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# **From Light Touch to Top Management Control: HSBC's Integration of its First Two Acquired Subsidiaries 1960-1980**

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## **Abstract**

This research contributes to British multinational banking history, post-acquisition integration and legitimacy research, by exploring HSBC's top management control integration with its first two acquired British banks, during the period 1960-1980, from the social psychological perspective of legitimacy judgment. It explores why HSBC's key decision-maker's legitimacy judgment of the initial decision to retain its acquired subsidiaries' top management control shifted from legitimate to illegitimate and how HSBC built legitimacy for its integration decisions with the subsidiaries' staff. It thus complements Chandler (1990) and Jones (1993) by exploring the critical role played by individuals in the integration process and showing that slower integration also had benefits for the parent's Group interests due to the distinctive characteristics of the banking business. In addition, due to the uniqueness of HSBC, this research also has some indications for research about the post-acquisition integration of emerging market-based multinationals.

**Key Words:** post-acquisition integration, legitimacy judgment, legitimization strategy, social-psychological perspective, managerial hierarchies, light touch, British multinational banks, emerging multinational companies, case study, joint-disciplinary research, HSBC, Mercantile Bank, British Bank of Middle East

## **1. Introduction**

British multinational banks dominated global banking until the 1960s, when American banks started to overtake them (Jones, 1993). To avoid acquisition by American banks and to consolidate British overseas banking presence, the Bank of England encouraged mergers and acquisitions among British banks (Perry-Aldworth, 1959a). Leading examples were the Hong Kong and Shanghai Banking Corporation (HSBC)

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acquiring the Mercantile Bank (MB) in 1958 and the British Bank of Middle East (BBME) in 1959. British banks preferred light-touch integration at the early post-acquisition stage. That meant that they retained top management control in acquired subsidiaries, with only limited links to coordinate the parent-subsidiary activities, then moving slowly to deeper integration. Here, control is equivalent to power, defined as, ‘the ability to get others to do something that they would not otherwise do’ (Dahl, 1961, p. 131).

Regarding the slower post-acquisition integration of British companies, there are two prominent business history works worthy of consideration: one by Chandler (1990) and the other by Jones (1993). Based on the collective history of the two hundred largest manufacturing firms in the US, Britain and Germany from the 1880s to 1940s, Chandler (1990) argues that management structure was the most influencing factor of organisational capability and post-acquisition integration capacity, as the combined capabilities of top and middle management were the most valuable components of organisational capability. The personal management of the British firms with control by the business founders or their family members, assisted by only a few salaried managers, constrained the growth of their organisational capability, slowed the pace of their integration and reduced their cost advantages from economies of throughput. The lower and middle British managers were mainly recruited from personnel with long on-the-job training within the company and senior management was selected from the owners’ families or from those of their close associates. In contrast, the extensive managerial hierarchies composed of academically trained salaried managers recruited by US companies greatly supported the growth of their organisational capability, enabled their more rapid integration and increased their cost advantages. German companies had a similar experience to US companies although on occasion some family control lasted longer than it did in the US. Chandler’s argument, however, does not directly translate to British multinational banks (Jones, 1993). First of all, family ownership was already rare among British multinational banks by the end of the Nineteenth Century. Second, despite the small and basic managerial hierarchies recruited by British multinational banks, the less developed management structure did not prevent their considerable organisational capability by the First World War, due to their effective use of socialization strategies to control their overseas branches, i.e. recruiting managers who were culturally and socially homogeneous, with long service and on-the-job training. Although this management culture devalued from the 1920s and constrained the growth of British banks’ organisational capability and post-acquisition integration capacity, deepened and extended managerial hierarchies did not necessarily save them from poor strategic decisions. In addition, Jones added two other influencing factors of British multinational banks’ slower integration: lack of urgency and the highly specialised structure of the British financial system. The latter refers to the British government policy of domestic banks having neither overseas branches nor foreign exchange business, while British overseas banks focused on foreign exchange business and specific overseas markets.

The above two researchers focused on the impact of institutions and the business environment on British companies' post-acquisition integration. The integration decision is, however, made by the parent's decision-makers based on their legitimacy judgment and subsidiary staff were needed to implement this based on their acceptance of its legitimacy. In order to better understand the changes of the post-acquisition integration level, we need to explore the critical role played by these individuals in this process and how institutions and the business environment influenced their legitimacy judgment and then, the integration. Given that British banks preferred to retain their subsidiaries' top management control at the early post-acquisition stage, what was the legitimacy for this preference and why did the parent banks' evaluators shift their legitimacy judgment of the initial decision from legitimate to illegitimate, consequently leading them to seek top management control integration? Given that the aforementioned integration would change the mandate and even the organisational identity of the subsidiary and have implications for career paths, how did the parent build legitimacy for this decision with subsidiary staff? What factors in relation to subsidiary staff behaviour and attitude influenced the parent's legitimisation strategy? These legitimacy questions are from the socio-psychological perspective of legitimacy judgment, as they are associated with the evaluators' cognition, influenced by their social context or characteristics (Tost, 2011: 691). They have not, as yet, however, been addressed by the extant post-acquisition integration research.

Research regarding post-acquisition integration really only started in the mid-1980s, researchers being mainly concerned with post-acquisition organisational changes (Sales and Mirvis, 1984; Buono and Bowditch, 1989). Since then, different perspectives have been evolved to examine this integration. First of all, there is a strategically oriented perspective, such as how parent management can achieve synergistic benefits (Birkinshaw, Bresman & Hakanson, 2000) and knowledge transfer and sharing (Jaura and Michailova, 2014). Second, there is a human resource-oriented perspective, such as management of employees' expectations (Hubbard and Purcell, 2001), the role of entrepreneurship (Thomson and McNamara, 2001) and the role of human integration in organisational integration (Froese and Goeritz, 2007). Third, there is a cultural perspective, such as post-acquisition cultural integration processes and the influence of cultural differences on integration (Lee and Kim, 2015; van Marrewijk, 2016). Fourth, there is an integration approach perspective, such as appropriate level of integration (Zaheer, Castañer and Souder, 2013) and post-acquisition typologies (Angwin and Meadows, 2015). Fifth, there is a speed perspective, such as factors influencing the speed of integration (Lu, 2014) and the effect of integration speed (Schweizer and Patzelt, 2012). Sixth, there is a socio-psychological perspective, which analyses post-acquisition integration processes as complex social psychological processes. Very limited research has adopted this approach, such as the sensemaking perspective on post-acquisition decision-making (Vaara, 2003).

The lack of response to the above legitimacy questions could be attributed to deficiencies in legitimacy research about MNC from the following perspectives. First, the extant legitimacy research has focused on the MNC legitimacy judged by external stakeholders in the context of the institutionalisation of organisations and organisational fields (Tost, 2011; Balogun, Fahy and Vaara, 2019) as to whether ‘the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995: 574). The legitimacy judged by internal organisational members from the socio-psychological perspective as to whether ‘specific actions or decisions are desirable or appropriate within a specific context’ has received less attention despite its theoretical and empirical significance (Balogun, Fahy and Vaara, 2019: 224). Second, when the extant research analyses legitimacy judged by internal organisational members, it has mainly focused on how subsidiaries build legitimacy for their decisions and actions with their parent (Kostova & Zaheer, 1999; Bouquet and Birkinshaw, 2008), overlooking the fact that decisions by the parent may also need to be legitimised within subsidiaries (Kostova & Roth, 2002), except for Balogun, Fahy and Vaara (2019), who explore how MNC parent built legitimacy for their controversial decision with their subsidiary staff.

