

The US and the International Professionalization of the Top-Manager, 1945-1980s

by Rolv Petter Amdam

BI Norwegian Business School



© 2017 by Rolv Petter Amdam



Note: This research report is presented here with the author's permission, but should not be cited or quoted without the author's consent. Rockefeller Archive Center Research Reports Online is an ongoing publication of the Rockefeller Archive Center (RAC) under the general direction of James Allen Smith, Vice President of the RAC and Director of Research and Education. Research Reports Online is intended to foster the network of scholarship in the history of philanthropy and to highlight the diverse range of materials and subjects covered in the collections at the RAC. These reports are drawn from essays submitted by researchers who have visited the Archive Center, most of whom have received grants-in-aid from the Archive Center to support their research. The ideas and opinions expressed in this report are those of the author and not of the Rockefeller Archive Center.

I visited the Rockefeller Archive Center (RAC) from September 12-23, and from October 31-November 11, 2016, after having received a grant from RAC's Research Grant Program. The primary archivist who assisted me was Bethany J. Antos, and I want to thank her and the other helpful archivists for their excellent guidance and service. My stay at RAC was part of a larger project which includes archival studies of the archives of HBS (conducted in 2015), the US National Archives (planned for 2017), and archives of selected non-American business schools (conducted 2010-2017). I found the Ford Foundation's archives very rich and useful for my purposes.

In the scholarly literature on the subject, the history of business education in the twentieth century has primarily been told as a story about the development of universities and business schools as degree-granting institutions. According to this narrative, business education at the university level came under strong pressure starting in the 1950s to become more academic and to transform itself from a practical to a scientific approach, in line with most other academic disciplines. A transformation did indeed take place in the United States as well as in many European countries.¹ The Ford Foundation played a major role in pushing this change forward by initiating academic studies that legitimized the transformation, as well as by funding several projects in order to strengthen disciplines like mathematics, statistics, and organizational behavior in many of the best American business schools.²

However, what has been neglected in this narrative of post-World War II business education is that the process of scientization of business education marked not only a transformation from a practical approach to an academic one, but also a *great divide* between two parallel sectors, or two different logics, within business education. One of these logics, which has been the primary focus of historical research to date, led to the rise and development of a series of degree programs, from bachelor's and master's degree programs to PhD programs. The other logic, which from the 1960s began to be labeled "executive education" in the United States, led to a new sector of shorter, nondegree courses and programs within the framework of the business school as an institution. The former sector enrolled students based on their grades or enrollment exams, the latter primarily

on their hierarchical position within an organization, and participants in executive education were often selected by the corporations rather than by the business schools. Finally, the former sector as it developed from the 1950s onward built on academic knowledge, and the students were evaluated through different forms of exams, while the curriculum of the executive programs built primarily on experiential knowledge without any exams.³

The purpose of these executive education programs, from the very beginning, was for the business schools to participate actively in the development of top executives of large corporations. This, it was felt, should be done not indirectly, through graduating young students who might become top executives one day in the future, as in the MBA programs, but directly to people who already were in—or close to—top executive positions. The first of these programs, the Advanced Management Program (AMP), was launched at Harvard Business School (HBS) in 1945 for “men who are or soon will be in top management positions.” This program acted as the main postwar role model for executive education in the United States as well as internationally. By 1969, around fifty university executive education programs in the United States had been modeled after the AMP program at HBS.⁴ At the same time, similar programs had been set up in countries such as Canada, France, India, Japan, Nicaragua, the Philippines, Switzerland, Turkey, and the United Kingdom. Many of these received grants from the Ford Foundation.⁵

While the Ford Foundation’s role in the general transformation of business education, both in the US and in Europe, has been studied, no research exists that addresses the question of the foundation’s role in the development of the new second sector in the business schools, the executive education programs. My research visit to the Rockefeller Archive Center (RAC) in fall 2016 had three purposes. First, I wanted to search in the Ford Foundation’s archives for information that could help me to map the international impact of American executive education, as represented by programs around the world that were set up by, or in cooperation with, American business schools. The second purpose

was to explore the different roles of the three key actors in this international diffusion process: first, American business schools, with HBS as the most active agent; second, the Ford Foundation; and third, local business schools or management training centers in countries where such programs were set up between 1945 and 1980. My third purpose was to explore a hypothesis based on my previous research of HBS's records at Baker Library, HBA, in Cambridge, Massachusetts: that executive education escaped the academic turn that characterized the degree-granting part of business education in this period. In the following section, I will present some very preliminary findings related to the three purposes of my visit to RAC.

