

INFORMATION TO USERS

This was produced from a copy of a document sent to us for microfilming. While the most advanced technological means to photograph and reproduce this document have been used, the quality is heavily dependent upon the quality of the material submitted.

The following explanation of techniques is provided to help you understand markings or notations which may appear on this reproduction.

1. The sign or "target" for pages apparently lacking from the document photographed is "Missing Page(s)". If it was possible to obtain the missing page(s) or section, they are spliced into the film along with adjacent pages. This may have necessitated cutting through an image and duplicating adjacent pages to assure you of complete continuity.
2. When an image on the film is obliterated with a round black mark it is an indication that the film inspector noticed either blurred copy because of movement during exposure, or duplicate copy. Unless we meant to delete copyrighted materials that should not have been filmed, you will find a good image of the page in the adjacent frame. If copyrighted materials were deleted you will find a target note listing the pages in the adjacent frame.
3. When a map, drawing or chart, etc., is part of the material being photographed the photographer has followed a definite method in "sectioning" the material. It is customary to begin filming at the upper left hand corner of a large sheet and to continue from left to right in equal sections with small overlaps. If necessary, sectioning is continued again—beginning below the first row and continuing on until complete.
4. For any illustrations that cannot be reproduced satisfactorily by xerography, photographic prints can be purchased at additional cost and tipped into your xerographic copy. Requests can be made to our Dissertations Customer Services Department.
5. Some pages in any document may have indistinct print. In all cases we have filmed the best available copy.

University
Microfilms
International

300 N. ZEEB RD., ANN ARBOR, MI 48106

8204385

SAARSALMI, MEERI MARJATTA

SOME ASPECTS OF THE THOUGHT UNDERLYING HIGHER EDUCATION
FOR BUSINESS IN THE UNITED STATES

Indiana University, Graduate School of Business

D.B.A. 1955

University
Microfilms
International 300 N. Zeeb Road, Ann Arbor, MI 48106

SOME ASPECTS OF THE THOUGHT UNDERLYING
HIGHER EDUCATION FOR BUSINESS
IN THE UNITED STATES

BY

MEERI MARJATTA SAARSALMI

A Dissertation Submitted in Partial Fulfillment of
the Requirements for the Degree of Doctor of
Business Administration in the School of
Business of Indiana University

Buss
INDIANA UNIVERSITY
SCHOOL OF BUSINESS

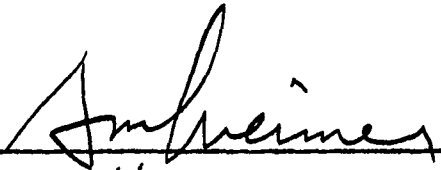
1955

TO MY PARENTS

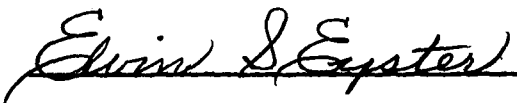
ACCEPTANCE

This Dissertation has been accepted in partial fulfillment of the requirements for the Degree of Doctor of Business Administration in the School of Business of Indiana University.

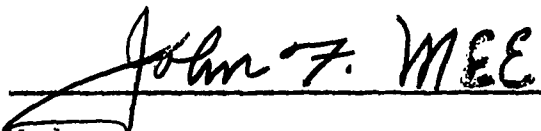
Date June 4, 1955




Dean, School of Business



Chairman



Member



Member

PREFACE

The purposes for which this study was undertaken were twofold: first, to contribute to the systematization of knowledge of collegiate education for business in the United States through the fulfillment of the research requirement for the Doctor of Business Administration degree at Indiana University, Bloomington, Indiana; and second, to make a treatise of some aspects of the thought underlying collegiate education for business in the United States available for the benefit of business educators in other countries.

The large scale of the national economy of the United States and its complexity have placed a premium on the quantity and quality of graduates in business administration. The educational conditions in the country have made it possible for collegiate schools of business to develop their educational philosophies and programs unhampered by regulations often imposed on institutions in countries where traditions are strong and educational machineries slow-moving. Furthermore the resources available to schools, both personal and impersonal, have in general greatly facilitated the implementation of individual philosophies.

The research-mindedness and resourcefulness with which business educators of the United States have dealt with problems encountered by them under these conditions have made business educators of other countries convinced that systematization of knowledge of collegiate education for business in the United States would contribute to an exchange of ideas and an improvement of instruction in the field.

This study is hoped to make a contribution to this systematization of knowledge and to promote further advancement of the field.

In connection with the completion of my work, my thanks are due to the Chairman of my Doctoral Committee, Dr. Elvin S. Eyster, Chairman of the Department of Business Education and Office Training, School of Business, Indiana University, to whom I should like to express my deep-felt gratitude for his guidance of my graduate study and this research problem. I am also greatly indebted to Dr. L. L. Waters, Professor of Transportation and Business History of Indiana University, for his encouragement and advice even during the year he spent in research in England. To Dr. Arthur M. Welmer, Dean of the School of Business of Indiana University and past President of the American Association of Collegiate Schools of Business, who made research materials available for me and gave me his advice, I should like to express my thanks. To Dr. Earl A. Dvorak, Assistant Professor of Business Education of Indiana University, I wish to acknowledge my indebtedness for his comments and editorial work on my research report.

To the late Chancellor and Rector of Kauppakorkeakoulu (School of Economics and Business Administration), Helsinki, Finland, Dr. O. W. Louhivuori, I feel very deeply indebted for his advice for my study of business administration and for this research project. To him and to Dr. Kaarlo Hilden, present Rector of the School, I am also indebted for their encouragement to me during the years of study in another country.

For the cooperation and helpfulness shown to me by the professors of Indiana University and other universities and by the librarians consulted I should also like to express my sincere thanks.

For the privilege of an extended period of study at Indiana University I should like to express my gratitude to the following sponsors: the United States Department of State, which provided the exchange scholarship on which I entered the United States in July 1950; Indiana University, for a John Edwards Fellowship awarded me for the academic years 1952-53 and 1953-54; and Kauppakorkeakoulu (School of Economics and Business Administration), Helsinki, Finland, for the grants for this research project in 1953 and 1954.

For the kindness and numerous favors extended me in the land of the Hoosiers I shall always remain a grateful debtor.

Meeri Saarsalmi

TABLE OF CONTENTS

Chapter	Page
PART I. BACKGROUND FOR THE RISE OF HIGHER EDUCATION FOR BUSINESS IN THE UNITED STATES	1
I. THE PROBLEM AND ITS HISTORICAL SETTING	2
The Problem	8
Delimitations of the Problem	9
Assumptions of the Study	10
Definitions	11
Purposes of the Study	12
Limitations of the Study	13
Related Literature	14
The Lyon Study	14
The Marshall Study	17
The Bossard-Dewhurst Study	19
The Haynes-Jackson Study	21
The Kozelka Study	21
Methods of Procedure	26
Nature and Sources of Data	26
Collection of Data	28
Treatment of Data	28
Organization of the Report	29
II. FACTORS AND FORCES PREPARING THE WAY FOR THE ESTABLISH- MENT OF COLLEGIATE EDUCATION FOR BUSINESS	30
Aspects of American Economic Life in the Nineteenth Century	31
Industrialization of the American Economy	31
Nature and Structure of the Business Unit	39
Aspects of American Political Life in the Nineteenth Century	42
Aspects of American Intellectual Life in the Nineteenth Century	44
Secondary Education and Private Business Schools	45
Higher Education	46
Summary	48

Chapter	Page
PART II. THOUGHT UNDERLYING COLLEGIATE EDUCATION FOR BUSINESS IN THE UNITED STATES	50
III. EARLY THOUGHT PERTAINING TO COLLEGIATE EDUCATION FOR BUSINESS	51
Early Expressions of Need for Collegiate Education in Business Administration	51
Ideas Leading to the First Attempts at the Estab- lishment of Collegiate Education for Business . .	55
Ideas Introduced at the Time of the Establishment of Pioneer Collegiate Business Schools	59
Demand for Collegiate Education for Business . .	60
Early Goals of Collegiate Education for Business	74
Summary	81
IV. DEVELOPMENT OF THOUGHT UNDERLYING COLLEGIATE EDUCATION FOR BUSINESS	83
The Formative Period, 1881-1910	85
Formative Thought Reflected in the Curricula . .	85
Formative Thought Reflected in Administration and Organization	94
Development of Collegiate Education for Business into a Discipline, 1911-1930	97
First Intradisciplinary Interests and Developments	97
Relationship Between Collegiate Business Educa- tion and Business	100
Associational Activities Among Business Schools .	102
Problems of the 1920's	104
Business as a Profession	116
Quantitative and Qualitative Growth of Collegiate Business Education, 1931-	119
Philosophies of the Schools as Reflected by Their Curricula	119
Criticisms Caused by the Depression Years	128
Impact of the New Deal on Collegiate Education for Business	131
Contributions of Collegiate Education for Business to National Defense	141
The Quality and Scope of Collegiate Education for Business	143

Chapter	Page
Summary	153
V. PRESENT THOUGHT UNDERLYING COLLEGIATE EDUCATION FOR BUSINESS	155
Names of Schools of Business	156
Types of Schools of Business	159
The School with an Undergraduate and a Graduate Program	159
The School with a Graduate Program Only	171
Curricular Tendencies	174
Number of Courses Offered	174
Specialization	176
Nature of Course Offerings	178
Instruction	191
Faculty Supply and Requirements	193
Business Research	198
Summary	200
PART III. ANALYSES OF FACTORS AND ASPECTS OF THOUGHT IN THE DEVELOPMENT OF COLLEGIATE EDUCATION FOR BUSINESS IN THE UNITED STATES	201
VI. FACTORS AND FORCES INFLUENCING THE DEVELOPMENT OF COL- LEGIATE EDUCATION FOR BUSINESS	202
External Factors	203
Influences Pertaining to Society and Business	203
Influences Pertaining to Society at Large	203
Influences Pertaining to Business	207
Influences Pertaining to Education in General and to Other Fields of Higher Education	213
Influences Pertaining to the University Organization of Which the School of Business Is a Part	217
Internal Factors	221
Influences Pertaining to Collegiate Education for Business	222
Influences of Professional Associations	222
Influences of Schools Individually	225

Chapter	Page
Influences from Within a School of Business	226
Personal Influences	227
Impersonal Influences	239
Summary	241
VII. ECONOMICS AND THE BUSINESS DISCIPLINES	242
Economic Thought Since the 1880's	242
Background	243
Period of Orientation	245
Marginal Equilibrium Economics	246
Period of Effective Criticism	247
Recent Tendencies	248
Relationship Between Economics and the Business Disciplines	250
Outgrowth of Business Disciplines from Economics	250
Cleavage Between Economics and the Business Disciplines	252
Bridging the Gap Between Economics and the Business Disciplines	254
Summary	262
VIII. THE ROLES OF GENERAL AND PROFESSIONAL EDUCATION IN COLLEGIATE EDUCATION FOR BUSINESS	263
General Education as a Part of the Business Curriculum	263
The Traditional Classical Curriculum	264
The Elective System	264
The Business Curriculum	266
General vs. Professional Education for Business . .	271
Nature of General and Professional Education . .	271
Relationship of General to Professional Education in Education for Business	273
Summary	278
PART IV. CONCLUSION	279
IX. CONCLUSION	280
Background for the Development of Higher Education for Business	280
Individuality of Philosophies of Schools of Business	282

Chapter	Page
Objectives of Collegiate Education for Business	283
Contribution of Collegiate Education for Business to Society	286
Challenges in Collegiate Education for Business	287
BIBLIOGRAPHY	291
Appendix A: Persons Interviewed in the Collection of Data for the Study	303
Appendix B: Members of the American Association of Collegiate Schools of Business 1952-1953	308
Appendix C: Standards for Admission to the American Association of Collegiate Schools of Business, Effective April 23, 1949; Amended April 18, 1953	313
Appendix D: Constitution of the American Association of Collegiate Schools of Business	317
Appendix E: The Twenty Schools Referred to in Table 2, Chapter V	322

LIST OF TABLES

Table	Page
1. Subject Areas Constituting the Basic Undergraduate Curriculum of Schools Which Were Members of the American Association of Collegiate Schools of Business in 1951, the Percentage of Member Schools Requiring Students to Take Courses in the Subject Areas, and the Average Number of Semester Credits in the Subject Areas Required of Students	162
2. Courses Offered in the Early 1950's by Twenty Schools of Business Which are Members of the American Association of Collegiate Schools of Business, by Business Subject Area	175
3. Advanced Degrees Held by Faculty of Schools of Business Participating in the American Association of Collegiate Schools of Business Study of 1954	195

PART I

BACKGROUND FOR THE RISE OF HIGHER EDUCATION
FOR BUSINESS IN THE UNITED STATES

CHAPTER I

THE PROBLEM AND ITS HISTORICAL SETTING

In the middle of the nineteenth century, the United States was a country of 23.2 million inhabitants with vast areas in its western part still sparsely populated and partially unexplored. Its economy was still a young economy--the labor force numbered 7.7 million, 63.7 per cent of whom were engaged in agricultural pursuits¹; the national income is estimated to have been 4.7 billion dollars; and the output per man hour is estimated to have averaged 17.3 cents.²

Although the economy was predominantly agricultural, industrialization had had its beginning and was advancing rapidly, in the eastern states especially. At the same time business activities were growing in importance. The merchant was giving way to the entrepreneur; and the corporate form of enterprise was becoming more common, as states began to pass laws of incorporation.

Organized education for youth to prepare for occupations in this economy was given in grammar schools, colleges devoted to classics, and private business colleges imparting instruction in operational business skills. Forces were at work that were beginning to bring formal

¹Historical Statistics of the United States 1789-1945. A Supplement to the Statistical Abstract of the United States. Prepared by the Bureau of the Census, Department of Commerce, with the cooperation of the Social Science Research Council. (Washington: U. S. Government Printing Office, 1949), p. 25.

²"Estimated Employment, Weekly Hours, Annual Man-Hours, Output Per Man-Hour, National Income, 1850-1960" (Table 3). America's Needs and Resources. A Twentieth Century Fund Survey Which Includes Estimates for 1950 and 1960, by J. Frederic Dewhurst and Associates. (New York: The Twentieth Century Fund, 1947), p. 23.

education to an increasingly bigger segment of the population. Among the forces were those leading to the passage of the Morrill Act in the early 1860's, which included provisions for the establishment of agricultural instruction in state colleges, and to the establishment of public secondary schools in the latter part of the century. However, no instruction was given in the educational world of the day for young men to prepare for responsible managerial and administrative positions in industry and business. Only some sporadic expressions of need for education for business administration at the collegiate level had been made. Not until the 1880's was the first collegiate school of business established.

In the middle of the twentieth century, the United States was a country of about 150 million people with the highest per capita output in the world. The labor force was about 60 million people, 90 per cent of whom were engaged in nonfarm occupations³; the national income was approximately 285 billion dollars⁴; and the output per man hour in major industries varied from about 105 cents to approximately 150 cents.⁵

The midtwentieth century American economy is composed of numerous private enterprises, large and small; public enterprises; labor unions; trade associations; and other organizations. Government agencies impose a certain amount of direction and regulation on the activities of business and industry. The functions of all these

³Statistical Abstract of the United States 1953. Prepared by the Bureau of the Census, Department of Commerce. (Washington: U. S. Government Printing Office, 1953), p. 184.

⁴Ibid., p. 279.

⁵Ibid., p. 214.

components of the economy are interdependent, and the structure of the economy is a very intricate one.

Business has become the source of livelihood for a substantial portion of the total population. There are small privately owned business units and partnerships providing employment and income for a great number of people. Nearly one-half of the gainfully employed however, are on the payrolls of corporations. Between six and seven million stockholders and their dependents look to business leaders in the country for all or part of their income.⁶ The number of stockholders is growing rapidly because of the existence of employee stock ownership plans which make it possible for employees of corporations to buy stocks in the companies they are serving. General Motors Corporation alone has about 450,000 stockholders.

In addition to being a major employer and provider of livelihood, the businessman occupies a position of great social prestige in the American society. He is often the civic leader in a business community, and he is well represented among the men serving in governmental positions--federal, state, and local.

Education for young men and women wanting to prepare for responsible managerial and administrative positions in business is offered by collegiate schools of business throughout the country. There are about 170 institutions with organized curricula in business administration. Of these institutions, seventy have organized an independent degree-recommending school or college to function as a

⁶"Survey of Consumer Finances," Federal Reserve Bulletin, XXXIV (July, 1948), p. 775.

school of business and have met the standards to qualify for membership in the American Association of Collegiate Schools of Business. In the academic year 1949-1950, the 170 institutions awarded 72,137 bachelor's degrees, 4,335 master's degrees, and 58 doctor's degrees in business and commerce.⁷

On the pages of history, one can easily turn from the midnineteenth century economy to the midtwentieth century economy and record the tremendous accomplishments of this period. However, the most important factor in bringing about this change was the phenomenal rapidity with which technological progress took place. Economic advancement was continuous throughout this period.

Because there has been such an enormous change in the nature and structure of the economy for which collegiate schools of business have been preparing young men and women and such a big growth in the number of institutions offering instruction for business, undoubtedly an assumption can be made that these developments could not have been without influence on collegiate education for business. The conditions and requirements of life are often considered to be the most decisive factors in influencing the aims and curricula of education, as revealed by the words of Dean Emory R. Johnson of the Wharton School of Finance and Commerce, the University of Pennsylvania, in 1931:

Educational aims, methods, and curricula advance
by evolution subject to many influences, but to none other

⁷"Earned Degrees Conferred by Higher Educational Institutions 1949-1950," (Table on pages XVI-XVII). Circular No. 282 of the United States Office of Education. (Washington: Federal Security Agency, U. S. Office of Education 1950), pp. XVI-XVII.

so potent as the changing conditions and requirements of life. All education, whether for the professions or for business, is for life, and education must change, in purpose, content, and method, with changes in the conditions under which men and women live and make their living.⁸

If the requirements of life have changed because of changes in the nature of the economy, thinking must have been called for on the part of business educators as to the role of collegiate schools of business in the educational world and as to the objectives that should be selected for these schools in educating men and women for managerial and administrative positions. Decisions must have been made regarding the offerings of the schools and the requirements which the students should be able to fulfill in order to qualify for degrees.

There is no systematic treatise of the thought that led to the establishment of collegiate education for business in the United States and that has been underlying the development of this field of higher education to the midtwentieth century. The thinking pertaining to different institutions and to the field in general is widely scattered in literature. The foregoing statement is corroborated by Henrietta M. Larson, a well-known contemporary economic historian, in Guide to Business History:

⁸Emory R. Johnson, Foreword to University Education for Business, by James H. S. Bossard and J. Frederic Dewhurst. A Study of Existing Needs and Practices. (Philadelphia: University of Pennsylvania Press, 1931), p. vi.

No one has traced the history of the university schools of business, though such a history would fill an important chapter in the history of business education.⁹

Since no systematic treatise is available, the question arises whether it would be of value to have, at least, some aspects of the thought underlying collegiate education for business available in a systematic form.

Systematic treatises of the thought or of aspects of the thought would make the knowledge of the field inclusive. By showing relationships among the ideas presented in the scattered pieces of literature, they would provide a basis for understanding the development of the thought throughout the years and the factors and forces which have had an influence on the field.

Discussions of the thought underlying collegiate education for business could also make a contribution to the improvement of curricula in business administration. They could help the curriculum builder understand the past as the genesis of the present. In showing the starting point and the reasons why things have taken the course they took, they would enable him to see why some things have remained unchanged in the curricula through the years and why others have been subject to changes.

Systematic treatises of the thought underlying collegiate education for business or of aspects of that thought would contribute to the improvement of instruction in collegiate schools of business if

⁹Henrietta M. Larson, Guide to Business History. Harvard Studies in Business History, No. 12. (Cambridge, Mass.: Harvard University Press, 1948), p. 886.

included in the instructional materials intended for persons who are preparing for teaching positions in collegiate schools of business. At the present time the curricula those persons pursue are almost devoid of any information concerning the past of collegiate education for business. Can the prospective faculties, under these circumstances, fully understand the problems and issues they will encounter in their teaching positions? Many of the issues of today have their origins in the past. If one is not familiar with the past, how can one be able to see the problems and issues of today in the light that only the knowledge of the past can shed on them?

Systematic knowledge of the development of collegiate education for business in the United States would also make it possible for business educators in other countries to grasp immediately the development of the field in this country. Learning about this development from a systematic treatise would be of greater value to them than is the more common way of becoming familiar with educational facts: The typical situation is to consult various sources of information, which supply the facts but not the relationships among them and which do not give the reasons for the pattern of development.

The Problem

The problem is a study of some aspects of the thought underlying higher education for business in the United States. Specifically the problem includes:

1. a study of the fundamental factors and forces that prepared the way for the establishment of higher education for business in the United States;
2. a study of the early thought upon which the establishment of higher education for business in the United States was based and of the subsequent thought as it developed through the years; and
3. an analysis of
 - a) the factors and forces that influenced the development of collegiate education for business;
 - b) the relationship between economics and the business disciplines; and
 - c) the roles of general and professional education in collegiate education for business.

Delimitations of the Problem

Certain delimitations of the problem were necessary to build a framework for the research work forming the basis of this report. Those delimitations pertained to the scope of the problem, the sources of the data, and the analysis of the data.

This study does not purport to trace the thought that led to the establishment of collegiate education for business in the United States down through centuries to ascertain how far the roots of the movement go. The study deals with collegiate education for business as it has appeared on the American educational scene, including a few references to the development of the field in other countries, in which it has been developing almost simultaneously.

In the collection of data, primary attention was given to materials dealing with the thought as it relates to the collegiate schools of business which are members of the American Association of Collegiate Schools of Business. Admittedly, collegiate education for business is imparted by many colleges and universities which do not hold membership in the American Association of Collegiate Schools of Business. However, the inclusion of all these institutions in the study would make it an impossible task for one person to complete within a reasonable period of time. There are already seventy schools in the A.A.C.S.B. Furthermore, the thinking pertaining to the member schools of the A.A.C.S.B. can undoubtedly be considered to represent the best in the field in view of the fact that membership in the A.A.C.S.B. is extended only to institutions fulfilling standards which have been the object of thorough study and scrutiny for several decades.

The data collected were not analyzed for the purpose of giving a detailed account of the decisions and changes made in the thought of each individual school of business. The function of the analysis was to form a basis for a synthesis and weaving together of the composite thought in the field of collegiate education for business.

Assumptions of the Study

Before the study could be undertaken, certain assumptions had to be made. They were as follows:

1. Literature reveals the thinking pertaining to the earliest period of higher education for business in the United States. The study of the early thought has to be based on literary materials only,

because the persons who were active in the field at that time are no longer living.

2. Proceedings of the American Association of Collegiate Schools of Business are recorded in a way to reflect accurately, although not verbatim, the philosophies and thoughts expressed at the meetings.

3. Proceedings reveal the thinking of the member schools as expressed by the participating deans.

4. The deans of the member schools of the A.A.C.S.B. have expressed themselves more freely at the meetings of the Association than the schools they represent have expressed their philosophies in the bulletins and other literary materials in which an element of window dressing is evident. Suffice to say, a spirit of competition and a defensive attitude toward criticism of the school represented undoubtedly have prevented a completely free flow of ideas at the meetings.

5. Discussion can be directed to those considerations which have some general bearing on all of the various kinds of schools without constant references to any one school or schools.

Definitions

As the understanding of the findings and conclusions of any study is facilitated to a very great extent by the clarification of the terms used, the definitions of the following terms used in this report are given:

1. By "higher education for business" or "collegiate education for business," used synonymously, is meant education which is composed of a general education element and of general business fundamentals as

well as various specialized phases of business, regardless of the length of the period of education and the distribution and place of business subjects in the curriculum, and which is pursued by students in institutions qualifying as independent degree-recommending units in the field of business administration and holding membership in the American Association of Collegiate Schools of Business.

2. By a "collegiate school of business," usually abbreviated in the following discussion to "school of business," is meant a school or college which is a distinct and independent degree-recommending unit in the field of business administration responsible to the central administrative authority of an institution of higher learning and which holds membership in the American Association of Collegiate Schools of Business. This definition is based on the definition used in the Standards for Admission to the American Association of Collegiate Schools of Business, effective April 23, 1949 and amended April 18, 1953.

3. The words "curriculum" and "curricula" are used in a broad sense meaning a general over-all plan of the educational programs and their contents, which programs the school of business offers the student in order to qualify him for graduation and for entrance into a professional field.

Purposes of the Study

The purposes for which the study was undertaken were twofold: (1) to contribute to the systematization of knowledge of higher education for business in the United States; and (2) to contribute to the exchange of ideas pertaining to the field and pertaining to the

improvement of business curricula and instruction by making available a systematic treatise of some aspects of the thought underlying education for business at the collegiate level.

Limitations of the Study

The findings and conclusion of the present study are conditioned by the limitations of the research work constituting the basis of this report. These limitations are:

1. Visiting every school now holding membership in the American Association of Collegiate Schools of Business was not feasible. The large size of the American continent and the long distances between some schools would have made personal visitations a costly and very time-consuming task.

2. The incompleteness of certain kinds of literature in the field--a partial or total nonexistence of curriculum committee reports, for instance, in some schools--affected the information collected from literature, although efforts were made to supplement the existing written information with personal interviews.

3. Because many men who were connected with the movement of collegiate education for business in its early years are no longer living, it was necessary to resort to the study of literature only in the investigations concerning the early years. No means existed to supplement the data collected from literature through personal interviews as has been the case in the investigations concerning the later years.

Related Literature

As mentioned before, discussions of the development of collegiate education for business are widely scattered in literature. There is no systematic treatment of the historical development of the whole field up to the midtwentieth century, although there are some treatments covering shorter periods of time and some histories of individual collegiate business schools. The efforts of the American Association of Collegiate Schools of Business to conduct at different times a comprehensive survey of the status of the field as a basis for a thorough study of collegiate education for business have been met by adversities. Thus, unlike other fields of higher education--medicine, law, and engineering, for instance--collegiate education for business has not been subjected to an inclusive study. The most extensive treatments of the field up to now have been made by L. C. Marshall; James H. S. Bossard and J. Frederic Dewhurst; and R. L. Kozelka. Short discussions of the field as a whole have been included in the works of Leverett S. Lyon and of Benjamin R. Haynes and Harry P. Jackson. All of these studies will be discussed here in chronological order.

The Lyon Study

During the early years of the development of collegiate education for business, articles about the philosophies and curricula of the schools first established are found in economic periodicals.¹⁰ It

¹⁰Willard E. Hotchkiss, "The Northwestern University School of Commerce," The Journal of Political Economy, XXI (1913), pp. 196-208; Edward D. Jones, "Some Propositions Concerning University Instruction in Business Administration," ibid., pp. 185-195; Leon C. Marshall, "The College of Commerce and Administration of the University of Chicago,"

was not until the early 1920's, however, that a comprehensive, systematic discussion of business education appeared in Education for Business¹¹ by Leverett S. Lyon, a University of Chicago professor of business education. Yet, only a relatively small part of Lyon's study was devoted to education for business at the collegiate level; the book deals mainly with the needs of business and with the development of education for business in secondary schools, business colleges, correspondence schools, corporation schools, and evening schools.

When Lyon published his book in 1922, he regarded business education unique in its vigor as well as in its lack of guidance. Little thoughtful attention was paid to the field by business educators. Consequently, there was a great lack of coordination in the structure of education for business. Courses of study at different levels of instruction were built in terms of tradition or custom or immediate goals only.

In the discussion devoted to collegiate schools of business, Lyon very briefly reviewed the development of collegiate education for business up to the 1920's, presenting the growth in the number of institutions through diagrams.

The development of broad and transferable training needed to be a major principle in collegiate education for business, Lyon thought.

ibid., 97-110; Roswell C. McCrea, "The Work of the Wharton School of Finance and Commerce," ibid., pp. 111-116; H. S. Person, "The Amos Tuck School of Dartmouth College," ibid., pp. 117-126; and William A. Scott, "Training for Business at the University of Wisconsin," ibid., pp. 127-135.

¹¹Leverett S. Lyon, Education for Business. (Chicago: The University of Chicago Press, 1922).

He was convinced that there were elements common to all businesses that could be taught to every student. He found the prevalent idea of the time to be to expect the collegiate school of business "to liberalize and to train. More than this, here is the persistent notion that there must come from collegiate schools of business a better culture and an extension of culture into realms of life where it is now too little known."¹²

When trying to define the stage of collegiate education for business at the time, Lyon expressed doubts whether there was any material distinctly of business character which was of graduate grade. When consideration was given to the short period of time the field of higher education for business administration had existed, development of material was remarkable; but still a lack of "thoroughly advanced material for schools of business is a fact of which leading business-school administrators are well aware."¹³ Because much of the instructional material that was used was not of advanced nature, he suggested that it should be taught in the secondary schools. If this was done, the time and energy of the persons engaged in the use of the existing materials could be freed for the development of more advanced materials and more advanced work could be made available in the undergraduate courses.

In addition to developing men capable of improving business techniques and organizational practices, the collegiate school of business should, according to Lyon, develop men for business

¹²Ibid., p. 375.

¹³Ibid., p. 389.

statesmanship. He called upon business educators to promote business to a profession.

The Marshall Study

Leon C. Marshall, who in 1928 published an account of the status of collegiate education for business at the close of the first quarter of the twentieth century, saw American collegiate business education as a part of a world-wide movement, as a natural expression of American educational ideals, and as a natural outgrowth of American economic development.¹⁴ In addition to discussing the early development of collegiate education for business in the United States, Marshall included in his book discussions of university education for business in some European countries. Authorities of higher education for business in Italy, Germany, England, and Czechoslovakia had been called upon to give accounts of higher education for business in their respective countries.

According to Marshall's findings, only after the first quarter of a century of the existence of collegiate education for business, clear-cut objectives were formulated by business educators for this field of higher education. Up to that time the growth had been so hectic and the problems encountered so pressing that formulation of objectives had been overlooked. Results from a questionnaire sent to several hundred instructors, deans, and presidents of institutions having an organized curriculum in business indicated that the task of

¹⁴Leon C. Marshall, The Collegiate School of Business. Its Status at the First Quarter of the Twentieth Century. (Chicago: The University of Chicago Press, 1928), pp. 8-10.

collegiate schools of business was the study and teaching of fundamental processes, conditions, and forces of business with only incidental attention to minor techniques. The goal of the schools of business was to develop men to become responsible business executives, or professional or technical experts such as accountants, statisticians, and business analysts. In all instruction a background of business statesmanship and a perspective of social values were to be developed.

On the basis of a thorough study of the admission requirements, of the minimum requirements for graduation, and of the courses offered by the members of the American Association of Collegiate Schools of Business, Marshall found the problems relating to curriculum to be the most pressing ones at the time.

As a contrast to the existing schools, Marshall built a hypothetical ideal case of the collegiate school of business at Erewhon (read backwards!), which "had grasped its problems clearly and with independence of thought."¹⁵ In this school the fragmentary, additive course work was replaced by the development of mastery of fields of study. The instructors were scientists with a thorough knowledge not only of their own fields but also of the related fields and of business. This situation could be achieved, according to Marshall, by not a mere tinkering with one aspect of collegiate education for business such as curriculum building, qualifications of faculty, or teaching methods. It could be achieved only through the establishment of a true professional school of business, "a community of scholars,"

¹⁵Ibid., p. 147.

where scientific work was done of business in its social setting for the purpose of learning its basic processes and driving forces.

The Bossard-Dewhurst Study

In the fiftieth year of the functioning of the Wharton School of Finance and Commerce, a comprehensive study of the needs and practices in collegiate education for business was made by Professors James H. S. Bossard and J. Frederic Dewhurst of the School.¹⁶

The demands of business relative to higher education were investigated through the study of business literature and through a survey of the qualifications needed for business graduates. Against this demand, the authors placed the supply side, seeing collegiate schools of business as institutions to serve public needs. A thorough study was made of the curricula of collegiate schools of business, of teaching methods and problems, and of problems of faculty and students.

Bossard and Dewhurst found the following ideas common among the objectives of the majority of the schools:¹⁷

1. Education should be provided in the general fundamentals of business and business administration. There was a common belief that there are certain principles of business and of its organization and administration, of a non-specialized nature, that are of fundamental and general importance to all persons entering business, regardless of major field of concentration. It was believed also that those fundamentals can be taught to an average college student.
2. Education should also be provided in special aspects of business.

¹⁶James H. Bossard and J. Frederic Dewhurst, University Education for Business. A Study of Existing Needs and Practices. (Philadelphia: University of Pennsylvania Press, 1931).

¹⁷Ibid., pp. 267-68.

3. Education for business should develop leadership.
4. There should be a cultural and ethical foundation in business administration studies.

As a pressing need in the area of curriculum construction they saw, consequently, the identification of those fundamental principles of business, their arrangement in a progressive sequence, and their integration with the rest of the curriculum.

A very strong tendency toward a proliferation of courses was found by the authors in almost all of the schools studied. The number of separate undergraduate courses in some of the older schools varied from sixty to one hundred, and in one case it exceeded two hundred. On the other hand, they found that close to one-half of students in general chose the general business curriculum instead of a concentration in one special area. The implication was that students found business per se enough as a specialization for their future work.

Instead of finding rational judgment and careful analyses of students' needs to have been the sole factors influencing the development of curricula of collegiate schools of business, Bossard and Dewhurst discovered that a great deal of influence had been exerted on it by the desire of business educators to conciliate arts college faculties by the predilections of economists, by the philosophies and practices of pioneer schools, and by personalities in administrative and teaching positions.

The results of the Bossard-Dewhurst survey indicated that further specialization was frowned upon, that there was a trend toward the improvement of courses in business administration, and that there was an increasing application of the scientific method in business

education as indicated by the rise of bureaus of business and economic research, by the addition of courses dealing with research methodology, and by the application of the scientific method to curricular problems.

The Haynes-Jackson Study

Benjamin R. Haynes and Harry P. Jackson in A History of Business Education in the United States¹⁸ devoted one chapter to collegiate schools of business. Having discussed the early attempts at the establishment of collegiate education for business and the founding of the Wharton School, they gave a short discussion of the types of schools existing, their curricula, and curricular trends using as sources of information studies made by Lyon, Marshall, and Bossard and Dewhurst.

The Kozelka Study

The American Association of Collegiate Schools of Business has recently sponsored a pilot study of the members of the Association in collaboration with Beta Gamma Sigma, a national honorary business fraternity--the only one recognized by the American Association of Collegiate Schools of Business. The study was conducted by the Chairman of the Standards Committee of the Association, Dr. Richard L. Kozelka, Dean of the School of Business Administration of the University of Minnesota. The report concerning the results of the survey has recently been made available to the members of the Association.¹⁹

¹⁸Benjamin R. Haynes and Harry P. Jackson, A History of Business Education in the United States. (Cincinnati, Ohio: South-Western Publishing Company, 1935).

¹⁹Richard L. Kozelka, Collegiate Education for Business. A Preliminary Report of a Pilot Study to the Standards Committee of the American Association of Collegiate Schools of Business. (Minneapolis, Minnesota, 1954).

The survey covered a cross-section of the schools of business which are members of the A.A.C.S.B. and included schools having differences in geographic location, size, basis of support, and type of locality. Emphasis was placed upon nonquantitative features of the schools to supplement two earlier mail surveys conducted by the Association in 1948 and 1951.

Inasmuch as the study was based on a sample of twenty-three university schools of business, in addition to which short visits were paid to the schools of business of twenty-one other universities, a wide variety of schools was included. Aspects studied were faculty; students; curriculum; graduate programs; other programs, including extension offerings, night offerings, conferences, and institutes; research; facilities and assistance; and organization. Bulletins and other printed materials from each institution as well as comprehensive interviews, conducted not only with business school faculty members but also with members of other departmental faculties constituted the sources of information.

On the basis of the information received, the emphasis in the report was placed on the present-day status of collegiate education for business, without discounting the impact of the past. The fundamental differences in the philosophies of the different schools were less conspicuous than the varieties of combinations of courses and methods to meet the different emphases. One of the major differences in philosophy was the conflict between "general principles" and "technical proficiency" in a specific area. The common elements in

the basic philosophies of the different schools were revealed in the following objectives:²⁰

1. the development of an appreciation in the individual of a proper sense of values and of the opportunities and obligations which he has, as a businessman, in the society;
2. the development of an understanding of the general principles of business operation;
3. the development of a minimum familiarity with basic tools, which are fundamental to business operation; and
4. the development of the capacity to think and to employ creative imagination.

Although the standards for membership in the American Association of Collegiate Schools of Business have for years included a common core of fields--economics, accounting, statistics, business law, finance, marketing, and production or industrial management--to be offered as the foundation for education in business administration, Kozelka found that the philosophy and the need for a core group of courses required of all candidates for a degree in business is not universally understood and accepted. As to an addition to the core group of a final integrating course, which is often called a "business management" or a "business policy" course, the survey revealed "broad discussion, but limited success and experimentation" relative to it.

In connection with his study of the proliferation of courses, Kozelka concluded that proliferation has to be judged in terms of the needs of the community as well as in terms of the resources of the institution. There were strong differences in opinion as to how much specialization is desirable and necessary in different areas.

²⁰Ibid., pp. 58-9.

"Specialization represents one of the growing edges of professional education for business. It should be limited to healthy growth only."²¹ "Healthy growth" again is undoubtedly very hard to define.

The role of the general administration in a collegiate school of business or in the whole university in creating the atmosphere for the research work was found by Kozelka to be a decisive one. If a strong emphasis was placed on teaching and offering of adult classes, conferences, and institutes to the business community, a relatively small amount of research might be expected of the faculty. If, again, promotional policy laid a heavy emphasis on research results, there might be a strong motivation on the part of the business school faculty to use their time on research, even at the sacrifice of teaching obligations. In some institutions research was carried on individually or by groups of faculty members; in most institutions there was a central research bureau.

Regarding qualifications of teaching personnel, Kozelka found that the requirements of a doctorate for a substantial part of the faculty has been criticized as unfair because the number of persons graduating and applying for positions each year is inadequate considering the combined needs of the institutions. The acceptance of the master's degree combined with a professional designation such as the C.P.A., the C.L.U., the C.P.C.U., and the C.P.S. has caused criticism because the qualification for those designations takes place through channels other than the normal academic appraisal. There was a

²¹Ibid., p. 80.

consensus that practical business experience can contribute substantially to teaching effectiveness. However, there is no criterion by which the amount and quality of business experience can be measured.

"Formal training for teaching on faculties of schools of business administration is conspicuous by almost universal absence."²²

Some attention to the teaching of different business subjects was found to have been paid by specialized professional organizations such as the American Accounting Association and the American Marketing Association. A formal seminar in the teaching of business subjects in collegiate schools of business was found only in one school visited. Deans and faculties of schools of business were disturbed over the lack of active connections on a given campus among the different schools preparing students for college teaching.

The studies by Marshall, Bossard and Dewhurst, and Kozelka treated several aspects of collegiate education for business and shed critical light on such problems as the development of curricula, the qualifications of business school faculties, and instruction in the schools of business. In Marshall's study the historical development of the field received a fuller expression than in the others. Compared with the previous studies, the present research problem is less comprehensive in scope in terms of aspects of collegiate education for business investigated but covers a longer span of years and includes an intensive analysis of the fewer aspects treated.

²²Ibid., p. 39.

Methods of Procedure

If historical studies are considered to fall into two categories: (1) those producing a faithful record of a unique event that happened in the past, and (2) those that suggest through the survey of several events fruitful generalizations from past experiences that may act as controls for behavior in the present or future,²³ this study belongs to the latter class of studies. In contributing to the systematization of knowledge of collegiate education for business, it adds to the basis on which generalizations can be made and controls of behavior found.

In order to arrive at a systematic treatise of the selected aspects of the thought that has been underlying collegiate education for business, certain classes of data had to be obtained from various sources, certain techniques had to be employed to collect the data, and the data obtained had to be treated. A brief description of the research work forming the basis of this report follows.

Nature and Sources of Data

The data for this study can be classified into four major categories:

1. data concerning the factors and forces preparing the way for the establishment of collegiate education for business in the United States, and data concerning the factors and forces that have influenced the development of the field;

²³Carter V. Good, A. S. Barr, and Douglas E. Scates, The Methodology of Educational Research. (New York: Appleton-Century-Crofts, Inc., 1945), p. 239.

2. data pertaining to the early thought on collegiate education for business, and those pertaining to the subsequent thought as it developed through the years;
3. data concerning the relationship of economics to business disciplines; and
4. data concerning the roles of general and professional education in collegiate education for business.

Some of the data was obtainable in the holdings of the Indiana University Library on business education, business, economics, and education. Unpublished materials concerning the work of the American Association of Collegiate Schools of Business were made available in the headquarters of the Association at Washington University in St. Louis. The libraries of the University of Michigan, The Ohio State University, Dartmouth College, and New York University as well as Baker Library at Harvard University, the Lippincott Library at the University of Pennsylvania, the New York Public Library, and the Library of Congress contained a large part of the data for the study. Furthermore, many materials made available for the study by individual faculty members and school administrators as well as businessmen contained information that was not accessible through any libraries.

In addition to literary materials, many persons active in the field of collegiate education for business and in business provided a source of information. Correspondence carried on with several persons connected with collegiate schools of business or with organizations such as the Committee on Economic Development and the Brookings Institution or with public accounting firms provided an additional source of information.

Collection of Data

For the collection of data, advice of the officials of the American Association of Collegiate Schools of Business and of several other persons long active in the field was secured relative to the location of materials and relative to possible resource persons for the study. The libraries mentioned in the previous section were visited for varying lengths of time and the materials read carefully; and several visits were paid to the headquarters of the A.A.C.S.B.

Interviews were held with forty-five persons, mostly present faculty members in schools which hold membership in the A.A.C.S.B. (Appendix A). During the process of the research, correspondence was carried on with several additional persons; some of them were also members of business school faculties, some of them were businessmen.

Treatment of Data

The data pertaining to each class were analyzed, classified, and woven into a synthesis. In the analysis and classification of data, an effort was made to direct the emphasis in the research report to those considerations which have some general bearing on all of the various kinds of institutions and to exclude considerations of matters which lead to the development of conclusions on specific instances. This was done for the following reasons:

1. it would be impossible to deal with the philosophies and curricular developments of each school separately within the framework of a study carried out by one individual; and

2. it would undoubtedly be of greater value to learn about the thinking in the field in general than to learn about unrelated, specific instances and issues in any one school or group of schools.

Organization of the Report

The report of the study is divided into four main parts. In Part I the problem and its historical setting are introduced (Chapter I), and the factors and forces are discussed which prepared the way for the establishment of collegiate education for business in the United States (Chapter II).

Part II is devoted to the discussion of the early thought pertaining to collegiate education for business (Chapter III), of the development of the thought underlying collegiate education for business through the years (Chapter IV), and of the present thought underlying the field (Chapter V). However, no claim is made for a continuous account of the development of that thought; such an account would call for an institution-wide study. The purpose is rather to make successive examinations of that thought at selected time periods to ascertain whether there have been changing and unchanging elements in that body of thought, whether new ideas have been incorporated into it, and whether some elements have been discarded.

Part III is an analysis of the factors and forces that have affected the development of collegiate education for business (Chapter VI), of the relationship of economics to business disciplines (Chapter VII), and of the roles of general and professional education in collegiate education for business (Chapter VIII).

In Part IV the conclusion of the study is presented (Chapter IX).

CHAPTER II

FACTORS AND FORCES PREPARING THE WAY FOR
THE ESTABLISHMENT OF COLLEGIATE
EDUCATION FOR BUSINESS

Was the establishment of collegiate education for business in the United States a spontaneous phenomenon, or were factors and forces at work before the establishment of collegiate education for business that prepared the way for this type of higher education? An examination of the economic, political, and intellectual conditions in the country during the nineteenth century, toward the end of which collegiate education for business was established, should reveal the answer to this question and should shed light on the thought that has been underlying the development of this field of higher education. Although recognition is given to the fact that the Wharton School of Finance and Commerce was established at the University of Pennsylvania in 1881 and although its efforts are in no way minimized, the examination will be extended to the end of the century. The existence of only one collegiate school of business in the country during the last two decades of the century and the establishment of other schools in greater numbers after the turn of the century justify the assumption that factors and forces, if any, preparing the way for the establishment of collegiate education for business were not extinguished by the founding of the first school.

Aspects of American Economic Life
in the Nineteenth Century

After the United States had won its political independence, it was ready to begin building unity and economic independence. The country, which up to that time had been predominantly agricultural, was anxious to develop industries of its own in order to reduce imports from England. As the Western frontier advanced and new areas were brought under cultivation, industrialization also advanced, especially in the Eastern states. As new processes were developed in business and industry, changes took place in the nature and structure of the business unit.

Industrialization of the American Economy

The factors and forces that contributed to the industrialization of the country in the nineteenth century were at work mainly in production, transportation, communication, finance, and distribution.

Production. The vast task of "taming" the large continent of North America with a scarce labor force was a challenge to man's ingenuity and resourcefulness. Men's minds were at work for the creation of tools and devices with which to overcome the many obstacles.

When the new source of energy, steam, was invented, it was possible to use it in heavy work operations, in which animal and water power had been used before, and to mechanize work operations. Products which earlier had been made in small fireside work places and shops were now produced in factories. Thus, the change in the source of energy not only changed the operational way of doing things but also inaugurated a new era in the productive process: the central workshop

came into being. The family atmosphere of the home production period was disappearing and labor was beginning to be recognized as a factor of production.

With the agrarian expansion north and south, agricultural products were being produced in larger quantities than were needed for immediate consumption. The development of agricultural processing industries was, therefore, among the first steps in the early industrial pursuits.

In the South, the plantations produced large amounts of cotton, thereby providing raw material for the thriving textile industry. In the textile industry, as well as in the firearms industry, an invention was introduced that was to have far-reaching implications for industry as a whole: interchangeable parts. It was the first step toward standardization, the main basis for mass production. The idea of standardizing parts originated with Eli Whitney, but not with him alone; the idea was conceived by several men independently. "What can be asserted is that in America Eli Whitney was the first to make the concept into an industrial system."¹ The need for large quantities of firearms during the Civil War hastened the application of the principle of interchangeable parts.

