Without Practice or Practitioners: Graduate Business Education, 1945-1960

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The rise of graduate business schools occurred during a period of enormous growth, followed by dramatic decline, in the fortunes of American business. During the 15 years following World War II, corporate recruiters increasingly turned to graduates of America's business schools to staff their flourishing operations. These MBA (Masters in Business Administration)-educated managers changed the way Americans did business.[2] Their impressive credentials enabled them to get hired and promoted to management positions in growing numbers.

As these executives climbed the corporate ladder, their decisions became more important to the long-term health of their companies. This generation of executives assumed senior management responsibilities just as their companies began to encounter dramatic changes in markets and technology [26]. Many of these executives thought the days of American economic dominance would never end.

I do not suggest that there is any direct correlation between America's declining competitiveness and the increase in MBA-educated executives at senior levels in American companies. No form of education could prepare students for the specific changes that have bedeviled the American economy since the 1970s. However, because so many MBA educated executives had difficulty managing their companies' response to

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[2] MBA training grew in influence as MBA-educated executives gained increased managerial responsibility in many prominent American companies and business magazines touted the MBA. As MBAs took the helm of American corporations, there were dramatic changes in corporate strategy, corporate finance, and means of responding to foreign competition [5, p. 38]. As the following studies show, the MBAs weaned in the 1950s took responsibility for America's companies in the 1970s and 1980s. A survey of 428 top executives in 1950 found that only 19 (approximately 4%) had degrees in business administration (13 from Harvard) [21, pp. 68-69]. By 1964, 17% of 66 business leaders had MBAs. [2, p. 65]. A 1979 Harvard study [18, p. 3] found that by 1977 over 20% of the top three officers of each of the *Fortune 500* manufacturing companies was a graduate of the Harvard Business School. In 1989, 225 of the chief executive officers at the top 1000 corporations had MBAs. [4, p. 28].

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such changes, I have looked at how business education has influenced managerial attitudes and practices.[3]

Like other forms of professional education, business education can be evaluated by how well it provided knowledge that is useful (values, skills, and information) to business practitioners from trainee to corporate president. Graduate business schools differed from other professional schools in how they conveyed such "useful knowledge." In other professional schools, such as law, engineering, education, or medicine, what students were taught about practice in the classroom was reinforced by practicing--in clerkships or internships. Moreover, these schools relied principally upon practitioners for their faculty. This was not the case at graduate business schools. MBA students gained managerial training twice removed from real-world experience at the same time that companies began to rely on graduate business schools to recruit their management pool.

Perhaps trust in the ability of business education to mitigate the seasoning of experience was misplaced. If their training was successful, MBA-educated managers should have been able to respond flexibly to both short- and long-term market fluctuations and developments. Such training also should have provided managers with the skills, information, and confidence to make entrepreneurial as well as operational decisions. As Alfred Chandler noted, executives who have failed to develop an entrepreneurial outlook hamper their companies economic efficiency, flexibility, profitability, and over the long term, survival. My research indicates that America's graduate business schools generally trained students to make operational decisions. These schools were less successful in helping their graduates develop an entrepreneurial outlook.

I have used two contrasting models of business education, the Graduate School of Business at Columbia University (CBS) and Harvard Business School (HBS) to examine how well professional business education served the needs of business. In 1956, of approximately 4,500 masters degrees granted, these two schools produced 888 (almost one-fifth of the total).[4] Because both schools were affiliated with prominent research universities, they were expected to produce both scholarship and graduates that would add to their university's reputation. The two schools were located in major business cities and, therefore, had great potential to influence the practice of management at companies headquartered nearby. Moreover, during the period of study, these schools established programs and publications to train and involve business practitioners in their work. Both institutions were singled out by the Ford Foundation as models for the

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[3]Because of the enormous market share, shrewd management, and technological edge of many American companies, many American managers (along with other executives, economists, and government officials) became arrogant about America's economic prowess [7, pp. 3, 91; 15, pp. 726-28; 27, pp. 3, 10, 11; 5, p. 38].

[4]See [23, p. 229] for total masters degrees granted. These figures are inexact because they include MS as well as MBAs granted. For Harvard MBA enrollment figures, see [12, p. 123.] For Columbia MS and MBA figures, see [10, 1958, p. 8].

rest of the nation. Their programs were emulated by other business schools.

The Graduate School of Business at Columbia

All of Columbia University's departments and divisions were expected to emulate the university's proud tradition of providing "liberal education." Thus, in 1916, the founders of the Graduate School of Business concurred with the university's values: they hoped to use "liberal educational" subjects and methods to mold competent, socially responsible business citizens.

