she holds to a strong conception of persons as moral evaluators of their concerns. However, she also provides some indication of why it is that some people come into conflict with structures and seek to change or employ them. Whilst this account tends to stress strategic choice, it perhaps underplays the situated nature of the practice that is engaged in and this might be a way to bring in the taken-for-granted quality that we have seen is at the heart of the institutionalist project.

Within this approach Archer also presents a complex account of agency that has important consequences for our discussion. She presents a three fold classification of person, agent and actor. The category 'person' allows her to make room in her account for the role of individual psychology, a consideration which is overlooked in much social theory, but fits well with, for example, DiMaggio's (1997) concern with cognition. In her account of the development of the embodied person, emergent from but not reducible to biology, Archer places considerable emphasis on the importance of non-linguistic experience in the formation of the self. That is, she is concerned to separate the development of the self from the development of concepts of the self. She argues that confusing the latter with the former is to commit the 'epistemic fallacy' that is, to confuse a phenomenon with our knowledge of that phenomenon. She insists, against much of the focus following the 'linguistic turn' that whilst language is central in human activity, it is not exclusive. This focus means that we preserve a notion of a self outside of the discourse or other totalizing structures, but a self that is immediately placed in social positions. Such social positions she labels 'agents'. Agents are always collectives, but a person can be placed in a number of agential positions. Some positions, or primary agency, are ascribed to us by virtue of various demographic conditions, such as age or sex. Others, corporate agency, are the result of conscious and deliberate action, perhaps articulated through organization or other forms of collective activity. It is corporate agents, argues Archer, who 'maintain/ re-model the socio-cultural system and its institutional parts: Primary Agents work within it and them' (Archer 1995: 265). The third part of the triptych is the

'actor' who always acts in a social capacity. In this formulation, Archer is anxious to distinguish between human beings as persons and human beings as social actors, with neither being reduced to each other. It is the concept of agency, she argues which furnishes the bridge between the two:

> The *conditional* influence of society works through the objective life chances which are dealt to us at birth. For the collectivities into which we are involuntaristically grouped affect the 'social actors' whom we are constrained or enabled to become voluntaristically. Yet someone has to do the becoming (which is neither fully random nor fully regular) and thus it was essential not to conflate 'human beings' and their capacities with social beings. Equally, it has to be allowed that it is the latter who, in combination, transform what it is socially possible for humans to become over time by their constantly elaborating on society's role array.
>
> <div align="right">(Archer 1995: 293, emphasis in original)</div>

Archer's main concern from her analysis, however, is to defend a view of the subject against the decentring that accompanies an emphasis on the shaping of the subject by discourse. In *Being Human* (2000) she lays particular stress on the emergence of pre-linguistic understanding in babies, arguing that not all understanding of the world is mediated by language. This insistence on a sense of self emerging from our embodied interaction with a durable external world provides the basis for her to argue for the importance of the internal conversation as being at the core of the interaction between agency and structure. It is, she argues 'the modality through which reflexivity towards self, society and the relationship between them is exercised' (Archer 2003: 9). An exploration of the nature of the internal conversation leads her to argue both for its existence and for the possibility of its investigation. The results of such an investigation are the positing of three types of reflexives: communicative reflexives, autonomous reflexives and meta reflexives. She also suggests that there are those for whom reflexivity is 'fractured', those who never achieve, for whatever reason, the capacity to hold adequate internal conversations and so are largely restricted to primary agency. Communicative reflexives are those who need others to complete their internal conversations; such conversations, as it were, are projected towards and depend upon others to enable successful performance. Autonomous reflexives, by contrast, shut themselves off from others in the completion of their conversations and display much more strategic orientations to the world. Meta reflexives also monitor their reflexivity against the yardstick of strongly held values. All these forms of reflexivity have consequences, she argues, for the interaction with the enduring structures of society and in turn, consequences for the persons who adopt them. The communicative reflexives tend to adapt to these structures, pre-serving a local context that enables their continuing communication even if this involves loss in other directions (e.g. turning down material advancement if it means severing strong local ties). By contrast, the autonomous reflexives attempt to use such structures to pursue their projects, necessarily elaborating them as

they encounter them. The meta reflexives are society's critics, seeking structural change to enable the realization of personal projects guided by a commitment to strong values. For all these actors, however, it is the pursuit of personal projects that leads them to a particular engagement with society, an engagement that is reflected on in the internal conversation.

We can contrast this approach with that of Giddens, with its stress on the knowledgeability of actors. He argues that modernity is characterized by an intense reflexivity in which 'social practices are constantly examined and reformed in the light of incoming information about those very practices, thus constitutively altering their character' (Giddens 1990: 38). Going still further, he suggests that 'What is characteristic of modernity is not just an embracing of the new for its own sake, but the presumption of wholesale reflexivity – which of course includes reflection upon the nature of reflection itself' (Giddens 1990: 38). Others have drawn attention to the excessive reliance of this formulation on reflexivity. Layder for example, argues that, whilst Giddens' stress on the way in which actors 'know how to go on' is a valid insight, 'the person is not simply a creature defined by reflexivity, and practical or rational consciousness. Such a cognitive emphasis must be balanced by an appreciation of the sense in which the human being continuously operates at the edges of the requirements of the social world' (Layder 1997: 74). Archer's account suggests a more complex account of the varieties of reflexivity which helps to explain why it is that some come into conflict with the structures of society. However, I wish to pursue Layder's suggestion to explore the notion of practice and institutional change in a little more detail. I want to suggest that whilst autonomous reflexive actors might come into collision with structures, their mode of appropriating these is through the mechanism of practice, practice which is taken for granted and transferred from one field to another. The actors may 'know what they are doing', but the knowledge has been shaped by prior experience and institutional embedding to limit the resources which they perceive to be available to them.

I want to draw on some historical examples to support this focus on the influence and transferability of practice. Muldrew's (1998) account of the development of institutions for credit depends on a detailed examination of mundane practices. It was the experience of litigation over debt, he argues, reaching as it did virtually every household from the 1580s that led to changes in both institutions and ideas. A similar focus on the importance of experience and the seemingly trivial details of everyday life can be found in a work of historical sociology, Camic's (1983) exploration of the emergence of five key thinkers of the Scottish Enlightenment. He argues that accounts which simply sketch in a vague institutional context (although he would not use that language) are inadequate, as they give us no purchase on why some people are affected differently from others who are also bathed in the same ideational context. He draws attention to routine experiences, exploring, for example, detailed changes in Scottish educational practice in issues as mundane as the employment of university teachers, to argue that a similar set of experiences provided opportunities for the generalizations that enabled thinkers like Hume and Smith to break new ground in their

formulations. Closer to our subject matter, the adoption of direct public house management in Liverpool by the Presbyterian Scottish brewer Andrew Barclay Walker can be seen in the context of practices of Presbyterian church governance (Mutch 2005a). This set of taken-for-granted practices, with its strong focus on detailed record keeping in the support of accountability formed a 'to-hand' model for the realization of projects that had an entirely different purpose. Thus a set of ideas came to be embedded in organizational practice, but not by a conscious application. Rather, such an application was mediated by practice that seemed to fit the situation at hand. What such a focus suggests is that we need to explore the resources that were to hand as far as actors might be concerned, resources which might be articulated in the form of analogical reasoning, rather than conscious reflection on a set of ideas.

Such an approach might seem to be at odds with the focus of critical realism on the explication of logical concatenations of structure and culture. Such, certainly, would be the perspective of some writers on metaphor and organization. Inns (2002) for example, argues that critical realism takes a literal perspective on language use, a view which not only mixes up critical realism with scientific realism but also fails to recognize that critical realist writing in scientific domains had been distinguished by its insistence of the inescapable place of metaphor (Lewis 1999; Lopez 2003b). However, there is some force in Lopez's observation that

> More often than not, Bhaskar, and critical realists in general, seem to imply through their practice that theoretical engagement has to be understood exclusively in terms of the logical, or illogical, architecture that underpins theoretical discourse, and the empirical adequacy of substantive claims.
>
> (2003a: 79)

Such criticisms parallel the writing of those who have criticized institutionalist thought for its idealist focus, with little or no suggestion of how the ideas that in part constitute action are carried into organizations (Hasselbladh and Kallinikos 2000; Hendry 2000; Phillips 2003). Such a critique places a particular emphasis on the texts by which ideas are mobilized (Phillips *et al.* 2004). Of course, such an emphasis is often placed within a Foucauldian concept of discourse, which with its notion of the constitution of the subject by discourse would sit poorly with our conception of the person drawn earlier. (Although for an alternative reading of Foucault as a realist, see Marsden 1993; Pearce and Woodiwis 2001.) However, shorn of such a notion the importance of texts as carriers can be read both in the light of critical discourse analysis (Fairclough *et al.* 2002; Phillips 2003) and in the light of the work of, for example, Latour on the spread of technological artefacts in which are inscribed institutional assumptions (Mutch 2002b). However, a valuable focus on practice as a mechanism for change should not lead us to overlook the vital role of ideas, and Archer's advocacy of analytical dualism here reminds us that we need to pay attention to both the construction of narratives in organizations and the broader set of propositions within which those

narratives operate. Conversations do not operate without rules and metaphors are not without their sources: we need to pay more attention to those factors which set situational logics within which actors operate (Lopez 2003b).

In summary, then, Archer's work presents us with a rich set of conceptual resources with which to approach organizational strategizing. As with institutionalist approaches, these focus on the embedding of actors in a structuring context, but they supply a rather stronger conception of structures than that provided by Giddens. Structures possess emergent properties which give them causal powers over action, but these are not determining. Rather, they supply sets of resources which both constrain and enable action. Such resources cannot simply be read off a particular configuration, but are a mater for empirical exploration. This enables us also to come to a stronger conception of institutions. Following the business systems school, we see these as a limited set of supra-organizational and relatively durable arrangement of practices and ideas. However, against much of the new institutionalist project which emphasizes the cognitive character of institutions, we here reserve the term institutions for a set of social arrangements which have corresponding entries in the cultural system. We hold to this for analytical purposes, recognizing that in practice ideas and practices are mutually intertwined. These interrelated sets of practices and ideas form resources which organizational actors can draw on and which in turn are liable to be modified by the practices that those organizational actors engage in. Organizations are, however, sites of contestation, in which different groups contend for position. The result of this contention is that when acting in the name of the organization in fora which can influence the development of institutions, actors representing organizations bear the marks of that organizational contestation. Further, there are limits on the process of reflexivity, with practices being adopted because they are to-hand and taken for granted. We will need to pay attention, therefore, not just to the abstract promulgation of ideas, but to concrete sites for their translation and development.

In investigating the concrete working out of these relationships we also take from Archer the focus on analytical dualism. In this we explore the interrelationship between agency and structure in successive cycles of action. The aim is to produce an analytical narrative that explicates the structures and mechanisms at work. In order to do this we need to employ an approach that pays attention to the unfolding of agency and structure over time and one that pays particular attention to the initial structural conditioning that is obtained. Archer suggests that the initial date for this is set according to the concrete needs of each situation. In the case to hand this can be seen with the origins of the practice of house management in the 1850s, but for practical purposes our main focus will be on the years before the Second World War. From the new institutionalist literature we take the notion of the field and our task in Chapter 3 is to outline some of the key features of the field that conditioned the first cycle of action that we will look at, the response of senior managers to social change in the 1950s.

3   Brewing and pubs
Definitions and development

The main task of this chapter is to introduce the key terms that we will come across in the course of the book. In particular, the distinctions between different ways of running pubs will be of some importance to us. These need to be set in the context of the licensing regulations that set the framework which shaped the field. In the context of the early part of the period this was very much defined as one of brewing, constituted by the production of beer and one in which retailing was conceived of as a subordinate field. It was subordinate in that it was envisaged more as distribution than as retailing and it was also subordinate in that the actors were dominated by the forces of brewing. The boundaries of field and industry can therefore be fairly regarded as more or less coterminous and, moreover, as fairly self-enclosed and separate from other aspects of society. The ways in which these factors shaped the development of the industry then lead into a brief account of the development of the industry in the interwar years. This is necessary as it forms the immediate context for the senior decision makers who we will introduce in Chapter 4. The ways in which their attitudes were shaped by the still powerful forces of temperance and by their own class background were important factors in their conception of the industry. We also consider the mechanisms for knowledge diffusion, pointing to their limited nature and the way in which they reinforced the enclosed and production-dominated nature of the field. Finally, we look at the importance of the Second World War, which had a considerable impact on perceptions of drinking and the pub.

Let us start by attempting to define the public house, in a discussion that draws heavily on Gourvish and Wilson (1994), Jennings (1995) and Mutch (2004). Formally those premises licensed for the consumption of alcohol on the premises, the term has come to have much broader connotations, particularly when contrasted with the term 'bar' as used in many other parts of the world. The elements of the distinctive appeal of the pub are several. We can start with a number of distinctions which shaped the universe of nearly 82,000 such premises that were recorded in 1950. At the top end of the market, pubs shaded into hotels, whose main function was the provision of accommodation. The blurring was two fold. Many pubs had rooms to be let and this could develop into a more important part of the business. However, what was more common was a divorce between the two types in terms of main function, with hotels developing licensed

premises open to the public. These tended, in the context of interwar drinking, to be aimed at a very different clientele and formed but a marginal part of the operation of most brewing companies. The focus of this study is, therefore, on those licensed premises dedicated largely to the sale of alcohol and which can be divided legally into two types, the public house and the beerhouse. The essential distinction was that the public house was licensed to sell all types of alcohol; the beer house was restricted to the sale of beer only. The distinction had its origins in the Beer Act of 1830, which created a category of licence not under the control of licensing magistrates and obtainable on the payment of a fee to the Customs and Excise. Large numbers of these beerhouses sprang up, particularly in working-class districts. They were brought back under the control of the licensing magistrates in 1869 and their numbers tended to decline for three reasons. They were the prime targets of licensing magistrates in their campaigns to reduce the number of licensed premises, they were often located in slum areas and so were cleared in the redevelopment of urban areas and those which survived tended over time to be assimilated to the ranks of full licences. However, the importance for our account is that large numbers still survived, often doing relatively low levels of trade and being run on a part time basis as a supplement to other occupations. For the rest of this book we will just use the term 'pub', but it is as well to remember that the ranks of the pub were internally differentiated, and that the existence, for example, of a large number of beerhouses in the estates of brewers could be a factor in their perceptions of retailing.

These pubs could (and can) be run in a number of ways. The 'classic' model is the 'free house'. This is where the pub, both premises and business, are owned and operated by an individual business person, free to take her or his supplies from whichever supplier offers the best deal. This is the image of 'mine host' which often goes with the quintessentially English picture of the pub – generally in a rural location, with flowers round the door and a thatched roof, offering a warm welcome to a widely varied range of customers, with differences in social status suspended and supervised by the genial host. I have deliberately used the qualifier 'English' in that sentence, because forms of pub operation varied widely across the United Kingdom. Of course, the picture I have drawn is a deliberately stereotyped one. Elements of this pattern may have existed, but it is misleading in the context of the development of pub operations over the twentieth century. One key factor was the development of the 'tie'. This is where breweries were in a position to insist that the person who ran the pub took beer (and often other supplies) from them and them alone. This came about in two ways. One was the development of the 'loan tie'. This is where the owner of the pub retained control of the business but obtained a loan from the brewer, secured against the premises, in order to carry on trading. The conditions of the loan meant that the pub owner would obtain supplies only from the brewer providing the loan for the duration of the agreement. Often, other loans could be obtained with a similar tie for wines and spirits. This pattern was the dominant one in Scotland, which had a distinctive pattern of licensing regulation, discussed later. It was also the preferred model of the London brewers into the early years of the twentieth

century. It encouraged the growth in the capital city of powerful multiple pub owners and a tendency towards a 'hands off' attitude towards retailing on the part of those brewers who supplied London. However, there was an increasing tendency even here for brewers to own their own estate, partly as a result of loan defaults.

A more important reason, however, was the tightening of licensing regulations in the 1870s. This made it more possible for magistrates to remove licences from premises in England and Wales. Licensed premises thus became a valuable commodity, and in order to secure continuity of distribution for their production many brewers began to buy public houses. This licensed estate was then run by tenants, tied to sell only those products which the brewery supplied. The tenant was a nominally independent business person. But whilst some were indeed in charge of considerable businesses, the majority were more equivalent to, in the words of the 1989 MMC report, 'employees with a profit share' (MMC 1989b: 7). Payment for the tenancy took two forms, known as a 'dry' rent and a 'wet' rent. The dry rent was nominally for the rental of the premises and was generally set at a very low figure. The wet rent was the premium that was paid on the supply of beer and other goods, and was where the brewery made its money. The order of priorities is important, as it establishes the reason for the relationship: to act as a distribution outlet for beer. The low dry rent gave the brewery little interest in the maintenance and development of the property. As Anthony Avis recalls of the pub his parents tenanted in the interwar years,

> Under Bagge's Brewery rents were quite small and the position was clearly understood; no repairs were done by the brewery, unless the circumstances were really desperate, such as a collapsed roof. It was up to the tenant to do all else; if he, wanted comfort, then he must foot the bill for it. The brewery painted the outside … that was the extent of their commitment; the rest was up to the tenant.
>
> (1997: 4)

In the case of Avis's father this situation was tolerable because, like many rural tenants, he had another occupation, that of a farmer. Many small rural pubs were run in this way; in urban areas pubs were often run by the wives of skilled tradesmen. What was of importance in both cases was that accommodation went with the tenancy. In all cases the licensing regulations insisted that the licence be held by a resident responsible person. Whether some of the great multiple publicans of London in practice lived on the premises was another matter, but for many smaller publicans the availability of accommodation together with heating and lighting was a considerable attraction, specially given the poor condition and availability of much housing.

The insistence of the licensing laws that the licence be held by a 'fit and proper person' who should be resident on the premises caused considerable debate on the suitability of the direct management of public houses. In this practice, the manager was a salaried employee of the brewery, liable to dismissal at a week's notice.

Its origins lie in Liverpool in the 1850s, where the firm of Peter Walker & Son used it to dominate local trade. It came to be the prevalent practice in Liverpool and was also significant in other areas, notably Birmingham, but it was resisted by many in other areas, brewers and magistrates alike. For those running the system it meant not only that they received both the wholesale and the retail profits, but that they could maintain tight control over what was offered in the pub. In some cases this facilitated the development of food in pubs, although this remained fairly vestigial compared to later developments. However, such control required the development of extensive systems of monitoring, an overhead which required high levels of sales to sustain. Many brewers preferred to keep the relationship nominally at arms length, allowing their tenants to feel the full force of economic downturn. In London, in particular, most brewers relied on brokers to find tenants for their houses. These tenants were often multiple publicans or 'catering companies', who in practice employed managers to run their houses. However, from the point of view of both magistrates and brewers the houses were tenanted. As Avis points out, this meant that London brewers failed to develop any capability for the management of their estate,

> falling along the way into the hands of powerful tenants with multiple tenancies of their houses. Only in the 1960s did they wake up to the realization that they were losing good profits for the sake of a smooth life.
>
> (1995: 68)

Owing to this resistance, direct house management tended to be a regional affair when employed as a matter of conscious business strategy; many brewers employed managers in the pubs that adjoined the brewery (the 'brewery tap') or in between tenancies, but in these cases they employed none of the detailed mechanisms of monitoring and control. Because of this, the significant development of direct management came in part from the temperance movement. The temperance movement, closely allied to the Liberal party and to nonconformity, had been a powerful political force in the late nineteenth century, and retained much of its influence in the interwar years. However, there were splits in the movement between those pressing for outright prohibition and those who came to realize that this was an impossible dream. The former group resisted any form of improvement to pubs, reasoning that making pubs more attractive places would weaken their case. This came to be seen as an unrealistic strategy by more moderate temperance advocates, who argued that they ought to promote an alternative form of pub. In this incarnation, the pub would offer a range of refreshments and food. Crucially, the pub would be run on 'disinterested' lines by a manager under strict orders not to push the sale of alcohol, but rewarded by commission on the sale of hot drinks and food. Embodied in the 'trust house movement' this was largely a phenomenon of the rural South, with its opponents arguing that success came from location, rather from the way in which pubs were run. However, whilst only a marginal movement, it was important in indicating that direct management could be run efficiently, a success that received the supreme

stamp of approval when a managing director from the trust houses moved after the First World War to run managed houses for the London brewer Barclay Perkins.

This represented a considerable shift on the part of a London brewer, which was also shared by some others, notably Whitbread. A further reason for their shift had been the experience of the state management of public houses during the war, notably in Carlisle. Concerned by reports of drunkenness amongst munitions workers, and heavily influenced by temperance arguments, the Government had brought breweries and pubs in the area under state control, under which they were to remain until the 1970s. They established a Board of Control, which included the Birmingham brewer William Waters Butler, whose firm, M&B, was a major advocate of managed houses. All the pubs in Carlisle were converted from tenancy to management and a programme of refurbishment engaged in. The achievements of the Carlisle scheme were always a matter for considerable debate but they formed a concrete example of direct house management which had the imprimatur of respectability. They also influenced influential sections of opinion within brewing, notably men like Butler and Sydney Nevile of Whitbread. These men had long been arguing that the brewing industry needed to take a positive attitude towards its public house estate but this tended to fall on deaf ears. Much of the rest of the industry took a hands-off attitude towards the state of its pubs, being entrenched in a defensive posture. Nevile and others could see that this was short-sighted and argued that a policy of house improvement was necessary in order to take the fight to their opponents. Companies like Whitbread and Barclay Perkins in London, M&B and Ansells in the Midlands, and Newcastle Breweries in the North East embarked on a programme of 'improved public houses'. These houses were almost invariably managed, both because of the desire of the breweries to take complete control of how they were run and because of their sheer scale. These were often massive pubs, complete with ballrooms, tennis courts and a whole range of facilities. They were frequently built in the growing suburban estates of the interwar years, either on the new arterial roads in middle-class areas or at the centre of the great public housing estates erected by many local authorities. One problem, however, was that the form of these pubs met the perceived requirements of local authorities, 'social workers' and brewers rather than the needs of the drinkers. The case of the Downham Tavern in London is a nice example of the contradictory forces at work here. The Downham Tavern was built by Barclay Perkins to serve a new London County Council estate. It was an enormous house featuring function rooms, a restaurant and, most notably, waitress-only service of drinks. However, in 1937 the company went to the licensing justices to ask for permission for structural alterations to reintroduce bars. A new house was being built on the edge of the estate and the company was worried that customers would desert the Downham to be able to drink at the bar. Customers, they argued, were suspicious about their beer if they couldn't see it being poured. 'The spontaneous revolt of the public at Downham against notions of public-house improvement imposed at the behest of people who have never entered a public-house as customers in their lives', argued the

Brewers Journal, 'carries a lesson which we may hope will not be lost upon Licensing Justices generally or upon the Trade' (*BJ* 15 December 1937: 595). That is, whilst the improved public house movement represented an important shift in the attitude of brewers towards their estate, it was still the case that it was taken from a rather lofty position in which the views of those who used the pubs themselves were relatively unimportant. This was retailing as social work, in which the brewers knew best.

What this draws to our attention is the extreme class separation that attended drinking, as it did other activities during the interwar years. The pub was predominantly the haunt of the working man, despite some aristocratic slumming in London. Middle class drinking took place in smart hotel bars or at home, if at all. In 1921 Sydney Nevile's new venture for Whitbread, The Improved Public House Company (IPHC), took over the Railway Hotel, Caterham from tenancy. After installing a manager and changing the name to the Caterham Valley Hotel, the managing director could report that, 'This house is patronized by all classes and so far the steps taken to keep the various elements separate have been most successfully dealt with' (Whitbread IPHC 11 July 1921). To this separation at the point of drinking we have to add the extreme social separation in other spheres between the leading decision makers and their customers. Like most of the business elite, these decision makers received their education in separate schools, generally at the major public schools. What characterized such schools was the enforcement of strict demarcation between their pupils and the surrounding population, such that many who experienced such education had little idea of the nature of the lives of the rest of the population. The education was geared, in particular, to preparation for military service. In turn, this service preserved an attachment to traditional rural patterns of aristocratic behaviour (McKibbin 1998). Of course, such education was conducted on single sex lines, a segregation that ironically paralleled the leisure lives of many of their customers. This was particularly the case in most rural areas and in many of the heavy industrial districts. In these areas women, if they drank in public at all, were strictly limited to the lounge bar or 'best room'. This was not the case everywhere, with women drinkers being much more common in London in particular, but the industry was built around catering to the perceived needs of working-class men (Hey 1986).

These references to the differences in the pub-going habits of women across the country should remind us that this was a market based on local and regional tastes and facilities. 'All the Norwich brewed beers', comments Avis (1997: 6), 'before and after the last war, were much the same – thin, flat and lifeless; however, they suited, or appeared to suit, the customers'. Those customers who were in search of a different taste often resorted to bottled Bass. The quality of Bass meant that it was to be found in many pubs and was the nearest thing to a genuinely national brand. Some other products such as Guinness or Whitbread's bottled beer also had fairly wide distribution, but such distribution depended on winning free trade orders. The sale of most beer was limited to the local area of the brewery. In part this had been conditioned by the limitations of horse-drawn transport. Most beer sold was draught, a high volume, low value product which

placed limits on the economic zone of transport. Such constraints were starting to be overcome by the widespread use of motor transport, but most companies still had tightly knit local or regional estates. This meant that the industry was characterized by a high number of independent brewery companies – 941 in 1919–1920. Of those for whom data on capitalization are available, 74 per cent are categorized by Gourvish and Wilson (1994) as falling into the category of small, very small or medium local. A total of 16 companies had a capitalization of over £2 million and so fell into the ranks of the largest companies in the country, but even here only 3 – Bass, Guinness and Whitbread – are thought by Gourvish and Wilson to be in anyway 'national' brewers. There were moves to consolidation during the interwar years, with some regional companies consolidating their local hold. The most significant merger was that between Ind Coope and Allsopp to form another group with national pretensions and with a different senior management structure from the rest of the industry, the implications of which we will explore in Chapter 4. However, for the most part this was an industry of small, local brewers – and the emphasis on brewing is important. Whilst some companies had their origins as wine and spirit merchants and retained their interests in these activities, and whilst some made tentative forays into the world of distilling, most were single activity companies, in which brewing and the head brewer were the focus of organizational prestige.

This was, then, a profoundly conservative industry during this period. Avis gives a vivid picture of what this meant for Bass, the national giant:

> The Bass man, like the Guinness man, did not consider himself a vulgar traveller and pedlar of beer; he was far too superior for that. He condescended to accept orders from begging customers and there was no nonsense about discounts and, what was more, if he called and pronounced the beer was not being kept properly, then the licensee was struck off the list for future supplies. The system worked very well so long as there were plenty of free houses, local brewers unable to brew consistently good beer and, perhaps also, customers who appreciated good ale.
>
> (1995: 68)

Bass, as a consequence, paid little attention to the efforts of those like Nevile who sought to change attitudes towards retailing at a national level. The brewers were organized at a national level through the Brewers' Society, which Nevile persuaded to take a more active role in promoting the industry during the 1930s. Under his leadership it instituted a successful collective advertising campaign under the slogan 'Beer is Best'. However, much of the activity of leaders such as Nevile was taken up in a largely defensive battle against the forces of temperance. Although no major legislative threat appeared, there was a significant Royal Commission on Licensing in 1931 which followed the Southborough Committee on 'the Disinterested Management of Public Houses' in 1927. The brewers largely won their case in these enquiries, but they tended by their very existence to reinforce a largely defensive mentality. The final lashing out of the temperance movement

against the brewers' operation of public houses was to come with their campaign for the state control of pubs in the 'new towns', but their abject failure here marked their demise as a serious threat to the industry (*Economist* 26 July 1952: 214). However, their activities had set a certain tone to debates, a tone which was to continue to influence the shape of retailing in the years following the Second World War.

In this, their influence was reinforced by many aspects of licensing regulation. It is important to stress how the industry had to work within the parameters set by licensing regulations, which were established at national level but were profoundly shaped by the discretion of local licensing magistrates. In Scotland the focus of licensing regulation was on the character of the person applying for the licence, hence making the premises relatively unimportant and tending to limit investment in them. In England and Wales it was the premises which became more important, although the licensee also had to be a 'fit and proper person'. In practice, this meant that premises gained considerable value and so attracted further investment. At national level, the First World War had seen the extensive regulation of licensed premises, imposing considerable restrictions on opening hours. In Scotland, pubs could not open at all on Sundays and in England and Wales they were tightly restricted. Local enforcement of licensing law was in the hands of licensing magistrates, an often highly conservative group with a strong temperance influence. The rather idiosyncratic nature of their interpretation of the law could mean restrictions on the freedom of pub owners to adopt particular retailing practices. All changes to pubs, for example, had to be approved by the magistrates and many refused to countenance any improvements that might lead to an increase in what they perceived as the selling capacity for beer – despite the fact that such enlargements might provide desperately needed sanitary improvements. Many boards of magistrates set their faces resolutely against the licensing of managers, despite the fact that a landmark case before the First World War had clearly established that they were 'fit and proper persons' for the holding of a licence. Particularly in London the magistrates in many divisions fought a long running holding action against the employment of magistrates, supported, understandably, by tenants' associations. In 1923, for example, the Cannon Brewery had rebuilt the Cricklewood Hotel to enable the provision of meals. Their choice as manager had been approved by the police, but the magistrates refused to allow him to take the licence, saying that the brewery 'must introduce some other person who would be acceptable to the Bench, and who had a real interest in the house' (*BJ* 15 June 1923: 312). Whilst such attitudes softened over time, the judgements of local magistrates were a real factor in conditioning the shift towards retailing.

The often defensive attitudes that the actions of magistrates, temperance advocates and the succession of Government enquiries induced were reflected in the trade press that further defined the field. The names of these – the independent *Brewers' Journal* and the Brewers' Society sponsored *Brewing Trades Review* indicate the pre-eminence of brewing in defining the field. The retailing sector had its own organs, but these were very much subordinated to the interests of the brewers. For

publicans the prime organ was the *Morning Advertiser*, a somewhat idiosyncratic mixture of Conservative politics and horse racing information (Cooper 1970). There is very little in the retail publications on the shape of the field or on retailing practice, with this section of the trade seeming to be content to leave such developments to the ranks of the brewers. Not that such development was particularly advanced there. The first and only piece of advice literature, C. Howard Tripp's *Brewery Management* was published in 1892 and conformed to a rural brewing model which emphasized tenancy. It was not until 1922 and the publication of Alexander Part's *The Art and Practice of Innkeeping* that there was propagation of any ideas relating to retailing operations, and even here the title might indicate the somewhat backward looking nature of this (Rowlinson 1997). There was the formation of a Federated Institute of Brewing in the late nineteenth century which occasionally carried material on broader management issues, but this was not only rare but also had disappeared by the interwar years with an exclusive focus on scientific and technical matters. This left it largely open to the *Brewers' Journal* to be the focus for the debate and development of policies that shaped the field. Here, the focus was on policy issues to do with government and regulation, although there were signs towards the end of the interwar years of a greater consideration of issues such as retailing. However, there was very little direct consideration of what might be regarded as best practice and much development was retained within the boundaries of organizations. In general, therefore, this was a conservative and inward looking field, tightly defined by traditional conceptions of brewing.

Whilst, therefore, there had been a number of developments during the interwar years in the direction of a greater attention to retailing, this made hardly a dent in the edifice of brewing. The 'improved' public house movement was aimed as much at opinion formers as it was at drinkers and embodied a rather lofty and distant approach from senior managers. Their formation in elite educational establishments led to high social distance between them and most drinkers. The extent of this distance in other areas of life was brought into sharp focus by the Second World War. The demands of the war not only brought hitherto separated social groups into closer proximity, it also shook up taken-for-granted distinctions. The pub was both a prime vehicle for this reshaping and was also itself reshaped in the process. Ross McKibbin (1998: 536) has argued that 'When in the 1950s or 1960s people spoke of the "traditional" working class, they were speaking of a class which was re-created in the 1940s.' He is pointing to the dramatic changes that the war brought about. The enduring image of the pub as a meeting point for all groups regardless of social distinctions and as being a focal point of a 'community' is in fact one largely born in the Second World War (Glover 1995). Particularly in those areas bombed during the Blitz, pubs became impromptu social centres. Whilst tight restrictions had been placed on pubs in the First World War, their role in maintaining civilian morale was by contrast a central part of Government thinking in the Second. Whilst there were constraints on the supply of beer, efforts were made to maintain this supply. The greater involvement of women in the workforce saw barriers to their use of pubs reduced; in some cases,

their evacuation into areas in which women had traditionally been effectively barred from the pub brought challenges to these conventions. By shaking up traditions in this way, the war lent support to the arguments of the modernizers within the industry and meant that there was a greater receptivity to new ways of thinking about the pub. However, boards remained composed of those often distant from the ways of the pub; Chapter 4 examines the nature of their reaction.

4 In the boardroom 1950–1960

In September 1960, dissent broke out in the boardroom of Walker Cain Limited. The cause: the sulphering of hops. Lord Brockett, the chairman, took strong exception to what he had found on a visit to one of the company's hop farms. The farm manager told him that he had been instructed by the Hon. David Nall-Cain, the director in charge, not to sulpher the Fuggles (a variety of hop). 'The Chairman' reported the minutes, 'took strong exception to a matter of principle (sulphering or not sulphering) being decided upon and instructions given without reference to the Board'. He had, he reported, consulted widely and received the advice 'that this season it would be very unwise not to sulpher'. He had also had the approval of a fellow director, Sir Ernest Cain and 'it was finally agreed that such matters must be referred to the Board in the future' (Walker Cain Board 15 September 1960). This slightly farcical incident is worth recounting for a number of things that it tells us about the operation of brewing boards during the 1950s. Three in particular are worth picking out: the dominance of family members, the emphasis on operational rather than strategic matters and the significance of agriculture.

