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Business education, as we know it today, is of recent origin. The prevailing consensus around the philosophy underlying the present-day business curriculum has developed more recently than many realize. Many of the issues in business education that challenge us today were not even deemed as being in the realm of academe just a few years ago. Who would have predicted the shift in the teaching of the principles of management from its focus on planning, organizing, staffing, leading, and controlling functions of organizations to developing, nurturing, encouraging, and enhancing of human potential, knowledge, and intellect? In this issue, Dean P. George Benson of the University of Georgia explores the evolution of business education in the U.S. This essay draws from a speech he delivered at the Decision Sciences Institute Annual Meeting in San Diego, California, on November 25, 2002.

The Evolution of Business Education in the U.S.

by P. George Benson, Terry College of Business, University of Georgia

Business education has become big business over the last century. In 1919, only 3.2 percent of all bachelor's, master's, and doctoral degrees granted in the U.S. were in business. By 2001, that percentage had grown to 21.6 percent (see table). In 1901, masters' degrees in business did not exist. One hundred years later, 111,000 masters' degrees were granted in a single year.

The genesis of our industry and the work that nearly all of us do in our professional lives can be traced back to the apprenticeship system that was imported to the New World in the 1600s from Europe. Boys left school early to learn the practical methods of business from tradesmen, master craftsmen, and merchants. Often there were formal contracts between the boys' families and the craftsman. It was learning by doing: knowledge acquisition through the application of knowledge.

Other than arithmetic, there were no business methods taught in schools until bookkeeping emerged in the private secondary schools of Boston, New York City, and Philadelphia around 1700. But the first bookkeeping textbook didn't appear until 1796, and it wasn't until 1823 in Boston that bookkeeping was first offered in a public high school. In fact, bookkeepers were the earliest advocates of formal business education in private and public schools.

The first educational institution in the U.S. solely dedicated to business education was Dolber's Commercial College, founded in New York City in 1835. With the Industrial Revolution fueling the need for commercial education, 20 such private schools existed across the East and Midwest by 1850. And by 1863, the then well-known Bryant-Stratton School had a chain of more than 50 schools spanning the country. Bryant-Stratton was the 19th-century's version of the University of Phoenix.

By this time, shorthand systems and later typing joined bookkeeping as the core of commercial education.

These private schools were a major force in business education. Not only did they teach the skills of commerce to current and future practitioners, but they trained business teachers for high schools, worked to get high schools to adopt business education, and even produced textbooks for high schools. More generally, these private schools demonstrated that business skills could be taught more efficiently in a school format than through apprenticeships.

At this stage in the evolution of business education, the focus was clearly on

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clerks, not managers. It was practical, vocational training, the opposite end of the spectrum from the very liberal education offered by colleges at that time.

Another force behind the growing business education industry was the Morrill Land-Grant College Act of 1862. The act gave each state 30,000 acres of public land for each representative and senator in Congress for the purpose of creating colleges to deliver the "liberal and practical education of the industrial classes in the several pursuits and professions in life" (First Morrill Act). By 1871, roughly two dozen colleges offered business courses.

But the first successful collegiate business school is acknowledged by all to be the University of Pennsylvania's Wharton School, established in 1881. It was made possible by a $100,000 gift from industrialist Joseph Wharton. He specified that the funds be used to educate young men of prominent families for careers in government and business.

This new business program was housed in the arts and sciences faculty for the first 31 years of its existence. It wasn't until 1912 that the school received its own dean and faculty.

Actually, collegiate business programs had been proposed much earlier than the University of Pennsylvania's. Prior to the Civil War, business people in New Orleans proposed, but didn't implement, a Department of Business at what is now Tulane University. And after the war, Robert E. Lee, then president of Washington and Lee, proposed the development of an extensive business curriculum. Lee died and nothing became of his proposal.

Other universities followed the University of Pennsylvania's lead. In 1898, the University of California, Berkeley, started a program within its Economics Department. It didn't move out of Economics until the 1940s. Also in 1898, the University of Chicago initiated a program within its Department of Political Economy.

Though just a century ago and within memory of people alive today, it's important to realize that 1900 was still the dawn of American education: only 6 percent of 17-year-olds graduated from high school; and only 2 percent graduated from college.

In 1900, NYU, Wisconsin, and Dartmouth started business programs. Dartmouth developed the first master's degree in business. It was called a Master of Commercial Science. The program graduated seven students in 1902. As noted earlier, just 100 years later, U.S. B-schools granted 111,000 masters' degrees in one year.

In 1908, Harvard's business program was founded within its College of Arts and Sciences. It became independent four years later. The first business school in the South was the University of Georgia's School of Commerce, founded in 1912 and now known as the Terry College of Business.

The formation of business programs within Economics Departments, or by economists, was typical. Thus, the drivers of business education evolved from craftsmen and merchants to accountants to colleges of arts and sciences and their economics departments.

