Transnational Corporation in Russia: «the Singer Company», 1897–1917

The emancipation of bonded peasantry and intensive railway construction in the 1860-1870s stimulated the American Singer Company move to Russia in 1865. In 1897 the Russian Singer Co. was established in St. Petersburg with the purpose of manufacturing and selling its sewing-machines in the country. The Singer machinery plant was built in Podolsk town near Moscow in 1902. 1902-1915 became the peak of commercial and industrial activity of this famous international enterprise in Russia. The Singer Co. took a worthy place in the economy of the Russian Empire as the largest manufacturer and supplier of special and family sewing-machines. Formally independent firm with foreign capital and top management proved to be Russian due to its constitutive documents and the origins of workers.

The Singer Co. was the largest and the most successful transnational company in Russian economic history before the Revolution 1917. It played a crucial role in a new branch of large-scale industry building in the Empire that is light machinery. Nevertheless, for a long time the Soviet scholars did not pay attention to the issue of American entrepreneurship in Russia mostly due to the strict ideological constraints. The situation began changing only after 1982 when was published an article on the Singer’s financial and structural links with foreign and Russian commercial firms. For the first time the Soviet historians attempted to use the Singer’s archival documents in the Soviet possessions. Unfortunately, further studying has been delayed until the end of the 1990s when one more generalized essay appeared.\(^1\)
Western scholars paid much more attention to the Singer Co. in Russia. Mira Wilkins was the first to elaborate theoretical aspects of the American enterprises movement to foreign markets and the Singer Co. was under her consideration too. Several years later a fundamental research was published in the USA. Fred Carstensen on the base of American archival sources prepared quite comprehensive and detailed study. He considered such important aspects as international trading, creation of sales network and influence on domestic industry development.

Yet the history of the Singer Co. in Russia as one of the main issues in the role of transnational companies in the world economy at the beginning of the 20th century is not confined to the previous research. Carstensen’s study set forth urgent necessity and promising perspectives of using Russian archives more fruitfully and extensively than even before. Now contemporary scholars should undertake a profound research based on a number of different published and unpublished sources. In my opinion, in-depth study of foreign firm’s integration into the Russian economy is of great importance for reconstructing precise picture of relationships between foreign businessmen, Russian society and Russian Government.

The beginning of activity in Russia

The American Singer Manufacturing Co. founded in 1850 by Isaac M. Singer and Edward Clark, used the strategy of penetration into the Russian market that became «classic». Establishing sales branches was successful in West European countries and justified itself in Russia. Moreover, as though it seems paradoxical, the Company’s experience in the United States proved to be more effective in Russia than in Europe. Being essentially different economically, institutionally and culturally, Russia and the USA resembled each other in a number of aspects, such as vast territory, long distances, cities luminous by advertising and stores windows, remote located towns and villages and the population with highly diversified incomes. For a long time commercial operations in the Russian Empire were less attractive to the capitalist of the West because Russia
sufficiently lagged behind in economic development and most importantly in the people’s welfare. Quick development of the country after the emancipation of peasantry and the intensive railway construction in 1860-1870s changed the situation drastically and stimulated the Singer Co. penetration into Russia in 1865. Nevertheless overall underdevelopment was the main reason of the prolonged Singer’s trading activity in Russia.

By the beginning of the 1880s the network of Singer’s selling offices, depots and stores had covered the Empire. The aggregate branches number was eighty one. St. Petersburg had 10 depots, Moscow had 5 ones. In the 1880s the Singer Co. started the operations in the Eastern regions of the Empire. At that time the Company established warehouses at the Irbit Fair and in the city of Ufa. Economic upheaval of the 1890s created conditions for the further expansion of the Singer Co. into the Russian market, and made the base for its long-term business in the country.

