



Practically Academic: Forming British Business Schools in the 1960s

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In this paper I show that British management has undergone an incomplete process of professionalization since 1945, demonstrated by the establishment of university-based “business schools” modeled on American examples. Industrial advocates of management education not only hoped to solve economic problems but also strove to raise the status of business within British society. The process is incomplete because true professionalization has not occurred. Earlier pathways to management work were never fully replaced: accountancy and engineering training still supply a sizable number of today’s business leaders. In addition, neither government nor business has erected legal barriers to entry or attempted to control access to business education as in other fully professional fields such as medical practice. Firms supported management training initiatives within the universities because they sought to combine the universities’ academic prestige with courses of practical relevance such as those at well-known American business schools such as Harvard or the Massachusetts Institute of Technology. The explosion of business schools and management training provision that has arisen since the mid-1960s demonstrates the success of the “trail-blazing” function of the London and Manchester Business Schools in elevating management’s social status.

In this paper, I address the creation of the first two British business schools during the 1960s and explain why these institutions took the form that they did.¹ Details of their establishment are useless without an examination of their founders’ motivations and expectations for the Schools. This is part of a much longer story relating to the professionalization of business management in Britain during the twenti-

¹ The paper derives from my doctoral thesis entitled “Practically Academic: The Formation of British Business School,” University of Wisconsin, Madison, 2003.

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eth century, a process that accelerated after World War II and left its mark on Britain's first two university-level management institutes.

Business people struggled to achieve recognition of management as a profession equal to more established professions like medicine or law. This desire encouraged them to seek legitimacy (and later, credentials) from the university sector just as other fields had done in the past. As part of a longer-term movement toward the professionalization of management, the Business Schools would play their part in placing management activities within the university world and attempting to establish "management" as a theoretically based field of study. Industrialists may have failed to use the two new schools very extensively during their first years of operation because they satisfied themselves that management, newly ensconced within the university, could provide added status for their profession by its association with higher learning.

Various attempts to introduce business-related courses at British universities began as early as 1904.² The London School of Economics and the universities of Birmingham and Manchester experimented with "business," "commerce," or "industrial administration" curricula throughout the first half of the twentieth century. These early courses received most of their funding from local businesses and therefore received much guidance from these donors as to their contents and aims. There was no academic research done to drive these courses and the lack of a theoretical framework hurt their reputation. Management as a discipline made little progress in breaking through the barriers constructed by more established academic fields like mathematics, economics, or even industrial psychology.

Despite these early experiments, or perhaps because of their excessively firm-directed, pragmatic character, British business generally failed to recognize academic credentials as relevant to a business career. Traditional combinations of formal and experiential learning (such as medical practice) were widely accepted within British society but employers rejected the same formula for management training. Many believed that formal learning in management was at best useless, and some even thought it was harmful to the student because it inflated career expectations and made the employee a poor fit with others in the workplace.

Business studies suffered from a poor reputation through most of the twentieth century, and there was more than one stigma to overcome if business people were to elevate their status. First, there was a supposed cultural rejection of making money for the sake of profit by those who aspired to the upper classes.³ Second, "business management" was not

² For a thorough discussion of early twentieth-century British management courses, see Shirley P. Keeble, *The Ability to Manage: A Study of British Management, 1890-1990* (Manchester, 1992).

³ A vigorous academic debate over possible cultural explanations for economic decline resumed in 1981 with Martin Weiner and in 1986 with Elbaum and

recognized as a field like the medical and legal professions, and thus it was widely believed that there was nothing to study. Further, there was great confusion over what managers actually did: what (if any) bodies of knowledge did they employ in their craft? What theories governed their activities? First impressions left many with the idea that management on a day-to-day basis amounted to little more than informed leadership.⁴ The British believed leadership to be a personality trait that could not be taught in a classroom. Because of these and other social forces, few university graduates chose business as their desired career except as a last resort well into the postwar era.

The growing preponderance of large firms in postwar Britain created demands on management that earlier methods of training could not easily accommodate, and the need to remedy these shortcomings motivated business people to experiment with new methods of

