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Book review:

Mie AUGIER and James G. MARCH 2011

The Roots, Rituals, and Rhetorics of Change:

North American business schools after

Second World War

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## Book review

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Mie AUGIER and James G. MARCH. (2011).  
*The Roots, Rituals, and Rhetorics of Change: North American business schools after Second World War.*  
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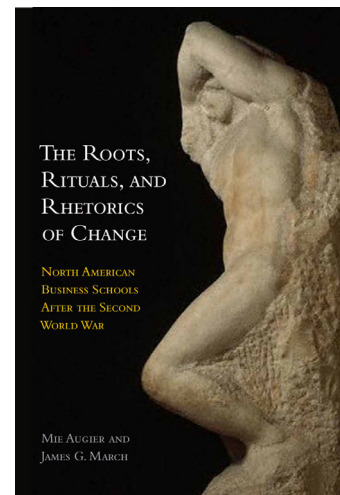
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First of all, this is an excellent book. It represents yet another major contribution by March to the canon of management research to which he has already brought so much. The work is a careful, detailed, wide-ranging, superbly written and provocative analysis of North American business schools in the period after the Second World War, 1945 to 1970, a time that can justly claim to have been a golden age for a particular manifestation of the business-school idea. It was a time, briefly, as they conclude the book, of the business school as Camelot. Augier and March capture this period well, examining issues and events that have been discussed before but never from the angle adopted here, with a focus on the roots of change, and particularly how change manifested itself in legends, rituals and rhetorics. One of the authors, of course, has a privileged perspective on this period of change, as March was an active during the period under analysis, being a member of business school faculty at the time.

The book opens with an analysis of the context for change that business schools faced after the Second World War (Chapter 1). It then unpicks the complex network of individual actors, institutions and ideas that helped drive change. There is a chapter devoted to the work of Abraham Flexner, a key player in the professionalization of the American medical school, and how his ideas became a touchstone for those pursuing business-school reform (Chapter 3). This is followed by an analysis of Robert Maynard Hutchins' reforms of the University of Chicago and their implications for business schools (Chapter 4). The roles of Flexner and Hutchins are pivotal but they have not previously enjoyed sufficient examination; these chapters are a superb contribution, highlighting themes and rhetorics that still haunt debates about the business school – debates on topics such as professionalization, the demands of good social science, the role of the university, scholarship as the core activity, relevance, education as business, and social



change.

The authors then focus on institutions, especially the RAND corporation (Chapter 5) and the Ford Foundation (Chapter 6), which were the sources of much of the new thinking about the parameters of business-school activity and, in particular, disciplinary knowledge and management education. There is then a chapter devoted to GSIA (the Graduate School of Industrial Administration at the Carnegie Institute of Technology) and its creation of a significant template or "legend" for business-school design based upon a commitment to fundamental scientific research. GSIA became a new prototype of a business school rooted in a particular view of science and the links (or lack thereof) between research and practice, "a poster child of change" (Chapter 7). The "gospel" of change that was thus created by this confluence of forces and influential players is then analyzed, as is its spread beyond top US schools and into the wider world (Chapter 8).

The book then analyzes the dominant rhetorics that emerged during this period of change: how management education addressed the introduction of "reality" into the classroom (Chapter 9); debates about relevance and balancing experiential with academic knowledge and the inexorable shift to the latter, along with the tensions between a utilitarian ethos and a more complex ethical and values-based position, grounded in a discussion of the motives of different interest groups (Chapter 10); and how business schools dealt with the issue of professionalism and the now illusory-seeming attempt to turn management into a profession (Chapter 11). Finally, the key changes examined are brought together and ideas on how the business school "revolution" can best be theorized are posited, along with a brief discussion of "present seeds of future disruption" and a somewhat nostalgic farewell to the post-War "golden age".

March and Augier identify a range of interlinked factors that led to the changes affecting business schools between 1945 and 1970, "a mix of entrepreneurial imagination, diffusion of prejudices and language, shifts in attention, visionary planning, networks of ambition, flows of resources, academic discourse, conflicts among interests, and the happenstance of opportunities" (pages 285-6). Gradually a loose but dominant coalition of ideas and interest groups, a "loosely organized but tightly connected group" led by key individuals, came to define the agenda of change, "united" in key reports in which the focus was upon a shared set of ideas and "prejudices" "about the importance of basic research to policy making and professional practice, about social science, about mathematics, and mathematical models and about professionalism" (page 287). This process transformed business schools, which prior to this period had been seen as what James Howell described as "the slums of the educational community" (page 2), seriously deficient in scholarly and educational competence. The reforms that were set in place focused not on business as practice but, rather, on changes to the fundamental knowledge base of the business school, with explicit links to scholarship in the traditional serious academic disciplines with business relevance: "more rigor, including the greater use of mathematical models and the research findings of psychology and

economics and the substitution of formal analyses for rules of thumb” (page 3). Business schools, it was argued, needed to be changed by engagement with the “foundational disciplines of economics and behavioural science as well as the quantitative disciplines”. There was also an emphasis upon contribution to society.