All three of our *dramatis personae* in the above scene were, of course, members of the same family. The Cain family were direct descendants of Robert Cain who had founded the firm of Robert Cain & Sons in Liverpool in the mid-nineteenth century. Lord Brocket was the second of that title and the third generation to run the company; David Nall-Cain, who had joined the board in 1958, represented the fourth generation. Whilst this family influence in the boardrooms of British brewing was to be considerably diluted over the next decade, it was a strong feature of the 1950s. An examination of director backgrounds for 1951 indicates that of 273 independent companies at least 172, or 63 per cent, had some form of family connection.[1] Most of these companies had boards with a majority of family members. Whether, of course, such members played an active role in the affairs of their companies is a matter of contingency that we need to explore later. However, the extent of family involvement in some of the largest companies can be seen in a few examples. The clearest is that of the London brewers Mann, Crossman & Paulin, Limited. Under the chairmanship of Sir Edward Mann, the board of seven comprised D. P. Crossman and a further five members of the Mann family. No other major board was quite as dominated as this by family

interests, but a number ran it close. The Leeds-based firm of Joshua Tetley, for example, only had one non-family board member of its seven members and the great Burton firm of Bass, Ratcliff & Gretton was dominated by the Manners family under the chairmanship of Lord Gretton. A further indicator of the dominance of family interests was the size of boards. Small boards tend to indicate the control of the company by share owning managers, as opposed to by executive directors drawn from the managerial ranks of the company. The mean size of boards in 1951 was 5, with a modal size of 4. Only 4 companies – Barclay Perkins, Ely Brewery, Ind Coope & Allsopp and Mitchell & Butler (M&B) – had boards with 10 or more members. The largest, with 12, was Ind Coope, whose experience we will discuss in more detail later. This company had no family involvement and was a pioneer in the introduction of executive directors and other forms of board modernization. However, the dominance of the Cain family in the affairs of Walker Cain is fairly typical of the operation of brewing companies during this period.

What is more remarkable about the debate over hops is the detail with which it is recorded in the context of the times. For a fortnight later the minutes record the appointment of new directors: Colonel Eric Tetley and W. H. Herald. What this indicates is the merger of the company with Joshua Tetley to form Tetley Walker, a step which was to lead eventually to the creation of one of the major forces in British brewing, Allied Breweries. However, such questions are signally absent from the board minutes of Walker Cain. Now, of course, such matters are often the subject of negotiation outside formal structures and are not recorded until accomplished, but what is noticeable in a review of board minutes over the 1950s is how rarely matters concerning the strategic direction of the company are discussed. The only examples which could be argued to occur over the 10 year period are 2 discussions on potential reciprocal arrangements for beer supply, in 1950 and 1958 (Walker Cain Board 11 July 1950; 17 April 1958). A decision to set the size of the advertising budget at £30,000 in 1958 could certainly be a board matter, but the discussion 'of small maintenance repairs in the licensed houses' in the same year seems a matter of operational detail (Walker Cain Board 23 July 1958). It, however, receives more note, with concern being expressed about delays. 'After discussion', record the minutes, 'it was decided that in order to overcome this delay, authority should be given to the Walking Managers to issue orders direct to the tradesmen for any work up to a maximum figure of £5' (Walker Cain Board 6 November 1958). This concern with operational detail to the neglect of broader issues is also mirrored in the minutes of Bass over the same period. What is even more striking about these minutes is that they continue to be hand written in a leather-bound ledger throughout the period, when other companies had gone over to typed minutes far earlier.[2] There is little sense of strategic direction to be gleaned from these minutes, which are largely a matter of legal record. Occasionally, however, affairs central to the future of the business break through. In October 1950, for example, the threat posed by reciprocal arrangements suggested by Ind Coope is raised. Under these, Ind Coope would stock a brewer's beer in return for them replacing bottled Bass and Worthington with bottled Double Diamond. Such bottled

beers were, of course, the cornerstone of Bass' competitive advantage but their response was the rather despairing one that 'as the Board had at the moment no suggestions to make for countering the competition it was decided that it should be raised again for consideration when further reports or suggestions from the Directors were received' (Bass Board 31 October 1950). No such further discussion is recorded and the issue is never discussed again. In 1953 the chairman, Arthur Manners, retired and was replaced by E. A. Ball. The new chairman attempted to inject a note of dynamism under an item headed 'Policy of the Business'. However, his attempts seem to have been rebuffed, as the minutes further note: 'The Chairman asked that the Committees referred to in his note dated 24th November 1953 should be set up, but as there was some divergence of opinion, the matter was placed on the Suspense List for further consideration' (Bass Board 11 December 1953). Once again, the matter is never returned to, but what we do get is operational detail. A good illustration of this is the minutes of 3 October 1950:

> It was reported that instructions had been given for such casks as the Cooperage thought should be condemned, to be put on one side for inspection by the Directors and it was agreed that this policy should be continued and Mr A G Manners and Mr W P Manners should inspect from time to time and report to the Board.

This nicely sums up the conservative inertia that characterized Bass at this time, an inertia also given further weight by the importance of agricultural concerns in the affairs of many breweries.

Of course, agriculture and brewing have a vital and close relationship, and not only in the sourcing of raw materials. Not only were these obtained from the countryside, but those who worked on them often came from the same places. Every year agricultural labourers from Suffolk had traditionally come to work in the maltings at Burton on Trent, following the barley they had harvested in the summer (Samuel 1975). Many companies, therefore, had vertically integrated backwards, especially in the ownership of hop farms. However, such material conditions by themselves do not explain the care and attention lavished on agricultural concerns in the minutes of Walker Cain. These chronicle the purchase of Aldersend Farm in Herefordshire in 1943 for the growing of hops, but the note that 'the various purchases, sales and exchanges between Lord Brocket and the farm were discussed' (Walker Cain Board 15 December 1943) indicates that this went beyond a concern to secure supplies. This impression is reinforced by the note continuing that

> the Pedigree Herefords should be registered in the name of Lord Brocket as representing the company, with the prefix 'Brocket' instead of 'Aldersend' as the latter had recently got a bad reputation, and the retention of this prefix would adversely affect the herd.

A further two farms were bought in the county during the 1940s, plus an adjoining farm to extend Aldersend. Indicating the importance of these, the chairman

in 1951 'reported that at the recent Hereford Bull Sales, the farm bailiff (Mr Sidney Cook) had purchased a bull "Upton Fieldfare" for £1,350' (Walker Cain Board 15 March 1951). Family control over the farms was reinforced by the appointment in the same year of the Hon. Ronald Nall-Cain as farm supervisor. What is remarkable about this focus on agriculture in the affairs of Walker Cain is that the company had its roots in the great urban public house owning companies Peter Walker & Son and Robert Cain & Sons, whose houses dominated the streets of Liverpool (Mutch 2005b). These companies have strong claims to have been at the forefront of licensed retailing in the nineteenth century, but their descendants fit more closely the label of 'archetype of the reactionary Tory brewer' that Davenport-Hines pins on Lord Gretton of Bass (in Jeremy 1986: 662). A key part of this make up was a deep concern with rural affairs. In 1952, for example, the house magazine of the London brewers Barclay Perkins reported the death of the chairman, Lieutenant Colonel Robert Barclay. Noting his staunch Conservatism, it also recorded that 'As a farmer, he established herds which became famous, notably the Bury Hill herd of pedigree dairy Shorthorns, and a pedigree herd of Middle White pigs' (*Anchor Magazine* 12 January 1952: 1). We will encounter some more of this nexus of Conservatism and rural life when we look at firms which were more advanced in their governance structures, but we have first to consider why it is important at this stage both to focus on boards of directors and to isolate these particular facets of their working. After all, much recent work on strategy has emphasized its emergent nature and has sought to stress the importance of groups within organizations other than the dominant managers.

As we have seen, in their 1986 formulation, Prahalad and Bettis suggest that the dominant logic 'is a mind set or world view or conceptualisation of the business' (1986: 491). They see it as being formed over time through the activities of senior decision makers. This focus on the role of senior decision makers in creating the lens through which the world is viewed can also be seen in Daft and Weick's (1984) conceptualization of the organization as 'interpretation system'. In such a conceptualization, senior managers set the framework in which other organizational members operate. Their assumptions, modelled through their actions, influence widely held notions throughout the organization about how events are to be interpreted. McNulty and Pettigrew (1999) suggest that an important role of the board is to set the context within which decisions are taken, supplying a discipline which shapes such decisions. This is confirmed by Stiles and Taylor's (2001: 119) study which concludes 'that boards are not involved to any great extent in the strategy *formulation* process, but rather set the *parameters* within which strategic discussion takes place' (emphasis in original). Of course, they are also in a position to enshrine these views of the world, given their authoritative control over resources (Whittington 1989; Ackroyd 2002). Whether in practice such powers are instantiated and have practical effect is a matter of contingency, but this work suggests that it is important to look at the content of board deliberations rather than, as in much of the literature on interlocking directorships, on the simple existence of connections between organizations as embodied in membership of boards (Pettigrew 1992). However, before we look at that

content, we can also make some inferences from board composition, but with the focus on the logics which this might give boards access to.

Given, then the importance of looking at the composition of boards in the context of their shaping of the ways in which those on their organizations might see the world, it is worth returning to our analysis of board composition in 1951 to sketch in some further broad patterns before looking at those which departed from these patterns to a greater or lesser extent. We have already observed that these boards tended to be small and to be ones on which family representatives were significant; these representatives also tended to be male. Of the 1,324 directors listed in the *Manual*, only 40 or 3 per cent were female. When placed in a company perspective, this meant that only 12.5 per cent had a woman on the board and these would appear (although this would require further work) to be representing family interests rather than exercising any executive capacity. Intriguingly, the firm of Magee, Marshall & Co. had a majority female board, chaired by Mrs Annie Magee, but this was a very distinctive exception. More typical would be the all-male board of Whitbread in which Sir Charles Tidbury (interview) recalls of one director

> he came on the Board and his sister had a great influence on the pubs. She was wonderful about décor. So we didn't have curtains in the pubs or anything like that. Everything in Whitbread's was painted brown up to the dado line.
>
> (Interview, Tidbury)

We need to keep this male domination at all levels in mind, as it has a bearing on broader shifts in consumption and the capacity of these firms to respond to them (Hey 1986).

Of more importance than being female in having a place on boards was the possession of a title, even at a time when the value of such status was being questioned elsewhere in British industry (Copeman 1955). Sixteen per cent of boards had at least one director with a title, often acting as chairman. The most 'aristocratic' board on this measure was Ind Coope, with 2 barons, 2 knights and 1 with 'honourable' status. Its chairman was Lord Courthope of Whilegh, 1 of 10 chairmen with titled status. However, more common amongst chairmen was military rank: 23 of the 114 chairmen listed claimed military rank. Such claims were far more prevalent amongst directors as a whole. A total of 140 directors recorded a military title, a group overwhelmingly dominated by Army ranks. This gave at least a third of all boards some military experience. Greene King, for example, had a board of 6 members, 5 of whom – Major W. J. Bridge, Major J. H. A. Clarke, Captain Sir E. A. Greene, Vice Admiral W. J. C. Lake and Lieutenant B. E. Oliver – recorded military rank. Of course, it is hardly surprising that military experience would be significant so soon after the Second World War but the influence predated this event. In Greene King, for example, Major E. L. D. Lake was managing director from 1919, and Wilson records 'an increasing tendency to run the company on military lines. In the operation he was well supported by Frank Bevis, the Company Secretary who supervized the office

like "a martinet" ' (Wilson 1983: 181). Avis notes of Lieutenant Colonel Philip Bradfer-Lawrence of Hammonds Bradford Brewery that:

> He was used to formal lines of command and clear thinking, and found the muddle and confusion of civilian commercial life irritating, as did many former military men who came into the company in the decade after the second war.
>
> (Avis 1997: 10)

What is important for our discussion is the shaping of frames of reference and, in particular, of the way in which such prevalence of military experience might have provided models from which to borrow (Fidler 1981).

Certainly, such experience seemed to be a more significant source of models than any form of advanced formal education. Of our 1951 directors almost 4 per cent recorded some form of qualification, the largest number of these (29 out of 50) being accountants. Only 11 recorded a degree, although this is likely to be something of an understatement, given that a number of those with titles and other ranks failed to record degrees from Oxford or Cambridge. On the Ind Coope board, for example, Lord Courthope had attended Christ Church, Oxford, as had fellow director Andrew de Portal Kingsmill. The Honourable Peter Remnant, had also been at Oxford, where he attended Magdalen College. However, none of these men recorded a degree, although their listing of medals perhaps suggests the scale of importance in their eyes. Another leading brewer, Frederick Simmonds of the Reading brewers H & G Simmonds also failed to record his time studying chemistry at Oxford, although his time at Magdalen was not regarded as a suitable training for entry to the family firm (Jeremy 1986: 179). As with many others, this route was rather by apprenticeship as a pupil brewer (Reinarz 2001). When Colonel Bill Whitbread became managing director of the family firm in 1924, it was proceeded by a year's pupilage at Truman, Hanbury and Buxton's Burton brewery (Nevile 1958: 199). Higher education was regarded not as a form of preparation for business in any direct sense, but as a shaping of character and the opportunity to build networks. Sydney Nevile, prevented from sharing this experience by the genteel poverty of his widowed mother, found himself surrounded by men who believed that 'a classical education was the only foundation for a cultivated judgment in the larger affairs of life' (Nevile 1958: 146). As he was to note, this placed him at a considerable disadvantage:

> Without a public school and university background I made none of those friendships and formed none of those contacts which make life so much easier and so much more agreeable in after years. I have sometimes wondered if this circumstance was not the cause of that sense of inadequacy which from time to time has beset me, and my occasional lack of self-confidence.
>
> (Nevile 1958: 24)

Nevile was one of the most significant figures in the industry in bringing about a shift to a retailing orientation, but he had to labour hard against the formation

of many of the key actors by family backgrounds that placed the value of military and agricultural experience over the gaining of qualifications, and which had little experience of the world in which many of their public houses operated. A vivid picture of the operation of boards in this environment is supplied by Avis (1997) in his discussion of Hammond's Bradford Brewery in the mid-1950s. The company was run in autocratic fashion by Harry Lawrence Bradfer-Lawrence. A land agent by training, he had moved to manage the estate of the Ackroyds in Yorkshire, whose varied industrial interests also included the brewery. Given the family's relative lack of interest, and Bradfer-Lawrence's success in reviving the moribund operation, he had a considerable degree of freedom, freedom not hampered by his fellow directors. These were largely country gentlemen, the descendants of those who had sold their breweries to Hammonds. Board meetings were held in a gloomy, wood panelled room and followed a familiar pattern:

> Meetings always began at eleven o'clock in the morning and finished at one; the volume of business adapted to fill the time allowed for it. The company secretary did not sit at the table, but at a small folding table behind and to the right of the seated chairman. His function was to answer only when spoken to, and to note down what was said and agreed. All board meeting papers had been sent to the directors at their home addresses a week previously, carefully edited by the chairman – he did not like surprises – and they would have these before them at the meeting. His son sat at his right hand, and the deputy chairman at the other end of the table; the seats in between were a free for all although the same person tended to sit in the same place. Meetings were usually a monologue by the chairman and a respectful silence by the rest; the deputy chairman would be invited to confirm, and he was only too glad to do so.
>
> (Avis 1997: 7)

This timing allowed plenty of time for lunch at a company owned hotel and the consumption of fine port. It is hardly surprising that this mode of operation led to outside observers being critical of the lack of dynamism of the industry. The *Economist* characterized it as 'this clubby business' (*Economist* 30 May 1959: 864) in response to the bid in 1959 by Charles Clore for Watney Mann. This bid came as a considerable shock to brewers in general, being seen as an external threat to the industry. It also marked the beginning of a wave of mergers that changed the shape of the industry. The introverted nature of the industry, based on the composition of boards discussed earlier, has lead some commentators, such as Gourvish and Wilson (1994), to stress the exogenous shocks to the industry represented by Clore and the Canadian Edward Taylor, as the key forces behind change. However, whilst the importance of these events, not least in symbolic terms, should not be underestimated, such an account does tend to underplay other sources of change. These can be seen if we explore some boards in a little more detail.

One board that is worth examining in a little more detail, both in terms of personnel and in terms of operation is that of Ind Coope & Allsopp Limited.

Whilst we have already seen that it shared some features with other boards, notably titles and military rank, in other aspects it differed considerably. In many ways it was a precursor for later wider changes across the industry. It was also to form the heart of Allied Breweries under the chairmanship of Edward Thompson and his influence is of particular interest. The company was certainly distinctive in not being under family ownership and control, the result of its reconstruction in 1912 following financial problems caused by over capitalization and unwise public house purchases in the early twentieth century. The company was nearly wound up in 1908, but holders of mortgages secured on the company's properties realized that they would obtain more value from a reconstruction and continued trading rather than a forced sale in conditions of depressed trade. The board therefore reflected a combination of managers and the titled, the latter giving the appropriate image of respectability and stability. This latter contingent was reinforced on the merger of the company with Samuel Allsopp & Co. in 1934. The two companies not only brewed in close physical proximity in Burton, but they had both suffered financially in the early 1900s. Indeed, a merger was suggested in 1912, but financial terms could not be agreed upon. The two boards came together under the chairmanship of Lord Courthope, who had been chairman of Ind Coope since 1912. He continued as chairman until his death in 1955 and his obituary notices indicate something of the complex of attitudes that we have already explored. A flavour of this can be obtained from the observation of a fellow lord, Lord Bledisoe:

> Of an ancient lineage and with traditions of sturdy evangelical Christianity, he was a born leader, of strong character and sound judgement, which, amid many other interests, he exercised predominantly in the best interests of British husbandry and British forestry.
>
> (*Times* 3 September 1955: 9)

Of particular interest is that neither his obituary notice in the *Times* nor his entry in *Who's Who* thought it worthy of note that he had been chairman of one of the leading brewery companies for 43 years; it took a notice from Lieutenant Colonel E. N. Buxton five days later to correct this omission (*Times* 8 September 1955: 14). Courthope was from an old Sussex family and had represented Rye as a Conservative MP from 1906 to 1945. He shared a number of features with several of his fellow directors: army service, education at Eton and Oxford, and deep interests in country pursuits.

His deputy chairman, Andrew de Portal Kingsmill, who was also a director of the new company from 1912, had followed him to Eton and Christ Church, Oxford after four years. 'Shooting', recorded the *Times* (14 May 1956: 14), 'might perhaps be counted the passion of his life, and the days at Sydmonton were organized with an almost military precision'. Shooting was also one of Courthope's passions, whereas for the Hon. Peter Remnant the interest was in farming. He had followed his father as a director of Allsopps, being appointed in 1933. He was also an Old Etonian, but had attended Magdalen rather than

Christ Church (*Times* 2 February 1968: 10). The fourth Old Etonian, Lord Blackford, had gone to Sandhurst rather than Oxford, but he had also followed his father as a director following his death in 1947 (*Times* 1 January 1973). This was, then, a remarkably cohesive group in terms of background and interests, but in some ways this is misleading. We have already noted that Ind Coope's was the largest board in 1951 and this reflects the importance of professional managers in the fortunes of the firm. In this sense the firm represents both a precursor and something of a transitional phase. A number of phases can be identified: control by dynasties of managers; the recruitment of non-executive directors from outside the company; and the emergence of executive directors from within.

In 1912 three men were appointed as managers of the newly reconstructed Ind Coope (Ind Coope Board 15 October 1912). Two years later one of them, Neale Dudley Thompson, was invited to join the board, becoming managing director in the following year. In 1914, Clement Thorley joined the company as general manager from the brewing firm Bindleys (Ind Coope Annual Report (AR) 1948: 15). These two men not only effectively controlled the company but were also able to pass this control over to their sons. In 1934 they constituted the Committee of Management of the newly merged company together with John J. Calder, the dynamic manager of Allsopps. In 1928 Thompson's son Neville joined the company, to be appointed to the board in 1945 as director responsible for structural and technical aspects of both breweries and premises. Of more significance was the recruitment in 1937 of another son, Edward, from the company's solicitors, where he was a partner. He joined as an assistant managing director, taking over as managing director when Clement Thorley retired from that position two years later. He was to become chairman of the company on Courthope's death in 1955. Meanwhile, Gerald Thorley, Clement's son, had joined the board in 1947 after education at Ratcliffe College and training as a chartered surveyor. He would become chairman of Allied Breweries in 1970. What is of interest here is the way that these two seem to represent a transitional period in which the company was effectively under managerial control. Both Neale Thompson and Clement Thorley seem to have been able to parlay their positions in the company into provision for their sons to follow them. Both achieved substantial financial success, each leaving over £100,000 on their deaths (*Times* 19 November 1946: 7 (Thompson); 10 December 1948: 7 (Thorley)). John Scott (1997) has argued that the period of 'managerial capitalism' was a transitory and brief one. This was the period in which professional managers took over the control of firms from their owners. In a situation of widespread shareholding, they could use their effective control to establish goals for the organization which would enable the fulfilment of their own personal goals – goals which might be better fulfilled by, for example, growth than by profitability. However, the possibilities of such control became heavily circumscribed, argues Scott, by the emergence of control through 'constellations of interest' in which interlinked shareholding by financial institutions imposed market disciplines that limited the room for managerial manoeuvre. The period from the 1930s to the end of the 1950s seems to represent a brief moment in which senior managers could obtain considerable room for

manoeuvre and in the process meet family objectives by converting economic to social and cultural capital. However, what the 1940s saw for Ind Coope was the widening of the circle of professional managers.

Some of this shift is partially hidden from view in Ind Coope by the use of regional companies as proving grounds for a new generation of executive directors. These directors, however, differed from their later counterparts by being recruited for generalist qualities rather than emerging through functional hierarchies. Indeed, such functional hierarchies were in many cases still to be constructed. Ind Cope, as will be explored further later, still resembled a holding company with a web of regional companies operating as largely autonomous units. In the early 1950s a whole series of new directors was brought on to the main board having gained board level experience in these local companies. Group Captain Bernard Carfoot, for example, had left a permanent commission in the RAF for Ind Coope in 1948. He became Romford area manager in that year, and in 1951 was a director of the Colchester Brewery Company. Later that year he joined the main board, along with another new director, Derek Pritchard. Five years later J. L. LeFanu joined the board, having been appointed as Commercial Manager in 1950. He, however, had worked for Ind Coope since 1932, having trained as a chartered accountant. By 1956, therefore, the balance on the board, with the death of Kingsmill, had shifted decidedly towards executive directors. Edward Thompson and Gerald Thorley were the dominant forces, but the year also saw the significant appointment as non-executive director of Howard Millis. Until the previous year the managing director of Barings Bank, his 'knowledge and experience of the latter in financial matters should be of great value to the group' claimed the annual report (Ind Coope AR 1957: 11). Whilst the titled members of the board had other business interests (Blackford, for example, was chairman of Guardian Assurance), it is arguable that this was the beginning of a widening out of a previously introverted company. Millis joined another important figure who we have already briefly met, H. L. Bradfer-Lawrence. He had joined the board in 1951 and represented an unusual (for the brewing sector) exchange of personnel between major companies, as Edward Thompson took a seat on the board at Hammonds. Avis records the impact of this on Bradford board meetings:

> Occasionally Edward Thompson, the chairman of Ind Coope & Allsopp, a powerful man in the brewery world of those days, and invited on to the Hammonds' board by HLBL as a kind of potential white knight in time of need, would make some incisive observation, and the room would fill with felt but unseen tension, and prompt HLBL to quicken his tone and agree, and the moment would pass.
>
> (1997: 17)

In 1956 Ind Coope facilitated the merger that created the brewing firm Friary Meux, in which they took a substantial stake and the board placed on record 'their great appreciation of the services rendered by Mr Bradfer-Lawrence which

made it possible for the company to negotiate for the acquisition of the Meux shares' (Ind Coope Board 6 December 1956). There was, then, mutual advantage to the arrangement, which came to an end in 1959 with the involvement of Edward Taylor in using Hammonds as a vehicle for his broader ambitions, a potential conflict of interests that saw both Thompson and Bradfer-Lawrence resigning from their respective boards. This outline of the changing composition of the Ind Coope board indicates the emergence of more modern patterns of board composition, with non-executive directors recruited for their expertise and contacts in important areas and the growing importance of professional managers. However, both the retention of a titled element and the dynastic qualities of the Thompsons and Thorley gave continuity with earlier traditions that were to affect the adoption of policies. At one level, these shifts are important because of the central involvement of some of the actors, notably Carfoot, in wider trade policies to do with retailing that we will come across later. However, the changes in board operation are also worth reviewing, as they indicate a considerably different *modus operandi* to that followed by purely traditional boards such as Hammonds.

It has been frequently pointed out that British mergers during the mid-twentieth century often involved the creation of holding company structures, involving little rationalization of production facilities and little coordination of activities (Wilson 1995). This stricture could be applied to Ind Coope, where a multitude of subsidiary companies all had their own boards and trading areas. In 1951, for example, the main board directors held board positions in subsidiaries as shown in Table 4.1.

It would appear that positions on subsidiary boards were also used as training grounds for those who would later join the main board. Carfoot, for example, was on the board of the Colchester Brewing Company, and LeFanu on that of the Leeds City Brewery. What this situation gave rise to was one in which fairly minor decisions were discussed at main board sub-committees and passed on to local boards for implementation. In 1948, for example, the Committee of Management (CoM) approved alterations to the Holly Bush at Fenton totalling £450 which were 'recommended to the Board of Showells Brewery Company Limited for approval' (Ind Coope CoM 25 October 1948). Of course, a good deal of this simply reflects legal formalities, but of more importance were the overlapping responsibilities that such an arrangement led to. These overlaps were not only in terms of geography, with companies having competing houses in the same locality, but also of functional responsibility. Of particular interest was the way in which company and agency boundaries prevented the emergence of a national view of managed houses.

In 1949, for example, the Reading Agency had been put under the control of Hall's Oxford Brewery. With the departure of the director responsible, it was resolved that 'the Reading Area must be developed through Ind Coope and Allsopp and not Hall's Oxford Brewery' (Ind Coope CoM 11 May 1951). Agencies, then, were organizational units of the parent company, supplied from its Burton and Romford breweries; companies, by contrast, were subsidiaries which were organized around an integrated unit of brewery and pubs, although

Table 4.1 Board positions in subsidiary companies held by Ind Coope main board directors, 1951

Name	Company	Position
Lord Courthope	Colchester Brewing Company	Chairman
Sir J. E. Gilmour	Archibald Arrol	
A. de Portal Kingsmill	Leeds City Brewery	Chairman
	Showells Brewery Company	Chairman
	Aylesbury Brewery Company	Chairman
	Colchester Brewing Company	
	Hall's Oxford Brewery	
	Leeds City Brewery	Chairman
D. C. Maxwell	Showells Brewery Company	
	Strettons Derby Brewery	
	All Saints Brewery	
	Alton & Co.	
	Aylesbury Brewery Company	
	Hall's Oxford Brewery	
P. F. Remnant	Hall's Oxford Brewery	
M. R. Sperling	Leeds City Brewery	
	Lichfield Brewery Company	
	Parkers Burslem Brewery	
	Colchester Brewing Company	
Edward Thompson	Lonsdale & Adshead	Chairman
	North Cheshire Brewery	Chairman
	Strettons Derby Brewery	Chairman
	Alton & Co.	Chairman
Neville Thompson	Colchester Brewing Company	
	Hall's Oxford Brewery	
G. B. Thorley	Lonsdale & Adshead	
	North Cheshire Brewery	
	Parkers Burslem Brewery	Chairman
	Showells Brewery Company	
	All Saints Brewery	
	Archibald Arrol	

also selling Ind Coope beers. As in the Reading area, pubs in the same geographical area and ultimately owned by Ind Coope could be supplied by different networks. When, for example, it was desired in 1955 to place all pubs in the Derby area under the control of Strettons Derby Brewery, a complex process of renting them from the various subsidiary companies had to be undertaken

(Ind Coope CoM 14 March 1955). On top of this, some agencies continued to match the historic origins of that term – that is, they were run by independent businesses who undertook the distribution of products to outlets in their area. In 1958, for example, the company's agents in Barrow in Furness ran into financial trouble and the board had to consider new supply arrangements (Ind Coope CoM 23 April 1958). Whilst an increasing number of such arrangements had been brought in-house, the language of agencies and sub-agencies persisted, and the company's premises were organized in a patchwork fashion. This was reflected in turn in the allocation of responsibilities to directors. In 1954 (Ind Coope CoM 30 October 1954), for example, the following allocation of agencies is recorded:

D. C. Maxwell: Gloucester; Leicester; Middlesbrough; Newcastle; Sleaford.
M. R. Sperling: Leeds; Llandudno; Macclesfield; Sheffield; Shrewsbury; Stoke.
B. G. Carfoot: Croydon, Romford.

Such responsibilities have to be seen alongside the control of subsidiaries through directorships, with Sperling, for example, being able to align the Stoke houses with Parkers Burslem Brewery, but it does suggest a fragmented approach.

The problems that this brought were only highlighted by the desire to implement central policies. Many companies and agencies were operating semi-autonomously. In 1954 it was agreed that internal audit should be extended to subsidiaries 'subject to the assent of the Subsidiary Company concerned being first obtained' (Ind Coope CoM 17 May 1954). This shift accompanied concerns that company policies, especially in area of managed houses, were not being pursued to the same degree by all subsidiaries or agencies. Two years later, for example, the minutes note that 'Following complaints received in respect of the Royal Oxford Hotel, Oxford, the whole policy with regard to Hotels belonging to Trading Subsidiary Companies, coming under the Management of the Hotels Organization of the Parent Company, was discussed' (Ind Coope CoM 26 September 1956). The year 1958 saw the construction of a more interventionist approach to agency affairs, with a considerable redistribution of properties and responsibilities to form unified regional units with common managerial structures. Even at this date it is noted that the 'implications to be considered by trading Subsidiary Companies', but the renaming of these as 'Ind Coope (Strettons)' etc. meant that there was now a determined attempt to forge a unified national approach (Ind Coope CoM 26 June 1958; 14 July 1958). Some subsidiaries, such as the Colchester Brewing Company and the North Cheshire Brewery, were liquidated and the 1959 report, which followed another reorganization consequent on the takeover of Taylor Walker, was to show a purely regional form of organization. The aim was now that all public houses, with the exception of those acquired from Benskins and some from Taylor Walker, were to have Ind Coope signage (Ind Coope CoM 1 February 1959). As well as this public face of the company, the board was now to take a more interventionist stance internally.

In August 1960, in the first note of its kind, the committee noted that 'I. C. (North East) are still operating some 20 Managed Houses which are uneconomic' and demanded a report (Ind Coope CoM 29 August 1960). By the opening of the 1960s, then, Ind Coope had shifted to being a national company operating on the basis of central control of a regionally structured vertically integrated business. This had been a long slow process, but it had been accompanied by other changes in organization at board level which are worth considering.

If the adherence to agencies and subsidiaries shows a degree of conservatism even in one of the most dynamic companies in the industry, other forms of arrangement demonstrated a greater willingness to innovate which present a considerable contrast with practice in companies like Bass. Most of the material that we have been considering has been drawn from the CoM rather than the main Board. The deliberations of the latter were substantially confined to legal matters and to consideration of acquisitions. For the most part, business was effectively done by the Committee of Management, which was set up by Neale Thomson, John Calder and Clement Thorley when Ind Coope and Allsopp merged in 1934. It represented in organizational form, therefore, the dominance of the company by this form of 'family managerialism' that we have noted earlier. Following the Second World War, the committee became the two Thompson brothers, Edward and Neville and Clement's son Gerald. Whilst the other executive directors might have reported to this small group, it was not until 1957 that its ranks were expanded to include Sperling, Pritchard and Carfoot, the three having attended by rotation in the previous two years. Whilst control at this level was slow to be shared, the three had been involved in other developments which has begun to devolve some decisions. In 1955 the Board agreed to the establishment of a committee to be known as the 'Chairman's Committee of Executive Directors'. The CoM was to 'become more of a steering Committee in so far as policy matters are concerned'. The new committee, to consist of all the executive directors, was to meet monthly and 'should have *no plenary power*, its work being one of *discussion and dissemination of policy matters of immediate general interest*' (Ind Coope Chairman's Committee (CC) 30 June 1955, emphasis in original). Whilst policy formation was to remain firmly under the control of the managerial families, executive directors were to have more of a say in implementation matters, supported by a further network of sub-committees which they were responsible for. Carfoot, for example, had since 1954 been the chair of the MHC. This in its turn had been preceded by the setting up in 1952 of a Licensed Property Committee consisting of Neville Thompson, Sperling, Carfoot, Maxwell and a W. J. Withera to be responsible for maintenance and capital expenditure on all licensed properties (Ind Coope CoM 11 December 1952). This was relaunched as the Estates Committee in 1957 with a stronger remit to formulate 'a strong Estates policy' (Ind Coope CoM 27 November 1957). As part of this, they were charged with 'Compiling an annual review of the less good economic assets held within the Group'. Significantly, they were also given the power 'to deal with sales and purchases below £20,000'. What we see, then, over the 1950s is a process not

only of the rationalization of the areas of control, but also the beginnings of the devolution of responsibility to executive directors. The process is slow and hesitant, but we also see the emergence of more defined roles for these directors. Throughout this period directors tend to have multiple responsibilities even if some, like Carfoot, tend to specialize in particular areas such as licensed premises. In 1958 it was noted 'With the object of improving staff relations, it was Decided that Mr. B. G. Carfoot be the Director responsible therefore' (Ind Coope CoM 25 September 1958). This was hardly the creation of specialized directors based on functional expertise, but it did mark a shift away from directors concerned with the totality of the business and decisions made by the Board on all areas of business towards some form of specialization. By 1961, the minutes were recording the responsibilities of M. G. A. Watson, marketing director, and his relationship with Le Fanu, who was now sales director (Ind Coope CoM 27 February 1961). This was on the eve of the merger that would create Allied Breweries, but the changes put in place indicate that some of the changes that the 1960s were to see were already present, albeit being developed at a slow pace, within brewing companies, rather than being simply foisted on them from outside.