Lazonick: Bernard Elbaum and William Lazonick, *The Decline of the British Economy* (Oxford, 1986); Martin J. Wiener, *English Culture and the Decline of the Industrial Spirit, 1850-1980* (New York, 1981). A sizeable body of scholarship is dedicated to responding to the theses that English cultural factors motivated against entrepreneurship (Wiener, *English Culture*) and that lingering institutional rigidities from the turn of the twentieth century continued to hinder British economic performance since that time (Elbaum and Lazonick): examples include David Edgerton, *Science, Technology and the British Industrial 'Decline,' 1870-1970, New Studies in Economic and Social History* (Cambridge, U.K., 1996), Keith Robbins, "British Culture Versus British Industry," and W. D. Rubinstein, "Cultural Explanations for Britain's Economic Decline: How True?" both in *British Culture and Economic Decline*, ed. Bruce Collins and Keith Robbins (London, 1990), and other essays in this volume; Michael Sanderson, *Education and Economic Decline in Britain, 1870 to the 1990s, New Studies in Economic and Social History* (Cambridge, U.K., 1999); Barry Supple, Peter F. Clarke, and Clive Trebilcock, *Understanding Decline: Perceptions and Realities of British Economic Performance* (Cambridge, U.K., 1997); Richard Whittington and Michael Mayer, *The European Corporation: Strategy, Structure, and Social Science* (Oxford, U.K., 2000), 110-20. For a look at "decline" as a phenomenon in itself, see Jim Tomlinson, *The Politics of Decline: Understanding Post-War Britain* (Harlow, England, 2000). None of this means that contemporary business people did not occasionally perceive anti-industrial feelings among certain important elements of society.

⁴ Robert R. Locke, "Educational Traditions and the Development of Business Studies after 1945: An Anglo-French-German Comparison," *Business History* 30 (1988): 95; Nick Tiratsoo, "Standard Motors 1945-55 and the Post-War Malaise of British Management," in *Management and Business in Britain and France*, ed. Youssef Cassis, François Crouzet, and Terry R. Gourvish (Oxford, U.K., 1995), 96. At the time, the business press frequently reflected a conventional feeling among industrialists that "management" could be equated with "leadership" and were thus mystified by management education advocates who suggested that it could be taught in a formal setting.

management development.⁵ The creation of the business schools also signaled that a threshold of dissatisfaction with traditional methods of preparation for business careers had been reached as the nation's relative decline deepened during the 1950s and early 1960s. As some very large firms had learned during the interwar period, reliance on informal promotion methods and haphazard grooming for high corporate offices could not produce enough people of sufficiently high quality to run their complex companies. This explains why a number of prominent firms either began or greatly expanded internal management development programs following 1945.⁶ Additionally, war experience and the Anglo-American Council on Productivity programs of the late 1940s and early 1950s increased awareness of management inadequacies.⁷ Growing consciousness of the need to improve performance prompted both government and industrialists to endorse new methods of preparation for business careers.

After World War II, the Labour government attempted to improve industrial performance and raise the status of managers. A postwar government committee created the British Institute of Management (BIM) in 1947 and with it a new educational program for management training, to be undertaken by technical colleges or other non-university higher education institutions. The new management diploma did not generate much excitement in the business community. Hampered by a lack of theory and associated with low-prestige technical colleges, relatively few students enrolled in the courses, and the qualification stagnated through-

⁵ For information on the disproportionate numbers of large firms in Britain, works by Leslie Hannah and Jonathan Zeitlin are most instructive. Bruce Collins and Keith Robbins, eds., *British Culture and Economic Decline*; Leslie Hannah, "Managerial Innovation and the Rise of the Large-Scale Company in Interwar Britain," *Economic History Review* 27 (1974): 252-70; Leslie Hannah, *The Rise of the Corporate Economy*, 2d ed. (London, 1983); Leslie Hannah and J. A. Kay, *Concentration in Modern Industry: Theory, Measurement, and the U.K. Experience* (London, 1977); Jonathan Zeitlin, "Why Are There No Industrial Districts in the United Kingdom?" in *Small and Medium Size Enterprises, Social Change in Western Europe*, ed. Arnaldo Bagnasco and Charles Sabel (London, 1995), 98-114.

⁶ The growing complexity of manufacturing process and business practices necessitated more sophisticated strategies to succeed in a global environment; this continued an interwar trend then practiced by only the most advanced companies (ICI, Unilever, Marconi). Several leading firms were actively planning management succession in the 1950s. See W. J. Baker, *A History of the Marconi Company* (London, 1970); James H. Bamberg, *British Petroleum and Global Oil, 1950-1975: The Challenge of Nationalism* (Cambridge, U.K., 2000); William Joseph Reader, *Imperial Chemical Industries: A History*, vol. 2 (1926-1952) (London, 1970); Charles Wilson, *Unilever 1945-1965: Challenge & Response in the Post-War Industrial Revolution* (London, 1968).