The Russian Singer Company

In spring of 1897 the Russian firm named «The Singer Manufacturing Company» with fixed capital of 5 million rubles was established in St. Petersburg. Among its founders there were American citizen Frederic Bourne, British subject Douglas Alexander, German subject George Neidlinger. According to its charter the Company was created «for the organization and the maintenance of factories with the purpose of manufacturing the sewing-machines, typewriting machines, bicycles, agricultural machines and instruments, steam boilers and all kinds of electric machines and devices ». The wide specialization declared in the charter testified the desire to locate a longliving enterprise in Russia although the main goal at that moment was the construction of a of sewing-machine factory. Simultaneously the Company bought the distribution network with all the goods to be sold which was created by Neidlinger. He was paid back 2.4 million rubles for his former business.
In the first business years the Company membership often changed but after renaming in 1901 into joint-stock venture «The Singer Co.» it became practically constant. Since 1902 the structure of management got clear and simple contours. The President and Vice-president of the American Singer Manufacturing Company were simultaneously the same persons as in the Russian Singer Co. Before the WWI Douglas Alexander as President of the Board and US citizen Franklin Park as Vice-president (since 1910) headed the Russian enterprise. Both lived in the New York City. In the beginning of the 20th century the Board consisted of a citizen of the USA Walter Dixon, a German subject Albert Flohr and a Russian subject Heinrich Bertling.

It is important to say more about Dixon. In 1895 he was invited to Russia to manage the engine-making branch of the Sormovo plant as a locomotive construction skill. He had to organize a new manufacturing branch at that biggest Russian machine-building enterprise. In 1900 the Singer Co. entrusted him the supervision of the erecting of the Headquarters house in St.-Petersburg in the Nevski avenue, as well as of the building and managing of sewing-machine factory in Podolsk, Moscow province. During his stay in the country Dixon learnt Russian perfectly and gained a profound respect among his subordinates. Flohr worked in the Company since 1902, but being paralyzed in 1905, ceased active participation in business. Because of his bad illness he could not take long and distant trips. He retired from a post of director of the Board in 1915 right after the publication of wartime law prohibiting subjects of the hostile countries to occupy the highest posts in Russian joint-stock enterprises.

There were German subjects in the Singer Co. top management but much less among middle-rank employees before the WWI. By summer 1914 in the Board and in all offices there were 125 German subjects that made approximately 0.5% of the total number. At the factory in Podolsk of 567 employees only 4 were Germans. In February 1915 the Singer Co., which demonstrated extraordinary law-abiding, loyalty and submitting to new orders of the Government, discharged all of them. As for the low-rank personnel the Co. preferred to hire employees from Russian subjects who not only spoke Russian, but also knew local conditions. Such approach to hiring them allowed Singer to
establish closer links with native population of the country. As a result most workers were the subjects of the Russian Empire, representing almost all its nationalities.

In the beginning of the 20th century the capital of the Company has increased 10 times and reached 50 million rubles. Shares of the Russian Singer Co. belonged to the limited circle of persons, being successors of American founders of the firm Isaac Singer and Edward Clark. The total share of their descendants in 1914 made 68.5%. Owners of other shares were D. Alexander, A. and F. Bourne, F. Park, J. Busk, W. Dixon, G. Bonnell, T. Grover. All of them except Alexander were citizens of the USA. The list of the British owners consisted of W. Mattews, Maxwell Wright, C. Foster. The Company’s shares were quoted neither on foreign nor on Russian stock exchanges and were deposited in the National Bank of Scotland in London. The coupon sheets to shares of the Russian Singer Co. were deposited in Cash department of the Board and located in the Azov-Don Commercial bank. The firm did not borrow loans in Russian and in foreign banks. The sole creditor of the Russian enterprise was the Singer Manufacturing Co. in the United States and the Co. gave credit in the form of goods supplies. The expansion of business in Russia resulted in constantly increasing sums of credit. In 1904–1914 it had grown since 13,725,391 rubles to 91,881,314 rubles, i.e. in 6.7 times.

The goods as a rule were carried from a Singer factory in Scotland near Glasgow, and also from American enterprises of the Company in Elizabethport, New Jersey, Bridgeport, Connecticut, South Bend, Indiana and Cairo in Illinois. The Russian Singer Co. had no constant links with the factory in Wittenberg in Germany. Besides the special and very complex sewing-machines which were not produced at the Podolsk factory as well as needles and spare parts to the machines made in Russia the firm ordered a great number of accompanying goods for the sake of advertisement. These were knives, scissors, pencils supplied with a nameplate and a trade mark of the Company.