In order to facilitate our addressing the above legitimacy questions, we adopt the theoretical framework developed by Tost (2011) which specifies that the socio-psychological perspective legitimacy judgment comprises three dimensions: instrumental, relational and moral legitimacy. Instrumental legitimacy concerns whether an entity is helpful for the individual or group to ‘reach self-defined or internalized goals or outcomes’ (Tost, 2011: 693). Relational legitimacy concerns whether an entity ensures that ‘individuals or social groups are treated with dignity and respect and receive outcomes commensurate with their entitlements’ (Tost, 2011: 693-4). Moral legitimacy considers whether an entity is ‘consistent with the evaluator’s moral and ethical values’ (Tost, 2011: 694). In relation to the shift of the parent evaluators’ judgment of the legitimacy of the initial decision from legitimate to illegitimate, how then, were each of these dimensions prioritised in the shift and why?

This paper will address the above questions by conducting comparative case studies of HSBC’s top management control integration with its first two acquired British banks, during the period 1960-1980. It will contribute to the extant research in the following aspects. First, it contributes to British multinational banking history research by exploring the critical role played by individuals in British banks’ post-acquisition less rapid integration. Second, it contributes to post-acquisition integration and legitimacy research by exploring the shift of the parent’s legitimacy judgment of the initial decision of keeping the subsidiary’s top management control from legitimate to illegitimate and how the parent built legitimacy for its integration decisions with the subsidiaries’ staff from the socio-psychological perspective of legitimacy judgment. Third, HSBC is a unique British bank which was initially registered in Hong Kong in 1865 (Baster, 1929). As Hong Kong was an emerging

market during our research period, HSBC might also be regarded as an emerging market-based MNC (EMNC). Research to date has shown that light touch has also been the predominant approach used by EMNCs in post-acquisition integration, an important reason being the effect of EMNCs' home markets, such as the liability of emergingness (LOE) (Peng, 2012). No research has, however, explored how EMNCs can achieve deeper integration, thus this paper is the first to do so.

The main data source of this research is the HSBC Group Archives. The search of archives was first conducted by the HSBC Group Archivists based on our research topics, there being approximately 4000 appropriate items identified. An item can be a single file, volumes of files, boxes of files and folders of files. We then made a selection of the items by examining their titles and descriptions and paid several visits to the Archives to go through the chosen items and made a further selection. As a result, our search narrowed down to approximately 7000 pages of files, which formed the solid base of our research. They provided the details of HSBC's acquisitions and absorption of MB/BBME, including communication letters from HSBC/MB/BBME Chairmen and senior managers, Board and senior managers' reports, memoranda, minutes, staff management, business performance, branch operations, tax payment, annual reports and interviews with more than twenty HSBC/MB/BBME top management members by Prof. Frank H. H. King and Christopher Cook, commissioned by HSBC Group in the early 1980s. Eventually 117 files were directly referred to in our paper. The nature of the interviews and the topics touched upon varied from interview to interview, depending on the interviewees' roles within the banks. All the chosen interviews include questions related to the investigated post-acquisition integrations. It is unavoidable that over time, the interviewees' retrospective remarks may become distorted or simplified, due to cognitive or political reasons (Golden, 1997). In order to address this problem, we conducted continuous cross-checking of archival materials leading to 'triangulation' of evidence. As the chosen archives record communicative and nonverbal actions of the evaluators under study as manifestations of their cognition during the post-acquisition integration processes, they provide relevant material to support our analyses of their legitimacy judgment. Our analyses and thematical cluster of legitimacy judgment and legitimisation strategy follow those proposed by Tost (2011) and Balogun, Fahy and Vaara (2019), and we regularly returned to their examples and definitions to help our categorisation. A small body of secondary literature provides both a source of information per se and as a context to interpret archival material. They cover the history of HSBC by King (1991), MB by Green and Kinsey (1999) and BBME by Jones (1987), but do not discuss post-acquisition integration in depth.

In the following sections, first, we introduce the formation of HSBC's key decision maker's legitimacy judgment of the decision to keep the two acquired subsidiaries' top management control and their light-touch integration arrangement. Next, we explore why HSBC's key decision-maker's legitimacy judgment of the initial decision shifted from legitimate to illegitimate and how HSBC built legitimacy for its

integration decisions with MB/BBME staff respectively. Finally, this paper discusses the findings and summarises its contribution.

## **2. The formation of HSBC's legitimacy judgment of the initial decision of keeping the top management control of MB/BBME**

Since the end of the Second World War, host governments' restrictive policies over the operations of foreign banks in newly independent countries dramatically restricted HSBC's growth. As a result, HSBC withdrew from its dominant market, mainland China, between 1949 and 1955, which had a strong negative impact on its business in the Far East and caused uncertainty in their business in Hong Kong (Lu, 2008). Consequently, HSBC had to explore new markets (Reid, 1958) and to achieve this, acquired MB and BBME respectively. These banks had Head Offices in London, first registered in 1893 and 1889, with business operations mainly located in South and Southeast Asia and the Middle East respectively (HGA, GHO1459a; Turner, 1959a). Neither acquisition was originally planned by HSBC, but instigated due to concern about its competitors possibly taking them over (Morse, 1959; Reid, 1958; Perry-Aldworth, 1958a). The acquisitions received support from the targets' home government, represented by Bank of England (Bank of England Archives, 1957; Stewart, 1959a).

### **2.1 The one-man business of HSBC**

Although according to the ordinance for conduct, the final authority and responsibility of HSBC's decision-making rested with its Board of Directors, the Board agreed that the Chief Manager (Chief Executive from 1970) should have complete authority to manage day-to-day operations (King, 1991: p. 260). Thus the Chief Manager was HSBC's key decision-maker. From March 1959, HSBC's Board Chairman and Chief Manager was one and the same person, except for January 1962-February 1965 (See Table 1). This person thus had unlimited power, although he needed to consult the Board and secure their support for his decisions (HGA, 1980, p. 77).

In contrast, the Board Chairman and Chief Manager/General Manager were different persons at MB/BBME. Within MB, the Chairman (1952-1966), Sir Kenneth Mealing, was the key decision-maker with dominance in decision-making (Green and Kinsey, 1999, p.139) while at BBME, the General Manager was the key decision-maker (See Table 2), as the Chairman never interfered in routine business (HGA, 1984, pp. 376-377).

### **2.2 HSBC's legitimacy judgment of the initial decision**

During acquisition negotiations, both MB and BBME senior management proposed retaining their top management control in the UK (Perry-Aldworth, 1958b; HGA, 1983a, 1983b, 1983c). HSBC's Chief Manager and Chairman, Michel Turner, evaluated the legitimacy of this proposal mainly from instrumental considerations, i.e.

whether HSBC's shareholders benefited from this proposal, as essentially HSBC expected to 'make money' from the two acquisitions (HGA, 1980a, pp. 54, 57).