Though born in arts and sciences colleges, many arts and sciences faculty doubted the worth of teaching business in a university setting. One Harvard professor asked: "Should we sully the robes of Chaucer and Shakespeare with the seekers of gold?" Another professor concluded that a college of commerce "belongs in the corporation of learning no more than a department of athletics" (Engwall & Zamagni, 1998, p. 8). Wouldn't he be shocked by today's higher education enterprise?

The long tenure of many prestigious business programs within arts and sciences colleges partially explains why the trajectory of business education quickly became more liberal, and why later in the 20th century its focus shifted so strongly from the business community to the academy.

In 1916, the Association of Collegiate Schools of Business (later renamed the American Assembly of Collegiate Schools of Business) was founded as a professional association for college and university business educators. Today, it's known as AACSB International.

From 1919-1924, there was an explosion of collegiate business programs: 117 new programs opened. By 1935, 180 colleges and universities were turning out business graduates.

While collegiate business education was initially aimed at the rich, by the 1920s it was becoming a way for lower income people to climb into the ranks of the middle class—particularly at public institutions.

Also in the 1920s, faculty began applying the scientific method in the investigation and solution of business problems and Bureaus of Business and Economic Research emerged. Gradually, knowledge creation joined knowledge transfer as a core mission within business schools. It was also in this decade that Harvard faculty adapted the "case method" for teaching business from their law school colleagues.

AACSB's first program standards were issued in the 1920s and, for the first time, AACSB began to advocate management as a profession.

Following World War II, growth in collegiate programs accelerated rapidly and more graduate programs were established. B-schools became "cash cows" for their universities.

Though the focus was clearly on management by the 1950s, most business schools still delivered courses in secretarial studies and office management. Go back and look at your old course catalogs—you'll be surprised at what you find!

Perhaps the best description of the state of business education in the 1950s was provided by the well-known Carnegie (Pierson) and Ford (Gordon and Howell) Foundation Reports of 1959. These two reports, totaling about 1,200 pages and mostly critical of business programs, dramatically influenced the trajectory of business schools for the next 30 years.

Their criticisms were many. Business schools were not selective enough and were populated with poor to average students. Curricula included too many courses, too many concentrations, and over-specialized courses. For example, one program had an eight-course major in Baking Science and Management with one course titled "Principles of Baking: Breads and Rolls." New York University had 50 different majors!

The Ford Foundation Report noted that, "Other things being equal, the quality of a business school tends to vary in inverse proportion to the number of business courses it offers." Ouch!

They also targeted faculty. Only 40 percent had doctorates; too many faculty came from fields outside of business and included people with little interest in or knowledge of business; faculty teaching loads were too heavy; and too many programs were hiring their own graduates to

1919	Bachelor's	1576	
	Master's	110	3.2% of all U.S. degrees
	Doctor's	0	
1958	Bachelor's	50,090	
	Master's	5205	12.6% of all U.S. degrees
	Doctor's	109	
2001	Bachelor's	250,000	
	Master's	111,000	21.6% of all U.S. degrees
	Doctor's	1,071	

Table 1: U.S. Degrees granted [Source: AACSB International and Gordon and Howell (1959)].

teach. Faculty research was weak, tending to be descriptive, rather than analytical, and too often related to consulting. General theories were seldom developed or tested. Finally, not enough faculty were doing research, and very little of the research was significant to the business community.

The overall implication of these reports was that after almost 80 years, B-schools were not yet thought of as legitimate enterprises, particularly within the academy.

The foundation reports were heavily cited in the press, which led to much B-school bashing from all sides. It was hard enough for many arts and sciences faculty to tolerate law schools—to some, B-schools were even worse. All of this was ammunition for business school deans who agreed with the criticism. They now had reasons to move their schools closer to the arts and sciences womb. Incentive systems were changed to reward research over teaching. As long as students didn't throw you physically out of the classroom, your teaching was acceptable.

With more and better research needed, as well as more doctorally qualified faculty, a new business PhD program was opened, on average, every 73 days during the 1960s.

Some of the many benefits that accrued from these changes included more rigorous research, more theory development, and an explosion in business journals from 1,600 in 1959 to 5,000 by 1984. The visibility of business school research increased dramatically. All of this meant that the academic reputations of B-schools were greatly enhanced, both inside and outside the academy.

But these benefits weren't gained without significant costs. The more rigorous research requirements encouraged individual faculty to develop narrower and deeper knowledge bases. The results were disjointed disciplines and silo-like academic departments.

Unlike the 1950s, practitioners were precluded from having much influence on business faculties: few of them were trained to conduct research, so they weren't needed or respected. This guaranteed that regular faculty would have primarily academic knowledge of business. The length and intensity of PhD programs meant there was no time for faculty to get significant practical experience in the business world. The focus and orientation of business schools shifted from the business community to the academic community. In effect, all of this meant that a wedge was driven between theory and practice. This new trajectory for business education would be followed for nearly three decades.