A brief look at some other companies will indicate that it was not the unusual position of Ind Coope as a non-family owned and controlled company that led to these changes. M&B continued to be dominated by members of the founding families until 1957, but it also had a long standing reputation for administrative effectiveness. It, too, was operating with a committee of executive directors to look at operating issues. Chaired by Robert Butler, this included a wider group at an earlier stage than the equivalent committee at Ind Coope, 6 board members signing in in May 1946, with the attendance of 12 others being noted (M&B Managing Director minutes (MD) 3 May 1946). One of these, the General Manager C. S. Best, attended the British Institute of Management conference in September 1950, suggesting a degree of interest in ideas outside the industry (M&B MD 15 September 1950). In 1954, the committee noted a five-year budget for capital expenditure which was to be reviewed every year (M&B MD 1 January 1954). The minutes of this committee are not as full as those of Ind Coope, but they do suggest that family control was not inimical to careful administration and the adoption of at least some management techniques, and that these changes were under way before the appointment of H. Alan Walker as chief executive in 1956. There is no doubt that his arrival meant a significant shift, not least in the ambition to expand beyond the West Midlands, the impact of which we will see shortly. However, the base on which Walker built was one which was already well established.

In the case of M&B the recruitment of an external manager was to lead to a loss of family control; Whitbread managed to control recruitment in such a way as to retain family dominance. They benefited here from a long tradition of external recruitment of senior managers that had begun with Sydney Nevile. Recruitment continued to be by personal contact in order to pick those that would fit with the company's particular style. Charles Tidbury, for example, who was to

become managing director, and later chairman, joined the company in 1953. Ritchie notes

> Tidbury had gone sailing with Bill Whitbread, to whom he was related by marriage, and had confessed his frustration [with his Army posting]. Whitbread had offered him a job and Tidbury had served his two-year apprenticeship at Hythe and Chiswell Street.
>
> (1992: 123)

This suggests something of the continuing conservatism of the industry. All the board members had been through the traditional training programme of a two-year 'apprenticeship', which largely focused on brewing. They then took on broad responsibilities, such as those encompassed by G. K. Dunning who retired in 1954: 'chiefly responsible for the selection of staff and the welfare of both staff and employees. . . . he was responsible for our Shire horses in London and also for our Hop Farms and Maltings' (Whitbread AR 1967: 15). However, in the same year, the annual report reflects a recognition of the need for change, when it notes

> During the last few years we have been taking a good deal of trouble to train young men of intelligence and ability for high executive posts, in fact we are gradually forming a small staff college, because with our growing interests we must have readily available the right men to continue the management effectively.
>
> (Whitbread AR 1954: 18)

Of course the emphasis continues, as with all the other companies we have surveyed, to be on men, but within this there was a parallel widening of the board to draw in the senior executives. In 1956 the company instituted the post of 'technical director', 'senior executives promoted to Director status' (Whitbread AR 1957: 6). What this suggests is that within some companies within the industry – companies which were to form the core of the oligopoly which would dominate the industry after the mergers of the 1960s – there was a recognition of the need for change and for the opening up of the board to executives who had not been recruited through family connections but had worked their way up through the business. At this stage, there was little suggestion of bringing in expertise from outside the industry and so this fostered a pattern of rather tentative change, marked by the attitudes inherited from the past. This can be seen in another turn which all these companies were making, that towards a better understanding of the industry in which they operated.

The final note in the executive directors minutes for M&B in 1956 notes the setting up of a research committee of three directors 'to be responsible for research policy covering production and sales research'. However, it also notes that an offer from A. C. Neilson to conduct pilot market research should not be accepted. A similarly cautious approach can also be seen in Whitbread. In 1960

the board approved the expenditure of £10,000 to set up the Whitbread Research Unit

> for the purpose of investigating, studying and reporting on problems connected with the Brewing Industry or the Licensed Trade in the interest of the Company or of any of their subsidiaries or Associated Companies and/or in the interest of the general public.
>
> (Whitbread Board 28 March 1960)

That last phrase is significant in the company's vision of itself as contributing to public well-being in its tradition of involvement in both charitable work and the arts, but the interest in research was tempered with a degree of scepticism. In the following year Colonel Whitbread used his chairman's remarks to comment,

> Advertising agencies continually talk about market research. The ultimate consumer panel is the mass of the British public and I often wonder whether market research, particularly in our Industry where taste counts so much, really discovers what the people want.
>
> (Whitbread AR 1961: 8)

There were then, at the end of the 1950s, the stirrings of change. Ind Coope, too, note the institution of major market research in 1960 (Ind Coope CoM 7 November 1960). These initiatives were to some degree, at least in the public eye, to be swamped by the merger movements of the 1960s. However, we can note changes both in organizational structure, with a refining of the role of executive directors and their wider involvement in decision making, and in policy, with some tentative openings to the outside world. Of course, we have been examining some of the more dynamic companies in the industry. If the pace of change was slow and cautious here, with strong elements of personal control persisting, it was glacial in much of the rest of the industry. These were the groups who were to act on their perceptions of wider changes in society. We have seen that they were starting to explore these by the end of the 1950s. However, what we need to do is to look at the nature of these changes in a little more detail in order to return to the actions that they took. This, then, is the task of Chapter 5.

Notes

1 Figures calculated from the *Brewery Manual* of 1951 (Potter 1951). The figures are likely to be an underestimation as they are based on an analysis of names and of known family connections from published histories. It is likely that this conceals family connections. Some 33 per cent of all directors (1,324) had some family connection.

2 Ind Coope & Allsopp board minutes typed from at least 1936 (earliest book surviving, Book 2 [no 1 not in existence] February 1936–August 1937); Whitbread board minutes typed from June 1927 (W/23/4 1925–1934); Walker Cain from January 1932 (7 January 1932–6 September 1939 380PWK/4/1/8).

5 Trends in consumption 1950–1990

We have seen something of the nature of those who were seeking to affect the direction of major brewing companies in the 1950s. Major changes in the 1960s were to see the construction of a group of six companies who dominated both the production and the distribution of beer. However, before we trace these changes and their consequences for the emergence of a retailing orientation, we need to consider some of the features of the world which they faced. If we are to argue that they interpreted this world through perceptual filters that conditioned their actions, then we need at least some sense of what the main contours of this world were. We also need an indication of the resources upon which they might be able to draw in order to make sense of their perceptions. In this chapter I seek to sketch out some of the main trends that characterize the nature of consumption in this period and to suggest some of the ideas in, for example, the broader domains of retailing and management that could be drawn upon. Such an enterprise is, however, fraught with problems that we need to be clear about at the outset.

One problem is that to save constantly returning to these trends I wish to present them in their entirety in this chapter. However, we need to remember that at any point such trends might not be apparent to actors at the time, perhaps not registering as important at all, or perhaps being potential items of importance amongst the many factors that needed to be addressed. We have, then, the gift of hindsight not available to contemporary actors, and we need to judge their actions accordingly. Some of the trends continue to work their way out and would not have been at all clear at the time. In addition, we have to recognize the weaknesses of the data on which this sketch is based. This chapter is not intended as a thorough treatment of the history of consumption in this period and uses existing sources to try to identify those which would have a particular bearing on the nature of the public house in particular and on the consumption of alcohol in general. We need to be aware that there is often considerable discussion in these sources about the adequacy of the statistics gathered often for very different purposes. However, if we keep this note of warning in mind and treat any figures as indicative, then they can give us a broad sense of direction. A further problem is that, in Obelkevich's (1994: 141) words, 'post-war consumption has been curiously neglected by historians and sociologists'. Whatever the reason for this, it does mean that the evidence and arguments presented in this chapter are

necessarily tentative. This is even more the case because those works which have addressed consumption in the period have tended to overlook the pub or pass quickly over its role in favour of other subjects such as shopping, sport or tourism (Benson 1994; Hill 2002). By its ubiquity the pub becomes almost invisible, with a failure to go beyond its taken-for-granted existence. Accordingly, this chapter tries to repair this oversight by looking at some of the key trends in consumption over the period as they might have affected the consumption of alcohol. In the first part of the chapter we look at some of the broad demographic and other changes that occurred during the period. We start by looking at the growth of mobility in physical and geographical terms and the potential affects on the very local quality that had been seen to characterize the pub. This is set against what might be seen to be a contradictory trend, but one which could also have pro-found affects on the pub, the growth of home-based leisure. The increasing attractiveness of the home relates to broader changes in the involvement of groups in consumption and here we single out women and youth for particular attention. However, the emergence of distinctive groups of consumers are cut across by considerations of class, always important in the pub, a dominant feature of working class life up to the beginning of the period. The likely impact of these factors on the consumption of alcohol is then considered, one set of figures which we know were carefully tracked within the industry. In the second part of the chapter some consideration is given to bodies of ideas which might have been available to our decision makers. One important material change in the period was in the nature of retailing. The word 'material' is used advisedly, as dramatic changes in the look of Britain's High Streets accompanied other changes in processes. Such changes had an impact on the status of retailing as a body of ideas, ideas which had a wider impact. At the same time management too, as a body of ideas, also underwent change. These changes in the bodies of ideas avail-able to the organizational actors we have already met need to be considered so that we can move on to look at their response to these changes in the world which they faced. Only in this way can we consider the ways in which their perceptions of and responses to this common world differed.

Rather than starting with the traditional demographic factors, I want to start with the notion of mobility. This is because the pub was historically the 'local'. In 'Worktown' (Bolton) in the years before the Second World War, for example, 'The pub isn't much different from the other houses in the block, except for the sign with its name and that of the brewing firm that owns it' (Mass Observation 1970: 21). The built form in other areas might have made the pub more distinctive exter-nally, but internally it drew predominantly on the local area for its customers, many of whom attended only that pub. This can be related to the intensely local character of life in many working-class districts, nicely caught in this passage from Richard Hoggart, describing a life in Leeds that was on the verge of extinction.

> The car has not reduced distance for him; the trains are no faster than they were three-quarters of a century ago. True, he will usually travel by bus if he has to travel, but the point is that he normally has to undertake very little

travel except within a mile or two. The local quality of the day-to-day life of a working-class man is well-illustrated by the way he will still trudge half-way across town with a handcart or old pram, transporting a sixth-hand kitchen table he has picked up cheap from someone who knew someone. It will take the better part of an evening, but seems normal procedure.

<div align="right">(Hoggart 1957: 62–3)</div>

Such a situation was to change dramatically over the period, in large part thanks to the diffusion of the private motor car. The statistics on passenger transport use over the period show this quite dramatically (Table 5.1).

Of course, such figures have to be treated with some care, given that car travel in particular is based on traffic counts and estimates of the average number of persons per car, but the magnitudes are clear. It is interesting to note that whilst rail travel holds up in absolute terms, the character of this changed over the period, with rural branch lines disappearing and more intensive use of commuter networks around major conurbations. The important point here is the shift of population which such mobility facilitated, away from stable local areas to new areas of development, potentially breaking the link between pub and local area. This was even more the case with the growth of car ownership and related mobility. Of course, the interwar years had seen some recognition of this trend with the building of giant 'improved houses' on new arterial roads, but this was very much reacting to car ownership as a minority, middle-class phenomenon. The spread of car ownership was to see the need to provide extensive parking at many pubs, particularly those in rural areas. The introduction of legislation aimed at stopping drink-driving was to have a considerable impact on consumption at outlets which came to rely on car traffic. The pub car park was the very visible sign of the impact of the car, but other changes which were hidden from view could also have, potentially, a much greater impact. The car gave the possibility of increasing the span of control for the area manager, with the possibility of moving away from houses based on geographical location to those based on functional type. This could facilitate the growth of national standards, which in turn could also be influenced by the use of the growing road network for the distribution of products. The M1, Britain's first motorway, was opened in 1959 and the 1960s saw the

Table 5.1 Passenger transport use, Great Britain, 1961–1988

Billion passenger kilometres travelled by	*1961*	*1971*	*1981*	*1988*
Air	1	2	3	5
Rail	39	36	34	41
Road				
Buses and coaches	67	51	42	41
Cars, taxis and two-wheeled motor vehicles	142	311	410	523
Bicycles	10	4	5	5
	259	404	494	615

Source: Adapted from Central Statistical Office *Social Trends*, 20 (1990), table 9.3, 140.

construction of an increasing network of relatively fast roads. Many breweries were early adopters of road transport, but this was largely to replace horses and expand their local networks. The growth of a reliable trunk network meant the replacement of rail transport and the adoption of new types of distribution, such as the bulk tanker. Even more invisible was the possibility of supplying pubs with other products, notably food.

A more intangible impact of growing physical mobility was the divorce between the very concrete view of the pub as the local and the potential of the substitution of standardized units. As mobility increased, people would start visiting pubs at a distance from the locality. They might respond to difference and seek out new experiences – or they might be comforted to find the familiar. The familiar might be conveyed by product availability or signage, but it might also come, as it appeared to in the United States in particular, from fast food outlets to hotels, in the security of the brand. The possibility might exist of the central creation of particular versions of the pub, capable of being run on a standard basis across the country. Two further aspects of mobility might have had some influence here. The figure for air travel given in Table 5.1 was for domestic flights only. As such, of course, it fails to register the growth of foreign travel, associated in particular with the development of the package holiday. In 1951 there were 1.5 million foreign holidays each year, a figure which rose to 4.2 million in 1971 and over 13 million by 1981 (Garnett and Weight 2004: 243). This could also be a source of change in expectations, particularly in the range of services available from the pub. A more direct source of concern for those running pubs might have been the increasing number of overseas tourists visiting Britain. Whilst the views of those customers who brought new ideas back from their foreign holidays might have been difficult to ascertain, dissatisfaction with what was found in Britain was expressed by overseas visitors and became a cause of concern for bodies concerned with the promotion of tourism.

One further aspect of mobility that might be a source of concern to those running pubs was the shift of population on a more permanent basis away from the great heartlands of the industrial revolution (and of heavy beer drinking) towards the midlands and the south. This was not simply the dominance of London, because it too was losing population. What it represented was the gradual urbanization of large parts of the south with the growth of commuting facilitated by the motor car and the development of transport infrastructure. Whilst there was some reversal of the trend towards rural depopulation as commuters extended their reach these shifts had two implications for those running pubs. In the rural areas many pubs would seem unviable as their potential customers moved just at the time when increasing capital expenditure was necessary to bring them up to changing expectations. To many brewing companies it would seem that keeping open such outlets was to detract from the expenditure needed to enhance their urban outlets. At the same time, many of these urban outlets would seem to be in the wrong place. As slum clearance was put into place, often with the decanting of populations to New Towns and other suburban developments, they were faced both with pubs which no longer had their local communities and

with the need to follow their customers by building new outlets. In the process, they had the opportunity to think through what the nature and function of those outlets might be.

Mention of the New Towns leads us to what appears to be a contradictory tendency to our emphasis so far on mobility: the rise of home-centred leisure. Whilst the trends towards mobility are all about exploring new ground, those towards home-centred leisure could be seen as being in the opposite direction. However, the very existence of mobility might give rise to many seeking comfort in the certainty of home. Of more importance was the growing attractiveness of that home in a number of ways. The immediate post-War years had seen a considerable building effort, initially concentrated on the public sector, to both replace war-damaged homes and to continue and accelerate pre-war processes of slum clearance. For much of the 1950s, housing shortages meant that jobs which also offered housing, such as running pubs, were particularly attractive. However, by the later 1950s the emphasis switched from public to private house building and the inexorable growth of home ownership began. Benson (1994) notes, for example, that whereas in 1951, 31 per cent of accommodation was being purchased by the occupier, by 1981 this figure was 60 per cent. This increase in home ownership was accompanied by the increased ownership of consumer durables in all forms of household. Obelkevich gives us some indicative rates, the most important of which is television (Table 5.2).

When one adds the comfort brought by the increasing spread of central heating and fitted carpets, such developments 'made the home what it had not always been before, the chief leisure centre for every member of the family' (Obelkevich 1994: 146). The immediate casualties of this shift to the home were the cinema and sports. Cinema attendances peaked in 1946 but the broadening availability of televisions and the advent of commercial broadcasting in 1954 led to a rapid decline in cinema attendances. One of the most enduring and successful television programmes was *Coronation Street*. Starting broadcasting in 1962, much of the action took place in the street's pub, the 'Rover's Return'. This was a nostalgic

Table 5.2 Percentage of consumer durables by household, 1955–1990

Consumer durables	1955	1975	1990
Vacuum cleaner	51	90	96
Washing machine	18	70	86
Refrigerator	8	85	98
Freezer		15	79
Television	35	96	98
Telephone	19	52	87
Central heating	5	47	78
Dishwasher	<1	2	12
Microwave oven			47
Video recorder			60

Source: Obelkevich (1994), 'Consumption', 145.

recreation of the pub as social centre, just at a time when programmes like *Coronation Street* itself were offering a real alternative that kept people at home (Morgan 1990: 200). It was also at a time when the first fruits of a reappraisal of the nature and function of the pub were starting to emerge from major brewing companies. However, as well as increasing geographical mobility and the rise of home-centred leisure there were other trends which we need to discuss.

Some of these changes can be related to changes in occupational structure attendant on the shift from manufacturing to services, but they also have to be placed in the context of the challenge posed to received practices by the Second World War. In 1942 the *Brewers' Journal* reported in amused terms in a leading article the impact that evacuated women from the East End of London had when they sought to drink in rural Essex pubs (*BJ* 15 July 1942: 949). What was frowned upon in rural areas and many (but not all) areas of the North was broadly accepted in London and became more so after the war. Despite the rather backward looking stance of some brewers (with Bass still planning men only bars in Hull (Avis 1997: 89)) there was a general recognition in the trade press that women as drinkers were in urgent need of consideration. In 1953, for example, a correspondent pondering 'The Future for Beer' in the *Brewers' Journal* observed that campaigns promoting beer in general, such as the 'Beer is Best' focussed on the product and ignored the primary attractant of the atmosphere of the pub. 'More people', he argued, 'especially women, drinking beer; and more people, especially women, using our public-houses regularly: that could be a part of Trade policy for the future' (*BJ* 16 December 1953: 551). This focus in the trade on the importance of the product is one that we will come upon frequently and is an important sub-text that expresses some of the difficulties that brewers had in adapting to new groups of customers. That women might have the material capacity to be such customers was demonstrated by changes in their involvement in the workforce over the period. The war years had seen women achieve majority positions in both clerical and sales occupations, but of particular importance was the slow but steady growth during the 1970s in the proportions of women in managerial, supervisory and higher professional categories. Whilst in 1931 women had accounted for 13 per cent of the managerial workforce, a proportion which increased only slightly up to the 1960s, by 1971 they represented 18.5 per cent, a figure which reached 21.4 per cent ten years later. Similarly, by 1981 they occupied 13 per cent of higher professional jobs and 23.6 per cent of supervisory positions (Halsey 1988: 166). Whilst these increases were by no means in proportion with other levels of representation in the workforce, and whilst pay levels still lagged those of men, the material conditions were being created for a demand for places for the consumption of alcohol which might be considerably different from those traditionally available (Whitehead 1976; Hey 1986).

The rise to importance of another group, young people, was a somewhat later one, which can be dated to the late 1950s. In high culture the change can be marked by the 'Angry Young Men', but more significant changes were probably represented by shifts in popular culture, looking in particular to US influences. This change was received rather sourly by cultural critics such as Hoggart.

The milk bars in which youth congregated to listen to the juke box were characterized, he argued, by 'the nastiness of their modernistic knick-knacks, their glaring showiness' so that 'Compared even with the pub around the corner, this is all a peculiarly thin and pallid form of dissipation, a sort of spiritual dry-rot amid the odour of boiled milk' (Hoggart 1957: 247–248). What is interesting to note here is that Hoggart's youth were not in the pub, but in the milk bar or in the cinema. This adhered to a model in which the pub was the province of the older male, a province to which the young graduated as part of a life course with laid down stages. As late as 1959 a market researcher could note that

> There is one other major adult market where teenage expenditure is comparatively unimportant – alcohol. The latest figures available from sample surveys show that less than 40 per cent of male teenagers take any alcoholic drink as often as once a week. Among girls, the abstainers are even more numerous – less than 10 per cent have any alcohol as often as once a week.
>
> (Abrams 1961: 5, 7)

The emergence of the 'teenager' with the growth of youth culture saw this 'stages' model disrupted. Youth was targeted more enthusiastically by clothes and music retailers with, for example, the experimental Top Shop being directed at 18–25-year-old women in 1966 (Gardner and Sheppard 1989: 81). However, 'Starting in the 1960s [pubs] were invaded by growing numbers of young people, much to the displeasure of the older male regulars' (Obelkevich 1994: 146). What this signaled was a breaking down of the regular progression which Hoggart (1957: 152) observed in his observation of club-going habits (having remarkably little to say about the pub, perhaps reflecting the strength of the club in his experience) in which couples took over 'with remarkably little change, the traditions suitable to their age within their community'. The challenge that this posed to the owner of public houses was one in which the accepted customers for their offerings were being challenged. Of course, overlaying this were structures of class.

For the 'traditional' public house was above all a working class institution (to use that term in its broadest sense). Although some brewers had sought to widen its appeal with changes in the built form during the interwar years, these had not shaken the essential basis and appeal of the pub. Some of this appeal can be seen in the following account by an area manager of a pub under his control in the West Midlands in the 1960s:

> one pub who opened at ten o'clock but the licensee would be pulling pints from nine o'clock and he would have probably two hundred pints of beer on his counter. The men would come in from a foundry and they would drink the pint, the beer would be two shillings a pint and they would pick up the pint, down it and put the two shillings under the pot. They'd put it down and these guys would shift two, three hundred pints in ten minutes. Now life was all too [easy], first of all you didn't sell the beer. All you had to do was put pint pots and these guys had a quarter of an hour break to refresh themselves

in the foundry, from the foundry. So things have altered in, first of all there was no selling. You'd have to buy in fittings because it was all wood, everything was wood and at lunch time the guys would come in and they would stand up and there would be a pool of sweat on the wooden seat where they had sweated the beer out of them.

(Interview, Jones)

Of course, there was a long-term trend away from the heavy industry and manual work which typified this pub and many others in the industrial heartlands of the country. In 1931, 70 per cent of the occupied population were classified as manual workers. This proportion showed a steady decline over the post-war years, although it was not until some point in the 1970s that manual workers ceased to represent a majority of the occupied population (Halsey 1988: 164). Of course, what this picture cannot give us is regional distributions. Morgan, for example, notes the continued growth and output of the steel industry, with major works being constructed or extended in South Wales and Teesside (Morgan 1990: 190). Similarly, Avis, talking of Yorkshire in particular notes the importance to brewers of the modernization of heavy industry:

The enormous pit-head clubs were provided by the Coal Industry Social Welfare Organization; they were modern and attractive, and there was one at every colliery owned by the National Coal Board. In the same areas were the social welfare clubs provided by the British Steel Corporation, on the same scale.

(1997: 62)

Such outlets masked the trends away from manual work which were to become only too apparent in the early 1980s, with the closure of great swathes of heavy industry. However, it is clear that there would be plenty of reasons why brewers, especially those with concentrations of business in industrial areas, might not pick up on or perceive some of the trends that we have been discussing.

   Another factor that might operate to disguise some of the trends we have noted was the general rise in consumption based on a doubling of real income from 1951 to 1981 (Benson 1994). In addition, the extension of credit based on the relaxation of hire purchase regulations in 1954 and subsequent developments (such as the credit card) meant that the new wave of consumer durables could be bought alongside instead of competing with discretionary spending on entertainment (Ransome 2005). This brought new attractions which could be seen as potentially competitive to the pub but might also be seen as complementary. The most important of these was the rise of eating out. Beardsworth and Keil (1997) argue that, compared to France, eating out was associated in Britain with work. Walton's work on fish and chips indicates that even where food was prepared by external suppliers it was consumed in the house, something which Haydon argues was paralleled by some pubs (Walton 1992; Haydon 1994). However the post-war years saw an increase in eating out. Clarke and Critcher (1985: 86) argue that

'Experimentation in eating out was a by-product of affluence and a growing veneer of "cosmopolitanism" in leisure' and relate it to immigrant entrepreneurs. For them this seems to relate mainly to 'Indian' restaurants, but a more significant move, certainly for those who owned pubs, was the spread of the Berni Inns restaurant chain. Started in Bristol in the 1950s by an Italian family, this chain reached nationwide coverage with 3,000 employees by 1964 and was to be an important example for brewers (*Economist* 12 September 1964). The potential significance of food as a new market and one which could be tackled by the conversion of existing outlets was an important consideration. Whilst such activities might lack the glamour of other trends in consumption, it is arguable that they had far more impact on mass consumption. Indeed, figures gathered on participation in selected activities towards the end of our period show the continued resilience of drinking as an activity, but also the significance of eating out.

Table 5.3 is based on the General Household Survey and represents annual average percentage rates for persons aged 16 and over in activities in the previous four weeks. Now, some of the items, like 'going out for a drink' were prompted, which could explain the high participation rates, but the broad thrust of these figures seems to confirm not only the continuing importance for men of the pub, but also the widespread involvement of women. There remains a skew towards the managerial group in the attractiveness of eating out, but participation rates of at least a third give an indication of the importance of this as a leisure activity. How pub owners responded to (and in part, of course, created) this trend will be

Table 5.3 Percentage taking part in selected leisure activities, 1990

Activity	Professional employers and managers	Intermediate and junior management	Skilled manual and own account non-professional	Semi-skilled and unskilled manual	All males	All females	All persons
Going out for a drink	58	54	61	51	65	47	55
Going out for a meal	65	57	39	32	47	47	47
Dancing	10	12	9	10	9	12	11
Visiting historic buildings/sites/towns	14	13	7	6	9	10	9
Going to the cinema	9	10	6	4	8	8	8
Going to the theatre/opera/ballet	9	8	3	2	4	6	5
Going to fairs/amusement arcades	5	5	4	3	4	5	4
Going to museums/art galleries	6	5	2	2	4	4	4
Amateur music/ drama	5	5	2	1	4	3	4

Source: Adapted from *Social Trends*, 20 (1990), table 10.3, p. 153.

an important part of our considerations. However, it is also worth a more detailed look at changes in the consumption of alcohol over the period.

One trend that brewers might follow in some detail was that related to beer production, not least because statistics were collected through the taxation system which were widely available and the subject of comment by those from outside the industry. The commentary from the *Economist*, for example, which was cited at the beginning of the introduction was based on a dip in beer production. If we take the traditional industry measure, that of thousands of barrels produced, then 1950 does indeed mark a dip after post-war increases, that seemed to mark another stage in a continued decline in production volumes since the end of the First World War. However, if we look at these figures over a longer period, as in Table 5.4, then we see a recovery in production which starts in the mid-1960s and continues strongly, so strongly that by 1980 production levels exceeded those in 1900.

Whilst these volumes were hit by the deindustrialization of the early 1980s, they still held up well compared to earlier figures. Of course, these are production volumes and tell us little about consumption. In particular, they tell us nothing about where this beer was consumed and what type of beer was consumed. Figures on overall alcohol expenditure (Table 5.5) are interesting in revealing some of these shifts. Taken overall, they indicate that expenditure on alcohol

Table 5.4 Beer production, thousands of barrels, 1950–1990

Year	Production
1950	26,514
1960	26,115
1970	32,941
1980	41,701
1990	36,499

Source: Adapted from BLRA (1994) *Statistical Handbook*, table A1, 7.

Table 5.5 Consumer expenditure on alcohol, 1955–1990

Year	Percentage of consumer expenditure on alcohol	Percentage of alcohol expenditure on			
		Beer	Wine	Spirits	Cider
1955	6.10	87.91			
1960	6.20	83.02			
1965	6.56	78.76	19.57	0.79	2.13
1970	7.36	76.47	19.83	0.89	2.29
1975	8.58	68.26	22.89	1.06	1.91
1980	8.29	61.28	24.59	1.29	2.46
1985	7.52	55.75	23.64	1.70	3.63
1990	6.24	53.94	23.11	1.90	3.91

Source: Adapted from BLRA (1994) *Statistical Handbook*, tables E1 and E3, 35, 37.

increased as a proportion of consumer expenditure over the 1970s and 1980s, only to settle back down to the levels of the 1950s by the end of our period.

What the figures also show is the increasing importance of alternatives to beer in spending on alcohol. Figures based on consumption by alcoholic content also show a steady increase in the amount of wine being drunk, possibly linked to some of the changes in eating out that we noted earlier. However, the type of beer and the way it was sold was also subject to dramatic change over the period. The traditional mainstay of the public house was draught ale, delivered and sold from the barrel. However, over our period we can see in Table 5.6 both the inexorable rise of lager, which by the end of the period was the dominant product, and the continuing strength of draught beer in the British market.

A more detailed look (Table 5.7) will show that draught ales and stouts still outsold draught lager, but that in packaged beers lager was by far the dominant product.

Of course, this tells us little about where these products were consumed. The rise of packaged beers, and especially lager, was in large part a function of the importance of off-sales, especially through supermarkets. Here the shifts in consumption towards lager and wine could be influenced by one of our groups discussed above as,

> A survey carried out for IPC Magazines in 1970 suggested that more than 40 per cent of such purchases [alcoholic drinks for consumption at home] were made by housewives who, in three-quarters of the cases, also took the decision which brand to buy.
>
> (Scott 1976: 162)

Table 5.6 Percentage of beer consumption by type, 1960–1990

Year	Ales and stout	Lager	Draught	Packaged
1960	99.0	1.0	64.0	36.0
1965	98.0	2.0	68.0	32.0
1970	93.0	7.0	73.0	27.0
1975	80.3	19.7	75.8	24.2
1980	69.3	30.7	78.9	21.1
1985	59.1	40.9	77.2	22.8
1990	48.6	51.4	71.6	28.4

Source: Adapted from BLRA (1994) *Statistical Handbook*, table A11, 18–19.

Table 5.7 Percentage of sales volume for selected products, 1980–1990

Year	Draught ale	Draught lager	Packaged ale	Packaged lager
1980	47.2	23.1	8.6	7.7
1985	41.8	29.0	7.9	11.9
1990	34.5	32.6	7.6	17.8

Source: Adapted from BLRA (1994) *Statistical Handbook*, table A10, 17.

However, some of this beer could also be drunk in licensed premises as fashions for imported bottled beers came and went. What is important here is the need to tackle consumption as it happened, not as we might like it to be. It is noticeable, for example, that Marwick's discussion of pubs is almost entirely couched in terms of products and pays considerable attention to CAMRA. Now, there is no doubt that such a campaign was of considerable importance, not least in acting as a model for other consumer groups but, as Marwick rather gloomily concedes 'the revival of real ale remained a relatively minor phenomenon compared with the expansion of the market for lager – most of it brewed in Britain (despite foreign names) and of poor quality' (Marwick 1990: 243). Of course, the growth of lager was something promoted by brewers, but this was in part a response to what they perceived as changing tastes. As with restaurants like Berni Inns, the results might not be pleasing to many commentators, but the brewers were responding to what they perceived to be mass market demands, capable of being satisfied profitably.

Finally, and partly as a response to these broader changes in both leisure and drinking, we need to note the liberalization of the licensing laws that began to take place from the 1970s. What was significant here was a relaxation in the rules governing opening hours that had been in place since the First World War. These imposed tight limits on opening hours in the name of the war effort, limits which were not removed on the conclusion of hostilities. They were particularly draconian in Scotland, where temperance pressure had led to legislation which allowed for local ballots on whether alcohol should be offered for public consumption at all. The results were rather less than the temperance advocates had hoped for, but a number of areas went 'dry' as a consequence of this legislation and remained that way until well into the 1950s. However, it was Scotland that first saw the fruits of liberalization. Following the deliberations of the Clayson Committee, an act was passed that allowed for local discretion in setting licensing hours. The implementation of this saw the gradual elimination of afternoon closing and, in October 1977, the opening of pubs on Sundays. Despite this example, it was not until 1988 that pubs in England and Wales were allowed to open from 11 in the morning to 11 at night without a break (Cornell 2003: 226). The consequence for those running pubs was the need to think carefully about which pubs should open for how many hours and how to make profitable use of the new hours. This tended to reinforce the trends towards the serving of food and closer scrutiny of unit profitability.

There were a number of trends, then, that brewers might potentially respond to in considering what to do with their public houses. Some of these trends were, of course, not external to them but were in part their creation. Others, however, such as the increasing growth in mobility were happening regardless of their activities. This growth in personal mobility was of particular importance for the public house, threatening as it did the profoundly local character of its operation. However, it also offered possibilities of creating common formats that would offer security and familiarity to those who were in strange surroundings. These qualities of reliability and familiarity were to emerge in particular in connection with food. In other ways, however, the pub was threatened by the growth of home-centred

leisure. For those involved in the production of beer, this offered an opportunity, especially through the growing sophistication of the retailing network, to reach new consumers, but this threatened to 'cannibalize' traditional markets. New groups of consumers, notably women and the young, might be new customers for the pub, but only if it could be changed to meet their requirements. What these trends did in particular was to shatter old patterns of consumption in which particular patterns suited particular groups of consumers who could be expected to slot into traditional patterns. However, those traditional patterns remained powerful during the early part of our period, and could disguise underlying trends. There was plenty of reason for inertia amongst brewers, if they chose to respond to the traditional imperatives of their concern with the production and distribution of beer. The character of their response depended not only on their recognition of some of these trends but also on the availability of ideas that might offer new directions. Two of these sets of ideas that would be particularly important were those to do with retailing and management, and it is to a brief exposition of these that we turn now.

Whilst within brewing there had always been reference to the 'retail' sector, this was very much seen as subordinate and inferior to the brewing operations. Many companies kept retail operations at a considerable distance, regarding them as simply a distribution network. In trade affairs, the retail societies were supported by brewers who frequently acted as patrons and sponsored events like annual dinners (Gutzke 1989). In this the retailers were very much the junior partners. In turn, landlords, be they tenants or free owners maintained the mystique of 'the trade', supporting their own morning newspaper and network of support organizations. They at a considerable social distance from the bulk of shopkeepers. What this might remind us of is the wide range of definitions that might comprise retailing. In the case of traditional brewing this was as a distribution network, in which the views of customers hardly entered into consideration, except at a considerable remove. As we have seen, Johnson's (1987) examination of strategy formation in a clothing retailer pointed to the way in which retailing there was in practice dominated by buyers. Little account was taken of either the physical environment offered to customers or their requirements. Rather, success flowed from the ability to buy at advantageous prices, success that was rapidly undercut when circumstances changed. Retailing could also be about property ownership, with escalating property values on an extensive estate becoming more important than sales. 'In those days' recalled one of Johnson's interviewees speaking of the 1970s, 'we were very much a branch acquisition business, more than a retailer, I think. The business was run by people who looked after the property, rather than people who were traders' (Johnson 1987: 101). So, notions of retailing could vary considerably and in them understanding the customer and providing adequate service could often take a relatively low place.