On the one hand, this proposal lacked instrumental legitimacy in terms of taxation issues. Hong Kong's tax arrangements were more favourable on dividend payments, as compared to the UK. Turner was concerned about the severe disadvantages of UK tax regulation on HSBC's dividend payment: 'We receive dividends from these banks [MB/BBME] after deduction of tax and to provide their shareholders resident in the UK with as favourable a dividend as they at present receive requires the distribution by us of dividends of almost twice as much' (Turner, 1959b). In addition, tax rates in Hong Kong were lower than in the UK. Incomes were taxed at 15% for individuals and 16.5% for corporations and were levied only on income arising in or derived from Hong Kong (HGA, 1979a). Due to these disadvantages, some HSBC executives argued against the above proposal (Stewart, 1959b; Turner, 1959c).

In order to tackle the tax problem of the dividend payment, HSBC negotiated an agreement with the British Inland Revenue (Perry-Aldworth, 1959d; HGA, 1959b). The Inland Revenue offered HSBC a deposit of £4,000,000 from MB and £6,000,000 from BBME with the account of the HSBC Head Office in London, at a fixed rate of 1.5% per annum. These funds would remain with HSBC for an indefinite period, except for temporary help in an emergency (Perry-Aldworth, 1959b, 1959e, 1959f; Stewart, 1959d). They also assured HSBC a tax-free return on its investment of these funds in British Government securities. It was permitted to take any amount of deposits from each subsidiary, so long as the total was within £10 million (Perry-Aldworth, 1959g; Musker, 1960).

In order to avail themselves of the lower tax rates in Hong Kong, HSBC expected the two subsidiaries to transfer their surplus profits as much as possible to Hong Kong (Stewart, 1959b; Turner, 1959c). Given that the MB's main market overlapped with HSBC's, in October 1959 MB agreed, and thereafter, every March, it transferred its surplus after-tax profits to HSBC as a 'management fee'. The fee income was tax-free in Hong Kong, but could not be returned to MB (Perry-Aldworth, 1959c, 1959h). The amounts transferred were substantial in comparison to MB's published and real profits. Between 1959 and 1965, only 8% of the MB's real profits were transferred to its inner reserves while 30% was sent to HSBC in management fees (Green and Kinsey, 1999). HSBC's proposal was, however, not supported by BBME as HSBC did not operate in the Middle East and BBME needed to have sufficient shareholder funds to convince their customers that they remained viable (King, 1991). HSBC, therefore, allowed BBME to transfer approximately 35% of its real profits to its inner reserves, with £300 000 as an annual service fee (Jones, 1987).

On the other hand, this proposal had instrumental legitimacy in terms of the two subsidiaries' business advantages associated with their UK identity and their top management expertise. Regarding the advantages associated with UK identity, some



host governments and customers, especially those in British colonies, preferred UK-based banks to those Hong Kong-based (Wardle, 1961). As a result, MB had a stronger business base than HSBC in India, Ceylon, Malaya, Mauritius and Pakistan (HGA, 1980a, p. 54; HGA, GH01459a, 1962a). In addition, London companies were less interested in transacting with Hong Kong-based banks (Stewart, 1958; Perry-Aldworth, 1958c; Turner, 1959d). The customers of BBME in the Middle East accepted BBME as a British bank (Perry-Aldworth, 1959b; HGA, 1983b). HSBC Deputy Chief Manager, George Stewart (1959d), thus judged that ‘the transfer of the residence of these old-established banks to Hong Kong would certainly not be in their best interests in the territories they serve’. Moreover, some MB staff preferred UK-based, as opposed to Hong Kong-based senior management. It was therefore difficult for them to accept control from HSBC (HGA, 1980b; Turner, 1959e).

In addition, the two subsidiaries’ top management had expertise that HSBC lacked. Despite overlapping markets with HSBC, MB’s top management had wider connections in the UK than did HSBC, which could be used to attract businesses of UK origin (HGA, 1959a). They also had more expertise in doing business in the aforementioned markets with a stronger business base than HSBC. BBME had virtually no market overlap with HSBC, while HSBC lacked experience in operating in the Middle East, where BBME’s top management already had significant experience and expertise (Stewart, 1959c). Turner (1959c) thus judged that, ‘it is obvious that, with this institution operating in a territory about which we know very little, we must leave them more or less to run their own show’. Furthermore, HSBC lacked top management capability (Turner, 1959f). HSBC did not have a Group Head Office until 1961 when the first two acquisitions had been made. Before the Group Head Office restructuring in 1973, HSBC operated with small and basic managerial hierarchies and its top management depended entirely on branch managers for operational information and so, lacked the essential information to make informed Group-wide decisions (King, 1991).

Based on the above considerations and measures, Turner (1959e) judged that overall, this proposal had instrumental legitimacy as it ‘will prove to be in the best interests of our own shareholders’.

In addition, Turner was apparently confident with the relational legitimacy of this proposal, i.e. it would not violate the respect and entitlement that HSBC expected to receive from the aforementioned subsidiaries. First, the two subsidiaries’ Board members had a good relationship with HSBC’s. BBME Chairman, Sir Dallas Bernard, was a former Chairman of HSBC (King, 1991: 271). Second, the two subsidiaries accepted Turner’s cooperative proposal which included two HSBC representatives joining them, with W. H. Lydall as a coordinator to promote harmonious working (Turner, 1959a, 1960).

### **3. HSBC's light-touch integration arrangement and its ambiguity**

In view of the above legitimacy judgment, Turner decided to keep the two subsidiaries' top management control in the UK. A few measures were adopted by the two subsidiaries to bring their systems into line with HSBC's. Regarding MB, consistency was achieved concerning salary scale, the Head Office Executives Retirement Benefits Scheme, Pension Scheme, retirement age, as well as their Chairman's Statements and Annual Accounts (Turner, 1958, 1961, 1962; Perry-Aldworth, 1959c). These arrangements gained MB staff support due to their salaries being raised, pensions increased and widows' benefits improved (King, 1991). Regarding BBME, there were only changes to its accounting system. In 1960, its year-end was altered from 31 March to 31 December to align with HSBC's accounting practice (Turner, 1959g; HGA, 1960). Although BBME staff salaries and benefits had to be improved in line with HSBC's, BBME top management did not adopt corresponding measures due to the different staff salary structure of the two banks (HGA, 1983c, 1983d).

HSBC top management, however, did not ignore the potential of future integration. When HSBC made its offer for MB, it made the following points, indicating that integration would someday occur. First, HSBC would not clearly state how long MB would continue as a separate entity. Second, HSBC would be entitled, at any time, to take steps to transfer the domicile of MB abroad, to vary its terms of service or close branches and possibly make employees redundant (HGA, 1958). Similarly, although the Press Announcement stressed that it was the intention of HSBC to 'retain the separate identity and management of The British Bank of the Middle East operating in accordance with its Royal Charter which provides for its Board Meetings to be held in England' (HGA, 1959c), Turner wanted to add that 'the [HSBC] Board have the authority to change their mind at some future date if they should wish to do so' (Turner, 1958a). Without clearly identifying when and under what conditions integration might happen, the ambiguity with HSBC's integration intentions, therefore, led to ambiguity with its light-touch integration arrangement.

