CHAPTER 1

Introduction and Problem

No Institution of Management Knowledge

Society needs institutions dedicated to developing the science and profession of management. But those charged with this task, the business school and the management academy, do not do so and have not organized themselves to do so. Mary Parker Follett (1868–1933) and Chester I. Barnard (1886–1961) established foundations of a science of management in the early twentieth century. The institutions never integrated their work, however, and it remains largely unrecognized and unutilized. This book recaptures these lost foundations and explores how to build on them.

The project to develop a basic and applied science and an applied art of management has in fact gone deferred since the founding of collegiate schools of business (CSBs) in the mid-1800s. Facing intense demand for practical higher education and elevated business practice, educators did not pursue a new field. They did not even go so far as to reach a common understanding of management. Instead, they shrank new ideas to fit old institutions. Today, the so-called management curriculum and academy consist of many different disciplines whose sole tie is a bearing on "organizations" (Augier et al., 2005).

But management is not a smattering of many disciplines; nor does it resemble any existing discipline. It is not a specialist field because it pertains to many fields. Also, it differs from specialist fields because it entails responsibility that exceeds disciplinary boundaries. In fact, specialists flock to MBA programs precisely to transcend specialization and learn management. But once there, they find only more specialist training. Among the academic subjects encompassed by the management curriculum are economics, psychology, sociology, political science, statistics, and computer science. The technical subjects include accounting, finance, marketing, human resources, operations, and management in-

formation systems. These subjects presumably *add up to* the content of management.

This situation dates from the business school's earliest formation in the mid-1800s. The fledgling school did not find a home in mainstream higher education. Using a peripheral institution, University Extension, occupational specialists controlled business education through the mid-twentieth century. The vocational school of business (VSB) was organized to satisfy popular demand. It brought a new and large population of working adults into higher education. It also brought in a new revenue source, the corporation, which used the business school for training and recruiting. Academics deemed the school unscholarly and a threat to the entire university. In a mainstreaming arrangement, academic specialists in the behavioral and quantitative sciences took control of the "basic sciences" in the business school; and occupational specialists retained control of the technical disciplines as "applied sciences." This move won consensus in the academy and in industry. It also instituted the MBA degree and the elite MBA program in the elite research university. Finally, it set up a selective admissions standard for which a new candidate, aspiring to leadership of the highest status, cultivated himself. This candidate had already demonstrated success in responsible positions and entered business school as part of executing this responsibility and reaching this status. The management academy, following norms of professional science, did not see that this candidate brought vital new knowledge and knowledge-creating methods.

Follett and Barnard, like this candidate, took management seriously because they lived it. Follett led the transformation of "her" city, Boston, from a static to a dynamic society that integrated new populations and enterprises into what she called a functional whole. Barnard led the transformation of "his" organization, Bell Telephone, from a local to a statewide entity when local logics dominated the state. Studying these developments and their personal stakes in them, Follett proposed a science of "dynamic relating," and Barnard an "applied social science." They worked separately but had a common purpose: to develop self-government and knowledge of self-government at increasing levels of scale. Beginning in adolescence, they built this project systematically for the rest of their lives.

But the management academy did not use their work because it did not fit into any academic or technical specialty. It also contradicted mainstream science, which distanced itself from lay activities and cultivated separate, specialist enclaves within itself. Professional science especially prized the natural and physical sciences and the idea of discovering their laws. Follett's and Barnard's science, on the other hand, ran with

the premise that knowledge is consciously created and that it grows in a value system that prizes human creativity. In particular, they focused on the synergy between individual and collective creativity. This approach to knowledge and knowledge creation imposes new burdens of responsibility: so-called findings have to do with the exercise of personal responsibility by actors who understand that "findings" follow from and act back on them. In particular, Follett and Barnard explored the implications of this logic in a dynamic society: as one studied, he or she actually "made" the object of study—the city in Follett's case; the organization in Barnard's. Furthermore, while professional science organized around values of neutrality and detachment, Follett and Barnard assigned personal stakes and normative significance to science: as one made the life that one desired to have, one made the society in which one desired to live. And as one made the society in which one desired to live, one made the life that one desired to have.