At the beginning of our period, then, retailing and retailers had low social status and little impact on wider business practices. Writing of the period 1880–1980 Benson (1994: 39–40) observes that, 'the service sector as a whole was so seldom the source of organizational innovation, technological breakthrough or class

confrontation that it always tends to be overlooked'. We could challenge aspects of this judgement and argue that this lies as much within the perceptions of the sector as with practices within the sector itself, but in writing of the period finishing just ten years later Gardner and Sheppard (1989: 1) could argue 'In little more than twenty years, retailing has moved from being a dull, business backwater to become one of the most important, dynamic sectors of the British economy.' From being of low status with little influence on wider practice, Gardner and Sheppard (1989: 2) argue that by the end of the 1980s retailing was widely influential and 'has been in the forefront of innovation and experimentation, in an attempt to find new markets and satisfy them'. We need to consider aspects of this dramatic change in order to consider the potential impacts on those owning public houses, not least for the source of examples that the rise of these ideas might supply. Of course, these ideas had material aspects, aspects which could also have their impact on brewers. Of particular significance was the dramatic rise of the supermarket.

Sainsbury converted its Croydon store to self-service in 1950, and the following decade saw the widespread conversion of shops to the new format. With this came the inexorable rise of the multiple. From a situation in which groceries were supplied through an extensive network of local independent traders, the sector came to be dominated by a handful of companies, notably Sainsbury and Tesco, of increasingly national reach. By 1976 the multiple traders had 57 per cent of the food trade, with the cooperative movement retaining 20 per cent and independents 10 per cent. By 1987 the grip of the multiples was still more powerful, with their share having increased to 78 per cent (Gardner and Sheppard 1989: 155). Independent traders by this stage were down to a mere 5.5 per cent of the food market. This massive success both enhanced the status of retailing as Sainsbury and Tesco ascended the ranks of the most successful companies and had a considerable impact on alcohol consumption. We have already seen the significant increase in expenditure on wine, which was argued to have been heavily influenced by female consumers in supermarkets (Scott 1976). Supermarkets made a considerable difference not just because of their buying power, but because of the way in which their methods meant changes to the way in which products were perceived. With self-service the design of the packaging became crucial in engendering consumer recognition. This placed considerable emphasis on the brand and advertising, with these 'being called on to act as the complete communications link, putting across information which in years past would have come from the retailer' (Nevett 1982: 178–179). Whilst what had previously been important was the name of the brewer as emblazoned on the front of public houses, now increasingly it was the individual brand which was important. The growth of sales through supermarkets offered the possibility of national distribution for these products, which hitherto was only possible through sales through pubs. Whilst some beers (notably bottled Bass and Guinness) had previously achieved this status, the emphasis was now much more on the national brand – and this might have an impact on the pub. Of course, of direct impact on the pub was the growth of home consumption. Previously this had come through off-sales departments in

pubs, but both the growth of the supermarkets and the widening of consumption of alcohol to include a range of types prompted brewers to acquire chains of off-licenses. They were in this way more directly exposed to retailing ideas.

However, at the beginning of our period, such ideas were altogether more marginal and unlikely to have a significant impact on brewers (not least because of the relatively low social status of retailers compared to the rather aristocratic brewers, who were more likely to align themselves with merchant bankers (Stanworth and Giddens 1974). In turn, the practices available would simply have reinforced existing prejudices. Frank Mort (1999), for example, has pointed to the intensely local character of retail promotion even in a retailer of national reach such as Montague Burton. The prime means of reaching the customer was the window display, with Gardner and Sheppard characterizing the period from the 1930s to the 1950s as the 'heyday of the shop display specialist' (1989: 75; see also Chapman 1974: 153). What was significant here was that this was product-led (or, as they argue, production-led) retailing, in which the focus was the way in which the product was displayed. This, it was felt, would be sufficient to attract the customer to purchase. Once again, Hoggart gives us an atmospheric description of the chaos that this could lead to in local shops:

> It is an untidy, messy, baroque, but on the whole drably baroque, world. The shop windows are an indiscriminate tangle of odds-and-bobs at coppers each; the counter and every spare stretch of upper space is festooned with cards full of proprietary medicines. The outer walls are a mass of small advertisements, in all colours. There are hundreds of them, in all stages of wear-and-tear, some piled a quarter of an inch thick on the bodies of their predecessors.
>
> (1957: 145)

Whilst pubs might be a little more impressive in their instantiation of the baroque, certainly in their interiors, they too shared the focus on the product name and the careful displays of products (usually bottled beers) in their windows. M&B, for example, announced a competition for product display in their house magazine for 1958, continuing a long tradition of the use of the display as a prime mechanism for reaching customers (Carter 1918; *Deerstalker* 1958). That some brewers kept abreast of broader changes in retailing is indicated by a director reporting to Ind Coope's Committee of Executive Directors in 1956 'that Woolworths were giving up window display space in order to provide greater shop display as it was their view that not less than 3/5ths of their sales were impulse sales' (Ind Coope CC 30 October 1956). However, there was little in retailing at the onset of the 1950s to suggest new means of operation for public houses.

Such new ways of operating came with the increasing success and prestige of retail companies. This accelerated in the 1980s, most noticeably in the very high profile activities of George Davies at Next. The application of design techniques to the interior of shops transformed a dowdy and unfashionable chain into a style leader with profound effects for the rest of the sector. Whilst his efforts built on

previous work in both design and customer segmentation, the success of Next not only spawned a mass of imitators but also gave legitimacy to these techniques. What these also saw was the consolidation of a network of organizations to make these techniques available – advertising agencies, public relations specialists and management consultancies (York 1996). Advertising, for example, had been very product led until the late 1950s, when American agencies bringing with them a range of techniques of varying plausibility began to be established in large numbers. By 1960, there were 36 US agencies in London with 281 offices, which spurred British advertising agencies to adapt to the new methods (Nevett 1982: 195). Increasingly, this meant offering market research skills to clients as well as the procurement of advertising space. The latter had expanded dramatically with the introduction of commercial television and then with the growth of specialist magazines. Of course, many brewers had advertised their product in various forms, including an industry-led campaign to promote beer drinking in general, but this was again profoundly product led. As we have seen, this was criticized from within the industry as failing to be attractive to new groups of consumers. Whilst most of the advertising expenditure continued to be on branded products, (although the focus was often now on the image of the brand, rather than the product qualities (Mayle 1983)) the growth of these organizations created a resource on which brewers could draw in considering the nature of their public houses. They in their turn perhaps contributed to the emphasis placed on design later in the period – if only in reaction to their often ill-considered re-modelling of public houses in the 1960s.

One key resource, and one very much less visible to the public eye than the built form of premises, was that of unit management. The triumph of the supermarkets and the growth of multiple retailers in other sectors meant a concomitant growth in unit managers to replace the independent proprietors who had been driven out of business. With this, too, came the growth of a network of area managers to monitor performance. We know relatively little about this process in retail more generally, although the importance of the area manager in particular is recognized by some commentators. Mathias (1967), for example, suggests at a number of points in his exploration of the rise of multiple retailing that the calibre of inspectors was of particular importance. Speaking of Lipton's shops before the takeover by Van der Berghs he observes 'An infusion of management skill and strength also had to come at shop inspector level' (Mathias 1967: 249). In similar vein, Greenwood (1977) notes that the most significant aspect of the brief period of American control of the Boots Company was the instigation of a systematic structure of 'territory' managers. Such practices had also, as we have seen, characterized the practice of some brewing companies, but the experience was heavily localized. As we will see, one of the consequences of the merger movement of the 1960s was learning from this experience and its generalization to a national level.

There were then a number of intersecting trends that had profound implications for the nature of the public house. There were different ways in which brewers might respond to such changes – they might, for example, segment their pubs to target different markets, or they might seek to broaden their product offering by

introducing food. However, whatever course they took required that they recognized the trends. As we have seen, there were confounding factors that might prevent this in the market itself, such as the continuing strength of traditional heavy industrial markets. However, there was also the need to be asking questions about the nature of the market, and we have already seen the resistance to market research. There was a patrician quality to the leadership of many brewing companies which assumed that they were in the best position to judge public tastes. In part this came from the composition of senior managers, but it also came from the primacy of brewing in the minds of such decision makers. The logic of pubs as a distribution outlet rather than as a retailing network was a difficult one to shake. Of course, this was not just a matter of abstract ideas but a very material one. Companies often owned large estates and even if they recognized the need to change faced a considerable problem in changing the composition of that estate. This estate was also tightly tied into existing practices, which centred on vertically integrated brewing. Such practices were not just technical ones but importantly managerial. Shifts in the status and role of those running pubs and of the area managers who supervised them were to be crucial, as we will see in Chapter 6.

6 Shaping the manager

> Under present trading conditions, the retailer receives so large a proportion of the profit from the commodities sold in the public house that there is bound to be a trend by brewery companies to put more and more houses under management. Although we are all aware of the value of the tenant through his human relationship with his customers, it is becoming more and more necessary for the brewer responsible for the upkeep of the houses to have the benefit of retail profit. Our companies which manage public houses and our wine and spirit companies have shown substantial increases of profit. *Personally I deplore the trend towards management of public houses* but it is the result of changing trading conditions of which the retail trade organisations should take notice.
>
> (Whitbread (AR) 1955: 18, my emphasis)

This statement in Colonel Bill Whitbread's chairman's statement in his company's annual report was not only remarkable in its frankness but also caused a considerable stir both inside and outside the industry. The *Economist* welcomed what it saw as a refreshing dose of realism in an industry which it described as 'taciturn'. 'Nothing but good', it argued, 'can come from giving this delicate problem a good airing in the trade and if it makes the less enterprising tenants worry about staying in business, so much the better for everyone' (*Economist* 16 June 1956: 1115). For the Licensed Victuallers Defence League (LVDL) the statement was seen as a way of putting pressure on tenants for a greater share of the profits, rather than as a realistic assessment of trading conditions (*BJ* 18 July 1956: 221). In the boardroom of Ind Coope, Edward Thompson mulled over the statement with his Committee of Executive Directors and came to the conclusion that 'the Company's policy should be to increase our Managed House estate' (Ind Coope CC 28 June 1956). Meanwhile, other brewers reaffirmed their continuing commitment to the tenancy model (*BJ* 19 September 1956: 309 (Charrington); 19 February 1958: 54 (Watneys); 19 October 1960: 482 (Courage)). This range of responses indicates something of the sensitivity of the moves towards the greater direct management of pubs that a shift towards a retailing orientation seemed to entail. In this chapter, which covers the period from 1950 to 1970, we examine the first tentative shifts towards retailing. We explore why it was that more concern with retailing might involve a greater involvement in direct management and how such involvement

was contained within and constrained by existing structures. A key feature was the widening of the scope of direct management and we explore how companies learned about management through the mergers which created companies of national scale in the 1960s. Finally, we look at how these companies used their trade organization, the Brewers' Society, as a vehicle to shape the identity of their managers. This leads us to a consideration of the tensions involved in creating a collective organization of managers in order to better shape the individual status of those managers.

'It should be borne in mind', the Committee of Management of Ind Coope were told in 1956, 'that the back street pub in an industrial area is not likely to be in much demand in two generations' (Ind Coope CoM 3 October 1956). This was said in the context of a scheme to classify outlets in order to decide on a policy for investment or retention, a policy which illustrated the different problems that urban and rural pubs posed for brewers with a mixed estate. In the countryside, the problems were a mixture of falling demand and poor structural condition. In many rural pubs, sanitation was basic and geared for the men who were the only customers. The coming of mains sewage meant a choice as to whether to upgrade these facilities. In other areas, water was only available from wells, making the preparation of food problematic. Brewers were then faced with the need to invest to bring even basic facilities up to scratch, at a time when changes in farming practice were beginning to undermine demand. Many of these pubs were run as combined operations with the tenant often farming or carrying out other rural occupations. This supplemented the very low takings, with sales often falling below a barrel a week (Brown 1999: 34). A review of uneconomic houses by Ind Coope in 1952, for example, saw the disposal of 29 with barrelages of fewer than 2 barrels a week, with the lowest being the quarter of a barrel a week recorded by the Perseverance Inn, a beerhouse at Southrey, Lincolnshire. These sales were all to sitting tenants and the company had a policy at this stage, in common with other breweries, of keeping village pubs open unless they had more than one (Ind Coope CoM 3 October 1956; cf. Gourvish 1987: 149). The widespread closure of rural pubs was to be a phenomenon of the 1960s, but for the time being the challenge was to change the basis of tenancy in order to increase business.

In the towns, by contrast, the challenge was to move from an existing base which often continued to show strong demand, but which had poor future prospects. We must recall that building restrictions imposed in the period of austerity following the war were only slowly lifted, and brewers faced a considerable backlog of deferred maintenance. However, within these constraints it was possible to experiment and here the restrictions might be as much ones of vision as of bricks and mortar. Whitbread converted part of 'The Anchor' in Cambridge to a coffee bar in 1952, arguing that the success of coffee bars amongst the young indicated shortcomings in the pub. However, for the time being the experiment was to be kept insulated: 'The saloon bar and the coffee bar represent such entirely different worlds, the one down-to-earth, masculine and functional, the other escapist, feminine and fanciful, that the two would never mix' (Ind Coope also pondered a move into coffee bars in 1955: Ind Coope CC 27 October 1955; *House of Whitbread*

Summer 1956: 21). However, if there was no challenge to fundamental models of the pub at this stage, there was a challenge to the tenancy model. In these experiments the company 'put these houses under management in order to ensure the particular type of service that we were confident would succeed' (*House of Whitbread* Autumn 1954: 7). Two issues were at stake: could tenants offer the consistent degree of service that the companies felt was appropriate in sufficient numbers, and were there some offerings that were beyond the capabilities of tenants to supply and so required the employment of managers?

Historically, companies had paid little attention to either the training or the views of their tenants. The gathering of 550 tenants of the Luton brewers J. W. Green at Harpenden Public Hall in 1950 was claimed to be the first such gathering of its type. Its focus was 'Quality and Service to the Public', with papers being read by tenants on 'Service to the Customer', 'Catering and Snacks in Licensed Properties' and 'The Friendly Inn' (*BJ* 21 June 1950: 289). However, there was a tendency for such events, and for the training of tenants in general, to slip into a focus on the technicalities of the brewing of beer that reflected the prevailing production orientation of the industry. The problem was that whilst some tenants showed a willingness to try new ways of working, far too many were 'slow to acclimatise themselves to changing conditions' (*House of Whitbread* Autumn 1955: 7). This was seen in particular with the growing importance of food. This was a developing theme in the trade press, with the *Brewers' Journal* expressing its exasperation in 1956. 'No amount of persuasion', it grumbled, 'seems to be effective in bringing some tenants to a realisation of the position. Recently there have been several letters in newspapers from indignant travellers. When that sort of thing happens the prestige of the whole Trade suffers' (*BJ* 15 January 1956: 3). This need for consistency meant that where companies sought to ensure that there was more food available in their pubs they turned increasingly to management. This also enabled them to introduce new lines and monitor their effect – Ind Coope, for example, undertaking a three months trial selling wine by the glass in six managed houses in London in 1952 (*BJ* 17 September 1952: 413–414). The physical changes that such experimentation required – again, particularly with the provision of food – might not meet with the wholehearted support of tenants. Whilst major building work remained the responsibility of the brewer, fixtures and fittings were under the control of the tenant. In 1961, for example, it was reported to the Ind Coope Committee of Management that cooling shelves had been installed in 69 per cent of managed houses, but only 21 of those tenanted. 'In the case of tenanted houses', it was noted, 'a large number of tenants are reluctant to go to the expense involved and installation can only be insisted upon when there is a change of tenancy' (Ind Coope CoM 30 January 1961). Part of the problem by this stage was the increased use by companies of their pubs to promote their products more generally. In 1960, for example, Ind Coope had decided that all its houses should have an Ind Coope house style and that only nationally advertised beers should be promoted on their walls (Ind Coope CoM 1 February 1960). In the following year, the external appearance of houses was an item for discussion at the main board of Whitbread

(Whitbread Board 23 February 1961). In this situation, where companies felt that customer experience in one pub might reflect on all their houses and in turn on all their products, there was a focus on consistency, consistency which seemed difficult to achieve through tenants. In addition, the trade press was increasingly critical of the shortcomings of tenants. The spread of management seemed to fit an agenda of modernization. This was linked to a concern with selling in pubs, something which historically had often been shunned but now seemed in need of development. In a main leader headed 'Salesmanship' in 1957, for example, the *Brewers' Journal* (15 May: 201) commented that, 'it could be of course that the whole system of tenancy needs rethinking. It is cumbersome and although progressive brewers have endowed it with a considerable degree of flexibility the fact remains that others have not'. There were, then, compelling reasons for brewers to look again at public house management.

   In saying 'look again' we are, of course, recognizing that the running of public houses by salaried managers was not a new practice. As we have seen, it was the dominant practice in Liverpool and Birmingham from the late nineteenth century and was also the common practice in the small directly-owned estates of the Scottish brewers. However, there had been considerable resistance to the practice by both brewers and magistrates which meant that it had remained a practice limited to both particular regions and particular companies right up to 1950. A Brewer's Society survey in 1949 indicated that 17 per cent of 54,940 pubs were managed, but with wide differences between different companies (Brewers' Society (BS) Retail: Managers 1960). Thus M&B in the Birmingham heartland of management had 86 per cent of its 873 pubs under direct management, whilst by contrast Bristol Brewery Georges had 98 per cent of its 756 houses under tenancy. This leads Gourvish and Wilson to conclude that 'in the main, traditional retailing practices persisted, and the tied house system served to protect the market shares of the smaller, locally based brewing concerns' (1994: 445). By 1960 the overall figure had crept up to 19.4 per cent but there are some interesting changes concealed within the overall figure (BS Retail: Managers 1960). Those companies running estates of over 500 pubs were more likely to use managers, with 21 per cent of their houses run in this way. The companies most committed to the managerial model, the ten with over 90 per cent of their houses under direct management, remained concentrated in Scotland and the north east and north west of England. However, Whitbread, which in 1949 had only 4 per cent of 808 houses under direct management by 1960 had 16.7 per cent of a reduced estate of 569 houses so run. What we see here is a rise in the relative importance of management as less economic houses are disposed of and more of those which are retained are turned over to management. By contrast, M&B had increased its total estate by nearly 100 to 972, but the proportion of those managed had dropped to 80 per cent. Whilst its absolute number of managed houses had increased slightly, the impact was diluted by expansion, something we will see more clearly with Ind Coope. However, what these figures indicate is that whilst the picture over the 1950s of strong regional concentrations of management remained in place, there were signs of a spread of the practice. We can see this in

operation, and get an appreciation of some of the constraints, if we examine the experience of Ind Coope in more detail.

In part, we are constrained here by the existence of records, with there being far more discussion of the process in Ind Coope at senior levels. However, Ind Coope is interesting in not only indicating some of the detailed processes which companies underwent but also some of the constraints that they faced. One of the paradoxes in the case of Ind Coope is that, despite a firm commitment to the wider use of managers, their proportion of managed outlets went *down* over the period, from 21 per cent in 1949 to 14 per cent in 1960. One indication of why this might be so is the dramatic increase in their total estate, from 2,697 houses in 1949 to 4,570 in 1960. Their total number of managed houses, therefore, had climbed from 566 to 632, but this was far outweighed by the overall expansion of the estate. We have already seen that Ind Coope was considering the future of the pub from the mid-1950s. Whilst it had long managed pubs, this had almost been a taken-for-granted form of operation until 1955, when the newly formed Chairman's Committee of Executive Directors 'reaffirmed' their policy on 'taking houses under Management':

(a) Management – the larger type of house should be a Managed House proposition.
(b) Tenancies – not to allow tenants to continue in houses where they are no longer capable of rendering proper service to the public.

<div align="right">(Ind Coope CC 31 August 1955)</div>

As we have seen, in the following year the company wholeheartedly supported the Whitbread line of an increase in managed houses. This built on organizational arrangements that had been put in place two years earlier. The Committee of Management had decided to 'vest wide powers analogous to those of a Managing Director in group Captain B. G. Carfoot in connection with the Managed House and Hotels side of the business but subject to the approval of the Committee of Management in matters of policy' and had set up a Managed House Committee under Carfoot as chair (Ind Coope CoM 25 November 1953). The committee proceeded to draw up systems for the closer monitoring of house performance and forecasts, with consideration of standard ratios for such items as the relationship of wages to takings. A particular concern was with stocktaking, which was a crucial part of control of managed houses. Regular and accurate stocktaking was essential in a business with both high value stock and heavy cash trading. In 1956 a further seven stocktakers were taken on to ensure 'the establishment of an adequate organisation to deal with the steadily increasing Managed House estate' (Ind Coope CoM 19 March 1955). Stocks were to be taken every 28 days and provided to District Managers within 3 days. Large houses were to have stocks taken more frequently, but here the committee came up against problems of information which were to constrain the operation of managed houses. Those companies, such as M&B, which had long operated managed houses had evolved complex administrative systems which would ensure the flow of information back from the

houses (Mutch 2002a). The complexity of these systems, and the attendant cost, were one reason why many companies had shied away from large-scale direct management. Crucially, they depended on the discipline of all involved in detailed record keeping. This came to the fore when the committee noted, 'that individual bar stocks no longer served any useful purpose in certain houses due to the fact that managers cannot be made to keep accurate records' (Ind Coope Managed House Committee (MHC) 30 August 1956). This was one of the limitations on the spread of management that would remain a barrier until efficient means of mechanisation of the data collection involved were in place. However, a useful summary of their activities was presented to the Chairman's Committee of Executive Directors in 1955. The Managed House Committee, it was reported, would aim to decentralize the control of managed houses, but formulate tight central policy, the key aims of which would be the following:

  (i) Raising the status of managers.
 (ii) Raising the standard of decorations and furnishings.
(iii) Elimination of uneconomic catering.
(iv) Reorganisation of stocktaking.
 (v) Extension of sales.
(vi) Increasing the number of Managed Houses.
(vii) Raising the standard of supervision.
(viii) Establishment in Burton of a competent bureau to be available for advice.
(Ind Coope CC 30 June 1955)

The first issue is a key one which we will return to later. Part of the achievement of these aims was through training schemes, but the key tension for the committee was the continued adherence of the company overall to local forms of operation. This meant that the day-to-day control of operations was in the hands of the integrated local agencies. In its turn, this reflected the continuing tension at the heart of company policy. Whilst there was a desire to expand the managed estate and to change its way of operating, in order to better meet changing customer needs, there was also a strong focus on the development of national brands. The company placed a high priority on its development of bottled beer to compete with Bass, first with its Double Diamond ale and then with the development of lager. In 1956 Edward Thompson argued that

> in his view, we should, over a period of years, aim at establishing a lead in technical development and improving our methods of production marketing and packaging in order to increase our free trade in priority to investing further monies in individual tied houses. It was only in this way that we should go ahead of Bass.
>
> (Ind Coope CC 26 April 1956)

This concern with the triumph of Double Diamond as a national brand meant that considerable emphasis was placed on reciprocal arrangements with other

brewers. What such arrangements often meant, given that the other brewers might not have beers which Ind Coope might want to stock, was that the reciprocal trade was in the form of public houses. In 1957, for example, it sold its Middlesbrough estate to Camerons in return for the latter stocking Double Diamond in its 544 pubs (Ind Coope CoM 17 June 1957). In practice, the development of a national estate was secondary to the promotion of the products of the brewery. Indeed, in 1956 the Committee of Executive Directors contemplated the 'merits of creating local trading Companies (e.g. Showells covering Birmingham and Burton) with a Managing Director able to make immediate decisions, [which] might lead to more efficient management' (Ind Coope CoM 30 October 1956). This was the very problem that the Managed House Committee struggled with, when local companies failed to give the same level of attention to issues which they considered important. The alternative form of organization would have been to have separated out the retail side from production, something which was in fact contemplated in the following year. The advantages were that such a split would give a clearer view of earnings and 'Separation of Production and Sales from Property will make for easier management both in connection with direction and in the training of personnel' (Ind Coope CC 23 May 1957). It was also felt that this might make trading with other companies easier 'without being so conscious that the Company is the owner of property trading in competition with themselves'. However, the overwhelming drive to achieve national coverage led them away from this radical course of action. Whilst they had earlier established that they were not interested in further acquisitions of other brewing companies if they brought with them large estates of the type of house that they had already identified as being unviable, in practice the desire to establish a national presence overrode such considerations. Thus when Benskins of Watford was acquired in 1957, Carfoot reported that it only had 7 houses under management and estimated the potential as between 50 and 60 (Ind Coope CC 28 March 1957). However, this still left some 700 which would dilute the relative importance of the managed estate, as we have already noted. This became a central concern when the company considered closer ties with Ansells in 1960. Amongst the problems were that closer ties would mean 'a still larger stake in tied houses' (Ind Coope CC 1 February 1960). A short-term solution was the sale of 122 pubs to Ansells at a cost of £1.75 million, with Ansells taking Double Diamond and Skol throughout their estate, accompanied by an exchange of directors. However, this arrangement was soon superseded in the following year by the announcement that Ind Coope, Ansells and Tetley Walker were to merge in a 'commonwealth of brewers'. Any thought of a new form of organization with a split of retail and production was firmly buried in the formation of a gigantic vertically integrated firm of national reach. The merger movement would have a considerable impact on the development of a retailing orientation, and accordingly it is necessary to return to the broader picture and consider these bigger changes, so that we can consider their impact on the shifting patterns of house management.

The formation of ICTA (or Allied Breweries, as it would become known) was primarily a defensive reaction to wider events (*Economist* 8 April 1961: 149–150).

Concocted at a picnic hosted by Edward Thompson in the Derbyshire Peak District, the alliance built upon previous joint work between the three constituent parties (*Times* 3 June 1994: 21). Whilst Ind Coope was clearly the leader in terms of both vision and estate, the other parties were also substantial companies whose estates and areas of influence complemented those of Ind Coope. Ansells' estate of 1088 primarily managed houses was based on Birmingham and the West Midlands. Tetley Walker was a merger in late 1960 between Joshua Tetley of Leeds and Walker Cain of Warrington and Liverpool. The two companies had very different styles, with Tetley relying on the quality of its beer and having a relatively small estate (434 houses), whilst Walker Cain dominated public house provision in Liverpool where it continued a tradition of house management. Its estate had, however, expanded from this base to 1,299 houses in 1960, the majority of which were tenanted. Thus the new company brought together a range of very different business practices. The reasons why these very different companies came together are prefigured in the Ind Coope minutes. In 1959 Gerald Thorley, who had taken over the chair of the Committee of Executive Directors,

> referred to the possible effect of Clore (although he, consequent upon the withdrawal of his offer for Watneys, may be less of a threat to the Industry) and to the possibility that it will quicken rationalisation into large regional groups which might number 15/20. What we had to do was to envisage, and where possible encourage the formation of those groups, and to be persona grata with as many as possible. These groups will in due course become conscious of their monopoly of tied houses and of the necessity to sell national beers.
>
> (Ind Coope CC 25 June 1959)

It would appear at this stage that the company was still adhering to its previous policy of creating national beer brands, but it was developments in this area that seemed to convince it that more drastic action needed to be taken. This came in the shape of E. P. Taylor, a Canadian brewer who was encouraging mergers in the industry in order to promote his Carling lager. This directly threatened Ind Coope's Skol brand and in 1960 increased advertising expenditure on Skol was sanctioned in the light of 'The E. P. Taylor threat and his saturation promotion techniques'. 'This summer', the Committee of Management was warned, 'may well provide the last chance of dominating the Home-brewed lager market' (Ind Coope CoM 2 May 1960).

The bid by Charles Clore for control of Watney Mann in 1959 was seen as a key symbolic occasion. It was Clore's position as an 'outsider' that gave his bid such impetus, as well as his focus on the property values locked up in Watneys' estate. Indeed, the *Economist* was a little sceptical about the value of Clore's bid, arguing that he was offering little new. He had, they argued, injected a new dynamism into the retail shoe trade but 'his recipe amounts to rather more of what the trade has been trying in its own plodding way to do for some years, to offset the declining trend in beer consumption' (*Economist* 30 May 1959: 864).

The bid failed, but it alerted investors to the property values held by brewers and shocked brewers into a realization that they needed better returns from their estate. Something of the scale of these values can be traced in the accounts of Whitbread. During the 1950s its values for licensed premises were in the region of £5 million. An early revaluation in 1960 saw an increase of some £3 million, but this was dwarfed by a further revaluation in 1963. This produced an overall surplus of £11 million over book value and placed a value of over £40 million on the pub estate (Whitbread AR 1963: 8; other figures from annual reports 1948–1963). Values like these turned attention once more on to management as a technique for increasing returns from pubs. Watneys promptly placed many of its properties into a separate subsidiary, expanded into other areas which it rationalized, and applied direct management to more of its houses. The consequences were to turn it from a regional brewer into one of the 'big six' which came to dominate the industry. Its somewhat ham-fisted approach to retailing had other consequences, an examination of which we will postpone until Chapter 7. However, its example spread to other brewers, especially those based in the south and east, which had historically been lukewarm to management. Courage, for example, had merged with Barclay Perkins in 1957. Barclay Perkins, through its Anchor Taverns subsidiary, had dabbled with managed houses, but the combined estate of the two companies in 1960 had only 122 managed houses of a total of 2,040, Captain Richard Courage declaring 'We believe firmly in the principle of tenants for the majority of our houses' (*BJ* 19 October 1960: 482). It was the influence of Clore, especially in the light of the inflation of property values in London and the South, that was to prompt a rethink in the case of the London-based brewers.

Taylor's influence was much stronger in the case of another major group, although in the end his shaping was eclipsed by that of Alan Walker. Walker had become managing director of M&B in 1956. Here he was invited in by a split Butler family and proceeded to take firm control, sharpening up the operations of a company which was known for efficient administration, but whose reach was restricted to the West Midlands. This was soon altered by an audacious takeover of the decaying national giant Bass in 1961. Bass was run in autocratic fashion with little concern for its retail properties. The tenanted houses were supervised by agents, with the few managed houses being run direct from headquarters in Burton (Hawkins 1978: 167; Avis 1997: 102). M&B was also run in centralized fashion, although its reputation was as much for its retail skills as for its production. However, this retail orientation was to tend to disappear in the next rounds of mergers. For E. P. Taylor had been busy in the North of England, creating United Breweries on the basis of Bradfer-Lawrence's Hammond United Breweries of Bradford. This was then merged with the London brewers Charrington in 1962. Charrington was another London brewer which had declared its adherence to the tenancy model; in Avis's words,

> The brewery policy over the years had developed into one of selling their beer only to their own tenants, ignoring the attractions of free trade customers and the retail profits of managed public houses, both being rather too close

to the reality of the beer trade. The company structure had been converted into an organisation for collecting rents, and the brewery into a private place for staying when in London.

(Avis 1997: 97)

The newly formed Charrington United Breweries controlled 5,250 pubs, third only to Watney Mann and Allied Breweries (Cornell 2003: 216). However, both Walker and Taylor had aspirations to national coverage, aspirations that could only be achieved by a merger given the swallowing up of many of the other regional brewers by other companies. In 1967 Bass Charrington was formed and

> BC inherited from CUB a modern national organisation with a sophisticated accounting system, complete with computerised technology; advanced kegging and bottling expertise; widespread and efficient estate management; and an enlightened policy for staff at all levels of individual development, based on tolerant and understanding attitudes. That organisation was taken-over and remoulded as a command structure with unquestioning acceptance of head office directions; contrary opinions from the provinces were not encouraged, to put it mildly. On the positive side, it had the effect of uniting rapidly by procrustean application two large companies into an entity; the price of such unity however was often the loss of spirit.
>
> (Avis 1997: 104)

The nature of this process of formation was very different from that which operated at Whitbread. Here the process operated by Whitbread taking minority shareholdings in companies, accompanied by reciprocal trading relationships. This 'umbrella' placed considerable emphasis on loose affiliation and a commitment to family models of control. When Whitbread took a stake in Cheltenham and Hereford Breweries, for example, the managing director of the latter commented,

> There was no fear in their minds...that Whitbread's would in any way impair their independence. It was fortunate that Col. W. H. Whitbread was an old friend to whom Mr Lake [chairman] could turn for practical advice and assistance. Theirs was a family business and Col. Whitbread had always been an outspoken advocate of the importance of the family as the fundamental unit in Britain's industrial structure. It was because they shared these views that they welcomed Whitbread's offer of help and support.
>
> (*House of Whitbread* Spring 1956: 3)

Over time, a number of these relationships turned into full control, as Whitbread absorbed company after company. Whilst there are conflicting views about the degree of forethought in Whitbread's approach, as comprehensively discussed by Gourvish and Wilson (1994), much of the process seemed to be an emergent one based on Colonel Whitbread's contacts, with business being conducted in a gentlemanly rather than a strategic fashion (Interview, Peter Jarvis). What is important

for our current interest is the emergent nature of the organization, as opposed to the welding together of three disparate parts, as in Allied, or the more ruthless central shaping, as in Bass. The final member of the 'big six' was Scottish & Newcastle Breweries. Formed in 1960 by a merger of Newcastle Breweries and Scottish Brewers, both companies 'continued to be run much as they always had been' (Ritchie 1999: 118). Enormously strong in their respective geographical areas, they both had a strong tradition of direct management. In the case of the Scottish company, this was because they had a relatively small estate (814 pubs when the country as a whole had 6,173 licensed on-premises, many of which the company supplied) the majority of which was managed. In the Newcastle area there had been a strong tradition of direct management within the context of the English pattern of tied houses and in the face of a very strong club movement. In both cases the quality of many of the bars left much to be desired. Speaking of his visit to examine the pubs belonging to Aitchison & Co in 1959, Avis recalls,

> They were literally drinking holes with no shred of comfort, which was true of most licensed premises in Scotland then; and the north of England not much better. In Scotland the bleakness had been turned into an art form – bare wooden floors with sawdust, spittoons, zinc counter tops, the customers almost entirely men, outside toilets, and beer slopping everywhere; a silent, brooding atmosphere, as though something was waiting to happen.
>
> (Avis 1997: 71; cf. similar comments in Ritchie 1999: 122)

Whilst the new company began an attempt to improve standards, they were still run as a traditional vertically integrated company. What is important to observe about the merger movement is that it was in part a reaction to interest from outside the industry and in part the fruition of trends already developing. In the form it took, it is fair to argue that it overtook these emerging trends. One could certainly argue that it distorted the trend towards retailing, some of the consequences of which, especially in the London area, we will review in Chapter 7. In other ways it could be argued that the movement halted the tentative shifts towards a customer orientation that we have explored, buried beneath the demands of restructuring and rationalization that the mergers brought. This is certainly Avis's perspective:

> It is curious how brewery companies have never really considered the sensitivities of their customers; they have always been more concerned about economies to be made in production. In hindsight, such actions seem unbelievable. It can be explained by the atmosphere of the times – the frantic merging and take-over that went on; the need to finance such activity; the often seeming remoteness of the main board directors from reality; clever accounting; the feverish belief that if a brewery company could be bought up, then it had to be, because the opportunity would not come again; the insidious and superficial recommendations of outside advisers of all sorts; and lastly, the personal ambitions of the directors themselves.
>
> (1997: 96)

However, during these years the foundations were laid for future developments in two areas: the enhancement and development of the role of the area manager and the raising of the status of the house manager. In the first, the learning came predominantly from opportunities created by the mergers, as experience from one company was generalized across the constituent parts of the new company. In the latter, the vehicle for change was in part training within the new companies, but much more at the level of collective agency, through the mechanism of the Brewers' Society.