The use of the central workshop with power-driven machinery necessitated heavy equipment for the production of manufactured articles. Improvement in the making of iron and the replacement of wood as a fuel by coal meant a great increase in the production of

¹Jeannette Mirsky and Allan Nevins, The World of Eli Whitney. (New York: The Macmillan Company, 1952), p. 301.

iron and steel. Demand for iron and steel stemmed from the production of heavy capital goods and consumers' goods.

The rise in industrial activity meant that greater numbers of men with engineering skill and administrative ability were needed to head the new enterprises. As soon as production was underway, financing and selling had to be coordinated with it.

Transportation. In the nineteenth century, the westward movement of the people and the building of industries were greatly facilitated by the spread of a transportation network across the North American continent. Canals, turnpikes, and highways were the first connecting links to be built.

After steam power was applied to means of transportation, the building of railroads was greatly stimulated. The construction of railroads in the United States offers a phenomenal panorama. After the first railroad had come into use in 1830, some 2,000 miles of new railroads were built in the 1840's.² The total initial cost of the facilities has been placed at \$75,000,000. During the following decade some 6,000 more miles were built and some \$200,000,000 invested in railroads. It is assumed that these sums together exceeded all the investments in turnpikes, canals, and steamboats during the previous decades.³ By the end of the century the railroad industry was a multibillion-dollar industry.

²Harold F. Williamson, The Growth of the American Economy. (New York: Prentice-Hall, Inc., 1946), p. 182.

³Ibid.

Transportation, in the earlier days an individual concern, now became a business pursuit. As the purchaser of large quantities of iron and steel, as an outlet of great investments, and as the provider of place utility to goods and people, the railroad industry became a powerful institution in the American economy.

Communication. At the same time that the growing transportation system contributed to the economic unification of the country, new means of communication were introduced to intensify this phenomenon. Telegraph and telephone facilitated communication in the industrial and business world, speeding delivery of information greatly. The railroad system made delivery of written information many times faster than it had been in stage-coach days, but the telephone made a simultaneous exchange of information possible.

Great significance is attached by many researchers to the role of communication in the industrialization of the United States, as revealed by the following statement:

Communication, not production, was the key to industrialism in the United States. Settled haphazardly to suit real estate speculators rather than farmers or manufacturers, America was made up of separate economic areas, gratuitously dispersed, needlessly distant from markets or raw materials, until knit by railroad and telegraph into a cosmic Union.⁴

The rise of transportation and communication enterprises created a new type of industrial pursuit--that of rendering service. The management of enterprises in these branches of industry was a new

⁴Thomas C. Cochran and William Miller, The Age of Enterprise. (New York: The Macmillan Company, 1942), p. 57.

field in its technological as well as in its business organizational aspects. The coordination of the functions of such enterprises was a challenge to the men of the day.

Finance. In the largely self-sustaining, agricultural economy of the eighteenth-century United States, money and credit played a minor role. The rise of industrial pursuits necessitated a medium of exchange. Use of money became prevalent.

The promotion of new industrial and business enterprises called for large amounts of money for investment. One man's fortune was rarely enough to build a bridge, a canal, or a turnpike. Therefore, the old method of pooling the efforts of many that had been customary in the performance of the tasks of the agricultural economy was now applied to the problems confronted. Bridge, canal, and turnpike corporations were formed by private individuals. Railroads, as well, were financed by selling stocks to many individuals.

Many of the industrial and business centers were founded as corporations. Up to the nineteenth century the prevalent form of business enterprise had been a small individually owned business, a partnership, or a joint venture. Now the corporate form was introduced and adopted in many lines of industrial and business endeavor. The limited liability feature of the corporate form appealed to people with money to invest. Despite the safeguard provided by the limited liability, however, losses were suffered by individuals in financial deals without any real basis. The vast distances of the country made it difficult for people to whom stocks were offered to check on the validity of the cause.

In addition to being needed in the promotion of enterprises, credit was needed to obtain working capital for the enterprises. Payments for raw materials and labor had to be made before products were sold, and reserves had to be assured for emergencies.

Direct credit was made available for American enterprises in the early part of the nineteenth century by the British banking system.⁵ Later, long-term and short-term credit markets developed within the United States. Credit was often granted by local merchants. Thus, some of the functions that ordinarily belong to the banking institutions were performed by the merchant class. The first steps in the promotion of banks in the nineteenth century were undertaken by individuals, by states, or by a combination of the two. The growth of the population by over one-third every ten years up to the 1860's and the use of new resources increased the need for capital and for institutions that could mobilize the savings of the community.⁶

The fact that both states and the federal government were able to grant banking privileges made possible a variety of experiments. The absence of a strong centralized banking organization was the principal structural weakness of the American banking system during most of the nineteenth century.⁷ In addition to credit granted by banks for making investments, financial resources were made available by other countries in the form of investments. But it was not long

⁵Williamson, op. cit. (2nd ed.; New York: Prentice-Hall, Inc., 1951), p. 256.

⁶Ibid., p. 231.

⁷Ibid., p. 244.

before the United States began investing abroad. In the last years of the century the country established its position as a creditor nation.

The management of financial institutions and financial affairs represented an area of activity which few persons were qualified to handle. The offerings of most colleges and universities contributed little to the acquisition of competence in this area.

Distribution. The construction of the first transcontinental railroad in 1869 opened possibilities for the expansion of the market across the continent. Soon a mass market developed to absorb the products of mass production. The market widened horizontally in a geographic sense and vertically in a social sense. The standardization of products--a basis for mass production--was beginning to mold the tastes and needs of the many national groups who had immigrated from other countries and to widen the market vertically by leading to similar consumption practices in different income groups.

With distribution on a wide scale came marketing agencies. When industrial and business activities were performed on a small scale, each manufacturer marketed his own products in the nearby area. With the rise of large-scale production, the function of distribution grew in importance. Development of wholesale and retail agencies to perform the tasks of distribution testified to the functionalization of business.

The industrialization process that was going on in the American economy during the nineteenth century is reflected in the population statistics of that period. From 1800 to 1900, the total population of

the country multiplied about 14 times (from 5.3 to 75.9 million). During the same period, the rural population multiplied about 9 times (from 4.9 to 45.8 million), whereas the urban population multiplied about 94 times (from 322,000 to 30.1 million).⁸

The national income figures of this period testify to the process of industrialization as well. From 1809 to 1900, the total realized private production income increased about 16 times; the income from agriculture about 10 times; the income from manufacturing about 53 times; and that from trade about 66 times.⁹

After the Civil War, the development of industrial and business activities was especially rapid. The output of American factories valued at about 1,885 million in 1860, more than doubled by 1870, trebled by 1880, and quintupled by 1890.¹⁰

As a result of the rapid and diversified industrial development, the United States outdistanced during the latter part of the nineteenth century all its competitors as far as the volume and value of its manufactures were concerned. From fourth place in 1860, it had attained first rank in 1894.¹¹

⁸Historical Statistics of the United States 1789-1945. A Supplement to the Statistical Abstract of the United States. Prepared by the Bureau of the Census, Department of Commerce, with the cooperation of the Social Science Research Council. (Washington: U. S. Government Printing Office, 1949), p. 25.

⁹Ibid., p. 14.

¹⁰Arthur Meier Schlesinger, Political and Social History of the United States 1829-1925. (New York: The Macmillan Company, 1932). p. 280.

¹¹Ibid., p. 281.

Nature and Structure of the Business Unit

Industrialization meant a gradual breakdown of mercantile capitalism, which had characterized the American economy from colonial days until the early part of the nineteenth century. The sedentary merchant, who had been the dominant figure of that period, began giving way to the industrial capitalist.

Inventions and their application were a major characteristic of the new era. Some of the inventors were not only capable engineers but also capable business administrators. Jeannette Mirsky and Allan Nevins make the following statement about Eli Whitney:

As soon as he went into manufacturing, he came face to face with the problems characteristic of modern industry--how to raise capital and how to figure costs, how to recruit and train workers, how to experiment and devise in order to operate most efficiently. From the very beginning he approached manufacturing in terms of new problems presented by new necessities; not in habitual practices and contemporary thinking. It is possible to place Whitney in a larger context--in the intellectual history of modern times--and see that his method extended into industry the rational approach that had marked social and scientific thinking.¹²

The use of power-driven machinery in factories and the application of many inventions brought about large-scale operations made possible by big investments. Large-scale operations were regarded favorably by businessmen for many economic reasons.¹³ Division of labor could be fully utilized only in a large plant; a large factory

¹²Jeannette Mirsky and Allan Nevins, op. cit., p. 242.

¹³E. A. J. Johnson and Herman E. Krooss, The Origins and Development of the American Economy. (New York: Prentice-Hall, Inc., 1953), p. 190.

was able to take advantage of quantity purchases; and the patent and tariff laws placed large factories in a favorable position. Furthermore, it was easier for a large business unit to achieve a low unit cost in production, marketing, advertising, and research. And finally, because it was easier to make agreements among a few big business units than among a large number of small ones, large-scale operations became increasingly appealing to industrialists.

The corporate form of enterprise was now added to the forms of business organization existing heretofore: the single proprietorship, the partnership, and the joint stock venture. The characteristics of the corporate form facilitated achieving the advantages of a large-scale unit.

The professional manager, brought about by the corporate form of enterprise, represented a new type of man in the business world. He was in charge of the management of the enterprise on behalf of the owners, the stockholders. One single business unit, because of its increased size, now needed a host of managers. Different levels of managerial execution of tasks developed. The characteristic of American economic life--centralized top management and decentralized local managements heading the branch plants located near the source of raw material or the market--contributed to the growth of the management "class."

In addition to technical, financial, and marketing problems, a new category of problems was developing in business enterprises: personnel administration. The human element became a major factor in the central workshops and factories. In the small individually owned

businesses and partnerships, the employer knew his workers personally and lived and worked in a familylike relationship with them. In the large business units this relationship was replaced by a more formal one; and now, instead of an informal relationship between the owner himself and the employees, there existed a rather formal relationship between the professional manager, who was the employer's representative, and the employees.

The growth in the size of business enterprises soon led to consolidation. The average-size establishment became larger, but the large firm grew at an even faster rate and its share of total manufacturing also increased.¹⁴ One discussion of concentration and consolidation in the American economy in the nineteenth century gives the following facts illustrating this development:

According to Myron W. Watkins, a careful student of business concentration, no single plant of the early 1800's controlled as much as 10 per cent of the output of a manufactured product. By 1904, 318 large combinations had accumulated 5,200 individual plants. Their capital exceeded \$7 billion, and their activities controlled about four-fifths of the important industries. They controlled two-fifths of the manufacturing capital of the country, and in many industries they were responsible for more than half the total output.¹⁵

American business had become big business. Economic progress in the country was accelerated by the initial growth of business units that made it possible for many plants to reach the point of maximum

¹⁴Ibid., pp. 191-192.

¹⁵Ibid., p. 192.

efficiency.¹⁶ However, in the further expansion of business considerations other than economic ones were often prominent.

Aspects of American Political Life
in the Nineteenth Century

In forming political unity and establishing a central government the states on the North American continent retained control of their own internal affairs. The role of the federal government was to be a restricted one. However, with the widening of trade across the boundaries of the states and to foreign countries and with an increase of political problems that concerned all states alike, the people of the country turned to the federal government in an effort to solve these problems. The role of government was to be enlarged.

In the middle and toward the end of the nineteenth century, business interests in the country were becoming strong. Regardless of the advantages of large-scale production in the form of low prices, opposition to business consolidation and antagonism toward concentration of wealth in a few hands began spreading among the people in the middle decades of the century. Ruthless competition resulted in practices that the general public could not accept. Speculation and discrimination employed in building many enterprises came to light.

When farmers and small businessmen in their fear of the effects of the abuses made in industry and business sought aid from their state governments, the results of their efforts were often unsatisfactory.

¹⁶Ibid., p. 196.

Therefore, they were soon "hammering on the doors of Congress for railroad and antitrust legislation, arguing that only the Federal government possessed powers to deal with nation-wide problems appearing in the economic life of the country."¹⁷

As a result a new element, regulation, was injected into American economic and political life. Before regulative measures were taken on the national scale, such as the Interstate Commerce Act of 1887, for instance, laws were passed in some states restricting the abusive practices of industry and business. When groups in society insisted upon regulation on the activities of industry and business, they at the same time in many cases sought benefits for themselves. Promotion and stimulation of certain aspects of economic activities by the federal government--an inconceivable idea up to that time--took root. Agriculture, power production, and transportation were areas in which governmental support was beginning to be considered. Thus, the functions and the complexity of the government were increasing rapidly. All this reflected a change in the outlook of the people on governmental matters: there was no assurance that an invisible hand guided the functioning of the economy according to the "natural laws," as had been believed before.

In wrestling with the economic problems of the decades following the Civil War, the American people saw that in the problems of the day economics and politics were becoming increasingly intertwined. Attempts at solving monetary and tariff matters, for instance, were not based

¹⁷M. E. Dimock, Business and Government. (New York: Henry Holt and Company, 1949), p. 93.

on economic considerations only; politics was affecting these issues also. Pressures were brought to bear on solution of these problems from different quarters.

One of the groups, the influence of which in society was beginning to be felt, was labor. The central workshop that developed in the period of industrial capitalism brought workers together in greater numbers than had been customary prior to that time. The employees soon recognized their community of interests and began to form trade unions.

The new tasks facing the federal government called for an expansion of the role of the government and an increase in the number of men serving in governmental positions within the country and abroad, where men were needed for consular and other administrative positions.

Aspects of American Intellectual Life in the Nineteenth Century

The nineteenth century was not a period of transformation and change economically and politically only. It was also a period of change intellectually and socially. The great expansion of systematized knowledge in the physical and social sciences, the advance of democracy, and the growth of business and industry led to the gradual substitution of secular for religious authority in the intellectual and social activities of life.

A great intellectual liveliness characterized life in the country in the latter part of the century especially. Public libraries were established, newspapers and periodicals were published in large numbers and found a wide circulation, and scientific and professional

associations were founded. There was a great deal of literary expression not only by intellectuals, such as Emerson and Lowell, but also by many writers throughout the country. Great interest was taken in the development of music and drama as well. The latter part of the century represented a period of great cultural advance.

The undercurrent cultural forces brought about changes in American education. One of the most important changes at all educational levels was the decline of the prescribed, strictly classical curriculum and the acceptance of other subjects into the curriculum.

Secondary Education and Private Business Schools

Already during the first half of the eighteenth century, the English grammar schools taught bookkeeping, arithmetic, and handwriting because the Latin grammar schools "failed to meet the needs of the constantly increasing number of young men who did not intend to enter the professions, but who felt the need of some schooling to prepare them for mercantile and other practical careers."¹⁸ The curricula of the seventeenth-century academies included some instruction in business subjects as well. Arithmetic, accounts, "history of commerce," "rise of manufactures," and "progress of trade and change of its seats" were listed in the offerings of Franklin's Academy, established in 1749.¹⁹

The first private business schools, run for profit and without specific standards for admission, were established during the second

¹⁸ Benjamin R. Haynes and Harry P. Jackson, A History of Business Education in the United States. (Cincinnati, Ohio: South-Western Publishing Company, 1935), p. 9.

¹⁹ Ibid., p. 11.

quarter of the nineteenth century. This type of school filled a valuable function in American education by preparing people with operational business skills. During the second half of the century, private business schools dominated the field of business education in the country.

In the latter half of the nineteenth century, business subjects were also taught in public high schools, the first ones of which were established in the first half of the century. "Prior to 1875, book-keeping was perhaps the only subject that could be classified as a business subject."²⁰ During the following years there was an increase in the number of schools giving business training and in the number of subjects taught that could be classified as business subjects. The last years of the century saw the establishment of the first commercial high schools in the country as a part of the public school system.

The establishment of public high schools and the introduction of vocational subjects in them were an indication of the broadening of the base of education. Instead of being a privilege of a few persons, education was to become universal and to provide opportunities for any member of the nation inasmuch as it was now considered a public function to be financed by taxes.

Higher Education

The nineteenth century was a period of profound change also in the field of higher education.

In the early years of the century, colleges in the Northeastern part of the United States generally instituted a course dealing with

²⁰Ibid., p. 44.

political economy. First it was part of a course in moral philosophy. Later political economy emerged from moral philosophy as a concession to the developing practical spirit of the times.²¹ Political economy was introduced as a regular part of the curriculum in a large number of institutions during the third decade of the century. Independent chairs in economics did not become common before the 1870's, however.

Because of the great advances in scholarship and science, other new subjects were introduced into college curricula, such as physics, chemistry, botany, and zoology. It was the time when the Spencerian ideas about evolution were influencing education in a large part of the Western world.

The establishment of state universities was an impetus to the introduction of professional education courses in the curricula of institutions of higher learning. The state universities conceived of their task in broad terms as revealed by a statement made by the president of the University of Illinois:

Obviously, the American university, as no other university in the world, must regard the life and especially the employment of the people. It must exhibit catholicity of spirit; it must tolerate all creeds; it must inspire all schools; it must guard all the professions; and it must strive to aid all the industries.²²

²¹Michael J. L. O'Connor, Origins of Academic Economics in the United States. (New York: Columbia University Press, 1944), p. 2.

²²Arthur B. Mays, An Introduction to Vocational Education. The Century Education Series. (New York: The Century Co., 1930) pp. 28-29.

With the passage of the Morrill Act in 1862, which provided for the establishment of "land-grant colleges," education in the higher phases of agricultural and mechanical occupations became a function of American higher education.²³

Technological education was introduced in the middle of the century. Henry P. Tappan, president of the University of Michigan from 1852 to 1863, inaugurated a course in civil engineering in his institution; and the first chemistry laboratory in the United States was set up in 1857 at the same institution.²⁴

In addition to technological schools, medical, dental, and pharmaceutical schools were established in great numbers in the middle decades of the century.

Summary

The technological, political, and intellectual transformation that took place in the United States in the nineteenth century placed new demands on education in the country. Men had to be prepared to perform the new tasks that were created in industry, business, government, and other institutions. An examination of the educational life of the century against the background provided by the economic and political developments of the same period reveals that very little was done to prepare men for responsible managerial and administrative

²³Ibid.

²⁴Arthur Charles Cole, The Irrepressible Conflict, 1850-1865. A History of American Life, Volume VII. (New York: The Macmillan Company, 1934), p. 210.

positions in business. There were, however, forces in the intellectual life that were broadening the base of education and preparing a way for the establishment of new fields of professional education.

PART II

THOUGHT UNDERLYING COLLEGIATE EDUCATION
FOR BUSINESS IN THE UNITED STATES

CHAPTER III

EARLY THOUGHT PERTAINING TO COLLEGIATE
EDUCATION FOR BUSINESS

Our educational, political, and sociological theories and our practical maxims of business are derived from an unbroken tradition of great thinkers and of practical examples from the age of Plato on.¹ An intensive study of the works of Plato and other educators who have succeeded him would undoubtedly reveal ideas of value and interest to the study of collegiate education for business. Because, however, such a study is outside the limits of this research problem, only a few references are made to early expressions of need for education in business administration in the eighteenth and nineteenth centuries.

The early expressions of need for collegiate education in business administration, the ideas that were introduced in connection with the first attempts at the establishment of education for business at the collegiate level, and the ideas introduced at the time of the establishment of the pioneer collegiate schools of business constitute the early thought pertaining to the field.

Early Expressions of Need for Collegiate
Education in Business Administration

The search for early expressions of need for collegiate education in business administration revealed as possible sources the writings of scholars of the eighteenth and the early nineteenth centuries.

¹Howard Mumford Jones, Education and World Tragedy. (Cambridge, Mass.: Harvard University Press, 1946), p. 66.

Inasmuch as the scholars of the earlier centuries usually were universal geniuses--not narrow specialists as many scholars of later times--the writings they left often indicate farsightedness in many fields of life. The outbreak of the Industrial Revolution in England during the latter half of the eighteenth century and its spread from there to other countries prompted scholars of that period to examine the needs of the new societies that were emerging and to write about the significance of the changes that were taking place in the industrial world for the lives of the people.

Joseph Priestley (1733-1804), British author, chemist, and clergyman, who has influenced thinking in the Anglo-American world, pointed out a defect in the system of education of his day. There was no course of study provided for those who were to fill "the principal stations of active life"² in the latter part of the eighteenth century. Only those who were preparing for the learned professions were able to get an education that developed in them competency for their future work.

We have hardly any medium between an education for the counting-house, consisting of writing, arithmetic, and merchants' accounts, and a method of instruction in the abstract sciences; so that we have nothing liberal, that is worth the attention of gentlemen, whose views neither of these two opposite plans may suit.³

²Joseph Priestley, Lectures on History and General Policy; to Which is Prefixed an Essay on a Course of Liberal Education for Civil and Active Life. (Dublin, Ireland: Luke White, No. 86, Dame Street, 1788), p. xvii.

³Ibid.

As necessary subjects for students preparing for active life, Priestley advocated civil history and more especially civil policy preceded by the study of history in general. The section on commerce in the syllabus he prepared pointed out that great maxims of commerce should be discussed in a scientific manner. Doing so would develop a social point of view in the would-be merchants; they would not enter into "measures seemingly gainful at present, but in the end prejudicial to their country, and to themselves and their posterity, as members of it."⁴

As appears from this passage, Priestley believed that there was an underlying body or doctrine of commerce which could be taught. He was convinced that if a merchant could be trained in the basic principles of commerce he would be prevented from taking hasty measures. The long-run point of view was to be inculcated in the prospective businessman. Not a businessman himself, Priestley is an example of a man who formed a firm opinion of the deficiency of higher education of his day and who had vision also in matters concerning education for business administration.

The narrow emphasis on the financial aspects of administration which was taking place in the education of men preparing for public administration was called to the attention of the people of the early nineteenth century in Edgeworth's Essays on Professional Education.⁵

⁴Ibid., p. xxiii.

⁵R. L. Edgeworth, Essays on Professional Education. (2nd ed.; London, England: Printed for J. Johnson and Co., St. Paul's Church Yard, 1812), p. 430.

In his opinion, a broad knowledge of political economy had been neglected at the expense of other studies. Political economy as a necessary field of study for a statesman should be studied and understood, not under the banners of any system, but as a broad field which develops and changes from one generation to another.

Not only books by intellectuals but also journals and newspapers of the first half of the nineteenth century included discussions on commerce and its effects on the lives of people.

Commerce, in fine, is what it has been beautifully entitled, "the golden girdle of the globe." It binds together all the great families of men. It teaches that they are creatures of like wants, errors, and necessities It forbids them to treat like the ancient Roman, the foreigner cast upon their shores, as a barbarian deserving of death, or to confiscate his shipwrecked effects, but urges rather the doctrines of humanity and justice. Even the laws which regulate it are based upon the immutable principles of right, and bind upon the conscience of men from their very nature.⁶

Importance of ethics was greatly emphasized in the discussions of business ability. One reference to it is: "It is intellect and its moral cultivation; it is knowledge and the ability, rightly to apply it, which stimulates enterprise, imparts power, and elevates character."⁷ Mere possession of knowledge was not so highly esteemed as knowledge combined with the ability to apply it for the benefit of the individual and for that of society.

⁶"The Origin, Progress, and Influences of Commerce," The Commercial Review, I (February, 1846), p. 115.

⁷"Commercial Spirit at the South," The Commercial Review, II (September, 1846), p. 121.

Expressions of need for education in business administration and discussions of the role of business in the society indicate that thought was being given to collegiate education for business and that ideas were germinating relative to the matter. These ideas were not introduced by any certain group of people; thinking was going on in different segments of societies.

Ideas Leading to the First Attempts at
the Establishment of Collegiate
Education for Business

The earliest attempts to establish an educational program for business administration at the university level manifested themselves in the South. One often thinks of the antebellum South as a land of vast plantations only, but this view is erroneous.⁸ Although agriculture was the most important economic activity there, a relatively extensive business system grew up to carry on the marketing of products of the South and that of the imported manufactured articles. Consequently, a considerable business population grew up in the marketing centers, among which New Orleans occupied a leading position.

The prominence of commercial pursuits in Louisiana, then the leading commercial state in the South, is indicated by the census figures of 1840. One person in every forty-one in the state was engaged in commerce and one of every thirteen in New Orleans. These averages were higher than those in many Eastern seaboard cities; for

⁸Elbert Vaughan Wills, "The Old University of Louisiana and the Beginnings of Higher Commercial Education in the United States," Education, XLVIII (December, 1927), p. 210.

instance, Baltimore had an average of one in every fifty-one persons, and Boston one in forty-four.⁹

Another reason for the introduction of advanced educational ideas in the field of business in the South was undoubtedly the desire of the Southern states to develop "self-sufficiency in higher education." It was an evidence of the widening breach between the North and the South which developed in the decade and a half before the Civil War.

The advocates of the establishment of a business department at the University of Louisiana (forerunner of Tulane University) frowned upon the idea--up to that time a rather general one--that college education was an equipment of aristocracy only. They wanted to render collegiate education of direct and immediate value to the young people who wanted to acquire it. Therefore, principles of political economy, commerce, and statistics should be included in the curriculum.¹⁰ The emphasis was not to be on moral philosophy, as was customary in most colleges of the day where political economy was taught, but on political economy and commerce of a practical nature.

The project at the University of Louisiana was of very short duration. Because of political and financial troubles, instruction had to be discontinued a few years later. Though other similar attempts that occurred later cannot be traced to its influence, through its

⁹"A Professorship of Commerce," The Commercial Review, VI (August, 1848), p. 111.

¹⁰Wills, op. cit., p. 219.

pioneer character it deserves attention which it has not received at the hands of the historians.¹¹

Statements made in the literature about the suggestion by a Milwaukee citizen, Robert C. Spencer,¹² to establish a college of commerce at the University of Wisconsin are so scanty that they do not permit any analysis of his ideas. The suggestion was made in 1866 to the Regents of the University but came to naught.

General Robert E. Lee, who in 1865 was elected president of Washington College at Lexington, Virginia, (now Washington and Lee University) and who had spent forty years in army life, introduced the idea of establishing a college of business administration very soon after assuming the presidency. Because there was already instruction in business given in the preparatory department of the college, President Lee undoubtedly had the administrative aspects of business in mind when making his proposal for the establishment of the new college on the campus.

The outline prepared by him for a curriculum in the new college included:

1. mathematics of accounts, exchange, insurance, annuities, compound interest, etc.;
2. geometry and drawing;
3. bookkeeping and penmanship;

¹¹Ibid., p. 209.

¹²Paul Monroe (ed.), A Cyclopedia of Education. (New York: The Macmillan Company, 1911, Vol. II, p. 149.

4. commercial correspondence and the correct use of the English language;
5. geography, applied to production and commerce;
6. commercial technology, or the production of mechanical and chemical manufacture as articles of trade;
7. the elements of commercial law, or law of bills, notes, contracts, insurance, corporations, bailments, shipping, etc.;
8. commercial economy, or the administrative and financial management of commercial enterprises, banks, insurance and joint stock companies, railroads, canals, ships, steamers, telegraphs, etc.;
9. commercial history and biography; and
10. modern languages.¹³

Some political economy was already being taught in the institution. With the exception of the personnel aspects of management and the marketing or distribution of products and services, this proposed curriculum involved instruction in all the other functional aspects of business.

In proposing work in commercial history and biography, President Lee advocated subjects which found their way into the business curriculum at much later dates; if by "commercial biography" is understood entrepreneurial business history, it did not become an object of research and investigation before the early decades of the present century.

The proposed program was never put into practice. Because of President Lee's failing health and death that soon occurred, the plan did not advance beyond the proposal stage.

¹³C. S. Marsh, "General Lee and a School of Commerce," The Journal of Political Economy, XXXIV (1926), pp. 658-59.

In connection with the establishment of the University of the City of New York (now New York University), an effort was made to inaugurate instruction in the field of business and to establish a chair in Commerce, Agriculture, and the Mechanical Arts. The project failed to materialize.¹⁴

The first attempts at the establishment of collegiate education for business were not fruitful. As in many fields of human endeavor, in the field of higher education for business, obstacles were too great in the beginning to permit new ideas to be put into practice.

Ideas Introduced at the Time of the Establishment of Pioneer Collegiate Business Schools

After its founding in 1881, the Wharton School of Finance and Commerce at the University of Pennsylvania remained the only school of its kind in the country for seventeen years. Six more schools were established in the East, West, and the Middle West around the turn of the nineteenth century into the twentieth century. Before the end of the Formative Period in American collegiate education for business that ended with the first decade of the current century, three more schools were established, including the first graduate school of business founded as a part of Harvard University.

The pioneer schools at the collegiate level included the following:

¹⁴ Elbert Vaughan Wills, The Growth of American Higher Education, Liberal, Professional, and Technical. (Philadelphia: Dorrance & Company, 1936), p. 98.

<u>School</u>	<u>Year established</u>
The Wharton School of Finance and Commerce, University of Pennsylvania	1881
The University of Chicago College of Commerce and Administration	1898
The University of California College of Commerce, Berkeley	1898
The Amos Tuck School of Administration and Finance, Dartmouth College	1900
The New York University School of Commerce, Accounts, and Finance	1900
The University of Wisconsin School of Commerce	1900
The University of Illinois College of Commerce and Business Administration	1902
The Northwestern University School of Commerce	1908
The University of Pittsburgh School of Business Administration	1908
The Harvard Graduate School of Business Administration	1908

For an understanding of the ideas that were introduced at the time of the establishment of the pioneer collegiate schools of business, it is undoubtedly advisable to examine first the factors that caused a demand for collegiate education for business. An understanding of these factors will facilitate comprehending the goals that were selected for this new branch of higher education.

Demand for Collegiate Education for Business

The demand for persons with collegiate education in business administration can be examined against the background of four factors: (1) changed nature of society; (2) need for better business management; (3) unsuitability of traditional college education as preparation for business; and (4) world-wide interest in collegiate education for business.

Changed nature of society. The early colleges of the United States were established in order to educate men for the learned professions: first mainly for theology and then later also for law and medicine. The advocates of collegiate education for business referred to the differences in the societies for which the first colleges and the mid- and late-nineteenth century colleges were preparing students. The economy of the country had taken long steps toward changing from an agrarian society to an industrial society. Consequently, the needs of the latter society were not the same as those of the earlier one. These changed needs had to be taken into consideration in the educational programs of the country.

An indication of the changed nature and needs of society was provided by the numbers of graduates going into business during the last decades of the nineteenth century. "In Eastern Massachusetts, graduates of Harvard get greatly more than their due numerical proportion of the best places in banking, insurance, transportation and manufacturing From one-fifth to one-third of the members of the successive graduating classes ultimately go into business"15
 Already as early as 1853, eleven, or one-eighth of the class of eighty-nine, had attained remarkable success in business.16

A similar trend was discernible at another Eastern university. In 1842, among Yale alumni, business as an occupation went from fourth

¹⁵Adlai E. Stevenson, Education and Business Leadership. (Chicago: The University Extension Association, Publishers of University Text Books, 1909), p. 3.

¹⁶Ibid.

to third place and then to second place during the Civil War.¹⁷ In 1904, at the same institution, one hundred twelve of the graduates planned to enter business, whereas only eighty-six planned to be lawyers. No more than approximately twenty-five chose any other occupation.¹⁸ By 1906, at Dartmouth College, fifty per cent of the entire graduating class planned to enter business.

The production, finance, transportation, communication, and distribution functions that were performed in the industrial economy had to be staffed by men with business ability. All these activities were now either entirely new as compared with the economic activities of the agrarian economy or, in any case, were performed on a much larger scale than previously.

The individually owned business enterprise and the partnership had grown in size and called for division of labor in the managerial function. Furthermore, the new form of enterprise, the corporation, had developed a new category of businessmen, the professional managers, who held a special relationship to the owners, stockholders, employees, and the clientele. A hierarchy of management was developing in these corporations. One group was the general managers in charge of the policy-making function for the corporation in general. Another group was the managers responsible for the direction of the activities of the different functions of the business enterprise: production, finance, distribution, and personnel.

¹⁷Ibid.

¹⁸Ibid., p. 4.

Not only the business enterprises were in need of managers. The business communities were lacking in leadership too. The inhabitants of many communities were in search of leadership for civic and philanthropic activities.

On the state and national levels leadership was needed as well. The business element in the population, since the adoption of the Constitution, had been found to be an alert element interested in public affairs and in the promotion of the unity of the state and nation. An historical nation-wide study made at the University of Wisconsin to determine in which districts men were elected who were favorable to the adoption of the Constitution of the United States; in which there were mixed delegations, of the members of which some were in favor and some against; and in which districts men were elected who were opposed to the Constitution has strengthened the idea about the importance of commerce in the national life.¹⁹ The study showed that men favorable to the adoption of the Constitution came from the regions of the coast, from the ports of entry, and from the valleys where the rivers run. In other words, the communicatory relationship of an area to the outside world is a decisive factor in formulating people's ideas. "The roots of power for the constitutional party are the roots of trade."²⁰

With the widening of trade of the United States during the latter part of the nineteenth century, not only within the boundaries of the

¹⁹ Woodrow Wilson, The Relation of University Education to Commerce. Address delivered at the Commercial Club of Chicago; the one hundred seventy-first regular meeting of the Club, held on November 29, 1902, p. 10.

²⁰ Ibid., p. 11.

domestic economy but also internationally, and with the establishment of consular and other governmental services in many countries, there arose a need for men well versed on the conditions of other countries, politically and economically, and ready to assume administrative positions with their government.

Thus, inherent in the changed nature of society was an urgent need for leadership in individual enterprises, in business communities, and in state and federal government.

Need for better business management. During the last decades of the nineteenth century, a critical attitude toward business was beginning to appear among the American people as indicated by articles in the newspapers, journals, and magazines of the time. The managements of business enterprises, especially corporate executives, were accused of employing ruthless means in the building of trusts and other combinations. What was still worse, the corruption was not limited to business enterprises alone. From them it was spreading to political life. Strong lobbies supplied with funds for corrupt practices; bribery, direct and indirect; lavish banquets; and free railroad passes were becoming usual channels through which the corruption spread from business to government.²¹

Notwithstanding the antitrust legislation passed in the 1890's, the concern about the status of business and political life of the nation was becoming evident. Not much faith was placed in the

²¹B. O. Flower, "The Corruption of Government by the Corporations," The Arena, XXX (1903), p. 59.

legislation designed to eliminate the abuses. Many persons were afraid that all the plans for the regulation of monopolistic practices were bound to make them more secure under governmental control--instead of weeding them out.

The root of the evil was thought to be lying in the practice of having too few men managing too many corporations.²² Although the states in granting corporate charters did not make specific stipulations about interlocking directorates, corporation directors were expected to have a closer relationship to their enterprises than they had in actual practice. The delegation of a great amount of authority to executive committees was considered to be perversion of power. In their efforts to do a vast amount of business, reckless businessmen did business in general much harm.

During the presidential administration of Theodore Roosevelt (1901-1909), the attacks upon corruption in industry and politics became rather frequent. The muckrakers--named by Roosevelt after the Man with the Muckrake in Pilgrim's Progress, who was more occupied with filth than with future bliss²³--disclosed many of the corrupt practices of the big corporations and stirred the thinking of the public.

These criticisms did not, by any means, pass unnoticed the attention of the men interested in the promotion of higher education

²²Stuyvesant Fish, "Economy," The Arena, XXXV (1906), p. 268.

²³Earl Latham (ed.), John D. Rockefeller, Robber Baron or Industrial Statesman? Problems in American Civilization. Reading Selected by the Department of American Studies, Amherst College. (Boston: D. C. Heath and Company, 1949), p. v.

for business. As can be expected, these men saw the criticism cast against businessmen as an indication of deficiencies in the education of men for business. Knowledge of the critical attacks served as an incentive to go ahead and to develop plans for a program of higher education for business that would improve the caliber of the leadership of the country.

Unsuitability of traditional college education as preparation for business. The unsuitable nature of the traditional college education was evident in two features of that education: (1) in academic requirements, and (2) in character traits developed in college.

1. Academic requirements. The men advocating collegiate education for business in the nineteenth century recognized the value of academic college education for any career in life. They were generally in agreement that "a vigorous training in the classics and higher mathematics undoubtedly sharpens a man's intellectual faculties; it trains his tastes and widens his whole mental horizon;" ²⁴

However, the existing university education sprang from wants different from those experienced by students in the latter part of the nineteenth century. The usual curriculum of an American college was made up chiefly of Latin, Greek, and higher mathematics, with some natural science, modern language, and history. ²⁵ It did not have elements in it designed to prepare a man for a business career. "The

²⁴Proceedings of the Convention of the American Bankers' Association held at Saratoga Springs, N. Y., September 3-5, 1890, with the Constitution and By-laws, and Appendices. (New York: Published by Wm. B. Greene, Secretary, 1890), p. 23.

²⁵Ibid.

Bachelor of Arts may be dull in arithmetic, slovenly in his handwriting, unable to manage a bargain or to concoct a good business-letter, and grossly ignorant of book-keeping and accounting."²⁶

Even if, during the years, a few subjects of practical value had been included in the curricula, these subjects were usually highly scattered in the educational programs and offered by different departments. As a result, many young men who had a sincere interest in obtaining a university education and who could have afforded one dismissed the thought from their minds. They did not consider it worthwhile to spend four years in a university or college which was unable to offer them a program of study suitable for their future career. Generally those who attended registered as special students instead of following a four-year course of study leading to a degree and enrolled in courses with practical value. There were many obstacles in the way for a student who tried to follow this path; one of them was prerequisites to be met.

Many state institutions, which because of their character saw fit to cater to the needs of the whole population of the state, became deeply concerned about their failure to provide education for the group of people who did not attend the university and who were interested in business careers. For instance, the officials of the University of

²⁶Joseph Wharton, Is a College Education Advantageous to a Business Man? Address delivered at the reception given February 20, 1890, by the Wharton School Association. Printed in Speeches and Poems by Joseph Wharton, collected by Joanna Wharton Lippincott. (Philadelphia: Printed by J. B. Lippincott Company, for private distribution, 1926), p. 263.

Wisconsin felt that by 1900 the situation had developed quite untenable at their University and went ahead with plans for the establishment of a school of commerce.

The advocates of collegiate education for business recognized the value of academic studies for any career, but they also recognized the dangers in the mere offering of academic studies: an individual may prepare for a vocation for which he has no aptitude instead of one for which he has natural talent. Furthermore, he may very easily neglect getting a university education even if he could afford it.

There were many writers who maintained that business administration is a field in the preparation for which general culture studies possess a degree of importance not equaled in the professions based on physical sciences. The practitioners of the latter fields deal mainly with matter and energy, whereas business administrators have to deal with the human element to a large extent.²⁷ Therefore, a harmonious adjustment of professional and liberal subjects in the study program of a business student is very essential.

2. Character traits. In considering whether to send their sons to a university in order to give them an opportunity to prepare for a business career, many fathers decided against the university on the basis of observed character traits possessed by some university graduates. Many a boy was apt to get expensive habits while attending the university and become unpractical. In addition to these traits, lack

²⁷Edward D. Jones, "Some Propositions Concerning University Instruction in Business Administration," The Journal of Political Economy, XXI (1913), p. 186.

of punctuality and fidelity were often mentioned as deficiencies of university graduates.

The employers, many of them self-made men, preferred having less pretentious men than university graduates and men with tenacity of purpose and cheerful willingness to work. Many a master was afraid that the university graduate was enervated by an artificial life that removed him from contact with the hard-working world.

The persons who supported the idea of having collegiate education for business because of the unsuitability of the existing collegiate education as education for business did not aim at the destruction or supersedure of the college education offered. They wanted to improve the education imparted by the universities and were convinced that a new development should take place in American higher education.

World-wide interest in collegiate education for business. During the decades that ideas were introduced in the United States concerning the need for collegiate education for business, similar ideas were introduced in many countries on the European continent, in England, and in Australia.

Some German writers voiced the opinion that the roots of higher education for business in their country were to be found in mercantilism and in the Enlightenment. These movements encouraged the promotion of trade and business occupations and the role of the state in facilitating preparation for occupations in industry and business. A German mercantilist by the name of Marperger is known to have suggested the establishment of a Kaufmanns Akademie (a Merchant's Academy) as early

as 1715 and 1723.²⁸ The social and economic conditions of the time did not permit this proposal to materialize.

The establishment of a higher institution of learning in business was advocated by a minister of state, M. A. Dechamps, and by a merchant, H. Mathysseus, in Belgium in the late 1840's.²⁹ However, public opinion and the existing universities in the country opposed the plan on the basis that commerce was not equal to other disciplines being taught in the universities. The Institut Supérieur de Commerce d'Anvers was finally established in 1853.

The "dean" of the university schools of business, Sir Walter J. Ashley, regarded the creation of a "Faculty of Commerce" in the new University of Birmingham in 1901 as a manifestation of a new movement in university circles. The employment of the term "Faculty" implied to him that the education of businessmen is as important for the community as the education of lawyers and doctors and that commerce needs to have its adequate and organized body of teachers in a great university as well as the other professions.³⁰

Ashley recognized that it was difficult to draw the line between the merely executory and the higher functions in business. In preparing students for the higher functions, however, the British

²⁸Theodor Blum, Das deutsche Handelsschulwesen. (Leipzig: G. J. Göschens Verlagshandlung, 1911), pp. 65-66.

²⁹United States Bureau of Education, "Commercial Education in Europe," in Report of the Commissioner of Education for the Year 1896-97, Chapter VI. (Washington: U. S. Government Printing Office, 1898), p. 224.

³⁰Walter J. Ashley, "The Universities and Commercial Education," The North American Review, CLXXVI (January, 1903), p. 31.

universities were, in his opinion, placing too much emphasis on general culture and were content with utility only as a by-product.³¹ He saw merit in the American system of electives. Very few students studied economics at that time in British universities, for instance, whereas many American students included economics in their study programs. Because American students had the opportunity of electing a certain number of courses, many chose courses in economics as electives.

The example of the University of Birmingham in establishing a Faculty of Commerce induced the Council of the University of Adelaide to make provisions for the teaching of business subjects.³² Thus, higher education for business was also gaining footing in Australia.

One of the main causes giving rise to the pronounced movement in favor of a higher level of education for business was undoubtedly the first great International Exhibition in London in 1851.³³ The methods used in manufacturing, financing, and distributing the products on display were objects of study for businessmen. Many a businessman found that he was operating much like his father before him. He noticed the growing competition among countries and the necessity of being able to produce and distribute his products at as low cost as possible. Furthermore, he noticed the advantages of widening his market through the use of the improved transportation and communication

³¹Ibid., p. 35.

³²Henry Gyles Turner, The University of Adelaide. The inaugural Joseph Fisher Lecture in Commerce delivered at the University of Adelaide on April 14, 1904. (Adelaide: W. K. Thomas & Co., Printers, Grenfell Street, 1904), p. 3.

³³Ibid., p. 11.

systems. However, he did not expect to be able to do all this without any previous education for it. Thus, the Exhibition served as an impetus for the rise of higher education for business.

The curriculum of the higher institution for education and research in business administration established in Berlin in 1900, Die Berliner Handelshochschule, is indicative of the ideas prevailing as to the subjects to be taught in the European collegiate schools of business:

1. Economics: banks and banking; stock exchanges and transactions with stocks and bonds; money and credit; corporations; communication and transportation; commercial, industrial, agricultural, colonial, and social policy; statistics; finance; insurance; business history; and economic geography.
2. Law: principles of the civil law; business law; law of exchange; admiralty law; law of insurance; social legislation; law pertaining to patents and trade marks; courts and procedure; especially in international communication and transportation; constitutional law; administrative law; international law; and criminal law.
3. Industrial products: physics, chemistry, mechanical technology, chemical technology, and industrial and business hygiene.
4. Business techniques: accounting; business mathematics; and correspondence.
5. Methodology of business teaching. Opportunities for student teaching at institutions subordinated to Die Korporation der Kaufmannschaft should be provided for the students who want to become instructors of business subjects.
6. Languages: English, French, Spanish, Italian, Russian, German (for foreigners), and others.
7. General humanities: history, history of art, history of literature, and philosophy.³⁴

³⁴Max Apt, "Die Berliner Handelshochschule," Handels-Hochschul-Chronik. W.-S. 1903/04, I (February, 1904), p. 38. (Translation by the investigator.)

Through the educational program of the school the following objectives were to be achieved:

The purpose of the School is to promote the disciplines necessary and beneficial in the preparation for a business career through teaching and research. Its objectives are in particular:

1. to give young businessmen a deepened general education and a professional education in business with due consideration of the demands of the practical business world;
2. to provide for prospective instructors of business subjects an opportunity to obtain a professional education, both theoretical and practical;
3. to make it possible for men in business and for persons in related fields to upgrade themselves in the different business disciplines; and
4. to provide opportunities of study for persons occupying juridical or administrative positions or working in consular service or in chambers of commerce.³⁵

The program of the school in Berlin resembles to a very great extent that proposed by General Lee. "Commercial economy, or the administrative and financial management of commercial enterprises" may have had a greater emphasis in Lee's program, as far as can be concluded from the descriptions of the subject-matter areas. "Methodology of business teaching" is listed among the disciplines in the curriculum of the German school, but not in General Lee's proposal.

With respect to the North European countries, one of the first higher institutions for education in business administration at the university level was established in Helsinki, Finland, in 1911. In the

³⁵Ibid., pp. 38-39.

country, the first ideas for the establishment of a collegiate school of business had been introduced as early as 1857.³⁶ This first proposal never materialized, but ideas continued to germinate and obtained renewed vigor in the meetings of businessmen's associations in the 1880's. The United States sent its Edmund James to study education for business in Germany, where it was a well-established subject, in the latter part of the nineteenth century; and Finland sent its Kyösti Järvinen. After having become acquainted with many European schools of business, Järvinen developed a detailed plan for the administration and curriculum of the school that was to be established in Helsinki; and he worked effectively for the project. The school opened in 1911.