Thus, the Singer Co. being transnational in character represented family business. According to Alfred Chandler, it was a transitive type of management. Formally this independent firm established in Russia with foreign capital and top management was simultaneously a Russian one due to its constitutive documents and origins of major part
of workers and middle-rank employees. Even in autumn 1914 Department of trade in Ministry of Trade and Industry considered the Co. as Russian one. From the bureaucratic point of view it wasn’t representative of any foreign enterprise⁷.

The main results of activity

The period of 1902-1915 was the peak of commercial and industrial activity of the Singer Co. in Russia. Starting factory of sewing-machines in Podolsk in February, 1902 marked a new stage in the progress of the firm and industrial development of the Podolsk district of the Moscow province. At that moment there was only one big metalworking plant in the region founded in 1883 by Russian entrepreneur Alexander Krestovnikov. The enterprise produced weaving looms and spare parts. From the very beginning the Podolsk plant outstripped the Moscow Co. of mechanical engineering in number of workers and production volume. Two enterprises constituted in sum the greatest amount of various machines sending from the district to all regions of Russia (84 %). The Podolsk factory took the 3rd place in large-scale metalworking industry in Moscow province after Kolomna and Moscow (Mytishchi) machinery construction plants. Build with truly American grand scale the enterprise proved to be the 3rd among Singer’s factories all over the world⁸.

It is interesting to note that erection of the sewing-machine plant began with construction of turbine power station that subsequently supplied with the electricity the whole town of Podolsk. The power station was fitted out with advanced equipment. There were three steam turbines with overall power of 4000 kw, three steam-engines of 1415 hp, eight transformers of 1050 kw and ten steam water-tube boilers. In 1913 a combustion engine of 500 hp was installed. Electricity was distributed to the factory shops by 196 motors of 4248 kw⁹.

In the beginning of the 20th century the factory steadily increased its capacity. The new shops were under construction and the old ones were rebuilt to meet modern requirements of manufacturing. The foundry shop erected in 1908 gave up to 9 thousand
poods of pig-iron (14.7 tons) per day. That shop covered not only needs of the Podolsk factory but it also executed orders of cotton mills of the Moscow province for metal spare parts of weaving looms. By 1916 37 industrial units were built in total at the factory territory, of which eight were multi-storey. Fast growth of workforce also testified to rapid development of the enterprise. In 1908 there were 1350 workers and the value of annual output reached 5 million rubles. Before the WWI the number of workers exceeded 5000.

As far as the net profit is concerned the following should be underlined. According to balance sheets the Singer Co. was a prosperous enterprise throughout all period of its operation in Russia except wartime. Each year it yielded more than 1.5 million rubles and shareholders got 4–5.5 % on their investment.

Originally, the factory made stands for sewing-machines exclusively from Russian materials, and then began to manufacture machine heads. From the very beginning Russo-Belgian metallurgical Co. became constant partner of the Singer enterprise supplying it with pig iron and ferrosilicium. Later on, it started making wooden parts like covers, tables, supports and so forth. Finally, the Podolsk plant began to make the major part of family sewing-machines sold in Russia covering 40 % of home market. In prewar years the daily output reached up to 2500 machines of 6 classes. The Podolsk factory consisted of pig-iron foundry, metalworking and woodworking shops and power plant. They were equipped with machine tools made mainly in the United States, Great Britain, Russia and Belgium. Contemporaries noted that the plant was perfectly equipped, shops and premises were light and spacious, kept clean and all equipment was maintained in exemplary order.

Mr. Dixon remained permanent superintendent of the Podolsk factory since the day of its foundation. The metalworking shops were managed by H. Thomas, American mechanical engineer. Apollon Miljukov, Russian mechanical engineer and the graduate of the Moscow Technical School, was at the head of woodworking shops. The Russian engineer P.D. Menshikov, graduate of the Petersburg Electrical Engineering institute, managed the power station. Initially A.N. Miljukov and then I.P. Antonov conducted
building works. The last one also graduated from the Petersburg Electrical Engineering institute. Managers and employees of other factory departments – economic and accounting office – also were Russians. As far as workers are concerned as a rule, they were the local townspeople or peasants from the nearby villages. Thus, a number of Russian engineers occupied high rank positions in the Singer Co.