Area managers are recognized as being an important component of retailing operations, whilst being amongst the least visible. The unit manager represents the routine public face of the organization but the area manager plays a vital role in control and coordination. As we have seen, historians, such as Mathias (1967) and Greenwood (1977), recognize this important role, but the lack of visibility applies to the evidence as well. Whilst board members leave their minutes and unit managers often have their collective organizations, area managers have little historical voice. Because of this it can be difficult to piece together the evolution of their role. However, traces in the records indicate that a basic infrastructure was put in place in the 1960s, shaped by the influence of previous patterns of management. This indicates the important role of the new national organizations in generalizing practices from their constituent parts at a time in which mechanisms for knowledge sharing were weak. Whilst the *Brewers' Journal*, for example, explored issues such as licensee training and carried some limited material on techniques such as costing, it had very limited material on management practice in general and nothing on area management from 1950 onwards. Recalling his experience in organizing one-day meetings on estate matters for the Brewery Society in the 1960s, at the time a considerable innovation, Avis notes how they 'revealed to me the isolation in which many small companies operated, and the lack of any appropriate and informal agency where they could raise their problems before a sympathetic and similarly placed audience' (Avis 1997: 194). Of course we could apply similar strictures elsewhere. Despite, for example, an extensive concern with the education and training of managers, it was not until 1966 that the *Economist* ran its first 'technique' article (on network analysis) (*Economist* 3 December 1966: 1042–1043). In a situation where historically managers had been trained on the job and in which inter-firm mobility was low (Clements 1958), the newly created companies offered an opportunity for learning, but one which was heavily coloured by the experience of the past.

This experience can be summarized under three broad headings: the 'abroad cooper', the house inspector and the agent. One problem for breweries was that the quality of their product, which was still 'live' in the casks supplied to landlords, was dependent on the cellar management skills of their tenants. However, any adverse reputation would be likely to attach to their beer rather than to the landlord, and so they needed a means of ensuring quality. In the London breweries in particular, where most of the estate was at least nominally free (trade being secured by means of loans rather than by ownership) the 'abroad cooper' was sent out from the brewery to check on how beer was being kept (the cooper being the

tradesman who constructed the wooden barrels in which beer was supplied). By 1899 the role within at least one brewery, Watneys, had expanded, with a director recalling that 'these Abroad Coopers (or "Broad Coopers" as they were commonly called) combined the duties of District Managers with collecting and attending duties' (Serocold 1949: 26). While the *Brewers' Journal* in 1937 (15 August: 376) was announcing that 'gone, is the "abroad cooper" – or almost so – who was, generally speaking, a collector's assistant, and went "abroad" to the various houses', the title still survived. In 1959, for example, Mathias (1959: 31) noted that 'In Truman Hanbury Buxton the district managers are still called the "abroad clerks" after their eighteenth-century forebears who supervised the monthly collections from publicans; at Whitbread there are still "abroad coopers"'. Apart from indicating the very important force of tradition in this industry, what these survivals might also point to is the roots of area management in some companies in the assurance of product quality and in account collection, rather than in retailing. Training courses for the retail trade were still dominated by technical issues into the 1950s, with one commentator observing that 'quite honestly, the majority of us who are retailers never think for long about the art of selling. We are far too content to leave that side out of our calculations' (*BJ* 15 August 1953: 360). The technical inspection aspect of the antecedents of the area manager thus had a considerable impact.

However there was another model, but one which in this case had an emphasis on discipline. This was the model developed by those breweries who directly managed their public houses, especially those in Liverpool and Birmingham. Here the model drawn upon was that of the police, with titles like 'house inspector' and 'managed house superintendent'. Other terms were used – in Liverpool, Robert Cain's area managers were the 'walking managers' – but the function remained broadly the same: to ensure that discipline and adherence to company procedures was maintained. In some companies the inspector also collected cash and took stocks. In most companies, however, stocks were taken separately but house inspectors were often drawn from the ranks of stocktakers. The use of information about stocks was, as we will see, a central part of the disciplinary weaponry available to the area manager. This focus on discipline and the use of information was an enduring legacy of the managed house system, but there were signs even here that some change was necessary. In 1923, for example, Alexander Part, general manager of Barclay Perkins' newly established managed house division argued that 'it should be part of their duty to keep statistics' (*BJ* 15 December 1923: 627). In one of the rare discussions of managerial activities in the trade press, the *Brewers' Journal* (15 July 1924: 344–345) in the following year argued that breweries should consider their house inspectors as more akin to 'experts' or business advisers.

This was an attempt by them to generalize from experience with managed houses to the brewery estate more generally, arguing that tenants could also benefit from such a system. However, what was of more importance in the tenancy system here was the persistence of the agency as a form of business organization. Again, we see the survival of linguistic forms beyond changes in content. We have seen,

for example, how in Ind Coope the estate was organized in a patchwork of companies and 'agencies'. The 'agents' may in practice have been salaried managers, but not only the label but also a degree of the autonomy remained in what was more of a holding company structure than an integrated company. This patchwork of responsibilities meant that agency reporting was patchy and that there was no clear oversight of the estate. In particular, agencies and constituent companies were generally centred on a brewery which supplied a mixed estate of tenanted and managed houses. This devolved structure of vertically integrated local companies meant that it was difficult to carry out national retail policies in any consistent manner. In 1923 Part had advocated the creation of a separate managed house department, and this was the practice of several of the Birmingham and Liverpool companies, but the legacy of the agency was still a powerful one. Indeed, the mergers of the 1960s saw the disappearance of many such dedicated departments as the industry struggled to find appropriate forms of organization and the final separation of the retail estate from the production activities of most breweries was not to occur until the 1980s. However, the changes exemplified by Ind Coope at least brought a renewed focus on the nature of the area manager's position.

One aspect of this that is noticeable is the scale of operations that these managers were expected to oversee. As a means of comparison, it can be noted that in the managed house operation of one company in the 1990s area managers generally had between 16 and 18 houses to look after (Mutch 2000b). In Liverpool in 1959 the minutes of Walker Cain note the appointment of two assistant managers in the managed house department, 'each to supervise two hundred houses' (Walker Cain 14 January 1959). It is not clear whether this was through house supervisors, but in the successor company, Tetley Walker, area managers were to be responsible for 300 houses each with the support of supervisors who were expected to run 70 managed houses or 120 tenancies (Tetley Walker 13 May 1963). In 1962 Joshua Tetley created a Managed House Department for the first time with the following responsibilities (Table 6.1).

It is interesting to note that this constellation was decided on following visits to the new component parts of what was then Ind Coope Tetley Ansells and was to become Allied Breweries. One of the key visits was to Ansells in Birmingham where supervisors controlled both managed and tenanted houses, each supervising on average 68 managed houses and 19 tenancies (Tetley Walker, Managed Houses,

Table 6.1 Houses per area manager, Joshua Tetley, 1962

Area	Number of houses each
Leeds (2 supervisors)	36
Manchester, Preston and Liverpool	48
Sheffield, Rotherham, Doncaster and Chesterfield	26
Hull	13

Source: Tetley Walker managed houses 1961–1964.

Report on Proposed Managed Houses Department 1962). What can be seen from these examples is the large numbers of houses, which suggests that supervision rested on a policing base rather than on a detailed engagement with activities at house level. An indication of this style can be obtained from this account, given by a former Birmingham supervisor from the 1960s:

> One of the first things you did and this is in the mid-sixties, you took the manager into the cellar and I've literally, I have actually copped hold of a manager by his lapels and decked him. There was a much more aggressive [style] but you would also say to the manager you can take six pence in the pound out of the till. If you take seven pence out of the till I shall have you in this cellar and I shall thump the living day lights out of you. If you take five old pence out you are equally as big an idiot as I take you for because I'm telling you I shall look the other way.
>
> (Interview, Jones)

This direct approach was supported by control over information, particularly that relating to stocks (Cooper 1970). The same former house supervisor, when asked about information especially that about the stock position, responded 'Right, knowledge is power so the district manager wouldn't take that back down to the house' (Interview, Jones). This control over stock information was at the heart of conflicts between the newly emerging group of house managers and their employers. In Tom Berkeley's (1955: 132) fictionalized account of a new manager entering a house in the 1950s it is explained that all the invoices are held at head office:

> 'Then how d'you know what profit the house is making?' I asked.
>
> 'You don't', he smiled. 'They take good care o'that; but you soon find out if it aint enough.'

This was policed by the house inspector and information about stocks was used to stimulate performance. As Berkeley's manager complained,

> Admittedly, we were not getting the percentage per barrel mentioned by Mr Handen, but we had considerably increased the aggregate profits of the house: yet, every other month the directors saw fit to flog their willing horses – meaning Irene and myself – by saying the stocks were short.
>
> (1955: 207)

Such insights are fictionalized, but they ring true with the complaints registered on a frequent basis by licensees' representatives with the Brewers' Society. For example, Leonard Percey, General Secretary of Licensed Victuallers Defence League, wrote in 1954 to note that he was disturbed 'by the number of instances in which allegations of bad stocks are made against Managers by Brewers without the latter being prepared to produce the figures on which such allegations are

based' (BS Retail: Managers, Percey to Wemyss 30 August 1954). These complaints continued through the period, with area managers being identified as part of the problem in 1968. The Brewers Society found it necessary

> strongly to recommend all members of the Society to review their arrangements for stock-taking and to ensure that their outside or district managers acted reasonably when shortages became apparent, having regard particularly to the managers' difficulties over staff.
>
> > (BS Retail: Managers, Management and
> > Hotels Committee 9 January 1968)

Of particular interest here is the note on an agreement with a house manager drawn up by Boddington's Brewery of Manchester in the early 1970s. It stipulates that any problems

> be raised either orally or in writing with your immediate superior (Stocktaker). If he is unable to settle the matter, he will refer it to the Managed House Supervisor, who, if he in turn cannot settle it, will refer it to the Director responsible for Managed Houses.
>
> > (BS Retail: Managers, Boddington's Agreement 1970s)

What this suggests is the continuing centrality of stocktaking. It is also interesting to note that the manager of the department is termed the 'supervisor'. A typical route into area management was through stocktaking or audit. The former area manager for Bass in the 1960s, for example, had worked in the Licensing Department before taking charge of an area of twenty four pubs in the 1960s. When asked whether house managers ever became area managers he observed 'Very occasionally. That was not particularly acceptable because the areas were so small [that] you were known and it was felt that you couldn't transfer from to being soldier to an officer' (Interview, Jones). What is interesting here is partly a reminder that the system worked in urban areas because of a geographical concentration of pubs but also the metaphor drawn from army practice. The association of the area manager role with control and discipline, supported by the use of information, was a powerful and continuing one.

One problem for brewers shifting towards a greater focus on retailing was that this focus on discipline and control conflicted with the attitudes that they wished to inculcate in their managers. Their desire here was to have managers acting as if they were tenants with initiative to respond to local demand, but within the overall policies laid down by the company. There was a profound tension at the heart of this desire, but what it relied on was, as noted above in Ind Coope's policy, 'raising the status of managers'. In particular, the desire was to detach managers from a position in which they felt themselves to be employees equivalent to those employed in the brewery and to move towards one in which they saw themselves as members of staff, on a par with others given the label of 'managers'.

In the words of the chairman of the Brewers' Society Managed House Committee in 1969, 'to improve the status and rewards of the pub manager so that he may attain a position akin to that of brewery executive staffs. It is most important that managers should feel themselves on "our side of the fence" rather than merely foreman of other pub workers' (BS Retail: Manager 9 December 1968). As part of this agenda, such 'modernizers' within the Brewers' Society found themselves, despite some misgivings, sponsoring the emergence of an independent managers' trade union. A review of this process indicates how organizations such as Ind Coope used collective bodies like the Brewers' Society to foster the development of organizations which they hoped would be a part of the long term process of detaching pub managers from the rest of the brewery workforce. It also indicates how their room for manoeuvre in this endeavour was constrained by other organizations entering the field, notably the threat from other trade unions to organize their newly created managerial workforces. A key tension for the brewers in moving towards house management was precisely that it created a body of employees on different terms than their prior relationship with tenants. This caused some tension within the ranks of the brewers, related to their differential employment of house managers.

Part of the problem for the 'modernizers', those who had a long term agenda of enhancing the status of house managers in order to pursue their wider shift towards retailing, was that not all in 'the trade' shared their agenda. The traditional approach is seen in a memo from General Sir Colville Wemyss, director of the Brewers' Society, recording a meeting that he had held with a trade representative. In noting the concerns of house managers that they were not treated as responsible licensees, he records 'Managers fully appreciate that they are servants of the brewery owning the house but at the same time they do not seem to have the advantages enjoyed by other servants working inside the brewery' (BS Retail: Managers 1 December 1950). This language of service of course reflected not only contemporary attitudes but also the historical view of managers as 'mere servants', but it was not one that was favourable to the project of enhancing the status of the manager. Managers, too, were rather regarded as second-class citizens within retail trade organizations. A managers' section of the LVDL had been set up in 1946 to deal with the creation of the Wages Boards (*BJ* 16 October 1946: 1115–1116). These covered a wide range of employees in hotel and catering, and involved negotiations between employers' organizations and trade unions. The problem for the managers was their anomalous status as employees represented by a body which could be regarded as an employers' body, certainly in its relationship to bar staff. A key aim for the Brewers' Society was to see pub managers removed from the scope of Wages Board negotiations, in part because it constrained their plans to increase managers' wages in order to enhance their status, but also because it threatened to offer a back door route for union organization by organizations such as the General and Municipal Workers Union (GMWU) and the Transport and General Workers Union (T&GWU). However, this was a distant threat at the beginning of the 1950s and the Brewers' Society in the early years of the decade persisted in its rejection of any form of consultation machinery.

'The number of managers', they argued in 1950, 'does not warrant setting up complicated conciliation machinery. Breweries employing managers are always open to approach either collectively or individually by their managers' (BS Retail: Managers 8 April 1952). Of course, it was their actions over the next decade that saw those numbers start to increase and so to raise the question of such joint machinery in a sharper form.

In 1958 Bernard Carfoot, who, as we have seen, was chair of the Ind Coope MHC, became chair of the same committee for the Brewers' Society. From this date we see a more energetic policy of seeking to engage and build the representation of managers in appropriate bodies. Whilst one of the first acts of the Committee was to reaffirm a policy of opposing consultation on the grounds that managers were staff members, it also recognized that it had little information about the nature of that status in practice. Accordingly, it issued a questionnaire to members, the results of which indicated that moves towards staff status were fairly limited. Only 3,723 of the 11,771 managers employed by the responding companies were covered by a pension scheme, with the fate of the rest being at the discretion of the board (BS Retail: Managers 15 November 1960). Whilst the instincts of the majority of brewers might have been to avoid any form of organization of their managers, this lack of material progress towards staff status rather undercut the argument 'that if managers were treated as senior members of the staff they were unlikely to want any central negotiating body' (BS Retail: Managers 18 December 1958). The problem was that they weren't being treated in this way and that, with their numbers growing, many managers were getting increasingly frustrated and becoming open to the organizing efforts of other unions. This was not helped by the continuing treatment of them as second-class citizens by trade organizations in some parts of the country, notably London. Here, many tenants had waged a long campaign against the acceptance of managers by magistrates and were not about to accept them as members with their own organizations. Accordingly, a member of the committee reported in 1958,

> that the London Managers were forming an organisation which was independent of the Licensed Victuallers Defence League and the London Central Board. He felt that such an organisation might come under Trade Union influence, and that further consideration should be given to the possibility of some form of panel system for managers.
>
> (BS Retail: Managers 18 December 1958)

These pressures grew following the mergers of the early 1960s. Not only did these see the growth of national companies, but they saw previously regional issues brought into national consideration. This was particularly the case with the Birmingham brewers, who had long employed managers and where the T&GWU was starting to recruit them. After years of industrial peace, brewery staff had become more militant at the end of the 1950s and the T&GWU had consolidated its representation, gaining, for example, a pre-entry closed shop in Ansells in 1960 (Waddington 1987). The concern amongst members of the

Brewers' Society was that this would spread to managers. This would not only threaten moves towards staff status, but also raised the spectre of joint action by one union across both pubs and breweries. Clearly, the previous opposition to joint consultation would have to be moderated in the desire to encourage managers to accept the LVDL as their form of representation. Accordingly informal discussions were held in 1963 between the MHC and the National Managers' committee of the LVDL, leading to the establishment later that year of a Liaison Committee (*BJ* 18 December 1963: 711). This began the process of, if not direct negotiation over salary rates, discussions that were to inform the actions of constituent companies. This was cast in the language of the continuing drive to enhance the status of the manager. In 1964,

> The Chairman said that he felt that the importance of the manager to the brewery was not fully appreciated. The manager had valuable property of the brewery in his care, and he worked very long spread-over hours which gave him a better claim than most to extra holiday. He hoped that the Committee could agree a minimum recommendation which could be put forward to the Council.
>
> (BS Retail: Managers 14 January 1964)

However, the establishment of the Liaison Committee did little to halt the perceived incursion of the T&GWU, in part because the Brewers' Society members lacked the power to enforce decisions and in part because the credit for such progress as was made was not reaped by the LVDL. Members of the latter grew increasingly worried and frustrated, especially about the situation in Birmingham. 'We must face the fact' wrote Arthur Boardman of the League to Carfoot in 1964,

> that many entrants into the Licensed trade in recent years are people who have been brought up on Trade Unionism and conditioned to rely on the Movement to resolve their problems. Furthermore, there is a growing sense of frustration at the delay in resolving outstanding problems such as the implementation of the Three Weeks Holiday for Managers, pension schemes, Stock deficiencies, Wages and Hours of work.
>
> (BS Retail: Managers 30 December 1964)

This sense of frustration on both sides and the continued success of the T&GWU in recruiting numbers, albeit small numbers, of managers across the country spurred some in the Brewers' Society to recognize that the existing situation of representation through what was essentially a tenants' association was unsatisfactory. Accordingly, they began to argue for a form of organization that would draw managers away from traditional trade unions. Initially they sought to strengthen the position of the managers within the LVDL, but they eventually came to the position that a separate organization was needed. This was not without its difficulties. In a 'strictly confidential' memo from H. E. Hunter-Jones (a representative of Bass Charrington and now the chair of the MHC in place of Carfoot, who

resigned from the position in 1968) to the Brewers' Society members of the Liaison Committee it was recognized that the encouragement of any form of trade unionism was not something which any of them welcomed, but that the success of the T&G, especially in the Birmingham area, was threatening their attempts to keep managers 'on "our side of the fence" '. In such circumstances, he argued, 'it is better to have a union within the Trade itself, even though affiliated to the T. U. C., rather than to let Managers become members of large external unions' (BS Retail: Managers 9 December 1968). The practical upshot was that 'it does appear somewhat urgent that every encouragement is given to them to strengthen their present organisation as rapidly as possible if trades unionism is not to spread fast, at any rate in certain parts of the country' (BS Retail: Managers 9 December 1968). This meant the establishment of liaison committees in imitation of the national body within companies, the collection of subscriptions and the use of the Brewers' Society publicity department to publicize gains made by the new organization.

A working party was set up between Brewers' Society and LVDL members of the Liaison Committee to progress this agenda, with a key stumbling block being the refusal of the London Central Board to set up a separate managers' section. The upshot was the formation of an independent body, the NALHM, from the existing managers' section of the LVDL. A further briefing note from Hunter-Jones indicates just how far the creation of this new body was enabled by the Brewers' Society. Members were urged to support the new organization by the provision of names and addresses, the collection of dues, the supply of places for meetings, the granting of time off to attend them and the distribution of literature. Once again, the risks of taking such a step and the distaste with which it might be greeted were emphasized, but the note returned to the central issue of the status of managers: supporting the new body would help 'to build up the status of the public house manager who is becoming an increasingly important figure in the industry and whom it is more than ever important to identify as part of the brewery management team' (BS Retail: Managers 8 April 1969). Despite some misgivings, this was the argument that won out, and Hunter-Jones continued with actions to ease the growth of the new organization. Mechanisms for companies to support local Licensed Victuallers Associations cope with the loss of membership income were suggested and Hunter-Jones found 'a person who could temporarily be seconded to help in getting the Association started and in the recruitment of members' (BS Retail: Managers 30 June 1969). In a letter to all members in August 1969 a leaflet and covering letter encouraging membership of NALHM and offering to collect subscriptions were despatched. Whilst, then, one way of viewing the emergence of NALHM is as a result of frustration with the representation available through the LVDL on the part of a growing body of managers brought into being through the tentative shifts towards retailing (Hawkins 1973; Elkins 1976), the details presented earlier suggest another approach. This emphasizes the concern of a number of large brewers, notably Bass and Allied, to promote the status of their house managers. Whilst internal training could fulfil part of this agenda, it also required intervention in the collective bodies of the industry. The long term

desire was certainly not the creation of an effective managers' trade union, but this was the lesser evil compared to the threat of a union which would link pub managers to brewery workers. The threat of effective industrial action by the two groups was a factor here, but of more importance was the desire to attach the managerial workforce to the ranks of other managers in the company.

The twenty years from 1950 to 1970, then, saw tentative steps towards a retailing orientation on the part of some of the major pub-owning brewing companies, but these were steps that were firmly constrained by the weight of history and existing practices. These tentative steps meant a modest increase in the number of managers employed to run public houses. Whilst the overall numbers might have been modest, what was of more significance was a widening of the practice. From being a practice heavily concentrated in particular companies and localities, it started to be employed by more companies. However, this was firmly placed with the continuing predominance of production within company affairs. Whilst there are indications of a shift in thinking within some companies, and whilst it was wrong to see this as an entirely exogenous development, it would still be fair to see the steps taken as hesitating ones which tended to be over-ridden by a concern with the products of the brewery. In some ways, these tentative steps were blown off course by the upheaval consequent on the mergers that created the 'big six' companies that dominated the industry by the close of the period. The approach of these companies to retailing will be explored in Chapter 7, but we can also recognize the work that was done to lay the foundations of what would transpire over the next twenty years. Certain approaches were prefigured which we will explore in a little more depth. In particular, the new companies provided an opportunity for the diffusion of knowledge about management practices that saw the construction of a cadre of area managers. In addition, the 1960s saw the emergence, with support from some of the major brewers, of an organization dedicated to the representation of public house managers. The question of house management would burst into public prominence in the early years of the next decade.

7 Retailing and resistance

In 1971 the Brewers' Society produced a new analysis of houses under management. This allows us to see just how far the practice had spread over the course of the 1960s. However, it is also of interest for what its production tells us about the state of the debate over the practice of direct management. For the analysis was produced as part of a confidential briefing for Government ministers in response to a public campaign by tenants against the spread of management. That campaign was in its turn a response to a particularly ham-fisted attempt to shift to a retailing orientation on the part of some brewers. An exploration of this attempt is interesting in suggesting to us some of the limits to company strategizing and in bringing in actors other than those at the top of companies. Accordingly, in this chapter we will, after outlining the position at a national level, explore in particular the situation in London and the activities of one company, Watneys, in order to assess the level of resistance to management and its consequences. We then look at broader responses to these developments within the industry, initially as articulated through the medium of the Brewers' Society and then through the practices of individual companies. An exploration of two episodes – the tenants' campaign to end direct management and the inter-union dispute between the NALHM and the T&GWU, will enable us to explore some of the tensions that emerged with the shift towards management and retailing. This in turn situates the responses of individual companies. An examination of these responses indicates that one, that of Whitbread, seems to have been distinctive and accordingly the chapter closes with a closer focus on that company, particularly as it prefigures broader changes that will be explored in Chapter 8.

The figures produced by the Brewers' Society in 1971 indicate not only the shift towards management that had occurred over the previous decade, with 28 per cent of houses under management, as opposed to 19 per cent in 1960, but also the degree of concentration in the industry. In 1971 there were 73,116 on-licenses in the United Kingdom. The Brewers' Society figures reported in Table 7.1 therefore cover 78 per cent of these outlets, with the 7 large companies accounting between them for 61 per cent (Table 7.1).

Moreover, it was these companies (which were in practice the 'big six', as Guinness did not operate pubs) which were the most enthusiastic in their employment of managers. Over the course of the 1960s, and through the mechanism of

Table 7.1 Ownership and management of on-licenses, 1971

Size	Companies	Managed	Tenanted	Total	% Managed
Large	7	13,609	31,236	44,845	30.3
Medium	7	1,598	5,073	6,671	24.0
Small	17	565	3,566	4,131	13.7
Unquoted	9	252	1,158	1,410	17.9
	40	16,024	41,033	57,057	28.1

Source: Brewers' Society (BS), Statistics: Licensed Premises, 1971.

company mergers, the practice of pub management had been transformed from one which was confined to particular companies and particular regions to one which was generalized throughout the country. In no place was this clearer than in London, where the established traditions of operation were substantially overturned, with the result of considerable resistance amongst tenant groups and newly emergent consumer groups.

One word could be used as a symbol of all that these groups resented about the changes that occurred – Watneys. The attempted takeover of the company in 1959 by Charles Clore had been a shock not only to the industry but more particularly to the company itself. The chairman, Simon Harvey Combe, Old Etonian and Irish Guardsman, led the company in a process of expansion which resulted in it controlling the largest number of public houses by 1965 (Jeremy 1986). In the process it became the *bete noire* of those opposed to changes. This was thanks to a number of practices – the wholesale closure of rural pubs, the enthusiastic commitment to keg beer, a similar enthusiasm for the remodeling of the interior of the pubs which survived, and a shift towards house management – all of which were operationalized in a particularly ham-fisted way which seemed designed to prompt opposition. This opposition indicated some of the limits to an all out conversion to a retailing orientation and suggested that future moves would have to be altogether more sophisticated.

As part of the company's expansion out of its traditional London base, in 1963 it acquired the Norfolk based brewers Steward & Patterson and Bullards. The former company had a substantial tied estate across East Anglia. This had grown by acquisition – Soames of Spalding being taken over in 1949, for example, and East Anglian Breweries in 1957, until by 1960 it had 778 houses, placing it amongst the largest companies by this measure. However, as Gourvish comments,

> rationalisation was not something to be pursued with vigour by a company which prided itself on its contribution to village life. If it had been, the enterprise might have been in better shape to beat off the challenge of the merger boom of the early 1960s.
>
> (1987: 149)

Its fellow Norfolk brewer, Bullards, also had a large estate of 714 houses and in 1961 the two had taken joint control of Morgans of Norwich, with 421 houses. The overwhelming majority of this estate was run on traditional lines and the three

companies controlled the vast majority of rural houses in Norfolk. When Watneys, therefore, acquired both companies it inherited a vast estate of primarily low bar-relage houses in considerable need of refurbishment, an estate which did not fit well with the company's desire to make the most of its property assets – the lesson it had learned from the Clore bid. Accordingly it set about disposing of pubs in a fairly ruthless fashion, thus prompting in part the writing of an influential book bemoan-ing *The Death of the English Pub* (Hutt 1973). Watneys plays a large part in Christopher Hutt's attack on the changes brought about by brewers, and their treatment of the pubs of Norfolk gets prominent treatment. Hutt cites in particular the village of Stiffkey, a village with a population of 300 and with a pub from each of the three previous companies. The Victoria, a former Stewards and Patterson pub, was first to go in 1966, followed three years later by the Red Lion, a Bullards house. Finally, in 1971, the Morgans house, the Townshend Arms was closed. 'By all account,' reports Hutt (1973: 136), 'the Townshend Arms was a thriving pub, even though it was run by an elderly couple who weren't too enterprising'. The case against Watneys was that its actions were hastening the decline of village life and weighed particularly heavily against the elderly and those without access to transport. Watneys' eyes were not only on maximizing returns from its property but also on the promotion of its national beer brands, another factor which drew the ire of Hutt.

'Keg beer', he argued, 'was dreamed up by the market research men' (Hutt 1973: 20). This argument requires that we take something of a detour into types of beer and their production. Traditional British beer was a living product, which continued to ferment in the cask (Cornell 2003). Whilst traditional wooden casks had been largely replaced by metal containers, with considerable cost savings, the problem for brewers was that the keeping and serving of traditional ale required considerable technical skill, notably in cellar management. Without such careful management, particularly in hot weather, the beer could quickly go off and be wasted. Cellar cooling equipment could be a partial solution, but the innovation of keg beer offered considerably more control. This beer was pasteurized at the brewery, meaning that it was inert in the container. In order to serve it, carbon dioxide was used to provide pressure to get the beer from the container to the dis-pensing equipment. Watneys were the first to brew keg beer, with their Red Barrel, but an account by a former employee of Flowers Breweries, the first brewer to promote keg on a large scale, argues that, contrary to Hutt, the reason for the emphasis on keg was not its suitability for the tied trade but rather for small free trade customers. The low demand was,

> insufficient for keeping in good condition beers in traditional casks until they were empty. Keg was not at this time ever intended and I stress this point, for sale in the tied trade where correct cellar management should have done this job properly.
>
> (O'Brien 1992: 32)

Hutt gives too much weight to marketing as being the source of this innovation; rather its role was to seize upon a technical innovation and to use it to promote a potential national brand. However, it is undoubted that Watneys was the most

enthusiastic in putting its weight behind keg beer and promoting it using extensive advertising to the neglect of traditional draught ale. Such enthusiastic promotion brought with it a reaction that Hutt's book was a part of and which saw the creation of an effective consumer group, the CAMRA. Founded in 1971, this proved remarkably effective in campaigning for the taste advantages of draught ales, such that brewers began to reintroduce them into their ranges (Cornell 2003). We have seen that this response forms a large part of the treatment of pubs during the period by social historians, with Marwick (1990) in particular emphasizing their impact at length. However, as we will see, this perhaps tends to focus rather unduly on one aspect of pubs at the time and rather underplays other important tendencies.

Another target for both CAMRA and Hutt was the wholesale reworking of the interiors of pubs by Watneys and others. The attentions of the improved public house movement during the inter war period had tended to focus on the creation of new houses, particularly in expanding suburban areas, and many urban pubs had retained their Victorian and Edwardian interiors. These began to be ripped out, rather than refurbished, in the name of a new model of retailing which focused on what Hutt disparagingly termed the 'gimmick pub'. He gives a number of examples, drawn from Watneys' own internal publications, of which this is an illustrative example: 'Designed on a "cave" scheme, with imitation stalactites and stalagmites, and a bar called the "Cave Dwellers" – The Sutton Arms, Southend' (Hutt 1973: 125). Attempts to give themes to pubs were far from being the sole province of Watneys – the Whitbread board, for example, was told in 1957 that 'All the Theme houses had done well, except the "Yorker," which was not under our direct control. The "Sherlock Holmes," Northumberland Avenue, was opened recently' and M&B reported in 1958 on the décor of the Buccaneer with its nautical theme – but Watneys seemed to take the process further than others (Whitbread Board 17 December 1957; M&B AR 1958). A designer employed by them was an easy target for Hutt, who reproduced with incredulity his statement that

> I want to give people who use my houses a rare and primitive relationship with the raw forces of nature. People love to be awed when entering a pub by a superior natural force – a strange sort of higher masochism.
>
> (1973: 123)

What really disturbed Hutt, however, was the link between this activity and the replacement of tenants by managers. In order to understand the depth of this feeling, we have to understand the distinctive nature of London pubs.

We have already seen the attachment of London-based brewers to the tenancy model and the low figures for direct management in the 1950s. The London model had traditionally been of large pubs owned by independent business people tied through loans rather than by rent. Despite a shift towards more direct ownership of pubs during the course of the twentieth century, two factors tended to keep brewers at arms-length from the retail trade. One was the extensive use of brokers to find tenants. Another was the letting of houses to catering companies or to tenants with multiple houses. In both cases the 'tenants' would run the houses under management, but the form of the agreement gave the surface appearance of them being under

Table 7.2 Proportion of houses under direct management by region, Ind Coope

Region	1964	1967	1969
West Midlands	11.9	9.6	11.0
Friary	18.7	10.7	11.7
East Midlands	24.5	19.1	21.9
Benskins	13.6	15.5	17.1
East Anglia	12.1	13.2	14.2
Oxford	8.4	11.8	14.5
Scotland		100.0	100.0
London	14.2	21.1	24.5
Total	15.2	14.9	16.9

Source: Ind Coope, property census 1964, 1967, 1969.

tenancy. For Avis, this meant that they failed to build up skills in pub retailing and 'Only in the 1960s did they wake up to the realization that they were losing good profits for the sake of a smooth life' (Avis 1995: 68). These factors meant that the introduction of management started from a low base. Table 7.2, drawn from Ind Coope property censuses, indicates the speed of the process within one company.