### **4. MB's Top Management Control Integration with HSBC**

#### **4.1 HSBC's detection of relational illegitimacy with the initial decision**

The ambiguity with HSBC's integration intentions caused ambiguity between HSBC and MB senior management teams, as reflected by the confusion of MB's managers concerning their relationship with HSBC and the compromising attitude of HSBC's senior managers in streamlining the two banks' businesses. The former was reflected by the MB Board asking for 'compensation' when its Rajawongse Road sub-agency in Bangkok was to be transferred to HSBC's Suapah Road sub-agency (King, 1991). The latter was attributed to HSBC top management's concern that any hasty change would cause damage to MB's business and customers. For instance, HSBC proposed to close the MB's Rangoon Office, due to local Indian staff trouble (Perry-Aldworth, 1959),

but for various reasons, MB regularly postponed considering HSBC's proposal (Lydall, 1959; Turner, 1960a). Eventually, HSBC Head Office agreed that the Rangoon Office would be retained (Wardle, 1961a).

The ambiguity between the two banks' senior management teams also caused a politicisation problem, as reflected by conflict between the two banks' top management and employees. The MB Board members had given long service and had an emotional attachment to the bank and were upset by the takeover by a Hong Kong-based bank (Turner, 1959e). Although they seemed willing to co-operate, the ambiguity allowed them to manipulate HSBC's policies (Perry-Aldworth, 1958). At the suggestion of HSBC London Advisory Committee Chairman, Arthur Morse, MB Chief Manager, C.R. Wardle, joined the HSBC Board as the MB's representative. He would pass issues of concern to HSBC first to the MB Chairman, before their consideration by the two representatives of HSBC on the MB Board, to influence policies to MB's advantage (King, 1991). If there were non-cooperative attitudes at the top, these were likely to spread downward (Turner, 1959e). For example, both banks tried to gain customers from the other. There did not appear to be any exchange of information between the two banks' branches and both still considered each other as competitors (Saunders, 1962). After recognising the importance of cooperation between the two banks' management, HSBC's then Chief Manager, J. A. H. Saunders, emphasised that the successor to Wardle should accept the principle of maximum cooperation, otherwise, they would not be appointed (Saunders, 1962a). Wardle, however, had strongly supported C.F. Pow as his successor, the latter having been the Deputy Chief Manager of MB in London for 3 years (HGA, 1980a, p. 55; Turner, 1960b). Pow had a keen sense of the MB's traditions and was especially sensitive to the independence of its management (Wardle, 1960). For example, Pow blamed HSBC for cooperation difficulties, as it did not build a reciprocal relationship with MB in information sharing (Mack, 1962). As a result of this, when Pow succeeded Wardle as the MB's Chief Manager, conflict between the two banks' management and staff continued.

The above confusion and politicisation problems upset HSBC's expectations of receiving respect and entitlement from MB being associated with its parent identity, which alerted Saunders that the initial decision was no longer legitimate from the relational considerations. As a result, he instructed Alistair Mack, HSBC's Chief Inspector, to investigate the systems and operations of MB's Head Office and branches in May 1962, with a view to co-ordinating Group policy. Mack was told, 'There has to be a change' (King, 1991, p. 645). Mack completed the report by November 1962 (Saunders, 1962b; Stewart, 1962) and confirmed Saunders' judgment that 'Until some preliminary steps have been taken to streamline the respective systems the problem of co-ordination ... will not be easily solved'. He suggested relocating the MB Head Office to Hong Kong, as questions could be discussed verbally and decisions made immediately (HGA, MB 1324, p. 29).

The relational illegitimacy did not, however, lead Saunders to change the initial decision immediately as it still had instrumental legitimacy. As a result, Saunders still expressed his preference for ‘a strong Mercantile paying its part in the Group’ (Saunders, 1962c) and supported MB in keeping its top management control (Knightly, 1962).

#### **4.2 The decline of MB’s business advantages and its financial reliance on HSBC**

With the independence of the British colonies after the Second World War, the original advantages enjoyed by the UK in those territories had been declining and the UK-based banks had gradually lost the preference of the local government and customers (Wardle, 1961). MB’s business advantages significantly declined after 1961 due to the decline in the advantages associated with their home market identity. Its real profits, after peaking at £780,659 in 1961, continued to fall, from £461,685 in 1962 to £335,394 in 1965 (See Figure 1). The real profits from those areas where MB had a stronger business base than HSBC declined after 1961 (see Figure 2). In parallel, the significance of the MB’s top management expertise declined.

Increases in expenditure also contributed to the decline of the bank’s profits. Much of the rise in charges derived from increases in salaries and pensions to bring them into line with those of HSBC. For instance, between 1960 and 1963 the bank’s expenditure rose by £221,700, due to the increase in salaries, holiday costs and contributions made to pensions and provident funds (Pow, 1964). This was reinforced by the deposit and management fee payment, which squeezed MB’s financial resources. As a result, its shareholder funds remained stagnant over the period 1960-1965 and any expansion relied on the financial support of HSBC (Green and Kinsey, 1999, p. 197). MB even relied on HSBC’s help to maintain its normal level of published profits (Saunders, 1964).

#### **4.3 HSBC’s detection of instrumental illegitimacy with the initial decision**

MB’s declining business advantages and its financial reliance on HSBC significantly damaged HSBC shareholders’ interests and violated HSBC’s essential expectation to ‘make money’ from this acquisition, thus alerting Saunders and the Board that the initial decision had lost instrumental legitimacy and it was time to relocate the MB Head Office to Hong Kong. In January 1964, Saunders wrote to a senior manager of HSBC that ‘I was under some pressure from our Board, who were disappointed by Mercantile’s results, to do something about amalgamating our businesses’ (Saunders, 1964a). Later Saunders wrote that ‘Unless some good reasons can be found ... I believe it will be necessary to approach the Treasury for permission to transfer their Head Office out here as the beginning of integration’ (Saunders, 1964b). Facing the concern of some HSBC senior managers about the potential damage caused by this relocation to MB’s business (Stewart, 1964), Saunders insisted that ‘I think the matter should be dealt with now’ (Saunders, 1964c).

From the beginning of 1965, HSBC started to apply to the UK Treasury for

permission to move the MB's Head Office to Hong Kong. At the time of the application, the British government passed a Finance Act which introduced Corporation Tax and double taxation on dividends. The Act imposed further costs on HSBC's dividend payment to its shareholders residing in the UK (HGA, 1966). This new taxation regulation strongly supported Saunders' judgment that the initial decision had lost instrumental legitimacy as the benefits accruing through having the MB Head Office in Hong Kong seemed to outweigh any disadvantages: 'this proposed legislation removes any reservations I had about the necessity of making such as sweeping change' (Saunders, 1965).

