



Business History >

Volume 53, 2011 - [Issue 3](#)

1,422

Views

15

CrossRef citations to date

6

Altmetric

Articles

Path dependence, change and the emergence of the first joint-stock companies

Nicholas Kyriazis  & Theodore Metaxas

Pages 363-374 | Published online: 22 Jun 2011

 Cite this article  <https://doi.org/10.1080/00076791.2011.565513>

Sample our
Humanities
Journals



>> **Sign in here** to start your access
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

 Share

Abstract

This paper presents a model of path dependence and change and focuses on the gaining of new institutional knowledge. The main thesis is that in 'extraordinary' historical situations the possibility of change increases as a result of external pressure and successful adaptation to it. The model is tested applying it to the case study of seventeenth-century United Provinces (Dutch Republic). Such a situation existed in the sixteenth-seventeenth-century United Provinces, due to their uprising against Spanish rule. Because there existed no strong central authority, the decision-makers had to develop new institutions in order to successfully capture the lucrative spice trade from their enemies. The solution was the joint-stock company, which, through the phases of a continuous decision-making procedure, developed into the 'permanent' Dutch East India Company (VOC) in parallel also to the development of the Amsterdam Stock Exchange.

Keywords:

- path dependence and change
- institutions
- joint-stock companies
- sixteenth-seventeenth century
- United Provinces (Dutch Republic)
- VOC

Acknowledgements

The authors wish to thank Prof. `t Hart of Amsterdam University and the two anonymous referees for their valuable comments.

Notes

1. The idea of bounded rationality has been advanced by Simon (1982 and 1991) and has been proposed e.g. by Frier and Kehoe (2007) to explain historical path dependence.
2. The UP's independence was formally recognised by the Treaty of Muenster – Westphalia of 1648, but in fact, they were already independent of Spanish domination by the last decades of the sixteenth century.
3. We owe this information to an anonymous referee.
4. We owe this information to an anonymous referee.
5. We owe this information to Prof. `t Hart.
6. British authors still call it the ‘Indian Mutiny’, while Indians consider it a revolution against British occupation.

Related Research Data

Path dependence, fragmented property rights and the slow diffusion of high throughput technologies in inter-war British coal mining

Source: Business History

[Bounded Rationality and Organizational Learning](#)

Source: Reflections The SoL Journal

[The Origin of the Joint-Stock Company](#)

Source: University of Toronto Law Journal

[Financing the Athenian state: public choice in the age of Demosthenes](#)

Source: European Journal of Law and Economics

[The Genesis of Corporate Governance: Nineteenth-Century Irish Joint-Stock Banks](#)

Source: Business History

[Bounded Rationality and Institutional Change](#)

Source: Evolutionary and Institutional Economics Review

[Completing a Financial Revolution: The Finance of the Dutch East India Trade and the](#)

Related research

People also read

Recommended articles

Cited by
15

[Capitalism without the capitalist: The joint stock company share and the emergence of the modern doctrine of separate corporate personality](#) >

Paddy Ireland

The Journal of Legal History

Published online: 30 Jul 2007

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