Liberal education became the avowed strategy of the school. In 1949 undergraduate courses were abolished and Columbia limited its program to graduate professional education. The business school recruited heavily at liberal arts colleges and the school's catalogues advised potential applicants to obtain "a suitable background in the liberal arts." Although the majority of the school's students were white males, the school also accepted a few women, minorities, and significant numbers of foreign students--all in line with its liberal orientation [11, 1947, 1950; 3, p. 155].

In spite of this "liberal emphasis," the school's program tilted toward job-oriented coursework. Columbia's strategy was in fact job specific/vocational: it prepared students for specific jobs as opposed to the generic profession of management [8, 1946-1947, pp. 12-13]. The triumph of vocationalism over liberal education stemmed primarily from the school's devotion to faculty specialization.

Specialization enabled the business school faculty to emulate the mores of the university and perform in an academically respectable manner. Some of the faculty's specialized areas were attempts to make traditional liberal arts disciplines relevant to business, but most of them arose out of the need to train students for real-world jobs [24, p. 20; 8, 1945-1946, p. 18; 8, 1949-1950, pp. 31-37]. Consequently, while there were liberal courses sprinkled throughout the curriculum, the bulk of the school's offerings were in job-specific skills such as accounting, traffic management, and personnel.

This curriculum had several noteworthy aspects. CBS had long focused on the social responsibility of business. The school also was an innovator in the study of international business, and it pioneered in emphasizing the philosophical aspects of business. In contrast with many other business schools, Columbia maintained a focus on production management and manufacturing throughout this period [8, 1944-1945, 1952-1953, 1957-1958, 1960-1961].

Despite these strengths, the 1950s were a period of stress at Columbia. Because there was no shared curriculum, there was no common academic preparation for management [10, 1958, p. 15]. Nationally-known faculty members departed; faculty morale declined; enrollment stagnated [13, pp. 139-40]. Columbia clearly needed a new approach to business education.

But many on the school's faculty feared curricular change, and they used specialization as a rationale for their opposition [9, Memo #190, November 7, 1951, Memo #2-5.2, March 16, 1956].[5] They argued that any changes to the areas of specialization would conflict with the school's commitment to "liberal education." [28, pp. 11, 13, 15]. As a result of faculty opposition, curricular reform was delayed until 1959. The faculty finally accepted an integrated core curriculum which limited the school's 26 fields of specialization.[6]

But even these curricular reforms did not end faculty specialization. Faculty influence over the curriculum and personnel made it difficult for CBS to serve the changing needs of business. Many faculty members were unenthusiastic about teaching in the new core areas, such as quantitative methods, which appeared unrelated to their specialities. Although there was good reason to believe these core areas were necessary to keep American business "on the cutting edge," many CBS faculty members simply were not interested in them.

Faculty control also affected the school's ability to produce research to meet both the immediate and long-term needs of business. CBS did not produce either the quality or the diversity of research that its focus on liberal educational values would lead one to expect. CBS faculty members were credentialed and experienced in research, like their peers at Columbia's sister schools, yet only one of the faculty's doctoral degrees was in business.[7]

In the postwar era, many of the major contributions to "leading-edge" business research were developed by interdisciplinary groups at schools such as the University of Chicago and Carnegie Mellon [25 pp. 18-19, 27, 36-37;

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[5]The political tenor of the times may provide a further reason for faculty reluctance to abandon specialization. The drive to reform Columbia's curriculum occurred during the McCarthy era, a time of great stress for many universities. Like many of their academic brethren, business school faculty members may have believed they were preserving academic freedom by ensuring their academic control.

[6][28, pp. 18, 23, 70, and 88] The new curriculum emphasized breadth of education rather than technical preparation for business. It represented a concensus on the functional areas of business in which all students should be literate. This included balancing core areas of study of management with the areas of specialization. The core curriculum included eight required courses: "World Resources," "Conceptual Foundations of Business," "Business in a Dynamic Economy," "Administration of the Firm," "Business Decision-Making," "Human Behavior in Organizations," "Quantitative Methods," and "Policy Determination and Operations." Core courses totaled 29 of 60 required credits. [8, 1960-1961, p. 15]. Students could take 15 points of electives and 15 points in an area of specialization. Available electives included economics, math, political science, philosophy, and history. Areas of specialization included, banking, business economics, finance, industrial relations, international business, marketing, production, and management [10, 1960, p. 11].