Follett's and Barnard's science coincided with the explosion of adult education generally and the research university specifically. By affiliating with institutionalized science in the university, one could elevate his or her social status from the occupational to the professional level. University Extension made this affiliation and elevation available to the general public. It offered a new, reliable path to new, well-paying jobs in emerging specialist fields. Follett's and Barnard's science also related to the large, formal organization and the job of manager. Follett and Barnard observed that the managerial position created value in accordance with the manager's ability to integrate diverse specialist elements into the organization. They traced this ability to the manager's subjective experience of a mutually creative relation between himself and larger wholes. They isolated the lever of this relation in the conscious decision to *organize oneself* in accordance with this idea and its value-creating possibilities.

Thus Follett and Barnard are best understood not only as building a new discipline but also as reforming the classical tradition of knowledge for governance, or paideia/humanitas (Jaeger, 1963a [1944], 1963b [1943], 1962 [1939]; Hoskin, 2006). Previously, U.S. society bundled knowledge for governance into two institutions: the rite of initiation performed through college residency and graduation, and inculcation in theological doctrine and in the sacred texts of Western civilization as administered in the core curriculum. Governance and knowledge were treated as a static inheritance to be claimed. College professors did not create knowledge. They preserved it and passed it on from biological and clerical fathers to sons. With the rise of science and the fall of the clergy's monopoly of higher education and the professions, the idea of

fixed knowledge and passive inheritance proved untenable. In a dynamic society, governance had to cultivate new knowledge (science), new industry (applied science), and a new synergy between science and industry (knowledge for governance). Thus Frederick Taylor proposed his scientific management (1911) and Henri Fayol his general administration (1916) because they found that the old knowledge institutions did not support dynamic industry.

Follett and Barnard went the furthest in this regard because they did not seek a one-time adjustment for the new conditions but rather a science of adjustment or integration for *continuously new conditions*. In a nutshell, they integrated the institution of science into classical paideia/humanitas and remade it for dynamic society. This move entailed a conscious transfer of responsibility from institutions—the college, residency, the core—to the self-governing individual acting interdependently with larger self-governing units. Henceforth, knowledge for governance was no longer a thing. Rather, "it" inhered in ways of relating that were oriented toward creating new value and values, again and again, in ever-new circumstances.

But the logic of specialization prevailed. To an unprecedented extent, it created new knowledge, wealth, and status rapidly and reliably. But by continuously separating knowledge into finer units, experts became masters of smaller domains. More important, they could not envision and pursue the greater uses of their knowledge. Follett and Barnard thus posited an integrative knowledge of equal sophistication to reap the full harvest of specialization.

Although this idea of management remains virtually forgotten, the need for it is clearer than ever. The publication of this book coincides with an economic crisis that lends new urgency to longstanding discussions of key aspects of management education such as ethics, research, and curriculum. Yet these discussions have also long ignored the elephant in the room: the appearance but missing substance of management. This is the true economic, scientific, and leadership crisis at hand.

ETHICS

In his pioneering study of management education, Rakesh Khurana (2007) argued that the business school helped legitimize management and transform it into a profession. However, he did not see how the business school developed to serve the professional and academic specialties. To professionalize management further, Khurana and his colleagues at the Harvard Business School (HBS) instituted an ethics vow analogous

to medicine's Hippocratic oath. In 2009, 55 percent of the HBS graduating class signed the oath (the figure stayed the same in 2010), as did over 1,000 other graduating MBAs worldwide. But to have force, such a vow must be taken before a community that finds or makes it meaningful. In this sense, HBS's vow might have impact for the HBS community but not for a community of professional managers, because such a thing does not exist.

