

BUSINESS ADMINISTRATION ON THE COLLEGIATE LEVEL IN THE UNITED STATES

by

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and

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Collegiate education in business administration, while a very recent phenomena in many of the economically less-developed nations of the world today, has a much longer history in the United States. Even there, when compared with many of the other academic disciplines, it must be considered as being in its infancy. Although the period of its historical development in the United States is relatively brief, a review of its evolution there over the last 100 years might be of considerable benefit to educators in the economically less-developed nations who have recently established similar programs of study to meet their countries' needs for qualified managers and administrators. Much can be learned from the mistakes which have been made in the United States as well as insights gained into the possible future course of the development of collegiate education for business within the less-developed countries.

In reviewing the evolution of business administration on the collegiate level in the United States, its historical development is divided into the following four periods: (1) early formative stage (1848-1910); (2) period of initial growth and development (1911-1930); (3) the Depression and World War II years; and (4) the post-war period. In conclusion, an assessment of the emerging curricular trends of collegiate education for business and the future demands for its graduates is presented.

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EARLY FORMATIVE STAGE

The seeds of collegiate education in business administration were nurtured by the changing nature of American society in the nineteenth century. From an agrarian society, the United States made rapid progress toward becoming an industrialization of the country, the growth in size and complexity of its businesses, and the rise of the corporate form of organization, a need for young men trained in business administration arose. The system of collegiate education at this time was oriented toward the education of men for the learned professions such as law, medicine, and theology and, therefore, was unsuitable for the preparation of men for careers in business. The early supporters of collegiate education for business pointed to these changes in American society and used them to promote educational programs more suitable for business career preparation. An additional development during the late nineteenth century used by these advocates to promote collegiate education for business was the increasing criticism of business management which appeared in newspapers, magazines, and journals at this time. The establishment of programs of business administration on the collegiate level were regarded by these advocates as one major way for improving the caliber of business leadership in the nation.¹

The earliest endeavors to establish collegiate programs in business administration occurred in the Southern United States at the University of Louisiana (later to become Tulane University) around 1848 and at Washington College (forerunner of Washington and Lee University) around 1865. These early efforts proved abortive, though, because of internal factors within the universities. In 1881, the Wharton School of Finance and Commerce at the University of Pennsylvania was founded, and the school has sustained its program in business administration down to the present day. Before the end of the early formative stage in 1910, the Wharton School was joined by nine other schools of business, geographically dispersed around the country and including the first purely graduate program in business established at Harvard University in 1908.²

Contrary to the practices in other countries, these schools of business were created as components of major universities and not as independent bodies with university status. Reflecting their initial orientation toward producing men for commercial and financial employment, most of these early schools had such words as "commerce", "finance", and "administration" incorporated in their official titles. This commercial and financial orientation is still indicative of the "commerce education" programs found today in many of the economically less-developed countries.

¹Meri Marjatta Saarsalmi, *Some Aspects of Thought Underlying Higher Education for Business in the United States* (unpublished D.B.A. dissertation, Department of Business Education, School of Business, Indiana University, 1955), pp. 60-66.

²*Ibid.*, pp. 55-60.

In the organizational development of business collegiate education, the initial business programs were frequently offered jointly by a number of departments—i.e., economics, political science, and sociology. The next stage in their evolution often was a department or division within the college of arts and science closely connected with economics. A separate and independent department of business followed, and finally the programs attained school status. Many of the business programs in the United States, though, have never gone beyond the separate and independent department stage.

INITIAL GROWTH AND DEVELOPMENT

In the development of collegiate programs of business, the period from 1911 to 1930 was one of accelerated growth both in the number of schools established and in student enrollment. As an offshoot of this rapid expansion of schools of business, a central association of these schools was formed in 1916 with the objective of promoting and improving higher business education in the North American continent.³ This cooperative association later assumed the name of The American Association of Collegiate Schools of Business, and it has been a potent force since its inception for raising standards and shaping curricula in collegiate business education.

World War I seriously disrupted the programs of business administration on the collegiate level. The teaching staffs of these programs were frequently depleted in order to meet the needs of Government and industry for qualified administrators. One salutary effect of the employment of business teachers in Government and industry, though, was to provide them with meaningful internship experiences. Prior to the War, their contacts with business and Government had been infrequent and primarily carried on for the collection of data needed for their teaching or research.⁴

This period in the evolution of collegiate education for business also saw the emergence of a number of important curricular and teaching innovations which are still major elements in present business administration programs. One of the curricular innovations introduced during this period was the concept of the "core" subjects of business administration—accounting, finance, marketing, business law, statistics, and production or industrial management—which were to be taken by all business students regardless of their major area of interest. In addition, under Dean Wallace B. Donham, the "case method" of instruction was developed at the Harvard Graduate School of Business. This method of instruction emphasizes the use of actual business situations which are analyzed by the students. The main purpose in using the "case method" is to develop the analytical, problem-solving, and decision-making capabilities of the business students. Concurrent with the introduc-

³*Ibid.*, p. 102.