Early Goals of Collegiate Education for Business

Awareness of the urgent demand for persons with collegiate education for business led to the formulation of goals for this new branch of higher education. The primary goals were those pertaining to: (1) the basic purposes of instruction; (2) advancement of business disciplines; and (3) the contribution of the school of business to the community and to society.

Basic purposes of instruction. Leadership in arousing interest in the promotion of higher education for business in the United States during the last decades of the nineteenth century was taken by the American Bankers' Association. This association appointed a committee

³⁶Kyösti Järvinen, "Kauppakorkeakoulukysymys ja sen ratkaisu Suomessa," Yhteiskuntataloudellinen Aikakauskirja, III (1907), p. 1.

to investigate what was being done in a systematic way in the country, both on the secondary-school and collegiate levels, to develop men for business careers. The investigation was to include other countries too. It was conducted by Professor Edmund J. James of the Wharton School of Finance and Commerce at the University of Pennsylvania.

In an address delivered before the Association at Saratoga, New York, in September of 1890, James gave an exposition of the status of business education in the United States and other countries, including a report of the Wharton School, which on that date was the only collegiate school of business existing in the country. "So well pleased was the association with the plan there outlined and the report of the work already accomplished that it adopted resolutions recommending to the colleges and universities in the United States the establishment of similar departments as constituent parts of their organization."³⁷

As a starting point, James as well as other advocates of collegiate education for business recognized the work done by business colleges during the nineteenth century. The consensus was that the business colleges had been doing good work in preparing young men and women for operational business tasks and that they served a purpose in the American educational system. However, there was a category of businessmen for whom these colleges did not provide appropriate training. This was the managerial group.

³⁷United States Bureau of Education, "Commercial Education in Europe, Particularly in Austria, France, and Germany," in Report of the Commissioner of Education for the Year 1895-96, Chapter XV. (Washington: U. S. Government Printing Office, 1897), p. 721.

In the first place, the founders of the new collegiate schools of business did not claim that schools of business should or would teach the details of any man's business. Knowing one man's business in detail would not help form any universal principles of business applicable to other business situations.

On the other hand, they did not contend that the business school should be able to develop "business magnates." Recognition was given to the existence of great "captains of industry," but a large part of their success--if measured in terms of monetary profits and the prestige enjoyed in the business world--was attributable to unusual native abilities and qualities, which the business school did not claim to be able to develop in every man.

In the second place, a great emphasis in discussions of objectives of collegiate education for business was placed on the broadness of the education to be developed. The feature of business that was considered to give it its greatness was catholicity. No man became great on the method of business. The international trade that grew in importance during the latter half of the nineteenth century called for men who knew the conditions of other countries well. In order to sell Western goods in the Eastern countries, Eastern ideas had to be known first.

Consequently, the teaching of the methods of business was not thought to be the task of the collegiate school of business. The school of business was to do something very different from that. For the purpose of division of labor in education for business, the school of business was to set as its objective the development of managerial

personnel for business. There was no implication that this type of education for business was any nobler or more dignified than other levels of education for business. This idea was expressed by President Woodrow Wilson in the following words:

I believe--as every man born on this soil, I take it, must believe--that the dignity of toil with the hands, provided the heart goes into the work, provided the conscience gets translated into the product, is enough to dignify any man and give him a touch of nobility It is not a question of nobility, it is a question of division of labor It is a question of that differentiation upon which the efficiency of the modern world depends.³⁸

The emphasis on broadness of training may be due partially to the type of businessman the advocates of collegiate education for business had in mind, the type differing substantially from the type present-day schools of business hope to develop. For instance, the original plan for the establishment of Harvard's Graduate School of Public Service and Commerce (now the Harvard Graduate School of Business Administration) embraced six programs of study: diplomatic, consular, or colonial services; and general business, railway transportation, or transportation in general.³⁹ The proposed program of study designed to prepare men for governmental services was later abandoned as offering too restricted employment possibilities for graduates.

³⁸Woodrow Wilson, op. cit., pp. 15-16.

³⁹Wallace B. Donham, "The Graduate School of Business Administration 1908-1929," in The Development of Harvard University Since the Inauguration of President Eliot 1869-1929, by Samuel Eliot Morison (ed.), Chapter XXXIII. (Cambridge, Mass.: Harvard University Press, 1930), p. 534.

There was an urgent need for leadership in both business and government; therefore, preparation for leadership in business was only gradually separated from the general program of preparation for leadership.

The idea concerning the establishment of collegiate education for business sprang from the practical needs of the time. Consequently, the purposes of the movement were often stated in practical terms, not in highly idealistic or philosophic language. An illustration of this condition is provided by the following statement of the aim of a school of business in the early years of the current century:

There is an increasing demand on the part of the business community for trained service. The Tuck School aims so far as possible to meet this demand. It recognizes clearly its limitations. It does not presume to create the genius for executive position. Neither does it attempt to teach the details of any man's business; these can be learned most quickly and effectively on the ground. It aims to enable a young man to start in business with the advantages of a trained mind and a scientific knowledge of modern business methods and conditions.⁴⁰

In order to enable a young man "to start in business with the advantages of a trained mind," the purpose of the instruction was to develop in the student the ability to think clearly and independently. Muddled thinking was thought to be responsible for many social and economic ills. As business school graduates were expected to assume leadership positions at community, state, and national levels, it was extremely important that they be men skilled in independent decision-making.

⁴⁰ Announcement of The Amos Tuck School of Administration and Finance Associated with Dartmouth College for the Year 1904-1905. (Hanover, New Hampshire, 1904), p. 6.

The early business educators considered their task to be the development of character traits as well. Cultivation of responsibility, promptness, grit, trustworthiness, diligence, and tolerance is listed repeatedly among the responsibilities of the business school. An inculcation of a sense of right, duty, and honor and of an urge to put in practice in the real world the ideals fostered by any true university was regarded as a responsibility of the school of business. In the opinion of some writers "there is no field of human activity in which ideals applied are of more value than in business."⁴¹

The development of character traits was closely related to the promotion of business ethics. The raising of business to the level of a profession called for the development of ethical standards in business. In the advancement of business ethics, the philosophies and ethical convictions of the founders and donators served as a source of guiding principles. The principles held by Amos Tuck, for instance, have continued to guide the education of men in the school named after him. Some of them are:

1. absolute devotion to the career which one selects, and to the interests of one's superior officers or employers;
2. the desire and determination to do more rather than less than one's required duties;
3. perfect accuracy and promptness in all undertakings, and absence from one's vocabulary of the word "forget";
and

⁴¹Charles William Eliot, "Uses of Education for Business," in Modern Eloquence, by Thomas B. Reed (ed.). Occasional Addresses, Vol. VIII, E.-L. (Philadelphia: John D. Morris and Company, 1900), p. 415.

4. never to vary a hair's breadth from the truth or from the path of strictest honesty and honor with perfect confidence in the wisdom of doing right as the surest means of achieving success⁴²

Advancement of business disciplines. In advocating the education of men for managerial functions in business and in public service, the supporters of higher education for business implied that there was a body of business principles that could be incorporated into a coherent whole and that lent itself to teaching. In some statements of objectives the necessity of advancing business disciplines is implied; in some statements it is stated explicitly. "This purpose [of a school of business] should also include the advancement of the sciences and educational methods by which this training can be given."⁴³

The raising of business to the level of a profession and the advancement of business disciplines necessarily implied that the men who were to be products of the new type of higher education were expected to be professional men who approached their tasks in a scientific manner. A scientific approach on the part of businessmen would result in an improvement of philosophies and practices of business.

The extension of bounds of knowledge of business was expected to be done mainly through research by instructors and research bureaus in the schools of business. The hope was that, because of the establishment of schools of business, concerted action would replace the intermittent individual efforts.

⁴²Announcement of The Amos Tuck School of Administration and Finance Associated with Dartmouth College for the Year 1913-14. (Hanover, New Hampshire, 1913), p. 3.

⁴³Edward D. Jones, op. cit., p. 186.

Contribution to the business community and to society. The collegiate school of business considered its responsibility to be to make accessible scientific information in the field of business for the betterment of society. The school of business felt that it was obligated to aid the developing industrial and business segments of society; in doing it, however, it was also to contribute to the solution of the social problems following in the footsteps of great industrial developments.⁴⁴

The desire to meet the needs of the business community was very evident in the establishment of some schools of business. "The immediate purpose in establishing the Northwestern University School of Commerce was to give in evening courses an opportunity for capable and ambitious employees to pursue business subjects"⁴⁵ An ultimate purpose of the establishment of the school was to develop, as rapidly as the resources of the school and the advance of business disciplines would permit, a school comparable with other professional schools.

Summary

The ideas pertaining to the establishment of higher education designed to prepare men for administrative positions in business and elsewhere were first expressed in various scholarly works that came out in the eighteenth century. The time was not ripe, however, for those

⁴⁴Leon C. Marshall, "The College of Commerce and Administration of the University of Chicago," The Journal of Political Economy, XXI (1913), p. 99.

⁴⁵Willard E. Hotchkiss, "The Northwestern University School of Commerce," ibid., p. 196.

ideas to materialize until the outbreak of the Industrial Revolution had caused men to see the transformation that was taking place in many national economies and in the economy of the world. Thereafter, thought relative to the necessity for higher education for business began to germinate in different segments of the population. The need to educate for competent leadership was accentuated by the prevalent criticisms against the conduct of businessmen and by the unsuitability of the traditional classical college education as preparation for business administration.

The early goals of collegiate education for business included the education of men for general managerial and policy-making functions of business and for highly specialized positions in certain areas. Even if necessity was seen for some degree of specialization, broadness of education was strongly emphasized by the early business educators. The purpose of collegiate education for business was also the advancement of business disciplines and the rendering of services to business communities and to society.

Even if the first attempts at the establishment of collegiate schools of business were doomed to failure, the succeeding ones that endured grew into an important branch of American higher education.

CHAPTER IV
DEVELOPMENT OF THOUGHT UNDERLYING
COLLEGIATE EDUCATION
FOR BUSINESS

The establishment of the first three pioneer collegiate schools of business--the Wharton School of Finance and Commerce, the University of Pennsylvania; the College of Commerce and Administration,¹ the University of Chicago; and the College of Commerce, the University of California, Berkeley--on the Atlantic Coast, in the Midwest, and on the Pacific Coast, respectively, was an indication that collegiate education for business was to become nation-wide.²

At the end of the first decade of this century, there were collegiate schools of business not only in different parts of the country but also for different levels of instruction: undergraduate business schools, a school calling for three years of college work as a prerequisite, and a graduate school of business administration. Thus, the time from the establishment of the first school until the end of the first decade of the current century constitutes a formative period of education for business at the collegiate level.

The second and third decades of the current century brought about a great upsurge in collegiate education for business. About

¹The name was later changed to "The School of Business."

²That the transcontinental coverage made by the first three schools was not a planned matter is emphasized by L. C. Marshall in "Collegiate Education for Business Faces Challenges." An address delivered at the annual dinner in celebration of the Fiftieth Anniversary of The School of Business of the University of Chicago, June 11, 1948. Reprint from The Challenge of Business Education, papers published in celebration of the Fiftieth Anniversary of the founding of The School of Business of the University of Chicago, p. 1.

fifty per cent of the seventy schools now members of the American Association of Collegiate Schools of Business were established during this period. It was a time of rapid growth in the number of schools founded and in the number of students enrolled.

Since the beginning of the 1930's, though collegiate education for business has grown steadily, the rate of growth has stabilized somewhat. The stabilized rate of growth has allowed administrative and teaching personnel in schools of business to turn their attention from problems connected with the very rapid growth to problems of a more permanent nature such as administration of collegiate schools of business, objectives of the schools, contents of the curricula, qualifications of the teaching personnel, and responsibilities of the schools of business to the business communities.

With the growth in the number of institutions throughout the past decades and with the passing of time, more and more persons have been engaged in collegiate education for business and other new forces have evolved. What happened during this time to the early ideals and goals set for collegiate education for business in the beginning stages of its development? Did they continue to be striven for unchanged, or were there changes in the intellectual background of the movement? Examination of the development of thought underlying collegiate education for business through the past decades should help in getting answers to these questions.

The Formative Period, 1881-1910

The ideals and goals set for collegiate education for business in the early stages of the movement--as discussed in the previous chapter--were implemented through the curricula which were set up and through the administration and organization of the schools. An examination of these two aspects of education for business in the Formative Period should shed light on the development of subsequent thought underlying collegiate education for business.

Formative Thought Reflected in the Curricula

When an examination is made of the curricula to determine the reflection of the thought underlying collegiate education for business in the Formative Period, a condition to keep in mind is that the different schools were established for somewhat different purposes. For instance, the catalogue of the University of Pennsylvania contained in 1894 the following statement concerning the Wharton School of Finance and Commerce:

This school was founded by Mr. Joseph Wharton of Philadelphia. It serves for the University of Pennsylvania the same purposes as are served in other institutions by their Departments of Faculties of History and Politics, or by the so-called Schools of Political Science. In addition, however, to the courses usually provided in such departments this institution offers also a course, at once liberal and practical, which is specially designed for those who intend to enter upon business pursuits.³

³Catalogue of the University of Pennsylvania 1893-1894. (Philadelphia: Printed for the University, 1894), p. 107.

The field of work for which the collegiate school of business was expected to prepare men was not yet seen separately from other areas in which leadership was also needed. As the early founders had observed that leaders were also needed in public service, in consular service, and in journalistic positions, the collegiate school of business was established to promote education of men for all aspects of "active life." The University of Chicago College of Commerce and Administration listed for the year 1910-1911 the following areas of concentration: (1) trade and industry, including as required courses economic history of the United States, principles of accounting, corporation finance, principles of statistics, and money and banking; (2) public service, municipal, state, and federal, including as required courses principles of statistics, economic history of the United States, public finance and taxation, and comparative government; or consular service and foreign consul service, including as required courses language, economic geography, statistics, commerce, elementary law, and commercial law; (3) charitable and philanthropic service; and (4) journalism.

Regardless of the variances in the philosophies of the different schools, the curricula established to prepare leaders for "active life" were usually comprised of three kinds of courses: general education, economics, and business administration. /

General education. If by the term "general education" is understood those areas of knowledge which are considered to be an essential part of the academic education of any college graduate, two years of work in such subjects as English, literature, mathematics, science,

history, and languages was to be a foundation for the study of business subjects. The new curriculum--in the early years hardly possessing unity enough to be called a curriculum--was not to replace the old ones but to supplement them.

The arrangement of general education subjects in the business curricula took different patterns. There were schools requiring two years of work in general education and then two years of work in business subjects. In some schools business subjects were studied concurrently with general education subjects throughout the four years of undergraduate work. One school required three years of work in general education climaxed by a year of work in business subjects. Finally, there was the Harvard Graduate School of Business Administration requiring an undergraduate degree in general education fields as a basis for admission.

A rather general philosophy at the time was that the student preparing for a position in business should have, first, a broad general education, and second, a professional education for business. The inclusion of the general education subjects in the business school curriculum was one indication of the desire of the founders of the schools of business to raise business to the level of a profession by establishing education for business according to the pattern of education for theology, law, and medicine.

Economics. Another major segment of the school of business curriculum was economics, which gradually was given a position in college curricula similar to that accorded mathematics and languages. The description of the courses under the title of "political economy"--

a term used at that time--indicated that economics was used in a very broad sense. It included, in addition to theoretical economics, fields later separated from theory: labor economics, money and banking, and public finance. Industrial and commercial organization, transportation, corporation finance, insurance, and statistics were often listed under economics as well.

As previously discussed, economics appeared in American college curricula in the early part of the nineteenth century. (See Chapter II.) However, it was not until the latter part of the century that systematic studies by American economists appeared in considerable numbers. The founding of the American Economic Association in 1885 provided an opportunity for economists to exchange ideas and to carry out organized efforts.

The first decades of the twentieth century witnessed much activity among economists. Good textbooks were published and found their way into the classrooms of the universities. At many of the old universities there were well-known economists at work: Frank A. Fetter at Princeton; Thorstein Veblen at Chicago; H. J. Davenport at Cornell; Irving Fisher at Yale; F. W. Taussig at Harvard; and J. R. Commons and Richard T. Ely at Wisconsin.

Economics, the mother science of business disciplines, was in the beginning stages of its development when business subjects were branching out from it. Even if it had existed as a science since Adam Smith had written his immortal work in 1776, the development of the economic science had been a relatively slow process in the United States as well as on the European Continent.

In the opinions of many writers, lack of a proper sequence of economics courses weakened the curricula established for liberal arts students as well as the business curriculum. With development of economics as a discipline, courses in economics were added to college curricula without due consideration of the curriculum as a whole. Stress was laid upon the science of economics as a thing itself rather than upon the solution of economic problems. Too much time was spent in dwelling on fine distinctions in theories rather than on vital differences among them.

Business administration. Included in the business administration segment of the school of business curriculum were courses in several different areas. The most common of those areas were: transportation, finance, economic history, economic geography, marketing, business chemistry, business law, accounting, insurance, and business organization and management.

a. Transportation. The area of transportation included the study of railroad administration and operation. Railroad administration studies included discussions of (1) railroad organization, external and internal; (2) rules and regulations concerning railroad traffic; (3) railroad mechanics from the standpoint of economics of location, construction, and maintenance; (4) railroad finance and statistics; and (5) legal aspects of railroading. Railroad operation was studied primarily from the viewpoint of the accountant; the revenues collected and the disbursements made. In view of the great significance of railroad construction and operation in the American economy during the nineteenth century, it was understandable that the

study of transportation occupied an important place in the business school curriculum.

b. Finance. Public finance was usually included in economic studies, whereas private finance, as its contrast and supplement, was developed as a field of business administration. In private finance, concentration was on the practical aspects of banking, such as mechanisms and methods of different banking institutions, note issues, circulation, reserves, bills of exchange, clearinghouses, domestic and foreign exchange, money markets and speculation, and corporation finance and investments. In many areas the discussions were comparative in nature; that is, ideas and practices in European countries and elsewhere were introduced.

c. Economic history. A student of business was also expected to be familiar with the agricultural and industrial development of the United States, with the extent and distribution of resources, with labor conditions, and with forms of industrial organization. For understanding the rapid changes that were taking place in the economic environment of the time, study of economic history was of great importance. Economic history was one of the first fields in business administration which had a close relationship to a general education subject field, history, and helped students see interrelationships between general and professional education.

d. Economic geography. Another subject that had its counterpart in a general education field was economic geography. In addition to knowing the physical and political geography of other countries and areas, the student of business was expected to know the biological and

economic geography of other countries so that the role of the United States in the world market would be understood. Knowledge of the different aspects of a country's economic geography was the first step toward an understanding of the ideals held by the people of the country and the requirements they set for the products they bought. Thus, economic geography had a close relationship to the study of marketing because it tried to penetrate into the sociological and psychological aspects of trading and into the forces and factors making for the expansion of markets.

e. Marketing. Between 1902 and 1905 four men simultaneously and independently in different parts of the country crystallized their knowledge of marketing and began teaching the subject: Edward D. Jones at the University of Michigan, Simon Litman at the University of California, George M. Fisk at the University of Illinois, and James E. Hagerty at The Ohio State University.⁴ The principal contributions to marketing thought were made at universities where economics was a well-established subject: at the University of Wisconsin, where Edward D. Jones, James E. Hagerty, Paul H. Nystrom, Ralph S. Butler, and Newel H. Comish studied under Richard T. Ely and John R. Commons; and at Harvard, where A. W. Shaw, Melvin T. Copeland, and Malcolm P. McNair obtained their education.⁵ By the 1920's marketing as a discipline was

⁴Robert Bartels, Influences on the Development of Marketing Thought, 1900-1923. Reprint from an article in The Journal of Marketing, XVI (July, 1951), p. 3.

⁵Ibid., pp. 5 and 8.

thought to have achieved an integration and crystallization to the point that its structural outlines were evident.⁶

f. Business chemistry. In addition to having a knowledge of economic geography and the channels and structure of marketing, a student of business was expected to have a knowledge of biological and technological aspects of products consumed or used at home or traded in world markets. Therefore, chemistry and physics taught from the business standpoint were in many schools included in the curriculum of the business student.

g. Business law. In order to be able to handle his future business transactions the student of business studied business law. In this field the instructor in many cases was in the early years a practicing lawyer, who in the morning on his way to a downtown office stopped at a school of business, conducted a class session, and drove on. Probably the night before he had pulled out of his office files a few cases that were fresh in his mind to be presented to the class. From the school of law the use of the case method of instruction was being transplanted into the school of business by way of business law.

h. Accounting. Already toward the end of the last century, the increased size and complexity of business enterprises called for accurate record keeping. Therefore, one of the early subjects taught in collegiate schools of business was accounting. Impetus to the teaching of accounting was also given by the passing of the first

⁶Ibid., pp. 16-17.

Certified Public Accountant laws in the state of New York in 1896.⁷
In fact, the School of Commerce, Accounts, and Finance of New York University was organized mainly through the efforts of the New York State Society of Certified Public Accountants.⁸

The early accounting instruction was hampered by the lack of suitable textbooks, trained teachers, and clearly defined objectives for the instruction. The persons in charge of the teaching were in most cases employed in accounting work with business corporations or accounting houses and gave instruction in the evening. Naturally they had a great familiarity with actual accounting practice, but they were not necessarily good teachers and their viewpoint was in many cases bound to be narrow.

i. Insurance. Insurance, which often was included among economics courses, was discussed from the viewpoint of economic risk. The nature and theory of insurance, the rise and development of different kinds of insurance, and the public supervision of the insurance field were frequently listed as subtopics in the insurance courses of the university bulletins. Mathematics of insurance, which is now referred to as actuarial science, was often separated from other insurance subjects. It generally included instruction and use of mortality tables, annuities, endowments, reserves, surpluses, and premium dividends.

⁷Jeremiah Lockwood, "Early University Education in Accountancy," Accounting Review, XIII (1938), p. 141.

⁸Ibid.

j. Business organization and management. Business organization and management courses did not have a clear demarcation line with finance and other areas of business administration. This was indicated, among other things, by the fact that such topics as "origin and history of the corporation," "stocks and bonds," and "powers and rights of corporate officials" were often listed as subtopics in management courses.

The management aspect was present in every area of business administration; and when it was separated, the result was the teaching of management in railroading, in retailing, etc.--in other words, teaching of management in terms of different kinds of business instead of in terms of a theory of management. Emphasis in management courses was on "typical organizations" and on the relationships among various functions such as accounting, sales, production, credit, and advertising. The personnel function was given little attention in the management courses.

Formative Thought Reflected in Administration and Organization

The establishment of a collegiate school of business did not mean, in many cases, an immediate establishment of a school in the ordinary sense of the word. In most instances it meant a grouping of courses, with some "practical value," offered by different departments. Most of those courses were usually offered by the departments of economics, political science, and sociology.

The grouping of courses was often the first step toward the establishment of a new "division" or "department," however called, under the dean of the college of arts and sciences. The administrative

work relative to those courses usually first remained under the chairmanship of the head of the department of economics. Later, an independent department was formed to be finally separated into a school of business administration.

The physical facilities provided for business instruction were in most cases quite inadequate and continued to remain such for a long period of time. The hitherto existing facilities were used instead of providing new space and facilities for the new member of the university family. Instances were not uncommon in which schools of business were housed in spacious buildings only after many years of hoping and waiting.

The first years of the pioneer schools of business were years filled with pathfinding in more than one way. The administrative organization had to be created, and teaching personnel had to be obtained even though few people with suitable education and background were available. Materials had to be collected from business and organized into teaching units; hardly any persons had an adequate training for this kind of work. Furthermore, there were no standards for the inclusion and exclusion of those materials for teaching purposes. If a man teaching finance happened to be collecting those materials, they were often classified as finance on that basis only. If a man teaching marketing happened to be the collector, they were classified as marketing. There was no central organization to serve as a clearinghouse of ideas and experiences in the new field of higher education.

An additional difficulty to overcome was the opposition to the whole project by other departments in the universities. Edmund J. James, one of the early administrators, described the attitudes of other departments toward the development of business subjects in the following words:

And even if they did not actually interfere to prevent the progress of the work, they stood with watchful, jealous eyes to see that no concession of any sort should be made to these new subjects which, in their opinion, might in any way lower the level of scholarship as the ideal had been accepted by the upholders of the traditional course.⁹

As revealed by James's statement, the advocates of "pure culture" were influential at the time. They thought that the ideals and convictions they held could only be sustained by devotion to traditional subjects in traditional ways. Consequently, no general agreement on what the objectives of the university should be could be reached between them and the few educators advocating some practical training and the necessity of developing efficiency for carrying out the duties of the business world.

The business educators of the time did not have an opportunity to go about their tasks in the development of the new type of higher education with all their energy and force. They had to spend time and effort in justifying their existence on the university campus and in assuring that no lowering of standards was going to occur in the university family because of the inclusion of the new member.

⁹Edmund J. James, "Origin and Progress of Business Education in the United States," in University of Illinois Conference on Commercial Education and Business Progress. (Urbana-Champaign, Illinois: Published by the University, 1913), p. 53.

Development of Collegiate Education for Business
into a Discipline, 1911-1930

The first two decades following the Formative Period were a period of rapid growth in collegiate education for business. Most of the schools now existing were founded during that period. For those institutions then the period actually was a formative period, but for the movement as a whole it was a period of growth. Growth took place not only in the number of institutions but also in the advancement of the new type of higher education.

The Formative Period had provided very few opportunities for a searching examination of the objectives of higher education for business because many immediate tasks occupied the time and efforts of business educators and much pathfinding was going on. From the beginning of the second decade of the current century, however, business education was growing toward maturity, even if this growth was again to be disturbed by external factors. Major among these external factors was World War I, which diverted the attention of business educators to problems resulting from the emergency. A great upsurge took place in the number of institutions during the years immediately following the War; but after the "wave" subsided, advancement of the field in terms of development of business disciplines was uppermost in the minds of business educators.

First Intradisciplinary Interests and Developments

The first years of the 1910 decade revealed an interest among business educators in exchanging views on different aspects of collegiate education for business and in capitalizing on the experiences of

each other.¹⁰ Up to that time each school had been busy developing its own program, building up its faculty, and developing instructional materials. When the first steps had been taken, administrators and faculty looked outward to experiences of other schools.

An interest in the over-all status of education for business was also evidenced by discussions in connection with the dedication of the new University of Illinois College of Commerce building in 1913.¹¹ Business educators from far and near came together to exchange views on "commercial education and on the progress of business." Discussions of the nature of business indicated that there was a strong conviction among business educators of the time that the work of the businessman measured up to the standards usually placed on a profession. In the first place, business was becoming an important field of activity in society. In the second place, if a profession was considered to be a calling which required for its most successful pursuit a liberal education as a preliminary background and a special professional course in the science underlying the practice of that calling, business had the characteristics of a profession. It was becoming clearly evident that

¹⁰Willard E. Hotchkiss, "The Northwestern University School of Commerce," The Journal of Political Economy, XXI (1913), pp. 196-208; Edward D. Jones, "Some Propositions Concerning University Instruction in Business Administration," ibid., pp. 185-195; Leon C. Marshall, "The College of Commerce and Administration of the University of Chicago," ibid., pp. 97-110; Roswell C. McCrea, "The Work of the Wharton School of Finance and Commerce," ibid., pp. 111-116; H. S. Person, "The Amos Tuck School of Dartmouth College," ibid., pp. 117-126; and William A. Scott, "Training for Business at the University of Wisconsin," ibid., pp. 127-135.

¹¹University of Illinois Conference on Commercial and Business Progress. Conference held in connection with the dedication of the Commerce Building, April 16 and 17, 1913. (Urbana-Champaign, Illinois: Published by the University, 1913).

a successful businessman had to be not only a man of wide perspective developed through a good general education but also a man who understood his country's economy and his own business. References to the success achieved by many earlier businessmen who had had no college education were not fully applicable any more. Those men had undoubtedly been able men, but the numerous opportunities they had had been an important factor in their success. The resources were abundant, and the circumstances for their exploitation favorable. Even without a special education for their careers they were able to succeed in life, for no special education is necessary when the well of opportunities is very deep and full.

The first intradisciplinary interests in the early years of the current century were also promoted by a new, more scientific approach to the development of business disciplines and to the field of collegiate education for business. This approach was developed by Frederick W. Taylor, Henry L. Gantt, and Frank B. Gilbreth and his wife. There were both personal connections and more formal types of links between these people and business educators. An example of the latter is a series of conferences devoted to the discussions of important questions in the field of business administration under the auspices of the Amos Tuck School at Dartmouth College in Hanover, New Hampshire, in 1911.¹² By clarifying the steps in the scientific procedure and by teaching the tools of scientific analysis, the scientific management movement contributed to the establishment of organization

¹²Announcement of The Amos Tuck School of Administration and Finance Associated with Dartmouth College for the Year 1913-1914. (Hanover, New Hampshire, 1913), pp. 37-39.

and order in the developing business disciplines and their mutual relationships.

Relationship Between Collegiate Business Education and Business

The development of collegiate education for business was well under way--a considerable number of schools had been established, and objectives and philosophies of the different schools were under review by business educators--when the work of the schools was badly interrupted by World War I.

The heavy demand for capable persons for governmental positions and for war industries much disturbed the functioning of many schools by depleting faculties that were beginning to function well as a unit and by disrupting the progress in the organization of educational programs. The disintegration of the teaching force brought about serious handicaps to the schools of business. Drawing on persons from other teaching fields and from business to fill vacancies temporarily alleviated the situation to a certain extent but contributed little to the further development of the field.

Regardless of its negative aspects, the War had some healthful influences on collegiate education for business. The putting of the factories and business enterprises to the test by the wartime conditions helped businessmen and business educators who were serving business and government see more clearly the nature and importance of the different functions of business. Many of the faculty members of schools of business had not worked for business before, but had academic training only. Working for government or business helped them develop a functional approach to business problems. How much of

the later discussions in textbook and other professional literature was attributable to these experiences of the teaching force is difficult to measure.

In addition to revealing the importance and role of the various functions of business, the wartime period made it plain that personal qualities were of great importance in the functioning of business. The prompt filling of orders and instructions called for in the wartime conditions often necessitated the sacrifice of one's own time in the interest of the business enterprise or the governmental agency served. The attitudes of employees evidenced the adjustment the employees had made to wartime conditions.

The War also highlighted the need for leadership in industrial and business enterprises. Professionally educated men were available for secretarial and clerical positions. However, there were very few men with a professional education for senior executive and other high business positions. It was clearly seen that the coordination of the different functions of business called for men with vision and ability and with a professional education specifically planned for this purpose.

Thus it was during World War I that the first systematic experiences of business educators relative to the functioning of business and government took place. Up to that time contacts between business and collegiate business schools had been more or less temporary, one-time contacts. Most of them were made for the purpose of collecting materials from business for teaching purposes or for research. As a contrast, the contacts made during the War were of a more permanent nature. They meant holding positions of importance in business,

industry, or government for some length of time. Thus they provided an internship experience for many business educators.

The association of business educators with businessmen during the war period accrued to the benefit of the latter too. Businessmen obtained insights into the functioning of the collegiate schools of business through discussions and exchange of ideas. A great upsurge in the number of institutions offering collegiate education for business in the years following the War was probably in no small degree the fruit of the enlightenment that had been going on among business educators and businessmen during the War.

Associational Activities Among Business Schools

The rapid growth in the number of institutions offering education for business made it evident to business educators that it would be to the advantage of the schools to have cooperation among them. The first step toward the establishment of a central association among the schools was taken in 1916. A constitution was adopted, the name of the association being "The Association of Collegiate Schools of Business."¹³ The objective of the Association was stated to be "the promotion and improvement of higher business education in North America."¹⁴ The lead in the launching of the project was taken and the invitations to the first meeting were issued by Dean E. F. Gay of the Harvard Graduate School of Business Administration, Dean L. C. Marshall of the College of Commerce and Administration of the University

¹³Constitution, Minutes, and Reports of the Association of Collegiate Schools of Business 1919-1924 (mimeographed), p. 1.

¹⁴Ibid., p. 9.

of Chicago, and A. E. Swanson, Acting Dean of the Northwestern University School of Commerce. Sixteen schools became initial members of the Association. When the constitution of the Association was amended on May 7, 1925, the name of the Association was changed to "The American Association of Collegiate Schools of Business."

In the discussions of the first meeting, the fields of business organization and accounting were thought to be the ones needing special attention. The following topics were also suggested for consideration:

1. Business investigation and research: their methods and scope, and cooperation between institutions in their direction and coordination;
2. Training of teachers of business subjects;
3. The relation of the school of business to the parent institution;
4. The extent to which a school of business should undertake the teaching of quasi-technical subjects;
5. The terminology of business subjects; and
6. Honor societies for students of collegiate schools of business.¹⁵

The topics indicate that the business educators of the period had many important problems to deal with. Unfortunately these discussions were not recorded in the proceedings of the Association now available. The meetings of the Association were from the very beginning rather informal gatherings of the deans of the member schools. The purpose of the annual meetings was considered to be to provide an opportunity for a free exchange of ideas and a discussion of common

¹⁵Ibid.

problems. The general sessions of the annual meetings have been open also to the deans of nonmember schools, who have thus benefited from the work of the Association.

Problems of the 1920's

The 1920's meant in the history of collegiate education for business a decade during which the growth rate in number of schools leveled off and enrollments stabilized. Thus business educators were able to divert their interest from more quantitative aspects of collegiate education for business to qualitative ones. Some of the pressing problems of the time were seen to be a lack of qualified instructors, promotion of research, establishment of graduate programs, and a reevaluation of the objectives of the field.

Lack of qualified instructors. The lack of an adequate number of persons going into teaching of business administration and the lack of proper qualifications of those who went into teaching caused business educators to analyze the situation with the intention of discovering the reasons for it.

One reason for the unavailability of instructors in business was thought to be the failure of many faculty members to become interested in the work of the schools of business.

It seems to me that one partial explanation for the present unsatisfactory status of faculties in many of our institutions is the utter lack of interest on the part of some faculty members in the purposes for which schools of business exist.¹⁶

Many of the business school faculties wished to belong to the faculties of the colleges of arts and sciences, when they, for administrative and organizational reasons, were placed in the schools of business. The existence of an attitude of this kind made it impossible to have esprit de corps among a business school faculty. Many of the men who were strict adherents of the academic tradition in which they had had their education were unable to adapt to the new atmosphere of the newly established professional schools. This situation was not apt to attract men of ability to join the faculties of the schools of business.

Another reason why the professional school of business found it difficult to attract men of high caliber was that it looked for men with a multiplicity of qualities. These qualities were: a mastery of subject matter, an ability to do research in business, a pleasant personality, and contacts with many businesses. In addition to all these qualities the instructor in business administration was expected to be a very good teacher. The goals relative to the qualifications of instructors in business administration were set high early during the existence of the movement. For an individual who wanted to strive for the fulfillment of the qualifications in question, there were no organized channels of higher education available through which the

¹⁶ Ralph E. Heilman, Discussion of a speech made by C. O. Ruggles entitled "Improving the Teaching Personnel of Collegiate Schools of Business," at the Tenth Annual Meeting of the American Association of Collegiate Schools of Business, The Ronald Forum, November, 1928, p. 58.

competency in all the desired areas could be achieved. A great deal of individual initiative and self-study was necessary for the development of competency in these areas.

Some critics of the status of business faculties were of the opinion that schools of business were unrealistic in seeking faculty members with a complex combination of qualities. The circumstances of the time prevented attainment of the goal. Therefore, some division of duties among business school faculty was advocated. A group of men was needed who was interested in making a lifework for themselves in the field of education for business. Another group was needed who was interested in research on business practices, techniques, and operations as well as in other problems of management.

Another reason why there was a dearth of business instructors was the great extent of specialization that was developing in the curricula of collegiate schools of business. "Our modern a la carte method of education tends toward the dispersion of intellectual interest which keeps the college course from being anything of an intellectual unit."¹⁷ Persons with a narrow training in business administration were less likely to be attracted to teaching. A narrow education was in many cases pursued as an avenue to money-making, to a profitable occupation in business.

There was a real concern among the business educators about the qualifications of the instructors because they knew that no school is greater than its faculty.

¹⁷Thomas R. Powell, "Professional Education," Proceedings of the Ninth Annual Meeting of the American Association of Collegiate Schools of Business, May, 1927, p. 32.

Promotion of research. Some business educators of the 1920's were aware of the influences which tended to lead to the study of business problems from a short-run point of view. "We tend to be shifted to research that has to do with improvement of stoves."¹⁸ Some of the reasons for the short-run point of view in the study of problems were: (1) a great number of businessmen were interested in solutions to small practical problems because the solutions would benefit them personally; and (2) funds for carrying out research problems often came from sources that more or less influenced the selection of the problems to be studied. Had the funds come from general university income, no strings undoubtedly would have been attached to them. But individual businessmen, groups of businessmen, and legislative committees who passed judgment on the use of research funds through their budgetary influences promoted research on problems narrow in scope, the solutions to which met their specific needs. Thus, "the wings of research may be clipped by those who are the source of most of the funds and most of the data to be studied."¹⁹ Furthermore, the research problems studied under the sponsorship of businessmen were not always approached scientifically. Distinct criticisms of business policies of sponsoring businessmen or groups were avoided and, if any were leveled, they were not stated in objective language. Consequently, as one of the immediate needs in collegiate education for business was seen the replacement of specific financing by adequate endowments for

¹⁸J. H. Willits, "The Objectives of Business Research," ibid., p. 42.

¹⁹Ibid., p. 43.

research in general. At the same time the narrow problems were hoped to be replaced by studies that could be carried on not only as superficial surveys but as continuing depth studies.

In the study of business problems it had been usual to consider only the "business aspects" of the problems. Now there was a conviction that a cooperation of scientists from several fields was needed for the effective solution of many problems.

Among the first schools of business to conduct organized research in business were those of the University of Chicago and Harvard University. During the first decade of the current century, the business school faculty at the University of Chicago inaugurated a series of research studies. The research studies were the bases of several textbooks on economics and business administration, the publications being a worthy beginning to the publications of that school in subsequent years. In the Harvard business school, a bureau of business research was created in the early years of the school. This bureau assumed the task of collecting practically all the data on cases that were used in the various courses in the school. Employment of men--sometimes students--for the collection of data meant a great saving in time for the faculty. Furthermore, it contributed to the development of trained research personnel in the field of business administration.

Establishment of graduate programs. The establishment of the first graduate school of business administration in the western part of the country at Stanford University in 1926 and the dedication of the new magnificent buildings for the Harvard Graduate School of Business Administration in Cambridge in 1927 indicated that graduate work in

business administration was gaining in importance toward the end of the 1920's.

A blurring of the aims of graduate education for business was recognized by the participants in the Stanford Conference on business education in 1926 to have been caused by several factors. First, the conditions under which higher education for business developed in the United States made the development of any underlying common philosophy difficult. A great number of schools were growing up at the same time, and there were frequent changes in the administrative units, at times as responses to some purely local or temporary urges. Second, some business educators always tried to separate "cultural" from "vocational" courses. Third, in some schools there was an effort to group courses according to assumed cultural or professional ideals. Fourth, the extent to which some schools had carried specialization was a hindrance to the clarification of objectives. Fifth, the persistent clinging by many educators to the idea that "cultural" and "practical" necessarily describe conflicting aims was a source of confusion in the discussions concerning the aims of education for business.

The consensus was that the graduate school of the day failed to teach how to think; tended to neglect the development of those habits of mind which lead to sound judgment; failed to develop a critical attitude in the minds of most students; and was slack in applying standards of achievement.²⁰

²⁰Foreword to the Proceedings of the Stanford Conference on Business Education. Stanford Business Series No. 1. (Stanford, California: Stanford University Press, 1926), p. v.

With a recognition of the many positive results that had also been achieved in years past, business educators of the day paid serious attention to the negative failures that had taken place in order to be able to recharter their course in the best possible way.

One of the observations of the day that had a definite bearing on graduate education for business was the entrusting of businessmen with tasks of leadership in their communities to an increasing extent. Therefore, business leaders had to be men who had been educated to know and understand literature, music, art, history, and languages. However, the contents of any course to be "cultural" did not have to concern these things only. ". . . any course, no matter how direct may be its practical application to life, is cultural, if it is taught and studied in such a way as to develop a student's mental power and build up his personality."²¹ "Filling a course with practical facts does not make it practical, no more does filling it with impractical facts make it cultural."²²

Because business was becoming more and more a matter of human relations as a result of the increasing size of business units and because students who went into graduate work were expected to assume leading positions in business at a later date, knowledge of human biology, psychology, and sociology was considered essential for a graduate student in business. Here again, it was not meant that the curriculum should include courses in these specific areas. On the

²¹Willard E. Hotchkiss, "The Setting of the Stanford Conference on Business Education," ibid., p. 16.

²²ibid.

contrary, it was much more desirable to permeate business subjects with insights into these fields.

Because graduate education is built upon the foundation laid in undergraduate work, the discussions of the quality of graduate work led to discussions of the revaluation of the objectives of the whole field of higher education for business.

Revaluation of the objectives of collegiate education for business. In the opinions of many writers, up to the 1920's, collegiate education for business had been concentrating one-sidedly on its professional objective by preparing men to be executives or professional and technical experts, such as accountants, statisticians, secretaries, and officials of governmental agencies. Its responsibility to further scientific work in the field of business administration had been neglected to a great extent. The collegiate school of business failed to function as a "community of scholars." "This community of scholars should be pointed toward the study of business in its social setting, toward an understanding of its basic processes, its institutional life, its driving forces, and toward an evaluation of its results."²³

A great deal of talking about the study of business administration had been in terms of "courses" and "credit hours." The time was at hand to adopt the concept of "mastery of fields." A functional approach was advocated by leaders of business education of the time. The pervasiveness of a given activity or function in business would be the most important single test for determining the emphasis which was

²³Leon C. Marshall, "A New Objective: A University School of Business," Proceedings of the Tenth Annual Meeting of the American Association of Collegiate Schools of Business, The Ronald Forum, November, 1928, p. 8.

to be given a business function in the business curriculum. For instance, the following was suggested as the core of the business curriculum:

1. (Advanced) Principles of Economics and Accounting;
2. (Advanced) Quantitative Method: Accounting, Statistics;
3. Labor and Personnel Administration;
4. Finance and Financial Administration;
5. Risk and Risk Administration;
6. Market and Market Administration;
7. Production and Production Administration; and
8. Social Control of Business Activity.²⁴

As seen from the list, a paralleling of aspects of economic life--labor, finance, risk, market, production--with the area of administration was in the minds of business educators when they formulated educational programs. They were men of perspective who were able to see interrelationships. They were able to see the whole picture, not just one aspect of it in which they happened to be specialists.

As far as the administration of the schools of business was concerned, it was clearly seen that there could be no community of scholars in the "land of teaching load."²⁵ Undoubtedly there was no antithesis between instruction and production of research, but one was sensed between routine, deadening instruction and creation. Therefore, a reduction of formal instruction to the minimum and establishment of individual instruction, especially in research, was advocated.²⁶ In

²⁴Ibid., p. 12.

²⁵Ibid.

²⁶Ibid.

this way, only, the faculty could be given an opportunity to devote a maximum portion of its time to creative research work.

Extreme specialization was thought to be one of the most serious dangers to the quality of collegiate education for business. Expressions against extreme specialization were fairly common, one of the clearest statements being made by Raymond Kent at the Northwestern University Conference on Business Education in 1927:

Knowledge has grown in the past half century as never before, and refinements in classification, specialization, and accompanying terminologies probably developed more in that period than in several centuries before. These refinements produced many branches of study, like those many small, leaf-bearing branches which grow out from the few main branches and supporting stalk of a forest tree. The specialists who know the small, but terminal branches urge their supreme importance for educational uses. The curriculum has become filled with intensive studies of differentiated branches, often to the exclusion of any view or appreciation of the main trunk and its major branches, by means of which connection with the nutrient earth is maintained, by means of which physical support is secured, and by means of which the small leaf-bearing branches may receive light and thus be enabled to operate as working laboratories. It is obviously the finer branches with their food-making factories--the leaves--in which the most intricate constructive processes occur. It does not follow, however, that the intricate constructive processes are the topics most useful or most significant for those who try for the first time to interpret the significance of the whole structure.²⁷

Specialization, though harmful in and of itself, was harmful in other respects. It led to many other weaknesses in collegiate education for business. Some of these were: proliferation of courses,

²⁷Raymond A. Kent, Discussion in the Proceedings of the Northwestern University Conference on Business Education. Held in connection with the dedication exercises of Wieboldt Hall, McKinlock Memorial Campus, Lake Shore Drive and Chicago Avenue, June 16 and 17, 1927. (Northwestern University, Evanston, Illinois, 1927), p. 19.

narrowness in education of graduates, loading of instructors with a great amount of counseling and guidance work called for by the great number of courses, and a dilution of the quality of the educational programs offered.

After having existed for ten years, the American Association of Collegiate Schools of Business considered one of its responsibilities to be to take stock of the development that had taken place in the field of university education for business and to re-examine the objectives set for it. Three major objectives were recognized for higher education for business:²⁸

Firstly, the social or public objective of collegiate education for business included the functioning of the school of business for the betterment of society. The school was expected to contribute to the increase in the productive capacity of society by supplying men for the economy who were educated in management principles and concepts as well as in management methods and who, as a result of their education, were able to take a critical look at the philosophies underlying management operations and at the operations themselves. The critical attitude was expected to lead to the improvement of the status of industry and business. It was hoped that graduates of schools of business would be key people in the elimination of waste in the economy of the country, in the introduction of time and labor-saving work methods and devices, in the reduction of cost, in efficient utilization

²⁸ Ralph E. Heilman, "A Revaluation of the Objectives of Business Education," Proceedings of the Tenth Annual Meeting of the American Association of Collegiate Schools of Business, May, 1928, pp. 1-16.

of by-products, and in a more effective organization of physical and human resources. In addition to contributing to a more efficient production of goods and services, business school graduates were expected to promote an effective distribution of the products of industry and business.