As stated at the outset, there is no professional community that takes responsibility for management knowledge. Moreover, concerning vow-taking specifically and ethics generally, Follett and Barnard go deeper. They ground ethics in the project of institution-building, which they further ground in the project of self-government. In this context, ethics is more than a matter of professing and keeping one's word. Self-government entails subordination, a form of action of the self on the self, which further entails integrity in the Latin sense, meaning "whole." For Follett, one subordinates oneself to creative principles that support human flourishing. For Barnard, if the executive does not subordinate himself to the moral codes he creates in relating to himself, others, and the larger whole, then he loses the respect of the organization's members and they withhold the necessary contributions. More deeply, they refrain from making the necessary attributions such that the organization acts back on the executive and makes him a leader, so the organization dies.

RESEARCH

A longstanding debate in business schools concerns the balance of influence between the business school's "parents," academicians and practitioners. This debate is framed in many ways: rigor versus relevance, abstraction versus concreteness, theory versus application. Entire issues of the *Academy of Management Journal*—August, October, and December of 2007—have addressed this topic. However, this debate ignores the missing discipline of management and even capitalizes on the business school's bipolar parentage. For example, Andrew Van de Ven (2007) posited four forms of "engaged scholarship": informed basic research, collaborative research, design/policy evaluation research, and action/intervention research. In fact, these forms align with one side or the other and reinforce the bipolarity. Van de Ven thus pursues not a unified enterprise but a synergy between complementary but distinct communities. He does not take up the prospect of academics and practitioners collaborating in the common purpose to build a discipline of management, which would turn both parties into institution-builders and collapse the divide altogether.

Professional groups in accounting, finance, and other fields use the business school to build their disciplines by affiliating with basic science in the academy. Academic specialists in economics, psychology, and other fields do the same by affiliating with applied science in industry. By recalibrating their location on the academe-practice continuum—that is, by aligning more or less with the scientific or technical specialists—business schools differentiate themselves and compete with one another. They also undergo regime changes and differentiate their new incarnations from their old ones. Finally, they interact with broad trends: for example, Henry Mintzberg reacts to the dominant graduate school of business (GSB) model (Mintzberg, 2004: Chap. 4). In other words, the academe-research bipolarity may address the science-lay divide, but its integrative logic conforms to disciplinary limits.

TEACHING

George Leland Bach, a leading reformer in management education, found a bipolarity between "people-oriented" and "analytically oriented" business curricula (see discussion in Chapter 4). Writing in the mid-1980s, he called this the most serious problem facing management education. He made no reference to history, but his statement recalled the field's simultaneous origins in engineering, with Frederick Taylor and Henri Fayol, and in psychology, with Elmer Southard and Elton Mayo (Wrege, 1979; O'Connor, 1999a).

Fayol collapsed the bipolarity between engineering and psychology by claiming that workers respect managers with scientific knowledge of all kinds (1962 [1916]: 112). Mayo collapsed the bipolarity by conceiving of his work as an extension of Taylor's (Mayo, 1924: 258), which had called for "scientific investigation . . . [into] the motives which influence men" (Taylor, 1911: 129–30). But as the business school became recognized as the quintessential institution linking wealth creation and knowledge, various disciplines competed to lead it. In doing so, they exaggerated their differences with one another and reinforced bipolarities, such as scientific versus lay knowledge and scientific versus humanistic knowledge.

Business schools also try to correct a bipolarity passed on from college: the gap in education between what the "poet" (or liberal arts–educated student) learns, and what the "quant" (engineering student) learns. They aspire to correct the imbalance of the previous education and make a more complete individual.

All of these bipolarities only distract from the root problem. Lacking a foundation or core around which to orient themselves, institutions

calibrate and recalibrate along a continuum. The vital question remains unasked and forgotten: What are the foundational principles of management—that is, the bases on which the field may build a creative synergy between theory and application as in the more established professions?