[7]In 1949, 52% of the faculty members had doctorates; this increased to 57% by 1959. In 1949, the faculty included 3 BAs, 3 BSs, 3 MAs, 3 MSs, 2 MBAs, 4 CPAs, 1 LLD, 4 LLBs, and 28 PhDs. In 1959, the faculty included 1 BA, 6 MSs, 1 MA, 3 MBAs, 4 CPAs, 5 LLBs, 1 LLD, 5 PhD/LLDs, 1 DCS(a doctorate in business from Harvard), and 33 PhDs [8, 1949-1950, pp. 8-10; 8, 1959-1960, pp. 5-8].

as the University of Chicago and Carnegie Mellon [25 pp. 18-19, 27, 36-37; 23, p. 313; 13, p. 391; 22]. Despite ample opportunity the business school faculty did not engage in collaborative research with professors from the university's other highly-regarded departments. [13, p. 381; 10, Appendix, 1953-1959; 22] As a result, although the business school faculty was prolific, and initiated studies on the internationalization of American business, the school did not make major theoretical contributions to the study of business [25, pp. 149, 152; 9, #213, November 4, 1995; 22]. The continued focus on vocational specialities led to research on esoteric issues, many of which were irrelevant to the actual problems confronted by business executives.

Columbia's approach to business education was hampered by a lack of influence by business practitioners. Despite the school's "unique access to America's greatest business center," executives were seldom on campus. Morever, business executives had little input into the curriculum. In Columbia's classrooms, students were prepared for business with academically respectable theories and models; they rarely studied real business problems. In addition, these students learned about business from faculty members who generally had little practical business experience. Without such experience their competence to train business practitioners in market change appears questionable. Business leaders and alumni financed some of the school's research and established fellowships and programs for equipment donations [3, p. 149-150; 31 p. 112]. Yet even this limited business interaction compromised the school's relationship to other divisions of the university. These departments supposedly looked upon the business school as merely a "milk cow" [3, p. 144]. This may explain why the business school faculty bent over backwards to prove its academic legitimacy, in part by remaining committed to specialization.

During the 1945-1960 period Columbia Business School effectively met some of the needs of business. Columbia trained its students for many business professions. With its skill-oriented coursework, the school served the immediate needs of corporate recruiters and helped students attain their first jobs. Although the new curriculum helped make Columbia's program more coherent, faculty power ensured that the school's vocational orientation was maintained. The faculty continued to focus their research on narrow areas of study, most of which were irrelevant to the real-world problems their graduates were confronting. The school's failure to prepare its students for the challenges presented by the globalization of technology and industrial capacity in the postwar world may be explained by the faculty's reluctance to engage in such path-breaking research. Moreover, because CBS maintained so many specialized areas of study, students learned a skill-specific approach to management. The school did not effectively develop the broader perspective needed by business executives and organizations over a lifetime career. This contrasted with Harvard's approach to business education.

Harvard Business School

HBS was the most influential graduate school of business in postwar America [30, p. 17; 25, p. 21]. This influence stemmed from the quality and size of its classes, its share of MBA-educated businessmen, and the breadth of its involvement with business. By 1949 almost 50% of all MBAs were Harvard graduates [29, p. 18]. But sheer numbers are an inadequate measure of Harvard's influence. Harvard fostered its reputation by keeping business practitioners involved in the affairs of the school. HBS was able to draw upon the prestige of the Harvard name to develop and enlarge its business contacts.

The Harvard Business School's approach to business education differed from that at Columbia in two major ways. HBS faculty were not concerned with providing a liberal education; they assumed that their students already had been liberally educated in college. Furthermore, HBS did not aim to teach the many professions which comprise business. Harvard trained its students for only one business profession--management. The curriculum emphasized integrated managerial concepts rather than job or skill-specific concepts. Harvard trained what Alfred D. Chandler has termed "good line men," executives who would make the major entrepreneurial decisions for corporate America [6]. Underlying this training was the notion that Harvard's graduates would become business leaders.

Harvard faculty and administration carefully selected students for their leadership skills [1, 15]. In contrast with Columbia, which aimed to promote a more diversified pool of potential business leaders, Harvard sought students who already possessed the characteristics linked to success in leading American business [16, 1953-1954, p. 65; 16, 1957-1958, p. 48; 16, 1959-1960, p. 51; 13, p. 337n].

Every aspect of Harvard's approach to business education was designed to prepare its carefully selected group of students for leadership. They learned business from the vantage point of "top management." According to the catalogue, this enabled the graduate, "to make the most effective contribution to the business as a whole." It also may have bred management arrogance. Harvard taught its students that they could learn to manage a diversity of skills, tasks, and people in a wide range of employment settings.

Harvard's curriculum was based on the idea that students could practice for management by learning from real-world problems and solutions. Every course at Harvard was taught in the case method; texts and lectures were rarely utilized. Cases allowed the school to integrate business education and research.

The first-year coursework included courses cutting across functional areas (administrative practices, control) and process courses (finance, marketing). The second-year courses included one required course, business policy. Students could take a wide variety of electives [17, pp. 14-15, 27-38; 12, pp. 176-178]. In contrast with Columbia's experience, the HBS curriculum remained relatively stable.