#### **4.4 HSBC's legitimisation of its integration decision within MB**

As HSBC's parent identity was damaged due to the confusion and politicisation problem, when HSBC top management decided to relocate MB's Head Office to Hong Kong in late 1964, they wanted to push this decision through without MB top management actively evaluating the legitimacy of the decision, to prevent its parent identity being further damaged. As a result, HSBC had preliminary talks only with MB's Chairman, Mealing, who was supportive of the relocation as he appreciated the tax and management problems inherent in keeping MB's Head Office in the UK. There was no consultation with the MB Board or Chief Manager, Pow. Mealing merely informed them of the decision when the final timing was decided in the spring of 1965, thus, surprising the MB Board. Nonetheless, as Mealing had already accepted the legitimacy of the decision, his behaviour produced a validity cue which discouraged others' intervention and drove them to mere acceptance (Green and Kinsey, 1999, p. 154; King, 1991, p. 645).

The British Treasury accepted HSBC's application on 23 July 1965. It was agreed that the MB Head Office in London would close on 31<sup>st</sup> March 1966 and reopen on 1<sup>st</sup> April, in Hong Kong (HGA, 1965b). According to the advice of HSBC's legal adviser, there should be a complete severance with MB's London board and management after the relocation in order not to cause British government suspicion that the relocation was for tax evasion purposes. This legal advice coerced the MB Chairman, the Board of Directors and the Chief Manager to resign. They were appointed to a new London committee, under the chairmanship of G.O.W. Stewart, seconded by HSBC, in order to retain their expertise with Indian and Far Eastern business. HSBC took advantage of this opportunity by integrating the MB's top management control: the new Board of MB was dominated by HSBC Board members, with HSBC's Chairman also being MB's Chairman (HGA, 1965c).

As HSBC had better staff conditions, the measure of staff policy integration had already induced MB staff to accept the legitimacy of HSBC's control (King, 1991). As a result, when MB top management issued a relevant memorandum and schedule about staff relocation, to their surprise, these announcements produced little reaction from the staff because they were already prepared for this to happen (Pow, 1965a, 1965b).

## **5. BBME's top management control integration with HSBC**

When MB's Head Office was relocated to Hong Kong, HSBC retained BBME's top management control in the UK as the initial decision remained instrumentally legitimate. First, BBME's expansion still relied on its own funds (HGA, 1983d, p. 124; HGA, 1980a, p. 59). Second, the ambiguity with future integration caused confusion in HSBC top management concerning managing the business in the Middle East. They, therefore, simply maintained the perception that the Middle East was a special area, where BBME's special skills were required (Jones, 1987, p. 95). The BBME Board was left to manage their own business (HGA, 1983c, p. 155). HSBC, therefore, still lacked the expertise in handling business in the Middle East. Third, due to the Finance Act 1965, it was decided that BBME would pay no further dividends to HSBC from 1966, instead, it would increase its reserves and financial resources (HGA, 1966, 1966a). Following the transfer of MB's Head Office to Hong Kong, according to the tax deal mentioned above, BBME's deposit with HSBC was raised from £6 million to £10 million which would bring in nearly £3,000,000 gross per annum (Turner, 1966). The investment income from the extra deposit could be used as compensation for the waived dividend payment, being no more than £245,000 each year between 1961 and 1965 (HGA, GHO 1459b). In addition, the initial decision also remained relationally legitimate. BBME managers actively cooperated with HSBC representatives who typically supported BBME's efforts and decisions unreservedly (HGA, 1983c, 1983d). There was also very good relationship between Saunders and BBME's then General Manager, Angus Macquee. Although Saunders was described by HSBC staff as 'dictatorial or ... brusque and maybe abrasive at times', he adopted a 'most polite and agreeable manner' in dealing with Macqueen (HGA, 1983c, p. 124).

### **5.1 HSBC's detection of relational illegitimacy with the initial decision**

From the late 1960s, the market environment in the Middle East markedly changed. On the one hand, there was increased political uncertainty and associated risk due to a number of political events, such as nationalisation in Aden, Libya, Kuwait and Tunisia, the Arab-Israeli regional wars in 1967 and 1973 and the associated Palestinian struggle for national liberation, followed by civil wars in Lebanon in 1975 and 1976 (HGA, 1965-66, 1970, 1976-79, BBME 0236). The British military withdrew from the Gulf in 1971 and several Gulf countries later achieved independence, which posed further uncertainty for BBME's operations in the region (Jones, 1987). On the other hand, the local banking sector became more international and competitive due to the discovery of more crude oil and dramatic oil price rises. The Middle East region as a whole accounted for approximately 62 per cent of the world's total crude oil reserves in 1970 (HGA, 1970). The dramatic oil price rise made countries in the region rich (Sayer, 1974), which attracted the entry of more foreign banks and financial institutions (HGA, 1971).

As the parent bank of BBME, HSBC accepted responsibility for guaranteeing or underwriting its business (HGA, 1966b). With the increasing uncertainties and competition in the Middle East, HSBC's risks increased. When G. M. Sayer became HSBC Chief Manager and Chairman in 1972, he was concerned that if BBME's business was managed by its Board alone, HSBC's ultimate responsibility for BBME was unmatched by its influence over BBME's policy: 'their own Board, occasionally sending you a few accounts and that sort of thing, you really don't know what you're exposed to' (HGA, 1980, pp. 69-70). He then expected to increase the influence of HSBC on BBME's policy.

The ambiguity with HSBC's integration intentions, however, caused confusion among BBME top management, concerning HSBC's management capability. Typical confusion was expressed by Donald Scott, 'we wondered if [HSBC would be] able to understand the totally different conditions that obtained in the Middle East' (HGA, 1983b, pp. 182-183). In addition, BBME's top management autonomy over the previous decade had created path dependence, which together with the confusion caused a politicisation problem, reflected by BBME's top management's resistance to HSBC influence. For example, BBME top management was more concerned with its own interests and performance than those of the HSBC Group (Sayer, 1973a). BBME's Board made major decisions without reference to HSBC and were reluctant to follow HSBC advice (HGA, 1980). Frequently, when Sayer wanted BBME to do something by writing to its Chairman, his suggestion received sparse attention. 'By the time things filtered down the line the thing was all blocked' (HGA, 1980, p. 70).

The above confusion and politicisation problem violated HSBC's expectations of receiving respect and entitlement from BBME, reflecting its parent identity, which alerted Sayer that the initial decision was no longer relationally legitimate: 'more centralisation was needed', otherwise, HSBC Group might lose control and become badly exposed in the fast-moving financial world (HGA, 1980, pp. 69-70). Sayer, however, could not immediately make any integration decision because the non-overlapping of markets and the politicisation problem denied him information about BBME's operations, by which to reassess the instrumental legitimacy of the initial decision. In addition, Sayer accepted that HSBC needed to restructure its Group Head Office and strengthen its managerial hierarchies in order to improve its management capability (HGA, 1980, pp. 69-70).