Since the late 1980s and early 1990s the trajectory has been shifting again, toward a better balance between academic and business concerns. This shift was also driven by forces outside business schools. Among them were the quality revolution which swept through the industrialized world and awakened a somewhat complacent U.S. business community, the opening of China, and the end of the Cold War. Suddenly, U.S. firms were competing in a global marketplace with consumers demanding higher quality, lower costs, and expecting to be delighted by service providers.

As business changed, it trained its sights on business schools and their lack of customer-orientation. Another round of B-school bashing erupted in the business press. Yet another influential outside force emerged in the late 1980s—business school rankings. They facilitated direct competition among B-schools for the first time. This too encouraged a more student-centered, customer-oriented environment, particularly within MBA programs where the competition was and is the fiercest. (On the negative side, rankings continue to cause some misallocation of budgets within B-schools. Many PhD programs, for example, have become seriously underfunded. But, that's another story.)

The AACSB-sponsored Porter and McKibbin Report of 1988 confirmed that much progress had been made since the 1959 foundation reports. Our research had become more rigorous. Our curricula were better balanced and more liberal. The quality of both faculty and students had improved, and overly heavy teaching loads were no longer a problem. But, they warned that there still was not enough interaction with the business community and that the impact of faculty research on business was still not strong enough. They also added two new concerns: the typical business school curriculum lacked integration and adequate international content.

Perhaps their most serious finding, however, was that no push for change seemed to exist within B-schools themselves. We had become pretty complacent.

In the early 1990s, in response to the changing business environment and the criticisms of business schools, AACSB changed its cookie-cutter mode of guiding and evaluating business schools. Learning from the quality revolution, accreditation standards became mission-driven with continuous improvement and customer-orientation as goals.

Over the last decade or so, business schools have shed their complacency and have addressed most of the identified weaknesses. Leading-edge programs have struck a better balance between research and teaching, and between allegiance to the academy and the business community. For the first time in history, business schools are becoming true professional schools; that is, schools that equally value their dual responsibilities to the academy on one hand, and the business community on the other.

Over the last 400 years, business education evolved from apprenticeships, to bookkeeping and commercial training, to collegiate education based in arts and sciences colleges and economics departments, to today's full-service schools and colleges of business. This evolution can be characterized in two other ways that help further explain the trajectory of business education. The scope of activities in business education evolved from the hands-on application of existing knowledge through apprenticeships, to the transfer of existing knowledge in classroom settings, to the creation of new knowledge through research. Today, all three types of knowledge activities are central to the mission of the best business schools.

While the scope of activities expanded over the centuries, the objective of the activities shifted back and forth between pleasing the business community and pleasing the academic community. From the 1600s to the late-1800s, the target was solely the business community; in the late-1800s and early-1900s the aim shifted to the academic community as collegiate programs emerged; then shifted back to the business community through the 1950s; and once again back to the academy in a big way from 1959 to the late-1980s. Now, finally, we are targeting and engaging both communities.

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FEATURE EDITOR KRISHNA S. DHIR invites papers, essays or notes for the Deans' Perspective feature column from administrators and faculty members. It is hoped that this column will become a thriving forum for dialog among our readers on issues pertaining to academic leadership. It offers an opportunity to administrators and faculty members alike to speak their minds on any and all aspects of the various leadership issues confronting them. Please contact Dean Dhir at kdhir@campbell.berry.edu, or call him at (706) 238-7942 or (706) 346-5066, or send fax to him at (706) 802-6728. Articles may be of any length up to a maximum of about 2500 words.

BOARD OF DIRECTORS REPORT

Past President Thomas W. Jones (University of Arkansas) chaired the Board of Directors meeting that was held on Saturday, November 22, 2003, in Washington, D.C. The following is a report of the actions taken by the Board and matters brought to its attention. The Executive Committee met on Friday, November 21, 2003. Its recommendations to the Board are included in the items reported below.

1. The minutes of the April 26, 2003, meeting of the Board of Directors were approved.
2. The audit report for FY 2002-2003, was reviewed and accepted.
3. The financial statement for the period ended June 30, 2003 was reviewed and accepted.
4. The financial statement for the period ended October 28, 2003, was approved.
5. FY 2003-04 Midwest, Northeast, Southeast, Southwest and Western regional budgets were reviewed and accepted.
6. A proposal for the Institute's collaboration with the SAP 2004 Americas and EMEA Congresses was reviewed and accepted.
7. Recommendations regarding library subscriptions to the *Decision Line* News Publication and the Annual Meeting *Proceedings* were reviewed and accepted.
8. The following reports and information items were reviewed and accepted:
   a) Reports on the 2003 8th Asia-Pacific Regional Meeting and the 7th International DSI Conference
   b) 2003-2004 Southwest State of the Region report
   c) Preliminary Marketing report and plan for 2003/04
   d) Preliminary evaluation of the Institute's CIS
   e) Slate of nominees for the 2004 election of officers
   f) Schedules and locations of the 2004 Executive Committee and Board of Directors meetings
   g) Board representation at the 2004 Annual Regional Meetings
   h) Report on the 2003 Annual Meeting (oral) ■