The stakes have been raised as the elite business school has become the heir-apparent to the tradition of knowledge for governance. It claims to teach leadership and has won broad acceptance as doing so. Leadership research draws from the academic specialties of social and cognitive psychology, among other disciplines. However, no science examines the integration of scholarship, institution-building, and self-government. Yet as Follett and Barnard show, substantive knowledge of governance must comprehend these dynamics.

RESEARCH CONTRIBUTIONS

This book offers three new contributions: a pre-history of the university-based business school that encompasses its mutual institutionalization with the professions and the research university (Part I); an interpretation, based on unpublished and rare documents, of Follett's and Barnard's management science (Part II); and the results of experiments in applying their science in contemporary teaching and research (Part III). Part II also presents theory that explains how the foundations were ignored in the first place. Together, the three parts fulfill the promise of this book's title: they recover and use the lost foundations of management.

Part I assembles references that have not previously been connected. It plots the business school in the trajectory of the research university understood as a means to exploit the wealth-creating dynamic between basic and applied science. In this context, "applied science" means not only applications of science, such as to technology, but also further applications such as job training and even organization itself. I reviewed histories of business schools (Brochl, 1999; Cruikshank, 1987; Gitlow, 1995; Gleeson, 1997; Gleeson et al., 1993; Gleeson & Schlossman, 1995; 1992; Hotchkiss, 1941, 1913; Marshall, 1913; McCrea, 1913; Person, 1913; Phillips, 1964; Sass, 1982; Scott, 1913; Schlossman & Sedlak, 1985; Schlossman et al., 1998; 1989a, b; Sedlak & Schlossman, 1991; Sedlak & Williamson, 1983; Van Metre, 1954) as well as histories of universities that include studies of their business schools (Cleeton, 1965; Baldridge, 1971; Cheyney, 1940; Dyer, 1966; McGrane, 1963; New York University, 1956; Pollard 1952; Solberg, 1968; Tarbell, 1937; Townsend, 1996; Yates, 1992) and histories of business education (Daniel, 1998; Haynes & Jackson, 1935;

Khurana, 2007; Marshall, 1928; Ruml, 1928; Schlossman & Sedlak, 1988). This research showed how the collegiate business school related to large-scale reforms in education and industry.

Understanding the research university itself became a central focus of this work. Studies of the nation's oldest universities and how they changed over time were particularly useful, such as Edward Potts Cheyney's history of the University of Pennsylvania (1940), as were histories of institutions that started out as technical institutes, for example, and gradually became universities (Cleeton, 1965; Mann, 1918; McGivern, 1960; Rezneck, 1968; Stratton & Mannix, 2005; Tarbell, 1937). Sources examining the founding and conversion processes generally were also helpful (Brubacher & Rudy, 1997; Geiger, 1986; Hall, 2000; Hawkins, 1979; Herbst, 1982; Hofstadter & Hardy, 1952; Hofstadter & Metzger, 1955; Hofstadter & Smith, 1961; Veysey, 1965). This research defined the university as integrating formerly external, loosely coupled, or even entirely unrelated parts: (1) the college (Allmendinger, 1975; Bailyn, 1960; Boroff, 1961; Burke, 1982; Church & Sedlak, 1997; Geiger, 2000; Geiger with Bubolz, 2000; Guralnick, 1975; Leslie, 1992; Levine, 1986; Meyer, 1972; Peterson, 1964; Rudolph, 1981); (2) the scientific and graduate school (Cordasco, 1973; Chittenden, 1928; Mann, 1918; McGivern, 1960; Storr, 1953; Ryan, 1939; Turner & Bernard, 2000); (3) the professional schools, i.e. (a) the theological seminary (Gambrell, 1937; Scott, 1978; Williams, 1941; Woods, 1884); (b) the law school (Johnson, 1978; LaPiana, 1994; Stevens, 1983; Warren, 1908); and (c) the medical school (Kaufman, 1976; Kett, 1968; Rothstein, 1987); and (4) popular education in various forms, such as the lyceum, the public lecture, the learning society, and even self-education (Kett, 1994; Kohlstedt, 1976; Sinclair, 1974).