Some of this story is reasonably well known but this book adds value by basing its tale on those who contributed to the changes of the period and who still survive and on the fact that March himself experienced these changes at first hand. The book is also original in elucidating the impact upon the management of broader change in the university (the “legend” of Flexner’s transformation of the medical school) and the impact of the University of Chicago’s creed of scholarship as “a university dedicated to intellect, to the idea that the best instrument for a practical life was a mind shaped by fundamental knowledge” (pages 9-10). A particular view of social science based upon the “glories of mathematics and statistics” and an enthusiasm for quantitative methods (page 82) thrived as a result, as did a view of the business school based on a particular configuration of knowledge disciplines, focusing primarily upon economics and psychology. GSIA championed the importance of basic research as the leading edge of the business school. Research in finance, for example, followed this path, getting ahead of practice and developing models that began to change practice. Academic conceptions of knowledge grew in significance, though a view of more practical relevance survived in those schools that championed the case method, Harvard in particular. In the concept of professionalism, this emphasis upon science was mixed with an accompanying notion of public service (page 245 *inter alia*). Interdisciplinarity was also an ideal. Cooperation between economics and behavioural science was deemed “highly desirable” (page 104).

However, one discipline was rising to the fore, soon to leave the other disciplines in its wake. “The emphasis continued to be on economics ... but the rhetoric frequently reiterated that management education should rest on a solid foundation of mathematics and behavioural and social science” (page 109). The “but” in this sentence speaks volumes! In the ensuing period it was economics that became increasingly dominant. The intercourse between business schools and engineering faded away as a central thrust of their development. Micro- and macro-economics replaced “business economics”. Engineering and information technology became “unrealized” histories, both overtaken by the seductions of economics (page 280). The paths of business schools and engineering schools diverged, to the detriment of the former: “engineering schools ... did not rise to the opportunities that were perceived by Sloan, GSIA, and others. If they had, management education might have developed in a different way. Operations research might have become more central to management education; financial economics less central. Theories of choice and of teams might have become more important; theories of markets less so. Research on the design and implementation of information technology might have become more developed; research on the theory of games and agency theory less so” (page 281). If they had, business schools, management education,

and the world might have been very different today.

Business schools de-emphasized the education of the industrial manager and focused on management consulting and careers in and theories of finance. MBA graduates, the emerging business elite, “did not become managers of firms that produce physical products. They became experts in the management of speculation or in the management of advice” (page 282), and increasingly favoured finance over advice because Wall Street was where the serious money was in investment banking, private equity firms and hedge funds. The focus in the period under study in the book was more diverse, at least originally, than what followed. It may have emphasized mathematics, quantitative analysis, interdisciplinarity and behavioural science but it was mathematics and economics that came to dominate, while interdisciplinarity and behavioural science fell behind as important business-school ideals in the growing “enthusiasm for markets” (page 180), which excluded much else. Business education and business schools became increasingly “commodified” and “marketized” (page 224) while other social sciences embraced conceptions of knowledge as socially constructed and, therefore, contestable and open to a variety of interpretations (page 302).

This went hand in hand with the inexorable rise of economics, which is not surprising when one considers that the seminal reports of the supposed “golden age” commissioned by the Ford and Carnegie Foundations were both written by leading economists! Augier and March highlight the effect which this exerted on the ideal of interdisciplinarity: “interdisciplinary work was replaced by economic intellectual imperialism as economists invaded other fields with economic tools. This resulted in substantial invasions of sociology, psychology, political science and law by economic models, much of it stimulated by the imagination of Gary Becker” (page 307). The political climate of the 1980s onwards supported ideologies of “free-market greed” (page 304) and business schools followed this trend in positioning themselves as ideologically different from the other social science departments, with the exception of economics. This brought what now seem to be predictable consequences: “The subsequent large salaries and independent resources of business schools combined with their political and ideological distinctiveness to make them the envy and the enemy of other scholars and fuelled academic revulsion at the perceived role of business schools in the 2008 meltdown of financial institutions” (page 304). The longer-term result of this shift is not the main focus of the book but it is mentioned in the final chapter, “The lessons of history”. “The key to management became the alignment of incentives for self-interested others to serve the self-interests of the managers ... Business ethics became an esoteric and not conspicuously valued subject rather than part of basic socialization. When the excesses of the early twenty-first century provoked outside criticism of business-school ethics and demands that business schools introduce a stronger sense of social responsibility into the curriculum, the response of the schools was, in general, minimal and often explicitly antagonistic. Significant voices, echoing the litanies of Woodstock and Chicago, maintained that the