The global diffusion of executive education

The Ford Foundation records reveal that the foundation was actively involved in executive education projects in a large number of countries in Europe, Asia, Africa, and Latin America. The following countries are among those in which the Ford Foundation supported such programs in this period: Algeria, Bahrain, Chile, Finland, France, India, Indonesia, Italy, Japan, Morocco, Nigeria, Norway, Pakistan, Romania, Sweden, Switzerland, Turkey, and Venezuela. By executive education projects, we mean projects that focused either exclusively or primarily on developing short non-degree management education programs, or programs for people who were either in or close to top executive positions.

In many instances, the local initiative started with a short executive education program of three to twelve weeks and then, after some years, developed into a full business school with an MBA program, in some cases with other degree programs such as the PhD. This happened, for example, at Insitute pou l'Etude des Methodes de Direction de l'Enterprise (IMEDE) in Lausanne, Switzerland, which established its first executive program in 1958 and in 1980 merged with Centre d'Etudes Industrielles (CEI) to become the International Institute for

Management Development (IMD). It also happened at Indian Institute of Management Ahmedabad (IIMA) starting in 1961.⁶

The cases of IMEDE and IIMA illustrate that the efforts to diffuse the idea of executive education took place on different continents around the world in parallel, but with a particular focus on Europe and Asia. Between 1953 and 1957, HBS and the Ford Foundation were involved in establishing executive programs in Italy, Turkey, Japan, and the Philippines, among other countries. In Europe, the Ford Foundation's activities could be seen as an extension of the Marshall Plan and the European Productivity Agency (EPA), while the motives for supporting Asian initiatives were strongly linked to new ideas and theories on promoting growth in developing countries. In both cases, the Ford Foundation's activities should be interpreted within the framework of the Cold War.⁷ Activities in Chile from 1957, and Ghana and Egypt from 1960, show that executive programs were diffused to South America as well as to Africa with the support of the Ford Foundation, even though these continents were not the main focus of the foundation's activities in business education.

The Ford Foundation's focus regarding the international diffusion of executive education programs was linked to its general priorities among countries. This explains its strong involvement in executive education in India and Pakistan. Ford's first international office was set up in India.⁸ This will have implications for my further research, as India will be one of the countries I explore in detail in planned articles and a planned book.

The drivers of internationalization

The Ford Foundation was directly involved in funding executive education programs in at least 40 countries from the 1950s to 1980. In addition, some American business schools such as HBS were involved in initiatives without support from any foundation. Therefore, my rich collection of copies from more than 200 boxes and microfilms from the Ford Foundation's archives needs to be

analyzed in greater detail before I can draw any conclusion on the relationships between the different types of actors in this diffusion process.

Seen from the perspective of HBS, which was by far the most active American business school in this process, the business school was not the main driver but perceived itself as an organization that met a new demand for executive education programs. From being a US business school with a good international reputation that attracted many international MBA students, but less than four percent annually before World War II, HBS developed in the 1950s into an exporter of management education, with national foreign business schools and management training centers as the export agents. Most of these activities started with the export of the AMP program, which was offered under various headings and length (three to twelve weeks) around the world. From HBS's perspective, this expansion was in some cases driven by the international expansion of US business firms that established new subsidiaries in more and more countries. In some cases, the Ford Foundation served as an active sponsor, and in some cases US governmental initiatives led to the export of executive education programs. In many cases, representatives from foreign groups contacted HBS as a school, or contacted individual faculty members directly, and asked for support to develop executive education programs. For example, during the first nine months of 1959, HBS received 293 visitors from 40 countries who came to Cambridge to learn how to operate a business school, and from 1955 to 1959 the school received requests for cooperation from 76 countries. A large number of these requests were related to executive education. Very often the persons making the contact were alumni from HBS's MBA program.⁹

In some of the cases, such as in India, the Ford Foundation was very active in initiating and directing the development of executive education centers and pushed the US business schools forward in these processes. The foundation's initiative had an impact on why HBS, and not the Stanford Graduate School of Business, was chosen as the main American partner to IIMA.¹⁰ In other cases the foundation reacted positively to applications from American business schools

after local actors had succeeded in attracting the school's attention. A third group of cases shows that US business schools often approached the Ford Foundation for support to expand and develop more sustainable agreements after having operated on bilateral agreements for a year or more. Finally, other actors like the European Association of Management Training Centers, as well as the Council for International Progress in Management based in the US, were also active in negotiating with the Ford Foundation for support to diffuse executive education programs internationally.¹¹