**Sales network**

The Singer's Company trading activity developed successfully. In 1900-1914 the number of its sewing-machines sold in Russia increased more than 6 times and the cost of output grew 7.6 times. As Fred Carstensen pointed out, «in 1904 the Russian market accounted for less than 15% of Singer’s total sales. In 1914 it was Singer’s second largest market, behind only American». It accounted for over 30% of the world sales. The Russian law accepted in February 1904 permitted selling on credit in retail trade. It allowed the consumer market expanding in the country with generally low incomes of the population as well as including in it the poor. The Singer Co. which has developed production of family sewing-machines in Russia successfully took advantage of this right. Sales by instalments carried out on favorable terms: any buyer could pay one ruble a week. However, even greater influence on the expansion of consumer market rendered the selling tactics of the firm, due to which «sewing-machines, — said the document — previously considered as articles of luxury which could afford themselves only substantial buyers, have now become accessible to all classes of the population, including the poorer». Accordingly, the sewing-machines brought additional money to family budget.

The meaning of Singer marketing strategy and tactics in Russia was the following. The basic principles of business operations in Russia and America were the same: selling all articles through the Company’s own depots by numerous trade personnel directly to consumers. Thus, the Co. eliminated all re-sales through intermediaries, dealers and commission agents. As the majority of Russian population was occupied in agriculture and it’s creditability depended much on the crop the depots managers obtained
information regarding prospects of the harvest. Therefore, if a good yield was expected the manager could count upon increased sales. In its turn the factory had to prepare the necessary quantity of sewing-machines in due time while the manager of the shop ought to place his orders in advance. In addition, the Singer Co. made enquiries regarding workers families. The only difference was that in determining their creditability the managers took into consideration the length of service of the worker at the enterprise, as well as job performance. It was clear that a worker could be a good payer only after some time of his employment and that every decrease or stoppage in the work of the plant immediately affected the worker’s welfare\textsuperscript{17}.

Special, more complex sewing-machines made by the Singer Co. in the USA and Great Britain filled another segment of the Russian market. These machines were imported and the Russian affiliated firm sold them to numerous sewing workshops specialized on tailoring clothes, lingerie, gloves and footwear. The best and most respectable store on wholesale - retail trade in garments was «M. and I. Mandle», one of the biggest client of the Singer Co. It had it’s own workshops situated in near-by districts of the Moscow province. The Company of Russian-French factories of rubber, gutta-percha and cable manufactures «Provodnik» and a number of textile firms of Central Industrial Region were also serious clients. Partnership of Nikolskaya mill «Savva Morosov’s son and Co.» was among them. It had a factory section for making the openwork shawls that was equipped with Singer’s special sewing-machines. Several state enterprises became the steady partner of the firm. Among them were sewing workshops of military full-dress uniform in St.-Petersburg and Tomsk reformatories, workhouses of Charity Department named after Empress Alexandra Fedorovna. All of them ordered powerful central spool machines for difficult works with heavy soldiers’ cloths and mechanical high-speed rotary sewing-machines for soldiers’ underwear\textsuperscript{18}.

In the beginning of 20\textsuperscript{th} century the sales network of the Singer Co. had well-organized structure and grew rapidly. In Russia it looked like that. The country’s territory was divided into large areas where the Central offices subordinated to the Board. The local depots being basic organization of the Company’s sales network submitted to them.
Before the WWI the total number of the Central offices had reached 50. There were 38 offices in the European part of Russia, 6 – in Siberia, 3 – in Transcaucasia and 3 – in Central Asia. Activity of every Central office was limited to one or more provinces according to the density of population. The aggregate number of shops and depots of the Singer Co. in Russia exceeded 3000 in which almost 25 thousand employees were occupied. Stores were easily recognizable due to the Singer signboards with the Company’s trademark. Each store had a warehouse of spare parts and a workshop for repairs. Aimed at complete satisfaction of the buyer’s needs the Singer Co. gave full and timeless guarantee, free training in sewing and embroidery in the Company’s shops. To every sold machine was attached detailed instruction with illustrations, written in simple, clear and intelligible language. It was very important for Russia where too many people had only elementary education or were illiterate. As a result, hardly any other big company in Russia was so close to consumers as the Singer Co.