## **5.2 BBME's recruitment difficulties and its service reliance on HSBC**

Increased public awareness in Britain of the high risks and uncertainty in Middle Eastern countries caused difficulties for BBME in recruiting foreign staff who were recruited in the UK but for work in overseas branches (HGA, 1983e, p. 201). In addition, BBME had constraints on its pay structure, due to pension commitments, while younger staff wanted more immediate remuneration. This contributed to the BBME's difficulty in attracting quality younger staff. During the early 1970s, BBME became concerned at the numbers of junior staff leaving its service (HGA, 1984, pp.

356-7). The difficulty in foreign staff recruitment and retention thus threatened the sustainability of BBME's business.

In addition, BBME business experienced rapid expansion in the oil-rich countries between 1970 and 1975. For example, the number of its branches in the United Arab Emirates and Oman increased by 19 and 10 respectively (HGA, 1970-1975). Correspondingly, BBME's net profits increased from £0.77 million to £4.8 million (see Figure 3). BBME's rapid growth and shortage of staff led it to rely on HSBC for significant 'backup service' (HGA, 1980, pp. 80-81), which was primarily provided by HSBC's Group Head Office, which was restructured in 1973.

The new structure of the HSBC Group Head Office facilitated more and better-quality information flow by deepening and extending managerial hierarchies. It developed a small caucus of very senior executives surrounding the Chairman, with a Deputy Chairman and two Directors/General Managers. Each of the senior individuals provided the Chairman with updated information related to one area or function. Two Controllers monitored overseas operations, together with a Senior Assistant Manager and six Assistant Managers. By 1976 the executive staff had increased from nine to fourteen with a doubling of Assistant Managers (HSBC, IV, p. 586). The Group Head Office thus became a centre where the sources and uses of funds were studied and where plans were made for branches and subsidiaries to implement. The increased top management capability led HSBC to fully integrate MB's Head Office in 1975 (HGA, 1975a). HSBC Group Head Office did not, however, actively manage BBME (Sayer, 1973a).

### **5.3 HSBC's detection of instrumental illegitimacy with the initial decision and legitimisation of its integration decisions**

BBME's recruitment and retention difficulties and reliance on HSBC for 'backup service' alerted Sayer that the initial decision was no longer instrumentally legitimate as HSBC needed to integrate staff and 'match up terms of service' in order to achieve economies of scale, otherwise, the Group interests would be damaged (Sayer, 1974). As HSBC's parent identity was damaged due to the confusion and politicisation problem, when it decided to integrate staff, it did not want BBME top management to actively evaluate the legitimacy of this decision in case its parent identity would be further damaged. Given BBME's recruitment difficulties, HSBC decided first to let its Group Head Office integrate foreign staff recruitment in 1975 as 'HSBC is a better name than BBME' (HGA, 1984, p. 357). Simultaneously BBME's foreign staff salaries were finally brought into line with those of HSBC which were much higher (Herridge, 1973; Jones, 1987). The legitimacy of this integration decision was well received by BBME's top management and staff, as a result of instrumental considerations. Typical comment was made by BBME Chief Inspector, Bradford, 'that was absolutely necessary, absolutely necessary' (HGA, 1984, pp. 355).

HSBC then decided to inter-change staff between HSBC and BBME under the control



of HSBC's Group Head Office. It made a legitimisation claim about the benefits from this decision to staff: this would make BBME staff more aware of the Group business in the Far East and HSBC staff more aware of business in the Middle East. This decision was not, however, judged morally legitimate by BBME General Manager, Gordon Calver, based on his firm belief about the difference between regional banking businesses: 'you either became an expert in the Middle East or you became an expert in the Far East. The businesses were quite different, the people were quite different, the languages were quite different, their styles of life were quite different, and the sort of mental attitudes were quite different' (HGA, 1983c, pp. 201-205). Others judged this decision morally illegitimate, based on their perception of BBME's identity: 'BBME isn't what it was' (HGA, 1984, p. 359). In spite of criticism and discontent among BBME staff, HSBC executed the decision and endorsed its legitimisation claim by the successful results: 'it's broadened the horizons of people who were formerly regional bankers', commented by BBME Secretary John L. A. Francis (HGA, 1983b, pp. 181-182). The majority of BBME staff eventually accepted the instrumental legitimacy of this decision (HGA, 1984, pp. 358-9). In addition, they also accepted its moral legitimacy due to their acceptance of the necessity for BBME's identity change, as Bradford commented: 'if we hadn't moved with the times and changed with changing circumstances the bank would have ceased to exist' (HGA, 1984, p. 359).

Then there was the banking crisis in London in 1973-1975 which caused a dramatic crash in British property prices. This crisis alerted Sayer that the separate retailing banking businesses of HSBC and BBME in their own buildings in London did not have instrumental legitimacy: 'It was ridiculous looked at from an economic point of view. Why didn't the Group get into one building in London?' (HGA, 1980, p. 96). HSBC thus decided to integrate the Group retail banking businesses in London in May 1976 by moving both to a new building at 99, Bishopsgate (HGA, 1976b). HSBC made a legitimisation claim that this integration was for operational economy. Due to BBME's tax advantages in London, the Group business was put in its name (HGA, 1980, pp. 97-98), of which Calver approved (HGA, 1983c, pp. 209-211). Calver's approval created a validity cue that led other BBME staff to accept the legitimacy of HSBC's decision. As a combined operation means rationalization of staff, based on the suggestions of management consultants (HGA, 1980, p. 97), HSBC made a legitimisation claim about the strategic benefits of staff rationalization: it 'would save twenty per cent to thirty per cent staff' (HGA, 1983c, pp. 209-211). Calver did not, however, accept the legitimacy of this decision, which was reflected by his lack of cooperation. For example, he either responded to HSBC's enquiries very slowly or delayed delivering HSBC's decisions, by spending much time overseas (HGA, 1983c, pp. 209-211). BBME staff did not accept the instrumental legitimacy of this decision from consideration of their personal benefits: 'there were all sorts of quarrels about the terms under which the staff could leave etc' (HGA, 1983c, pp. 209-211). Then HSBC adopted an inducement strategy, by offering staff attractive pay-off terms, while coercing them to decide within one year. Quite a few eventually

accepted the instrumental legitimacy of this decision and left (HGA, 1980, p. 97).

Overall, Calver was not very supportive of HSBC's integration decisions and he carried out policy that he considered sound for BBME (HGA, 1983c, pp. 201-205). His attitude could be attributed to communication problems and his personality. The former was because conversations were always between the two banks' Chairmen and there lacked communication between Calver and Sayer (HGA, 1984, pp. 376-377). The latter was reflected by Calver enjoying 'arguing with authority' (HGA, 1983e, pp. 202-203) and was 'particularly opinionated' (HGA, 1983d, p. 128). As Calver was BBME's key decision-maker, his obstructive attitude caused difficulty for HSBC in legitimising its integration decisions within BBME (Sayer, 1973b; Herridge, 1974). Sayer thus decided to remove Calver. Although the Group retail operation in London was in the name of BBME, the critical new positions were taken by HSBC's Departmental Heads (HGA, 1983b, p. 205). This arrangement led to Sayer obtaining increasing confidential information within BBME (HGA, 1983b, pp. 207-209), which led him to decide that Calve must retire prematurely, at the end of June 1977 (HGA, 1983c, pp. 206-20).