⁴*Ibid.*, pp. 100–102.

tion of the "case method" at Harvard, Dean Leon C. Marshall was proposing a more interdisciplinary approach to collegiate education in business at the University of Chicago. His approach called for a closer interrelationship between the physical and social sciences with business administration and decision making. Although Marshall's approach to collegiate business education was shortlived at the University of Chicago, it was the forerunner of many of the present-day developments in collegiate education for business.⁵

DEPRESSION AND WORLD WAR II

With the onset of the Depression in the 1930's, student enrollment in the existing programs of business administration declined; and the rate of growth in the number of new programs and schools reached a plateau. The difficulties experienced by business graduates in obtaining employment during the Depression gave impetus to their continuing their studies on the graduate level; and, consequently, graduate work in business gained momentum. A sorry employment situation also caused schools and departments of business to give more careful thought to student placement and guidance activities.⁶

The impact of the Depression, the legislative efforts which were made in an attempt to remedy some of its evils, and the greater involvement of the Government in the American economy caused significant changes and shifts in the nature of the subject matter and course content of the business programs. Greater emphasis in these programs was given to the study of labor, consumption, the role of government, accounting and statistics, and law as a social force.⁷ The period of the Depression and World War II also saw the emergence of the first executive development seminars at M.I.T., Harvard, and Chicago.

World War II was as disrupting to the programs of business administration as the First World War had been. Business faculty members and students were called upon to serve the nation in its Armed Forces. In many cases much of the talent still remaining in the business schools was utilized in the operation of training centers for military personnel. The training needs of the War resulted in a general tendency on the part of the colleges and universities useful subjects.

POST-WAR PERIOD

Enrollment in collegiate education in general and programs of business in particular boomed upon the termination of the Second War with the return of many thousands of military veterans to colleges and universities.

⁵Leonard S. Silk, *The Education of Businessmen* (New York: Committee for Economic Development, 1960), pp. 16-18.

⁶Meeri Marjatta Saarsalmi, *op. cit.*, pp. 137 and 140.

⁷*Ibid.*, pp. 132-134.

Collegiate education for business administration was subjected to increasing criticism during the post-war period culminating in the unflattering findings of two major studies in 1959 financed by the Ford Foundation and the Carnegie Corporation of New York. The Gordon and Howell and the Pierson studies criticized collegiate education for business in the United States on the following counts: (1) low academic standards; (2) poor overall quality of students and teaching staffs; (3) weak research efforts; (4) unsuitable teaching methods; and (5) excessive numbers of vocationally specialized courses in its curricula. The publication of the findings of these studies acted as a catalyst for collegiate business education in re-examining the programs of instruction and in making constructive changes.⁸

EMERGING CURRICULAR TRENDS

As a reaction to the findings of the Gordon and Howell and the Pierson studies and to meet the changing environmental conditions in which business finds itself today, a revolution in the curricula of collegiate education for business is taking place in the United States. A number of collegiate schools and departments of business have attempted to eliminate some of the excessively vocational courses from their curricula. Greater efforts are being made by business departments and schools to equip their students with statistical and mathematical tools and concepts from the behavioral sciences which can be applied to the solution of business problems. A background in mathematics, statistics, and the behavioral sciences is also essential for future managers if they are to digest the mass of information which is presently available to them and if they are to effectively communicate with, supervise, and control the many professional scientists who are employed in industry today as a result of the great upsurge since World War II in research and development activities. This greater emphasis on statistics, mathematics, and the behavioral sciences in the programs of business administration has resulted in their encouraging their faculty members to become more conversant in these new fields as well as in their attracting scholars from areas outside of business administration. Furthermore, as a result of the increasing competition with foreign firms in the domestic market and the post-war expansion of American business abroad, many of the collegiate programs of business have become increasingly internationalized. The educated managers of today more than at any other time in the past need to possess a world outlook. In addition, stress is being placed on developing a more liberally educated business student. External pressures of a social and political nature demand managers with a broad background in order that they may more effectively meet the challenges of

⁸Committee for Economic Development, *Educating Tomorrow's Managers: The Business Schools and the Business Community* (New York: Committee for Economic Development, 1964), pp. 9-10.

the outside forces which are today focusing on their business and industrial organizations. Attention in business curricular construction is, therefore, being increasingly directed toward incorporating studies of the broad economic, political, and social environment of which business is a part.

FUTURE GROWTH

Today there are over 600 collegiate schools and departments of business in the United States with an expected enrollment in 1970 of approximately 600,000.⁹ The question is frequently posed as to whether or not business and industry can absorb the numbers of business graduates which will be flowing from the universities and colleges of the nation. After all, it is asserted, the number of top managerial positions in the business and industry of the country is limited; and, in many cases, these top jobs are filled by non-business graduates.

That the collegiate schools and departments of business administration will not be filling the ranks of the educationally unemployed seems to be the general consensus of opinion. The United States is presently experiencing a "brainpower" revolution which is manifested in a demand on the part of business and industry for a more highly educated labor force. The need for white collar personnel—professional individuals, technicians, supervisors, managers—is presently growing at a much faster rate in the United States than the need for other occupational groups. The products of the collegiate schools and departments of business will be in increasing demand in the future to meet these white-collar requirements. In addition, business graduates will be required to fill responsible positions in the nation's millions of small businesses.¹⁰

CONCLUSION

Collegiate education in business in the United States has by no means reached the millennium. Much remains to be done to strengthen and make more meaningful its existing programs. Experimentation with the possibility of failure will be the pattern of the future. The economically less-developed countries of the world would be well advised to closely watch and profit from these successes and failures and to adopt and adapt those aspects of our collegiate business education which best meet their needs.

⁹*Ibid.*, p. 18.

¹⁰*Ibid.*, pp. 19-20.