What is noticeable here is that, with the exception of the rather anomalous position of Scotland, where the figures represent only 7 and 13 houses respectively, London moves from a relatively low position to having the highest proportion of managed houses within just three years. Some of this is due to a decline in the absolute number of tenanted houses, but it is also due to an increasing number of managed houses, at its most dramatic when it went from 99 in 1964 to 175 in 1967. However, it was change in Watneys that drew most public attention, because of the ways in which the change was handled. Houses could be transferred to management when the tenant retired, or more subtle pressure could be applied by steady increases in rent. Watneys, however, went for the block transfer of houses by serving notices on tenants to quit.

The first notices were issued in the spring of 1970 and Hutt gives a number of examples of tenants who were expected to move. What is striking about these is that they were often successful tenants who had done much to build up trade, rather than those with properties in good trading positions which were under trading. Jimmy Adams, of the White Swan in Bayswater, for example, had increased trade by a factor of five in his five and a half years tenure (Hutt 1973: 101). It was this penalization of success and the often brutal manner in which notification was handled that angered tenants to the extent that they formed a tenants' association to combat the changes. Of particular interest is the statement by Gerald Richardson of North London, who formed the association, about the managerial style of the company:

> There was a dictatorial attitude so deeply ingrained in brewery officialdom at the time that they wouldn't recognise us or negotiate with us at first. They seemed to think it was a damned cheek on our part to question their decision, even though our businesses and homes were at stake.
>
> (Hutt 1973: 103)

Once again, the shift to retailing in this case is coloured by the 'dominant logic' derived from a traditional command and control style. This is exemplified in the approach to marketing, in the reconstruction of pubs and above all in the approach to tenants – but it was to backfire in all three cases. This was particularly the case for the attempts to transfer blocks of properties to management, for this engendered the organization of tenants outside the previous retailing organizations, a precedent that was deeply worrying to other companies. However, in the short term Watneys proceeded with a second batch of transfers which threatened about 600 licensees in total. This was in 1971, but in 1972 the independence of Watneys itself was threatened by a takeover bid from the industrial conglomerate Grand Metropolitan. The workforce of Watneys supported the board's campaign for continuing independence, but their tenants refused to. They managed to extract some concessions from the board, such as enhanced compensation and a promise of a reduction in the number of evictions, but this was overtaken by the success of the Grand Metropolitan bid.

The attention now switched to other companies which were also seeking to increase their numbers of managers. Trumans, now also a part of Grand Metropolitan, issued notices to quit to 60 tenants in 1973 and Bass Charrington also issued 45 notices, prompting the formation of a tenant's association. These moves spurred the existing trade organizations into action and forced the issue to the top of the agenda at the Brewers' Society. The public manifestation of this discontent was a lobby of Parliament by 2,000 publicans in July 1973, at which the Labour MP William Price argued that 'It is wicked and immoral that a man whose only crime was that he ran a successful pub should be kicked out by the brewer in pursuit of profit. If you are a success, you are a marked man' (*Times* 19 July 1973: 4). Behind the demonstration was a body formed by the existing retail organizations and the new tenants' bodies called the National Committee for the Protection of Tenant Licensees (NCPTL). With Price as its Parliamentary adviser, this had been set up 'for the purpose of fighting the brewers' policy of switching public houses from tenancy to management' (BS Tenant Relations, circular letter 8 June 1973). This was one worry to the Brewers' Society; another was the unfavourable attention that was being drawn to their affairs by the Government. Always sensitive to the potential of investigations into the tied trade, contact with the Department of Trade and Industry indicated that, whilst the tie had previously been tolerated as a 'typically British compromise', 'there would be something inherently wrong in any large-scale conversion of tenancies to management' (BS Tenant Relations, notes on conversation with DTI 6 April 1973). These pressures brought something of a retreat from Bass Charrington, with a statement that 'For the foreseeable future and subject to circumstances outside the company's control the majority of Charrington houses will continue to be offered to tenancy' (BS Tenant Relations, P. J. Cavanna to all tenants 12 February 1973). Other brewers followed suit, with Whitbread being careful

to declare via adverts that

> it is not our policy to give notice to any tenant who is running his house well, and, if a house should be needed for property or other specialist development, each case will be dealt with on an individual and personal basis, and with careful consideration of the human problems that may arise.
>
> (*Times* 19 July 1973: 24)

It was recognized at the Brewers' Society that more would need to be done in order to prevent the activities of some companies imperiling the position of all. There were a number of strands to their efforts. A publicity campaign was launched, with the publication of a pamphlet entitled *Two good ways to run the British pub*, which presented tenancy and management as being both equally good ways of preserving the traditions of the pub. (And which incidentally rewrote history with its argument that the preference for management was 'sometimes that of the licensing magistrates, faced (e.g. in Liverpool at the turn of the century) with a drastic need to improve standards of liquor retailing in their area' (BS 1973).) This had the impact of underplaying the degree to which direct management was the result of commercial imperatives – as it substantially was in Liverpool in the nineteenth century (Mutch 2005b). At the same time, the Society published a Code of Practice with relation to tenancy agreements which sought to establish a compromise on transfers from tenancy to management. This preserved the freedom to do so on commercial grounds, but suggested procedures for notification and compensation that would effectively prevent block transfers of the type essayed by Watneys. Allied to this public face of the campaign, members of the Society continued to maintain contacts with members of the Government. Such meetings made it clear that the Brewers' Society was losing the argument, given that tenants were able to show that in London 'highly successful tenants were being replaced by managers as a matter of corporate policy' in contradiction to assurances that had been given to an earlier Monopolies Commission inquiry that tenants were only displaced for poor performance or for threatening the licence (BS Tenant Relations, notes of meeting with Minister for Trade 27 July 1973). At the same time, a close watch was kept on the development of the NCPTL. They obtained copies of the minutes of internal meetings, their ability to do so presumably a reflection of the fragile alliance that the Committee represented. A meeting after the Parliamentary lobby complained about the failure to achieve substantial press coverage and discussed tactics for the future. One delegate argued, in a passage annotated for attention in the margin, 'we must not have a bluff called, it was almost certain that a leakage would occur and Brewers would be aware of the bluff' (BS Tenant Relations 10 September 1973). He was clearly accurate in this assessment, with the brewers being able to watch the developing divisions in the movement between those who wished to press for the total abolition of management and those who sought to achieve a compromise which would place restrictions on the practice. By December there were those

who considered that sufficient movement had been made such that not only would the Brewers' Society support an end to block transfers but that 'There had already been a numerically marked swing from Managers to tenants. It would not now be difficult to get brewers to agree to a cadre of promotional houses' (BS Tenant Relations, meeting of NCPTL 5 December 1973). This followed meetings between members of the Brewers' Society and individual trade associations which showed the latter backing away from their association with Price:

> The Federation clearly feel that they have now had the best out of Mr. Price M.P. and intend to run him down slowly. They made the point that to dump him suddenly could provoke dangerous reactions. They are thoroughly satisfied at having used him, making the point that "had it not been for Price we would not be at this meeting would we?"
>
> (BS Tenant Relations, notes of meeting
> with NFLV 4 October 1973)

What the campaign had achieved was, in the words of Alex Bennett of Whitbread and chairman of the Society, a recognition that 'Block transfers had gone out of the window – it was clear that they would never occur again' (BS Tenant Relations, notes of meeting with NFLV 4 October 1973). This suggests some of the constraints within which companies were working, as well as some of the tensions that the shift towards retailing was engendering amongst brewing companies. An illustration of these tensions was in the response of one company, Mansfield Brewery, to both the Code on tenancy agreements and to a questionnaire that had arisen from further discussion with Government ministers. These had indicated that whilst the Government was content with the Code, it was uneasy about the volume of letters it was still receiving about transfers from tenancy. Accordingly, it asked for the collection of statistics by the Brewers' Society from its members about the volume of transfers. In the opinion of R. W. Chadburn, chairman of Mansfield,

> the troubles with the tie arose mainly from the big groups and that the information for defending the tie could quite adequately be obtained from these groups without bothering the smaller brewers. On the questionnaire itself he simply had not got the staff to answer the questions in such detail.
>
> (BS Retail, meeting notes 29 May 1974)

Similar tensions arose, but this time between the larger companies, on the developing role of the manager's union. This time the focus switched from London to Birmingham. After the furore caused by Watneys' actions there was a considerable body of speculation about the future direction of the industry. Hutt reproduced the prediction of a firm of stockbrokers who specialized in the brewing industry that 'we believe this proportion [of managers] will rise to perhaps 50 per cent by 1980 partly because most new outlets are put under managed operation and also because tenants will gradually be replaced by managers' (Hutt 1973: 113) For the *Times* there was a considerable gulf between the contending tenant bodies and

the apparent organization of the managers' representatives. 'Recognizing how industry developments were shaping', the *Times* (4 May 1973: 23) argued in a leading article, 'they established a trade association the NALHM, formed in 1969'. As we have seen, the birth of this body actually owed a good deal to the desires of certain major brewers both to enhance the status of their house managers and to block the potential intrusion of other unions, and these concerns continued to make their mark on the development of NALHM. The *Times* was impressed by the fact that 'With a full-time national secretary and four full-time organizers covering a total of six regions, public house managers appear to have in NALHM something immeasurably stronger than the somewhat fragmented Licensed Victuallers associations or even the individual company tenants' associations' (4 May 1973: 23). However, a considerable amount of this organizing success was dependent on input from the Brewers' Society. In 1970, for example, a loan of £18,000 was made to enable NALHM to buy premises, the minutes of the Finance Committee emphasizing that 'in the furtherance of retailer relations, this matter should be treated as strictly confidential' (BS Retail: Managers 8 September 1970). The Society took a considerable interest in the internal affairs of the Association, recording detailed notes on officers. In 1974, for example, they noted of one officer that he 'looks uninviting. He should certainly be encouraged to take a tenancy in due course before he comes up in six years time for President' (BS Retail: Managers NALHM Conference Commentary by Bass Marketing Services April 1974). The reason for this concern has to be seen in the broader climate of industrial relations.

We have already seen that part of the agenda of the Brewers' Society in encouraging the development of the NALHM was in order to remove managers from Wages Council decisions. They secured the support of the union in achieving this in 1971, but a far greater threat was represented by the formalization of industrial bargaining. In an attempt to contain unofficial action in many industries, Government proposals, in the form of a Commission for Industrial Relations, were to strengthen the role of official unions and draw them into national negotiating machinery. What concerned members of the Society was that the T&GWU would press a claim for representation across the whole of brewing. In the face of what seemed like inevitable unionization, the course of action was to split union representation by building up the NALHM as the representatives of managers and by seeking alternatives to the T&G for the representation of bar staff. A working party between the Association and the Society

> agreed that it was most important for NALHM to recruit. Companies might help here, although it was essential that they did not give any impression of favouring NALHM to the exclusion of others. Managers who were not members of a Union could be called to a company meeting, where they might be told that the company was considering granting an agency shop to NALHM, but that it wished to inform its managers of the position before reaching any decision. NALHM officials could then be given the opportunity to address the meeting.
>
> (BS Retail: Managers 5 October 1971)

Such a stance however, brought tensions within the Society. Some of these were caused by the NALHM refusing to play the role given to them, but insisting on pressing claims on behalf of its members. Here they used the implied threat of the T&G as a far worse alternative to wring concessions out of the Society. Such concessions exasperated those who resisted any form of union organization in their companies. Frank Nicholson of Vaux, for example, resisted any agreement with NALHM, despite a key member of the union being a company manager and despite having been a member of the MHC (BS Retail: Managers, letter Hunter-Jones to Nicholson 19 January 1973). Of far more significance, however, was the situation in Birmingham. Here, the supervisory section of the T&G, the Association of Clerical, Technical and Supervisory Staff (ACTSS) had long organized a minority of managers in the two major companies, M&B (part of Bass Charrington) and Ansells (part of Allied Breweries). In March 1972, NALHM had applied to the Industrial Court for sole negotiating rights within both companies. 'It became apparent at this stage,' noted Hunter-Jones (chair of the committee and employed by Bass),

> that Allied were not putting up a case capable of being easily demolished by NALHM, but were intent on preventing NALHM from achieving its objectives. The Company is apparently fearful that the granting of any sole rights to NALHM will lead to industrial action by the T&G.
>
> (BS Retail: Managers 1 May 1972)

Indeed, Allied's case rested in part of a refutation of the claim of NAHLM to be the only union represented by the Brewers' Society – which of course had been the policy pursued by the Society for a number of years! This action by Allied appeared to undermine the entire policy of the Society and so was resisted by the Committee, with the exception of the representative from Allied. As events played out, it became clear that for Allied the need to maintain production was more important than the threat to national organization. What we might argue was appearing here was a replay of the old tension between production and retailing as priorities that we have already explored for Ind Coope.

Bernard Carfoot was, of course, a key player in these debates, playing a significant role in advancing the arguments for house management both within Ind Coope and subsequently Allied Breweries, and also at national level within the Brewers' Society. Indeed, in 1969 he had advised that NALHM would need to be built up to prevent further incursions by the T&G in Birmingham (BS Retail: Managers, Bernard Carfoot to John Guest 26 June 1969). However, by 1975, when relations between the T&G and NALHM in the city had reached a point of direct confrontation, a representative of the Society

> told him [Carfoot] that I thought that Ansell's had to stand up to the T. & G. W. U. at some point if the disintegration of NALHM was to be avoided. He said it was asking a lot to risk the closure of a brewery for a dispute affecting 1% of their trade.
>
> (BS Retail: Managers, 'NALHM/ACTSS Dispute in Birmingham' Memo by RLM 11.8.1975)

What this suggests is a further constraint imposed on business strategy by the model of vertical integration. It also indicates the continuing attachment on the part of some brewers to brewing as opposed to retailing and so is worth exploring in a little more detail. The objective here is not to present a full account of what came to be known as the 'Fox and Goose' dispute, but to focus on those elements which illuminate the continuing tensions between a production and a retailing orientation, and the constraints on companies moving from one to the other.

ACTSS claimed about a quarter of the Ansells managers, most of their 300 members in the West Midlands (BS Retail: Managers, 'NALHM/ACTSS Dispute in Birmingham' Memo by RLM 11.8.1975). On the basis, however, of their closed shop agreement amongst brewery workers they argued in 1975 for a closed shop amongst managers, and they used their delivery workers as their key weapon (Waddington 1987: 42). They threatened to stop all deliveries to houses with NALHM managers if the company did not concede a closed shop. In turn, NALHM ordered its members to refuse deliveries if the threat to NALHM houses was not lifted. A full account of this dispute would have to take into account the nature of trade union politics in Birmingham and, in particular, bitter personal relations between manager trade unionists in the area. As far as the T&GWU was concerned the NALHM was 'not an Organisation independent of the Employer concerned in that its creation and operation has been supported by the Company through their association with the Brewers' Society' (BS Retail: Managers, T&GWU submission to National Industrial Relations Court 17 May 1972). However, the Association registered as a trade union under Government legislation and by 1975 had been accepted by the TUC as a member. In 1975 the T&GWU demanded that the company cease collecting dues from NALHM members and stopped deliveries to pubs managed by NALHM members. The dispute was settled by an agreement to involve the Arbitration and Conciliation Service (ACAS), but seven pubs remained 'blacked' by the draymen. Amongst these was the Fox and Goose in Washwood Heath, which became the symbol of the dispute. Deliveries to it were resumed when a new manager was installed in June 1976, but the dispute was rekindled when it was discovered that a replacement relief manager, installed pending the conversion of the pub to tenancy, was also a member of NALHM. The draymen returned their delivery to the brewery and NAHLM went to the TUC disputes committee. In August 1976 they called out their Ansells members on strike and 600 pubs were shut (*Times* 3 August 1976). The result of this was the temporary suspension of Britain's largest union at the Trade Union Congress in 1977 and the recognition of NALHM's right to exist as an independent union. What the whole dispute had indicated was the problems of shifting to managed houses in a vertically integrated business. As the company noted 'numerous other disputes occurred in the Brewery which Union Officers, in meetings, admitted having raised because their [sic] wished to achieve their objective of Union Membership of Pub Managers' (BS Retail: Managers, note from Allied personnel director 28 June 1976). In January 1975 the board of Allied Breweries discussed what might happen if an ACTSS manager retired from a pub and his ideal replacement, from a company perspective, was an NALHM member. The Personnel director suggested that 'ACTSS would be happy to accept a non-member being

appointed as Manager on the basis that they would hope to recruit him' and that this would avoid disputes amongst the brewery staff (Allied Board 2 January 1975). Given their judgment that 'it seemed likely that NALHM would not survive' it is hardly surprising that they were lukewarm in their support for a strategy of supporting the Association (Allied Board 27 February 1975). The tensions that manifested themselves at national level within the Brewers' Society over the long-term support of an independent managers' union to block the incursion of the T&GWU versus a short term accommodation to maintain production were in turn a reflection of debates within companies about the approach to retailing. Some companies were more enthusiastic about this than others; we need now to examine this wider picture.

As we have already noted, a major shock to the industry came with the bid in 1972 for Watney Mann by Grand Metropolitan. Grand Met was an industrial conglomerate built up by the entrepreneur Maxwell Joseph from a hotel business. In 1962 it acquired Berni Inns, followed by Express Dairies in 1969 and moves into industrial catering (MMC 1989a: 3). In 1971 it acquired the brewing firm Trumans, followed in 1972 by the fiercely contested bid for Watneys. Their successful takeover brought with it considerable restructuring and rationalization, which we will attend to in due course. In the same year Imperial Tobacco, as part of a plan to broaden its product range, launched a successful bid for the Courage brewing group. In reviewing the success of this bid a correspondent in the *Times* noted Imperial's possession of the 'superlative marketing talent that brewers increasingly need – and will need even more of with the progressive enlargement of the licensed catering trades to meet today's social requirements' (*Times* 11 August 1972: 17). The entry of these two outside companies into the industry came as a considerable shock and might have been taken as hastening a shift to a retailing orientation on the part of the larger companies. However, the force of tradition remained strong and an examination of the coverage of both management and retailing in the public statements of the remaining four specialist brewing companies as presented in their annual accounts indicates considerable difference. The four companies have been selected for examination as the issues are presented more clearly – the same issues tend to disappear in the accounts of the conglomerates, although we can still draw on some observations. Of course, it is recognized that such statements are written with a view towards their public relations value and that it cannot be claimed that they represent all that occurs within organizations (Neimark 1992). However, they do reflect what the companies felt their stakeholders ought to be interested in, and it is the differences between them that are helpful in showing how companies moved on these issues at a different pace (Johnson 1987: 75). It is, then, the pattern of such responses that is of interest, rather than the 'truth value' of any individual statement. What is particularly interesting is a comparison of this public face with some of the material we have already covered. The discussion that follows looks first at what might be seen as a 'structural' response, that of the attitude of companies towards the management of outlets and then at the 'strategic' response in attitudes towards retailing. This analysis then enables us to examine differences in response, with a particular focus on that of Whitbread (Figure 7.1).

Year	Whitbread	Bass	Allied	Scottish & Newcastle
1970		Substantial negative mention		Minor positive mention
1971	Minor positive mention			Minor positive mention
1972	Substantial positive mention	Substantial negative mention		Minor positive mention
1973	Minor positive mention	Substantial negative mention		Substantial negative mention
1974	Substantial positive mention			Report not available
1975	Minor positive mention			Report not available
1976	Minor positive mention	Factual mention	Factual mention	
1977		Factual mention		Minor positive mention
1978	Minor positive mention	Factual mention	Report not available	Substantial positive mention
1979		Factual mention	Factual mention	Substantial positive mention

Key

No mention	
Report not available	
Substantial positive mention	
Minor positive mention	
Substantial negative mention	
Factual mention (e.g. number of managers/tenants)	

Figure 7.1 Mentions of house management in annual reports, 1970–1979.

Source: Annual reports.

It is perhaps not surprising that a peak year for statements should be 1972, the year when the debates over management versus tenancy emerged into the public gaze. However, the responses were very different. Allied managed to ignore the issue altogether, as they did until 1976. In part this has to be linked to a rather terse style of reporting, in which the main focus was on production issues. In 1974, for example, the full extent of the discussion on the company's 9,000 or so licensed properties was the following: 'Our licensed properties are in good order. Of necessity further improvements will be undertaken at a slower rate than in recent years' (Allied AR 1974: 6). Whilst we know that narrative statements in annual reports are a selection of the activities occurring in an organization, the

nature of the selection for the public gaze here is perhaps indicative of the extent to which retailing was taken seriously within Allied, something which we will return to on a number of occasions. In Bass and Scottish & Newcastle, by contrast, the issue is taken seriously, but in negative vein. For Bass 'There is no significant move to managers to run our houses: in fact, the balance favours tenancies this year' (Bass AR 1972: 11). This was in a year when its tenants in London formed their own association in response to plans to replace some of their number with managers and complained that 'The trend to managers in pubs, and the vast increases in rent the breweries are asking for, will mean the end of the old-fashioned publican' (*Times* 18 August 1972: 2). In Scottish & Newcastle, which of course, given Scottish traditions, had both a relatively small estate and a relatively higher number of managers 'it may well be that we shall reduce the total number of houses under direct management though increasing the number of high profit earners' (S&N AR 1972: 9). By contrast, in Whitbread we find the statement that

> A detailed study has been made of our managed outlets so that we are now able to offer career planning for all our managers, and hope young couples joining us to run our managed houses can look forward to a long and worthwhile career with the Company.
>
> (Whitbread AR 1972: 14)

Subsequent reports follow this up with, compared to the other companies, commentary on managed house operations in each year. As we have seen, this contrasts sharply with what we read in the Allied reports, in which we would not be aware of the turmoil that their managers were causing them until a brief mention of the Fox and Goose dispute in 1976. Indeed, in the following year we find the following:

> we are determined to do all we can to retain the unique qualities of the British pub as a social centre. In this connection the landlord is a key figure. We recognise that we have a community of interests with our licensees and I am glad to say that in the vast majority of cases we enjoy an excellent relationship with our tenants and receive their utmost cooperation.
>
> (Allied AR 1977: 5)

This is a remarkable statement given that at the beginning of the decade the company had some 2,500 managers (BS Retail: Managers, Submission of NALHM to National Industrial Relations Court 1 June 1972). It does suggest at best a degree of ambivalence about shifts to a more direct involvement in retailing, a pattern which is reinforced by a consideration of what we find in the reports about retailing more generally (Figure 7.2).

This is fairly sparse coverage, especially when compared to the coverage that was to ensue in the following decade. This suggests that shifts towards retailing were hesitant during the 1970s. Of course, these companies were still coping with

Year	Whitbread	Bass	Allied	Scottish & Newcastle
1970	██			╱╱╱
1971		██		
1972	▥			
1973	▥	╱╱╱	▥	╱╱╱
1974	██			▨
1975				▨
1976		╱╱╱		
1977				
1978	██		▨	
1979				

Key

☐	No coverage
██	Limited coverage related to pubs
▥	Substantial coverage related to pubs
╱╱╱	Coverage limited to production and products
▨	Report no available

Figure 7.2 Mentions of retailing in annual reports, 1970–1979.

Source: Annual reports.

rationalization projects, but their focus does seem to be largely on production issues. In 1973, for example, Allied use a little space to suggest the potential inherent in 'catering', but the focus in subsequent years returns to advances in products and production (Allied AR 1973: 5). Of course, brewing companies were early adopters of brands for their products, with the Bass red triangle being the most famous example. It is not surprising, therefore, that the reports carry considerable discussions of brand building in the context of products as opposed to their distribution network. In Scottish & Newcastle, for example, with its desire to break out of its traditional geographical heartlands, the need is to assert that 'These brands are now approaching national distribution' (S&N AR 1973: 4). A similar focus on products can be found (where marketing is mentioned) in the Bass reports, but we do get a statement of intent in 1971 with an extended discussion of the changing

nature of the pub (Bass AR 1971: 11). However, this focus is rapidly, as we have seen, replaced by a focus on traditional patterns and it is left to Whitbread to carry more extensive discussions on the character of the pub. From 1972 onwards their narrative statement contains sections under the heading of 'marketing' and then sub-divisions for managed and tenanted house performance under the rubric of 'retailing'. Whilst the emphasis varies from year to year, this building in of retailing into the structure of the report is indicative of an emerging focus, and it is therefore appropriate to explore this focus in a little more detail.

Whilst we have already seen that the other members of the 'Big Six' had come together as a result of a process of merger and acquisition, the process by which the Whitbread of the 1970s was created was a distinctive one. From the beginning of the 1950s the company had begun to acquire small stakes in those companies with which it had reciprocal trading arrangements. However, the panic caused by the increasingly predatory behaviour of not only E. P. Taylor but also of ambitious regionals such as Flowers saw such companies approach Whitbread to take larger stakes in order to preserve their independence. (On Flowers, see Cornell 2003: 235–253.) Such were the origins of the famous Whitbread 'umbrella' by which the company came to have substantial stakes of up to a quarter in a significant number of companies – seventeen by 1961, owning 10,000 pubs between them (Dunn 1986: 36). Given that many of these companies were later to be acquired by Whitbread, the 'umbrella' has received a mixed response. It was to Hutt (1973: 64) 'the most unusual, and ultimately the most devastating course of expansion' and others have agreed with this assessment (Cornell 2003: 215). There is a tendency in these accounts to see the umbrella as, in the words of one brewer cited by Gourvish and Wilson (1994: 488) 'a bit of a con'. Against this, however, it is important to stress the emergent nature of the strategy. It was, argued the *Economist*, not young, successful businesses which were seeking shelter, but 'rather old family businesses where death duties have whittled down the controlling shareholdings. In essence, the umbrella is a blocking move' (*Economist* 13 July 1957: 157). To the directors of these businesses the attachment of Colonel Whitbread to family business was a reassuring one, and one that they were prepared to trust. And there were signs even into the 1970s that this trust was not misplaced if the company were determined to maintain its independence and had a real prospect of doing so. In 1970 Boddingtons of Manchester, in which Whitbread owned a significant holding, were threatened by Allied Breweries. 'You are a very old firm', Colonel Whitbread is reputed to have declared. 'You have a very good name. You mustn't go out' and the Whitbread holding was deployed to avert the threat (Dunn 1986: 34; Gourvish and Wilson 1994: 490). However, during the 1960s Whitbread acquired twenty three breweries, the acquisition of which by gradual absorption rather than by outright takeover was to have a number of consequences (Gourvish and Wilson 1994: 488).

This process also has to be seen in the context of the very personal management style of Colonel Whitbread. Rather than deliberately setting out to acquire companies on the basis of their strategic fit and then ruthlessly welding them into one unit, as with Bass Charrington, the process owed far more to the Colonel's

business contacts, often with somewhat sleepy rural brewers. Deals were done, often on the brewery steps, whose consequences in terms of the rationalization of the estate and brewing facilities were then taken back. Something of this style of management can be seen in the style of reporting adopted in annual reports, examples of which we have already seen. It is quite remarkable that a chairman should be so candid about his dislike of the policy which his own company was following, as with the declaration about house managers in 1955. A subsequent chairman, Charles Tidbury, recalls

> And when Bill Whitbread wrote his [statement], he used to go off and write his [report] and he used to say 'well its my report and I'm bloody well going to write it'. And I remember Alex Bennett used to get a copy from his secretary, from Bill's secretary and then the great thing was how to get it changed without scrubbing something out.
>
> (Interview, Tidbury)

What perhaps seems like a rather trivial example indicates the extent to which business was carried out without either a formalization of strategy or, seemingly, much attention to the perceptions of others. The consequences for the company were two-fold. One was that it faced considerable financial problems as a consequence of the rather haphazard process of acquisition. These financial pressures led to the company being forced into certain changes in personnel which were to have consequences for its approach to business. In turn, these changes were able to take advantage of the material base which the acquisitions had led to.

Whilst it is clear that much of the motivation for the mergers of the 1960s was defensive, they were also defended, in the characteristic language of the time, in the name of rationalization and efficiency. British industry had long been criticized for failing to make the most out of mergers and acquisitions by maintaining outdated structures, such as the holding company form, and failing to take advantage of opportunities for the rationalization of production facilities. Technical developments in brewing, such as the development of brewery conditioned or 'keg' beer, the potential of continuous fermentation, and the significant shifts towards a national distribution system enabled by the growth of the national roads system and bigger lorries, seemed to offer good prospects for efficiency gains. In such a scenario, inefficient local breweries would be closed down, to be replaced by large automated national breweries linked into a national distribution network. The beer carried along this network would increasingly be able to be transported in bulk, so in turn supporting the promotion of national brands. To a large degree this was the strategy that was pursued. It ran, as we have seen, into consumer resistance as mobilized by CAMRA. However, we have seen that the consumption of real ale was of less significance than the growing importance of lager, which would seem to lend itself to the rationalization described above. For a number of reasons – technical problems in continuous fermentation, increasing labour unrest in the breweries, the frailties of the road network – the expected gains were not realized and this was nowhere more true than in Whitbread.

Whilst the big Northern and Midland brewers could indeed reap some benefit from the trends described earlier, given a relatively concentrated pattern of outlets and a steady market in the heavy industrial districts, Whitbread's umbrella had given it a patchy spread of outlets with heavy concentrations in the south and west, with many in rural areas. In addition, there was a limit to the speed with which the company could pursue a policy of brewery rationalization. In 1974, therefore, it was still operating 17 breweries with an average capacity of 264.1 thousand bulk barrels. Not only was this the largest number of breweries operated by a major company; the average production was almost half that of Courage's 421.3 thousand bulk barrels, the next smallest (Cowling *et al.* 1980: 218). A study of these factors leads one group of authors to conclude that 'whatever may have been the efficiency of the companies that Whitbread took over, that of the parent company fell between 1955 and 1972' (Cowling *et al.* 1980: 221).

This failure to realize efficiency gains from the mergers of the 1960s meant that at the opening of the following decade the company was under considerable financial pressure, pressure which enabled the company's bankers to insist on certain changes in senior personnel. Leonard Kingshott was recruited from Ford, bringing with him traditions of data collection and analysis that led to new systems of financial control that were not welcomed by the brewers within the company (Interview, Jarvis). Kingshott only stayed with the company for two and a half years (before moving on to British Steel) but somebody who stayed longer and perhaps with greater impact was the company's first marketing director, Anthony Simmonds-Gooding. Hired from Unilever, he was the first from that company which had been at the forefront in the marketing and distribution of branded products in Britain since the war (Wilson 1968; Hannah 1983). He was to be followed by a logistics manager who reorganized distribution processes on the basis of his experience with SPD, the Unilever subsidiary, and by Peter Jarvis, a future chief executive, recruited in 1978 to bolster the marketing department.

The major impact of this new focus on marketing was to be seen (in very prominent form) in the advertising campaign for Heineken. This very distinctive campaign was the result of close friendship between Simmonds-Gooding and the head of the advertising agency, Frank Lowe of Lowe and Spink. The focus of Mayle's (1983) celebration is on the success of this campaign and on the creative input into it, with nothing about the characteristics of the company who were prepared to commission what was a novel and risky approach. Rather too much weight in these accounts is placed on the shoulders of Simmonds–Gooding. On one account, for example, 'modern concepts such as employing a finance director and a marketing director' had not yet impinged on the chairman' (Chippendale and Franks 1991: 22). Whilst the posts might not have been in place, Whitbread had in fact always been a company which paid some attention to issues such as advertising, if not always in a structured fashion. In the 1930s, for example, its advertising had been characterized by a focus on a rather aspirational approach, with campaigns targeted, rather unusually, at the solo female drinker (Cornell 2003). We have already noted the formation of the Research Unit at the end of the 1960s and a future chairman, Charles Tidbury, had

developed an interest in marketing following a course at INSEAD (Institute for Business Administration) in 1962 (Ritchie 1992: 124). The ground for the increased importance of marketing had, therefore, already been prepared: it was the combination of the poor financial situation, the arrival of fresh blood and an open attitude that brought about the shift. It was a shift that also saw, as we have seen in the annual reports, a distinctive emerging focus on retailing. This focus on retailing was in its turn both necessitated by and enabled by the estate which had emerged from the 1960s.

By 1970, Whitbread owned 8,280 pubs, second only in number to Bass Charrington and an increase of 4,780 since 1963 (Gourvish and Wilson 1994: 472). Whilst we do not have detailed figures for the distribution of this estate (given the fragmented nature of the records), much of it was in the rural south and west. The acquisitions of Norman and Pring, Starkey, Knight and Ford and West Country Breweries, for example, brought with them over 1,000 pubs, many of them small and rural. As Tidbury recalls

> I sold in my time, ... when we had West Country breweries there were a whole lot of pubs, ... they did all of twenty-five barrels a year. ... we had a rule if your pub does less than a hundred barrels, because quite a lot of them did, in those days we didn't get any money for the food. We didn't do it ourselves, we still only paid to keep the place in order. So they were all rather attractive houses and people were amazed when we had ten thousand or I think at one time it hit twelve thousand, we kept on selling off these small country pubs.
>
> (Interview, Tidbury)

However, what emerged over the decade, in part spurred by the success of Berni Inns, was the notion of developing some of these houses for the sale of food. This emergence was part of a wider shift towards retailing which saw the pub as something more than a distribution outlet for beer. This change had to some extent been forced on to Whitbread by the nature of its estate and the financial constraints it found itself under. However, Whitbread could also draw upon a long tradition of retailing innovation dating back to its experience with the Improved Public House Company (IPHC). What might be of significance here is that the company came relatively late to the notion of house management. Unlike key constituents of Allied and Bass it had little experience with the types of managerial hierarchies that they had evolved. One consequence could have been that Whitbread was less prone to the focus on policing that seemed to characterize these companies. However, it could be argued that other breweries were shielded from the pressures that Whitbread faced until the recession of the early 1980s and its impact on beer consumption in the industrial districts. However, to do so would be to concede too much to a form of market determinism. As we will see in Chapter 8, there were other factors for the slower turn to retailing by the other major companies.