⁷ See especially chap. 6 of Nick Tiratsoo and Jim Tomlinson, *Industrial Efficiency and State Intervention: Labour, 1939-51* (New York, 1993).

out the 1950s. The BIM administered the diploma, but it, too, suffered from a number of misconceptions that damaged its overall reputation. The Labour government that started the BIM also nationalized the health care, coal mining, and electrical power industries and discussed nationalization of steel. Private industry feared government intervention and thus kept the BIM at arm's length to avoid nationalization. In addition, some key BIM personnel were poorly chosen individuals who did not infuse the Institute with the sort of energy necessary to overcome these early hurdles.⁸ During the 1950s, the BIM had a difficult time winning respect from the business community, and its diploma remained marginal as well.

By the 1940s and 1950s the United States possessed a very extensive management education system at universities across the country. Some universities had been teaching management since the late nineteenth century, and social acceptance of business degrees was high. Simultaneously the U.S. economy led the world in productivity. American efforts to boost British productivity after the war resulted in repeated calls for improvements to be made in British management. U.S. agencies offered suggestions from their own experience and, in this way, important influences began to exert themselves in the British context.

During the decade of the 1950s the performance of the British economy reached new highs but continued to lose ground relative to American and Continental competitors. Many European nations rebuilding from wartime devastation exhibited higher yearly growth rates and stole markets from British firms. By the late 1950s Britain was experiencing relative economic decline and government and business began looking for solutions to reverse this trend.

In 1957, Sir Keith Joseph toured the United States on a Ford Foundation grant and was deeply impressed by what he saw in the area of business education. Upon his return to Britain, a mutual friend put him in contact with businessman John Bolton, a 1950 Harvard Masters of Business Administration (MBA) graduate and advocate of advanced management training. Within a short time, they formed the Foundation for Management Education to establish university-level management education in Britain like that in the United States. The Foundation raised

⁸ For the first director, the government chose L. O. Russell, despite the fact that Russell had not even applied for the job and had very limited experience in industrial management himself. Edward F. L. Brech and Ailsa Dempster, *A History of Management*, vol. 1: *The Concept and Gestation of Britain's Central Management Institute: 1902-1976* (Corby, Northhamptonshire, 1999), 204-7; Tiratsoo and Tomlinson, *Industrial Efficiency and State Intervention*, 87. The BIM Council also lacked confidence in Russell because he did not hold voluntary organizations in high esteem or believe in "management as a profession." Brech and Dempster, *A History of Management*, 1: 159, 204; Lyndall F. Urwick, "British Management Studies: Lagging Behind America," *Times Educational Supplement*, 21 Feb. 1958.

funds from sympathetic companies and supported new university management programs. The Foundation clearly hoped that, by raising money to establish high-level management education programs at respected universities, the quality of individuals choosing to become business leaders would improve, as would the country's economic performance. Pursuing these goals became the aim of the Foundation for Management Education in the early 1960s.⁹

Almost simultaneously, the BIM made a key appointment in 1961 when it selected John Marsh, formerly of the Industrial Welfare Society to become its new director. In October of that year, Marsh leapt into the role and re-invented the BIM during the next twelve months. For more than a decade after its creation, the BIM had continued only because of generous Board of Trade grants and the membership fees of its few members. Marsh immediately broadened the BIM membership and resumed regular contact with industrial federations such as the Federation of British Industries (FBI) and the National Association of British Manufacturers. While in 1960 the FBI had not paid much attention to the BIM, within two years Marsh raised the public profile of the organization to new heights, and the Institute was a serious player in the creation of the British business schools after 1962.¹⁰

The Conservative government under Harold Macmillan sought solutions to the so-called stop-go cycle of the late 1950s. It began to move forward in ways that aided the development of management education in the universities. First, it began to examine the state of British higher education in 1961 with the creation of the Committee on Higher Education under the chairmanship of economist Lord Lionel Robbins. The "Robbins Committee" was to investigate the long-term future of higher education in England, Wales, and Scotland and to make recommendations for improvement.¹¹ In 1962, Chancellor of the Exchequer Selwyn Lloyd created a tripartite consultative body to coordinate planning for long-term economic growth. The National Economic Development Council consisted of representatives from government, employers, and labor unions. This Council (popularly called "Neddy") worked to increase Britain's annual rate of economic growth. Neddy made a definitive statement on management education. Its second report, titled *Conditions Favourable*

⁹ A complete, if "insider," narrative of the FME's establishment and goals can be found in Philip Nind, *A Firm Foundation: The Story of the Foundation for Management Education* (Oxford, U.K., 1985).

