Relationships of ownership, they whisper in the wings ...


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The history of the present, Michel Foucault once remarked, is ‘a history of the different modes by which, in our culture, human beings are made subjects’ (1982, p. 208). Rakesh Khurana’s From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management Education offers an exemplary account of how what became one of the major institutions of the contemporary era has gone about constructing the subjectivity of those who passed through its gates and the particular kinds of Eden whose metaphorical promise attracted them.

The business school had humble origins, in commercial colleges and trade schools, as a part of vocational education, before it was instituted as a part of the University of Pennsylvania in 1881. Once incorporated in the University it became a part of an institutional nexus being forged from ideas about what constituted science, the professions, and research. Given the origins of modern industrial capitalism in the United States in the last quarter of the 19th century and first quarter of the 20th century, and the colonisation of its intermediary functionaries, the managers, by engineering discourse that promised to instil efficiency, equity and industrial harmony, the professional rhetoric of the new managerial project was largely constituted in terms of norms of technical rationality. The key conceptual idea of efficiency was one that readily translated seamlessly into the neo-classical economics and economic rationalism that would later come to dominate the business schools in the 1980s.

Management as a profession offered the promise of ‘scientific modernity’—a rationally ordered world, populated by rational individuals, capable of scientific analysis and modelling that could be put to practical use in conducting the affairs of men (all the early texts concerned with management students assumed that they would be men) in ways that also appealed to an ethic of service, a sense of a calling, an idea of duty rather than merely business. In the conception of the 19th century founders of the business school model, management as a profession would become an occupation that could claim both exclusive expertise and an ethical ground for practice. The expertise, especially after the widely circulated rhetoric of F.W. Taylor (1911), was to be premised on a rationality conceived as if it was a science, while the ethical dimension of professionalism would derive from that science being applied in the service of a calling. In the longer run, especially after the Second World War and the production of several important reports in the 1950s, which we shall attend to below, the ethics were subordinated to rationality in a Cold War context where to be ethical and rational was easily accommodated in the glorious fictions of the market.

How to translate these ideals in to a practical curriculum has been a perennial problem. Many early curricula were extraordinarily pedestrian, and theory and rigour were more noticeable by their absence than presence. Although the American Association of Collegiate Schools of Business (AACSB) began to organise the institutional field from 1916 onwards, it did so with little sense of strategic purpose in forging norms of professionalism in standards, curriculum, or research ethos. The Wall Street Crash of 1929 condensed and concentrated key issues for many observers. First, to what extent were business schools culpable in having not taught ethical ways of behaving and in having taught ways that were not ethical? Second, what should business schools do to ensure that a new business culture would be created? These questions were at the top of the agenda during the New Deal era of the 1930s, when the very model of American capitalism was under widespread attack and its legitimacy not at all taken for granted. New issues of regulation, public sector management and
The Second World War had a profound effect on the institution of the business school, as it did on all other institutions of American life. The United States won the war, it was widely assumed, because their forces were not just overwhelming and unblooded by campaigns on the Eastern Front, as were the German troops that they faced, but because of the organisational expertise and precision of the planning for the Normandy landings. Moreover, while the other armies made some use of new social science techniques of personnel selection and training, none did so with the energy, efficiency, and sheer scale of resources of the United States. From this energy and these investments, new research topics, approaches and funding developed rapidly, and massive new organisations mobilising millions of people were constructed and experienced. In the post war era the realisation was that the new society of the ‘organisation man’ (Whyte 1960) required a commitment to technically-rational skilled management if it were to function effectively.

After the Second World War and the Korean War, hundreds of thousands of men who had experienced the organisational society at first hand in the military were re-mobilised into the universities by the GI bills. Many of these men were attracted to business degrees as a way of preparing for life after war, and so demand outstripped the supply of competent instructors. In the 1950s, the Ford Foundation and the Carnegie Corporation, recognising this, and realising that the pre-war footings of business education were not settled, deployed extensive rhetorical and pecuniary resources in building a commitment in the elite Schools to research-based, social science, quantitative and disciplinary knowledge from fields such as sociology, psychology, economics and other social sciences. Major book-length reports were published in 1959. In many ways the Ford Foundation and the Carnegie Corporation presumed the role that the accreditation agency, the AACSB, was too weak to assume. Journals began to proliferate and the basics of the modern systems of research excellence were established on the disciplinary foundations laid down at that time, with psychology, sociology and economics as the key disciplines. However, by the 1980s, economics was to break free of the other disciplines in ways that would, in every way, be deleterious for the professional aims of an ethical business vocation that initially motivated those institutional entrepreneurs who first founded the business school.