The Company’s employees acquired the same style of serving buyers adopted in all large stores of Russia. They were obliged to be polite, to have faultless bearing and to show the initiative. The seller had to draw attention of clients to the last achievements of the Singer Co. He was to know everything about the sewing-machine and be able to explain it. Every printed matter accompanying goods had to fall in hands of the buyer in a tidy kind. According to Albert Flohr’s opinion, all this was the best means to gain the trust and confidence of the public and simultaneously demonstrated the advantages of purchase of sewing-machines at the Singer Co.

Advertising and public image

The Singer Co. actively used advertising. In pre-revolutionary Russia the widest field of address belonged to press announcement used by practically all commercial organizations. The richest firms ordered colorful posters placed in show-windows of their stores. All this was in arsenal of the Singer Co. However, the firm applied its own approaches to advertising as to the «trade mover» maximizing opportunities of printed
matter. In the beginning of the 20th century it issued in mass quantities tear-off calendars which advertised Singer's production. Employees of depots were obliged to offer them to all visitors. The firm also issued post cards with views of Russian cities and towns which included such necessary attribute as a picture of the Company’s stores with signboard. These cards were given both to clients and potential buyers who visited the store to look at goods on sale.

Before the WWI the Co. made an unprecedented step towards the buyer. It initiated publication of a yearbook resembling «Universal calendars» issued by outstanding Russian publisher Ivan Sytin. This Singer edition had a symbolic title «Family». In the foreword the firm addressed to the readers with the following words: «What has inspired us to start edition of a new type of calendar? … The very dialogue that during fifty years the Singer Co. maintained with Russian family. During fifty years the Singer Co. was known only as a main supplier of sewing-machine – this true assistant both in a family and in a workshop. Moreover, our presentation as the publisher of that calendar is the direct result of our close association with «Mother Russia». Following Sytin's plan the Co. issued the calendar in form of encyclopedia called to give answers to all possible questions of plain readers. Among the useful information was the firm’s advertising. It proved to be the most successful PR action of the Singer Co. which gave image of the Russian firm anxious with daily life of ordinary inhabitants of the country.

The top managers of the Singer Co. strained every effort to present the firm as a Russian concern in public opinion. Such kind of self-advertisement was manifested particularly in the begging of the 20th century when the Podolsk plant was founded. The firm’s intention to be an integral part of the Russian economy was confirmed at the official level in the last analysis. The first years of trading activity was crowned with success: shops of Ministry of Imperial Court ordered sewing-machines regularly. In1878 the Co. obtained honorary titles of Purveyor of two Grand Duchess Courts: Alexandra Iosifovna and Marie Pavlovna. In 1906 the Co. was awarded with higher title — «the Purveyor of His Imperial Majesty Court».22
High titles were important constituent elements in general firm’s image but its acquisition was not unique facility of pursuing projected goal. The main reasons consisted in different deeds. The Co. took active part in socially significant activities. In 1911 the Podolsk factory employees began fundraising for the benefit of starving as voluntary deductions from wages. This campaign was initiated by Dixon who used skillfully advantages of his own authority and administrative position. Collected money was send to recipients chosen by employees and workers that is regional Zemstvo institutions in Saratov province\(^{23}\).

The Singer Co. followed tradition of advanced and socially oriented Russian enterprises in organizing leisure-time. There were arranged the Christmas parties for the children of workers and employees with giving presents. During the WWI the charities acquired even greater scope. Practically all numerous Central offices with their depots started fundraising for the military needs by deduction of 1.5 % from earnings. By 1916 they collected in total almost 51.4 thousand rubles. Moscow branches gave the largest donation, the city’s share in overall sum gathered in 1914–1915 equaled 16.5 %. Resources were used for making gas-masks, compresses, haversacks. Kursk city Central office and its depots was second large donor, about 294 persons took part in charitable action\(^{24}\).