The social objective included also the promotion of equality of economic opportunity. By collecting and disseminating information about business methods and practices and by making that information available to any student possessing the necessary abilities and qualities, the school of business was expected to minimize the possibilities for a rise of a business caste and to discourage the practice in business of selecting applicants with "connections."

The promotion of the establishment and maintenance of standards of business conduct was also considered to be a part of the social objective.

Secondly, the professional objective of collegiate education for business was preparation for executive positions in business calling for sound judgment and the ability to make wise decisions. In other words, men were to be prepared for professional careers in business. Research in business administration was to be conducted to solve important economic and social problems as well as to add to knowledge in the field. As mentioned before, many a school of business has given much more emphasis to the second objective--to educate men for professional careers in business--than to the others. A survey conducted by Dean L. C. Marshall in the 1920's indicated that very many schools considered it to be the major objective of collegiate

education for business.²⁹ In other words, many schools as yet had not set very high goals.

Thirdly, as a branch of higher education, collegiate education for business shared in the responsibility of educating men with objective judgment who were prepared to take the "guess work" out of administration and to develop business disciplines. It was expected to educate men who knew and understood the "whys" and "wherefores" of their administrative work.

Business as a Profession

The development of collegiate education for business during its first decades had as its undercurrent the effort to raise business to the level of a profession. Many of the business educators and businessmen cooperating in the effort were strongly animated by a conviction that the time had come to recognize a new profession. Toward the end of the 1920's this conviction was becoming more apparent also in the literature.

The present effort to lift business training out of the category of formalism with its previous inclination toward vocational training in the narrower meaning of that term and to elevate it to professional dignity is a movement which promises a most valuable contribution to the advancement of American education.³⁰

²⁹Leon C. Marshall, The Collegiate School of Business. Its Status at the First Quarter of the Twentieth Century. (Chicago: The University of Chicago Press, 1928), p. 106.

³⁰Herbert Hoover in his telegram to W. E. Hotchkiss, Graduate School of Business, Stanford University, California, on the occasion of the Stanford University Conference on Business Education, March, 1926. Proceedings of the Stanford Conference on Business Education. Stanford Business Series No. 1. (Stanford, California: Stanford University Press, 1926), p. vii.

The time has come when business problems should be dealt with as an art and when business management should be established as a profession.³¹

There have been many professional men of business. Business the profession is only now emerging. Its problems and tasks have not waited. They are full grown.³²

Why did the conviction ripen at that time? The application in business of the advances made in pure sciences had reached the stage that the control of the products made and the services rendered was largely the responsibility of business executives. An awareness of this responsibility was growing among business educators as revealed by the following words of Dean Donham:

The scientist himself has no control over the results of his thinking. The working out of these new problems, if they are to be solved in ways which contribute to the orderly evolution of society, is a burden which lies primarily on this new social group--the profession of business.³³

One of the many problems arising as a result of the scientific developments was the problem of labor. The fear of unemployment that was spreading among labor as a result of the increasing mechanization of industry had to be eradicated. Also, sound social programs for the improvement of living conditions of employees had to be extended

³¹Owen D. Young, an outstanding industrial and financial leader, Chairman of the Board of Directors of the General Electric Company, in his telegram on the occasion of the Stanford University Conference on Business Education, March, 1926. Ibid.

³²Wallace B. Donham, "The Emerging Profession of Business," in Dedication Addresses, Harvard University, Graduate School of Business Administration, George F. Baker Foundation. Reprint from Harvard Business Review, V (July, 1927), p. 19.

³³Ibid.

without either paternalism or pauperization.³⁴ Men also had to be relieved of the monotony of routine, as far as possible; and every effort had to be made to maintain possibilities for enjoying pride in workmanship.

The ripening of the time for the recognition of business as a profession was also indicated by the developing business ethics. It was felt that, in contrast with other professional groups, businessmen were constantly dealing with moral issues and faced with problems of right and wrong. "The temptation to subordinate the social and ethical aspects of life to material success is not nearly so great in other professions as in law or business."³⁵ As is characteristic of any profession, ethics is something that should develop from within it. It cannot be imposed on the practitioners of the profession by law. It should spring from the ideals of the leaders of the profession.

A necessary group consciousness and sense of responsibility that were characteristic of the old professions were still greatly lacking in business. Conscious of the small number of men in the new profession on whom the responsibility for the further development of the profession lay heavily, business educators of the day recognized their obligation to promote the development of leadership in the field.

³⁴Wallace B. Donham, "The Social Significance of Business," ibid., p. 27.

³⁵Ibid., p. 29.

Quantitative and Qualitative Growth of
Collegiate Business Education,
1931-

The turning of the third decade of the current century into the fourth meant in the United States, as in many other countries, the beginning of a severe depression. The rate of growth in the number of schools of business leveled off and the number of students enrolled in the existing schools declined sharply for understandable reasons.

Not long after the depression years were over, the economy for which collegiate schools of business were preparing men and women had another trying experience to withstand: World War II.

The postwar years again had many developments in store for the field of education in general and for the different fields of professional education which were to have a major influence on collegiate education for business.

Philosophies of the Schools as Reflected by Their Curricula

Basic to an understanding of the development of collegiate education for business from 1931 to the present day is an understanding of the philosophies of the schools of business as reflected in the status of the different subject-matter areas in the early 1930's. The comprehensive study of collegiate education for business made by Professors James H. S. Bossard and J. Frederic Dewhurst of the Wharton School of Finance and Commerce on the occasion of the semicentennial

of the School in 1931 includes the information presented here on the twelve major areas that were in existence at that time.³⁶

Accounting. Accounting was found to be the most fully developed of subjects offered in collegiate schools of business. All of the schools holding membership in the American Association of Collegiate Schools of Business at that time offered accounting; most of them had separate departments of accounting. Accounting curricula were rather narrowly specialized. Most of the schools required a year of accounting of all business students, and the offerings fell into the following categories:

1. First year of elementary accounting;
2. Advanced accounting;
3. Cost accounting;
4. Auditing;
5. Income tax problems;
6. Accounting systems;
7. The problems of the Certified Public Accountant;
8. Accounting problems;
9. Various systems of governmental accounting; and
10. Analysis of financial statements.

Study of accounting was usually started in the sophomore or freshman year.

Banking and finance. Another well-developed area by the 1930's was banking and finance. All of the schools which were members of the A.A.C.S.B. offered courses in it, usually combining banking and finance into one specialty. Courses in the area generally were required of all students.

³⁶The survey of offerings included thirty-eight member schools of the A.A.C.S.B. Reported in University Education for Business, by James H. S. Bossard and J. Frederic Dewhurst. A Study of Existing Needs and Practices. (Philadelphia: University of Pennsylvania Press, 1931), pp. 390-460.

Major subareas for study were:

1. Financial institutions and their organization;
2. Business enterprises and their organization;
3. Investments;
4. Banking, banking administration, and banking management;
5. Credit; and
6. International aspects of financial operations.

Courses in investments were increasing in popularity in the early 1930's.

Business law. Practically every school which was a member of the A.A.C.S.B. required instruction in business law of all its students. The majority of the schools confined their requirements to one year or a part thereof.

Business law was taught in most cases as an upper-class subject. The lower classmen were not considered to be well enough informed of the nature of business to be able to deal with its legal aspects.

Offerings in business law fell into two categories:

1. General courses including discussions of contracts, agencies, partnerships, corporations, bailments, sales, negotiable instruments, and bankruptcy; and
2. Courses dealing with the law in specialized fields such as property, banking, market practices, insurance, railway law, maritime law, public utilities, audits, and collections, traffic, labor, and income tax.

Distribution. The term "distribution" was used in Bossard and Dewhurst's study in a broad sense including marketing, advertising, selling, and retailing or merchandising. All of the schools had courses in the field, and work in some phase or phases of distribution was generally included among requirements. The required work was usually placed in the upper years of the college curriculum and usually consisted of the study of marketing. In all but five schools distribution was made a field of specialization.

As for the nature of the courses offered in marketing, four classifications were in existence:

1. Analyses of the functions, structure, and organization of the field;
2. Methodology of market analyses;
3. Marketing management--administration of distributive functions from the managerial point of view; and
4. Distribution of specific products.

By the 1930's advertising was well developed as a subject of instruction. The field of selling was fairly well standardized, whereas retail merchandising was less standardized.

In the number of hours of instruction offered, distribution ranked second to accounting. Instruction in the field as a whole was characterized by a lack of coordination. In many cases economists taught the courses in marketing, psychologists dominated in selling, and journalists and psychologists taught many of the advertising aspects. In some cases, many of the courses were not even taught in the school of business; this made the lack of coordination even greater.

Foreign trade. Most of the schools in the early 1930's offered work in foreign trade. The field was more fully developed in the universities on the western coast--the University of Washington, the University of California, and the University of Oregon--than in others. In a few universities a department of foreign trade was in existence; in most cases courses in the field were grouped with transportation, industry, merchandising, general business administration, or general economics. About one-fourth of the schools provided an opportunity for specialization in foreign trade.

Because most of the schools offered only one course in the field, it was a survey course in nature. The ones which offered more courses in the field provided work in regional markets, in foreign trade practices, and in the financial aspects of foreign trade.

Insurance. Insurance as a general requirement of all business students existed in one school--the Wharton School of Finance and Commerce, where Professor S. S. Huebner, an outstanding pioneer professor in the field of insurance, had started his work. In fifteen schools, insurance had been made a field of specialization. In eight schools, insurance had been made a separate field of study in terms of a department or a grouping of courses.

The range in the number of courses offered varied from one to fifteen. Most of the schools offered from two to four semesters of work in the field.

Among the courses offered in different schools, courses in personal or life insurance were largest in number. Next largest were general courses in insurance called "principles of insurance," "economics of insurance," and "general insurance."

Ten schools offered courses in actuarial science. As many schools mentioned casualty insurance among their offerings either as a course by itself or as a part of another insurance course. Social insurance was gaining in importance in the early 1930's.

Insurance was generally recognized to be an upper-class subject and was extensively offered but not made a general requirement.

Business organization and management. The majority of the schools had courses in management in the early 1930's. Up to that

time sheer power had been of great importance in business and had often won over finesse. However, in the fourth decade of the century there was a turn in the tide. Power alone was not sufficient. Existing in the business world were conflicting influences, needs, and purposes. Success in business was becoming dependent upon the mastery of the whole situation.

Work in the management area usually consisted of a

1. study of the various types of business organization, such as the sole proprietorship, joint stock company, and corporation through an historical and expository approach;
2. study of the internal processes of administration and of the different functions of a business unit and their coordination; and
3. discussion of business policies.

Work in management had had its beginning in the field of production. By the 1930's "the internal processes of administration," referred to in the second item, also included some work in personnel management and industrial relations. Problems confronting the manager of a business enterprise in the direction of human energy, job analyses, selection of employees, testing, and personnel services were discussed in management courses dealing with personnel.

"The management approach" was becoming a main approach in many fields of study in collegiate schools of business, giving a definite emphasis to the teaching of those subjects. Courses called "marketing management," "financial management," "credit management," and "public utility management" evidenced this new approach. In some schools the whole educational program was developed around the management objective.

Real estate. Twenty-two of the thirty-eight schools included in the study by Bossard and Dewhurst offered work in real estate. In

half of them the field was recognized as a field of specialization. Where there was no separate department, real estate studies were developed in connection with studies in management, insurance, business law, banking, or finance, reflecting the various angles from which the subject could be taught.

The courses in real estate included such topics as origin and development of real estate ownership, land classification and utilization, land tenure and land policy, spread of population, city growth, community analysis, city planning, zoning, legislation concerning real estate, real estate boards, and economic principles of real estate values.

Because of the close relationship of the work in real estate to work in land economics, banking, business law, and population studies, it was considered necessary to coordinate and integrate carefully the work in real estate with existing resources of the school in order to avoid duplication of effort.

In the early 1930's, instruction in real estate was a relatively new part of the business school curriculum. An increasing number of graduates, however, was beginning to find employment in this area.

Public utilities. About one-fourth of the business schools surveyed recognized public utilities as a field of specialization. About one-half of the schools offered instruction in public utilities.

The beginning course was in most cases rather descriptive in nature, including discussions of principles of public utilities, public utility economics, and public service industries in general. The

schools that offered more work in the field also had courses in control and regulation of public utilities and in rate making. They also included discussions of the business aspects of public utilities, especially their relationship to the field of investments.

The same as real estate in the early 1930's, public utilities was a subject recently added to the business school curriculum. Justification for existence of the subject in the curriculum stemmed from the increasing employment opportunities in the field.

Statistics. Every school in the A.A.C.S.B. included statistics among its offerings. In about half of the schools the subject was required of all business students. Only half of these schools established statistics as a field of specialization.

In some cases a separate professorship in statistics had been created. Elsewhere instruction in statistics was offered by the department of economics, by the department of mathematics, or by one of the following departments: insurance, accounting, or general business administration.

Statistics as a tool in the control of business was recognized but was not greatly emphasized in the schools of business. The instructors of statistics found the following to be true: if instruction in statistics had a pronounced emphasis on higher mathematics and the refinement of statistical techniques, it met antagonism on the part of the students; if, on the contrary, major emphasis was on interpretation and solution of statistical business problems, much less antagonism was discovered.

Transportation. Transportation was considered to be more than a subject of business nature; it was considered to be a subject of general culture as well as a field of professional or vocational study.

Almost all of the schools holding membership in the A.A.C.S.B. offered work in transportation. In about half of them transportation was offered as a field of specialization.

The courses offered included work in the principles of transportation, railroad transportation, railway and traffic rates, traffic management, and ocean transportation.

An instructional problem in transportation was caused by the lack of a scientific division of the field to the point that the content in the course offered by one school was much different from that of another school.

Economics. Economics, in some cases offered by the college of arts and sciences and in some cases by the school of business, continued to be the bedrock of the business school curriculum. The effective criticism that characterized economic thought in the United States after World War I and brought attacks on hedonism in marginal utility and on the static nature of economics turned in the early thirties into a positive approach for the reconstruction of economics.³⁷ Economics was branching out into many related fields. For instance, there were attempts at quantitative analysis through the use of statistics for the explanation of business cycles, and there were attempts to use econometrics in solving economic problems. Consequently,

³⁷Lewis H. Haney, History of Economic Thought. (4th and enlarged ed.; New York: The Macmillan Company, 1949), p. 896.

these developments in economic thought affected thinking in the schools of business and their curricula. (See Chapter VII.)

Criticisms Caused by the Depression Years

The severe depression caused men to look for reasons why such an economic dislocation came about and why the cures administered by the government did not work as rapidly as expected.

Abilities of businessmen. The observers of the economic situation and of the activities of the businessmen in the 1930's leveled the criticism that businessmen had been educated in too narrow a framework. The businessman of the twenties and thirties was educated to manage his own individual enterprise or to work as a corporate official. The courses in the business curriculum that were to have a broadening effect on the mind of the student, such as political science, sociology, and history, were not in any definite way integrated into the study of business administration. Businessmen were becoming more and more specialized. Courses were proliferating in the curricula of business schools, and the vision of businessmen was becoming narrower and narrower.

As a result of the narrow instruction, businessmen talked and acted in terms of their own businesses only, without concern for the whole economy. The very shortcoming, of which some business educators, like Marshall, had been aware and which they had tried to bring into the foreground, was now an object of the attacks made by the general public. The public could not see how businessmen working in narrow grooves were capable of leading the economy which was getting more complex and intricate in structure. It was time that the businessman

understand the relationship of his business to the economy as a whole-- specifically, that his enterprise was a wheel in the machinery of the economy.

Proof of the thesis that the businessman was educated in too narrow a framework was supplied by the fact, for instance, that in many schools marketing, a functional aspect of business, was taught from the viewpoint of the development of competitive devices. The study of consumption had been greatly neglected; however, an understanding of consumption would have been a decisive factor during a period when consumption was slowing down drastically. Furthermore, little or no attention was given to understanding relationships among the different business disciplines and among the problems arising in each of them.

After formal education was acquired by a businessman, actual business experience did not necessarily have a broadening influence upon him. Production was almost the sole object of business, as well as of business research programs. Business educators were concerned about this condition, as the following statement indicates:

Fifteen million dollars a year are spent by a half-dozen huge corporations on research calculated to intensify production, but hardly a cent in their budgets goes to the study of the effect of this speeding process on the lives and fortunes of those who participate in it, including the great corporations themselves.³⁸

³⁸Looking Ahead in Business Education. A Research and Instruction Program of the Harvard Graduate School of Business Administration. (Cambridge, Mass.: Harvard University Press, 1932), p. 3.

The failure of businessmen to measure up to the tasks confronting them was seen to be one of the reasons for the breakdown in the economic affairs of the country. This misfortune was compared to the breaking down of an old wooden bridge--one built without the aid of engineering.

Empirical measuring, the guessing at strength of materials, the guessing at the strain of traffic, of weather conditions, and other forces of nature, have finally been shown to be wrong somewhere Perhaps the bridge was good enough for cattle and farmers' wagons, and the modern automobile traffic proved too much for it. In the same way, it may be that size, speed, and complexity of modern business call for a much more complete understanding and more careful planning than were required in a simpler society.³⁹

Social responsibilities of business leaders. The inability of business and political leaders to cope with the unprecedented situation of the 1930's made it evident that there was not only lack of education in the larger aspects of business but also lack of social understanding on the part of businessmen. There was a naive belief among many businessmen and college educators that the conditions would right by themselves. Here again overspecialization was seen to be the reason for the lack of social understanding.

The difficulty lies mainly in overspecialization. It is no one's business to consider things in their relations. We build great industrial corporations which introduce amazing novelties into life. Their executives behave first, last and nearly all the time as if their companies had no function except to manufacture and sell. They have a fine understanding of their own business, too little grasp of their industries as a whole, almost none of the

³⁹Ibid., p. 9.

relation between their particular interests and our general social and economic structure, and far too little grip on the social consequences of their activities.⁴⁰

It is noteworthy that the words are Dean Donham's of the Harvard Graduate School of Business Administration. There was, at least among farsighted business educators, a serious concern about the quality of the instruction in schools of business when the economic difficulties brought the products of those schools to the test. The new business group that was growing, the business executives, were not equipped for their tasks yet. Awareness of this condition placed a responsibility for the improvement of instruction on business educators.

Impact of the New Deal on Collegiate Education for Business

The New Deal, a combination of concepts and ideas of administration and legislation, is here used in a broad sense including not only the changed arrangements in Washington but also the changes that took place in the thinking of American people as a result of World War I, the postwar boom, and the depression.

Study of the impact of the New Deal on collegiate education for business may be facilitated by a division of the task into two parts: an examination of the impact on educational thinking in the field and a study of the impact on the administration of the schools of business. The financial status of the schools of business and the placement of their graduates are the administrative aspects reviewed.

⁴⁰Wallace B. Donham, The Failure of Business Leadership and the Responsibility of the Universities. Reprint from Harvard Business Review, XI (July, 1933), p. 419.

Educational thinking in the schools of business. One of the areas in collegiate education for business that probably experienced the most profound change as a result of the New Deal was economics. There had been earlier among economists and business educators a complete acceptance of the idea of goodness of competition without any reservations. However, the maladjustment between supply and demand that took place during the thirties showed clearly that the idea of an automatic equalization of supply and demand, on which the idea of the goodness of competition was based, was outmoded. With the deathblow to the laissez-faire doctrine of the Classical School given by the depression, and with the rise of the imperfect competition theories and of the idea of social planning as a necessity, economists and business educators had to re-examine many of their teachings and assume a new approach. (See Chapter VI.)

A change in thinking was going on in the minds of men also as to the role of labor in the industrial society. The new labor law of 1934, the National Labor Relations Act, in which the employees were given the right to organize and to bargain collectively, indicated a completely new attitude toward labor. A new force was rising in the industrial and business world which future businessmen had to learn to study and to understand. Consequently, the study of labor had to be introduced into the educational programs of business students. Study of labor could not be restricted to the study of labor laws and their interpretations only. Labor was likely to be a factor in almost any business problem.

In the field of economics and marketing, studies of consumption gained in importance. Production had been emphasized one-sidedly up to that time. During the years of depression when the consumption decreased, it was necessary to give attention to the forces behind consumption. It was indispensable to understand not only the monetary side of consumption but also the sociological and psychological factors influencing consumption activities of people.

While the teaching of government was not to be one of the functions of a school of business, the changed role of government in society called for a greater understanding of governmental functions on the part of business students. Up to the 1930's the federal government had been considered more or less a passive factor which symbolized the common interests and unity of the states; the New Deal changed the government into an active force that imposed certain regulations and restrictions on the activities of business. It was not so important to add new courses or to create new subject-matter areas because of the changes that were taking place in business-government relations. It was important to discover and deal with the great social issues that were imbedded in problems of industry and business as integral components in the fabric of every course dealing with the administration of business.⁴¹

There was a growing demand for statistical information by the governmental agencies. The collection of this information called for

⁴¹William R. Gray, "Will the New Deal Involve Important Changes in Curriculum Philosophy and Teaching Materials and Methods," Proceedings of the Sixteenth Annual Meeting of the American Association of Collegiate Schools of Business, April, 1934, pp. 53-54.

uniform accounting under industrial codes. Therefore, increasing emphasis was placed on sound basic education in such fields as accounting and statistics.

Up to the depression decade instruction in business law had dealt largely with the nature, scope, and operation of legal devices employed in business. The depression made businessmen and business educators see the law more as a social force in nature. It was not a dead book or a list of devices to be used on a certain occasion. When business practices and ethics were violated and when unprecedented situations arose, businessmen learned to look upon the law as a force with both flexibility and certainty.

In order to get at the social issues of the time and to be able to enrich the curricula of the schools of business, research was needed. The time had revealed that there was an inadequate understanding of economic and business life. Therefore, research had to be conducted both on business phenomena and on the causes of the people's ignorance of the functioning of the economic and business systems. More awareness of the governmental phases of the new economic structure had to be developed.

Because of the inability of schools of business to secure jobs for all of their graduates in the 1930's, many of the students were encouraged by their instructors to take a year of additional work in order to improve their qualifications. Thus, the depression decade acted as an impetus for graduate work in business. The criticisms of the businessmen of the product of the schools of business up to the 1930's and the inability of the schools to secure jobs for their

graduates both had the same implications: it was necessary to raise the quality of the work and to provide opportunities for further training. It was especially important to educate men who were potential administrators. Furthermore, those men were expected to make their businesses productive rather than acquisitive and to develop an understanding of human relations and of the businessmen's role in the economic and business life of the society.

In addition to showing the need for graduate work in business, the depression decade revealed that there were secretarial positions in industry and business in which a college education was necessary. There was a demand for college-trained secretaries in welfare organizations, libraries, and industry and business. Schools supported by the state and others located in large cities felt the responsibility for offering education for secretaries more keenly than others.

The question of providing education for teachers of business subjects in the high schools, in the schools of business, arose when business subjects were introduced into high school curricula. Business teacher training was often organized as a dual undertaking between the school of business and the school of education, the former offering the subject-matter courses and the latter most of the professional education courses. In connection with the questions of secretarial training and business teacher training, the problem of offering typewriting and shorthand in the schools of business and the additional problem of whether credit should be granted for such courses came to the foreground in the educational discussions in schools of business.

There were reasons given against offering those subjects at the university level. Some of them were:

1. typewriting and shorthand can be taught and learned at the high school level;
2. the educational values of typewriting and shorthand were doubtful; and
3. offering these subjects at the university level would tend to reflect on other subjects at the same level and would detract from the good name of the school by branding the institution as a "trade school."⁴²

Some of the reasons advanced for giving instruction in shorthand and typewriting in schools of business were:

1. An educator should not forever be subservient to conservatism. Even if typewriting and shorthand had not been offered in the schools of business from the very beginning, new demands were placed on graduates in business and these demands had to be taken into consideration in the curricula of the schools.
2. The building of the curriculum should be governed by logic rather than by historical considerations.
3. Because there is manual activity involved in shorthand and typewriting, stress is easily placed on that aspect of the learning processes of those subjects and it is easily forgotten that there is a great deal of mental work involved and a complex mental cooperation between the manual and the mental work.
4. Business occupations vary widely within themselves. In the beginning stages of education for business, people were often thinking of the simplest kinds of them and were, therefore, opposed to education for business at the university level. Analogically, when the question of offering shorthand and typewriting came up, many

⁴²Edward Wiest, "Secretarial Training in Schools of Business," The Journal of Business of the University of Chicago, III (October, 1930), pp. 59-64.

people were thinking of the routine types of clerical positions in industry and business in which the requirements are very modest compared with the requirements of professional secretarial positions.⁴³

Shorthand and typewriting seemed to represent the kind of work in collegiate schools of business in which the question of "practical vs. academic training" reached a culmination point. Education for business had been established at the collegiate level to give business the same rank in society as the professions of theology, law, and medicine enjoyed. How many concessions could be made now by including in the curricula subjects that involved manual training to a certain degree, was one of the pertinent educational questions of the day.

The slackening of demand for business graduates in the 1930's naturally awakened employers to the qualifications of the persons who applied for positions. They screened applications much more carefully than formerly and, to an increasing extent, appraised carefully the personal qualities of the applicants. Ability to make decisions, sense of responsibility, initiative, and ingenuity were considered to be some of the most valuable qualities of successful business employees. Ability to make sound judgments and decisions was considered to be something apart from intelligence and mental alertness. It was not thought to have any definite relationship to scholarship as indicated by grades. Reasoning ability, the teaching of which was considered to be the responsibility of the school of business, and the tools and techniques taught by the school were necessary bases on which to develop the ability to make sound judgments.

⁴³Ibid.

For the development of initiative the students of business were left "on their own" and given projects to work which called for a creative approach to the work at hand. Independent study courses were advocated as well as an elimination of the existing grade system.

The New Deal brought about a change in the philosophy applied in the conduct of business affairs. Consequently, the school of business had to take this change into consideration. Also, it was evident that a close relationship had to be created between business and collegiate education for business. The schools had traveled their road by themselves. Business again had been thriving and had not seemed to need the aid of academic thought and theory. Success had made it contemptuous of academic theorizing. Thus, the New Deal jolted businessmen and business educators alike out of their traditional grooves of thought. To that extent it contributed to the development of flexibility in educational thinking.

Administration of the schools of business. The happenings in the economic and business life of the 1930's made the faculties of schools of business "come out of their studies and classrooms" and examine the life about them. Many of them were drawn into practical business life as consultants to private industry and to governmental agencies. Their absence from the schools, complete or partial, was regrettable from the standpoint of a smooth administration of the schools of business and placed great demands on the chief administrator. It had, however, compensatory features which undoubtedly improved instruction, especially in these ways:

1. Interest in current happenings was greatly stimulated among business school instructors because of the necessity of understanding the changes that were taking place in economic and business life.
2. Alive, fresh data were woven into the classroom instruction and into research studies.
3. The customary tendency to approach research and instructional problems in an abstract way was brought into new light by the pragmatic sanctions of the time.
4. A spirit of questioning developed among students of business. It was a much more wholesome attitude than the greatly passive reception of ideas that had characterized instruction in many institutions.
5. There was a beginning toward the development of a long-run point of view in discussions on economic and business matters. Up to that time businessmen as well as instructors in business and economics had overstressed immediacy and underrecognized flux and long-run economic developments.⁴⁴

Financial status of the schools of business. The reduction in people's earnings caused a drastic reduction in the enrollment of many institutions. As a result, there was a weakening in the financial status of many schools, which was not improved by the willingness of the schools to make concessions in tuition payments and to make loan funds and scholarships available for students in larger number than before. The schools were now faced by the alternatives of either keeping a deficit or of balancing their budgets by reducing and eliminating services that were being rendered to students and communities.

As finances were tightened, the question arose whether the hard money situation should be allowed to affect the quality of student admitted to and retained in schools of business. Most schools had been

⁴⁴Roswell McCrea, "The New Deal as It Has and May Be Expected to Affect Large City Schools of Business," ibid., pp. 32-35.

established during the time when there was a strong inflow of students into the existing schools. The standards for admission had not always been strictly applied. Many of the students admitted were incapable of doing satisfactory work. Because education in the schools cost more per student than the tuition paid, whether or not to discourage students of inferior ability to continue study became an important matter.

The necessity of reducing the budgetary item for salaries by a decrease in teaching personnel was under consideration in many schools likewise. Many administrators found that they had let, during the preceding good time, the offerings of the schools expand unnecessarily with a resulting increase in the teaching personnel. The qualifications of instructors had not been investigated as thoroughly as they should have been.⁴⁵

Placement of graduates of the schools of business. The almost complete disappearance of demand on the job market necessitated a more careful consideration of placement methods and student guidance on the part of the schools of business. There was, also, a change in the nature of the very few jobs available as contrasted with the nature of the jobs offered before the depression decade. There were more positions open in governmental agencies, whereas previously almost all of the positions had been in private industry and business.

⁴⁵Isidor Loeb, "Administrative Problems During the Depression," Proceedings of the Fifteenth Annual Meeting of the American Association of Collegiate Schools of Business, Beta Gamma Sigma Exchange, XVI (Summer, 1933), pp. 263-64.

Contributions of Collegiate Education for Business to National Defense

Developments in the 1940's put collegiate education for business to another serious test. Collegiate education for business had weathered the criticism of both businessmen and the public during the depression decade but now had the test of withstanding the rigors of World War II.

World War II, in calling upon the faculties and student bodies of collegiate schools of business, meant a serious disturbance in their functioning. In many cases there arose the question whether to let the school be dispersed by the calling of the faculty and students into wartime services, or to try to maintain the school as an entity and to convert it into a training center for military personnel. At Harvard, for instance, the draft and the imminence of war caused Dean Donham to examine the School's two-year program in light of wartime conditions. Plans were made for a continuous twelve-month training period during which the trainees were prepared to serve as industrial administrators. The new program was authorized for the duration of the emergency only, but it was planned in such a way as to enable a master of business administration student to make the shift after two terms with relatively minor adjustments. As the Navy found in the course in Industrial Administration that type of training which was essential for some of its officers in the Bureau of Supplies and Accounts, Bureau of Ordnance, and Bureau of Ships, nearly every student enrolled in the course had an opportunity to make application for a Naval

Reserve Commission.⁴⁶ In June 1942, the big percentage (87.2) of the graduates entered active military service or took positions with manufacturing companies, nearly all in war industries.⁴⁷

In spite of the large scale of the war activities and their influence on the life of the nation, business educators did not allow the War to monopolize their efforts and educational thinking completely. At Harvard, for instance, in 1943, when the War had already become world-wide and when no instruction was given in the School for degree candidates, Dean Donham expressed the hope that the faculty take advantage of the interruption in the normal functioning of the school and conduct a thorough review of the School's master of business administration program. Along with a report of the review he expected to receive recommendations of what would be an ideal program. The far-sightedness of the plans is indicated by the fact that the problems that were expected to be encountered were divided into two categories: problems of a transition period from war to peace, and those of a post-transition period.

Contrary to the practice in many European countries, in which the universities and professional schools wanted to continue their work along the same lines as it had been done during peacetime as much undisturbed by the turmoil of the time as possible, the American collegiate school of business wanted to serve the immediate aims of society,

⁴⁶Wallace B. Donham, Graduate School of Business Administration. Report to the President of Harvard University. Reprint from the Report of the President of Harvard College and Reports of Departments, 1941-42. (Cambridge, Mass.: Harvard University Press, 1942), p. 20.

⁴⁷Ibid.

first of all. Like industry and business it geared its efforts to the gaining of victory and placed itself at the disposal of the armed forces. Probably it was not possible for business educators to see all the advantages and disadvantages of their measures in order to be able to weigh them against each other. The effects of a measure can only be definitely seen afterwards.

The Quality and Scope of Collegiate Education for Business

Like the depression, World War II caused business educators to examine the quality of the instruction given in their schools and to re-examine the scope and nature of the responsibility of the school of business. The strong emphasis on immediate goals and practical subjects in specialized training programs during the War and the flood of military service veterans in American colleges and universities after the War affected schools of business in the postwar period.

General education. There was a general tendency to slight humanities in the educational programs pursued by persons during World War II and in the subsequent years. A strong emphasis was given to mathematics and to practical aspects of other subjects. Yet, experiences in business and in the armed forces showed that the most successful men were men of perspective. Perspective again could only be developed through a broad general education, general education meaning the educational background which should be possessed by every university student regardless of his field of specialization. As a reaction to the overemphasis given to practical studies, a great interest in the role of general education became evident among educators in the 1940's.

The work of many educational associations and university committees centered around problems of general education in the postwar years, as evidenced by the many books and reports that appeared on the subject. Harvard University's General Education in a Free Society⁴⁸ is among them. The Harvard Committee considered the aim of general education to be the development of the following abilities: effective thinking, communication, making of relevant judgments, and discrimination of values.

By logical thinking was understood the capacity to extract universal truths from particular cases and, in turn, to infer particular from general laws. The three phases of effective thinking--logical, relational, and imaginative--were considered by the Committee to correspond roughly, respectively, to the three divisions of learning: the natural sciences, the social studies, and the humanities.

Because it is only through communication that a person is able to make his ideas known to other people, the Committee considered the development of effective expression necessary for all students.

The making of relevant judgments again was considered to involve the student's ability to relate new ideas to his previous knowledge and experiences.

Discrimination among values necessarily involved choices. In order to be able to discriminate among values, the student must know relationships as to means and ends related to different values. In

⁴⁸Harvard University, Committee on the Objectives of a General Education in a Free Society, General Education in a Free Society. (Cambridge, Mass.: Published by the University, 1945), 267 pp.

the development of discrimination the following qualities were considered to be necessary: intellectual integrity, suppression of wishful thinking and prejudices, and understanding of empirical evidence.

Studies on general education generally included conclusions in terms of the qualities to be developed in students. In a few cases the studies included the areas of existing knowledge which should be possessed by every student.

The Society for the Study of Engineering was one of the first professional associations to study the relationship of general education to a professional field, the development of engineering. The conclusion was that engineering courses had multiplied unproportionately at the expense of general education courses in engineering curricula. Special courses were introduced to be devoted to narrower and narrower aspects of the engineering science. In order to get the benefit of new developments in engineering, but not through substituting engineering for general education, a fifth year was proposed in the education of engineers. The traditional four-year period basic to most of the professions at the undergraduate level was breaking down.

Knowledge of the ideas presented in the study of engineering education gave new impetus to the study of the relationship between general education and collegiate education for business. Few were the schools in which faculty committees were not appointed for this purpose.

What knowledges and appreciations of a general educational nature were essential to the businessman? To what extent should knowledge of world literature be required of a business student? Should

psychology be studied by the student of business; and if so, how much and what kind? All these questions and others that were asked by business educators indicated uncertainty relative to portions of general education and professional education in the curricula of business students. The issue was made more complicated by the fact that the dividing line between the years in which general education is to be acquired and the years in which professional education is to be acquired is not identical with the dividing line between the American high school and the college. The sharing of two institutions of different educational levels--high school and college or university--in the responsibility for imparting general education tends to bring complications into the picture. Furthermore, during the recent years there has been a dilution of high school education. Because of the dilution, the high school has not been able to fulfill the function it originally was expected to fulfill.

Inasmuch as measuring the relative contributions of general and professional education to the success of a business graduate is extremely difficult, the relation of general education to professional education is undoubtedly going to remain one of the perennial questions in collegiate education for business.

Research. A part of the philosophy of collegiate education for business in recent years can be traced to the interest in research on the part of business educators. It is evidenced, among other things, by the work done through the Committee on Economic Development. In 1942, a group of businessmen who were deeply concerned about the possibility of postwar unemployment established the CED, which, at the

present time, is a nonprofit organization of one hundred fifty businessmen and educators. According to the CED publications, its objectives are:

1. To develop, through objective research and discussion, findings and recommendations for business and public policy which will contribute to the preservation and strengthening of our free society, and to the maintenance of high employment, increasing productivity and living standards, greater economic stability, and greater opportunity for all our people.
2. To bring about increasing public understanding of the importance of the objectives and the ways in which they can be achieved.

The CED holds the conviction that both businessmen and academicians can contribute significantly in national economic affairs. It is of the opinion that businessmen are practical but tend to overlook basic principles and theories, while theorists tend to overlook the practical side. By bringing the two groups together the CED tries to achieve a thorough analysis of any problem and to develop teamwork and mutual respect between business and academic groups.

In 1947, a group of college presidents on the CED's board suggested that cooperative research programs be set up on a local basis because they had worked well on a national level.⁴⁹ An example of such a project is the one undertaken by Brown University, Providence, Rhode Island, in conjunction with leaders of the city. Problems under consideration have included:

1. The tax burden and its economic consequences (with particular attention to conditions in Rhode Island);

⁴⁹Information obtained through a personal interview with Mr. Robert S. Donaldson, Field Director of the CED, 444 Madison Ave., New York 22, N.Y., March, 1954.

2. The quality of the local labor force--how can it be improved? and
3. Competitive structure of Rhode Island industry.

The University of North Carolina sponsored as its first project in 1952 a study on the executive development programs which at that time were in operation in business throughout the state of North Carolina.

Other investigations have been on:

1. Training and education for leadership;
2. Financing business expansion;
3. Delineation of trading areas; and
4. Fiscal policy in relation to taxation.

Cooperative research work between faculties of business schools and businessmen is going on in many places all over the United States as a result of the work of the CED. Furthermore, work according to the CED pattern has been introduced in many foreign countries.

Economic education. In addition to promotion of research among businessmen and the faculties of schools of business, the CED set out to increase public understanding of the economy. There was a strong conviction on the part of the CED that the American public, in large part, was economically illiterate. This conviction led to the belief that an informed public, equipped with the facts and ability to understand them, will insist upon sound public policy, and the conviction also led to a willingness on the part of the CED to cooperate with responsible educators and community leaders in developing their own programs of economic education, without dictating the terms.

In 1948, the CED cooperated with New York University in sponsoring a national workshop in economic education. Secondary school teachers from twenty-two states met in New York with economists,

businessmen, labor leaders, and governmental officials for several weeks to examine the American economy and to discuss the improvement of economic education in the public schools. As a result of the workshop the Joint Council on Economic Education was formed by educators and businessmen. The Council purports:

1. To establish economic education workshops for secondary school teachers and administrators throughout the country, each under university sponsorship with community cooperation.
2. To establish community seminars, institutes, and in-service teacher training programs initiated in their own school system by workshop participants.
3. To establish regional, state, and local councils formed by school and community leaders to develop and coordinate continuing economic education projects resulting from the workshops.
4. To encourage inclusion of more economic education in teacher training institutions as well as in high schools.
5. To help obtain competent consultants for local projects and technical assistance for development of effective materials for school use.
6. To conduct conferences and to act as a clearinghouse for the exchange of ideas and materials.

Thus, the CED has taken a lead in bringing business and education together. In the setting provided by the conferences, workshops, and institutes conducted according to the CED pattern, a free flow of ideas is likely to take place more easily than in a case in which either one of the two groups, businessmen or educators, invites the other to a conference and acts as a host for the occasion. More objective results are likely to be achieved through the sponsorship and coordination provided by the CED.

The existence of a close relationship between high schools and universities is evidenced by the fact that a responsibility for the

development of materials in imparting economic education in the secondary schools is seen to fall also on the university people.

Services to business communities. The collegiate school of business in the United States has assumed a great responsibility for providing services to the business community in which it happens to be located and to business in general.

In addition to publishing "business reviews," research studies, and materials helpful to the managements of business enterprises, the school of business conducts conferences, institutes, and executive training programs. Furthermore, many of the business school faculty members are engaged in private consultation for industry and business.

Suffice to say, there is a close relationship between business and collegiate education for business. However, the question can undoubtedly be asked whether the school of business has defined the scope of its activities in view of the fact that a wide decentralization of efforts is likely to mean dissipation of faculty resources.

Accreditation. That quality of education is one of the current issues in American collegiate education for business today is indicated by the accreditation activities under way. For several decades some accreditation has been done in education by voluntary, extra-legal agencies. Accreditation committees have been sent to universities to evaluate the physical and personal resources of the university as well as the instruction given. Improvement of education has been the motive underlying these activities. The more enthusiastically the faculty of the school or university has participated in the evaluation, the more self-improvement has been observable.

Accreditation has also had disadvantages in the opinions of many educators. The criticisms leveled against accrediting activities have included the following:⁵⁰

Accrediting agencies have hampered the functioning of schools of business by setting up requirements to be met by different departments and by executing departmental evaluations without due regard for the total program of the institutions and their policies.

Some of the accrediting associations or agencies have been dominated by practitioners, instead of educators. The practitioners as a group have in many cases tried to protect the profession by recommending requirements which restrict the number of persons to be prepared to practice the profession.

It is easier for the accrediting agencies to measure and to compare if there are commensurate elements in the educational programs and in their administration. Consequently, they have been eager to promote standardization in the implementation of the educational philosophies of different schools. Their efforts to promote standardization have been made at the expense of the right of the schools to experiment so that better ways of performing the educational processes may be discovered.

A large number of accrediting associations are in existence, but coordination is lacking among them. Therefore, administrators of the schools are beset with problems relative to examination by the associations, reporting to the associations, and financing the accreditations.

⁵⁰Burns, Norman, Accrediting Enters a New Phase, article--including a summary of criticisms of accrediting set forth in the Report of the Commission on Colleges and Universities, North Central Association Quarterly, July, 1952, p. 15--intended for publication and distributed to the members of A.A.C.S.B., (mimeographed), 4 pp.

Most of the accrediting agencies have been national in scope and have paid attention to one field only--to the field of music education, for instance. In the cases in which "general accreditation" has been done, it has not included a thorough appraisal of individual departments and courses of study offered by them, but only general appraisal of the different aspects of the university or professional school. Among the aspects referred to are competency of the faculty, the general curriculum organization, the effectiveness of the instructional program, and the quality of the student personnel program. A relatively superficial examination of the different aspects of the school cannot assure to the public that good work is done in each of the departments even though conditions in general are good for the conduct of the work.

The National Commission for Accrediting, therefore, has come to the conclusion that a new institution-wide approach has to be used in accreditation. It advocates that regional accrediting agencies, best acquainted with conditions in each region, should be entrusted with all accreditation. The philosophy underlying accreditation and all of the practices employed will have to be objects of a thorough study. In this way only maximum benefits will be guaranteed to the schools involved.

The raising of the quality of collegiate education for business through special consideration of the general education portion of the curriculum, through promotion of research in which both business schools and business communities are participants, through advancement

of economic education by means of research and sponsorship of community projects, and through cooperation in accreditation activities has been of great concern to business educators in recent years. Since the years of rapid quantitative growth of the field and of economic dislocations caused by the depression and the wars, business educators have been able to concentrate their efforts on qualitative aspects of their field of higher education.

Summary

The thought underlying collegiate education for business has gone through an evolutionary process. The early thought aimed at a broad education of men for "active life," for positions in business and government. There was a shortage of men in the conduct of political and economic affairs in general, and collegiate education for business was designed to contribute to the education of men for openings in those areas. As a result, during the first decades of collegiate education for business, no clear formulation of the objectives of this new branch of higher education was reached.

When the foundation for the new discipline and for a professional instruction in it was laid, the work of the first schools assumed rather practical characteristics; and the requirements for a broad education advocated by the pioneers of the movement were largely forgotten. Furthermore, much time elapsed before business and industry began supporting and aiding the creative work that was going on in the schools of business.

Not until the late 1920's did business educators recognize the narrowness of the path their schools had been traveling. Their eyes were opened by the criticisms of businessmen. Through their keen interest in the quality of the products of the schools of business and the criticisms they leveled, businessmen indicated that they expected the schools of business to develop men for responsible managerial positions in business enterprises and in the whole economy.

Development of leaders--administrators who are able to get things done in business and to contribute to the improvement of business--has since then been the prime objective of the schools of business. In the education for leadership, increasing attention is being paid to the development of qualities necessary for dealing successfully with the human factor in business and for meeting the social responsibilities as business leaders.

To complete the examination of the development of thought underlying collegiate education for business, it may be appropriate to examine next some aspects of the present thought.

CHAPTER V
PRESENT THOUGHT UNDERLYING
COLLEGIATE EDUCATION
FOR BUSINESS

With a full recognition of the fact that most of the tendencies discussed in the previous chapter continue into the present in collegiate education for business in the United States, attention is given in this chapter to some additional features of the present picture. An attempt is made to discover current thinking underlying the philosophies of the different schools and to indicate similarities and diversities.

The present thought, although perhaps of interest as the composite of ideas to which the development in the field has led, should not be overweighted when consideration is given to the total development of thought underlying collegiate education for business; for it is but one snapshot of the evolution of that thought. Dwelling on one of the successive examinations unproportionately would easily give the impression that the picture is now finished. Furthermore, because of the dynamic nature of American educational life, changes in the philosophies of the schools occur frequently and new ideas are introduced. Statements pertaining to the current situation rapidly become things of the past. This discussion is, therefore, a treatment of some of the features of present American collegiate education for business as a completion of the examinations of the evolving thought made in the previous chapter and as a bridge to the analysis of Part III.

Names of Schools of Business

When an attempt is being made to prepare an over-all picture of current collegiate education for business, a situation to keep in mind is that seventy schools are now members of the American Association of Collegiate Schools of Business. Some of these schools have been members of the Association since its founding in 1916; some have only recently become members. Among the former are schools which have accumulated a rich experience in the field and which have achieved recognition, such as those at the University of California, Berkeley; the University of Chicago; Columbia University; Dartmouth College; Harvard University; New York University; Northwestern University; the University of Pennsylvania; and the University of Wisconsin. Schools that are relatively young members of the Association include those at the University of Arizona, Cornell University, and the State College of Washington.

An examination of the names of the schools of business on the membership list of the Association (Appendix B) indicates that the names "school of finance and commerce" and "school of commerce" were common in the beginning stages of the movement of higher education for business. "School of business and public administration" and "school of business" were common in the twenties and early thirties. Since then "school of business administration" outnumbers all the other names used. Is there any significance in the use of these different names?