The age of the organisation man extended into the 1970s but the combined effects of Oil Shocks, the collapse of the Bretton Woods international monetary arrangements under the costs of financing Vietnam, and new competitive challenges from overseas, notably Japan, saw the model on which it was based falling apart. The post war theory of organisations, emerging from Weberian accounts of bureaucracy, had secured the intellectual foundations for the organisation man. But in the 1980s there was a sustained attack on these foundations from new rationalising tendencies within economics as a discipline. Organised around transaction costs analysis and agency theory, these tendencies launched an all-out assault on managerial capitalism, arguing that the only professional duty any manager owed was to the market, and systematically valorising the market as the supreme and only significant institution in the business school environment. Efficient markets were the new dogma and shareholder value the new mantra.

These changes occurred at a time that the economists’ outputs from the business schools were being used, reflexively, to design the very conditions in practice that were postulated in theory. The era of ‘fast capitalism’ was emerging, in which the first movers to use economic innovations, such as ‘junk bonds’, heaped great rewards by being early to market. The same mechanisms were later to be seen in the use of collateralised debt obligations and other financial instruments which precipitated the sub-prime crisis of 2007.

Within the business schools, at first, not everyone noticed: the financialisation of everything did not gather full steam until the new century, and the disciplinary silos had a certain inertia attached to them, especially for the most productive researchers recruited from the older social science disciplines. In the United States some fields, such as organisation theory, fragmented a little; elsewhere where the quantitative and anti-foundational assumptions of American disciplinary formations were not as entrenched, they fractured more, into rival schools and paradigms, often cloven by philosophical and research style differences that centred on more qualitative enquiry.

The economists, however, got on with business. And they cleaned up. They cleaned up capitalism, making it more vigorous, rugged, and shareholder value-oriented. They also cleaned up in the business schools, as well as the economics faculties. They produced a generation of what Michael Pusey (1991) came to call ‘economic rationalists’, whose solutions were widely spread in Australia,
at least, through governments and the bureaucracies. The managerial capitalism of the post war era was in decline, as was preparation for managing within it, despite the disciplinary institutionalisations that had supported that training. Resources and students shifted to ‘strategy’, taught as a formulaic and abstract knowledge. Business school student numbers continued to increase and standards were extremely variable across institutions; the AACSB played a belated catch-up role in accreditation.

By 1988, however—when Business Week opened the floodgates on rankings of business schools, using criteria from the market rather than from the academy—the institution of the business school began to weaken before the institution of the market. Rankings became decisive in signifying prestige as well as in attracting students and resources. The students were increasingly into ‘fast capitalism’; paying big fees, they wanted fast-tracks to consulting and financial careers, and sought the instrumental tools to take them there. General management, and the idea of being educated for it, was a victim of these new trends. Indeed, the idea of being educated seemed to take a back seat, suggests Khurana, to making fast bucks. Long term observers of the business school scene, and undoubted intellectuals, such as Jeffrey Pfeffer and James March, argued that the institution had lost its way and stood for little other than fast bucks, anyway, anymore.

Where institutional purpose was sought in the 1990s, it converged on the idea that business school education equip the next generation for ‘leadership’. In Australia, this notion found echoes in the Karpin Inquiry into Leadership and Management (Karpin 1995). This report identified failures of management, and especially leadership, as the Achilles heel of the micro-economic reforms ushered in during the Hawke-Keating era. Unfortunately, the Report was published shortly before the Keating Government lost office in 1996 and little of its agenda was adopted or followed through by the incoming Coalition government.

Today, suggests Khurana, business schools are in crisis. The financialisation of everything has helped bring about the present credit crunch. The ‘economisation’ of the business schools has, he suggests, been anathema to the development of a broadly professional project. Markets without morality cause widespread social malaise. Business schools are deeply implicated in the worst excesses of contemporary approaches to business; they are insecure about ethics, and they often lack professional purpose. They never achieved their early aim of a professional vocation and, when the world of the organisation man slowly crumbled in the 1980s, what was left was an ethos of managerialism premised on measurement.