After the staff integration, the BBME General Manager was left with shrinking responsibility. In addition, staff integration led to improved intercommunication between the two banks' senior managers, thereby helping HSBC to collect more information about business in the Middle East, thus reducing its confusion about managing this business (HGA, 1984, pp. 366-367). HSBC's then Chief Manager and Chairman, M. G. R. Sandberg, thus proposed to relocate BBME's Head Office to Hong Kong (HGA, 1984, pp. 369-371). HSBC conducted preliminary talks with the BBME Board about this proposal. With the retirement of Calver, there was no longer major opposition to HSBC's integration decisions (HGA, 1983e, p. 201). Calver's successor, Kenneth Bradford, whole-heartedly supported this proposal because he could see that it was not viable to have separate Head Offices (HGA, 1983f, 1984). Bradford's support produced a validity cue. As a result, although several people originally argued against this proposal, they eventually had to accept its legitimacy as there was no alternative (HGA, 1984, pp. 369-371). The BBME Board thus accepted the legitimacy of this proposal and started negotiations with the various UK authorities to gain their approval (HGA, 1984, p. 370).

As Hong Kong was a British colony and there were good commercial reasons for this relocation, BBME's relocation application easily achieved approval from the Bank of England, the Privy Council and Inland Revenue (HGA, 1984, pp. 369-371). On 31 December 1979, the BBME Head Office in London ceased to function. The move was concluded in early 1980 with the granting of a Royal Supplementary Charter (King, 1991). BBME's Board and its Chairman resigned and the new Board was under the Chairmanship of HSBC's Chairman Sandberg (Jones, 1987). The BBME's business and staff management was assumed by HSBC Group General Managers, Bradford emerging as a supernumerary General Manager (HGA, 1984). In order to appease

customers of BBME, after the relocation, HSBC ensured that there were visits to the Middle East by HSBC Group General Managers and the Chairman. In addition, BBME had a Business Development Officer in London, to attend to any visiting Arab customers. BBME branch managers were also given more autonomy, in maintaining contact with their local customers (HGA, 1983f).

## **6. Comparison of top management control integration between HSBC and MB/BBME**

It took HSBC seven years to achieve top management control integration with MB but over twenty years with BBME. This was due to HSBC's key decision-maker's detection of illegitimacy regarding the initial decision about MB much earlier than it had as regards BBME, which consequently led HSBC to seek top management control integration with MB much earlier than with BBME. These differences are mainly attributed to two reasons. One reason is that MB experienced significant environment changes in its host markets from the beginning of the 1960s while BBME experienced similarly but not until the late 1960s. As a result, MB's reliance on HSBC for financial support occurred much earlier than that concerning BBME's staff recruitment and retention difficulties and its reliance on HSBC for backup service, which led HSBC's key decision-maker to detect the instrumental illegitimacy with the initial decision about MB much earlier than that with BBME.

The other reason is that the majority markets of HSBC and MB overlapped, unlike those of HSBC and BBME. Such overlapping had four effects on HSBC's key decision-maker's earlier detection of illegitimacy regarding the initial decision about MB than with BBME. Firstly, MB had to accept HSBC's request to transfer its surplus profits as much as possible, which contributed to its financial reliance on HSBC and accelerated HSBC's key decision-maker's detection of the instrumental illegitimacy of retaining MB's top management control. In contrast, due to exposure to different markets, BBME had a stronger position in declining HSBC's request in order to maintain its independent operation, which slowed HSBC's key decision-maker's detection concerning BBME. The second effect was that the market overlap caused HSBC's expectation to influence MB's policy much earlier than was the case with BBME's policy, thus leading to HSBC's key decision-maker's detection of relational illegitimacy with the initial decision about MB much earlier than that with BBME. HSBC did not have the expectation of increasing its influence on BBME's policy until there were significant environment changes in BBME's host markets. The third effect was that it did not require HSBC increasing its top management capability to integrate MB's top management control, while this was not the case with BBME. This helped explain why HSBC's key decision-maker detected the instrumental illegitimacy of the initial decision about MB much earlier than with BBME. The fourth effect was that the market overlap indicated that HSBC had more information about MB's host market and operations than that of BBME's. As a result, HSBC's key decision-maker

was able to detect the instrumental illegitimacy of the initial decision about MB much earlier than that concerning BBME.

## **7. Conclusion**

This research contributes to British multinational banking history, post-acquisition integration and legitimacy research by exploring how British banks achieved post-acquisition top management control integration with their acquired subsidiaries, from the social psychological perspective of legitimacy judgment. It finds that the ambiguity with the parent's integration intentions caused confusion and politicisation problems between the senior management teams of the parent and the subsidiaries when the former expected to influence the latter's policy, which led the former's key decision-maker to detect relational illegitimacy regarding the initial decision. The significant environment changes in the subsidiaries' host markets led to them relying on the parent for support, which led the parent's key decision-maker to detect instrumental illegitimacy with the initial decision. Furthermore, it shows that although relational illegitimacy with the initial decision was detected earlier than instrumental illegitimacy, the latter was prioritised by the parent's key decision-maker in shifting his legitimacy judgment of the initial decision from legitimate to illegitimate because essentially the parent wanted to enhance shareholder value from these acquisitions.

In addition, this research also finds that the parent's key decision-maker's detection of relational illegitimacy with the initial decision and the subsidiaries' key decision-makers' attitude towards the parent's integration decisions significantly influenced the parent's strategy of legitimising its integration decisions within the subsidiaries. Due to the former, the parent's legitimisation strategy tended to suppress active evaluation of the subsidiaries' management and staff about the legitimacy of its decisions and mainly wanted them to adopt a passive mode of legitimacy judgment by mere acceptance. They used the subsidiaries' key decision-makers' positive legitimacy judgment to produce validity cues to suppress others' evaluations. If the subsidiary's key decision-maker was not supportive, the parent tended to push its decisions through and endorse its initial legitimisation claims by successful results, adopt an inducement and coercion strategy or even remove this key decision-maker to inhibit resistance.

Furthermore, this research complements Chandler (1990) and Jones (1993) by exploring the critical role played by individuals, including decision-makers and subsidiary staff, in the post-acquisition top management control integration process and showing that slower integration also had benefits for the parent's Group interests. First, as some customers and host governments preferred the UK-based bank to Hong Kong-based bank and it took time for the UK identity advantages to decline, more rapid integration would damage the subsidiaries' business and the parent Group interests. In addition, it took time for the parent to achieve trust from the subsidiaries'

customers. Second, as it took time for the parent to acquire the subsidiaries' expertise or for the expertise to devalue, more rapid integration would cause a loss of this expertise and damage the subsidiaries' business. The above two reasons are closely related to the two distinctive characteristics of the banking business: relying on both the trust of customers and governments and accurate knowledge of customers and markets (Tyson, 1963). Economies of scale and scope is only one competitive advantage source to banks.