¹⁰ Even the newly created Foundation for Management Education did not draw too close to the struggling Institute on the advice of "influential people," who worried that the BIM's esteem in business circles was deteriorating in the late 1950s and very early 1960s. See Minutes of the Council of Management of the Foundation for Management Education, Oxford, 11 July 1961.

¹¹ See Great Britain: Committee on Higher Education, *Higher Education: Report of the Committee Appointed by the Prime Minister, under the Chairmanship of Lord Robbins, 1961-63*, vol. 2154, ed. Parliament of Great Britain (London, 1963).

to *Faster Growth*, appeared in May 1963 and claimed that “. . . there is a need in this country for at least one very high level new school or institute somewhat on the lines of the Harvard Business School or the School of Industrial Management at the Massachusetts Institute of Technology....”¹²

Publication of this report and its recommendation for the creation of a business school brought a variety of pro-management interests into the open. These included the Foundation for Management Education, which after 1961 solicited applications from universities to develop management programs. Also important was a group led by Lord William Rootes, chair of the auto company of the same name and strong advocate of a new University of Warwick to be founded in Coventry. Rootes believed that a new university would be a suitable place for a management institute and that it should be located near industrial centers.¹³ Third, a group of representatives from engineering companies and established universities began to meet at London’s Savoy Hotel in May of 1963 just after *Conditions* appeared. Thus, the “Savoy Group” wished to see management education develop largely outside the universities in dedicated institutes along the lines of the Henley Administrative Staff College (founded 1946) or Ashridge College (1959).¹⁴ All three groups agreed with the Neddy Report that there was a need for a high-level management school, and everyone was familiar with American methods of business training; American economic success made U.S. methods appealing.

The three groups differed over whether or not a new school should be located in a university. Given the long-standing distrust between the academic world and the business community, starting a business school within the university system would not be easy. The main concern was how best to raise the status and prestige associated with management. The earlier diploma offered by the non-university institutions failed to draw high-caliber students that firms desired: business wanted a fair chance to recruit the brightest young people. Graduates of American business schools enjoyed both high status and large salaries in the United States. The best British students generally attended universities but did not choose careers in private industry. Business school advocates hoped that a university-level management program would provide business with a higher quality employee and begin to raise business in the public’s esteem.

It is not difficult to see that American management education continued to be important in British thinking. This may be traced back to

¹² National Economic Development Office, *Conditions Favourable to Faster Growth* (London, 1963), 5-6.

¹³ Modern Records Centre, University of Warwick (hereafter MRC), PP/VC/1/255, 2 March 1964: Letter from Jack Butterworth (Warwick Vice-Chancellor) to Kenneth Keith states the case for a Warwick business school clearly.

¹⁴ Public Records Office, London, FG 2-119 (doc 21): “A British Business School,” 20 May 1963.

the late 1940s and the Anglo-American Council on Productivity and other related agencies that aimed to improve British industrial performance. What began as technical assistance missions soon attempted to address the alleged deficiencies exhibited by British managers in comparison to their American colleagues. Additionally the powerful U.S. economic model during the 1950s supported a related assumption: perhaps management schools could do for Britain what American business schools had apparently done for the United States. If so, the poor performance of British firms might be overcome. Many British business people had seen for themselves the place that university business schools held in the American business community. Some, like John Bolton of the Foundation for Management Education, had graduated from U.S. business schools and were firmly convinced of the need for similar programs in Britain. Finally, even the government became convinced that the American model was worthy of further study: it endorsed the Neddy report and, five months later, the Robbins Committee's recommendation that Britain needed a high-level management institute along the lines of the Harvard Business School.

The creation of the British business schools in 1965-1966 represented a turning point in the movement to professionalize management and establish it as a theoretically based discipline. However, the historical question that has not yet been addressed is the wider significance of the Business Schools over the long term. Bridging the business and educational fields, the establishment of the British business schools laid the groundwork for the explosion of management education and training during the 1980s and 1990s. Their significance must be measured more by the various senses of legitimacy they brought to management education and less by their graduates' collective impact on the national economy. The schools proved British willingness to overcome normative hurdles in management education that previously had prevented widespread acceptance of the possibility and desirability of the idea. The London and Manchester Business Schools did what the ancient universities had been unwilling to do: establish management alongside other types of professional education such as law or medicine in which book-learned "theory" is merged with real-world "practice." The schools thus helped in very important ways to recognize a British "management profession" and to acknowledge the usefulness of business and management-related learning qualifications. With important universities giving credence to these fields, other higher education institutions (universities, Colleges of Advanced Technology, polytechnics, and so on) could move into management with relative ease.