Khurana is not altogether pessimistic; he believes that the time is right for business schools to discover a commitment to professionalism, based on leadership that will educate, train, and inspire, and reclaim their rightful place in the respect of their peers. As an explicit model, he suggests the professionalism of the military, such as is found at West Point.

I have my doubts about the renewal of the professional project. These doubts take me to what is absent outside the Gates of Eden. First, note that Law, Medicine, Dentistry, Veterinary Science, and other professional disciplines, are all premised on a licence to practice. You cannot operate as a professional in these disciplines without virtue of an exclusive licence that the state polices. These professions have an effective monopoly. Such a situation has never prevailed in business and never will, because of the famed creative destruction and dynamism that drives it. Anyone can become a business person, and many who would be better advised not to do so, do anyway.

Almost anyone can call themselves a manager, from kids working in McDonalds upwards.

Second, note the institution of the business school and the institution of the business school differ markedly. The former is oriented to the institutions of research, peer-evaluation and competitive journal publication. It demands scholarship. The latter is oriented far more to whatever is current and hot in business circles. If private equity is flavour of the moment, or e-everything, so be it; that’s what technicians will be expected to be competent in, and what the students will want to do. Flavours demand technical ability but not necessarily scholarship.

How to respond to such contexts becomes deeply problematic for Deans and their executives. They try and stay close to the big end of town, which feeds the pressure to be relevant to executives (however, loosely defined) and business in general. Some professors routinely seek to scent money and track it down. At the unreflexive and often very prestigious end of business schools, corporate hagiographies are routinely served up in an
atmosphere that celebrates and mythologises 'It' firms from the corporate world. Gary Hamel's (2000) fawning admiration for Enron is but one instance of this. Meanwhile, university executives want the income from yet another notching up of numbers and are disinclined, until crisis occurs, to address the issue of standards. Whatever research and publications emerge from this conjuncture will be celebrated.

The Gates of Eden look different in different countries as well. They have different approaches. In Australia, the development of business schools was subject to a late development effect, with only one School, The Australian Graduate School of Management, formally established in the late 1970s. Additionally, both the generous Foundational and Corporate support of the elite and regionally significant schools and a defence-led infrastructure of grant-giving are absent in Australia. Moreover, in the climate of under-funding of universities (compared with other OECD countries) that has prevailed here, business schools have come to play a specific, new role. They transport people from other countries through the Gates of Eden, people willing to pay for the privilege. Many of these students seek to maximise their chances to gain citizenship by accumulating the greater residency points that accrue to those with professional accreditation in fields such as accounting, thus skewing the financialisation of everything even further. The universities gain some needed income; enrolments shift systematically to and within the business schools, and standards drop as the sometimes barely linguistically competent are flown in to swell the coffers by the jumbo jet load. Deans and university executives then have to manage a difficult conjunction: increasing pressure from students in areas that cannot attract sufficient or the best staff because their graduates can make more money as financial technicians than as researchers and instructors while those areas that attract the best researchers—on the normal peer-reviewed criteria—are more often than not in areas where there is least student demand, fuelling tensions further.

Irony is piled on irony. The most orthodox economists have done a better job of deconstruction than the most able postmodernists. They have torn down the chances of an ethos of profession, sacrificing it on the altar of the market. It was the relations of ownership, whispering in the wings, which were to run the show eventually. Sure there was some early front-stage work that differed, and which has occasionally been dusted off at moments of crisis … but its truths did not last. Indeed, 'there are no truths outside the Gates of Eden'. Both Foucault and Dylan should teach us that.

Khurana has produced an excellent institutional history, albeit one in which many of the ingredients were already well-known from earlier accounts such as that of Shenhav (1999) for the early years, Donaldson (1995) for the economisation of management theory, and Pfeffer and Wong (2002) for the impact of recent developments. However, these separate accounts had not been stitched together over such a broad canvas as Khurana constructs. The book should be compulsory reading for all Deans of business schools with a concern to learn from history. I predict few takers.

REFERENCES


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Relationships should not be about being under the ownership of another person, no matter how love exists there. This is something super simple that could be changed any everyone being more aware of the language they are using when talking about and talking to their significant other. Once there is a more equal and comfortable language used when talking about it, the likeliness of a happy, equal and healthy relationship can be more achievable.


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