Simultaneously the Co. organized help to families of employees and factory workers mobilized to the army by giving out them subsidies. Over 571.6 thousand rubles has been paid out by August 1, 1915. That sum was divided between the factory and the trade workers in following proportions: 220.7 thousands rubles and 350.9 thousands rubles. At the very beginning of the war the Singer Co. transferred gratis more than ten thousands sewing-machines to numerous public committees working on defense. Besides that, the factory administration offered free rooms for hospitals supported by top managers of the Co. Dixon’s wife who was Russian by origin founded a local department of Committee of Her Imperial Highness Grand Duchess Elizabeth. This public institution organized soldier’s underclothes sewing. It paid much attention to placing in a job the members of families of employees and workers mobilized to the army\(^{25}\). Thus, the Singer
Co. continued to operate as truly Russian enterprise surviving all war hardships together with Russian society in spite of false accusations.

**Conclusions**

The Singer Co. held a worthy place in the economy of the Russian Empire as the largest manufacturer and supplier of special and family sewing-machines. The Co. became an integral part of the national economy because of its close business links with numerous Russian trading and industrial enterprises. In final analysis, it created commercial network adapted to indigenous market. The Podolsk factory found by the Co. was the only mass producer of light machinery in the Moscow province as well as in Russia. The manufactured goods were made from Russian raw materials and by Russian workers. By 1914 it has been created practically complete cycle of production of family sewing-machines with only one important exception. The needles were imported from abroad. From the socio-economic point of view the Podolsk plant had great significance for well-being of local and district community.

All the time the top managers presented the Co. as the Russian concern using advertising campaign and public charitable activities. In peaceful time it got its way. Nevertheless, the Singer Co. suffered severe difficulties from the anti-German policy unleashed by the Government. During the WWI two representative public organizations and authorities of the town of Podolsk made every effort to change the situation in favor of the Singer Co. However, there were no positive changes for the better during two years, the governmental control was abolished too late, in March 1917. Moreover, the economic conditions in Russia aggravated day by day. That is why in 1917 the Singer Co. managers came to a conclusion about impossibility of further business operations and they decided to lease the factory to the Provisional Government. On June 28, 1918 former Singer property in Russia was nationalized by the decree of the Soviet power.


3 *Instructions for use of new family medium and № 4 sewing-machines for domestic and other works*. S.-Petersburg, 1882. p. 31-32.

4 *The charter of joint-stock company «the Singer Company». Imperially confirmed on the 13th June 1897*. St.-Petersburg, 1909, p. 3; Maria Sharohina, op. cit., pp.160-161.

5 Central historical archive of Moscow (further TsIAM). RG. 1292, inv. 1, f. 3, pp. 1-16; *Minutes of the commission formed from representatives of All-Russia Zemskyi and City unions for elucidation questions on staff membership of Russian joint-stock venture «the Singer Company». Moscow, 1915*, p. 5-6.

6 TsIAM. RG. 1292, inv. 1, f. 104, pp. 1, 6, 7; *Minutes of the commission*. Op. cit., p. 6, 7.


10 Ibid., p. 112; *The list of mills and factories of Russia*. St.-Petersburg, 1912, p. 292.


16 TsIAM. RG. 1292, inv. 1, f. 104, p. 3.

17 Ibid., p. 3-4.

18 Ibid., f. 10, pp. 141, 143, 324; the Calendar "Family" for 1914. Edition of the Singer Company, p. 116, 117; Purveyors of His Imperial Majesty Court, p. 275, 281, 284, 284.

19 Maria Sharohina, op. cit., p. 166; the Calendar "Family" for 1914, p. 122.

20 TsIAM. RG. 526, inv. 2, p. 66, p. 5.


22 Purveyors of His Imperial Majesty Court, p. 219, 228.

23 TsIAM. RG. 526, inv. 1, f. 18, p. 23, 27.