When the first schools of business were established, "commerce" and "finance" were relatively new functions as organized activities of

the country's economic life. To be sure, trade and commerce had been going on in the country since colonial days; but only after independence had been gained by the United States did industrialization begin its forward march and industrial and business pursuits become important. Consequently, the education of men for the commercial and financial tasks of industrial and business enterprises became necessary. As pointed out in the discussion of the changed nature of the country's economy in the nineteenth century (Chapter II), the rise of credit and the growth in the size of the enterprise made it necessary to provide education in "commerce and finance."

The name "school of business and public administration" revealed that the task of the school had been widened. Business activities were seen now as administrative activities. In addition, the school of business had assumed the responsibility for educating men for governmental positions on national, state, and community levels. With the growth in number and size of cities and rural communities, the conduct of administrative tasks called for participation not only by the general public but also by men who were specially educated for this purpose.

The predominance of "school of business administration" as the name of the schools established more recently indicates that a kind of "stabilization" has been reached in the naming of the schools. This name reflects the thought that administration of business enterprises is considered to be a lifelong task, a calling, and that business, therefore, is approaching the rank of a profession. The whole field of administration--government, schools, hospitals, etc.--is considered

to be the key factor in the success of democracy. Although the democratic form of national and state governments and of public and private institutions is characterized by lay participation, the "running" of the affairs is in the hands of administrators. Administrators account for only a small percentage of the total population, yet their decision making is of major importance to the country. Because business administrators through the conduct of industrial and business enterprises affect the affairs of the whole economy, a branch of higher education is devoted to the education of those men for their important tasks.

As appears from the names of the schools, the schools are always connected with universities. This organization is contrary to the European practice to establish a school of economics and business administration as an independent school of university rank.

Regardless of the differences in the names of the schools, all of the schools which hold membership in the American Association of Collegiate Schools of Business adhere to a set of standards for membership in the Association (Appendix C), thereby revealing that all subscribe to a common basic philosophy. According to these standards, economics, accounting, statistics, business law, finance, marketing, and production or industrial management are to be required of business students as a foundation in business administration. Faculty, physical facilities, and educational programs have to meet the standards of the Association as evaluated by a visiting committee. Each educational level is evaluated separately. Some schools qualify for membership on the basis of their undergraduate programs only, whereas some qualify

on the basis of both undergraduate and graduate programs. Some schools hold associate membership in the Association.

Despite attempts at standardization and the existence of a general philosophy of collegiate education for business among the schools, the schools still have ample freedom to develop individual philosophies in line with their interests. No governmental regulations exist which direct or restrict their efforts.

Types of Schools of Business

The modal school in American collegiate education for business is a school with an undergraduate program only. As, however, most of the schools belonging to the American Association of Collegiate Schools of Business--which comprises the universe in this study--have both an undergraduate and a graduate program, and some have a graduate program only, two main types of schools are discussed here: (1) the school with an undergraduate and a graduate program; and (2) the school with a graduate program only. Furthermore, even if the total number of undergraduate students in the member schools of the Association is several times greater than that of graduate students, the attention given to graduate programs in recent years is an additional justification for the plan of the following discussion.

The School with an Undergraduate and a Graduate Program

A common type of school of business on the American educational scene is the school having:

1. An undergraduate program including study of business administration during four, three, or two years of the four-year period usually devoted to undergraduate work;
2. A graduate program leading to the master of business administration degree and calling for graduate study of one or two years' duration; and
3. A doctoral program requiring, usually, two or three years of graduate study beyond the master's degree in terms of academic work done in residence and the work on a dissertation.

In such a school an undergraduate program was usually established first. Later the expansion of the faculty with a sufficient number of qualified members to establish a graduate program and the increase in the school's material resources justified an inauguration of educational programs in business administration at the graduate level. The gradual evolution of the graduate programs from the foundation laid in the formulation and implementation of the philosophy and in the administration of the undergraduate program has contributed to agreement in the basic thought underlying the three levels although they differ in purpose.

Undergraduate level. There is a great difference in the objectives at the different levels. The purpose of the undergraduate program is to develop men and women for positions as junior executives, accountants, business statisticians, etc., and for the teaching of business subjects, with potentialities for advancement in their chosen careers; and to prepare for graduate study in business administration those students who can profit from such study. As the objective of the undergraduate work is to be achieved through the study of general and professional education, two patterns of placing general and professional

education in business administration curricula have developed: the vertical pattern and the horizontal one. In the former, the professional business administration courses are taken by the student concurrently with general education courses throughout his undergraduate study; in the latter, the professional business administration courses are taken during the last two years of undergraduate study. (See Chapter VIII.)

The seven basic areas which constitute the foundation of undergraduate business administration curricula, according to standards for membership in the American Association of Collegiate Schools of Business, are generally required of all undergraduate business majors. The relative amounts of work in these different fields for the bachelor's degree in business the schools have been free to determine themselves. In 1951, for schools which were members of the A.A.C.S.B., the subject areas in which courses were required of business students in seventy-five per cent or more of the schools were as follows: economics, accounting, law, finance, management, statistics, and marketing. (See Table 1.) Of these subject areas economics and accounting ranked highest in the average number of credits required of business students, 9.3 and 7.8, respectively. Bunched after economics and accounting were law, finance, management, statistics, and marketing. In addition to these seven subject areas, business writing and mathematics were considered to be components of the basic undergraduate curriculum of the A.A.C.S.B. members by less than thirty-five per cent of the schools.

TABLE 1. SUBJECT AREAS CONSTITUTING THE BASIC UNDERGRADUATE CURRICULUM OF SCHOOLS WHICH WERE MEMBERS OF THE AMERICAN ASSOCIATION OF COLLEGIATE SCHOOLS OF BUSINESS IN 1951, THE PERCENTAGE OF MEMBER SCHOOLS REQUIRING STUDENTS TO TAKE COURSES IN THE SUBJECT AREAS, AND THE AVERAGE NUMBER OF SEMESTER CREDITS IN THE SUBJECT AREAS REQUIRED OF STUDENTS

Subject area	Percentage of schools requiring the subject area	Average number of semester credits required
Economics	98	9.3
Accounting	98	7.8
Law	98	5.2
Finance	95	4.9
Management	81	4.3
Statistics	97	3.8
Marketing	76	3.3
Business writing	34	...
Mathematics	14	...

Source: Standards Committee of the American Association of Collegiate Schools of Business, Preliminary Statistical Summary of Survey of Higher Education in Business Administration, April, 1951, p. 3.

In addition to the basic subjects forming the core of the undergraduate curriculum in the standards of the A.A.C.S.B., work may be taken by undergraduate students usually in the following areas, for instance: insurance, transportation, public utilities, advertising, and business education.

Master's level. The objectives at the master's level include the development of men and women for responsible positions in industry and business, in which positions an ability to make sound judgments and decisions and a critical attitude toward the philosophies and practices of business are important assets. Furthermore, they include

the preparation of persons for the teaching of business administration at both high school and collegiate levels. Individual work in the form of term papers, class reports, and research projects are emphasized. Concentration of study at the master's level is usually in the student's field of concentration at the undergraduate level, with some work in other areas of business administration so that the student obtains, through the end of his fifth or sixth year, a wide background in business administration. In addition to developing a wide background in business administration, the purpose of graduate work is to make a major contribution to the deepening of the student's knowledge of subject matter in different areas and to the integration and coordination of his knowledge of subdisciplines within business administration and economics.

At the master's level, some schools require a thesis and some do not. A comprehensive written examination, often in the form of a business case, is required at that level. In some schools an oral examination is conducted for the student after he has passed the written one.

Dr. E. J. Brown, dean of the College of Business and Public Administration at the University of Arizona, made a survey of the requirements for the master of business administration degree in the member schools of the A.A.C.S.B. in 1952. Of the seventy schools surveyed fifty-nine replied to the question concerning these requirements. Of those fifty-nine schools, forty-one offered a master of business administration degree; fifteen other schools offered a master

of science degree; and five schools offered both degrees.¹ In the forty-one schools the following numbers of semester hours were required for the M.B.A. degree:

<u>Number of semester hours</u>	<u>Number of schools</u>
66	1
63 1/2	1
60	5
52	1
40 to 60	1
33	1
32	2
30 to 65	1
30 to 35	1
30	23
28	1
24	3

The wide difference in the number of credit hours required for the degree is only a seeming one, as commented by Dean Brown in the report of the survey:

The above tabulation would indicate a wide difference in the hours of credit for the M.B.A. degree. However, an analysis of the replies does not bear this out. Those schools that require approximately 30 hours credit for the M.B.A. degree have as a prerequisite, courses that are about the equivalent of 30 hours; hence, the prerequisite courses combined with the 30 hours of required courses is about the equivalent of 60 hours.²

To the question whether a thesis was required for the M.B.A. degree, of thirty-nine replies twenty-one were affirmative and

¹The American Association of Collegiate Schools of Business, A Survey of the Requirements for the M.B.A. Degree Offered by the Members of the American Association of Collegiate Schools of Business 1952 (mimeographed), p. 1.

²Ibid., pp. 1-2.

eighteen negative. However, of the eighteen schools replying "no," ten schools required a course in research. The majority of the schools requiring a thesis granted six credit hours for it.

The replies to the question whether all courses had to be taken in residence indicated that twenty-five schools required all work to be done in residence and eleven did not require it.

To his question of how many hours of undergraduate credit in economics an applicant had to have completed to be eligible to begin graduate work toward the M.B.A. degree, Dean Brown received the following replies from twenty-nine schools:³

<u>Number of semester hours</u>	<u>Number of schools</u>
20	2
12 to 15	1
12	1
9	4
8	1
6	15
3 to 6	1
Some	1
None	2

The majority of the schools required six hours of credit in economics as a prerequisite for beginning work toward the M.B.A. degree.

To the question whether any particular undergraduate courses were required as a prerequisite, the following replies were obtained:⁴

8 schools replied that the undergraduate core: economics, accounting, law, finance, management, statistics, and marketing for a major in business administration was required;

³Ibid., p. 4.

⁴Ibid., p. 4.

3 schools replied that no undergraduate courses were required (they all required 60 hours of credit for the M.B.A. degree); and

18 schools listed their requirements as follows:

<u>Course</u>	<u>Number of schools</u>
Accounting	18
Finance	16
Statistics	15
Business organization or management	15
Principles of economics	14
Marketing	14
Business law	11
Money and banking	7
Labor	4
Theory of business	1
Business survey I and Business survey II	1
Human relations	1
72 hours of liberal arts	1

To the question what particular graduate courses were required of the students while they were in the M.B.A. program, the following replies were obtained from twenty-seven schools:

1. One or more courses in accounting, business law, business statistics, economics, finance, management, and marketing;
2. Include in graduate work if not previously studied: money and banking; marketing; industrial management; corporation finance if practical; 6 hours of economics; maximum of 18 hours in any one field; at least 9 hours in graduate courses; at least one seminar;
3. 6 units of graduate courses in business administration in field of concentration; 6 units outside field--divide between two other fields; 6 units of electives in business administration or economics; 6 units outside of business administration;
4. Research on business problems; otherwise programs are planned individually;

5. Accounting (2 courses); financial management; social control of business; business economics; personnel; business law; marketing; statistics; business organization and policies; production management; and business cycle forecasting;
6. First year: introduction to administration, 6; accounting, 6; analytical economics, 3; finance, 4; statistics, 3; and marketing, 3; (total 25)

Second year: depends upon field of concentration;
7. Research methods and report writing divisional seminar;
8. 6 hours in methodology in business and economics research;
9. First year: marketing; finance; production control; administrative practices; report writing; and business responsibilities and the American society;

Second year: business policy and 4 electives;
10. Methods of business research;
11. Business economics, 3; research and report writing, 3; advanced business management, 3; advanced course in accounting, 3; and two other courses in either marketing, personnel, or finance;
12. Management economics, 3; labor management, 3; monetary credit and fiscal policy, 3; forecasting, 3; and thesis, 6;
13. Economic development of Europe;
14. Advanced economic theory;
15. Accounting, 6; marketing, 6; finance, 6; statistics, 6; and business law, 3; (all may be taken on undergraduate level and need not be repeated);
16. Advanced general economics, and scientific management;
17. Economic theory, 5; advanced course in field of business administration, 5; seminar, 6; and electives, 16;
18. Research and report writing; and business policy;

19. Advanced accounting; statistical analysis; problems in economics; finance management; production and personnel management; marketing management; research problems; and electives in field of business administration;
20. Methods of research;
21. Thesis; seminar; and others depending on graduate subjects;
22. According to major;
23. Managerial accounting, 3; problems of human relations in business, 3; structures of American economics, marketing management and problems; theory of social economics and 4 elective courses (need not be graduate course);
24. Core plus 30 graduate hours including 6 hours for completion of a thesis or, in lieu of a thesis, two 3-hour courses, one of which must be a research course;
25. None; depends on field;
26. History of economic thought, 3; and advanced economic theory, 5; and
27. Business problems, 6; seminar in administration, 5; seminar in controls, 3; and business studies, a thesis course, 4 (applies on 9 units of thesis required).⁵

The questions asked by Dean Brown in his survey pertained to graduate courses only, specifically on the master's level; therefore, the replies are so directed and should be read with this thought in mind. In many schools which have an undergraduate and a graduate program there might be relatively little difference between an undergraduate course on the senior level and a graduate survey course, for instance. If a former course is accepted to apply toward the M.B.A. degree, the school has naturally not been able to list it as a requirement, although work in the area in question is required. Furthermore, the question might have been worded so that the word "fields" would

⁵Ibid., pp. 5-6.

have been used instead of "courses." It may be that in many cases work in some fields was required, although that work was not specified by courses. It is evident from some replies that some schools requiring work in fields instead of in specific courses have worded their replies accordingly. A few replies--for instance those mentioning the course in methods of business research as the only required course--were so worded as to adhere to the exact wording of the question and to omit any further elaboration.

Conditions have evidently existed that add to the impression of the existence of a great variety among the requirements for the M.B.A. degree in different schools. The thought is unavoidable, however, that despite the common core of philosophy in the member schools of the A.A.C.S.B. the schools have been free to formulate their own philosophies and to implement those philosophies in their curricula.

Doctoral level.⁶ The objectives of doctoral study include the development of men for responsible managerial positions and for teaching and research--in other words, for leadership in business and in education for business. The graduate work on the doctoral level is usually concentrated in one or more major fields of study. Three or four fields are the usual number. There is a trend toward fewer fields of concentration. Usually one of the required fields, if more than one are required, is economic theory. Other fields in economics from which a selection may be made usually include economics of labor, international economics, public finance, economic statistics, money

⁶Information on the doctoral level was obtained through the study of the requirements of the member schools of the American Association of Collegiate Schools of Business granting the doctorate.

and banking, history of economic thought, and economic history. Fields in business administration, again, include finance, marketing, transportation, business law, insurance, real estate, accounting, general management, production management, and personnel management.

Scholarly work and attainment are usually emphasized more in the doctoral requirements than the completion of any set number of courses. Programs for candidates are planned in many institutions with a consideration of the candidate's background and of the work for which he is preparing. The student pursuing an advanced graduate study program at the doctoral level usually has to take several qualifying written examinations and two or more oral examinations, one of them in defense of his dissertation. Furthermore, experience and competency in research are usually emphasized in all doctoral programs. In many cases the degree is administered jointly by the school of business and the department of economics which is sometimes a part of the liberal arts college. As for foreign language requirements, many schools have none.

A special position among the schools of business which have both an undergraduate and a graduate program is occupied by the Wharton School of Finance and Commerce at the University of Pennsylvania. As a part of this old university established by Benjamin Franklin and as the first school of business in the country, it has a cherished tradition. According to the philosophy of the Wharton School, a man preparing for a business career must obtain a broad background not only in business administration but also in the related social sciences.

Political science and sociology have a dominant position in the curricula of the school; and the departments of sociology and political science are administratively in the School--contrary to the practice in other universities. A great emphasis is placed on individualized instruction--the number of students per class is limited to about twenty-five--and the faculty is composed of men who are nationally known in their fields.

The School with a Graduate Program Only

In addition to schools having an undergraduate and a graduate program, there are schools in the American Association of Collegiate Schools of Business which are graduate schools only: Harvard, Stanford, Columbia, Cornell, Chicago, and the Graduate School of Business Administration of New York University. At the Amos Tuck School of Business Administration at Dartmouth College, the last year of the undergraduate work and the first year of graduate work constitute a program for the master's degree. The school is, therefore, classified as a graduate school of business. Graduates of liberal arts or of professional schools are the students admitted to these schools. The whole program is geared to the education of business administrators. Therefore, the matter of integration of knowledge of business has been given major attention in these schools. At Harvard, for instance, the courses are grouped into three main categories: (1) functional and institutional courses that are related to business functions or institutions and that deal largely with administrative problems from the point of view of responsible executives; (2) courses emphasizing historical, human, economic, political, and governmental aspects of administration and

thus giving perspective, breadth, and vision to the program; and (3) courses designed to contribute to the coordination and integration of the student's knowledge of business disciplines and economics; the wide use of the case method of instruction developed in the School is one of the main means used in integration.

During the first year of the two-year M.B.A. program at Harvard, the following courses are taken by the student:

- Administrative practices;
- Business responsibilities in the American society;
- Control;
- Finance;
- Marketing;
- Production; and
- Written analysis of cases.⁷

In the second year, the student usually takes ten half-year courses, five in each half year. The purpose of the second year is to provide an opportunity to deepen and to widen the work of the first year and to make it possible for the student to pursue special interests. The selection of the second-year courses can be made from the following offerings:

- Administration and review of accounts;
- Advanced economic theory and analysis I and II;
- Advanced production problems;
- Advertising I and II;
- Analysis of markets;
- The business administrator and government policy;
- Business conditions;
- Business history;

⁷Harvard University. Graduate School of Business Administration, George F. Baker Foundation. Academic Year 1953-1954. Official Register of Harvard University, (May, 1953), p. 27.

Business policy;
Economic aspects of public policy;
Factory management;
Financial accounting I and II;
Financial management;
Foreign trade management I and II;
Human relations;
Industrial accounting I and II;
Industrial procurement;
Investment management;
Legal aspects of business I and II;
Management of financial institutions I and II;
Management of new enterprises;
Manufacturing;
Personnel administration I and II;
Problems in collective bargaining I and II;
Retail distribution I and II;
Sales management I and II;
Statistical quality control for company management;
Statistical quantity control for company management;
Taxation;
Transportation I--national transportation policy; and
Transportation II--management problems of the transportation
industry.⁸

In the Graduate School of Business Administration at New York University, at which institution the undergraduate program is offered by the School of Commerce, Accounts, and Finance, the great majority of the students are mature persons, business executives or private business owners working in New York, for whom lectures are offered mostly in the late afternoon and evening. Because of the desire of this school to be of greatest possible service to the business people of the metropolitan area, the number of courses into which the different subject areas have been divided is great.

⁸Ibid., pp. 36-62.

Curricular Tendencies

An examination of the curricular offerings of the schools of business at the undergraduate and graduate levels reveals a wide variety of terms in subject-area and course titles. Only an acquaintance with the description of the subject area or of a course through subdivisions and subtopics discussed in it gives a basis for relating the subject area or the course to other subject areas and courses in one particular school and in other schools. As curricular tendencies reveal themselves in the number of courses offered, in the fields of specialization provided, and in the nature of course offerings, these three aspects of curricular development are discussed.

Number of Courses Offered

An examination of the catalogues of twenty member schools of the A.A.C.S.B., which are of different size and age and located in different parts of the country, indicates that there is a great range in the number of courses offered in the different subject areas (Table 2). For those subjects in which the low point of the range is "0," the subjects may have been obscure in some schools; that is, they may have been integrated with one or more other subjects. Furthermore, when comparisons are made in the number of courses offered, allowance has to be made for the fact that some of the courses are two-hour courses and some three-hour courses. However, the latter are much more frequent than the former.

TABLE 2. COURSES OFFERED IN THE EARLY 1950'S BY TWENTY SCHOOLS OF BUSINESS WHICH ARE MEMBERS OF THE AMERICAN ASSOCIATION OF COLLEGIATE SCHOOLS OF BUSINESS, BY BUSINESS SUBJECT AREA*

Subject area	Number of courses	Median
Accounting	5 - 35	17
Finance	3 - 47	11
Marketing	3 - 58	11
General management	0 - 34	11
Personnel management	0 - 16	9
Secretarial science and office management	0 - 15	9
Insurance	0 - 29	7
Advertising	0 - 15	7
Transportation	0 - 28	7
General business	0 - 21	6
Statistics	0 - 24	6
Foreign trade	0 - 22	5
Production management	0 - 10	5
Business law	0 - 11	4
Credit and collection management	0 - 7	4
Business and government	0 - 9	1
Business conditions	0 - 2	1
Economic policy	0 - 1	1

*The names of the twenty schools appear in Appendix E.

Accounting, marketing, and finance have continued, since the 1930's, to be the subjects in which the greatest numbers of courses are being offered. Personnel management courses have increased in number throughout the years, and general management courses have achieved the same median as the "old big three"--accounting, finance, and marketing.

Secretarial and office management courses, which were introduced in the 1930's, have firmly established themselves among courses

in business administration. The insurance, transportation, and advertising fields have expanded and have been divided into several courses.

Specialization

The growth in the size of business units and the narrowing of the segment for which one individual is responsible in such an enterprise have necessitated specialization in the preparation of men and women for business administration. In the twenty schools referred to in the previous section, the following fields of specialization or concentration, listed in order by frequency, were offered:

1. accounting;
2. marketing;
3. personnel management;
4. finance;
5. statistics;
6. insurance;
7. management (production management or general management);
8. secretarial science and office management;
9. transportation;
10. real estate; and
- 11; public utilities.

Proliferation of courses and a subsequently greater specialization in the programs leading to degrees have taken place in the schools of business than was the case in the 1930's, when Bossard and Dewhurst made their study of the member schools of the American Association of Collegiate Schools of Business. In the annual meetings of the Association the participating deans have discussed seriously the dangers of too narrow a specialization. At the same time courses have continued multiplying in the educational programs of the schools. When as fields of specialization are accepted such fields as "magazine work," "newspaper business department work," "newspaper editorial

department work," "real estate insurance," and "business administration in the field of radio," the question arises what the criterion is and what it should be in the determination of fields of specialization or "majors." Businessmen and business educators are often heard to say that graduates are frequently employed in areas other than their fields of concentration as undergraduates. It may be that schools emphasizing pronounced specialization are not giving sound service to the people affected and are harming society generally.

There is a line of thinking in education that identifies every new addition with progress--be it an idea or an implementation of an idea in the form of a course, for example. Is it necessarily so? An addition of one more course in one area may cause a distortion of the whole curricular picture. A balance may be lost.

Counteracting the trend toward specialization is a trend toward integration of subjects in the business administration study programs. Courses have been introduced the purpose of which is to aid the student in integrating the information he has obtained in the different subject-matter areas he has studied. Instruction in these courses is often given through handling of cases in seminars or through individual research projects in order to help the student see business problems in their entirety with all of their ramifications.

The trend toward integration is strengthened by the trend toward relating economics with business. Courses such as "business economics" and "managerial economics" indicate that an effort is being made to use economic analysis in solving business problems and to emphasize the

practical application of economics to the management of business enterprises.

An examination of the courses the purpose of which is to aid in building a perspective of business and of its functions reveals that courses in foreign trade and economic geography occupy a rather insignificant portion of the business administration curricula in general. The universities on the East and West coasts and some inland have included some work in economic geography and foreign trade in their curricula; a few of them require a certain amount of work in these subjects. The leading position of the United States in the world's economic and political affairs would undoubtedly justify a re-examination of the role of these courses in business curricula and a thorough appraisal of the curricula to determine whether courses designed to build perspective have been omitted because of emphasis on specialization.

Nature of Course Offerings⁹

The nature of offerings reveals the philosophies of schools relative to the knowledge of business disciplines to be imparted to the students. Besides economics, the teaching of which is in some cases under the jurisdiction of the college of liberal arts and in some cases under that of the school of business, the offerings of schools of business fall generally into the following fifteen areas: accounting; finance; business law; marketing; foreign trade; insurance;

⁹Information on course offerings was obtained through study of catalogues of members of the American Association of Collegiate Schools of Business and through personal interviews with faculty members of schools.

business organization and management; real estate; public utilities; transportation; statistics; business and government; business conditions; business research; and business education. Some of these areas are extensive and are represented by a sequence of courses; some of them comprise a relatively narrow area.

Economics. Courses in the principles of economics usually constitute the foundation for a student of business in the study of business administration. Further work in the field of economics may be taken by him in intermediate economic analysis, economic history, economic statistics, agricultural economics, economics of consumption, labor economics, social security, and international economics.

On the graduate level, history of economic thought and contemporary theory of economics are usually required. Additional subareas of economics in which work is often taken by a business student are: money and banking, public finance, econometrics, comparative economic systems, and national income analysis.

Accounting. Accounting instruction in business administration curricula is usually introduced through a course in elementary accounting that provides the student with an understanding of the basic concepts and procedures of accounting. Intermediate and advanced accounting courses are built upon the work done in the elementary accounting courses. They include, for instance, analyses of accounting problems and of principles of valuation and their implications in the preparation of the balance sheet and the income statement.

A group of accounting courses is usually devoted to financial analysis. The annual surveys made by the American Institute of

Accountants, Accounting Trends and Techniques in Published Corporate Annual Reports¹⁰ serve as valuable aids in the study of the reporting practices of American corporations.

"Accounting systems" is usually the title of the group of courses that deal with the procedures and methods of installing accounting systems in various types of business enterprises and of administering them. With a growing emphasis on the importance of the control of internal flow of expenditures in any type of system in business, controllership is given considerable attention in accounting instruction.

Several courses are usually devoted to the study of auditing, both external and internal. The publications of the American Institute of Accountants dealing with case studies in auditing procedure and with the codification of statements on auditing are valuable aids in the study of auditing.

With the proliferation of taxes and regulations concerning them, tax accounting has developed into an important part of accounting work. Courses dealing with the effects of taxes on business transactions and on their recording have been introduced as a part of accounting curricula.

Budgeting is often included as a branch of accounting. In some schools it is treated largely as a tool of administration and is included among management courses.

¹⁰American Institute of Accountants, Accounting Trends and Techniques in Published Corporate Annual Reports. (New York: American Institute of Accountants, 1951.)

Cost accounting courses constitute a rather large percentage of all accounting courses. The cost-consciousness of American businessmen and the importance of low unit cost affecting the profitableness of any industry have led to a great emphasis on cost accounting in business administration curricula. Cost problems and methods discussed are not restricted to the field of production only; they are examined as they appear in distribution too. In many schools a strong management approach is distinguishable in cost accounting instruction.

Study of accounting theory is sometimes integrated in courses given on different aspects of accounting. In some schools theory courses are given separately and usually constitute a part of graduate instruction.

Internship programs have been an important part of accounting instruction in many collegiate schools of business for several decades. In those programs an opportunity is provided for the student to spend varying lengths of time in public accounting firms or in industrial and business enterprises. Thus the student will see the relationship between the school's program and the requirements of professional practice. Furthermore, he may be aided greatly to determine early in his career the particular field or fields of accounting that he would like to consider as his life's work.

In some schools, courses preparing students specifically for the Certified Public Accountant examination constitute a large portion of the accounting curricula.

Finance. Work in the field of finance is divided in many schools of business more or less distinctly among areas of money and banking, corporation finance, investments, and bank management.

Study of money and banking is usually opened with a course or courses on the basic principles, functions, and operations of the American financial system. Courses beyond the introductory courses emphasize monetary theory and monetary and fiscal policy, with special consideration to supply and control of money, determination of interest rates, and the role of the central banking policy.

Corporation finance treats the financial structure and problems of business corporations from the short-run and long-run points of view. Such special problems as business expansion, consolidation, and reorganization are often treated in special advanced courses.

Courses in investments concentrate on the functions of investment and investment programs, both from the point of view of an individual investor and from that of a business corporation. Some courses usually deal with investment analysis. Special attention is given to investments and business conditions, principles of selection among investment instruments, and the organization and operation of the stock market.

In bank management courses, the management approach is taken in the discussions of the functions of banks. Problems that arise in the financial aspects of business corporations are examined from the viewpoint of the bank manager.

Business law. Beginning courses in business law usually begin with a discussion of the basic principles of law and the reasons for laws. Most textbooks in those courses combine text and cases, real and hypothetical; some of them are only collections of cases. Emphasized in the advanced and specialized courses in business law are such

aspects of law as contracts, agencies, sales, property, and negotiable instruments.

The function of business law in many curricula is to facilitate the understanding of the performance of business functions. Theoretical questions on business law have been left to the schools of law to a great extent. Instead of exploring the theoretical significance of points of law instructors have adopted a practical approach to the teaching of their subject. Under the assumption that prospective businessmen are unlikely to be the persons to advance boundaries of knowledge of law through academic work, this approach is to a certain extent justifiable.

Marketing. The latitude of the field of marketing has been broadened. Some of the main divisions into which the field is divided in most schools are: fundamentals of marketing, wholesaling and retailing, sales management, advertising, and marketing research.

The beginning courses in marketing open the field to the student through the study of the channels and the system of marketing in the country. More advanced courses go into the effects of consumer demand on marketing, into the comparisons of marketing costs and efficiency in various types of marketing transactions, into the current problems in marketing, and into the implications of national income considerations in marketing. The developing theory of marketing is discussed in advanced courses and is examined in light of such aspects of economic theory as the demand and the supply, and the theory of prices and markets.

Wholesaling and retailing courses cover the principles and theory of wholesaling and retailing. Covered in wholesaling courses are wholesale organizations, wholesale centers, and tendencies in wholesaling. Retailing courses cover problems encountered in the marketing of goods to ultimate consumers, with special consideration given to the many practical details of merchandising, retail organization, pricing, buying, markdowns, and retail personnel. A part of the work in retailing courses is often organized as a cooperative program with business firms.

Reflecting the importance that is placed on the dynamics of economic activity in the United States through sales, sales management has developed into a branch of the marketing field. Sales management courses usually deal with the economic and psychological foundation of the selling function, with the use of cost data as guides in the formulation of sales policies, with the planning of quotas and territories, with the selection and training of salesmen and other functions of the sales manager.

With the use of advertising as an important device in the promotion of sales, advertising courses have been given increasing attention in many schools of business. Special courses have been developed to deal with advertising as a force modifying demand and with the management problems in connection with administering an efficient program of advertising in various types of businesses and under different conditions. The height of distribution costs--a controversial issue in American economic life--has led to inclusion of economics of advertising as a part of some advertising courses.

Marketing research courses aim at the development of a scientific approach to problems confronted by businessmen in their marketing activities. Market research and consumer surveys often occupy a large portion of the discussions of marketing research. So do the various types of marketing research done by business firms and research agencies.

Foreign trade. In the schools in which foreign trade is taught as one of the business administration fields it is usually approached from the standpoint of an executive working with importing and exporting enterprises. Organization and structure of export and import markets, price policies, governmental controls, and shipping and custom procedures usually constitute main topics in foreign trade courses.

In many schools, students interested in foreign trade take courses in international economics, which ordinarily are offered by the department of economics. In addition to analyses of theoretical explanations of foreign trade, work in international economics usually includes study of international finance and economic policy. The Committee on Economic Development and the United States Department of Commerce, through its Bureau of Foreign and Domestic Commerce, are among important sponsors of monographs and other literature on the subjects in question.

Insurance. In many schools of business having both an undergraduate and a graduate program, insurance courses have been developed into a comprehensive sequence beginning with a discussion that relates insurance to economics and then proceeds with the various types of insurance employed in American business and industrial life as well as with those employed by individuals. The role of insurance and the ways

in which the problems of risk are assured against by business and individuals are treated in those courses.

Many of the students taking courses in insurance have in mind preparation for the examinations for the professional designation of Chartered Life Underwriter (C.L.U.), awarded by the American College of Life Underwriters, and of Chartered Property Casualty Underwriter (C.P.C.U.), awarded by the American Institute of Property and Liability Underwriters, Incorporated.

In some graduate schools of business in which the management approach is used in integrated programs, insurance is studied as a part of case studies and is not developed into a sequence of courses.

Business organization and management. Work in the business management area usually falls into the following main subareas: the science and philosophy of management, industrial or production management, personnel administration, and labor-management relations.

Accomplishments of such men as Frederick W. Taylor, R. C. Davis, Melvin T. Copeland, F. J. Roethlisberger, and Elton Mayo, to name a few, have provided a framework for the building of a science of management. Furthermore, the crystallization of management philosophies of many prominent business and industrial men has meant valuable contributions to the development of management thought.

Industrial or production management deals with the production problems which confront the executive in charge of manufacturing operations and with the ways in which the solutions to these problems affect decision making by the general company management. As the coordination of the work of an industrial or business organization requires an

ability on the part of the general manager to understand the managerial problems of the technological side of the organization, courses in industrial or production management are so designed as to provide a basis for acquiring the ability.

Personnel administration aims at the development of an understanding of the broad area of human relations. The study of human relations in intracompany and intercompany affairs and of the implementation of the company philosophy in policies and practices, especially in those of the personnel department, forms an important part of the study of personnel administration.

Labor-management relations as a subject-matter area usually covers a review of the history of the labor movement in the country, with special consideration of the legislation concerning labor passed through the years. Employer-employee relationships and union-management relations are usually discussed in the broad framework provided by the social, economic, and political factors which are at play.

Real estate. Courses in real estate cover the economic and historical background of real estate, land and land planning, housing and construction, real estate financing, and real estate taxation. Real estate valuation and law pertaining to real estate sometimes are a part of other real estate courses and sometimes are separate courses.

With a growing emphasis on city planning and on the forecasting of the successfulness of cities and communities as industrial and business centers, studies on the potentialities of industrial and business areas are among objects of study in the real estate field.

Public utilities. For students interested in securing employment with public utility enterprises, with business enterprises, or with governmental agencies in which knowledge of public utility problems is important, public utilities is offered as an area of specialization in the curricula of several schools of business. Public utility problems have been increasing in complexity during recent years because of the wide use of mechanical inventions in public utility industries, because of the dominance of large-scale corporate enterprise in the public service industries, and because of a tendency toward a high degree of centralization in their management. Further difficulties have been caused by the establishment and maintenance of control by the federal, state, and local governments.

Courses in public utilities usually include major sections on rate making and on problems of demand, finance, and taxation of public utilities.

Transportation. Basic courses in transportation usually deal with the various forms of transportation; with the problems of rates and government regulation; and with the advantages of the various forms of transportation. Advanced courses often treat intensively one particular kind of transportation field, giving special attention to problems appearing in the operation, control, and public policy of such a field.

Traffic management is at times separated into an area by itself including a survey of the purchase and sale of transportation.

Statistics. A wide use of statistics as a means of control in business enterprises is reflected by the position statistics occupies

in business administration curricula. As statistics also often provides the method used in quantitative studies of business and aids in understanding and interpreting findings of research studies, knowledge of statistics is an important asset to producers and consumers of research. Furthermore, as mathematics and statistics are used in the building of theory in economics and in business disciplines to an increasing extent, study of statistics has gained in importance greatly.

In several schools of business, statistics courses are given by the department of economics. Thus, they include not only the mathematical instruction needed in the use of statistics but also the use of statistics in solving economic and business problems, one of the very purposes for which students of business are studying the subject.

Business and government. Since the 1930's, when the impact of government on business became much greater than what it had been, business-government courses have occupied a part of business administration curricula. Often they begin with a short review of the relationship of business and government in several countries, the economies of which represent different degrees of government intervention in business affairs. The participation of government in the "control" of the business cycle, in labor, in agriculture, and in monopoly problems and financial policy are usually major sections in government courses. As other courses, business-government courses usually deal also with the problems of the day: court cases pending and involving problems relating to business-government relationships, issues of elections, and bills of legislation proposed.

Business conditions. The desire to avoid another world-wide depression of the dimensions of the one in the 1930's, the national income approach employed in dealing with economic problems, and an interest in economic issues and problems during the "cold" war period have resulted in the introduction of courses on economic conditions and economic analysis in school of business curricula. Current publications reflecting the functioning of the economy usually provide a large part of the data dealt with in these courses.

Business research. A course emphasized particularly on the master's level is methods of business research. In order to inculcate in the student a scientific approach to the problems of business and an ability to report them in accordance with that approach, a course in business research is often required as a part of the work for the master of business administration degree.

This course serves not only as a foundation for prospective businessmen in problem solving but also as a foundation for those who later will be conducting research and writing research reports.

Business education. As one of the functions of the school of business is to prepare men and women for teaching positions at the secondary and higher educational levels, courses in the administration of educational programs, the development of curricula, and the teaching of business administration and economics are offered. As a discipline, business education thus embraces the thought and philosophy pertaining to higher education in business administration and economics. As a great majority of the persons with a doctorate in business administration from the member schools of the A.A.C.S.B. hold positions on the faculties of colleges and universities, studies in business education form an essential part of the development of their professional competence.

Instruction¹¹

A part of the philosophies of schools of business is revealed by the instruction given in those schools. As imparting knowledge of business disciplines through instruction involves activity, instruction is one of the aspects of collegiate education for business in which the implementation of the philosophy of the school is susceptible to observation.

As a general rule it can be said that, unlike in Europe, regular class sessions in American schools of business are not necessarily considered to have to include a lecture as a fruit of the instructor's research work and reflective thinking. They may be of that nature, but they may also be rather informal sessions in which questions are asked by the instructor of the students and vice versa and in which the topics of the discussion can deviate widely from the "text" of the day. Because of a low student/instructor ratio this type of class session is possible.

The bringing of current business data and problems into the classroom by the instructor, by the students, and by invited lecturers from business and industry is one of the outstanding features of instruction in business administration. The forward-looking Americans are not satisfied with dwelling in the past only. Acquaintanceship with the present situation in business and industry is also maintained through field trips and through cooperative training programs.

¹¹Discussion on instruction is based on personal observations and interviews with faculty members of schools of business.

A rather informal relationship between the students and the faculty has undoubtedly contributed to the exchange of views on business problems and on business research and has been a source of encouragement in the work on many research problems. On the other hand, it has probably made students feel rather free to consult their professors and has caused them to sacrifice some of the satisfaction a piece of research conducted independently can bring to the researcher.

Participation in the discussions in class; surprise quizzes and examinations, often even at the graduate level; and preparation of frequently assigned term papers and reports to be given orally in class call for a continuous study of the reading assignments made in American schools of business. In many European schools of business, the practice to conduct comprehensive examinations at the end of the academic year only leads to a temptation among students to postpone intensive study of some subjects toward the latter part of the spring semester. The "alertness" required in American schools of business in all subjects throughout the year calls for continuous preparation.

In addition to lectures and lecture-discussions, the case method of instruction is used in some schools of business--especially in those having a graduate program only. Reasoning with the data of a business situation, often collected from the actual business world, makes it necessary for the student to be able to draw on his knowledge of business disciplines and to integrate that knowledge. The emphasis placed on the use of the case method as such in some schools of business leaves the impression that development of a thorough knowledge of business disciplines as the foundation for intelligent handling of

cases is easily disregarded if undue emphasis is placed on the instructional method.

On the undergraduate level, the "tuning down" of the language in textbooks, the making of specific assignments, and the counseling done to the students constitute an educational "device" that can easily be misused. Development of independence and resourcefulness may be endangered in some individuals by undue considerations of immaturity and an easy availability of advice and assistance. On this same level, the informal relationship of students to their professors and universities has led to a lack of respect of conditions of scholarship in some schools of business.

Faculty Supply and Requirements

Inasmuch as enrollments in the schools of business have been increasing rapidly during the last few years and inasmuch as population statistics point to an even greater increase in university enrollments during the years ahead, collegiate business educators have become concerned about an adequate supply of qualified instructors for their institutions. Projections into the future reveal that by 1960 approximately 730 faculty members will be needed annually to replace those who retire, die, or for other reasons leave collegiate business teaching, and to fulfill the need for additional faculty because of increased enrollments.¹² By 1965, the annual need will be approximately 980.¹³

¹²The American Association of Collegiate Schools of Business, Faculty Requirements and Faculty Supply in Collegiate Business Teaching 1954-1970. Report of the Committee on the Future Requirements of Trained Teaching Personnel, 1955, p. 6.

¹³Ibid.

The supply for 1955 will barely meet the replacement needs for the year. However, the annual supply would cover less than half of the total annual requirements by the late fifties and less than a third of the requirements in the middle of the sixties. As there always is a time lag in the output of doctoral graduates even if enrollments increase in general, the problem confronting American collegiate business educators is to determine whether the increase in the supply of new faculty members will be enough without a concerted action to stimulate it.¹⁴ Furthermore, as an income differential usually exists between the salaries of university professors and of businessmen in favor of the latter, the concern about the adequacy of the supply is a serious one.¹⁵

In connection with its study on faculty requirements in the fall of 1954, the A.A.C.S.B. requested its members and associate members to report the degrees held by their faculties. From forty-five schools replies were received to this question (Table 3).

¹⁴Ibid., p. 27.

¹⁵Ibid., p. 29.

TABLE 3. ADVANCED DEGREES HELD BY FACULTY OF SCHOOLS OF BUSINESS PARTICIPATING IN THE AMERICAN ASSOCIATION OF COLLEGIATE SCHOOLS OF BUSINESS STUDY OF 1954

Rank	Number	With doctor's or second advanced degree		With master's or first advanced degree	
		Number	Per cent	Number	Per cent
Full professor	535	426	79.6	531	99.3
Associate professor	299	207	69.2	294	98.3
Assistant professor	399	201	50.4	396	99.2
Instructor; lecturer	410	72	17.6	372	90.7
Total	1,643	906	55.1	1,593	97.0
Teacher of rank below instructor or lecturer (full-time equivalent)	99	4	4.0	78	78.8
Professional administrative personnel not otherwise counted	93	27	29.0	75	80.6
Total	1,835	937	51.1	1,746	95.1

Source: The American Association of Collegiate Schools of Business, Faculty Requirements and Faculty Supply in Collegiate Business Teaching 1954-1970. Report of the Committee on the Future Requirements of Trained Teaching Personnel, 1955, (Table 5), p. 19.

How-to-read: Of the 535 faculty members with the rank of full professor, 426 or 79.6 per cent held the doctor's or other second advanced degree and 531 or 99.3 per cent had at least the master's or other first professional degree.

Thus, about four out of five full professors, two out of three associate professors, half the assistant professors, and fewer than one out of six instructors in the sample held the doctor's degree or a second advanced degree.¹⁶

¹⁶Ibid., p. 19.

The doctor's degree as a qualification for the position of full professor remains, although some dissatisfaction with it exists; but no alternative is suggested.¹⁷ In addition to the doctor's degree such a professional designation as the Certified Public Accountant is recognized in the Standards of the Association:

The doctoral degree in economics or business is accepted in all fields. However, at present members with Master of Business Administration degrees who also hold certificates as Certified Public Accountants are considered as having terminal qualifications for the teaching of accounting. The professional degrees of LL.B. for instructors in Business Law and advanced engineering degrees for instructors in Industrial Management may also be considered terminal.¹⁸

With a constant expansion in the subject-matter areas of business administration and with the use of the case method in business teaching in some schools, which method calls for an ability to master not only one field thoroughly but many fields, the preparation of men with an intensive and extensive knowledge of business disciplines becomes an increasingly difficult task. Considering the limits of human abilities, it is difficult to be able to master several fields thoroughly.

The differences in the study programs of the different universities preparing men for the doctor's degree, the differences in the

¹⁷Richard L. Kozelka, Collegiate Education for Business. A Preliminary Report of a Pilot Study to the Standards Committee of the American Association of Collegiate Schools of Business. (Minneapolis, Minnesota, 1954), p. 12.

¹⁸Executive Committee Interpretations to Accompany the Statement of Standards of Admission to The American Association of Collegiate Schools of Business, August, 1949, p. 1.

research experiences of persons completing the doctorate, and the differences in the teaching abilities of persons preparing for collegiate business teaching, constitute variances in the qualifications of persons employed as faculty.

Although business experience is usually recognized as an asset, no criterion is available which may be used to evaluate the experience of a faculty member in the business positions he may have had before entering collegiate business teaching or which he may have on a part-time basis while serving on the faculty of a school of business.

Lack of a criterion also exists for evaluating professional contacts and interests. Encouragement to join professional associations is usually great, but there is no measure of value in the membership.

The matter that concerns collegiate business educators greatly is the lack of an approved pattern of formal graduate education in the preparation of professors for collegiate schools of business. As the successful professor is expected to be a man with a profound knowledge of his discipline and with an ability to teach, both aspects should be developed at the graduate level, particularly at the doctoral level. If the quality of collegiate business teaching is to be maintained or improved, some attention in the curricula of doctoral candidates in business administration should be given to:

1. Philosophy and objectives of higher education for business.
2. Historical development of the field of higher education for business. A knowledge of the historical development is necessary to an understanding of current issues and problems.

3. School administration, as it pertains to schools of business particularly.
4. Curriculum construction and problems.
5. Methodology of teaching of business administration.
6. Educational psychology, as it pertains to learning in business particularly.
7. Educational measurement and testing of relevance to collegiate business educators.¹⁹

Most of the publications that exist in the areas 3, 4, 6, and 7 apply to education in general; literature specifically applicable to business teaching is greatly lacking.

Business Research

Also of current concern to collegiate business educators is raising the quality of research conducted in the schools of business: research conducted by the bureaus of research, by faculty members, or by graduate students.²⁰

In the opinions of writers on the quality of business research, the insistence that research projects should have a direct relationship to what is current and useful is one of the powerful intellectual compulsions of our period.²¹ Partly it may stem from the

¹⁹Ideas gained in lectures on administration and supervision of education for business by Dr. Elvin S. Eyster, Professor of Business Administration, at Indiana University in the fall of 1953.

²⁰Cf. W. W. Phelps, "Academic Research in Business Administration," The Journal of Higher Education, XVIII (January, 1947), pp. 81-89; and Harold W. Stoke, "The Future of Graduate Education. How Does Graduate Work Fare in the Postwar Period?" The Journal of Higher Education, XIX (December, 1947), pp. 473-477, 491.