The academic drive

As shown by Bill Cooke and Rafael Alcadipani's studies of the Ford Foundation's contribution to business education in Brazil, the foundation's vision to transform business education offerings into programs of high academic standards with more emphasis on mathematics, statistics, and organizational behavior was in many cases also guiding the foundation's international activities within business education.¹² My research does not question this finding or the previous knowledge about the Ford Foundation's strong belief in strict scientific principles where business education curriculum was concerned. However, my findings support the impression that these efforts were limited to the degree-offering sector of business education, and did not include some exceptions, especially the growing new sector of executive education within business education. Outside the US, the Ford Foundation supported the academic drive of business education in different ways, including financing faculty visits to US business schools to earn PhD's and to be trained in the new quantitative disciplines. Some of these visitors were also teaching in executive education programs in their home countries. Regarding executive education programs, however, the focus in most places was primarily on how to develop good processes during the few weeks the executive program took place, and not on introducing new quantitative disciplines such as mathematics, statistics, and operational behavior into the program. The work of developing the programs included tasks such as writing up case studies that

would be meaningful in the local context as pedagogical tools. It also included a focus on leadership and management practice as disciplines, on the executives' ability to link their own practice to theory, on their skills regarding working in teams, on their capabilities to lead others in group processes, etc. In many places, like Baguio in the Philippines, US business school professors involved the students in golf games, dancing activities, and the organizing of cocktail parties. In this way, the executive programs had a strong flavor of socializing future executives into the practice, lifestyle, and social codex of the business elite as understood in the US. This symbolic function contributed to strengthening the impression of a great divide between two different logics in postwar international business education.

¹Robert R. Locke, *The End of the Practical Man: Entrepreneurship and Higher Education in Germany, France, and Great Britain, 1880-1940* (Greenwich & London: JAI Press, 1984).

²Mie Augier and James G. March, *The Roots, Rituals, and Rhetorics of Change: North American Business Schools after the Second World War* (Stanford, CA: Stanford University Press, 2011); Robert A. Gordon and James E. Howell, *Higher Education for Business* (New York: Columbia University Press, 1959); Frank C. Pierson et al., *The Education of American Businessmen: A Study of University-College Programs in Business Administration* (New York: McGraw-Hill, 1959). See also John Wheeler, "Report to Ford Foundation on Changes in Collegiate Business Education in the United States 1954-64 and the Role of the Ford Foundation in These Changes," Draft September 1965, folder 0004933, Box 213, FA739B, Catalogued Reports, Ford Foundation Records, Rockefeller Archive Center.

³Rolv Petter Amdam, "Executive Education and the Managerial Revolution: The Birth of Executive Education at Harvard Business School," *Business History Review* (Forthcoming).

⁴Philip T. Crotty, Jr., *Professional Education for Experienced Managers: A Comparison of the MBA and Executive Development Programs* (Boston: Bureau of Business and Economic Research, Northeastern University, 1970), 2.

⁵For the Ford Foundation and US business schools, see Augier and March, *Roots, Rituals, and Rhetorics of Change*. For the Ford Foundation and European business schools, see Guilianina Gemelli, ed., *The Ford Foundation and Europe (1950s-1970s): Cross-Fertilization of Learning in Social Science and Management* (Brussels: Europe Interuniversity Press, 1998).

⁶“Management Education in India: A Study of International Collaboration in Institution Building,” 1971, Reports 001973, Box 76, FA739, Catalogued Reports, Ford Foundation Records, Rockefeller Archive Center.

⁷Volker R. Berghahn, *America and the Intellectual Cold Wars in Europe: Shepard Stone between Philanthropy, Academy, and Diplomacy* (Princeton and Oxford: Princeton University Press, 2001); Bent Boel, *The European Productivity Agency and Transatlantic Relations, 1953-1961* (Copenhagen, S: Copenhagen Museum Tusculanum Press, 2001).

⁸Inderjeet Parmar, *Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power* (New York: Columbia University Press, 2012).

⁹Rolv Petter Amdam, “Timing and History in Internationalization Processes: Raymond Vernon and the Development of Harvard Business School’s First International Strategy,” unpublished paper.

¹⁰“Management Education in India.”

¹¹E.g., different documents related to a grant to the European Association of Management Training Centers, 1960, Grant 6000043, Reel 0563, FA732C Grants, Ford Foundation Record, Rockefeller Archive Center.

¹²Bill Cooke and Rafael Alcadipani, “Toward a Global History of Management Education: The Case of the Ford Foundation and the São Paulo School of Business Administration, Brazil,” *Academy of Management Learning & Education* 14, no. 4 (2015), 482-499.