This curriculum had several innovative aspects. Since 1946, HBS had emphasized the role of management in society and business-government interaction. Furthermore, the school was an early leader in stressing the importance of human relations and the different perspectives of individuals within business organizations. Like Columbia, Harvard maintained a focus on manufacturing and production [19]. HBS also pioneered in offering corporate planning [18].

Despite these curricular innovations, the school's rigid adherence to the case method caused some problems. The devotion to cases necessitated a special type of teacher, one comfortable with the more democratic and applied nature of case discussion (rather than lecturing). As a result, HBS tended to hire Harvard MBA graduates, train them as case researchers, and nurture them through their doctoral studies. Harvard students learned about business from Harvard-educated scholars, rather than from business practitioners. In contrast with the Columbia faculty, these faculty members were scholars of business rather than traditional academics. By the mid-1950s, however, this system had produced an inadequate supply of scholars, especially in such new areas of managerial studies as operations research and applied mathematics. HBS had to hire outsiders. These faculty members had the potential to bring new perspectives to the program. But because they were directed to utilize the case method for their teaching and research even these professors were molded to fit the Harvard approach to business education.

In contrast with Columbia, Harvard faculty members believed that business theory and analytical models were subordinate to good managerial judgment [12, pp. 176-77]. As a result, Harvard's reliance on cases made its curriculum more practical than Columbia's. But, as previously noted, because the bulk of HBS faculty members were home grown, few had any hands-on business experience. In addition, because cases were the only tool to teach business, the pool of ideas discussed in HBS classes was circumscribed by what already had happened to the corporations examined in Harvard cases. This, I believe, probably blinded many on the HBS faculty to the dramatic changes taking place in the world economy.

The case orientation and HBS's system for evaluating and supporting research impeded the school's ability to sustain the record of innovative research it had gained after its famous Western Electric studies. The dominance of Harvard-trained faculty made HBS ingrown in its research orientation. Furthermore, faculty were encouraged to use case research in order to keep in touch with immediate business problems. This made it harder for the faculty to focus on research projects with a long-term orientation. It also led faculty to select practical research topics capable of being assessed with case research.

Reliance on the case method was not all negative. The devotion to faculty-developed cases helped the school maintain a common sense of mission and develop a community among the faculty, students, business, and alumni. Cases provided an entree to the diversity of the business world.

The case method furnished businessmen with an effective mechanism for influencing the curriculum. When these businessmen/students participated in case discussions, faculty got immediate feedback from experienced executives. In contrast with Columbia, this interaction between faculty and businessmen meant that in the classroom students and faculty learned about business with the input, albeit indirect, of business practitioners.

The feedback provided by cases led to an informal dialogue with the business community. In publications such as the *Harvard Business Review*, business responded to the faculty research by articles and letters to the editor as well as comments on cases.

In sum, Harvard's devotion to the case method had positive short-term implications and some negative longer-term implications for the training of American managers. With case-study training students were given a broad conception of management and, as statistics show, went on to lead many of America's companies. The case method facilitated Harvard's ability to involve business in its programs. It was difficult, however, for the faculty to use cases to anticipate problems that business had yet to encounter. Furthermore, since research was expected to culminate in cases or case books, the faculty did not focus their research on long-term problems. Although Harvard provided its graduates with a broader outlook on the needs of the corporation, its students too were inadequately prepared to develop an entrepreneurial outlook.

Conclusion

My research on these two institutions has led me to conclude that America's graduate business schools served business well in the immediate postwar period. Both Columbia and Harvard provided trained graduates at little or no cost to their clients. By preselecting and training future managers, they saved these corporate clients short-term personnel costs. But perhaps there were costs down the road for these companies.

Each school had a special niche. Harvard produced graduates aiming for corporate leadership; Columbia equipped its graduates for the early stage of their careers and met the needs of business recruiters for a wide range of specialists. Columbia's graduates were prepped for operational decisions; Harvard provided its graduates with the perspective (although perhaps not the information and skills) to make entrepreneurial decisions.

Both institutions were less successful in meeting longer-term business needs. Neither Columbia nor Harvard developed a curriculum, research, and teaching methods that kept pace with global economic developments. The range of ideas discussed in the classrooms of both schools was limited by their respective approaches to education. Harvard students learned only from cases, while Columbia students learned from "academically respectable" theories and models. Both provided an ivory tower approach to education. Neither school focused on developing leading-edge business research.

It is noteworthy that business practitioners were barely involved in curricular development or as faculty members at the business schools from which they hired. As Mark Twain noted, "I have never let my schooling interfere with my education." American managers may not have been better educated had business practitioners been more involved in the curriculum and classrooms. But with greater business involvement in their education, MBA-educated managers may have been better prepared to anticipate and respond flexibly to the challenges of unavoidable market change.

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