²¹Stoke, op. cit., p. 474.

anti-intellectualism that has been noticeable in the country; partly, from the triumph of applied sciences during the recent years. These forces have caused a transfer of interest from humanities to areas which promise a practical competency and to research which entails some usefulness.²²

Preoccupation with the practical and current easily endangers the quality of research by narrowing its ends. As the limited amount of time and funds available to graduate students affects the kinds of projects they can undertake, the task of conducting research that calls for a time span of several years and big sums of money, perhaps, remains to the schools themselves.

As significant research is practically always the outcome of extensive, continuous investigation directed toward a major objective, special administrative attention is required in the raising of the quality of business research.²³ The administration alone can assure time guarantees for faculty for carrying out time-consuming projects and institutional support in making contacts with business. Research projects which require for their execution a whole staff of researchers, a great amount of traveling, a vast amount of statistical work, and consultation of experts in special areas can only be carried out by teams. Thus, responsibility for research that can be expected to have significant results rests on the bureaus of research connected

²²Ibid.

²³Phelps, op. cit., p. 83.

with schools of business and on bureaus of economic and business research owned by business associations and individuals.

Summary

The focus of attention today in collegiate education for business in the United States is on a group of schools which have assumed the vast responsibility of preparing men for positions of leadership in the economy. Through different curricular plans they endeavor to prepare men for decision making on different managerial levels.

On the undergraduate level, the main objective is to develop dynamic men who contribute to the improvement of business philosophy and efficiency. Besides this objective two other objectives are primary on the graduate level: promotion of business research and development of men for research in and teaching of business administration.

The quality of instruction and of business research and the qualifications of the faculty are areas in which some of the major problems of higher education for business are found.

PART III

ANALYSES OF FACTORS AND ASPECTS OF
THOUGHT IN THE DEVELOPMENT OF COLLEGIATE
EDUCATION FOR BUSINESS IN THE UNITED STATES

CHAPTER VI

FACTORS AND FORCES INFLUENCING THE DEVELOPMENT OF
COLLEGIATE EDUCATION FOR BUSINESS

Tracing the development of the thought underlying collegiate education for business reveals that several factors and forces have an influence on this branch of higher education. These factors and forces originate in different spheres: some of them originate in society in general, in which collegiate education for business functions; some of them are influences originating in the field of education in general or in the field of higher education, of which collegiate education for business is a part; many of them originate in the field of collegiate education for business itself; and several of them have their origins within an individual school of business.

A classification of the factors and forces originating in society at large, in education generally, and in higher education as external factors, and of those originating in the field of collegiate education for business itself and in an individual school of business as internal factors would perhaps facilitate the treatment of these factors and forces in the following discussion.

The factors and forces in question are difficult to unravel from the pattern woven by the decades. Because, however, the examinations of the thought underlying collegiate education for business made in the previous chapters indicate that the selection of the objectives of this branch of higher education has not been a purely rational process, it would be advisable to try to make an analysis of those factors and forces. An analysis of some of the factors and forces that

have had a bearing on collegiate education for business would give insights into cause-effect relationships in the development of the thought pertaining to this field.

External Factors

Society, its business world, and the communities in which the schools of business are located have provided an environment which has influences on the functioning of the schools and on the thinking in them. As a part of society's organized educational system, collegiate education for business has been subjected to the effects of ideas and practices in the field of education in general and in higher education particularly.

What are the major external factors that have a bearing on collegiate education for business?

Influences Pertaining to Society and Business

The physical, sociological, and economic characteristics of society can be expected to influence any institution functioning within it. Collegiate education for business, in drawing its student body from society and in serving the business world of society, is in close contact with its environment and is influenced by it in many ways.

Influences Pertaining to Society at Large

The great distances between some schools and the differences in their physical environments have caused differences to develop in the philosophies of the schools much more easily than could happen in a

small country where close contacts among schools are facilitated by short distances among schools. Thus, variances exist among the strands of thought of which the composite is comprised. For instance, the schools on the western and eastern coasts with their big ports have been more conscious of the necessity of including foreign trade and economic geography of the United States and other countries in their curricula than many schools located in the central portions of the country. Thinking in the coastal schools is characterized by an awareness of world trade and of the demands its successful operation places on collegiate education for business.

The cohesion process that is going on in the heterogenous society of the United States has affected the student bodies of the schools of business. Many boys without a very great inclination toward or interest in business were urged by their immigrant fathers, who settled in the country in the latter part of the nineteenth century or during this century, to attend a school of business so that life might be easier for them than for the previous generation. Consequently, there has been a great inflow of students with very different backgrounds to the schools of business during the past decades. According to their philosophy to admit a larger percentage of students than the European schools of business, for instance, which use highly selective practices, many American schools of business--especially those supported by the state--have been compelled to consider the range in the abilities of their students. In building their curricula and in setting up their instructional practices, the schools of business have made an allowance for the differences in their students' abilities to

study business disciplines in school and to make an application in the real world.

The physical and sociological factors are constantly reshaped by technological developments in the country. The great advances made in pure sciences and in their practical application have transformed the world for which collegiate education for business prepares its students. The changes made in manufacturing, the development of new means of transportation and communication, and the invention of new materials have greatly changed the industrial and business life of the country during the existence of collegiate education for business and have caused a change in man's outlook on life. Thus, collegiate schools of business are doing their work in an environment where there is almost constant change.

Economic life in the country has affected collegiate education for business through the economic thinking done and through the material foundation it has formed for the work of the schools. An outstanding example of the effects of economic thinking in the country on collegiate education for business was provided by the New Deal, which, by bringing government and business to a much closer relationship than had existed before and by exposing the unrealistic features of the economic thinking of the decades preceding the 1930's, jolted the thinking of business educators. Furthermore, it revealed the lack of social consciousness on the part of businessmen of the economic life of the country and brought to light the need for some degree of governmental interference in economic affairs.

The country's economic life has made an impression on the philosophies and practices of many schools. The industrial and business life of the North, more so than the predominantly agricultural life of the South, has been an impetus to the establishment of schools of business. At times industry and business have been responsible for the inclusion of subjects and courses in the curricula of schools of business in the immediate area. An example of this is the automotive industry in Detroit.

The material foundation again has affected collegiate education for business through the quantity and quality of resources made available for it. The wealth existing in the country has made it possible for the schools to obtain large endowments and, consequently, to build spacious buildings, to hire a large number of instructors, and to finance many research projects.

Changes in economic conditions have been a disturbing factor and at the same time a beneficial factor in the development of the thought underlying collegiate education for business. The world wars and the depression of the 1930's, for instance, have tested the quality of the graduates of the schools of business. Those changes have contributed to flexibility in educational thinking and to the appraisal of the path traveled.

In addition to affecting collegiate education for business through its physical, sociological, technological, and economic characteristics, society in general influences any branch of higher education through its cultural characteristics that are evidenced by the general attitude taken toward that field of higher education. In

the beginning stages of the movement of collegiate education for business, the general public was not very enthusiastic about the new branch of higher education. The abuses made in industry and business during the railroad era and during the period of trusts and business combinations during the last century resulted in an antagonistic attitude toward business. However, as the schools of business, regardless of the opposition shown toward their work in many quarters, bravely went ahead in developing their programs and sought the cooperation of businessmen in developing their instructional materials, the attitude changed gradually. The contribution of business to bringing about a great rise in the living standards of the people of the United States and the philanthropic work of many businessmen have resulted in a change in the general attitude toward business. This change is evidenced by the prestige businessmen enjoy in the society of the United States and by the leadership businessmen give at community, state, and national levels. As the general attitude toward business has changed so has the attitude toward collegiate education for business changed.

Influences Pertaining to Business

In providing employment opportunities for the products of schools of business and in supplying a major portion of the financial resources--endowments and other donations to private schools of business; tax money to support state universities--on which schools of business are dependent, business has been on the "giving" end in its relationship with schools of business. On the other hand, in receiving services from the schools of business, business has been on the "receiving" end.

Business as the giver. Through providing employment opportunities for business graduates and for students participating in cooperative training programs, business has a very decisive influence on collegiate education for business. Requirements as to performance in various business positions are a factor in the selection of objectives of collegiate education for business. With the growth of the corporate form of enterprise in the United States, the objective of developing professional managers has become one of the main objectives of schools of business. This does not mean that the objective of developing administrators for individually owned enterprises has been overlooked.

As a provider of employment, business has made known to schools of business that desirable character traits, in addition to scholarship, are of importance for success in business. Frequent statements by employers testify to the necessity of developing the whole individual, not just the mind. One large public accounting firm with an organized training program has this to say about university graduates in answer to the question "What has been your experience in employing business school graduates as to their work performance?"

We have kept a fairly complete record of our experiences with some 1,200 or 1,300 university graduates whom we have employed in the last few years, and this study shows that the principal causes for failure are lack of imagination and inquisitiveness, lack of spark or drive, lack of ability to work well with others in a team relationship, and an unwillingness to undergo the hardships and inconveniences that must be experienced by the beginning man in our profession. I am referring to such things as overtime, irregular hours, and rather extensive travel. It is a very

small percentage of our men who fail because they have not mastered accounting in the university.¹

Thus, business has given direction to the selection of objectives and to the building of curricula in schools of business.

The influence of business on the thought in the schools of business is not without its drawbacks. As a provider of employment opportunities, business is in a position to exert undue influence--if permitted to do so--on curriculum building and on instruction. This has evidenced itself in the proliferation of courses and areas of specialization, among other things. It has also revealed itself in the pecuniary motives of the students of business. It is not the task of the school of business to follow in a slavish manner the thinking and practices of business. Business educators need to be objective in their thinking; that is, allow business to exert a healthy influence on schools of business but disallow undue influence and dictation. A healthy cooperation between business and collegiate education for business is the only means for the establishment of laudable goals, ultimate and more immediate, in education for business.

In its capacity of a giver, business affects collegiate education for business also in many concrete ways. It provides instructional research materials, and it also supplies a major portion of the operational funds. Many theses and dissertations written in American collegiate schools of business are sponsored by business. American

¹The statement was made in a letter from an official of a public accounting firm who did not wish to have his name or the name of his firm disclosed.

businessmen are known among researchers to be open-minded and cooperative in making data available for research.

The providing of materials and financial resources by business may become a mixture of blessings and disadvantages. The facilitation of the work of the schools through the financial provisions made may be counteracted by the provisions that can accompany the funds made available by business. This may lead to the study of problems of little significance to business in general as those problems may be studied from a short-run point of view.

A general endowment made to a school of business may likewise be a source of influence in positive and negative ways. In addition to receiving the financial aid, the school of business may have the opportunity of drawing on the business experience of the donor, for instance, if he happens to be a member of the governing board or of an advisory committee of the school. There is the danger, however, that the donor-recipient relationship may involve dictatorial influences on the philosophy of the school.

Collegiate education for business receives services and is at the same time influenced by associations and organizations which are a part of the business world. As an example may be mentioned the United States Chamber of Commerce, which cooperates with schools of business on many kinds of projects and makes business data available for schools and for the general public. It gives its support to student organizations and sponsors conferences and meetings through which the work of the schools is made known to businessmen. Another organization, the newly established Committee on Economic Development, has rendered

services to the schools of business by laying a foundation for the collaboration of business school faculties and businessmen on community research projects and by inaugurating a program to improve economic education.

Business as the recipient. American business looks at schools of business in many respects in the same way as it does at public service institutions. It expects services from them. Therefore, schools of business consider it their responsibility to provide services to business in general and to the business communities in which they happen to be located. These services take the form of conferences organized for executives and other personnel of business enterprises; institutes; and refresher courses, some of which last for several weeks. Furthermore, they include consultation by business school faculty members, information on business conditions and business forecasts by business research bureaus in the schools of business, and research studies.

The provision of services by the school of business for the benefit of business is not a one-sided proposition only. It is a give-and-take relationship, which promotes the growth and maintenance of close contacts between business and education for business. Being, however, neither the sole nor the main purpose of schools of business, it is not entitled to occupy too great a share of the work of the schools and of the time and energy of their faculties.

Private consultation to business by business school faculty, which is given apart from consultation incorporated as a part of the school of business service program, is looked upon very favorably by

the administration of the school in general. There are schools, in which, at least in principle, the instructors should have approval of the administration on the amount and quality of their outside work in order that an adverse effect of their outside work on their work as faculty members could be avoided.

Preparation for certain examinations in business has had a definite bearing on the thinking and curricula in collegiate schools of business. Examination requirements for certification as a public accountant, a life insurance underwriter, or a property and casualty underwriter influence the curricula in schools of business. In current professional business literature and among businessmen, the opinion is voiced frequently that the schools have gone overboard in preparing students for certification. As an example, preparation for the Certified Public Accountant examination can bring about overspecialization in accounting curricula:

At the present time there is altogether too much specialization in the curricula of accounting majors at many of our universities. To a certain degree this undesirable specialization takes the form of preparation for the CPA examination. Unfortunately the possession of a CPA certificate is not necessarily an indication that a person is a good professional accountant.²

Statements like this are not uncommon from accounting houses and from accounting instructors relative to the influence of the C.P.A.

²Excerpt from a letter from a large public accounting firm. In accordance with a promise to withhold the names of the public accounting firms which answered the question "What is your thinking as to the extent of specialization developed in accounting majors?" directed to them in the collection of data for this study, the name of the firm is not disclosed.

examination on collegiate accounting curricula. Preparation for an examination such as the C.P.A. has given purposefulness and a definite goal to the education of many students. However, the requirements of the examination may have been allowed to exert an undue influence on thinking in accounting departments of schools of business as evidenced by the proliferation of the C.P.A. coaching courses.

Society in general and the business world provide the framework for the operation of schools of business. Some of the influences emanating from these two sources are evident and are rather easily separable from other influences; some of them are subtle and finely interwoven with the effects of other factors and forces. Because of the indirect way in which many of the environmental factors and forces affect collegiate education for business, they are often discounted or even overlooked.

Influences Pertaining to Education in General and to Other Fields of Higher Education

In addition to serving as a basis for collegiate education for business, the general educational philosophy of the United States has influenced thinking in collegiate schools of business in more specific ways.

In accord with American educational principles the development of enlightened citizenship has been included as one of the objectives of collegiate education for business. This objective is emphasized in the educational programs leading to degrees, and it is always considered in the rendering of services to business in general and to

specific business communities. Development of an economically literate citizenry has received renewed stimulation by the movement of economic education inaugurated by the Committee on Economic Development. Collegiate schools of business help communities in the establishment of community councils for the dissemination of economic information and sponsor studies through which knowledge is acquired about the ignorances of people relative to economic ideas and practices as well as about the reasons for them.

The development of the whole individual, not of the mind only, which is another conviction of American educators, has had a definite influence on thinking in collegiate education for business. It is opposed to the idea of knowledge for its own sake. Consequently, it defines its objectives operationally in terms of the expected behavior of the students after the learning process has taken place. A great deal of attention is paid in collegiate education for business to the development of the abilities, attitudes, and personal qualities which are expected of a person with higher education. Punctuality, courtesy, and the ability to make sound and quick judgments are among the desirable traits held as goals in collegiate education for business.

The pragmatic ideas that characterize the thinking of some American educators have not been without an influence on collegiate education for business. Dewey's "learn by doing" philosophy is evident in the practical approaches that some schools of business have taken. It is apparent in the many cooperative training programs, in which the students spend a certain portion of course time in actual business positions. These programs have been administered in the areas of

marketing and accounting, especially, and even in economics, as planned by Bernard M. Baruch School of Business and Public Administration of The City College of New York.³

The quasi-technical courses that have sprung up in the curricula of some schools of business are undoubtedly results of pragmatic thinking. A revolt against the proliferation of these courses is part of the general education movement that has spread with renewed vigor in education in general and in many fields of higher education during recent years. The reaction against vocationalism and specialism is also characterized by attempts at the integration of the subject matter of related disciplines through courses and projects that draw on the subject matter of several business disciplines.⁴ The general education movement is concerned with bringing together the unifying elements of the culture. "It embraces the great moral truths, the scientific generalizations, the aesthetic conceptions, and the spiritual values of the race, ignorance of which makes men incapable of understanding themselves and the world in which they live."⁵

Ideas in education in general have formed a great part of the intellectual background against which collegiate education for business has to be examined. This general relationship is supplemented by the connections which collegiate education for business has had to other fields of higher education.

³Personal interview with Dr. Thomas L. Norton, Dean of Bernard M. Baruch School of Business and Public Administration, The City College of New York, in New York City, March, 1954.

⁴Earl James McGrath, "The General Education Movement," The Journal of General Education, I (October, 1946), p. 5.

⁵Ibid., p. 3.

Engineering education has had close ties with collegiate education for business. The research studies of engineers on the problems of industrial management, for instance, have shed light on the topics to be included in management instruction in schools of business.

Furthermore, engineering education was among the first fields of higher education to give serious consideration to the problem of specialization and to the lengthening of the undergraduate curriculum to five years. Special business-engineering, business-law, and business-forestry curricula have been set up, indicating the close working relationship between collegiate education for business and other fields of higher education.

Advances made in the field of psychology have helped business educators develop insights into the actions and reactions of man in industry and business. The area of personnel management has benefited greatly from the studies in the general field of psychology. Educational psychology has brought to light instructor-student relationships and principles which instructors should employ if learning is to take place in the classroom.

The field of economics, as a field of higher education, has continued to be an influential field in the development of collegiate education for business. (See Chapter VII.)

From the field of law, collegiate education for business has adopted the use of the case method of instruction. Business educators understand the value of seeing how business problems, like problems in law, usually are composed of a host of questions, answers to which call for logical reasoning and mastery of knowledge in many areas.

Studies in the field of graduate professional education-- curriculum construction, teaching methodology, guidance and counseling, and school administration--have been valuable to business educators as references for evaluating the programs and practices of schools of business. There is at the present time an awareness among business educators that many of their students at the master's level and most of them at the doctoral level go into the teaching profession without any background in the theory and practice of education.

Influences Pertaining to the University
Organization of Which the School
of Business Is a Part

Because the collegiate school of business in the United States is a part of a university organization, certain influences on the school of business caused by the relationships to the university administration and to the other members of the university family are bound to exist. Those relationships form a part of the special characteristics of American schools of business as schools of business in the United States, unlike the European collegiate schools of business, do not function as distinctly separate, independent professional schools of university rank with an administration of their own.

During the beginning decades of the movement of collegiate education for business, the school of business was to a certain extent dominated by the department or division of economics. As outgrowths of the science of economics, business disciplines were in their development tied to the "apron strings" of economics. The relationship to the department of economics undoubtedly somewhat hampered the growth

of business disciplines; and in the opinions of some business educators, still is a deterrent to development.⁶ The branching of business disciplines out of economics was, however, a fortunate beginning for them in that they had a science as their basis and were not developed through inductive theoretization of business experience and through rationalization only.

In the early years, the school of business was treated more or less as a stepchild by most of the members of the university families, and funds were reluctantly made available for it. Many schools of business had to function in unsatisfactory physical facilities with inadequate teaching personnel and with insufficient supplies and materials. During the years, the adverse attitude toward the school of business has gradually disappeared in most university organizations.

The material resources of the university, of which the school is a part, are an important factor influencing the development of collegiate education for business. The number and quality of instructors, the physical facilities, and the number and quality of research publications sponsored by the school of business are usually directly dependent on the material resources of the university and their availability to the school of business. So are the possibilities of the school of business to grant assistantships and fellowships, to acquire volumes for its library, and to render services to business. The material resources are, furthermore, an important factor in the

⁶Information obtained in a personal interview with Dr. Wallace B. Donham, Dean Emeritus, Harvard Graduate School of Business Administration, in Cambridge, Mass., March, 1954.

building and maintaining of prestige for the university, which prestige often reflects on the school of business before it has had time to earn any of it through its own achievements.

As a part of a university organization, the school of business comes under the influence of the philosophy, traditions, policies, and practices of the whole university. Some of them may be a part of the historical "equipment" of the university; others may be of relatively recent origin and reveal the philosophies of the university administrators in office. Conformity to those philosophies and practices has undoubtedly meant a saving in time and effort for business educators in relieving them of creating the administrative foundations of their schools. On the other hand, acceptance of the philosophies and practices of the university may have been a limiting factor to the initiative and resourcefulness of business educators. For example, the school of business has accepted the period of four years for the completion of any of its undergraduate curricula, which period was used in universities before schools of business were established. Some business educators are of the opinion that a suitable education for business cannot be given in but four years. Even if there is a portion of general education that should be possessed by every college graduate, it is still surprising that studies in every field of business can be pressed into the four-year mold.

The influence of the general university administration on schools of business is also visible in the pattern of administration used in most schools. Educators are in agreement that education of today

must be measured and circumscribed in some ways.⁷ However, as soon as rules are set up, even if they have some flexibility, freedom in education is endangered and compulsion enters into the picture. The following quotation reveals some of the dangers of the administrative mechanism:

. . . where education is universal, compulsory, and is, to a great extent, paid for by society in the lump and not by the recipient in particular, the latitude of permissible freedom is at once greatly curtailed. There must be fixed hours and fixed times and fixed classes; and to a great extent fixed grades, fixed promotions. The road to learning being a public highway the traffic must be moved under direction, with fixed lights and fixed stops and a speed limit.

But the question still remains--to what extent do we lose by this necessity for fixed and regular organization something of the spirit and meaning of education? To what extent are we compelled by necessity to sacrifice the spirit for the letter, the soul for the body?⁸

The location of the school of business usually on the same campus with the rest of the university has facilitated building and maintaining connections with other parts of the university organization. Taking courses in the college of arts and sciences, either during the first two years of study or throughout the four-year period, tends to broaden the business students' education. The closeness of the other colleges on the campus makes it also possible for the school of business to draw on representatives of other fields for occasional seminar lectures and for ideas and expert advice on special problems. An

⁷Stephen Leacock, The Pursuit of Knowledge. Discussion of Freedom and Compulsion in Education. (New York: Liveright Publishing Corporation, 1934), pp. 16-17.

⁸Ibid., pp. 16-17.

example of cooperation is seminars held for law and business students designed to discover the relationships between business and law.

The school of business as part of a university family had made it possible for students of business to mingle with students of other fields in extracurricular activities and in campus life in general. This situation has helped them gain healthful, broadening influences from students of other fields and has contributed to the widening of horizons of both groups.

The external factors and forces influencing collegiate education for business have provided the framework for the functioning of schools of business. They have definitely molded the thought underlying collegiate education for business. Suffice to say, collegiate education for business itself, on the other hand, has during the years grown into a force of such proportions and unity that its effects in society are undeniable.

Internal Factors

Inasmuch as collegiate education for business has now existed for more than half a century and inasmuch as seventy schools now hold membership in the American Association of Collegiate Schools of Business, it can be expected that there have been factors and forces that have originated and exerted their major influence within this universe. Some of these influences are attributable to the work of the Association and to that of other associations related to the field; several of them have originated in individual schools outside the associational efforts.

Factors which have originated within the domain of an individual school of business and which affect that particular school primarily are also in existence. Some of them can be identified as personal influences; others, as impersonal.

Influences Pertaining to Collegiate Education for Business

When the central organization in the field of collegiate education for business, the American Association of Collegiate Schools of Business, was established in 1916, other associations related to the field had already been functioning for years. The American Economic Association, for instance, was founded in 1885. All of these associations have had influences on education for business at the university level.

In addition to the influences gained through associational contacts, there have been those which have originated in individual schools but which have had an effect on other schools. Imitation of the leading schools by other schools and movement of faculty members from one school to another are important influences of such nature.

Influences of Professional Associations

The existence of the American Association of Collegiate Schools of Business covers the major part of the existence of collegiate education for business. The annual meetings of the Association have provided opportunities for the deans of the schools to discuss their major problems and to exchange views on administrative and educational questions. However, the work of the Association has not been as

effective as was hoped by some of its founders and by some business educators who have served the Association in administrative positions. By being an association of schools--in reality an association of deans who represent schools of business--the A.A.C.S.B. has drawn on persons who have a field of common experiences in their administrative work, but who represent different business disciplines as far as their academic fields are concerned. This factor has been a fruitful one in making it possible to obtain viewpoints of persons from different fields; but it has, on the other hand, restricted the common area of acquaintanceship and experiences in the treatment of educational problems.

Inasmuch as the Association has had only one annual meeting, usually lasting for three days, there have been relatively few regular contacts among the deans. Some of the discussions at the meetings have been devoted to administrative problems; others have dealt with pertinent educational problems in business administration.

The Association would undoubtedly exert a greater influence than it does now if, in addition to the deans' meetings, it would include meetings for representatives of various subject-matter fields. Instructors of different business disciplines attend meetings of their own professional associations such as the American Accounting Association, the American Marketing Association, and the American Finance Association. However, when they meet in these associations they come together as students of different subject-matter fields, not necessarily as business educators. It has to be admitted that these associations give some attention to the educational aspects of their

fields, but mostly the discussions concern pure subject-matter questions with no relationship to the teaching aspects.

The efforts of the A.A.C.S.B. have only recently resulted in the establishment of the Council for Professional Education for Business to link together the large number of associations in business education at the university level. The associations participating in the first meeting to explore the possibilities for the founding of the Council were:

American Accounting Association
 American Finance Association
 Beta Gamma Sigma
 The American Association of University Teachers of Insurance
 American Collegiate Retailing Association
 American Business Law Association
 American Business Letter Writing Association
 Associated University Bureaus of Business and Economic
 Research
 Academy of Management⁹

The future will reveal the successfulness of the Council in building a bridge among the different associations and in elevating the quality of instruction and research in business administration.

The different associations referred to in connection with the establishment of the Council for Professional Education for Business have been working efficiently in their specialized areas. It has to be remembered, however, that these associations also include members from outside collegiate education for business: men from government and business. Therefore, they have not been advancing the cause of

⁹Proceedings of the American Association of Collegiate Schools of Business (mimeographed), April, 1951, p. 5.

collegiate education for business as their sole purpose but have divided their attention and efforts among several pursuits.

The publications of the associations in question have been beneficial to the members of the A.A.C.S.B. This is especially so because the A.A.C.S.B. does not have any regular publication. The lack of a regular publication probably has had an adverse effect on collegiate education for business. The publications of the different associations--some of them regular, others occasional--have provided opportunities for business school faculty to exchange views on educational problems as well as on questions pertaining to the subject matter of their fields.

Influences of Schools Individually

The looseness of the central association in the field of collegiate education for business has left ample room for influences from individual schools outside the associational contacts. Some of these influences have revealed themselves in the imitation that has been going on among schools. During the early years of the movement there were frequent cases in which a newly established school built its philosophy and its curriculum according to the pattern provided by a school established earlier. This imitation has continued to varying extents in different aspects of collegiate education for business. The newer schools, in many respects, still follow the lead of large old schools; and courses that appear in the catalogues of long-established schools soon find their counterparts in the catalogues of newer, less well-known schools. The same can be said about research studies. Part of this is undoubtedly attributable to the existence of a leading group

of schools in the field, in terms of physical and educational resources; part of it is perhaps attributable to the urge "to keep up with the Joneses."

There are also some rather subtle and informal ways in which the thinking in one school may affect another school. The moving of a faculty member from one school to another may mean "an import" of healthful ideas and practices. Influences are also experienced in one school through the employment as instructors of graduates of another school. Similar effects may be achieved through exchange and visitation of instructors among schools.

Influences from Within a School of Business

The functioning of a school of business is dependent on personal and impersonal resources. The personal element is the leading and coordinating one and is actively engaged in the founding of the school, in its administration, in the teaching and research work, and in many an activity such as committee work carried on by the business school faculty.

The impersonal element provides the immediate framework for the functioning of a school of business. Some impersonal influences exist because of the close relationship of the school of business to the rest of the university organization. There are others such as the internal organization of the school and its physical characteristics that do not depend on this relationship.

Personal Influences

Because collegiate education for business has been the field of work for numerous persons--as founders of schools, administrators, instructors, and researchers--the assumption can be made that these people have exerted through their work an influence on the field with which they have been associated.

Founders and administrators of schools of business. The earliest influences on an individual school of business were exerted by the persons originating the ideas for the establishment of the school and by its founder or founders. What kind of men were, for instance, some of the originators of the first schools who gave an impetus not only to the founding of their schools but also to the launching of the whole movement?

General Robert Edward Lee, originator of the idea for the establishment of a school of business at Washington and Lee University, Lexington, Virginia, in the late 1860's was the leader of the army of the Southern States in the War between the States. After the War he was appointed President of Washington and Lee University. As an army general, Lee is known to have been a very able administrator, being a person with a broad education. The fact that he, an army administrator, made the suggestion for the establishment of the school of business at his university indicates that he in his administrative work--both in the army and in the university he served--undoubtedly had observed a lack of administrative ability in men with whom he had been associated. He was convinced that the general and common characteristics of fields of administration were teachable. Management instructors

and researchers of today in their search of unifying and common management principles from the institutions of army, church, and government, in which administrative work was done much earlier than in business, have as one of their strong supporters General Lee, one of the first to champion the establishment of a school of business.

Joseph Wharton, the founder of the Wharton School of Finance and Commerce, was a son of a Philadelphia Quaker family. His father descended from Thomas Wharton of Westmoreland County, England; and his mother, Debora Fisher, from John Fisher who came to America with William Penn on the ship "Welcome."¹⁰

Joseph Wharton's formal education ended early, although it is generally known that he educated himself as long as he lived. After having earned a fortune, he spent a great deal of it to benefit two institutions of higher learning: the University of Pennsylvania and Swarthmore College, which was founded by his mother.

During his business career, Wharton was the first person to discover nickel in the United States, the first manufacturer of zinc, the largest individual producer of iron, and the largest stockholder of the famous Bethlehem Iron Works.¹¹ "In all his business experience, he observed that young men were largely ignorant of what they must face in the world His mind and heart seem to have been

¹⁰Anna Wharton Morris, "Joseph Wharton. Discoverer of Malleable Nickel in the United States. 1826-1909." Germantowne Crier, V (May, 1953). Mimeographed reprint of the article available in the Lippincott Library of the University of Pennsylvania, p. 1.

¹¹Ibid., pp. 1-3.

constantly planning a way to help these fellows to prepare for a life of straight thinking and straight living."¹²

In Joseph Wharton the movement of collegiate education for business had a promoter who possessed, among other laudable qualities, a strong character, an ability to invest, and an outstanding administrative capacity. He was not an acquisitive type of businessman; he was an unselfish man who was sincerely concerned about the possibilities of his fellow men who were preparing for business positions. Having pursued a very successful business career without special formal education for it, he was in an excellent position to appreciate the difficulties of the young men of his day going into business.

Another founder, Amos Tuck, the donor of funds for the school named after him at Dartmouth College, Hanover, New Hampshire, was a banker and engaged in large-scale banking activities in Europe. During the course of his business dealings on the international level, he had seen the qualities needed for the successful operation of such transactions. Through his influence the Amos Tuck School began to place a strong emphasis on a broad general education and on foreign languages. In addition to making a personal donation to Dartmouth College, Amos Tuck is known to have influenced the thinking of George F. Baker, who later made a five million dollar donation to Harvard University for the buildings which now house the Harvard Graduate School of Business Administration.¹³

¹²Ibid., p. 3.

¹³Information obtained in a personal interview with Professor Herluf V. Olsen, former dean of the Amos Tuck School of Business Administration, in Hanover, New Hampshire, March, 1954.

The originators of ideas for the establishment of collegiate schools of business, of whom Lee, Wharton, and Tuck serve as examples, were men of farsightedness and wide perspective. It was not money or other support only that these men made available for the schools they helped found. Besides the "donation" were wise judgment, an honorable motive, and carefully thought out plans. Furthermore, these men gave the ripe wisdom of their experiences.

Undoubtedly there have been other men whose names are not as well known to the contemporary world as the names of Lee, Wharton, and Tuck, but who have made very valuable contributions to the cause of collegiate education for business by introducing ideas to university administrators and by working on committees in the beginning phases of the establishment of many schools of business.

If the founders are compared with men who chart a new course on the sea, the early administrators can perhaps be compared with navigators who take their vessels for the first time along the new routes.

One of these "navigators" was Professor Edmund J. James, who was a guiding spirit in the development of the Wharton School of Finance and Commerce from 1883 until 1896. Inasmuch as the School was established in 1881, those years between 1883 and 1896 were very decisive for the direction the work of the School was to take.

James can be classified both as a founder and as an administrator, having pioneered in the establishment of collegiate education for business for many years. At the request of the American Bankers Association, he studied the status of education for business in the United States and in several European countries in the beginning of

the 1890's and presented his findings to the Association. The study by James resulted in a wholehearted support of the idea of the necessity of promoting collegiate education for business in the United States by the American Bankers Association. The spread of enthusiasm among bankers led to donations of money and to the founding of schools.

James also worked for the establishment of the American Economic Association; and in his later capacity as president of the University of Illinois, he was influential in the establishment of a school of business at that university.

Edwin Francis Gay, the first dean of the Harvard Graduate School of Business Administration, was an internationally known economic historian. Having spent twelve years in Europe studying under Wilhelm Roscher and Gustav Schmoller, among others, he became, after a few years of instructorship, the dean of the newly established school of business at Harvard and the first native-born American to occupy a chair in economic history in an American university.¹⁴ A memorial dedicated to him includes the following statement about his work at Harvard:

Only his strong conviction that business is a profession for which one needs graduate training similar to that given in law and medicine induced Gay to turn from scholarship, teaching, and the guidance of research to university administration. Demonstrating the great organizational capacity that marked his entire career, Gay put the Business School on its feet, financially and scholastically, and indelibly colored its subsequent policies.¹⁵

¹⁴Earl J. Hamilton, "Memorial: Edwin Francis Gay," The American Economic Review, XXXVII (June, 1947), p. 412.

¹⁵Ibid., p. 410.

Gay worked for the federal government in many positions, which he was called upon to occupy at one time or another. One of his outstanding contributions to the field of research in economics and business was the lead he took in planning and organizing the National Bureau of Economic Research with Professor Wesley C. Mitchell. Gay was also one of the leading men in founding The Journal of Economic and Business History in 1928. The work which Harvard University has been doing since Gay's time in research in economic and business history has been built on the foundation laid by Gay.

Gay's work was basic to the development of the Harvard Graduate School of Business Administration and was beneficial to the whole field of collegiate education for business. He brought to them the depth view of a learned historian.

The University of Chicago was fortunate in having L. C. Marshall as the first dean of its College of Commerce and Administration. As an economist, lawyer, social scientist, and administrator, he laid a firm foundation for the later development of the school. He inaugurated the publication of textbooks in economics and business administration and took a keen interest in the development of the field of collegiate education for business as evidenced by his work as the founder of the American Association of Collegiate Schools of Business.

In publishing his book The Collegiate School of Business¹⁶ in 1928, Marshall became the first one to write a comprehensive treatise on the development of the field of collegiate education for business

¹⁶Leon C. Marshall, The Collegiate School of Business. Its Status at the First Quarter of the Twentieth Century. (Chicago: The University of Chicago Press, 1928).

in the United States. By taking stock of the path traveled during the first quarter of the present century and by presenting constructive criticisms and suggestions for improvement, Marshall made a service to the field which hardly could be overestimated. His later prolific writings have included many on collegiate education for business.

Dean Wallace B. Donham, the successor of Dean Gay in the Harvard Graduate School of Business Administration, had distinguished himself in business before being invited to become the dean of the School. As a lawyer, banker, and student of finance and with experience in legislation, he brought to the School a wide background of experience and knowledge. A business administrator himself, Dean Donham was able to build close connections between the School and the business world.

One of the outstanding contributions of Dean Donham to collegiate education for business is the development of the case system as an instructional method. Another is the work on human relations initiated at Harvard. His thinking relative to the importance of understanding the human factor is revealed by the following excerpt:

For the businessmen, however, as we gradually came to realize, the characteristics of men and their behavior as they live and work together are basic,--far more fundamental than any economic principles or reasoning. A course, therefore, in Business Economics is less basic than a course in Human Relations.¹⁷

The early administrators, of whom James, Gay, Marshall, and Donham have been mentioned as examples, were all men who inaugurated

¹⁷Wallace B. Donham, Graduate School of Business Administration. Report to the President of Harvard University. Reprint from the Report of the President of Harvard College and Reports of Departments, 1941-42. (Cambridge, Mass.: Harvard University Press, 1942), p. 5.

the practical implementation of the ideas of the founders and of the evolving philosophies of their schools. One of the difficult tasks they faced was getting a faculty and developing unity of purpose in the group of several men with differing academic backgrounds. The situation at Harvard is described by Dean Donham as follows:

In spite of gradual harmonizing of methods and the habit of looking at facts, we continued to be an aggregation of specialists. We lacked a conceptual scheme which would pull the work and thinking of all members of the Faculty together in efforts toward a common goal. Our attention was focused on business, but we had no clear cut point of view which gave unified purpose to the specialized approaches of different members of the Faculty.¹⁸

So it gradually dawned on us that the important word in the name of the School is not business but administration. We are studying and teaching administration oriented in the fields of public and private business but our fundamental job is administration. We came to realize that Business Administration cannot be approached effectively by aggregating the conclusions of specialized social scientists or of specialists in particular fields of business. All these specialized points of view have their value but all reach conclusions from premises picked out from the total mass of pertinent facts by different and often badly defined tests. Each ignores many elements vital to business administration. When there is no agreement on premises, conclusions cannot be integrated.¹⁹

In addition to having to weld the faculty together, the first administrators found that their creative work also included the research in business that would aid in curriculum construction. Materials had to be collected from business for instructional purposes also, and guiding principles had to be developed for the educational programs of the schools.

¹⁸Ibid., p. 4.

¹⁹Ibid., p. 6.

For the study of business administration at the university level there were no admission and degree requirements. They had to be created. The standards for admission and degrees in the old professions were of guidance value to a certain extent. However, because of differences between the nature of the old professions and the nature of business, which was to be raised to the level of a profession, those standards were not of great importance. In the creation of a foundation for the academic work of the schools of business, cooperation with other schools was sought. Thus the American Association of Collegiate Schools of Business was established in 1917 to facilitate cooperation among the schools.

The first administrators were greatly handicapped in their work by the lack of adequate physical facilities. However enthusiastic the different faculty members were about advancing the cause of business education, their efforts became increasingly difficult when the faculty grew in numbers and when, as in some schools, no common meeting place was available.²⁰

Establishment of ties among schools of business and business was a task that made demands on the time and energy of the early administrators. Securing the cooperation of business involved difficulties because the point of view still common among businessmen was that a college education was not necessary for success in business.

The tasks with which the first administrators were faced were not easy ones. Their work to fulfill those tasks has been carried on by many able successors. Many of them are contemporary men whose

²⁰Ibid., p. 3.

activities are so closely knit with the activities of the present day that they do not lend themselves to careful analysis.

Teaching and research personnel. The persons who, in addition to administrators, have a major responsibility for the implementation of the objectives and philosophies of schools of business in actual practice are the instructors. In their positions between the administration and the student body of the school, so to speak, they have all the opportunities for building mutual understanding and cooperation between the two.

As an indication of the extent of influence the personality of an instructor may exert in an American school of business, a course-- or even a curriculum--may be offered because a person on the faculty, in addition to his ordinary teaching field, is well versed in the area of knowledge. Inclusion of the subject or course in the curriculum may not necessarily be evidence of the administration's willingness to recognize all the abilities of a faculty member and to take advantage of his resources. It may be that the person concerned has brought pressure to bear on the administration in order to increase the number of subject-matter areas or courses taught by him and to add to his influence on the faculty and in the department of which he is a part.

The faculties in schools of business have included many outstanding teachers, whose work has been of great value to the school in which they have worked and for other schools as well. S. S. Huebner Foundation for Insurance Education at the University of Pennsylvania serves as a reminder of the great personality of a pioneer teacher in the field of insurance education. Professor Melvin T. Copeland, a

pioneer professor of marketing and director of research, has accomplished much that has benefited Harvard and the whole field of collegiate education for business.

The rating of instructors by students on their knowledge of subject matter, teaching ability, and personal qualities from time to time is an indication of the emphasis placed in American schools of business on other factors besides scholarship in teaching personnel. Emphasis on personal qualities of instructors has been given impetus by studies of which the following may be mentioned as an example:

A survey conducted among 1,670 alumni of the Wharton School in 1929 indicated that "The character training, and academic and business experience of the teaching staff is a more important determinant of the success or failure of undergraduate instruction than either the content of courses or methods of instruction. The most effective teachers are those who not only know their own fields at first hand and also are familiar with related fields, but who have a primary interest in undergraduate instruction and whose temperaments permits [sic] them to serve as sympathetic guides and counselors to their students. Small classes, organized as seminars or discussion groups or individual conferences as in senior research, are the most effective means of enabling able teachers to influence the mental and moral development of their students."²¹

The extent to which research personnel can be identified with teaching personnel varies from school to school. In some schools there is a central bureau of business research; in some schools, as in the Wharton School, research is carried on by the faculty individually or in groups.

²¹James H. S. Bossard and J. Frederic Dewhurst, University Education for Business. A Study of Existing Needs and Practices. (Philadelphia: University of Pennsylvania Press, 1931), pp. 242-243.

The teaching and research personnel, due to the nature of their work, act as liaison officers between the school of business and the business community. On their attitudes and work the success which the school has in establishing and maintaining relations with business may be dependent to a large extent.

Some of the teaching and research personnel are students who as graduate assistants and degree candidates participate in the teaching and research work of the schools. For the students the opportunity to acquire teaching and research experience under expert guidance of full professors during their period of study is of great value. From two other viewpoints the employment of graduate students as assistants to full professors may involve disadvantages. First, replacement of full professors by graduate assistants may be a loss to the students studying the particular subject in that they are given something less than superior instruction from competent members of the faculty. Second, the employment of graduate assistants may require a great deal of supervision by the full professors. Thus, the reduced teaching loads of full professors do not necessarily mean less work.

Committees. The functioning of the schools of business is characterized by many committees, some of which are composed of faculty only and others of both faculty and students.

American collegiate schools of business are constantly alert to changes in the country's economic life and re-examine their offerings in the light of requirements and needs of business. Many an evening spent by faculty members in curriculum committee meetings involves work that promotes exchange of ideas and helps clarify thinking about

common problems among the representatives of different subject-matter areas. Many discussions on the philosophies of schools of business have been carried on at these meetings. Having exact records of those discussions would be helpful as a basis for understanding the differences in the philosophies of the schools. However, in most cases only the major decisions are recorded; that is, very little, if any, of the reasoning behind the decisions is recorded.

Another kind of committee, admissions committee, is concerned with the development of admissions policies and interpretation of admissions requirements in different cases. The work of such a committee is made difficult by the transfer of students from universities and professional schools of greatly different levels.

Student-faculty committees are a part of the democratic administration of the schools of business in the United States. In the meetings at which both the faculty and students are represented many problems have been solved to the satisfaction of both groups.

Societies and clubs. Healthful cooperative work between faculty and students also takes place in many student organizations in the schools of business. They provide opportunities for the development of personality and character traits corresponding to the ideas of American educational philosophy. Furthermore, some of them as honor societies contribute to the promotion of scholarship. Advancement of professional growth is one of the purposes of all societies and clubs.

Impersonal Influences

The personal element in the schools of business is conditioned by impersonal influences, which contribute to the atmosphere of the

schools. Of the impersonal influences the internal organization of the school and the physical characteristics definitely influence the functioning of the school.

Organization of the school. The internal organization of the school of business is characterized by varying degrees of departmentalization in different schools. This departmentalization which means both the administration of the teaching of business disciplines and their advancement in terms of research has all the advantages of decentralization. In some schools the extensive departmentalization may have created rather independently functioning small "worlds," which have led to personal jealousies and frictions detrimental to healthy cooperation. There is the danger that this kind of situation creates artificial barriers among the different subject-matter areas.

Participation of faculty in the administration of the school through service on different committees has contributed to removal of barriers among departments. So have the efforts at integration in the teaching of business disciplines.

Physical characteristics of the school. The location and design of the building or buildings for a school of business and the quantity and quality of material resources available for its operation are important factors in creating the atmosphere for the work of the school. There are schools in large cities, and there are schools in small inland towns far from arteries of business. As for the design of buildings, many of the schools built during the early decades of collegiate education for business, when the growth rate in the number of schools established and in the number of students enrolled was very

high, were built without a great deal of planning. The school buildings designed during the more recent decades evidence a full recognition of the conditions of scholarship.

The material resources available for schools of business are in many cases plentiful--at least in the eyes of a European observer--making possible the facilitation of the work of the school through the employment of a large secretarial and clerical staff and through the use of many mechanical devices.

Most of the internal factors originate within an individual school of business, but their influences often exceed the boundaries of a school and are experienced within the whole area of collegiate education for business. The bigger the radius of an influence becomes, the harder it is to separate it from other influences and to see it in the proper light.

Summary

An analysis of the factors and forces that have influenced the development of collegiate education for business and, thereby, the thought underlying the field reveals that the field has been subjected to numerous influences from widely different sources. As any human institution, it has been affected by its physical and ideological environment as well as by developments within its own domain. It has grown out of a contest among many conflicting interests and pursuits. If the analysis made has given any aid in comprehending the tug of this contest, it has contributed to the understanding of this field of higher education.

CHAPTER VII
ECONOMICS AND THE BUSINESS DISCIPLINES

Inasmuch as economics is the mother science of business disciplines and has continued to serve as the bedrock of business curricula, understanding the thought underlying collegiate education for business would be aided by an examination of the relationship between economics and the business disciplines. Basic to an examination of the relationship is an understanding of economic thought since the inception of collegiate education for business.

Economic Thought Since the 1880's

Economists who in their writings have reviewed the history of economic thought in the United States generally see a great revival and an expansion in American economics during the latter part of the nineteenth century.¹ Up to that time economics, having its roots in England, had formed the basis for political economy which was taught on a limited scale in American universities.² In the decades following the Civil War, however, urgent monetary and fiscal problems and the economic reconstruction of the Republic aroused an interest in economics, which appeared in the treatment of practical economic problems and in

¹Cf. Lewis H. Haney, History of Economic Thought (4th and enlarged ed.; New York: The Macmillan Company, 1949), pp. 879-886; and J. M. Clark, "Accomplishments and Prospects of American Economics," The American Economic Review, XXVI (March, 1936), pp. 1-11.