Due to the uniqueness of HSBC, this paper also contributes to research about EMNCs' post-acquisition integration by showing that EMNCs' better staff terms than those of the acquired subsidiaries and improvement in their management capability would help them overcome the LOE. As HSBC was a British bank and Hong Kong was a British colony, the contribution of this research to EMNCs' post-acquisition integration should not be overstated.

While this research is based on two historical case studies, future research might explore whether the findings are applicable to other post-acquisition integration. In addition, this research illustrates that joint disciplinary research between business history and international business from the social psychological perspective of legitimacy judgment can advance our knowledge of complex post-acquisition integration.

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Table 1 HSBC's Key Decision-maker 1954-1986

HSBC Key	Chief Manager	Chairman
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Decision-maker	(Chief Executive from 1970)	
Michael Turner	March 1953-January 1962	March 1959-January 1962
Jake A. H. Saunders	January 1962-March 1972	March 1965-March 1972
Guy M. Sayer	April 1972- August 1977	April 1972-August 1977
Michael G. R. Sandberg	September 1977-1986	September 1977-1986

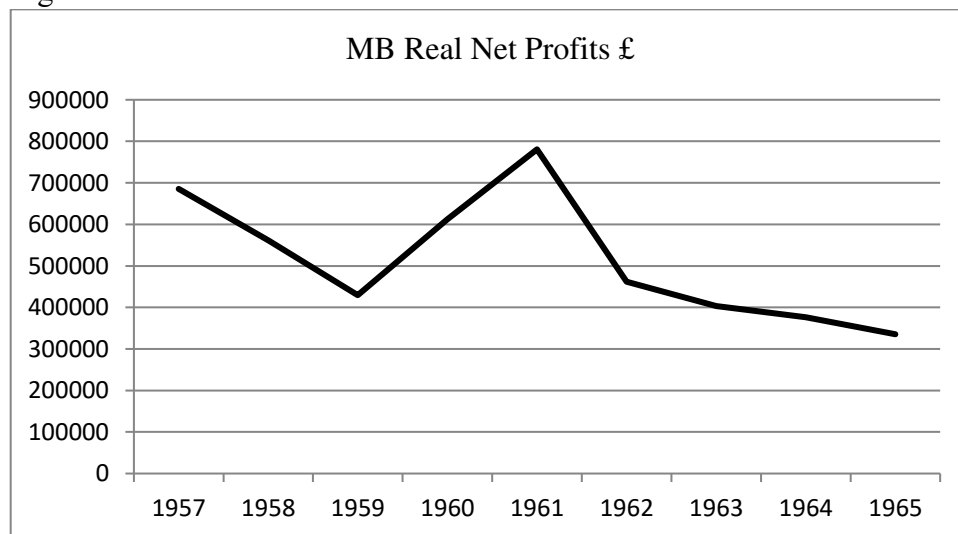
Source: King, 1991, compiled from Tables 6.1 and 15.2; HGA, 1952, 1961a, 1971a, 1976a.

Table 2 BBME's Key Decision-maker 1959-1979

BBME Key Decision-maker	General Manager
H. Musker	07/1952-12/1961
C. F. Warr	01/1962-12/1965
A. Macqueen	01/1966-03/1970
G. A. Calver	4/1970-6/1977
K. Bradford	7/1977-12/1979

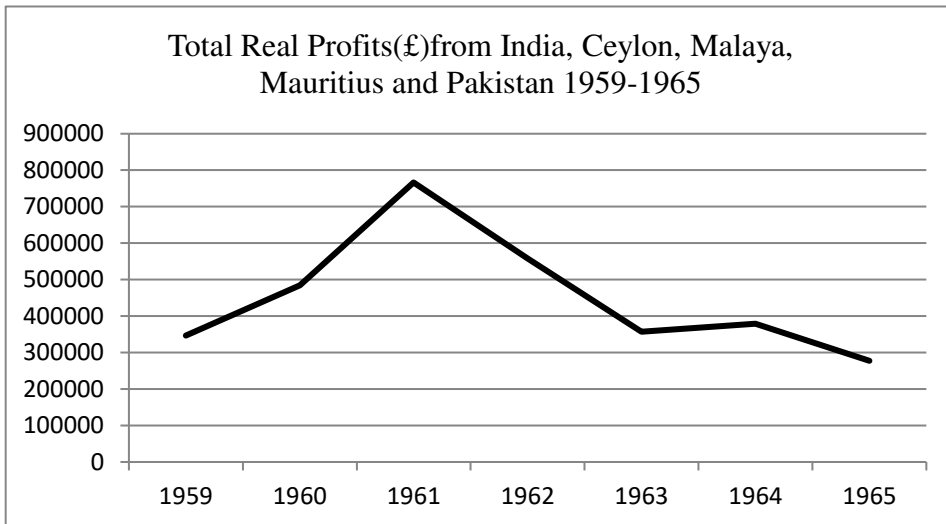
Source: Jones, 1987, compiled from Appendix 12.

Figure 1



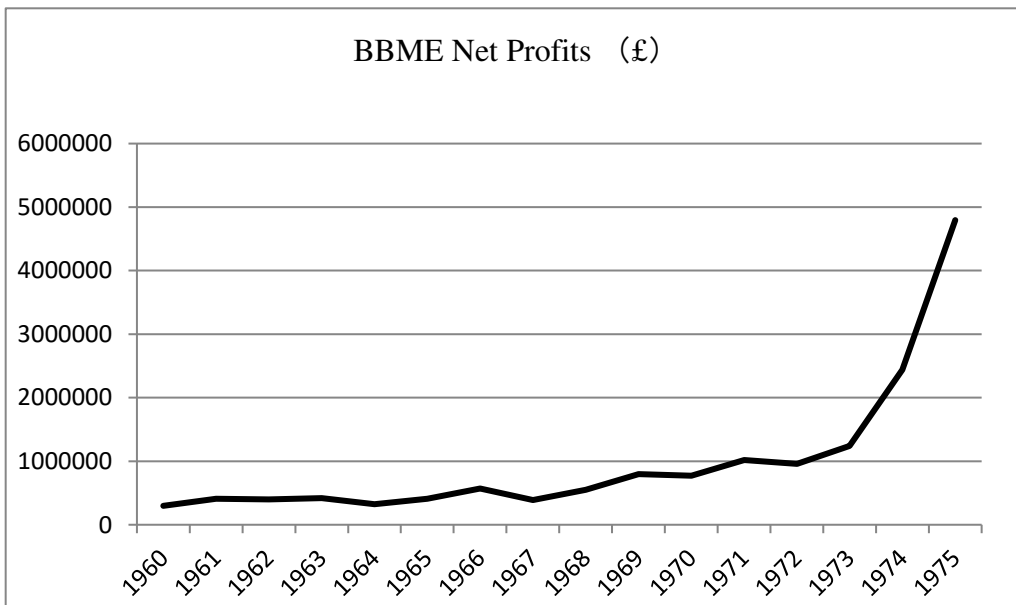
Source: Compiled from Green and Kinsey, 1999, Appendix Two.

Figure 2



Source: Compiled from Green and Kinsey, 1999, Appendix Four.

Figure 3



Source: Compiled from Jones, 1987, Appendix Three.