Along with the recognition of management as a profession that could benefit from education and training, the business schools provided existing business people a way to elevate themselves in the eyes of the community. Careers in manufacturing traditionally did not command as much respect in British society as a career in the academy, medical service, or colonial administration. For too long Britain's "best and brightest" were

attracted to fields that did not always add substantially to the national wealth and those in industry no doubt desired to reverse this “brain-drain” and simultaneously receive social recognition of the importance of business.¹⁵ Formation of the two business schools quickly placed management on more equal footing with other professional groups and focused public attention on the importance of production and industrial management to national well being.

Unfortunately for the business schools, many firms that encouraged their establishment in 1964 abandoned them relatively quickly and did not sponsor students or hire their graduates in the 1970s.¹⁶ Consequently, the struggle to free this particular form of management education from its earlier associations with low-status technical college programs proved to be longer and more difficult than their promoters initially anticipated. However, the symbolic importance of their establishment should not be overlooked, and Britain has embraced management education during the past forty years through a dramatic expansion of facilities and course provision.

The heavy criticism applied to the schools in the early 1970s indicates a rather inauspicious beginning. We must remember that the business climate in the United Kingdom forced the schools to undertake an enormous “trail-breaking” task to get management education accepted as an academic discipline worthy of university study. How successful was that effort?

The question invites us to examine the research of Rosemary Stewart on British managers and management education in the 1990s.¹⁷ Stewart and her coauthors demonstrated that the long-run effects of the business schools have so far been mixed. For example, her figures showed a four-fold over-subscription of undergraduate courses in business during the 1980s. Even so, the entire university system provided only a small proportion of the managers believed to be needed annually.¹⁸ Britain possessed forty-seven institutions granting post-graduate management qualifications in 1985, but these numbers led Charles Handy to write pessimistically in 1988 that management education continued to be “too little, too late for too few.”¹⁹ According to Stewart, the British have fully

¹⁵ MRC, MSS.200/F/4/24/50; “Industrial Notebook,” *FBI Review* #163, December, 1963, 20.

¹⁶ See discussion in Richard Whitley, Alan Thomas, and Jane Marceau, *Masters of Business? Business Schools and Business Graduates in Britain and France*, *Tavistock Studies in Sociology* (London, 1981), 56.

¹⁷ Rosemary Stewart et al., *Managing in Britain and Germany* (New York, 1994).

¹⁸ The universities prepared roughly 13,000 graduates toward a desired pool of 90,000 new managers for 1986. *Ibid.*, 49.

¹⁹ The 47 institutions named by Constable included 30 universities, 16 polytechnics, and the Cranfield School of Management. John Constable and Roger McCormick, *The Making of British Managers, B.I.M. Survey* (Corby, Northamptonshire, 1987), 54; Charles Handy et al., *Making Managers* (London, 1988), 168. This came despite the fact that Kate Ascher had written in

accepted the “transferability of management practice,” something unthinkable a generation earlier when promotion was based as much on seniority as on expertise.²⁰ Perhaps the most significant change offers evidence of American influences: British managers view themselves as generalists rather than specialists. In 1960s Britain there was a great deal of debate over whether anyone could rightly be called a “general manager,” but Stewart and her coauthors showed that by the 1990s managers saw themselves precisely this way. Overall, management training in Britain has enormously expanded in the wake of the Business Schools.

The British business schools affected management training in Britain in many ways, not the least of which was to break down traditional prejudices regarding careers in business. The fact that management education departments can be found in nearly all British universities and polytechnic institutions today would seem to indicate that not only have they accepted the American position that there is a discipline to teach but also that a variety of adapted approaches is desirable to provide a multiplicity of skills and experiences.

Even with all these factors, in the end what the British business community really wanted was a management education institute with what Harvard Business School and others possessed in the United States: an apparently seamless union of academic respectability with high business prestige. To Whitley, Thomas, and Marceau this explained why the corporate supporters of Lord Nelson’s 1964 Business School Appeal did not sponsor many students on courses or hire many of their MBA graduates during the early years of the schools’ operation. They suggested that business people wanted a sort of “business Oxbridge” to combine the respectability of the ancient universities with short-term practical studies for management; many clearly held little regard for long-term degree-granting programs.²¹ The London and Manchester Business Schools have in recent years enjoyed very high prestige, but the price for this has been continuing criticism for a heavily academic focus at the cost of practical relevance.

detail about 80 in-firm management development programs operated by large companies: Kate Ascher, *Management Training in Large U.K. Business Organizations: A Survey* (London, 1983).

²⁰ Stewart et al., *Managing in Britain and Germany*, 60.

²¹ Whitley, Thomas, and Marceau, *Masters of Business?*