²Richard T. Ely, Ground Under Our Feet. An Autobiography. (New York: The Macmillan Company, 1938), p. 129.

the academic recognition of economics through the establishment of chairs in economics in universities. Some economists consider this profound reorientation in American economics to have begun from the first decade following the Civil War period; some of them credit the turn to the establishment of the American Economic Association in 1885. Be the exact dating of the turn as it may, the change that took place in the field of economics characterized the time when business disciplines began branching out from economics and when ideas for the establishment of collegiate education for business were introduced.

Background

A brief examination of some of the reasons for the formation of a "crust" over economics in the United States in the eighteenth century and in the first half of the nineteenth century would perhaps facilitate understanding of the revival and expansion that took place in American economics in the latter half of the nineteenth century.

First, in the colonial days and during several decades after the United States had gained its independence, the American people were absorbed in building their country and in subduing the continent. Consequently, there was not much time left for trying to find philosophic explanations for the activities of the day.³ Even though the country was fortunate in having such outstanding leaders as Franklin and Hamilton, little time was available for them and others for economic theorizing. The practical problems of the day were so overwhelming that they occupied the time and energy of all concerned.

³Ibid., p. 121.

Second, the development of any science is dependent upon a favorable atmosphere for its cultivation. There were few universities in which economics was taught and studied and still fewer with a chair in economics. "And the absence of careers for young men who wanted to devote themselves to economics was a serious obstacle to the development of the science."⁴

Third, the early American economists had little, if any, personal connection with each other. "In only a few cases were they even acquainted with each other's writings."⁵ It was natural, then, that the economists looked outward to the writings of the English Classical School. Without knowing what their own compatriots were thinking and writing, many American economists endorsed uncritically the doctrines of English economists. A great deal of time and effort was wasted in the tracing of the same steps by different men.

Fourth, there was a contemptuous attitude toward economics in general. Much of it was undoubtedly due to a lack of understanding of the field and its potential services. As taught in American colleges, political economy was considered dull and sometimes called the "dismal science" and sometimes "dry bones."⁶ There was a belief that almost anyone could teach political economy. Amasa Walker, an economist himself, is known to have written: "Although desirable that the

⁴Ibid., p. 124.

⁵Ibid., p. 129.

⁶Ibid., p. 125.

instructor should be familiar with the subject himself, it is by no means indispensable."⁷

Considering the circumstances of the time, no wonder economics was in an "underdeveloped" stage.

Period of Orientation⁸

A man whose work was among the early signs of the change that was taking place in American economics in the latter part of the nineteenth century was General Francis A. Walker. Not being narrow and absolute in his doctrines, he was an exception in the group of the early economists. In addition to becoming known for his attack on the wages-fund doctrine, he distinguished himself through the separation of the entrepreneur function.

A group of Americans who went to German universities for advanced study in political economy had a very decisive influence on the nature of American economics from the 1880's on. Henry C. Adams, John Bates Clark, Simon Patten, Edmund J. James, Edwin Seligman, and Richard T. Ely, among others, became conscious of the defects of the traditional theory in the United States and felt an urgent need to build a better structure of economics in the country on a sound foundation.⁹ In an effort to accomplish this purpose they worked for the establishment of the American Economic Association, which materialized

⁷Haney, op. cit., p. 881.

⁸Periods used here are those used by J. M. Clark in his article "Accomplishments and Prospects of American Economics," The American Economic Review, XXVI (March, 1936), pp. 1-11.

⁹Ely, op. cit., p. 121.

in 1885. The Association at once became the center of economic activities and thinking and stimulated the further development of the science. Many of its early monographs included ideas which later developed into well-rounded theories.¹⁰ The work of the Association has not been without practical effects either; the activities of the different committees of the Association and the reports they have published have contributed to the improvement of the federal census and of many governmental measures.

Marginal Equilibrium Economics

During the last decades of the nineteenth century and the first two decades of the current century, no distinct schools appeared in American economics, although there were some divergencies in the thinking of economists. The use of marginal utility, of marginal productivity, and of equilibrium constructs as tools in economic analysis indicated a paralleling of economic theorizing in the United States with the thinking of the Austrian School and with that of Alfred Marshall in England.

John Bates Clark (1847-1938), Simon N. Patten (1852-1922) Irving Fisher (1867-1947), F. W. Taussig (1859-1940), and H. J. Davenport (1861-1931) were among the leading theorists of the period.¹¹ While Clark, one of the greatest constructive general theorists America has produced, and Patten were highly idealistic in their philosophies and abstract in their theorizing, Fisher and Davenport

¹⁰Haney, op. cit., p. 885.

¹¹Ibid., pp. 887-95.

prepared the way for "price economics" through the former's mathematico-accounting economics and the latter's entrepreneurial point of view.¹²

Period of Effective Criticism

The period of World War I and the depression of 1921 following it inaugurated a time of criticism against the economics of the day. Attacks were made on the hedonistic psychology underlying marginal utility, on the ethical implications of marginal productivity, and on the static nature of the traditional theory.¹³ The Institutionalists, with Veblen as an outstanding exponent, exposed many of the unreal assumptions of the orthodox economics. By emphasizing the role of institutions in society and the importance of irrational motives in human behavior, they reinforced many of the criticisms leveled against the Classical School. In revealing many of the disadvantages to society of absentee ownership and of the effects of pecuniary motives in business covered under the "cloaks" of price fixing and monetary manipulations, Veblen brought business into the foreground.

Before the end of the 1920's, much of the criticism leveled against economics subsided, and constructive inquiries into the field were made. The kind of work inaugurated by W. C. Mitchell in his Business Cycles, which was published in 1913, was followed by many attempts at quantitative analysis.¹⁴ Some of the analyses were made by mathematical economists using econometrics.

¹²Ibid., pp. 894-95.

¹³Ibid., p. 896.

¹⁴Ibid.

The depression years gave a deathblow to the laissez-faire doctrine and a birth to imperfect competition theories and to many ideas of social planning. Furthermore, they had in store the work of John Maynard Keynes (1883-1946) in The General Theory of Employment, Interest, and Money, which appeared in 1936 and which was to have a great influence on American economics. In addition to theories dealing with the determination of particular prices or values, macroeconomics was to occupy a main interest among economists. Analysis of national income and its components, the management of aggregates, and the monetary aspect of economic problems were to be brought into the foreground by economists.

Recent Tendencies

* Since the latter part of the 1930's, building of theory has been on the upgrade in the United States, with the different areas of theory indicating different degrees of advancement.

Price theory has held a dominant position in economic theorizing, but it is no longer the beginning and end of economic analysis.¹⁵ The theory of prices has continued to hold a dominate position in economic study; but it is no longer considered the only major element of economic analysis, and no longer is every price explanation of Marshallian origin. Imperfect competition theories have occupied an important place in economic price analyses.

The use of statistics and mathematics in economics has continued since the 1930's, when many price and cost studies became an impetus for further investigation.

¹⁵Emil Kauder, "Recent Developments of American Economic Thinking," Weltwirtschaftliches Archiv, LXVI (I, 1951), p. 165.

The World War II period and the mobilization activities of the early 1950's have called for some degree of planning in industrial production and in the use of resources and have thus stimulated the work of econometricians in model building. This work has also accrued for the benefit of budgeting and business forecasting.

Business cycle theory has continued to occupy an important place among the areas of theory developed by economists. Econometric models have been constructed also in this area of economic theory building. The purposes of these models are the same as of any type of business cycle research: (1) to explain historical events; (2) to forecast future developments under certain conditions; and (3) to indicate the probable consequences of measures of business cycle policy.¹⁶

As revealed by the writings of economists in professional literature, especially in the economic journals, the work of many American economists is characterized by a highly analytical approach to the refinement of theory that is going on. In addition to "purely" micro-economic or macroeconomic questions, the problems of "no man's land" dealing with the relation between the structure of relative prices and income, on one hand, and the amount of total economic activity, on the other hand, remain to be of chief concern to economists.¹⁷

¹⁶Jan Tinbergen, "Econometric Business Cycle Research," in Readings in Business Cycle Theory selected by a Committee of the American Economic Association. (Philadelphia: The Blakiston Company, 1951), p. 62.

¹⁷J. M. Clark, "Educational Functions of Economics After the War," The American Economic Review, XXXIV, Part 2, Supplement (March, 1944), pp. 65-66.

Relationship Between Economics and the Business Disciplines

A comparison of developments in economics with those in the business disciplines reveals three periods characterized by a different relationship between these two fields: first, in the beginning of their development, business disciplines were built on the foundation provided by economics; second, with the ideas of the Neo-Classical School dominating economic thinking in America during the first two decades of the current century, a cleavage existed between economics and business disciplines; and third, since the 1920's there has been a gradual building of a wider meeting ground between economics and business disciplines and a trend toward a fruitful cooperation between the two.

Outgrowth of Business Disciplines from Economics

In injecting new life into American economics, the group of American economists responsible for a period of fermentation in American economics in the 1870's and 1880's did not confine their attention to the ideas and doctrines of their predecessors only. They also observed life about them. This is evidenced, among other things, by the separation of the entrepreneur function by Francis A. Walker, who, in this work, "was no doubt guided by the great development of business organization and management in America."¹⁸ The thesis is also supported by the adoption of the entrepreneur point of view by H. J. Davenport and by the many publications which the economists of that period wrote

¹⁸Haney, op. cit., p. 880.

on questions dealing with business life. Taxation, cost of production, railroad transportation, and finance were beginning to receive attention by economists.

All this work by economists gave impetus to the development of business disciplines by indicating relationships to the science of economics. The influence of economics on the branching out of business disciplines from economics is evidenced by the relating of business disciplines to economics that was done in the beginning stages of the movement of collegiate education for business. Study of insurance, for instance, was usually inaugurated by the study of the economic theory of risk.¹⁹

The influences exerted by economics and economists on the development of business disciplines in the beginning decades of the existence of collegiate education for business were in many cases subtle and intangible in nature. Many of them sprang from personalities in ways that only afterwards have become evident. Tracing the history of marketing thought, for instance, reveals that the early development of marketing took place at universities in which economics was a well-established subject. (See Chapter IV.) The building of the thought was not done by the prominent economists of the day but by those of their students who had both practical experience in the distributive activities of businessmen and an ability to employ their knowledge of economics in marketing research. "Interest in marketing germinated not so much in specific courses in that subject as in progressive study of

¹⁹Announcement of The Amos Tuck School of Administration and Finance, 1904-1905. (Hanover, New Hampshire, 1904), p. 31.

economics."²⁰ Foremost among such universities were Harvard and the University of Wisconsin.

Another way in which the influences of economists were brought to bear on collegiate education for business was through the personal contributions of economists on the faculties of the universities at which schools of business were established and through their work as educational leaders in the economics-business area. The aid rendered by economics to the development of business disciplines came in a rather indirect way. Therefore, it has not always been duly recognized. Also, because of the rendering of aid at the same time entailed some control--some dominance of the department or division of economics over the business disciplines--it was a mixture of advantages and disadvantages. The question of which ones of these outweigh the others seems to create a difference of opinion among contemporary business educators.

Cleavage Between Economics and the Business Disciplines

The first decades of the current century found American economists developing the framework of marginal equilibrium economics and engaged in largely deductive reasoning. As a result of the highly theoretical nature of the economics of the first two decades of the century, the developing business disciplines received relatively little attention and support from economics. Persons engaged in the development of business disciplines through the collection of materials from

²⁰Robert Bartels, Influences on the Development of Marketing Thought, 1900-1923. Reprint from an article in The Journal of Marketing, XVI (July, 1951), p. 5.

business turned to practical investigations, and business curricula with courses in the techniques and mechanics of different business functions appeared. The nature of the courses offered in the beginning of the century is indicated by their descriptions:

1. Practical Banking. -- Examination of the mechanism and methods of different banking institutions, organization, note issues, circulation, reserves, investment of deposits, loans and discounts, bills of exchange,²¹
2. Foreign Commerce of the United States. -- Detailed study of the methods and forms employed by American merchants in their dealings abroad, including cable codes, orders, invoices, bills of lading, customs formalities, marine insurance, and ship's papers.²²

If the assumption can be made that course descriptions in the catalogues revealed the true nature of the courses offered, a great emphasis was placed on the practical aspects of business instead of on the building of theory.

Concern of the quality of instruction in business subjects is revealed by some writings of the day. A paper presented at the annual meeting of the American Economic Association in 1914 contained the following statement about instruction in business administration: "But it has been principally concerned with the physical, commercial, and

²¹Announcement of The Amos Tuck School of Administration and Finance Associated with Dartmouth College for the Year 1904-1905. (Hanover, New Hampshire, 1904), p. 26.

²²Ibid., p. 28.

financial aspects of the economic process. And it has remained largely on the plane of technique."²³

During the time when a cleavage existed between economics and business disciplines, business materials were collected and inductive reasoning was done in the field of business administration; but the bodies of theories were only slowly evolving.

Bridging the Gap Between Economics and the Business Disciplines

The period of criticism that began in economics around the turning of the second decade into the third in the current century gradually brought about a more realistic outlook on business among economists. The questioning of the validity of the assumptions in the orthodox economic theory caused economists to observe the business world. Foremost among the critics were Veblen and other institutionalists. By emphasizing an aspect of economic life--the role of institutions--that had been greatly neglected in the orthodox theory, they had a widening influence on the thinking of other economists. Negative as their attitude toward business was, they made other economists and the public in general aware of the role of business in society and contributed to the bridging of the gap between economics and business disciplines. In affecting governmental policies and economic thinking in governmental circles, Institutionalism further influenced the development of business disciplines.

²³Edward D. Jones, "The Relation of Education to Industrial Efficiency: the Study of the General Principles of Administration," The American Economic Review, V, Part 2, Supplement (March, 1915), p. 212.

When economists in their investigations began collecting data from business to an increasing extent in the 1920's and 1930's, they were dealing with the same source of information as business educators. Consequently, this situation was apt to draw economics and business disciplines closer together. In some cases economists themselves conducted business investigations for the federal government--studies sponsored by the National Recovery Administration in the 1930's, for instance--and thus learned the problems of businessmen firsthand. The building of economic theories was enriched by contacts with business.

Another factor contributing to the development of a favorable relationship between economics and the business disciplines was the criticism leveled by businessmen and the general public against the products of schools of business in the 1930's. The component in the educational programs of business graduates to which many of the critical statements pertained was economics. Men had been educated for the management of one enterprise only and lacked an education for conducting the affairs of the whole economy. Thus, both economics and business education had to share in accepting the same criticism. As any adversity has a unifying effect on the objects exposed to it simultaneously, economists and business educators alike were united in the feeling of responsibility for the future course of events in the American economy.

The economic trends that had their beginnings in the 1930's have further reinforced the closer cooperation between economics and business disciplines. The national income economics includes a new approach to

the concept of national income.²⁴ Up to the thirties the national income figures were considered to be interesting figures revealing the flow of income and cost streams running through the economy. The new approach to these figures contains an active element toward them: the nation can do something about those figures. Their amounts can be affected by intentional actions. Who, especially, is in a position to affect them? The men of industry and business. Thus responsibility for the heights of the macroeconomic aggregates falls largely on businessmen, with the responsibility shared by government and the public.

A central position is often given to the national income approach in research on and in teaching of business disciplines. This is indicated, among other things, by the inauguration of many research studies and university courses through a setting provided by the national income figures. The building of the structure of an investigation or of a course with a full awareness of the national income aggregates also testifies to this thesis. Courses in "business economics" established in many schools during recent years also witness to the closer relationship between economics and business disciplines and to the wide use of the national income approach. The content of such a course in the Graduate School of Business at Stanford University is explained by the following words:

This course places primary emphasis on practical applications of economics to the management of the business enterprise. This approach recognizes that sound and socially

²⁴Idea introduced by Dr. J. E. Moffat, Professor of Economics, Indiana University, Bloomington, Indiana, in his lectures on American economic thought in the fall of 1951.

acceptable policies of the individual business concern cannot be formulated without an understanding of the national income, its components and their variations. The program of study makes copious use of case materials, supplemented by government and industry statistics and by the most up-to-date textbooks. All business students except those who have recently had thorough training in national and applied economics are expected to take this course.²⁵

"Managerial economics" is another type of course in which the relationship between economic concepts and ideas, and business is emphasized. At Stanford the course is listed among the first-year courses in the master of business administration program and described as follows:

The study of the varied forms in which economic concepts appear in business operations, and the uses to which the tools of economic analyses are put in solving the policy problems that plague managerial decision-making. The informational requirements implied by various logical categories of marginal costs, prices, profits, demand, and competition are contrasted with the actual data available. By extensive use of case materials and empirical studies, training is given in the difficult processes of evaluating competing proposals and tentatively formulating policies on the basis of limited internal and external records and varying intra-firm, inter-firm, inter-industry, and governmental influences.²⁶

Despite the courses in which economics is related to business disciplines, courses on "pure economics" have continued to occupy an important position in business administration curricula. As revealed

²⁵Stanford University, Graduate School of Business Announcement 1954-55. (Stanford, California: Published by the University, 1954), p. 31.

²⁶Ibid., pp. 31-32.

by the basic undergraduate curriculum in the member schools of the American Association of Collegiate Schools of Business in 1951 (Table 1, page 162), an average of 9.3 semester credits in economics was required--the highest of all the averages. The master of business administration curriculum usually includes further work in economics, especially in the history of economic thought and in intermediate economic analysis. Contemporary theory is usually included in the doctoral programs. Drawing conclusions on the importance of economics in the study of business administration on the basis of the fact, only, that in the majority of the schools of business the department of economics is a functional part of the school, not a part of the college of arts and sciences, however, is not justifiable. The placement of the department of economics in the school of business may be due to an historical--or even a purely accidental--happening.

An additional link between economics and business disciplines is constituted by the educational problems faced in the teaching of economics and business administration. Regardless of the differences in the inherent "teachable" qualities of economics and business disciplines, there are areas in common which present difficulties. Economists as well as business educators encounter the problem of determining the criteria by which to select instructional and research materials. Furthermore, with the heavy emphasis on research as a standard of a faculty member's success in many schools, the educational aspects have been greatly neglected. Dean Kozelka commented in the report of his study on the near nonexistence of formal education for teaching on

faculties of schools of business.²⁷ Robert B. Pettengill of the Teaching Institute of Economics at the University of Southern California has made the following discovery:

. . . of sixty leading colleges and universities only four had required courses in educational methods for prospective teachers of economics, four more had elective courses in teaching methods, and only ten devoted as much as two to nine hours of seminar time to the matter. This is not necessarily to suggest that good teachers are made by methods courses. It does suggest that one important source of difficulties in economic education may come from the fact that graduate departments will not realize that one of their primary human products is teachers.²⁸

In an effort to solve this problem of common concern to economics and business administration, additional bridges may be built between the two.

Regardless of inadequate knowledge of educational methodology on the part of faculty in economics in general, economics instruction is characterized by a weaving of current data into classroom discussions and research studies. The employment of economists by government and private industry and business as advisors and consultants has made it possible for many economists to accumulate valuable experiences for their research and teaching. Opportunities to become acquainted with American business and industry have been made available

²⁷Richard L. Kozelka, Collegiate Education for Business. A Preliminary Report of a Pilot Study to the Standards Committee of the American Association of Collegiate Schools of Business. (Minneapolis, Minnesota, 1954), p. 39.

²⁸Laurence E. Leamer, "Difficulties in Teaching Economics--What They Are," The American Economic Review, XLI, Part 2, Supplement (May, 1951), pp. 701-702.

to economists; that is, business and industry have encouraged field trips to their establishments and have also employed economists during the summer. All this work has contributed to building links between economics and the business disciplines and has improved instruction in economics and business administration.

Thus, there have been many developments in economics and the business disciplines that have contributed to the bridging of the gap that earlier existed between them. The cooperation between the two has been hampered by the fact that the business disciplines in the United States are not united into such a closely knit professional discipline as the German Betriebswirtschaftslehre, for instance. This is evidenced, among other things, by the nonexistence of a professional designation that would cover all the business disciplines. The use of the word "business" in "bureau of business research," for instance, results in a narrow denotation that hardly can imply all the economic research done on a scientific basis in a bureau of business research. The lack of unity among the business disciplines, which has resulted in an uneven degree of advancement in the different disciplines, has undoubtedly developed for several reasons. The most important reasons are the following: First, the historical fact that the school of business became a part of a university organization and had to clear its way through the opposition and contempt by some older departments retarded the development of the business disciplines during the early years of the existence of collegiate education for business. Second, the great extent of departmentalization in many schools of business has caused cleavages to grow among representatives of different disciplines.

Third, the great number of schools of business and the differences in their levels have prevented them from forming a united front in the advancement of business disciplines. Fourth, the looseness of the central organization, the American Association of Collegiate Schools of Business, and the lack of any regular publication in the field have been deterrents to unity.

A basis for unity and integration has been sought by economists and business educators in the theory of administration. Efforts to achieve integration have been intensified during recent years, although a necessity for them has been recognized throughout the years. An article published in 1915 contained the following statement about this matter:

Die Verwaltungslehre is as much a branch of economic science as is Finanzwissenschaft For the first broad recognition of this fact we must turn to the cameralists. In the writings of Justi and Sonnenfels, for example, we may find principles of administration elaborated as well as principles of finance.

Wherever we have a high degree of economic organization in public or private economy, there we have a theory and an art of administration.²⁹

The use of the theory of administration as an avenue to desired unity among business disciplines is evidenced by the emphasis given to the management point of view in such courses as "marketing management" and "investment management" and by the building of the whole educational program around the management concept in some schools.

²⁹Isaac A. Loos, Discussion on "The Relation of Education to Industrial Efficiency: the Study of the General Principles of Administration," by Edward D. Jones in The American Economic Review, V, Part 2, Supplement (March, 1915), pp. 209-227, ibid., pp. 231-233.

Summary

The relationship between economics and the business disciplines in the United States has varied during the decades. After their initial outgrowth from economics, business disciplines underwent a period of separation from economics, during which they assumed many practical characteristics and were little nurtured by economics. The trends that have prevailed in economics and the business disciplines since the 1920's have contributed to the development of a closer relationship between the two. A full utilization of the potential benefits of cooperation between economics and the business disciplines has been hampered--during the early years especially--by "professional" contempt of many economists for business as a young member of the university organization and by the disrespect of many business educators for the abstract theorizing of economists.

CHAPTER VIII

THE ROLES OF GENERAL AND PROFESSIONAL EDUCATION
IN COLLEGIATE EDUCATION FOR BUSINESS

One of the aspects of the thought underlying collegiate education for business in the United States is the issue concerning general and professional education in business administration curricula. It has been a part of the thought not only during the recent years, as pointed out in Chapter IV, but also throughout most of the existence of higher education for business.

"General education" is used to mean the part of higher education that should be the equipment of any university student regardless of his field of specialization. The term "professional education in business" includes the preparation of the student in business disciplines for responsible and administrative positions in business and for teaching of business administration.

General Education as a Part
of the Business Curriculum

In the present business administration curricula, approximately fifty per cent of the undergraduate curricula is composed of general education; and the graduate schools and divisions admit students with either a bachelor's degree in liberal arts or in business.

The traditional classical curriculum provided the starting point for the business curriculum as well as for curricula in other fields of professional education. As availability of instruction in subjects "with a practical value" became a reality with the introduction of the

elective system toward the latter part of the nineteenth century, the business curriculum grew and took several forms.

The Traditional Classical Curriculum

The classical curriculum originally existed in sectarian colleges having as their main purpose the preparation of men for the ministry. Composed of Greek, Latin, theology, rhetoric and belles lettres, it was the only path to learning available. Only gradually were other subjects incorporated in this strict curriculum. Political economy, under the name of moral philosophy, was one of the early entrants in the first decades of the nineteenth century.

The economic, political, and intellectual developments in the nineteenth-century United States caused a profound change in the country's society. (See Chapter II.) An increasingly larger group of people was entering the institutions of learning and the base of education was being broadened in order to meet the needs of the new society in which industry, business, and government were growing in importance rapidly. The classical curriculum had become obsolete as the sole curriculum to be pursued.

The Elective System

Because of the changes in society in the nineteenth-century United States, changes in the educational structure were necessary. Educators of the day were aware that changes in the structure had to be made. Fields of professional education had to be established. Therefore, a gateway into the classical curriculum had to be provided for new subjects. President Charles W. Eliot of Harvard University

was one of the earliest educators to accept the expanded responsibility of the university and to establish an elective system at Harvard which made possible the inclusion of other subjects besides those comprising the traditional curriculum.

But "the penetration of the educational fortress by the elective system and professional instruction was but the prelude of an overwhelming invasion."¹ In Germany, where research and specialization were outstanding characteristics of higher education, remarkable achievements in many fields of science were attained in the last decades of the nineteenth century. The achievements in Germany had considerable influence on the acceptance of research and specialization in American higher education. With the expansion of the sciences and the humanities through research and specialization and with the accompanying expansion and specialization of the curricula of universities and professional schools, the students of business were soon pursuing programs of study composed of a selection of small fragments of general education and professional education subject matter. Furthermore, the liberal arts curricula were developing more and more into professional curricula as one of the main objectives of the university was beginning to become the development of students for teaching careers in liberal arts.

The increasingly specialized educational programs chosen by students under the banners of the elective system soon warranted a danger signal. Advantages of the elective system were threatened to

¹Robert D. Calkins, Professional and Graduate Education and the Liberal Arts. An address given at the Liberal Arts Conference sponsored by the Franklin College of Arts and Sciences, University of Georgia, Athens, Georgia, February 9, 1952. Reprinted from The Georgia Review, VI (Summer, 1952), p. 6.

be outweighed by its disadvantages. Freedom to select was abused. As a result, that freedom had to be restricted, and regulations were established in universities and professional schools. Although the idea of electives was still accepted and an allowance was made for the selection of a few electives in curricula, regulations relative to the portions of general and professional education allowed were established.

The Business Curriculum

"The business curriculum," as defined in Chapter I, means a general over-all plan of the educational program and its contents in a school of business. As most schools of business have both an undergraduate level and a graduate level in their curricula, these two levels are treated here separately.

Undergraduate level. The undergraduate business curriculum developed much like the curricula designed for preparation for the professions of theology, law, and medicine. Of the hundred and twenty semester credit hours required for the bachelor's degree, about one-half is usually required in general education and the other half in professional education in business administration. This division reflects the thought that it is just as important for a student in a professional school to acquire a good general education as it is to obtain a good professional education. The division is also based on the assumption that depth of knowledge is directly related to the time spent in the acquirement of such knowledge.

The placement of general education subjects in the undergraduate business curriculum has to a great extent followed two patterns: (1) general education subjects have been placed vertically; that is,

parallelly with professional business administration subjects throughout the four years; or (2) general education subjects have been placed horizontally; that is, concentrated on the first two years. The Wharton School of Finance and Commerce adopted the former pattern. A great number of schools founded later have followed the latter pattern. Varying combinations of these two patterns also exist in the schools of business. As the establishment of those combinations in many cases has resulted from a business educator's desire to achieve most of the advantages of both the vertical and horizontal plans, an examination of the structure of the two plans that are most common should shed light on the ideas governing the placement of general and professional education subjects in the undergraduate business curriculum.²

The advocates of the inclusion of general education subjects throughout the whole four-year period maintain, first, that as all education is preparation for life the study pattern acquired in college tends to be the one followed by the student in his later life. If general and professional education are studied concurrently in college, the student is apt to continue educating himself in both areas after he has left college. Second, as student "mortality" during the first year of college is great, the student gets at least an introduction to professional business education, which is better than nothing at all should he be compelled to terminate his formal education before the end of the first two years of his college program. Third, it is

²Ideas concerning the advantages and disadvantages of the vertical and horizontal plans have been gained through study of the discussions recorded in the Proceedings of the American Association of Collegiate Schools of Business and through attendance at conferences on education in business administration at Indiana University from 1951 until 1954.

easier for a student of business to integrate general education and professional education if he acquires them concurrently than if professional education is "built" on general education. In the plan whereby professional education is "built" on general education, the general education subject matter is not fresh in the mind of the student at the time of integration as it is when the plan is followed whereby both general and professional education are studied simultaneously. Fourth, the placement of general education throughout four years makes it possible to place courses of general and professional education at four different maturity levels of the students instead of two. Fifth, from the beginning of their collegiate career, students are given the opportunity to become acquainted with professional education for business administration and, as a result, are able to make a specific choice of vocation early.

The advocates of the horizontal system maintain that concentration on one area of learning at the time is more advantageous than dissipation of the student's energy on the acquirement of two fields of higher education at the same time. Second, as the largest percentage of student "mortality" usually occurs in the freshman year, the school of business that requires at least two years of general college education for admission is relieved of the problem of having to eliminate students in their first year and is in a better position to apply and develop its standards of admission than the school which places general education and professional education parallelly in the business curriculum. Third, from the student's point of view it is advantageous to pursue the study of general education during the first two years.

Should the student change his objective when he is a freshman or sophomore, all the credits earned apply to the curriculum of his choice.

Fourth, the horizontal plan provides a goal at the end of two years--the fulfillment of the general education requirements--instead of postponing all the goals until the end of the four years. Fifth, if professional education is acquired in college during the last two years of the educational program, professional knowledge is fresh in the mind of the student when he enters the business world. Sixth, the placement of professional education subjects during the last two years makes it possible for the school of business to concentrate its work on the upper-division level (junior and senior years) and facilitates the planning of courses and classroom instruction. Seventh, even if the pattern of education acquired in college tends to carry over into life--as maintained by those advocating the parallel placement of general and professional education--the work of the student during the last two years of the horizontal plan would not be devoid of general education implications and of opportunities to relate general with professional knowledge.

Each of the plans has advantages. Opinions of their effectiveness are divided among business educators.

Modifications of the horizontal plan exist in different universities. In some cases the first-year students are grouped into a junior division within the college of arts and sciences. The first year is heavy in liberal arts and gives the student an opportunity for a guided consideration of his abilities and interests for a career in life.

Graduate level. Graduate instruction in business administration, which is offered by graduate divisions in business and graduate schools

of business, rests on the foundation of general education already acquired. The graduate divisions have usually evolved as extensions of undergraduate schools established first. Examples of them are the graduate divisions of the schools of business administration at Indiana University, University of Illinois, The Ohio State University, and the University of North Carolina. The graduate schools have been established as schools imparting education in business administration for graduate-level students at schools of business administration lacking undergraduate-level programs in business. These schools are Harvard, Stanford, Chicago, Columbia, and Cornell. The Amos Tuck School of Dartmouth College requires three years of college work as a prerequisite.

The graduate divisions and graduate schools have built their programs largely upon an undergraduate foundation of general education and a background in economic and business administration already acquired. Thus they have not been as directly concerned as the undergraduate schools with the issue of general vs. professional education. The more "detached" relationship to the details of the issue of general vs. professional education has enabled them to develop a wide perspective on the matter and to deal with means for the integration of the whole areas of general and professional education.

From the student's standpoint, the inclusion of a general education subject in a graduate level program, which is often done, provides an opportunity to supplement the general education acquired at the undergraduate level. Because of the advancement in the student's maturity level, the concurrent study of general and professional education at the graduate level is likely to widen the student's perspective. As, however, the major emphasis in a graduate-level program

is placed on the development of depth in professional education in business administration and as the program provides limited opportunities for the inclusion of general education subjects, it is essential that professors of business subjects be able to direct the attention of their students to the general education implications of their subject matter.

General vs. Professional Education for Business

A cause for the rise of the issue of general vs. professional education is the necessity for systematizing knowledge in the modern age. In the early days when wisdom of life and occupational information and skill were passed on from the father to the son as a coherent whole, no splitting and compartmentalizing of knowledge into segments was necessary. Awareness of the dangers of the continuous division of expanded knowledge has led to efforts to integrate knowledge again. As the two main parts of business administration curricula are the general and the professional education components, the relating of these two to each other and the combining of them into a logical whole in business administration study programs is one of the tasks of business educators. A discussion of the relationship of general and professional education in business administration curricula is here preceded by a consideration of the nature of those two fields of higher education.

Nature of General and Professional Education

In considering the nature of general and professional education, a condition to keep in mind is that the dividing line between those two

elements in business administration curricula is not fixed. What was once called "truly" liberal or general education in the days of the classical curriculum may later have become professional education. Pursuants of liberal arts curricula usually prepare for the teaching profession in the fields studied. Greek, for instance, was once considered to be a necessary element in the classical curriculum only for its own sake. Now Greek as a part of general education has been generally abandoned; those who study Greek in most cases prepare for the professional field of teaching Greek.

In the area of professional education, corresponding developments can be seen. Economic education, once considered to be a necessary part of the "equipment" of the business student only, is now being recognized widely as a part of general education. The growing importance of business activities in the lives of the members of society have made the need for economic education evident. Thus, general and professional education are constantly encroaching on each other's territory.

As the dividing line between general and professional education has shifted to and fro, developments have taken place within the domain of each that have affected the nature of those two fields as they exist in business administration curricula. Earlier a great emphasis was placed on the mastery of facts in the sciences, for instance, and on the knowledge of the status of the sciences. Now the use of an analytical approach is held important. Instead of mere facts, it is necessary to know and understand the method by which achievements have been made and boundaries of knowledge expanded and to be able to relate findings of research to the knowledge already possessed.

Likewise, in the professional education field it has been found that "preoccupation with the practical may, in the long run, be dangerously impractical."³ The objectives of professional education include at the present time the promotion of the philosophies of the different business disciplines and a critical approach to courses in which practical techniques are emphasized.

On the theory that general and professional education should be dealt with as components of a coherent whole, not as two separate "parcels," and that the same principles govern the development of both fields, increasing emphasis has been placed on the considerations of the relationship of general and professional education in business administration curricula.

Relationship of General to Professional Education in Education for Business

Any modern society needs men with a breadth of vision and with an ability to make judgments and to assume responsibilities. In addition, those men have to possess at the same time a professional competence in one area. In business administration curricula these qualities are endeavoured to be developed through the study of general and professional education.

General education bears a two-fold relationship to professional education. (1) It is a prerequisite to professional education.⁴ (2) It is complementary to professional education.⁵

³The Idea and Practice of General Education. An Account of the College of The University of Chicago. By Present and Former Members of the Faculty. (Chicago: The University of Chicago Press, 1950), p. 59.

⁴Robert D. Calkins, Professional and Graduate Education and the Liberal Arts, ibid., p. 12.

⁵Ibid.

(1) Study of general education subjects lays a foundation for the development of the student's intellectual powers. By opening his views on different aspects of man's life, it makes him ask "why?". This is the first step toward the development of an inquiring, alert attitude that is needed in the search of truth. Study of general education subjects, of history for instance, makes the student relate new facts to his previous knowledge and form ideas and opinions of persons and events of the past.

Study of general education subjects also promotes in the student an ability to analyze and to reason. Mathematics, to take an example, calls for an ability to analyze the given facts and to reason on the basis of them.

(2) General education is complementary to professional education by enlarging the range of vision of the student and by developing in him perspective and a sense of values.

A narrow specialist, however competent in his field, is a man living in a cell without ties to the world around him. As an individual and as a member of society, any professional man is expected to have ideas, beliefs, and convictions pertaining to life itself. These beliefs and convictions he can hardly develop only on the basis of the professional information acquired by him. He needs to have ideas that will give him an enlargement of mind.

For a student of business administration the study of general education forms a basis for the development of his intellectual life and of the mental abilities needed in the study of business. At the same time, the general education subjects constitute the source of ideas from which to learn about the society and environment in which

business operates. They help him build a background for the professional life through which he wants to make a contribution to the society in which he lives.

A student of business administration who prepares for a responsible position in a business enterprise or governmental office has to be an informed man of the past and present of his country as well as of those of other countries. If he carries on trade with other countries, he should be well informed of the geographic and ethnographic conditions of other countries in order to understand the aspirations and conduct of the men with whom he has connections. Likewise, in the maintenance and improvement of modern societies in which the economic life of the country is of vital importance to the nation's life a man of that kind is indispensable. Thus, the student of business administration, even more than some other professional student, is in need of the enlargement of mind that general education can give him.

As the curriculum is the means through which the philosophy of the school is implemented, the efforts to combine general and professional education in education for business are reflected in the business administration curricula and their organization.

Retention of elements of the traditional classical curriculum in the business curricula is an indication of the philosophy that the subjects maintained are considered to be the ones with which business subjects can best be combined and integrated. Inclusion of such subjects as political science, sociology, history, philosophy, literature, mathematics, the sciences, and modern languages in the business curricula indicates that students of business should be able to relate

the activities of any business enterprise to the environment in which business operates. Furthermore, about one half of the work in economics and business administration--which represents approximately one half of the one hundred twenty semester credit hours usually required for the bachelor's degree--applied toward a degree at the undergraduate level is of a broad nature. Fields of economics, accounting, statistics, business law, finance, marketing, and production or industrial management are the subjects considered to be necessary for the foundation.⁶

One of the main means used in relating general to professional education in business administration curricula is the introduction of a course--often called the business policy course--the purpose of which is to help the student weave together the knowledge gained by him in his study program. The course is usually taken by the student after the completion of most of the work toward the bachelor's or master's degree. In many cases this course is established as a seminar, and in some instances instruction is largely given through the use of the case method of instruction.

The following observations of the use of the case method of instruction in the teaching of an integrating course deserve special attention:

1. A condition for the successful use of the case method of instruction is the use of it in general education and/or business administration courses taken prior to the integrating course. Before integration is attempted in combined knowledge of general education

⁶Standards for Admission to the American Association of Collegiate Schools of Business, p. 1. (See Appendix C.)

and professional education, integration has to be achieved in the knowledge of each of these fields possessed by the student.

2. The preparation and teaching of cases places a premium on the ability of the persons who serve as authors and teachers of those cases. They both should be men with a broad education. A narrow specialist, however deep his knowledge of one field, is not equipped to prepare or use cases successfully.

3. Integration of knowledge of general and professional education subject matter has to be sought throughout the whole program of study of a student. How could one course be able to act as a magnet by "drawing" all the related knowledge acquired by the student parallel toward a common goal if nothing is done in other courses for the integration previously? Every course should begin and end with a section in which the contents of the course are related to other courses in the same subject-matter area and to other courses in the school. In this way only both articulation and integration can be effectively promoted.

All the efforts at combining general and professional education in business administration curricula in the best way possible reflect the thought that, however valuable the substance of different subject-matter fields, if the composition of the curriculum is not "shaped" and integrated, the maximum value is not received from it. However valuable the substance of a precious stone, if the form is not right, the highest value will not be received for it.

Summary

The issue, in education for business, of general vs. professional education has been a perennial one, as it includes a host of problems that permeate the whole educational structure. Students preparing for leadership in government, business, labor, education, and other areas of life are expected to be men of vision, judgment, and professional competence. Consequently, relating of general and professional education which are expected to develop these qualities is of utmost importance in business administration curricula.

With the expansion of knowledge and with the demands for specialization characterizing the modern age, development of men for the economic and business life has become increasingly difficult. Fortunately, there is among business educators an awareness of the seriousness of the problems encountered and an earnestness of efforts to overcome them.

PART IV
CONCLUSION

CHAPTER IX

CONCLUSION

The economic, political, and intellectual developments of the nineteenth-century United States prepared a way for the widening of the traditional classical education in the country to include fields of professional education. Ideas for the establishment of collegiate education for business lay imbedded in those developments and gained a foothold as a result of the changes that took place and as a part of a world-wide movement. The farsightedness of the founders of the new branch of higher education formed a firm and lasting foundation for it. Out of the modest beginning of the teaching of business administration in the Wharton School of Finance and Commerce in 1881 has developed a branch of higher education that now includes seventy schools which are independent degree-granting units and members of the American Association of Collegiate Schools of Business. In addition to those schools, there are about one hundred universities and colleges having an organized curriculum in business and many others having some instruction in business.

Background for the Development of Higher Education for Business

Collegiate education for business as a branch of higher education has been constantly "nurtured" by the basic philosophy of education prevailing in the country. As an incorporation of the general ideas of the nation pertaining to education, it has been a source of influence to any branch of higher education.

As long as education was considered to be the privilege of few persons, theology, law, and medicine were the only fields for which

men were prepared. The strengthening of the ideas of democracy in the minds of the American people toward the middle of the nineteenth century led to an influx of an increasingly greater number of students to the institutions of learning of the time and to the establishment of new ones. As a result, the traditional classical curriculum had to be widened and the programs of study had to be fitted for the needs of the students. Thus, professional education gained a foothold in American higher education.

Despite the branching out of collegiate education for business from classical education it has retained general education as one of its elements and is constantly nurtured by the ideas evolved in the area of general education. One of the powerful influences collegiate education for business has experienced from that direction originates in the philosophy of Dewey and his successors. Furthermore, in their attempts to solve educational problems concerning the balance of general and professional education and concerning the nature of general education to be offered to the students of business, business educators have had the opportunity to resort to experiences of leaders in the field of general education.

In addition to the basic philosophy of education, the very rapid growth of American society and economy is reflected in the development of collegiate education for business. The big growth in the number of schools and of students enrolled prevented business educators of the early years from having sufficient time to establish their philosophies and to base their curricula on careful reflection. With a feeling of responsibility for meeting the growing needs of the business world

characterized by increasing specialization and for providing education to young men and women interested in certain business positions, many schools of business allowed their educational programs to expand into composites of functional and nonfunctional subject-matter divisions. The early years were also characterized by some domination from the part of the older departments of a university organization from which the school of business evolved.

As with any institution for humans, the beginning of collegiate education for business was beset with difficulties. During the years, new ideas have been incorporated into the initial thought, and there have been changes in the intellectual background of the movement. The development of the thought has been under the influence of several external and internal factors and forces and has been at times a rough road. Gradually the thought underlying collegiate education for business as a branch of higher education, as preparation for business administration, and as preparation for leadership on national, state, and local levels has crystallized.

Individuality of Philosophies of Schools of Business

Reflecting the idea of freedom, an inherent part of American educational philosophy, schools of business have been free to develop their own philosophies and particular features. However the influence of the common core of the philosophy of the American Association of Collegiate Schools of Business is discernible. Utilization of the advantages resulting from the application of the idea of freedom has been facilitated by the nonexistence of educational control by federal and state governments. As a result, a great number of schools of

business with very different characteristics has come into existence. In fact, the variances among the philosophies of the schools and among the implementation of those philosophies are so great that they defy speaking of a "typical school of business" in the United States. It may be said, however, that schools of business having two or three distinctive philosophies have emerged.

Many of the variances among the schools are attributable to the effects of the factors and forces to which collegiate education for business has been subjected. Few factors have affected all schools alike. First, because of differences in the personal background experiences, philosophies, and personalities of the founders, administrators, and teaching personnel, varying internal influences have been exerted on the schools. The extent to which the ideas and intellectual compulsions of different periods have affected the philosophies of the schools has depended to a great extent upon the convictions of these persons. Second, external influences such as those pertaining to physical environment and economic conditions have varied in their impact on collegiate schools of business.

Objectives of Collegiate Education for Business

The variances among the schools are evidenced by differences in emphasis on the three broad objectives common to all of them: educating men for responsible administrative and managerial positions in business and for teaching positions in business administration; extending the boundaries of knowledge in business administration; and providing services for business communities. The existence of schools that concentrate mainly on the education of young men and women for professional

positions in business as accountants, statisticians, business analysts, etc., mainly through undergraduate work; of schools that build their whole graduate program around the management concept in preparing men for high-level administrative and managerial positions in business; and of schools that, besides their graduate program, devote a large part of their efforts to research in the field of business administration and economics reflects some "division of labor" in the field of higher education for business. Meeting the demands of the vast national economy for professional men and women, promoting the advancement of business disciplines, and serving business communities places a heavy responsibility on the schools of business.

Regardless of the "division of labor," evidences of agreement in the basic thought pertaining to the objectives of higher education for business at all levels and in different institutions exist. Collegiate schools of business emphasize development of breadth in the individuals they prepare for business and teaching. Width and depth of the mind are believed to be prerequisites in decision making and in the coordination of material and personal resources in business enterprises. No definite conclusion has been reached as to the relative portions of the business administration curricula each of the following should constitute at the undergraduate level: general education, professional business fundamentals, and specialized aspects of business. The usual formula applied does not possess any scientific validity: Approximately fifty per cent of the course work is usually devoted to general education, about twenty-five per cent to the study of business fundamentals, and the remaining twenty-five per cent to the study of specific aspects of business. Constant inquiries are made

and thinking is being done in the field to find the basis for sound judgments in the development of business administration curricula and for decisions in which justice is given to the demands for general education.

Regardless of the proliferation of courses in many schools of business, development of breadth has not been neglected in the philosophies relative to the professional education portion of business curricula. Achievement of breadth of horizon has been attempted through the establishment of requirements that demand a certain amount of study in a minimum number of fields, through survey courses that give an opportunity to make general acquaintance with a field in which the student does not specialize, and through integration of knowledge of business disciplines by means of individual projects and seminar courses. Achievement of integration in a few schools of business has been attempted by the use of the case method of instruction, the purpose of which is to aid students to face business situations calling for a mastery of a whole array of interwoven problems.

In addition to breadth, dynamics and flexibility are outstanding characteristics of collegiate education for business in the United States. Reflecting the dynamic tempo of American business and economic life, collegiate education for business indicates keen considerations of developments in business and prolificacy in research in business disciplines. Flexibility has been evidenced by adjustment to changing economic conditions and ideas. The contributions made by collegiate schools of business to national defense during the past decades testify to this flexibility.

The formulation of the objectives in many instances is considered to be a continuous task--not a one-time proposition only. This is

evidence that the schools are conscious of the changing needs of the business world. The extent to which specialization is carried on and to which pecuniary considerations are discernible testify to the fact that some of these schools are subjected to a conflict of forces in the formulation of their objectives and in their functioning.

