

Surviving global competition in the British wire industry (c1875-1890)

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Abstract:

This paper traces the efforts of the dominant British wire manufacturers (about 10 large/multi-division firms) to survive the increasing competition by wire manufacturers (especially German firms). One of the things that the British firms ‘got right’ is the technological standardisation in the manufacturing *and* marketing of wire products. The aim of this paper is to demonstrate that private standards set by the British firms were primarily strategic in nature (i.e. it strengthened their long-term market position), while at the same time being defensive (i.e. it overcame short-term threats to their position). Alliances between these large firms was key to developing these private standards and crucial for ‘getting it right’ in a globalising industry.

Analytically, the paper attempts to deconstruct the basic motivations for setting private standards and alliance formation based on the historical evidence from archival sources. Enterprises attempt to set private standards for a variety of reasons: to overcome the lack of public standards, to achieve market dominance or defend market share, to signal competence and enhance reputation, or to pre-empt regulation. Enterprises may form standard-setting alliances mainly for strategic, rather than cost-economising reasons. These insights form the basis for the analytical deconstruction of the private standard-setting process within the wire industry.

The significance of this case study for the project theme lies in the historical context. Wire standards in the British industry emerged in the context of fierce international competition. British firms were being out-competed in global as well as domestic markets by German manufacturers, who were allegedly more efficient producers. This was also a period when the wire manufacturing industry was itself experiencing technological change and innovation. Such changes implied new applications and new markets for wire products, new manufacturing methods, and more stringent requirements for the quality of wire products. As a result, British firms fought to survive and remain competitive in this changing and internationalising environment. The standard-setting alliance between British firms was an essential survival strategy.

Another key dynamic that the case study explores is the *public* nature of the privately set standards. Although standards are fundamentally non-rivalrous (and therefore public goods), they can be made 'excludable' by institutional processes, or can be privately set if not generally available. In this case of wire standards, lack of publicly set standards (i.e. provided *ex-ante* by the state) prompted private firms – both buyers and sellers – to initiate the standard-setting process. The standards that eventually became the public standards, were based largely on the private standards developed by the standard-setting alliance of the dominant manufacturers.