8   Divergent routes to retailing

> AB should recognise that retailing is its key business. A fundamental change of emphasis is required, to establish the principle that AB are retailers who are vertically integrated into brewing, not brewers who own tied outlets.
>
> (Review of strategy 1984)

If we contrast this statement with the argument presented by the *Economist* in 1950 that we discussed at the beginning of the introduction, we can get a measure of just how difficult it had been for major companies in the industry to switch direction. The Allied Breweries internal review of strategy indicated a company still locked into the traditional pattern of a production-led company where retailing played a secondary role. As we have seen, this was not the case for all of the major companies in the sector, and in this chapter we explore some of the different routes that they undertook. The 1980s saw these companies begin to diverge in form and strategy as they sought different responses. In the process, there was a secular move towards a greater retailing orientation on the part of all of the major companies, but it was one very much conditioned by how they conceived of their core strategy, influenced both by market positioning and prior commitments. The chapter starts with a little further exploration of the experience of Allied Breweries, which provides an interesting contrast to the experience of Whitbread as recounted in Chapter 7. We then look at the major companies in the sector across a number of dimensions. We look at their diversification strategies and link these to their adoption of a retailing perspective for their pub estate. We return to the nature of board composition, to see if changes here account for the diverging paths. And we explore some of the structural changes that were put in place, changes which in the case of Whitbread prefigured the far more radical shifts that were to follow the issue of the Beer Orders at the end of the decade. This comparative material will then allow us to explore a little further the important role of food in bolstering the shift to a retailing orientation, an exploration which will again indicate the distinctiveness of Whitbread in such a shift.

We have already noted the debate that occurred within Ind Coope in the 1950s over the relative importance of brewing as against retailing. During this debate there was a clear recognition that the nature of the pub was likely to change and

that such a change required greater investment in a smaller estate. On this basis, the aim was to avoid the acquisition of companies bringing with them a large tied estate. However, set against this was the aspiration to become the national brand leader in beers, notably through reciprocal agreements for the sale of Double Diamond. From the late 1950s this aspiration was reinforced through the realization that there could be considerable growth in lager. This was seen first in the success of Skol in Scotland. The increasing threat posed by Eddie Taylor's promotion of a national company to push sales of the rival Carling Black Label led Ind Coope to be the prime mover behind the creation of Allied Breweries. What were the features of this merger? They were the creation of a massive estate with particular concentrations in what were to become major areas of economic decline such as Liverpool and East London. Whilst companies like Peter Walker & Son and Ansells had considerable experience of the direct management of public houses, this experience was a little 'tired' and tended towards a distinctly disciplinary concept of management. Against this experience could be set the long tradition of constituents like Tetley as a high quality brewer with a relatively limited estate. What this combination meant in practice was a neglect of the estate and a focus on investment in production. This took particular shape in the form of Bernard Kilkenny, who joined the company following the acquisition of Benskins of Watford in 1957, where his father had been chairman. Starting as the production manager at the Watford brewery in the same year, Kilkenny soon became assistant to the technical director, Neville Thompson. From here he moved to be brewing director of Ind Coope in the newly created ICTA in 1962, moving on to the main board in 1964. By 1973, when he was chief executive of Allied Breweries, he was arguing that

> If planning was not properly carried out then there could be either over-provision or shortages of distribution requirements as had occurred in the current year. It was agreed that service must be maintained and therefore it was preferable to over-provide even though this meant increased production costs.
>
> (Allied Board 13 September 1973)

Two years later the board 'noted' a paper that compared the company's retailing to that of other brewers. It pointed out that 'by restricting expenditure on maltings and retail activities it had been possible to ensure that production and wholesaling activities had been able to meet the changing market requirements', but that this strategy could have severe long-term consequences (Allied Board 27 March 1975). Little seems to have been done as a consequence, for in the following year Kilkenny, now chairman, was arguing that 'it was essential to provide production resources to meet the targets in later years and there was an 18 month lead time' (Allied Board 20 May 1976). This was despite a report which suggested that sales were running just below their targets and that there was 'no evidence of an upward trend' in the industry as a whole. Of particular concern was that the company was failing in the core areas of beer production, notably in the lager with which it had had such success in the 1960s. In September 1976 a report was

presented which noted that continental lagers were overhauling English lagers. 'Heineken', it was reported, 'had overtaken Skol in England and Wales, but the reformulation of Skol had shown a marked increase in the preference for Skol to Harp and Black Label' (Allied Board 9 September 1976). Two years later Kilkenny resigned citing 'differences in management philosophy' and then, in an unusual move for the industry, joined the board of Scottish & Newcastle (*Times* 18 January 1978; 21 March 1978). This latter company had a particular expertise in brewing, running large and efficient breweries, but its retailing was limited to its geographical heartlands. One would search in vain for clues in the minutes of Allied, but the comment that 'Board of Allied Breweries Limited were not satisfied with the performance of AB (UK)' (Allied Board 26 January 1978) suggests that there was a realization that the production-led strategies of the past decade, dominated by central planning and heavy investment, were no longer appropriate. Following Kilkenny's departure there was a significant reorganization, with a note that 'responsibility and authority would be increased within operating units in order to develop effective profit centres' (Allied Board 16 January 1978).

The consequences of the focus on production were revealed in the strategic review of 1984, produced as it was against the backdrop of a catastrophic decline in total beer sales, a decline that was particularly marked in the industrial districts that were the strength of companies like Allied and Bass. 'Misconceived investment' in production and distribution had not, the review indicated, reduced the cost base, which was significantly higher than that of the competition and had resulted in 'capacity imbalances' (Review of strategy 1984: 17). The company's share of the total beer market had declined from 17 per cent in 1970 to 14 per cent in 1983. Not only had the company's product strategy failed to reap any benefits, it had starved the estate of much needed investment. The review spoke of 'low standards of retailing' in an estate which had suffered from 'inherited massive neglect...dating back many years' (Review of strategy 1984: 16). Further analysis indicated that 'managed houses make 50% more profit per barrel than tenancies and nearly six times as much as the free trade' (Review of strategy 1984: 36). It suggested that an additional annual profit of over £8 million could be realized from converting the largest 1,000 tenancies to management. The clear message of the review was the need to take retailing seriously, with the suggestion that the estate be reshaped by disposal of large numbers of smaller pubs, investment in those which remained and 'a pronounced switch from tenancy to management' (Review of strategy 1984: 2). The success of these recommendations will be pursued later, but what this review indicates is the tenacity of the production orientation that dominated the integrated firms of the 1970s. The experience of Allied sets in stark relief the very different path pursued by Whitbread. However, we also have to be aware of other events in the history of Allied, most notably the merger with the J. Lyons Company in 1978 that require us to take into consideration diversification strategies.

Elements of diversification from the core activities of brewing had been present in a number of companies from the 1950s. Many companies had hotels as part of their estate, even if in some cases they seemed something of an afterthought. Avis,

for example, notes of Hammonds of Bradford that it had gathered

> about a dozen residential/catering inns and medium size hotels. The
> administration of them could not be tackled by a management accustomed
> only to public houses. They were run therefore, without much control, by
> managers who were handed the keys, and told to get on with it; so long
> as they could place before visiting directors a good meal in an atmosphere of
> fawning attention; the failure to produce any profits was accepted glumly as
> a characteristic of ownership of such establishments.
>
> (Avis 1997: 23)

A separate division was established, against considerable resistance, to run and
develop these hotels in the late 1950s, which was to become the basis of the Crest
Hotels division of Bass Charrington. Such a practice mirrored developments in
companies such as Ind Coope and Whitbread. In 1954, for example, Whitbread
reported on the opening of a motel in Kent, which was envisaged as a forerunner
of a small chain (*House of Whitbread* 1954: 24–26). In 1956 Ind Coope, following
complaints about the Royal Oxford Hotel, moved hotels from trading subsidiaries
into a central department (Ind Coope CoM 26 September 1956; AR 1955: 1)
Similar arrangements were pursued by other major brewers (Ritchie 1999: 120).

Another form of diversification that grew from the regular trading activities was
the move into off-licences. Historically much of the volume of off-sales had been
conducted through the pub, with many having separate 'departments' for this pur-
pose. The growth of retail chains of specialist off-licenses threatened this business, so
many brewers either developed their own outlets or acquired chains. Whitbread, for
example, acquired Threshers in 1961 and set about making it a national chain. This
joined its existing wine and spirit merchants, Stowells of Chelsea, but the report can-
didly noted that the company did not 'take much interest in these commodities until
after the war' (Whitbread AR 1962: 8). This reflected a broadening of the range of
activities happening in the pub and a source of further retailing expertise. This inter-
est in a wider product range than beer could also see a form of backward integra-
tion into distilleries. In 1968, for example, Allied Breweries acquired the Showerings
business, the producers of one of the successful 1960s brands, 'Babycham', and a
company with which they had had joint trading arrangements since 1957. In 1972
Watney Mann acquired International Distillers and Vintners, followed in 1975 by
Whitbread's acquisition of Long John International. The significance of some of
these acquisitions was that they laid the foundation for the subsequent development
of large groups, known by the beginning of the twenty-first century as Allied
Domecq and Diageo, characterized by a wide range of drinks brands ultimately
sold on a global basis. This was one route towards diversification, one which suited
the product rather than retailing focus of a number of brewers. However, another
influence was the way in which brewers featured in the diversification strategies of
companies outside the traditional boundaries of the industry.

In Chapter 7 we have noted the acquisition of Watney Mann by Grand
Metropolitan. The new parent company had interests in hotels, industrial catering

and dairy products, so it could be argued that there were elements of relatedness in the merged businesses. In 1975, for example, it reported on the development of Bailey's Irish Cream as drawing upon production expertise from Watneys, whiskey and research and development from its International Distillers and Vinters subsidiary and cream from Express Dairies (Grand Metropolitan AR 1975: 10). However, as we will see later, the place of brewing and licensed retailing in the company's activities was never entirely certain. The remainder of the 1970s saw a period of consolidation before a major programme of expansion into the United States, which saw the acquisition and divestment of companies at a bewildering pace. This included the purchase of Inter-Continental Hotels in 1981, followed by its disposal again seven years later on the acquisition of Pillsbury Foods. This was to see the backgrounding of the group's brewing interests which were sold off in 1991. If brewing seemed at times to sit uneasily with the Grand Metropolitan portfolio, this was even more so for the acquisition of Courage by the Imperial Group in 1972, clearly attracted by the strong cash flow and profitability of the brewers, together with their extensive property portfolios. Imperial had also sought to continue its diversification into hotels by the purchase of the Howard Johnson chain in the United States but its perceived failure to make the most of its acquisitions led to its being seized by the Hanson Group. It is fair to say that these two groups were shifting alliances, prepared to buy, reshape and dispose of major businesses. However, despite the fact that during this period they both entered and left the business, their impact was to shake up existing patterns of working. In the case of Grand Metropolitan this was by contributing to a shift towards retailing within the sector, which we explore in the following pages. Imperial also contributed to this shift. On the takeover of Courage, the *Times* noted the 'superlative marketing talent that brewers increasingly need' possessed by Imperial (*Times* 11 August 1972: 17). The company was associated later with moves towards the branding of public houses. However, in their corporate strategies, the definition of 'related diversification' has to be a rather broad one, concerned more with a broad spread of industries rather than the exploitation of synergies between them.

Given their emergence from the 'clubbable' world of brewing to take their position as some of the country's leading companies, Bass and Allied in particular were part of the larger discourse on the appropriate means for the operation of large companies, in which notions of diversification were prominent. Operating in this company, too, meant that these companies were also subject to the perceived logic of ceaseless growth in order to avoid the predatory attentions of others (Fligstein 1990). The activities of companies like Grand Metropolitan and Imperial were influential here, as was the ultimate fate of Imperial, swallowed by the rapacious Hanson Group. Here, size and industrial logic offered little by way of protection. Whilst the logic of such deals might be subject to scrutiny and considerable misgivings about its impact on a range of stakeholders, the prevailing climate was certainly one which encouraged growth. Allied started the 1970s as the twenty-fourth largest company by turnover: prior to its takeover of Lyons it had slipped to thirty-fifth. Bass began the period just below Allied as thirty-first, but slipped during the 1970s to a low point of forty-sixth in 1982. By this stage, Allied had jumped up to seventeenth. Of course, such rankings by themselves tell us little and were

influenced by the acquisition activities of other companies (as well as, eventually, the activities of government in creating large companies through their privatization project). However, they suggest some of the perceived pressures that in practice saw these two companies diversify away from brewing. The nature of that diversification is in itself telling. J. Lyons & Co certainly had had some experience in retailing with its tearooms, but since the late 1960s had recreated itself as a producer of branded consumer goods in food and drink. The impact on Allied was to reinforce the production-led focus that we have already seen was a strong component in the company's strategy. Whilst brewing *per se* might have been now only one component of that production focus, it is likely that the enduring failure to take retailing seriously was compounded by the Lyons merger. For Bass, the shift out of brewing did not come until 1980 and was conceptualized as 'leisure'. This year saw the acquisition of Coral Leisure, a betting company that saw the emergence of a leisure division. In many ways, the new acquisition could be seen as 'related' in the sense of a particular form of leisure that might appeal in particular to the company's traditional strengths in heavy industrial areas, perhaps compounded by its moves into amusement machines and bingo. However, the real shift in the company's activities was not to come until towards the end of our period, with the acquisition of the hotels group Holiday Inn in 1987. What we can point to as a common thread is a focus on branded products and services, often delivered to a tight format that would colour the approach to retailing discussed in the following section.

By contrast with these trajectories was the experience of Scottish & Newcastle. Always the smallest of the six major integrated brewers (it had dropped out of the top 100 companies by turnover in 1976) it also was the company to stick closest to the traditional model of a vertically integrated company with brewing at its heart, perhaps something that appealed to Kilkenny. Having always had a much smaller estate than the other brewers, largely because of the Scottish model of loan ties, the company began to expand out of its traditional heartlands with the purchase of Nottingham's Home Brewery in 1987 and into North West England in the following year with the acquisition of Matthew Brown. Any major diversification out of brewing did not occur until the formation of a leisure division in 1989 through the purchase of the holiday companies Center Parcs and Pontins. When we set these accounts against the diversification practised by Whitbread a very different pattern emerges. We have already seen the moves to build a spirits business, but the significant event was the assumption of the Pizza Hut franchise for the United Kingdom in 1983. Whilst the company continued to add to its wines and spirits businesses through acquisition, these were to be sold to Allied Lyons in 1990, part of the proceeds being used in the following year to purchase the Berni name and 150 outlets from Grand Metropolitan. These 'horizontal' moves into retailing (also involving moves into budget hotels) were in stark contrast to the vertical integration pursued by Scottish & Newcastle and the more product-based focus of both Bass and Allied. It meant that during the 1980s the trajectories of these companies as related to their relationship to customers through their licensed estate began to diverge.

If we return again to our analysis of the narratives supplied in annual reports we can track both a secular shift towards retailing and the different flavours that this took, indications which we can then build up in a little more detail. One of the

clearest messages from the strategic review that Allied undertook was the deeply intertwined notions of retailing and management, certainly as perceived by these companies. A commitment to retailing was seen to entail a much closer involvement with the operation of licensed property, a control that the tenancy model had failed to deliver. Accordingly, we can see the references to management become both more positive and more consistent across our sample companies (Figure 8.1).

The shift can be seen in the reported numbers of managed houses. In 1989 35 per cent of Bass houses were managed; in the same year Allied reported that 34 per cent of its houses were managed. Table 8.1 indicates that whilst the overall number of houses under the ownership of brewers was declining over this period, the share of managed houses was increasing.

Year	Whitbread	Bass	Allied	Scottish & Newcastle
1980				
1981				
1982				
1983				
1984				
1985				
1986				
1987				
1988				
1989				

Key

	No mention
	Substantial positive mention
	Minor positive mention
	Substantial negative mention
	Minor negative mention
	Factual mention (e.g. number of managers/tenants)

Figure 8.1 Mentions of house management in annual reports, 1980–1989.

Source: Annual reports.

Table 8.1 Brewers' ownership of public houses, 1971–1990

Year	Managed	Tenanted	Total	% managed
1971	13,900	40,800	54,700	25.41
1976	14,800	36,400	51,200	28.91
1980	14,000	35,000	49,000	28.57
1985	12,900	33,600	46,500	27.74
1990	13,500	29,800	43,300	31.18

Source: Adapted from BLRA (1994) *Statistical Handbook*, table G5, 60.

By the end of the decade, all of the companies were reporting enthusiastically about their progress towards managed houses. Again it is Whitbread who were in the forefront, with a comment that 'there is still a lot of profit potential to unlock from Managed Houses' in 1984, but they were now closely followed by Bass (Whitbread AR 1984: 9). We now get a sustained run of comments from Bass about the profitability of managed houses where there had been simply numbers before. However, it is only in 1990 that we get the statement that 'national policies have been introduced replacing the previous regional focus and new standardised information systems are being implemented' (Bass AR 1990: 6). Similarly, the tone of the reports from the other two companies changed in 1989, with readers being informed of the increased contribution from managed houses. Allied, for example, claimed

> In this sector, our pioneering leadership in population profiling and pub targeting gives Allied Breweries a substantial competitive advantage. Sophisticated techniques enable us to provide pubs sympathetic to the environment, matching local needs and preferences. Standardisation is avoided and the traditional ambience and hospitality is always preserved. Point of sale systems furnish much valuable marketing information and are matched with refined staff selection technique.
>
> (Allied AR 1989: 14)

We might be a little sceptical about the tone of this passage, given what we already know about the company's chequered experience with retailing, but the fact that it appears in the report in this form suggests a considerable shift in priorities. At the level of rhetoric, at least, the determination to shift towards a retailing orientation on behalf of Allied seems clear, as does a more general shift within the industry. If we examine the more general statements in the reports we can get some confirmation of this rhetorical shift (Figure 8.2).

Once again we note both the emergence of this focus at Whitbread first, followed by a more generalized focus towards the end of the period. This shift was not just a matter of rhetoric, however; its scale can be borne out by an examination of spending on licensed retail assets. It is noticeable that the early 1970s saw net inflows for Whitbread until 1975, as the company disposed of large numbers

Year	Whitbread	Bass	Allied	Scottish & Newcastle
1980	Limited coverage related to pubs	Limited coverage related to pubs	No coverage	No coverage
1981	Substantial coverage related to pubs	Limited coverage related to pubs	No coverage	No coverage
1982	Substantial coverage related to pubs	No coverage	No coverage	No coverage
1983	Substantial coverage related to pubs	No coverage	No coverage	Coverage limited to production and products
1984	No coverage	No coverage	Substantial coverage related to pubs	No coverage
1985	Substantial coverage related to pubs	No coverage	No coverage	No coverage
1986	No coverage	Coverage limited to production and products	Limited coverage related to pubs	No coverage
1987	Substantial coverage related to pubs	Substantial coverage related to pubs	No coverage	Substantial coverage related to pubs
1988	Limited coverage related to pubs	Limited coverage related to pubs	Substantial coverage related to pubs	Limited coverage related to pubs
1989	Substantial coverage related to pubs	No coverage	Substantial coverage related to pubs	Substantial coverage related to pubs
1990	No coverage	Substantial coverage related to pubs	Substantial coverage related to pubs	Substantial coverage related to pubs

Key

	No coverage
	Limited coverage related to pubs
	Substantial coverage related to pubs
	Coverage limited to production and products

Figure 8.2 Mentions of retailing in annual reports, 1980–1990.

Source: Annual reports.

of more marginal houses. However, spending accelerated considerably from 1982 onwards, and the scale of this acceleration is noticeable when we compare spending across the companies. The scale of spending on retail properties is considerable in both Allied and Bass (£204 million and £323 million respectively in 1990) but this has to be seen both against the size of their estates and in historical perspective. If we adjust for inflation we find (Table 8.2) that Whitbread's spending finishes our twenty-year period at ten times opening spending, compared to figures that double for the larger companies.

   The commitment to retailing was both matched by spending on physical assets and reinforced by the centrality that this gave to retail outlets in the plans of the organization. However, if we examine this commitment in the context of the structural

Table 8.2 Indexed capital expenditure on licensed premises,
         1975–1990

Year	Allied	Bass	Whitbread
1975	50	35	125
1980	82	57	153
1985	149	90	412
1990	288	251	1,092

Source: Annual Reports, 1973–1990 (comparable figures not available
for Scottish & Newcastle).

Note
In 1990 prices, 1973 = 100.

arrangements that the companies adopted we can see a considerable divergence in
organizational form. The traditional form was of course the tight integration of both
brewing and retailing. In such an organization, the key decisions and organizational
prestige were given to the brewing function, with the retail outlets being seen largely
as distribution channels. An alternative organizational form was to pull the two func-
tions apart, with supplies between the two being at 'arms-length', an organizational
form that allowed for a clearer focus on retail issues.

    As we have seen, Whittington and Mayer (2000) have all these companies as
adopting the multi-divisional form and this is clearly formally correct. However,
there was a powerful tradition of vertically integrated companies serving distinct
local markets in the brewing industry. During the 1950s mergers had often been
handled by a holding company form, in which companies continued to operate in
substantially similar patterns to those of the rest, with limited integration. The
clearest example of this was, as we have seen, the Whitbread 'umbrella'. Whilst
in this case such companies eventually were absorbed into the wider company, the
holding company form continued to exercise a powerful influence. In the outline
that follows, rather than a company-by-company treatment we examine two
movements. One is the extensive consolidation of operations into vertically inte-
grated regional companies, still possessing considerable autonomy. The second is
the separation of retailing from production activities and the gradual emergence
of national retail brands. In both movements, it is argued, Whitbread were the
prime movers, although there was also a significant contribution from the 'external'
companies, notably Grand Metropolitan.

    Despite the difficulties with rationalization that we reviewed in Chapter 7, it was
Whitbread which led the way in creating regionally-based operating companies,
forming nine vertically integrated companies encompassing brewing, managed
and tenanted houses in 1969. In some ways, it might be argued that their task was
a little easier than that of the other major brewers that emerged during the 1960s.
The form of this process saw the creation of two large national brewers, both with
substantial estates and powerful traditions of excellence in beer production. In
Bass, which had always been the leading national producer based on its bottled

ales, there was an early attempt to run with a separate national production function supplying a number of regionally-based marketing companies. However, by 1976 brewing, with the exception of national breweries at Burton and Runcorn, was being transferred to regionally-based companies, often based on the areas of constituent companies. As late as 1988, Bass was continuing to champion the organization of its brewing division as being vertically integrated, although noting that 'Each operating company within the brewing and pub division (called Bass UK) includes separate subsidiaries specialising in pubs and others concentrating on brewing and distribution' (Bass AR 1988: 4; see also Preece *et al.* 1999). Allied also tended to privilege production in its early years, continuing a determination on the part of Ind Coope to surpass Bass in the creation of national brands. However, in 1979 it announced the creation or revival of local companies based round breweries. It later argued that this fostered 'individualism in each of our trading companies, enabling them to respond quickly to local consumer demand' (Allied AR 1985: 6). A similar philosophy was espoused by Grand Metropolitan in 1976 when it created nine regional trading companies, combining brewing and tenanted houses, which 'will bring our activities nearer to the market-place, improve our effectiveness and stimulate greater involvement and participation, both by our personnel and by our tenants. The philosophy of Grand Metropolitan is to decentralise, thereby improving efficiency, motivation and morale' (Grand Metropolitan AR 1976: 10). However, the distinction in the case of Grand Metropolitan was the running of managed houses in a distinct group. The control of such houses fluctuated in a disconcerting fashion, being sometimes an autonomous division, sometimes in with other retailing operations and sometimes subsumed under brewing – a confusing process that is summarized in Table 8.2. Scottish & Newcastle, operating with a much smaller estate, operated as a vertically integrated group until 1978. It then flirted briefly with a separate beer production division and Scottish & Newcastle Inns to control its licensed houses. This, however, only lasted for three years, with the announcement in 1982 that the company was 'to group together responsibility for the control of wholesale and retail operations in each of our trading areas. This has the added advantage of creating or recreating regionally based trading companies each with their own loyalties and traditions' (S&N AR 1982: 8). Courage was run as the integrated beer division of the Imperial Group until the acquisition of the parent company by Hanson in 1985. It was then to be dismembered, with its estate being run in a joint venture with Grand Metropolitan and its brewing eventually being bought by Scottish & Newcastle. What we have, then, is a convergence on a model of regionally-based companies centring on local breweries in which control of most licensed houses would be at regional level. The partial exception to this pattern was Grand Metropolitan, with its central control of managed houses. However, as Table 8.3 demonstrates, even here the identity of that division was confused, with ownership passing from division to division.

It was to be Whitbread that led moves towards the clearer split between brewing and retailing with the formation of Whitbread Inns for its managed houses in 1984, following the creation of a Retail Division in 1983. There was also the

Table 8.3 Internal structuring of retailing and production, Grand Metropolitan, 1973–1993

Year	Retail	Production
1973	Berni Group – Berni steakhouses and Chef & Brewer pub catering	Watney Mann and Trumans brewing and pubs
1974	Chef & Brewer – managed, tenanted and Berni	Watney Mann & Truman brewing
1975	Chef & Brewer – Berni Inns, Truman Taverns, Watney Innkeepers and Watney Taverns	
1976	Hotels: Berni Inns, Chef & Brewer managed houses, tenanted houses	Nine regional companies
1978	Chef & Brewer managed houses	Tenanted houses
1980	Hotels and Catering: steak houses	Brewing and Retailing: Chef & Brewer
1982	Consumer Services: Chef & Brewer	Brewing
1983	'Host Group': Chef & Brewer; other concepts	
1985	'Berni & Host Group'	
1986		Brewing: 'During the year the ownership of public houses and restaurants formerly held in the Consumer Services Division was transferred to Brewing as part of a rationalization of the group's property management activities.'
1987	Grand Metropolitan Retailing: Inns Division (Host, Berni, and others)	
1989	Chef & Brewer 'branded retail pub operation'	Tenanted houses transferred to Grand Metropolitan Estates
1990	All pub operations merged into Inns Division	
1991		Sale of Grand Metropolitan brewing; tenanted houses into joint venture with Fosters
1993	Sale of Chef & Brewer to Scottish & Newcastle	

Source: Annual reports.

formation of Whitbread Trading to cover other licensed houses, although this continued to be reported on together with brewing. The Beer Orders of 1990 required the separation of brewing and retailing activities, which Whitbread had anticipated several years earlier. By contrast, some of the other companies remained fully integrated, with the Monopolies and Mergers Commission noting its surprise at the low level of information available to them:

> Except for a few companies which accounted for their managed estates as profit centres, central costs were not generally allocated to the management units, nor were the managed houses charged a rent for the assets used in the

business. In a number of the national companies, however, the managed estates were, or during our inquiry began to be, accounted for in a way which treated them approximately as profit centres, ie they were given transfer prices that sought to reflect market relationships between the buying and selling units concerned. Accounts drawn up in this way could provide management with an approximation to the profitability of their managed estates as if they operated on a non-integrated basis.

(MMC 1989b: 78)

Grand Metropolitan, which had always had managed houses in a separate division, separated out its tenanted houses in 1989 by transferring them to a property company, but this seemed to represent a desire to realize value from them as property, as opposed to retail, assets. Scottish & Newcastle created a retail division in 1991, with an internal split between managed and tenanted houses occurring in 1996. It is not until 1999 that turnover for each was reported separately. As we noted earlier, Bass continued to stress the integrated nature of their brewing and retailing activities until 1989, when Bass Inns and Taverns was created to run all licensed houses. Allied continued to run its houses as part of its regional trading companies until the creation of a Retail Division in 1993. As we have seen, the brewing and retailing interests of Imperial were eventually distributed between Grand Metropolitan and Scottish & Newcastle, leaving us with a picture by the early 1990s of a distinct organizational split between retail and brewing operations and, within this split, moves by some to further separate tenanted and managed operations.

What this brief review of structural arrangements indicates is the overlay of a renewed interest in retailing over the top of traditional patterns of organization, traditional patterns which proved to be remarkably resilient. However, it was the case that the shifts towards a split of retail operations from brewing predicted in 1950 were under way *before* the MMC report. As we have seen, they were at their clearest within Whitbread. We can explore a number of areas to try to explain both this secular shift towards retailing and the presence of Whitbread at the head of the shift. One is to examine the composition of those in the boardroom, to test if it was external influence which helped bring about the shift. We have seen that the boardrooms of the 1950s were dominated by the representatives of long established brewing companies, liberally spiced with representatives of the 'Establishment'. We saw with Ind Coope that there was a slight opening to the external world: to what extent did this opening develop over the period? In particular, was there an influx of influence of retail expertise? We have seen in our earlier discussions that an important role for boards is in the setting up of frames of understanding for the direction of the organization. We might expect that an increasing interest in retailing might see the recruitment of those with experience at this level; conversely, a lack of such expertise might contribute to the tenacity of the traditional pattern of integration that we observed earlier.

A few general comments are in order before we look at the range of experience more generally. The details in the following pages have been extracted from the

published accounts, supplemented by returns under the Companies Acts, of the four major 'independent' brewers, as we have seen that it is difficult to disentangle the fortunes of Watneys and Courage from the conglomerates into which they disappeared. The influence of these conglomerates on the adoption of retailing in the sector will be considered later. The discussion covers the period 1970 to 1990, as it is difficult to get the detail required for earlier periods. The first general point to make is that these boards were entirely comprized during our period of white men in their late 50s or older. We have already noted the very small spectrum of the population from which these boards were drawn and this was a continuing feature. Those men who had gained their directorship internally tended to have been with the company for a considerable number of years, although this was dropping: in 1975 it had been an average of 23 years, but by 1990 this had dropped to 20 years. There was also an equivalent drop in the number of years each had served on the board, from 10 to 7 years, figures which represent a small degree of change. However, this change was more noticeable in Whitbread, where the length of time with the company in 1975 had been 27 years. By 1990 this had dropped to 14 years, which was by a considerable margin the lowest of these four companies. A similar drop, from 15 to 7 years had occurred in board service. Over the same period, Whitbread had seen a considerable change in the composition of its board, with its numbers reduced from 22 to 10. From being in part a reward for long service, the Whitbread board had taken on far more of a strategic role, having by 1990 the smallest board of the four companies. Again, this was part of a general trend, with average size falling from 17 to 13. What these figures suggest is a shift in board composition, with people joining the board who had not necessarily served for long periods with the company. The reduction in size also suggests the growing relative importance of those brought into the board from outside the company.

We can confirm this 'opening up' to the world outside brewing, and the different inflection that this might possess in each company, if we look at a number of dimensions of board composition. The simple proportion of non-executive directors is by itself not particularly helpful in this context, given that we are interested in ideas that might be brought into the company as opposed to issues of corporate governance. This is particularly the case for Whitbread, where the continuing presence of the Whitbread family during the period (albeit declining from 4 members of the board in 1975 to 1 in 1990) could be regarded as a powerful force for conservatism. This presence of family members is also repeated for the early period for Bass and Scottish & Newcastle, but it is a presence that declines across the period. If we strip out those with such connections and look simply at the 'external' non-executive directors, what we get, especially with the declining size of boards, is an increasing importance of the external director. In 1975 it was Allied, with 2 external directors out of 14 which had the highest proportion, but overall only 11 per cent of board members fell into this category across the 4 companies. By 1990 this figure had increased to 28 per cent. At least a quarter of all directors in each company fell into this category, with a full 30 per cent of the now much smaller Whitbread board being appointed for their external experience.

Another way of measuring this opening up is to look at the external directorships held, because, after all, the traffic could be a two way one. That is, the internal directors could themselves hold directorships which might expose them to fresh ideas. The average number of external directorships held per board rose from 17 in 1975 to 22 by 1990; with the decline in board size this meant an average of 1 directorship per board member in 1975 to 2 in 1990. Of course, such figures conceal considerable differences between boards and obscure the impact of the serial directorship gatherer. The 19 directorships held by Trevor Hemmings of Scottish & Newcastle in 1990, for example, reflecting his entrepreneurial activities in the leisure industry, represented over half of the 32 external directorships held by the board that year. However, an exploration of the nature of these directorships indicates some interesting patterns of change, suggesting something about the nature of the opening up to the world outside brewing. Table 8.4 gives the proportions of those directorships which were not to do with either the internal affairs of the company or the private activities of directors (farming companies, for example, educational trusts or brewing trade organizations).

What is immediately noticeable is the decline in connections with other brewing companies. These were dominated in 1975 by the remains of Whitbread's umbrella (84 per cent of that board's external directorships in that year). These traditional relations with brewing companies were replaced for the group as a whole by more ties with distilling companies, especially for Allied. This represents that company's increasing focus on the production of branded drinks. Whilst the rise in food-related connections is of interest (food being an important subject that we return to later) of particular interest is the importance of financial connections. This integration into the broader world of finance perhaps reflects the traditional links between brewing and banking, and so might represent a force for conservatism. Certainly, this connection far outweighs the fairly vestigial links with retailing. We can be more specific about these. In 1985 there were 3 directors with

Table 8.4 Percentage of external directorships in industry categories for Allied Breweries, Bass, Scottish & Newcastle and Whitbread, 1975–1990

Industry	1975	1980	1985	1990
Beer and spirits	22.7	16.2	15.3	14.6
Business services	1.5	0.0	0.0	0.0
Finance	42.4	37.8	34.7	30.3
Food	10.6	14.9	15.3	23.6
Leisure	0.0	0.0	0.0	7.9
Manufacturing	15.2	21.6	12.2	7.9
Media	1.5	5.4	5.1	4.5
Property	4.5	1.4	4.1	3.4
Retail	0.0	0.0	3.1	2.2
Transport	1.5	2.7	6.1	4.5
Utilities	0.0	0.0	2.0	1.1

Source: Annual reports.

retail connections, 1 each at Allied, Bass and Scottish & Newcastle. At Allied was Eric Colwell, managing director of subsidiary the Victoria Wine Company and a director of Sketchley plc, operator of a chain of retail dry-cleaning outlets. He was also a director of the British Retailers Association and of The Retail Consortium. Appointed in 1983, he only served on the board for four years. Ian Prosser, group managing director of Bass, was also a director of the Boots Company, a major retailing and drugs company. Finally, John Thomson, non-executive director of Scottish & Newcastle, held a directorship at Mackays Stores as part of his portfolio of twelve directorships. What is interesting in this somewhat marginal list is the presence of two at least partially vertically-integrated retailers (Boots and Sketchley) in this list, reflecting the continuing organizational pattern of both Allied and Bass. By the end of our period the direct representative of retailing is down to one person, Geoffrey Mulcahy of Bass, who was chairman and chief executive of Kingfisher plc, owners of Woolworths and the DIY (do it yourself) chain B&Q (Block & Quayle). Stanworth and Giddens (1974) remind us of the somewhat marginal role of retailers in the boards of British capital. Their much lower social status contrasts sharply with the high status accorded to both brewers and bankers, so perhaps it is little surprise that the connections between the latter two were so much stronger.