The study also examined how the early business school interacted with the classical college. Content-wise, the college-based business school had two parents: political economy, a reform of moral philosophy (Bryson, 1932a, 1932b; O'Connor, 1994); and accounting (Haskins, 1904; Lockwood, 1938; Wildman, 1926). The two parents, one based in theological doctrine and in the classics (see Table 1; all tables are in the Appendix), and the other in mastery-apprenticeship (Table 2), were on a collision course and suffered a schism at the turn of the century. A major reform in the mid-twentieth century resolved the rupture. Political economy became positive economics following the institution of professional science (Bannister, 1987; Fox, 1967; Furner, 1975; Oberschall, 1972; Ross, 1991, Sass, 1982); and accounting, as well as the other occupational specialties, became an applied science. The two parents divided labor according to the research university's governing logic, which simultaneously differentiated and pursued synergies between basic and applied science.

Part II reintroduces Follett and Barnard as the founders of management science. It draws from unpublished and rare sources, as well as secondary sources. The chapter on Follett draws extensively from biographical data (Tonn, 2003). Because Follett's society and her way of relating to society differ significantly from contemporary social science and social work, the chapter presents generous background data on the woman's club, settlement house, municipal reform, and vocational education movements. It also discusses related initiatives such as education for citizenship and for democracy—in fact, reforms of classical paideia/humanitas—that Follett followed and led. It is difficult to convey the unity that Follett found and created in her theory and practice, her research and life. I thus aim to capture the conditions that established the need for systematic knowledge of dynamic relating *in her experience*. I draw extensively from her unpublished and rare texts, particularly those on management training, to show her in action, publically interpreting these conditions with and for others. For Barnard, I draw even more extensively from unpublished correspondence and drafts because no biography of him exists. This material shows the extent to which Barnard used himself as a scientific subject in the new experimental condition that he called "the executive in formal organization." After his World War II experience, Barnard understood organization itself and all of its members as being in this condition, which he further understood as an evolutionary opportunity for humankind. Part II also traces the management academy's lineage to Barnard, showing how the tie was, and still remains, broken.

Part III is based on my own original field research exploring how to build on Follett and Barnard today. The first experiment, a three-year collaboration with an executive, focuses on how Follett's and Barnard's ideas inform management practice and how management practice clarifies their ideas. The second experiment uses Follett's and Barnard's ideas and their experiential methods in Master's-level teaching.

HOW THIS BOOK IS DIFFERENT FROM OTHERS

This book presents, for the first time, a history of *institutionalized and uninstitutionalized* management knowledge. This enables capturing the content and methods that flourished outside the academy. It also shows how institutionalization set limits on new knowledge creation in management. Other works, Khurana's (2007) most recently, have taken the university-based business school as a given. This move obscures the extent to which the business school became the instrument of professionalization in the academy and in the occupations.

This book also differs from works that focus on Follett and Barnard, notably those by Joan Tonn (2003) and William B. Wolf (1974, 1973), which do not use Follett and Barnard, respectively, as foundations for new knowledge. Finally, where scholars have pointed out the need for a discipline of management, notably Armand Hatchuel (2009, 2005, 2000), this book lends substance to that claim by showing the historical conditions that blocked foundational work altogether and by recovering this work in Follett and Barnard.

In contrast to books on the reform of management education, here I explain the dynamics that hold the field in specialist logic, both academically and occupationally. The originality of the ideas comes from addressing the root problem. Thus, whereas leaders in individual academic fields increasingly call for closer engagement with the humanities (March, 2008: 434–53; Bennis & O'Toole, 2005: 104), they fail to see that this simply adds more specialist fields to the current array dominated by the behavioral and quantitative sciences.