only social obligation of managers was unremitting masturbation, and social systems worked best when individuals pursued their own self-interests without recourse to vague contrary ideas of 'social good' or 'public interest'" (page 309).

In other words, for the vast majority it is business as usual, although Augier and March sound a warning note that in a world where power is shifting, North American schools might struggle to sell a product which has historically rested on the superiority of North American business. As a result, they conclude that there could be major pressure for a re-think of the MBA, which became more than respectable between 1945 and 1970, with the MBA programme becoming the essential core of the business school and an elite MBA becoming the necessary qualification for entry onto the yellow-brick road of career success. There are even suggestions that the North American business school may have passed its sell-by date and that the future might be about "cost-effective" professional education with a dwindling emphasis on research: "academic respectability is likely to decline unless some combination of factors elicits organized business support for university-based fundamental research on business" (pages 319, 321).

The book concludes that the reforms of the 1950s and 1960s did lead to a golden age of the business school, although it accepts that the notion of golden age is often affected by nostalgia. "Nevertheless, it was a time when a relatively fortuitous combination of ideas and people encountered a relatively fortuitously vulnerable set of institutions and produced a relatively substantial change" (page 322). As a result, business schools were much improved by the end-point of their narrative, 1970, becoming more committed to fundamental research, more attuned to issues of managerial professionalism, and, crucially, gaining increased esteem in their university host institutions. Augier and March's bottom line is that this new business-school formation produced "a generation of new scholars committed to academic, research-based schools of business" (page 322) who have continued to affect business-school research and business to this day. We see where March's journey led him in his fascinating book on leadership (March & Weil, 2005).

One gap which I would identify in this work is the tantalizing reference to the potential role of liberal arts and humanities, and a possible "different conversation" (page 234) in the business school. At GSIA, for example, there was some introduction of history, philosophy of science and even sociology ("theories of revolutions", page 129) but the reform of business schools sought to challenge the business-world view that "extolled" the value of the liberal arts (page 297). March himself has pursued a humanities approach in more recent years. Reflecting on his chequered academic career, March (2003) examined what he termed the "scholar's quest" and, in doing so, raised profound questions about the nature of scholarship, the nature of the university and the nature of the business school.

March questions the dominance of a business school mind-set focused only on "utilitarian morality", a theme to which March and Augier return here and which they also addressed in Augier and March (2007), where they criticize an instrumental attitude to learning in which

knowledge is valued not for its intrinsic worth but because of what it produces – certification that helps its graduates position themselves in the career marketplace and knowledge whose primary function is to maximize individual and shareholder value. March talks about “learning as a manifestation of faith in what it means to be a human being ... A university is only incidentally a market. It is more essentially a temple – a temple dedicated to knowledge and a human spirit of inquiry. It is a place where learning and scholarship are revered, not primarily for what they contribute to personal or social well-being, but for the vision of humanity they symbolize, sustain and pass on” (March, 2003: 206). Such a statement leads us to the question: what vision of business and, indeed, of humanity do business schools symbolize, sustain and pass on? I am not convinced that the path business schools adopted in the period between 1945 and 1970 was not doomed to be incompatible with March’s later scholar’s quest. Indeed, I feel that in some ways March’s own later path (towards the literary, for example, with his teaching of leadership focusing on fictional” characters such as Don Quixote) has elements of at least implicit criticism of the scientific attitude which generally receives a positive endorsement in this book. Perhaps this is a theme to which he or they might return in future work? March clearly regrets that we live in a world in which it is difficult to endorse and enact the *vita contemplative*, even in the university. He is passionate about the fact that, for him, if not for most of his current colleagues, the core purpose of the business school is to create “the performances and scripts of management education as refining the routines of reason into objects and instruments of beauty worthy of human aspirations” (March, 2003) but it may well be that it was precisely the forces that were focused on business schools in the post-war period that made this increasingly difficult to achieve.