However, these connections do not tell the full story. For of more importance might have been the backgrounds of those brought in to serve perhaps first as senior managers and then as board members. We have noted this opening up, albeit perhaps under a degree of pressure, at Whitbread in the early 1970s. The arrival of Anthony Simmonds-Gooding from Unilever in 1972 had, argues Ritchie 'made a noticeable contribution to the new emphasis on retailing' (1992: 132). It was followed up not only by the arrival of Peter Jarvis, a board member in 1979 and chief executive in 1985, but also by Michael Angus from Unilever in 1986 to be first non-executive director and then chairman. A further means of reinforcing the focus on retailing was the arrival of Sir Charles Troughton, former chairman of the retail newsagents W. H. Smith in 1979. This was for a position as non-executive director, but a measure of both the distance travelled in retailing and the openness to external influences was the arrival of Tim Thwaites as managing director of the retailing division from Grand Metropolitan in 1987. This was in considerable contrast to the practice at both Allied and Bass in looking for external directors in the ranks of the Civil Service, law and accountancy. In 1990, for example, 4 of 5 of Allied's 'external' directors were from these backgrounds – from the accounting firm of Peat, Marwick, McLintock, from the legal firm of Ashurst, Morris Crisp & Co., from the Ministry of Agriculture Fisheries and Food and from a legal practice with 'Considerable knowledge and experience in the City' (Allied AR 1975: 8). Across at Bass was Lord Bancroft, former head of the Home Civil service, joining Mulcahy of Kingfisher and Kenneth Dixon, formerly of confectionery manufacturers Rowntree (cf. Preece *et al.* 1999: 28). There was, then a clear opening up amongst the boards of these companies, but one with different inflections, inflections which mirror the different commitments to retailing that we have seen earlier.

We need to set this move towards retailing in the context of two further considerations. The first is the growing emphasis on retailing in the economy more generally during the 1980s. The second is to return to the internal activities of these companies and look at two interrelated trends that were to have considerable impact on the future direction of licensed retailing: food and brands. We need to do this as with our opening up to the outside needs to come consideration of the resources that this might bring. One measure of the increasing importance of retailing is the position of companies in the top 100 companies, where we have seen that our 'big six' were key performers. In 1972 there were 8 retail companies in the top 100 by turnover, with Marks & Spencer having pride of place at number 19. Further down were 2 retailers whose mode of operating had had not only a dramatic impact on wider patterns of retailing, but also the operations of brewers. These were the supermarket companies Sainsbury and Tesco in fiftieth and fifty-first position respectively. One of the features of the next twenty years was the expansion of these groups to full national coverage. By 1990 Sainsbury had risen to fourteenth position, Tesco to seventeenth – Sainsbury passing not only Marks & Spencer in the process, but also Allied and Bass. By this year there were 15 retail companies in the top 100, including specialist retailers such as the clothes retailer Burton and the electrical retailer Dixons. Of course, turnover is only one measure, but what it points to is the material basis for a renewed interest in retailing. In this interest it would be the fashion retailer Next that set the tone. The importance of this shift seems to have been rather underplayed by many historians and we have to rely on the observations of observers of cultural change (Gardner and Sheppard 1989; York 1996). Next emerged from the reworking of the Kendall's chain by George Davies in 1982, the chain having been acquired by the long established clothes retailer Hepworths. Johnson's (1987) account of a rival clothes retailer gives a vivid picture of just how dowdy and uninviting such stores could be at the time. He indicates clearly how retailing could be conceived of in terms of buying expertise as opposed to being founded on meeting and shaping customer needs and perceptions. He also shows how dramatically the innovations introduced by Davies reshaped the entire market. Davies placed particular emphasis on the design of the store, aiming for a sophisticated ambience in the way that goods were displayed. Using acres of wood and chrome to seduce the shopper, Davies embarked on an ambitious expansion programme that was to see the original parent name disappear as versions of Next spread across the High Streets of Britain. Whilst Davies himself was removed from the board in 1988 when it became clear that this pace of expansion had been reckless financially, the impact on both other retailers and other users of the High Street was clear. Gardner and Sheppard cite an industry analyst as observing in 1989 'It is very noticeable that banks, building societies and brewery groups in particular, now see themselves as High Street retailers' (Gardner and Sheppard 1989: 202). This was putting pressure, they argued, on both retail space and on retail management skills. Whilst this is only a brief account of the spread of these ideas (because we lack an analytical history of the process) it should indicate the weight of retailing, both materially and ideationally, in the economy as a whole

by the end of our period. As du Gay argues, retailing made a crucial contribution to what he terms 'the progressive dislocation of relations between production and consumption'. He goes on to suggest that

> For social scientists interested in the ways in which production articulates with consumption in an era of widespread and intensive change – whether conceptualized as neo-Fordist, post-Fordist, flexibly specialized or disorganized capitalist – retailing would appear to offer an extremely pertinent terrain of enquiry. None the less, the sector continues to be largely neglected by social scientists. Once again, the dominant productionist bias that has inhibited social scientific discourse – only those industries that *really make* something are important – can be detected in the marginalization of retailing from the research agenda.
>
> (du Gay 1996: 98)

Of course, our companies both 'really made' something and were heavily involved in retailing. Our present discussion perhaps contributes something towards the attention that du Gay rightly says should be paid to retailing. The emergence of retailing in the 1980s is paralleled by the developments that we have seen in Whitbread in particular. However, there were other developments within the industry itself.

One was the development of design ideas for the pub. We have seen in Chapter 7 that the brewers' excursions into the remodelling of the pub were not always successful, either on aesthetic or commercial terms. In many cases, this remodelling had been carried out by internal teams but developments in the late 1970s are suggestive of both the opening up to external influences that we have already explored and to the role of the conglomerates, in this case the Imperial Group. In 1978 Alan Lubin and Roger Myers opened a Mexican style bar in the Covent Garden area of London. The success of this outlet attracted the attention of Imperial, who took a minority share in the partners' company and launched a subsidiary, Pier House Restaurants, in 1983 to develop theme pubs for Courage. However, 'theme' perhaps seems an inappropriate word given the emphasis placed on the design input of the Lubin-Myers team. The argument from Courage's marketing director was 'we are competing on pure creative ability and style' (*Times* 19 July 1983: 17). This emphasis on design paralleled the focus of Next in high street retailing and was to become more important in the recreation of large parts of the urban pub estate. However, perhaps of more significance overall was a renewed focus on food. Again, the initial success here came via the other conglomerate to enter the industry, Grand Metropolitan. As Anthony Sampson complained when he dissected Britain in 1982, 'Any traveller through Britain is likely to come across the long hand of Grand Met; the Schooner and Berni Inns purvey standardised food, with the same prices and decor, subjecting famous old inns to the same discipline' (Sampson 1982: 312). Grand Metropolitan had acquired the Berni Inn chain in 1970, the pioneers of new forms of mass restaurants in the 1960s. Berni Inns and its successors are easy to sneer at and are

the butt of many jokes, but what this means is that we lack a proper history of their emergence, an emergence which after all introduced eating out to thousands of people (Beardsworth and Keil 1997). A seemingly trivial instance of their importance can be found in one marketing executive's account of his attempts to introduce the avocado into Britain. He observes that a key problem was that potential consumers had no idea how it should be eaten. 'But the real coup', he recalls, 'in getting avocados established in the UK was that we did a deal with Berni Inns, then the biggest national chain of cheap pub restaurants, to put them on the menu. That way, the public could see how they could be served and eaten' (Haywood 2002). It is this connection with a mass market that is important and what Grand Metropolitan was to do was to integrate this new form of mass catering into its pub operation thus offering a model for others in the industry. We have seen that Grand Metropolitan often seemed to lack focus in the development of its pub operations, but this was not the case with Whitbread. The company had had previous experience with food in its 'improved' houses, but not in the building of a chain with centralized policies and distribution. It did, however, have an orientation towards retailing and an extensive estate of pubs, many in attractive rural areas. Given its realization that not only was the future for the pure beer market uncertain but also that it had to do something with this estate, it placed investment into the creation of a national chain of food-led pubs to be called Beefeaters. This was in 1979 when funds for investment were scarce but Jarvis credits Tidbury with strong support as chairman for this initiative (Interview, Jarvis). What this development gave to Whitbread was experience in running a branded operation, in which outlets were all managed in order to ensure adherence to centrally derived policy. Its success was a factor in the creation of a retail division in 1981, although at this stage this was not to include any of the traditional estate. By 1985 we have seen that the company had split off its managed houses, now styled Whitbread Inns, and these reported to the retailing division. Further experimentation with pub catering was to take place, according to the annual report, but 'Whilst each concern is run separately with its own management team, extensive cross fertilisation of ideas ensures that proven practices are implemented and developed' (Whitbread AR 1985: 10). In 1987 a further food-led variant called 'Brewers' Fayre' was taken from its origins in the northwest to 75 pubs across the country. Whitbread was now clearly operating as a national retailer, developing chains based on common offers to the consumer and common systems for delivery. What is significant for our account is the way in which this focus emerged in the 1970s, supporting the contention that change was occurring before the enforced split of production and retailing that the Beer Orders brought in 1990. There was a secular shift towards retailing in the industry influenced by wider developments, but the nature and pace of that change varied considerably from company to company. The shift to retailing was not a simple response to environmental triggers, but a complex one shaped by previous experience and by the particular forms of interpretation employed in each company.

Conclusion

This concluding chapter has three movements. In a brief coda, we consider what happened to our major players after the imposition of the Beer Orders in 1990. Following on from the political shock of the acceptance of the findings of the MMC in 1989, these forced the large companies to divest the greater part of their estate or give up brewing. There were a number of consequences for the development of licensed retailing, not least a change in the fortune of pub managers. With a shift towards greater segmentation of the estate and with the success of the project of 'professionalisation', the first major casualty was the collective organization of managers. A longer term process was the emergence of powerful 'pubcos', companies only owning public houses, and eventually there was a major reshaping of the field, with the production of beer dominated by two companies and most pubs in the hands of a few estate owners. The long-term consequence was, therefore, the almost complete disappearance of the 'Big Six' in the form in which they had existed up to 1990. However, it will be argued in the second movement that it is too easy to place all the weight for these changes on one exogenous act. When we review the material that we have covered in a little more depth, we find that some of these changes were already under way. What is of more interest is the very different response to these changes by different companies. We look at this through an exploration of the emergence of branded, themed pubs and relate this emergence to these trends. Finally, we explore what implications this discussion has for our analysis of organizations. The argument here is that what we gain from critical realism is a degree of conceptual clarity that enhances rather than replaces existing perspectives. What it does is emphasize the need for a more historically informed approach, and some pitfalls and potential are examined. The chapter concludes by echoing the calls of Whittington and Mayer (2000: 4) for 'a modestly generalizing social science of management'.

When Lord Young, Secretary of State for Industry, announced in 1989 that he was 'minded' to accept the recommendations of the MMC inquiry, it cased a political storm (Crompton 1998). The inquiry had found that a 'complex monopoly' existed and recommended that brewers be allowed to retain a maximum estate of only 2,000 houses. In the lobbying that followed this was considerably modified, and such companies were required to dispose of or release from tie half their estate over 2,000 houses. This still meant the disposal of 11,000 pubs and prompted significant changes on the part of the 'Big Six'. The Beer Orders forced them to follow the example already set by Whitbread and separate out their estate from their brewing

activities. Grand Metropolitan, which had also always run its managed houses in a separate division, transferred its tenanted houses to Grand Metropolitan Estates in 1989. However, this shift, involving a move towards longer leases under the label of 'Inntrepreneur' was as much to do with property management as with retailing, as a note in the following year's report makes clear, reporting 'a significant growth in rental income from the properties within its pub estate, while continuing to unlock the latent potential for alternative uses within that portfolio' (Grand Metropolitan AR 1990: 35). Compared to other retailing activities, the estate received little attention and in 1991 the tenanted properties were placed into a joint venture with Fosters, who had acquired the Courage brewing interests on the break up of the Imperial Group. In the same year, Grand Metropolitan sold its brewing interests. It persisted with its managed pubs for a further two years, having acquired some of the Courage pubs, but in 1993 the whole estate under the title of 'Chef and Brewer' was sold to Scottish & Newcastle for £736 million.

Scottish & Newcastle was the company least affected by the demands of the Beer Orders, given its regional concentration and historically small estate. It saw the acquisition of Chef & Brewer as its opportunity to finally build a national estate and remained wedded to the traditional pattern of an integrated brewer (Ritchie 1999). It created a retail division in 1991, but was not to split out managed and tenanted houses until 1996. Of all the 'Big Six', it was the smallest which remained in the most recognizable form as both a producer and retailer of beer into a new century. However, even here, the retailing message in the company's reports gained prominence, with a particular focus on managed and branded public houses, something we will return to later. The three remaining companies – Allied, Bass and Whitbread – initially retained their commitment to both brewing and retailing, but the following years saw an increasing divorce between the two. Whitbread signalled its strategic commitment to retailing by disposing of its wine and spirits business in 1990 to Allied, having decided that the scale of investment required to compete was not commensurate with the likelihood of success (Millns 1998). As we have seen, it had been early to establish retailing as a separate entity and in 1989 had declared 'Leisure Retailing is our fastest growing area in terms of turnover, investment and long-term profit growth' (Whitbread AR 1989: 3). Allied's purchase of the wine and spirits business, by contrast, was a mark of its much greater commitment to the development of a global drinks business based on key brands. It had continued with integrated trading companies until the formation of a retail division in 1993, but in 1999 sought to dispose of its pubs. Whitbread was the initial destination for these, until they were eventually bought by Punch Taverns, one of the independent pub-owning companies that had acquired much of the former Bass estate. This failure appeared to prompt a major rethink by Whitbread. They would have had to dispose of their brewing interests had they succeeded in acquiring the Allied pubs, but they now proceeded not only to sell these but also the bulk of their pubs, becoming in the process a leisure retailing company with a particular focus on budget hotels, restaurants and health centres. It took Bass a little longer to follow a similar logic, disposing of their beer interests in 2000 and ultimately splitting into

two companies. This saw the re-emergence of the M&B name as the vehicle for the remaining managed pub estate, an appropriate name in view of the former position of that company as a pioneer of house management. The overall result was that by 2002, 75 per cent of the UK beer market was in the hands of four companies. As Cornell (2003: 231) observes 'if the Beer Orders had been intended to increase competition, they had completely the opposite effect'.

The main focus of our interest is on the fate of the 'Big Six', rather than on the overall market for beer, but it is of interest to note that the consequence of the forced divestiture of their estate was the creation of a new breed of pub-owning companies, the 'pubcos'. 'The result was', Cornell (2003: 232) points out, 'that ten companies, seven of them pure retailers, owned 41 per cent of the 66,000 or so pubs in the United Kingdom. How much better that is than 1989, when the Big Six brewers owned 33,400 pubs out of 76,000, or 44 per cent, is a subject for the moot'. However, what is of particular importance is that the particular nature of these pubs had changed. We have seen that the managed house moved over the course of the 1960s and 1970s from being the province of particular companies in particular locations to being an important tool in the brewers' creation of national estates. Whilst always associated with the larger pubs, it was used across a whole range of different types of pubs. The growth of both the independent pubcos and of an increasing retailing orientation on the part of the remaining brewers saw an increased focus on market segmentation and with it a more focused use of management (Mutch 2000a). It became associated with, in particular, city centre pubs, which became almost exclusively managed. In turn, such operations became the focus of particular companies, such as Wetherspoons, who only ran managed houses. Much of the rest of the estate came to be turned back to tenancy, particularly with the entry into the market of finance houses, whose interest in owning pubs was more to do with rental values and capital security than with sales maximization. These changes, then, had considerable impacts on pub managers themselves. This passage from a Bass annual report is indicative:

> The attitude of managers and staff is critical to such success. They need to be in tune with their customer's needs and to be able to run the business in the style of the brand. They are typically of the same age group as the customer and they will have received carefully focused training specifically tailored for the brand.
>
> (Bass AR 1999: 8)

This was a very different type of manager from those who, in the vertically integrated companies, had been close to tenants in their outlook (Mutch 2001). The first casualty of these changes was the collective organization of the managers, the NALHM. In part this was because of changes in industrial relations legislation, which revealed how dependent the organization had been on the support of employers to collect subscriptions (Willman *et al.* 1993). Faced with the removal of this facility and with a geographically dispersed workforce subject to considerable turnover, the union found its membership plummeting. From a high point of

18,000 members in 1982 the union collapsed to only 6,000 by the time it sought shelter with the T&GWU in 1997. However, the changes in legislation were only complicating factors. Of more importance were the changes in the composition of the ranks of house managers brought about by the shift towards retailing and, crucially, the very success of the 'profesionalisation' project. The union had its origins in part in the desire on the part of house managers for a recognition of their status, a desire that was capitalized on by the 'modernizers' within the industry who wished to detach house managers from the rest of the workforce. Their encouragement of collective organization to do this was in part conditioned by the industrial relations climate but, even after this moved in their favour, they continued to support collective discussions as the project of raising the status of the manager continued. By the early 1990s companies no longer felt this need. In 1991 Bass introduced a 'New Deal' which saw the derecognition of the NALHM as far as determination of pay and conditions was concerned. Initially the role of the union was to be restricted to representation over individual grievances, but it did secure some commitment to joint discussions. However, Preece *et al.* argue that, coupled with pressure from the company, 'in return for substantial improvements in salary scales and positions within those scales, as well as improvements in partners' terms and conditions of employment and accommodation allowances, continued trade union membership never stood a chance!' (Preece *et al.* 1999: 48).

The years following the Beer Orders, therefore, saw major changes in the structure of companies, in the nature and complexion of the pub and in the fortunes of those who worked in them. However, it is all too easy to see these changes as being just the product of the Beer Orders. Certainly, they were the catalyst for many of these changes and certainly the pace of change was dramatic, but the evidence reviewed in this book suggests that many of the changes were already underway. As we saw right at the beginning, the separation of production from retailing was forecast in 1950 by the *Economist*. That there was a secular shift on the part of the whole industry towards a retailing orientation is clear. However, what is equally clear is that such a shift proceeded at a very different pace and with different emphases in the major companies that set the pace for the industry.

(Once again, we must note that many smaller companies retained the vertically integrated model right through our period. However, even here the focus had shifted. In his history of one such company, the president of Hyde's Brewery of Manchester notes

> It is fashionable these days to criticise a company such as this for being 'production driven', which indeed as past history shows was undeniable. … Nevertheless it is correct to say that, whilst we are totally committed as always to brewing as one of our main core activities, we are better focused today on maximising the retail potential in our houses from all sources.
>
> (Hyde 1999: 132)

Our focus is on change in the major players, but change in their operations also had its impact throughout the field.)

The ways in which the shift towards retailing had occurred during our period continued to have their impact in the greater emphasis on retailing that emerged in the 1990s. An illustration of this can be seen if we examine the development of themed and branded pubs during the decade. This gained particular momentum with the creation of the much debated 'Irish' pub (Brown and Patterson 2000). In 1994 the *Morning Advertiser* reported on the success of Scruffy Murphy's in Edinburgh. Developed by Alloa Pubs, a subsidiary of Allied, it was a conversion of the Bridge Bar. Great care had been taken to ship in memorabilia from old post offices across Ireland and the wood had been painted specially to create the impression of age. The argument of the marketing director for the focus on Irishness was 'The Scots don't like the English, the English don't like the Welsh, no-one likes the French but we all love the Irish' (*Morning Advertiser* 14 April 1994: 5). Clearly, Bass felt the same way, launching O'Neill's in the same year. In the following year Scottish & Newcastle opened 'our Irish pub concept, Finnegan's Wake' arguing that it demonstrated 'the continued application of professional retail skills' (S&N AR 1995: 4). In 1996 Whitbread too joined in the party, announcing in its briefing book that 'Eight new Irish bars have opened, offering the friendly welcome, fun atmosphere and excellent service of a true Irish house' (Whitbread Briefing Book 1996: 16). These examples give interesting material for the public interpretation of what was on offer, but the enthusiasm was relatively short lived. Finnegan's Wake, for example, gets a mention in the following year, but then vanishes from the discussion, despite a continuing focus on brands. Whitbread, too, has a concentration on brands rather than themes and the originator of the trend, Allied, sold its pubs to the Punch group in 1999. The managed houses were split with Bass and the opinion was that the theme 'has reached the end of its life' (Ludmon 1999: 13). Only O'Neill's of the major chains survived, with over 100 outlets in 1998. In 1999 the triumphant report is, 'The competitive, fashion-conscious leisure retail business can never afford to stand still. O'Neill's, the leading "Irish Bar" brand, has out-distanced its imitators by becoming "the warmest welcome in town" ' (Bass AR 1999: 11).

In practice, then, the story of Irish pubs is largely the story of one company, Bass, and its particular approach to brands and themes. That strategy had resulted by 1999 in 45 per cent of its sales coming from branded outlets. It can be seen to flow from the top down approach that we have already seen accompanied Walker's welding of the company into one in the 1960s. This saw the recruitment of senior managers from a predominantly financial background. Derek Palmer, chair and chief executive from 1975 began his Bass career as finance director, after being a director of the Hill Samuel merchant bank. He was succeeded by Ian Prosser in 1987, who had had various posts in finance and planning before becoming finance director in 1977. In terms of personnel, therefore, Bass was indeed heavily influenced by a more finance driven style. This was reflected, according to Preece *et al.* (1999) in a numbers driven analytical approach. Their examples are of the destruction of brands by an over-emphasis on financial returns at an early stage; equally, it could be argued that this background favours the mobilization of resources behind a strictly defined brand concept. However, our evidence indicates that we can place this approach in a broader approach to strategy, one which was

heavily conditioned by the company's pre-eminence in production. Just to say that all companies adopted a 'retailing' orientation, therefore, is somewhat misleading.

In the case of Bass, retailing came to mean the strong central direction of branded and themed operations. In Allied, by contrast, new themes could be generated but appeared not to be followed through wholeheartedly. The central tension that lay at the heart of Edward Thompson's attempts to redirect the organization in the 1950s persisted. Then Thompson had suggested the need to revive the company's retail estate and even floated the idea of separating it off from production. However, the seductive goal of national pre-eminence in branded beers took precedence and the primacy of production was never seriously threatened. The consequence was that by the time the need to shift had become clear, it was difficult to change gear. The rather half-hearted approach of Allied to retailing was indicated in some colourful comments by Hugh Osmond, the entrepreneur behind Punch Taverns when commenting on the quality (or lack of it) of the estate he had bought. (One pub was, he said, 'a complete hole where the windows hadn't been cleaned for five years, you stuck to the carpet when you went in and there was a fight every Friday night' (Clark 2000: 20).) Thus, even though the company had recognized in 1984 that it needed a significant shift in strategy, and that that shift would mean switching the relative positions of retailing and production, in practice it was unable to carry out the shift. One significant symbol of this difficulty was the persistence of the 'converted barrel'. This was an accounting measure whereby sales in a pub were converted to their equivalent in barrels of beer in order to provide a common measure. That the measure was one which reflected the continuing dominance of beer production in the minds of managers was important. It was not that attempts were not made to shift this mindset. In 1957, for example,

> Directors were reminded of the danger of calculating values in respect of buying and selling properties by converted barrelage, and were informed that the Company's accounting system is under review with a view to bringing out the profit from sales as opposed to quantities of sales.
>
> (Ind Coope CC 24 January 1957)

However, as late as 1974 we can still find examples of investment opportunities being decided on the basis of converted barrels (AB Management Committee 14 June 1974). The company's dominant logic, reinforced by the broader alliances that were involved in corporate expansion, was oriented to a production led approach that continued to determine the approach to retailing. This was in turn reinforced by the weight of traditions of retailing carried over from its constituent companies. In particular, the emphasis of area managers on policing and control proved to be extraordinarily difficult to shift.

The contrast with Whitbread is a significant one. Of all these companies, it was Whitbread that made the most significant shift to a retailing orientation. While Allied was agonising about the need to shift towards retailing and in the process explicitly drawing on examples from corporate acquisitions elsewhere (particularly the US chain of ice cream outlets Baskin Robbins (Review of strategy 1984: 54)), Whitbread had directly taken on the franchise for Pizza Hut. Whilst

Allied had attempted to learn in the abstract from experiences elsewhere in the company, Whitbread had brought that practice into the heart of company operations. Success in this area had led to the creation of a specifically retailing division and had acted as a catalyst for the separation out of pub retailing from beer production before such a split was forced on the rest of the industry by the Beer Orders. It is tempting, however, to see this shift as being forced on the company from the outside. There is some truth in this given the parlous financial state of the company which saw the appointment of external financial expertise in the form of Kingshott and, most significantly, the appointment of Anthony Simmonds-Gooding as marketing director. This opening to the outside, and in particular to the influence of marketing experience built up in Unilever, was to be consolidated by subsequent appointments, notably that of Peter Jarvis. However, it would be possible to argue that this initial tranche of marketing expertise was applied much more to the beer brands of the company, especially in the dramatic success of the advertising campaign for Heineken. The emphasis on retailing also owed a great deal, for example, to Tidbury's support for a food-led strategy in the late 1970s. This was supported by further recruitment of retailing expertise as the company drew in others who felt their expertise was neglected elsewhere (Interview, Tidbury). Thus the company, for example, recruited Tim Thwaites from Grand Metropolitan to head up its retailing operations and drew in other senior managers from the same source. Whilst this supply of external expertise was important, so too was the openness of the company to these new ideas.

What this discussion suggests is the importance of history, both organizational and more broadly social, economic and cultural for understanding the unfolding of organizational strategy. As we have seen, this is a prime argument to be taken from Archer's application of critical realism to the social domain. This advocates the construction of analytical narratives whose purpose is to examine cycles of morphogenetic action. In constructing such narratives the need is to set in sufficient depth the structural conditioning that forms the context for successive rounds of social action and structural elaboration. In much writing on organizations and strategy this structural conditioning is treated in attenuated form, if at all. For example, in Preece *et al.* (1999: 33) discussion of organizational change within Bass in the 1990s, we find the following observation: 'Whether it is true or not, an important myth of the M&B culture was that a bankrupt export brewer called Bass was taken over by a profitable regional brewing company called Mitchells & Butlers.' Now, of course, the authors are quite right to argue that on one level the 'truth' of this story might be less important than its performative impact, but had they turned to Hawkins' (1978) history of Bass (which doesn't feature in their references) they would have found his conclusion on the merger:

> On the one hand was a declining company, run in a very traditional manner, with pretensions which no longer accorded with its performance. On the other hand was an efficient, progressive organization with a national reputation for professional management but so far only a regional trading position.
>
> (Hawkins 1978: 160)

What is important is that from Hawkins' conclusion and our further evidence presented earlier, we can see that in the merger the conservatism of Bass was allied to the efficiency of M&B in a process which resulted in a centralized, authoritarian form of decision making. In the process the retailing skills of M&B tended to fade into the background, with the emphasis on retailing as a matter of discipline and administration being the legacy to the organization which emerged by the end of the 1960s. Such observations would actually lend more weight to Preece *et al.*'s argument about the character of Bass in the 1990s, but the lack of reference here points to the gulf between organizational analysts and business historians.

Of course, such a gulf is not just the responsibility of those who study organizations. When they turn to business history they will often be frustrated by the nature of the material that they find. This is not just in the common focus on individual companies, but more because of the way in which the focus seems often to treat the company in relative isolation from its social and cultural context. Business history bears the marks of its intellectual genesis in economic history and, via this route, the imprimatur of the dominant assumptions of much thinking in economics. In much of the work in these base disciplines there is little concern for the nature and development of management, with the focus often being on the firm as a 'black box' responding in a conditioned fashion to changes in its 'environment'. Of course, as we have seen, there are alternative traditions, but even here, as with institutionalist economics, we have seen the dominance of a functionalist approach. This means that the invocation of an institutionalist approach within business history (e.g. Owens 2002) often operates with a relatively restricted conception of institutions. There have been calls for an exploration of organizational culture, but this requires further development. In frustration, Rowlinson and Proctor (1999) call for a virtual abandonment of the project of writing business history, with an emphasis on employing discourse analysis to deconstruct existing company histories. This seems a little defeatist; what is required is rather an attention by business historians to developments in organization theorizing as Whittington (1987) suggests in his review of Pettigrew's account of ICI. As we have seen, his own argument about this book is that it needs a stronger account of the relationship between structure and action than that supplied by Giddens. His own work at the time sought to draw upon the critical realist tradition. Clearly, it is a central message of this book that this tradition, especially as developed by Margaret Archer, offers valuable resources to both organizational analysts and business historians. What are the key components of that approach as exemplified by the evidence we have presented so far?

We have seen that Whittington (1989) deployed the resources of critical realism to argue for a strong version of strategic choice. This emphasized the creative use of the resources afforded by the structures by actors to create room for manoeuvre. The case of UK brewing seems to suggest a need to somewhat modify this stance. On the one hand there are the very real constraints supplied by the market in which the companies operated. The significant shifts in customer base, most notably the influx of young people and women into pubs, were not simply discursive constructions. Of course, the brewers in their turn carried out actions to affect this influx, most notably the deployment of discursive resources such as advertising. However, there was a secular shift towards a retailing orientation that paralleled similar shifts

in other sectors. Another real constraint was the installed base that the major companies had built up in the course of previous business. In the case of a business heavily dependent on physical outlets, these could not simply be abandoned or adapted, even if the need to do this had been clearly realized. Thus, Ind Coope recognized the need to modernize its estate but had both competing demands for resources in its aspirations for domination in the branded beer market and was operating in a system of tied houses which meant that growth simply meant exacerbating the problems of the estate. The radical solution of splitting off production and retailing was envisaged but swamped by broader forces. This estate was also, of course, subject to external control in the form of licensing regulation which controlled the nature of use and tended to solidify an existing business model.

To argue that these were real constraints on the freedom to manoeuvre is in no sense to underplay the extent to which response to these constraints was discursively constructed. Rather, it is to seek to separate such responses from those constraints. That such responses were important is seen in the very different response to the same market conditions within an overall logic of retailing. Retailing, in fact, came to mean very different things to different companies, as the logic of separation predicted by the *Economist* came into being. Of course, one could argue that this was a self-fulfilling prophecy that once made influenced actions in the field, so that it came to be seen as the logical course of action. However such an argument loses plausibility when set against the actions of the companies that we have reviewed. Part of the reason was the nature of the mechanisms for such discursive construction in an industry notorious for its closed nature. The merger movements of the 1960s were of particular importance here in opening up the industry to broader influences. However, they also in many ways destroyed the heritage of retailing in some organizations, as the process of consolidation and rationalization tended to reinforce a model of policing and control in retail operations. This, coupled with a strong focus on production, appeared to hamstring Allied Breweries in particular in its attempts to change. Their opening to the outside tended to confirm their emphasis on branded products. By contrast, Whitbread, with its gradual process of merger seemed to retain an openness to external ideas that was embodied in the recruiting and assimilation of key personnel who effected a genuine shift to a retailing orientation. There was space for strategic choice within the parameters laid down by changing market conditions and the material products of past actions.

There was, then, room for agency, but that agency was conditioned by the resources available. These also had both a social and a cultural dimension. Ideas of retailing, for example, became more important in the 1980s, but in part because of the social and material weight of retailing, notably the supermarkets. These resources were then translated through the existing practices of the organization and, importantly, through the familiar practices of senior decision makers. This is nicely illustrated by the following observation of Sir Charles Tidbury reflecting on the formation of strategy in Whitbread:

> And I always said one thing we must never do is fight toe to toe with Allied
> or Bass or nowadays I would say Scottish and Newcastle. Because if we get
> clipped it will just be like a punch from Joe Louis and we shall be out of the

> ring. I mean we had to dance around and that came back from this idea, [the] rifleman's technique of the red coats and the green jackets.
>
> (Interview, Tidbury)

He elaborated on this further in reflecting on the chairman of a competing company:

> He was a great fellow of great experience, he was a guardsman and they are marvellous. You say you're going to attack that, eight of you are going to be killed and we're going to do it like that, they're all marching towards it and they will do it like that and we were taught really to think round the problems.
>
> (Interview, Tidbury)

In this way he was drawing in prior military experience and using analogical reasoning to transfer taken-for-granted practice in that experience to a current field of activity. In this process he was clearly drawing on the military background that we have pointed to as significant elsewhere in the industry, but this background was not a homogeneous one. At a number of points we have pointed to the importance of the Army and, in particular, service in the Guards, but the introduction of the Riflemen by Tidbury suggests a different experience. The Guards are associated with the command and control model that we have seen deployed in other companies, notably Bass and Allied. In Whitbread, by contrast, the experience drawn upon was the traditions of autonomous action and intelligent readjustment to conditions fostered in the light infantry regiments. The details of the military practice are not crucial here; what is important is the way in which existing practices on the part of senior decision makers are combined with organizational history to create conditions that are conducive to particular courses of action. Strategic choice is therefore not a matter of abstract contemplation but rather a matter of embodied action. It is limited by both market conditions and the 'modes of rationality' available to actors, translated through agential formation.

Resources drawn from critical realism, with their emphasis on the interaction between agency and structure, enable us to explore this process effectively. The emphasis I have placed on discursive construction and analogical reasoning may, however, come as a surprise to some who operate with a rather crude conceptualization of the realist enterprise. However, the argument presented here is that attention to the ways in which fields are discursively constructed has also to pay attention to other mechanisms. The need is to combine an account of the interaction of agency and structure with the discursive interpretation of this, not to collapse one into the other. Archer's morphogenetic approach, with its insistence on the careful definition of terms and the need to explore relationships by analytical dualism, is a valuable corrective to these conflationary tendencies. I have tried to deploy these resources to address what I perceive as weaknesses in the new institutionalist project. Ideas from that project have proved immensely helpful in approaching the subject matter of this book, but only if combined with the clarity that critical realism can bring to such central terms as 'institution'. It is hoped that others interested in similar questions can see this value not through abstract explication but through the sort of concrete application that has been attempted here.

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