PLAN OF THE BOOK

Part I explicates the lack of a discipline of management despite the existence of business schools of solid repute, as well as the conditions that still prevent its emergence. Part II rediscovers the lost foundations of management in the life and works of Follett and Barnard. Part III builds on their work and suggests future directions.

Following this introduction, Chapter 2 examines the research university in which the business school became embedded. The research university was a twentieth-century invention. In particular, it established the research profession and professoriate. It integrated the values of professional science into higher education and in industry, and it established a strong academic community that operationalized these values. The business school would become the laggard in these respects (Chapter 3). It was initially included in the college to reform the classical curriculum for contemporary conditions. However, the college did not accept reform, and it had declined so far that not even the new curriculum could invigorate it. The business school took off under a new model, a partnership with specialist-practitioners. It drew massive new populations to the university and effectively put the university in the business of job training at the lowest (entry) levels. Academic entrepreneurs at elite and elite-oriented institutions, such as Wallace Donham of Harvard and George Leland Bach of the Carnegie Institute of Technology, organized for the high end (see Chapter 4). They recast the business school as graduate

professional education, following medicine and law. Despite Donham's efforts to discover the principles underlying a science of management, his project succumbed to specialist logic. In fact, Donham reinforced vocationalism by giving it pedagogical content and the Harvard name. Bach and his colleagues moved more expeditiously. Instead of finding or creating a core of management, they defined management as a hybrid discipline with scientific foundations in the academic specialties. In a well-organized campaign, elite business schools secured status and won consensus for this idea.

Part II (Chapters 5–7) recovers the lost work of Follett and Barnard. Because their ideas remain unutilized for theory-building and research, I provide generous introductions to their biographies and contributions. Chapter 5, on Follett, aims to overcome the bias that she was a "social worker" as that phrase is understood today. Rather, Follett conceptualized social work as the work entailed in building the self, society, and knowledge together. Moreover, whereas the tendency is to separate her life into two parts, with her social work in her early career and her management work at the end, the more accurate view is that Follett worked continuously on the core problem of how individuals could *organize themselves* to create value for themselves and for larger wholes. Here, "value" does not mean profit; nor does it mean any one thing. Rather, it refers to the full array of individually meaningful values that each person associates with his or her contribution and with the whole.

Chapters 6 and 7 take up Barnard. Chapter 6 departs from the tendency to focus on his classic work, *The Functions of the Executive*. The book is important, but it is just the tip of the iceberg. The chapter shows that Barnard never stopped working on *The Functions*. Throughout his life he modified his ideas; but his executive work took precedence and he did not issue formal announcements of his changes in thinking. Furthermore, Barnard began working on *The Functions* at least ten years before its publication. Beginning with his first managerial positions, he considered himself in a new experimental condition—the executive in a formal organization. He recognized that this condition entailed individual contributions on a new scale and of a new quality. He explicated this condition based on his experience and offered it for further testing by others. Chapter 7 explains the epistemological reasons why the institutionalizing management academy did not, and could not, integrate Follett and Barnard. Their methods privileged experience, and more specifically, experience consciously directed to creative ends. Chapter 7 also examines the "organic applied social science" that Barnard's book exemplified.

Building on Chapter 7, Chapters 8–10 take the ideas of Follett and Barnard as the management field's core and propose ways to build on

them. Chapter 8 focuses on research collaborations with practitioners based on the explicit, shared goal to develop a discipline of management. It demonstrates that Follett and Barnard have resonance today. It also shows how state-of-the-art technologies help operationalize their ideas.

Chapter 9 uses my own classroom experience as an opportunity to develop self-government and personal responsibility. It also examines the microprocesses entailed in dynamic relating. Chapter 10 proposes research that the status quo could readily accommodate. More ambitiously, it proposes an institutional reform that would create new knowledge by integrating executive-scholars into the management academy.