Contribution of Collegiate Education for Business to Society

The contribution of collegiate education for business through the development of men and women for responsible managerial and administrative positions in the economy is generally held to be worthy. The epic hero of American economic history is considered to be the entrepreneur rather than the statesman, military leader, or intellectual.¹ The contribution of businessmen in the raising of the standards of living for the whole nation and the philanthropic support by businessmen of many causes are appraised as highly worthy. Furthermore, the American businessmen hold in many cases important positions of leadership at community, state, and national levels and enjoy great prestige in society.

Although there is increasing employment of professional managers and frequent raising of educational qualifications for positions in business pointing in the direction of professionalization of business, business administration has not yet reached the same status as the older professions of theology, law, and medicine. By observing the present status of professionalization it is probable the future

¹E. A. J. Johnson and Herman E. Krooss, The Origins and Development of the American Economy. (New York: Prentice-Hall, Inc., 1953) p. 186.

development may not follow the same patterns as in the traditional professions. Business looks to schools of business for leadership, but access to business positions is still available through channels other than academic education. Contrary to many generalizations regarding an ascent of the poor boy to business prestige and financial power in conformity with the Carnegie story, recent studies in American entrepreneurial history have revealed that education has provided an essential part of the background of the leading American businessmen of the last decades of the nineteenth century and of the first decade of the current century.² There is reason to believe that the same will be found to be true--in an even greater degree--in subsequent studies of the businessmen of more recent decades. Inasmuch as the recent decades form the period during which numbers of graduates from schools of business have been high, further light may be shed by those studies on the contribution of collegiate education for business to the education of businessmen in the United States.

Challenges in Collegiate Education for Business

During the years past, collegiate education for business has evolved from a modest beginning to an important field of American

²Cf. F. W. Taussig and C. S. Joslyn, American Business Leaders: A Study in Social Origins and Social Stratification. (Cambridge, Mass.: Harvard University Press, 1932); William Miller, "American Historians and the Business Elite," The Journal of Economic History, IX (November, 1949), pp. 184-208; William Miller, "The Recruitment of the Business Elite," The Quarterly Journal of Economics, LXIV (May, 1950), pp. 242-253; William Miller, "The Business Elite in Business Bureaucracies," in Men in Business. Essays in the History of Entrepreneurship; edited by William Miller. (Cambridge, Mass.: Harvard University Press, 1952), pp. 286-305; and Frances W. Gregory and Irene D. Neu, "The American Industrial Elite in the 1870's. Their Social Origins," pp. 193-211.

higher education. Business disciplines have been developed, research studies have been made, textbooks have been written, curricula and degree requirements have been established, connections with business have been built, and men have been developed for responsible and managerial positions in business and industry as well as for the teaching of business administration. These are only some of the results of the successful meeting of challenges.

As an evolving branch of higher education, collegiate education for business faces challenges also at the present. Some of them it meets on the basis of its function as preparation for business administration; some of them it encounters as preparation for the teaching of business administration.

The settlement of the "cut-off" point up to which collegiate schools of business should develop a business student and from which business continues to educate him is one of the challenges faced by higher education for business. Business educators are conscious of the fact that they have not been able to solve the problem regarding the scope of their responsibility. The existence of and the great variety in company training programs and the lack of clearly defined objectives support the thesis. Many training programs consist of integrated experiences giving a year or two of preparation to a new company man as a new manager and as a potential executive. In many cases several thousands of dollars per trainee are invested. However, businessmen have not been able to determine how general or how specialized these programs should be. Furthermore, an awareness of the adverse affect on other company personnel that a setting aside

and training of a group of college men often causes in a business organization adds to the indecisiveness of the objectives and of the desirability of company training programs.

A challenge closely connected with the task of defining the scope of the business school's responsibility is that of determining the criteria by which to select content for the offerings of the school. Constantly, new information is determined and developed through research and is brought to the attention of the business school faculties. Inasmuch as there is a limit in the time students spend on degree programs, faculties are faced with problems dealing with the content of the courses included in those programs.

Intensification of cooperation among the institutions offering collegiate education for business is also one of the challenges of the present. If the comprehensive, institution-wide study contemplated several times by the American Association of Collegiate Schools of Business to be conducted on collegiate education for business in the country could be made in the near future, knowledge of the results of the study would provide a basis for the promotion of cooperation. Cooperative work could also be advanced through the availability and study of complete records of all the meetings of the Association as the proceedings of these meetings have not been published since 1946.

The raising of the quality of instruction, faculty, and business research constitutes a challenge, of which business educators are cognizant. The emphasis to be given to research in the business school curricula, especially in degree programs, and on research work as a basis of promotion for faculty is part of the problem of raising quality of research in the entire field.

In addition to having problems peculiar to its own field, collegiate education for business "shares" in the problems facing all higher education. The establishment of a well-defined program of preparation for teaching of business administration at the collegiate level is among the most pertinent challenges. So is the assurance of an adequate supply of persons for business school faculties.

The challenges faced by higher education for business represent those aspects of the thought underlying the field that are still in the evolutionary stages and that comprise unresolved issues. Improvement of quality of all aspects of higher education for business is the direction in which the future thought promises to develop.

In the development of higher education for business, business educators can rely on the cooperation of businessmen. Collegiate education for business and business are united by the responsibility for the maintenance of economic decision making in private hands and for the promotion of industrial progress and economic growth in the country. Conscious of the position of their country as a bulwark of individual initiative in economic affairs, business educators and businessmen of the United States know that the conduct of the economy of their country affects the conditions of other economies in the world. An evidence of this conviction is the great helpfulness they are showing in acquainting visitors and students from other countries with the achievements of their higher education for business and with the "secrets" of their thriving business. By doing so they make a valuable contribution to collegiate education for business in other countries as well as to the functioning of the economies of those countries and to that of the economy of the whole world.

BIBLIOGRAPHY

BIBLIOGRAPHY

Books

- American Institute of Accountants, Accounting Trends and Techniques in Published Corporate Annual Reports. New York: American Institute of Accountants, 1951.
- Blum, Theodor, Das deutsche Handelsschulwesen. Leipzig: G. J. Göschens Verlagschandlung, 1911.
- Bossard, James H. S., and Dewhurst, J. Frederic, University Education for Business: A Study of Existing Needs and Practices. Philadelphia: University of Pennsylvania Press, 1931.
- Cochran, Thomas C., and Miller, William, The Age of Enterprise. New York: The Macmillan Company, 1942.
- Cole, Arthur Charles, The Irrepressible Conflict, 1850-1865, (vol. VII in A History of American Life). New York: The Macmillan Company, 1934.
- Dewhurst, J. Frederic and Associates, America's Needs and Resources: A Twentieth Century Fund Survey Which Includes Estimates for 1950 and 1960. New York: The Twentieth Century Fund, 1947.
- Dimock, M. E., Business and Government. New York: Henry Holt and Company, 1949.
- Donham, Wallace B., "The Graduate School of Business Administration, 1908-1929," chapter XXXVIII in The Development of Harvard University Since the Inauguration of President Eliot 1869-1929, by Samuel Eliot Morison (ed.). Cambridge, Mass.: Harvard University Press, 1930.
- Edgeworth, R. L., Essays on Professional Education. London, England: Printed for J. Johnson and Co., St. Paul's Church Yard, 1812, 2nd ed.
- Eliot, Charles William, "Uses of Education for Business," in Modern Eloquence: Occasional Addresses, vol. VIII, by Thomas B. Reed (ed.). Philadelphia: John D. Morris and Company, 1900.
- Ely, Richard T., Ground Under Our Feet: An Autobiography. New York: The Macmillan Company, 1938.
- Good, Carter V.; Barr, A. S.; and Scates, Douglas, E., The Methodology of Educational Research. New York: Appleton-Century-Crofts, Inc., 1945.

- Gras, N. S. B., Business and Capitalism: An Introduction to Business History. New York: F. S. Crofts and Co., 1939.
- Gregory, Frances W., and Neu, Irene D., "The American Industrial Elite in the 1870's. Their Social Origins," in Men in Business: Essays in the History of Entrepreneurship, by William Miller (ed.). Cambridge, Mass.: Harvard University Press, 1952, pp. 193-211.
- Haney, Lewis H., History of Economic Thought: A Critical Account of the Origin and Development of the Economic Theories of the Leading Thinkers in the Leading Nations. New York: The Macmillan Company, 1939, 4th and enlarged edition.
- Harvard University, Committee on the Objectives of a General Education in a Free Society, General Education In A Free Society. Cambridge, Mass.: The University, 1945.
- Historical Statistics of the United States 1789-1945 (a Supplement to the Statistical Abstract of the United States). Prepared by the Bureau of the Census, Department of Commerce, with the Cooperation of the Social Science Research Council. Washington: U. S. Government Printing Office, 1949.
- The Idea and Practice of General Education: An Account of The College of The University of Chicago, by Present and Former Members of the Faculty. Chicago: The University of Chicago Press, 1950.
- Johnson, E. A. J., and Krooss, Herman E., The Origins and Development of the American Economy. New York: Prentice-Hall, Inc., 1953.
- Johnson, Emory R., Foreword to University Education for Business, by James H. S. Bossard and J. Frederic Dewhurst. Philadelphia: University of Pennsylvania Press, 1931.
- Jones, Howard Mumford, Education and World Tragedy. Cambridge, Mass.: Harvard University Press, 1946.
- Larson, Henrietta M., Guide to Business History (No. 12 in Harvard Studies in Business History). Cambridge, Mass.: Harvard University Press, 1948.
- Latham, Earl, editor, John D. Rockefeller, Robber Baron or Industrial Statesman? Problems in American Civilization. Readings Selected by the Department of American Studies, Amherst College. Boston: D. C. Heath and Company, 1949.
- Leacock, Stephen, The Pursuit of Knowledge: Discussion of Freedom and Compulsion in Education. New York: Liveright Publishing Corporation, 1934.
- Lyon, Leverett S., Education for Business. Chicago: The University of Chicago Press, 1922.

- Marshall, Leon C., The Collegiate School of Business: Its Status at the First Quarter of the Twentieth Century. Chicago: The University of Chicago Press, 1928.
- Mays, Arthur B., An Introduction to Vocational Education: The Century Education Series. New York: The Century Co., 1930.
- Miller, William, "The Business Elite in Business Bureaucracies," in Men in Business: Essays in the History of Entrepreneurship, by William Miller (ed.). Cambridge, Mass.: Harvard University Press, 1952, pp. 286-305.
- Mirsky, Jeannette, and Nevins, Allan, The World of Eli Whitney. New York: The Macmillan Company, 1952.
- Monroe, Paul, editor, A Cyclopedia of Education, vol. II. New York: The Macmillan Company, 1911.
- Nevins, Allan, The Gateway to History. Boston: D. C. Heath and Company, 1938.
- O'Connor, Michael J. L., Origins of Academic Economics in the United States. New York: Columbia University Press, 1944.
- Priestley, Joseph, Lecture on History and General Policy; to Which is Prefixed an Essay on a Course of Liberal Education for Civil and Active Life. Dublin, Ireland: Luke White, No. 86, Dame Street, 1788.
- Schlesinger, Arthur Meier, Political and Social History of the United States 1829-1925. New York: The Macmillan Company, 1932.
- Statistical Abstract of the United States 1953. Prepared by the Bureau of the Census, Department of Commerce. Washington: U. S. Government Printing Office, 1953.
- Taussig, F. W., and Joslyn, C. S., American Business Leaders: A Study in Social Origins and Social Stratification. Cambridge, Mass.: Harvard University Press, 1932.
- Tinbergen, Jan, "Econometric Business Cycle Research," in Readings in Business Cycle Theory, selected by a Committee of the American Economic Association. Philadelphia: The Blakiston Company, 1951, pp. 61-86.
- United States Bureau of Education, "Commerical Education in Europe, Particularly in Austria, France, and Germany," chapter XV in Report of the Commissioner of Education for the Year 1895-96. Washington: U. S. Government Printing Office, 1897.

United States Bureau of Education, "Commercial Education in Europe," chapter VI in Report of the Commissioner of Education for the Year 1896-97. Washington: U. S. Government Printing Office, 1898.

Wharton, Joseph, Is a College Education Advantageous to a Business Man? Address delivered at the reception given February 20, 1890, by the Wharton School Association. Printed in Speeches and Poems by Joseph Wharton, collected by Joanna Wharton Lippincott. Philadelphia: Printed by J. B. Lippincott Company, for private distribution, 1926, pp. 241-282.

Williamson, Harold F., The Growth of the American Economy. New York: Prentice-Hall, Inc., 1946; and 1951, 2nd ed.

Wills, Elbert Vaughan, The Growth of American Higher Education, Liberal, Professional, and Technical. Philadelphia: Dorrance and Company, 1936.

Periodicals

Apt, Max, "Die Berliner Handelshochschule," Handels-Hochschul-Chronik, W.-S. 1903/04, I (February, 1904), pp. 65-73.

Ashley, Walter J., "The Universities and Commercial Education," The North American Review, CLXXVI (January, 1903), pp. 31-38.

Bartels, Robert, Influences on the Development of Marketing Thought 1900-1923. Reprint from an article in The Journal of Marketing, XVI (July, 1951), pp. 1-17.

Calkins, Robert D., Professional and Graduate Education and the Liberal Arts. Address given at the Liberal Arts Conference sponsored by the Franklin College of Arts and Sciences, University of Georgia, Athens, Georgia, February 9, 1952. Reprint from the Georgia Review, VI (Summer, 1952), pp. 3-19.

Clark, J. M., "Accomplishments and Prospects of American Economics," The American Economic Review, XXVI (March, 1936), pp. 1-11.

"Educational Functions of Economics after the War," The American Economic Review, XXXIV, Part 2, Supplement (March, 1944), pp. 58-67.

"Commercial Spirit at the South," The Commercial Review, II (September, 1846), pp. 119-132.

Donham, Wallace B., "The Emerging Profession of Business," in Dedication Addresses: Harvard University, Graduate School of Business Administration, George F. Baker Foundation. Reprint from Harvard Business Review, V (July, 1927), pp. 1-42.

- Donham, Wallace B., "The Failure of Business Leadership and the Responsibility of the Universities," Harvard Business Review, XI (July, 1933), pp. 418-435.
- Fish, Stuyvesant, "Economy," The Arena, XXXV (1906), pp. 264-270.
- Flower, B. O., "The Corruption of Government by the Corporations," The Arena, XXX (1903), pp. 55-68.
- Hamilton, Earl J., "Memorial: Edwin Francis Gay," The American Economic Review, XXXVII (June, 1947), pp. 410-413.
- Heilman, Ralph E., Discussion of speech made by C. O. Ruggles entitled "Improving the Teaching Personnel of Collegiate Schools of Business," at the Tenth Annual Meeting of the American Association of Collegiate Schools of Business, The Ronald Forum, (November, 1928), pp. 58-59.
- Hotchkiss, Willard E., "The Northwestern University School of Commerce," The Journal of Political Economy, XXI (1913), pp. 196-208.
- Jones, Edward D., "The Relation of Education to Industrial Efficiency: The Study of the General Principles of Administration," The American Economic Review, V, Part 2, Supplement (March, 1915), pp. 209-233.
- "Some Propositions Concerning University Instruction in Business Administration," The Journal of Political Economy, XXI (1913), pp. 185-195.
- Jarvinen, Kyosti, "Kauppakorkeakoulukysymys ja sen ratkaisu Suomessa," Yhteiskuntataloudellinen Aikakauskirja, III (1907), pp. 1-22, 72-94.
- Kauder, Emil, "Recent Developments of American Economic Thinking," Weltwirtschaftliches Archiv, LXVI (I, 1951), pp. 11-218.
- Leamer, Laurence E., "Difficulties in Teaching Economics--What They Are," The American Economic Review, XLI, Part 2, Supplement (May, 1951), pp. 697-702.
- Lockwood, Jeremiah, "Early University Education in Accountancy," Accounting Review, XIII (1938), pp. 131-144.
- Loos, Isaac A., Discussion on "The Relation of Education to Industrial Efficiency: the Study of the General Principles of Administration," by Edward D. Jones, in The American Economic Review, V, Part 2, Supplement (March, 1915), pp. 209-227, 231-233.
- McCrea, Roswell C., "The Work of the Wharton School of Finance and Commerce," The Journal of Political Economy, XXI (1913), pp. 111-116.

- McGrath, Earl James, "The General Education Movement," The Journal of General Education, I (October, 1946), pp. 3-8.
- Marsh, C. S., "General Lee and a School of Commerce," The Journal of Political Economy, XXXIV (1926), pp. 657-59.
- Marshall, Leon C., "The College of Commerce and Administration of the University of Chicago," The Journal of Political Economy, XXI (1913), pp. 97-110.
- "A New Objective: A University School of Business," Proceedings of the American Association of Collegiate Schools of Business, The Ronald Forum, (November, 1928), pp. 7-16.
- Miller, William, "American Historians and the Business Elite," The Journal of Economic History, IX (November, 1949), pp. 184-208.
- "The Recruitment of the Business Elite," The Quarterly Journal of Economics, LXIV (May, 1950), pp. 242-253.
- Morris, Anna Wharton, "Joseph Wharton. Discoverer of Malleable Nickel in the United States. 1826-1909." Germantowne Crier, V (May, 1953). Mimeographed reprint of the article available in the Lippincott Library of the University of Pennsylvania, pp. 1-3.
- "The Origin, Progress, and Influences of Commerce," The Commercial Review, I (February, 1846), pp. 97-115.
- Person, H. S., "The Amos Tuck School of Dartmouth College," The Journal of Political Economy, XXI (1913), pp. 117-126.
- Phelps, W. W., "Academic Research in Business Administration," The Journal of Higher Education, XVIII (January, 1947), pp. 81-89.
- "A Professorship of Commerce," The Commercial Review, VI (August, 1848), pp. 110-113.
- Scott, William A., "Training for Business at the University of Wisconsin," The Journal of Political Economy, XXI (1913), pp. 127-135.
- Stoke, Harold W., "The Future of Graduate Education. How Does Graduate Work Fare in the Postwar Period?" The Journal of Higher Education, XIX (December, 1947), pp. 473-477, 491.
- "Survey of Consumer Finances," Federal Reserve Bulletin, XXXIV (July, 1948), pp. 766-780.
- Wiest, Edward, "Secretarial Training in Schools of Business," The Journal of Business at The University of Chicago, III (October, 1930), pp. 59-64.
- Wills, Elbert Vaughan, "The Old University of Louisiana and the Beginnings of Higher Commercial Education in the United States," Education, XLVIII (December, 1927), pp. 209-224.

Others

The American Association of Collegiate Schools of Business, Executive Committee Interpretations to Accompany the Statement of Standards for Admission to the American Association of Collegiate Schools of Business, August, 1949.

Faculty Requirements and Faculty Supply in Collegiate Business Teaching 1954-1970. Report of the Committee on the Future Requirements of Trained Teaching Personnel, 1955.

Proceedings of the American Association of Collegiate Schools of Business 1925-1954.

Standards for Admission to the American Association of Collegiate Schools of Business, effective April 23, 1949; amended April 18, 1953.

A Survey of the Requirements for the M.B.A. Degree Offered by the Members of the American Association of Collegiate Schools of Business, 1952, mim.

Boston University, College of Business Administration: Boston University Bulletin, XLIII. Boston: Boston University, February, 1954.

Burns, Norman, Accrediting Enters a New Phase, an article--including a summary of criticisms of accrediting set forth in the Report of the Commission on Colleges and Universities, North Central Association Quarterly, July, 1952, p. 15--intended for publication and distributed to the members of the American Association of Collegiate Schools of Business, mim.

Catalogue of the University of Pennsylvania 1893-1894. Philadelphia: University of Pennsylvania, 1894.

Circular No. 282 of the United States Office of Education. Washington: Federal Security Agency, U. S. Office of Education, 1950.

The City College of New York, Bernard M. Baruch School of Business and Public Administration, for the Day and Evening Sessions, Undergraduate and Graduate Programs 1953-1954: The City College Bulletin. 17 Lexington Avenue, New York: City College of New York City, 1953.

Columbia University, Announcements of the Graduate School of Business 1954: Columbia University Bulletin. New York: Columbia University Press, 1954.

Constitution, Minutes, and Report of the Association of Collegiate Schools of Business 1919-1924, mim.

Dartmouth College, Announcement of The Amos Tuck School of Administration and Finance Associated with Dartmouth College for the Year 1904-1905. Hanover, N. H.: Dartmouth College, 1904.

Announcement of The Amos Tuck School of Administration and Finance Associated with Dartmouth College for the Year 1913-1914. Hanover N. H.: Dartmouth College, 1913.

The Amos Tuck School of Business Administration: Dartmouth College Bulletin, V. Hanover, N. H.: Dartmouth College, April, 1950.

Donham, Wallace B., Graduate School of Business Administration: Report to the President of Harvard University. Reprint (from the Report of the President of Harvard College and Reports of Departments, 1941-1942). Cambridge, Mass.: Harvard University Press, 1942.

Gray, William R., "Will the New Deal Involve Important Changes in Curriculum Philosophy and Teaching Materials and Methods," Proceedings of the Sixteenth Annual Meeting of the American Association of Collegiate Schools of Business, April, 1934, pp. 52-54.

Harvard University, Graduate School of Business Administration. George F. Baker Foundation, Academic Year 1953-54: Official Register of Harvard University, L. Cambridge, Mass.: Harvard University, May, 1953.

Haynes, Benajmin R., and Jackson, Harry P., A History of Business Education in the United States. Monograph 25. Cincinnati, O.: South-Western Publishing Company, 1935.

Heilman, Ralph E., "A Revaluation of the Objectives of Business Education," Proceedings of the Tenth Annual Meeting of the American Association of Collegiate Schools of Business, May, 1928, pp. 1-16.

Hotchkiss, Willard E., "The Setting of the Stanford Conference on Business Education," in Proceedings of the Stanford Conference on Business Education: Stanford Business Series No. 1. Stanford University, Calif.: Stanford University Press, 1926, pp. 7-20.

Indiana University, Announcements of the School of Business, 1952-1953: Indiana University Bulletin, L. Bloomington, Ind.: Indiana University Press, April, 1952.

Kozelka, Richard L., Collegiate Education for Business. A Preliminary Report of a Pilot Study to the Standards Committee of the American Association of Collegiate Schools of Business. Minneapolis, Minn., 1945, mim.

- Loeb, Isidor, "Administrative Problems during the Depression," Proceedings of the Fifteenth Annual Meeting of the American Association of Collegiate Schools of Business, Beta Gamma Sigma Exchange, XVI, Summer, 1933, pp. 260-267.
- Looking Ahead in Business Education: A Research and Instruction Program of the Harvard Graduate School of Business Administration, George F. Baker Foundation, Harvard University. Cambridge, Mass.: Harvard University Press, 1932.
- McCrea, Roswell, "The New Deal as It Has and May Be Expected to Affect Large City Schools of Business," Proceedings of the American Association of Collegiate Schools of Business, April, 1934, pp. 32-35.
- Marshall, L. C., Collegiate Education for Business Faces Challenges. Address delivered at the annual dinner in celebration of the Fiftieth Anniversary of The School of Business of the University of Chicago, June 11, 1948. Printed in The Challenge of Business Education, papers published in celebration of the Fiftieth Anniversary of the founding of The School of Business of the University of Chicago.
- New York University, The Graduate School of Business Administration 1954: New York University Bulletin. New York: 90 Trinity Place, 1954.
- New York University, School of Commerce, Accounts, and Finance 1952: New York University Bulletin. New York: 90 Trinity Place, 1952.
- Northwestern University, School of Commerce 1954: Northwestern University Bulletin. Chicago and Evanston: Northwestern University, 1954.
- The Ohio State University, College of Commerce and Administration: The Ohio State University Bulletin, LVII. Columbus, O.: Ohio State University, May, 1953.
- Powell, Thomas R., "Professional Education," Proceedings of the Ninth Annual Meeting of the American Association of Collegiate Schools of Business, May, 1927, pp. 30-35.
- Proceedings of the Convention of the American Bankers' Association held at Saratoga Springs, N. Y., September 3-5, 1890, with the Constitution and By-laws, and Appendices. New York: Wm. B. Greene, Secretary, 1890.
- Proceedings of the Northwestern University Conference on Business Education held in connection with the dedication exercises of Wieboldt Hall, McKinlock Memorial Campus, Lake Shore Drive and Chicago Avenue, June 16 and 17, 1927. Evanston, Ill.: Northwestern University.
- Proceedings of the Stanford Conference on Business Education: Stanford Business Series No. 1. Stanford University, Calif.: Stanford University Press, 1926.
- Proceedings of the University of Chicago Conference on Business Education 1933. The School of Business, University of Chicago, June 28, 1933.

Standards Committee of the American Association of Collegiate Schools of Business, Preliminary Statistical Summary of Survey of Higher Education in Business Administration, April, 1951, mime.

Stanford University, Graduate School of Business Announcement 1954-1955. Stanford University, Calif.: Stanford University Press, 1954.

Stevenson, Adlai E., Education and Business Leadership. Chicago: The University Extension Association, 1909.

Turner, Henry Gyles, The University of Adelaide. The inaugural Joseph Fisher Lecture in Commerce delivered at the University of Adelaide on April 14, 1904. Grenfell Street, Adelaide: W. K. Thomas and Co., Printers, 1904.

University of Alabama, School of Commerce and Business Administration: University of Alabama Bulletin, XLVIII, May, 1954.

University of Buffalo, School of Business Administration: Catalogue 1951-1952. Buffalo, N. Y.: University of Buffalo, July, 1951.

University of California, Announcement of the School of Business Administration, Berkeley: University of California Bulletin, XLVIII. Berkeley: University of California, August, 1953.

University of Chicago, Announcements, The School of Business, for Sessions of 1954-1955, LIV. Chicago: University of Chicago, July, 1954.

University of Cincinnati, Announcement of the College of Business Administration 1952-1953: College of Cincinnati Bulletin. Cincinnati: University of Cincinnati, 1952.

University of Illinois, College of Commerce and Business Administration: Undergraduate Study 1952-1953, XLIX. Urbana: University of Illinois Press, July, 1952.

University of Illinois Conference on Commercial and Business Progress. Conference held in connection with the dedication of the Commerce Building, April 16 and 17, 1913. Urbana: University of Illinois, 1913.

University of Michigan, School of Business Administration Announcement 1953-1954, LIV. Ann Arbor: University of Michigan, 1953.

University of North Carolina, School of Business Administration and Department of Economics: The University of North Carolina Record, The General Catalogue Issue 1953-1954. Chapel Hill, N. C.: The University of North Carolina Press, 1954.

University of Pennsylvania, Wharton School of Finance and Commerce 1954-1955, LIV. Philadelphia: University of Pennsylvania, 1954.

Washington University, School of Business and Public Administration:
Bulletin of Washington University, L. St. Louis: Washington
University, 1954.

Willits, J. H., "The Objectives of Business Research," in the Proceedings
of the Ninth Annual Meeting of the American Association of Col-
legiate Schools of Business, May, 1927, pp. 39-45.

Wilson, Woodrow, The Relation of University Education to Commerce.
Address delivered at the Commercial Club of Chicago; the one
hundred seventy-first regular meeting of the Club, held on
November 29, 1902.

APPENDIX A

(Persons Interviewed in the Collection of Data for the Study)

APPENDIX A

Persons Interviewed in the Collection
of Data for the Study

<u>Name</u>	<u>Position</u>	<u>Institution</u>
Balderston, C. C.	Dean	Wharton School of Finance and Commerce, University of Pennsylvania
Bartels, Robert	Associate Professor of Business Organization	College of Commerce and Administration, The Ohio State University
Batchelor, J. A.	Assistant Professor of Economics	Indiana University
Blankertz, D. F.	Professor of Marketing; Director of the Graduate Division	Wharton School of Finance and Commerce, University of Pennsylvania
Bossard, James H. S.	Professor of Sociology	Wharton School of Finance and Commerce, University of Pennsylvania
Budd, Thomas A.	Professor of Accounting and Finance; Vice-Dean	Wharton School of Finance and Commerce University of Pennsylvania
Calkins, R. D.	President; former dean of the Graduate School of Business of Columbia University	The Brookings Institution, Washington, D. C.
Clark, Donald T.	Associate Librarian; Member of Faculty	Baker Library, Harvard Graduate School of Business Administration
Cutler, Howard A.	Head of the Department of Economics	School of Business, Pennsylvania State University
Donaldson, Robert S.	Field Director	Committee for Economic Development, New York, N. Y.

<u>Name</u>	<u>Position</u>	<u>Institution</u>
Donham, Wallace B.	Dean Emeritus	Harvard Graduate School of Business Administration
Eyster, Elvin S.	Chairman, Department of Business Education and Office Training; Professor of Business Administration	School of Business, Indiana University
Gilliland, Charles W.	Secretary, The American Association of Collegiate Schools of Business	Washington University
Graves, Thomas A.	Administrative Assistant to the Dean	Harvard Graduate School of Business Administration
Griffin, Clare E.	Professor of Business Economics	School of Business Administration, University of Michigan
Hedges, J. Edward	Professor of Insurance	School of Business, Indiana University
Hoagland, H. E.	Professor of Business Organization	College of Commerce and Administration, The Ohio State University
Hockenberry, W. R.	Associate Professor of Industry; Director of Extension and Evening Schools	Wharton School of Finance and Commerce, University of Pennsylvania
Kahler, C. M.	Professor of Insurance; Vice-Dean	Wharton School of Finance and Commerce, University of Pennsylvania
Klein, Joseph J.	Author; accountant; lawyer	Klein, Hinds, and Finke 60 East 42nd Street New York, N. Y.
Kulp, C. A.	Chairman of the Department of Insurance	Wharton School of Finance and Commerce, University of Pennsylvania

<u>Name</u>	<u>Position</u>	<u>Institution</u>
Larson, Henrietta M.	Associate Professor of Business History	Harvard Graduate School of Business Administration
Lovett, Robert	Chief of Manuscript Division	Baker Library, Harvard University
Lusk, Harold F.	Professor of Business Law	School of Business, Indiana University
Marshall, L. C.	Professor of Economics; former dean	School of Business, University of Chicago
Martin, Thomas P.	Archivist; historian; librarian; former assistant chief of the Manuscript Division of the Library of Congress	
Maynard, H. H.	Chairman, Department of Business Organization	College of Commerce and Administration, The Ohio State University
Mead, Edward S.	Professor Emeritus of Finance	Wharton School of Finance and Commerce, University of Pennsylvania
Mee, John F.	Chairman, Department of Management	School of Business, Indiana University
Mikesell, R. M.	Professor of Accounting	School of Business, Indiana University
Moffat, James E.	Professor Emeritus of Economics	Indiana University
Navin, Thomas R.	Assistant Director of Research and Assistant Professor of Business History	Harvard Graduate School of Business Administration
Norton, Thomas L.	Dean	Bernard M. Baruch School of Business and Public Admin- istration, The City College of New York

<u>Name</u>	<u>Position</u>	<u>Institution</u>
Olsen, Herluf V.	Professor of Business Economics; former dean	The Amos Tuck School of Business Administration, Dartmouth College
Prickett, Alva LeRoy	Chairman, Department of Accounting	School of Business, Indiana University
Sellin, T.	Chairman, Department of Sociology	Wharton School of Finance and Commerce, University of Pennsylvania
Steele, John E.	Assistant Professor of Business Organization and Director of Student Placement	College of Commerce and Administration, The Ohio State University
Stevenson, R. A.	Dean	School of Business Administration, University of Michigan
Trytten, John M.	Principal, University School	University of Michigan
Van Cleef, Eugene	Professor of Geography and Business Organization	College of Commerce and Administration, The Ohio State University
Waters, L. L.	Professor of Transportation and Business History	School of Business, Indiana University
Weidler, W. C.	Dean	College of Commerce and Administration, The Ohio State University
Weimer, Arthur M.	Dean	School of Business, Indiana University

APPENDIX B

(Members of the American Association
of Collegiate Schools of Business
1952-1953)

APPENDIX B

Members of the American Association
of Collegiate Schools of Business
1952-1953

<u>School</u>	<u>Year in Which Membership Was Obtained</u>
University of Alabama, School of Commerce and Business Administration	1929
University of Arizona, College of Business and Public Administration	1948
University of Arkansas, College of Business Administration	1931
Boston University, College of Business Administration	1921
University of Buffalo, School of Business Administration	1930
University of California, School of Business Administration, Berkeley	1916
University of California, College of Business Administration, Los Angeles	1939
University of Chicago, The School of Business	1916
University of Cincinnati, College of Business Administration	1919
University of Colorado, School of Business	1938
Columbia University, Graduate School of Business	1916
Cornell University, School of Business and Public Administration	1950
Dartmouth College, The Amos Tuck School of Business Administration	1916
University of Denver, College of Business Administration	1923
University of Detroit, College of Commerce and Finance	1949

<u>School</u>	<u>Year in Which Membership Was Obtained</u>
Emory University, School of Business Administration	1949
University of Florida, College of Business Administration	1929
Fordham University, School of Business	1939
University of Georgia, College of Business Administration	1926
Harvard University, Graduate School of Business Administration	1916
University of Illinois, College of Commerce and Business Administration	1924
Indiana University, School of Business	1921
State University of Iowa, College of Commerce	1923
University of Kansas, School of Business	1925
University of Kentucky, College of Commerce	1926
Lehigh University, College of Business Administration	1938
Louisiana State University, College of Commerce	1931
Marquette University, The Robert A. Johnston College of Business Administration	1928
University of Maryland, College of Business and Public Administration	1940
Miami University, School of Business Administration	1932
University of Michigan, School of Business Administration	1919
University of Minnesota, School of Business Administration	1920
University of Mississippi, School of Commerce and Business Administration	1944
University of Missouri, School of Business and Public Administration	1926
Montana State University, School of Business Administration	1949

<u>School</u>	<u>Year in Which Membership Was Obtained</u>
University of Nebraska, College of Business Administration	1916
The City College of New York, School of Business and Civic Administration	1933
New York University, School of Commerce, Accounts, and Finance	1916
University of North Carolina, School of Business Administration	1923
Northwestern University, School of Commerce	1916
Ohio State University, College of Commerce and Administration	1916
Ohio University, College of Commerce	1950
University of Oklahoma, College of Business Administration	1926
University of Oregon, School of Business Administration	1923
University of Pennsylvania, Wharton School of Finance and Commerce	1916
University of Pittsburgh, School of Business Administration	1916
Rutgers University, School of Business Administration	1941
St. Louis University, School of Commerce and Finance	1948
University of South Dakota, School of Business Administration	1949
University of Southern California, College of Commerce	1922
Stanford University, Graduate School of Business	1926
Syracuse University, College of Business Administration	1920
Temple University, School of Business and Public Administration	1934
University of Tennessee, College of Business Administration	1941

<u>School</u>	<u>Year in Which Membership Was Obtained</u>
University of Texas, College of Business Administration	1916
Tulane University, College of Commerce and Business Administration	1916
University of Utah, School of Business	1936
University of Virginia, McIntire School of Commerce	1925
Washington and Lee University, School of Commerce and Administration	1927
State College of Washington, School of Economics and Business	1950
Washington University, School of Business and Public Administration	1921
University of Washington, College of Business Administration	1921
University of Wisconsin, School of Commerce	1916

<u>School</u>	<u>Year in Which Asso- ciate Membership Was Obtained</u>
Baylor University, School of Business*	1950
The Creighton University, College of Commerce	1949
Drake University, College of Business Administration	1949
Loyola University, College of Business Administration	1950
University of North Dakota, School of Commerce*	1925
Southern Methodist University, School of Business Administration	1925
University of Tulsa, College of Business Administration	1949

*Provisional Associate Membership

APPENDIX C

(Standards for Admission to the American Association
of Collegiate Schools of Business,
Effective April 23, 1949;
Amended April 18, 1953.)

APPENDIX C

Standards for Admission to the American Association
of Collegiate Schools of Business,
Effective April 23, 1949;
Amended April 18, 1953.

(1) For membership a school or college shall be a distinct and independent degree recommending unit responsible directly to the central administrative authority of an institution of higher learning. The unit shall have such active support as to indicate continuous commitments for the conduct of a professional program, adequate in itself and comparable to those offered by other professional schools.

(2) For associate membership an applicant should preferably possess the same degree of independence required for full membership. However, when full independence does not prevail, the Executive Committee may recommend associate membership provided, it is convinced that the applicant possesses sufficient autonomy as to curricula, budget, and faculty personnel to insure the development of an adequate program of instruction.

(3) The curricula shall approximate, quantitatively and qualitatively, the standards in effect in recognized collegiate schools of business, due allowance being made for the meeting of regional or other special objectives. A portion of the four years of college work for the undergraduate degree may be taken in some other college, such as liberal arts or engineering college of approved standards. At least forty per cent of the 120 semester hours or its equivalent required for the bachelor's degree must be taken in business and economics subjects; the major portion of the courses in this group shall be in business administration. At least forty per cent of the 120 semester hours or its equivalent required for the bachelor's degree must be taken in subjects other than business and economics provided that economic principles and economic history may be counted in either the business or nonbusiness groups. With respect to the latter, breadth not specialization is the objective.

(4) As the foundation for training in administration, instruction shall be offered in the fields of economics, accounting, statistics, business law, finance, marketing, and production or industrial management. In general, candidates for the undergraduate degree shall receive basic instruction in each of these fields. Opportunities beyond the basic course shall be available in at least three of the above fields.*

(5) The teaching and administrative staff shall possess the qualifications, experience, professional interests, and scholarly productivity essential for the successful conduct of a collegiate school of business. In judging the teaching staff, consideration is given to the percentage of student credit hours taught by those having the doctorate or other appropriate terminal degree, and to research or professional

*In the spring of 1956, the Association voted to require management principles in place of production or industrial management.

experience. There shall be at least five faculty members, exclusive of those in general economics, of professional rank (assistant, associate or full professors) giving full time to instruction in business administration; the majority of members of the teaching staff shall give the greater part of their time to instruction and research. The number of teachers and their distribution among ranks and fields shall be adequate to provide effective instruction at all levels offered.

(6) Members of the instructional staff should not teach freshman-sophomore work in excess of fifteen credit hours a week, or junior-senior or graduate work in excess of twelve credit hours a week. A member of the instructional staff should not ordinarily teach more than two subject-matter fields in any one term. In judging the instructional load, consideration should be given to the total academic and professional responsibilities borne by each member of the teaching staff.

(7) The school shall have adequate laboratory, library, and other facilities for the pursuit of its objectives, and the suitable accommodation of its faculty and students. The interpretation of adequacy shall be less rigorous in the case of an associate member.

(8) The school shall have been established and in operation for such a period of time as to make it possible to evaluate its character and policies.

(9) An institution at which graduate degree in business is granted shall be eligible for full membership only.

(10) No institution subject to undue political influence may become or remain a member or associate member.

(11) Any member or associate member that does not maintain Association standards shall be placed on annual probation for a period not to exceed three years and, if not restored to membership or associate membership during this period, shall be suspended. Suspension may be imposed for cause without a prior period of probation.

(12) Each applicant for membership or associate membership shall be inspected by a committee of one to three persons. The Executive Committee may fix such inspection fee as it deems proper to be paid by the applying school.

(13) The Secretary shall each year assemble and distribute to the members and associate members such information as the Executive Committee may consider helpful to them. He shall also make such inquiries of members and associate members as will show whether Association standards are being maintained. When in the opinion of the Executive Committee a school is not maintaining these standards, an inspection committee shall be appointed to investigate and report.

(14) Membership in, or official information of, the Association may not be used for advertising or other promotional purposes. Membership in the Association may be indicated, however, by a bare statement that the institution is a member.

This statement of standards is subject to annual review.

Unless otherwise indicated these requirements apply to both members and associate members.

APPENDIX D

(Constitution of the American Association
of Collegiate Schools of Business.)

APPENDIX D

Constitution of the American Association
of Collegiate Schools of Business

I. Name. The name of this Association shall be the American Association of Collegiate Schools of Business.

II. Purpose. The object of the Association is the promotion and improvement of higher business education in North America.

III. Membership. The Association is composed of institutions offering approved programs of instruction in business subjects. There may be two classes of membership:

- (a) Members
- (b) Associate members

Institutions may be admitted to membership or associate membership on recommendation of the Executive Committee, by a two-thirds vote of the membership represented and qualified to vote at an annual meeting.

IV. Dues. The annual membership dues for members and associate members shall be one hundred dollars.

V. Voting rights. (1) Each member institution shall have one vote on all matters which come before the Association. (2) Each associate member shall have one vote on all matters which come before the Association, except that they shall not be eligible to vote in the election of officers and members of the Executive Committee, changes in the constitution and by-laws, and admission of members to the Association.

VI. Meetings. The Association shall hold an annual meeting at such time and place, and of such nature, as the Executive Committee may determine. The Executive Committee shall make such arrangements for meeting with other organizations or groups as it may deem advisable.

VII. Officers. The officers of the Association shall be President, Vice-President, and Secretary-Treasurer. These three, with six others elected by the Association, and the retiring President, shall constitute the Executive Committee, which shall have power to conduct the affairs of the Association in accordance with the provisions of this constitution and of any special votes of the Association. The three officers shall be elected annually and hold office until their successors are elected. Two other members, other than the officers, shall be elected each year to the Executive Committee for terms of three years. Vacancies in the Executive Committee shall be filled by temporary appointments made by the President pending the election of permanent successors at the next annual meeting.

VIII. *Delegates.* At meetings of the Association, each institution may have any number of representatives from its active staff, but each institution shall have a single vote.

IX. *Autonomy of members.* No act of the Association shall be held to control the policy or action of any member institution.

X. *Amendments.* This constitution may be changed at any annual meeting. No change shall be adopted unless voted by two-thirds of the institutions represented. No motion for an amendment shall be considered unless a copy of such proposed amendment has been filed with the Secretary-Treasurer at least forty days before the annual meeting and a copy thereof sent forthwith by the Secretary-Treasurer to each member.

Executive Committee interpretations to accompany the statement of standards of admission to the American Association of Collegiate Schools of Business, August, 1949. The following interpretations of the standards of the Association were approved by the Executive Committee at the annual meeting and were read to the member deans in attendance:

Interpretation of (1)

It is expected that the school or college will be primarily interested in full-time day students and that it not be primarily an evening school. It is also felt that at this time teachers colleges will seldom qualify for membership.

Interpretation of (2)

The comments with reference to paragraph (1) above are applicable also to paragraph (2) of the standards.

Interpretation of (4)

Production or Industrial Management is used as a generic term to describe courses in Industrial Management, Production Management, Industrial Relations and Personnel Management, Production Planning and Control, as well as courses in manufacturing or production.

Finance is used as a generic term to describe the courses in Money and Banking, Business Finance, Corporation Finance and Investments.

Interpretation of (5)

In judging the teaching staff, consideration is given to the percentage of teaching hours taught by those having the doctorate or other terminal degrees appropriate to their teaching field or fields and to research or professional experience and evidence of scholarly productivity.

As a quantitative test of the staff, a study of the terminal or professional degrees held by the members may be made. In doing so, it is recognized that there is at this time no one terminal designation which is appropriate for all faculty members. The doctoral degree in economics or business is accepted in all fields. However, at present members with Master of Business Administration degrees who also hold certificates as Certified Public Accountants are considered as having terminal qualifications for the teaching of accounting. The professional degrees of LL.B. for instructors in Business Law and advanced engineering degrees for instructors in Industrial Management may also be considered terminal. Terminal degrees in Secretarial Science and Business Communications are more than likely to be at the master [sic] level at the present time.

It is expected that member institutions will maintain a faculty sufficiently large so that at least 50% of the student credit hour load on the Junior-Senior level is taught by full-time faculty members having terminal degrees or professional designations as determined above. The percentage in associate member institutions may be somewhat lower. Only a minor part of the student credit hour load may, in the professional areas, be taught by part-time teachers.

As a further quantitative test, the utilization of the faculty is also studied. The number and variety of the courses offered by each instructor is important. It is felt that no instructor should, at any one time, offer instruction in more than two of the core fields set out in paragraph (4). There may be some exceptions to this in unusual cases and a greater variation from the norm may be expected in associate member institutions. The number of preparations required of a faculty member should be reasonable.

Interpretation of (6)

In judging instructional load consideration should be given to the teaching, committee, and other administrative tasks required by the institution in return for the compensation that it pays. The purpose of this restriction is to free the time of individual teachers for academic and professional growth. Since individuals vary in their interests, physical and intellectual vigor, and in their rate of output, it is not intended to restrict the total number of hours devoted to intellectual and other endeavors, nor the total output of all kinds that an individual shall be permitted to render to his institution and to society. What a member of the teaching staff does with that portion of his time that he is not required to give to his institution in return for compensation should not be restricted as to quantity, but activity that will advance his scholarly and professional career is clearly preferable to work that is of a "potboiling" variety. In judging the instructional and administrative load as described above, the average for the academic year should be taken into account, rather than the load for a single term only.

Interpretation of (9)

An institution which otherwise qualified for associate membership but which has a limited graduate program, may be admitted provisionally as such associate member for a restricted period during which time they must remove all deficiencies which prevent full membership or must discontinue the graduate program. It is understood that no standard or interpretation shall require any member to offer graduate work.

APPENDIX E

(The Twenty Schools Referred to in
Table 2, Chapter V)

APPENDIX E

The Twenty Schools Referred to in
Table 2, Chapter V

University of Alabama, School of Commerce and Business Administration

Boston University, College of Business Administration

University of Buffalo, School of Business Administration

University of California, School of Business Administration, Berkeley

University of Chicago, The School of Business

University of Cincinnati, College of Business Administration

The City College of New York, Bernard M. Baruch School of Business and
Public Administration

Columbia University, Graduate School of Business

Dartmouth College, The Amos Tuck School of Business Administration

Harvard University, Graduate School of Business Administration

University of Illinois, College of Commerce and Business Administration

Indiana University, School of Business

University of Michigan, School of Business Administration

New York University, School of Commerce, Accounts, and Finance. The
Graduate School of Business Administration at the same institution
is included in the tabulation as well.

University of North Carolina, School of Business Administration

Northwestern University, School of Commerce

Ohio State University, College of Commerce and Administration

University of Pennsylvania, Wharton School of Finance and Commerce

Stanford University, Graduate School of Business

Washington University, School of Business and Public Administration