Here, it is interesting to connect these authors’ arguments to the broader conversation about business schools. The book is, unsurprisingly, US-centric and there is much, for example, in debates in Europe which resonates with the issues discussed. Augier and March do refer, though briefly, to some of these but it would be interesting to know where they stand in relation to, say, postmodernism and arguments in the arts and humanities and in the social sciences about its implications for science and knowledge (Lyotard, 1984). Starkey and Tiratsoo (2007) present a picture of European business schools, particularly in the United Kingdom, falling between two stools – criticized by the rest of the university for lacking academic rigour and by the corporate world for being irrelevant while central to the mission of many universities because they have grown to become “cash cows” and are therefore a key source of higher-education funding. From a critical perspective, one fundamental issue remains to be resolved: are business schools best conceived as professional schools or schools of social science, for management or about management? A critical perspective suggests the latter, while Augier and March seem to fall somewhere in between.

This work engages in a very interesting discussion of whether management education should be driven by a logic of appropriateness or by one of consequences. The former deals in what are considered

“rules of proper managerial behaviour”, including factors such as social responsibility and professionalism, the latter in the utilitarian drive for maximum individual and social utility. It is difficult to reconcile the two, and particularly the latter, with the aesthetic and moral search for worthy scripts of beauty and aspiration and the subversive view of an organization as “a work of art” (page 236). Indeed, it is somewhat ironic that the book quotes Wallace Donham, Dean of Harvard Business School in the 1930s, on the dangers of overspecialization: “The nation suffers badly from overspecialization of its business leadership. Universities with less excuse have the same fault. Nowhere do we train men to study general social relationships with the broad vision and the philosophic view needed” (page 27). One could make a strong case that the path adopted in the post-War period led to the eventual dominance of a particular variant of economic thinking that, again ironically, reduces managers to untrustworthy agents (agency theory) and relationships to no more and no less than totalizing market transactions (as, for example, in Gary Becker’s imaginative and, in my opinion, bizarrely reductionist view of the world). The calculation of consequences drives out all other forms of calculation as irrelevant and even meaningless.

In conclusion, this book makes a major contribution to the literature on business schools and provides an indispensable complementary narrative to that developed in Khurana’s (2007) magisterial analysis of where elite North American business schools, particularly on the East Coast, in creating their own world of risk management, financial speculation and chicanery, lost touch with reality and helped create a far harsher and riskier world for the rest of us. Augier and March’s narrative concludes in happier times but on an interesting note that hints at regret for a world we have lost: “But, briefly, there was Camelot”. King Arthur’s Camelot was a court uniting the most chivalrous warriors, “perfect knights”, the Knights of the Round Table. But Camelot finally fell apart as a result of plotting against King Arthur and the knights’ fellowship was dissolved in the quest for the Holy Grail.

One wonders what myths and legends are most representative of today’s business school world – “The Emperor’s New Clothes”, “King Midas in Reverse” or “Legends of the Fall”, perhaps? Business schools have spawned their own knights of their round table, almost all of whom have in recent years been economists such as Merton Miller (formerly of GSIA), Michael Jensen, Robert Merton, Fischer Black and Myron Scholes. As for the schools’ holy grail, Tett (2009) analyzes the financial crisis as a quest for “fool’s gold”, implicating top MBAs in its unfolding, a judgment reinforced by Greenspan’s *mea culpa* as the banking crisis wreaked its havoc, contrary to the foundational assumption that markets were infinitely self-correcting and leading economists’ proclamation that the laws of financial economics demonstrated irrefutably that over-leveraging was a minor problem that markets could easily correct. I hope that Augier and March at some point review this possibly unintended consequence of the revolution the unfolding of which they so ably and interestingly recount. In doing so they might develop further their vision of higher education as something which is indeed “higher”, “a vision not a calculation ... a commitment, not a choice” because,



they argue, “[s]tudents are not customers, they are acolytes. Teaching is not a job; it is a sacrament. Research is not an investment; it is a testament” (page 235). This manifesto leads me to a possibly subversive final question: how many business school faculty members would agree with this vision and seek to pursue it? How many would simply not understand it and not be interested in understanding it? How many would emphatically and disdainfully, possibly angrily, reject it as empty rhetoric? It would be a pity, though entirely predictable, if Augier and March’s legacy, a view of managers and management “as icons and aspirations for humanity [and] [t]he dilemmas of leadership ... as instances of the dilemmas of life and their human resolution in management as models for achieving humanness in life” (page 236) fell on mostly deaf ears. We would be all the poorer for it; probably financially, and certainly intellectually.

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