

History in Schools of Business

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IT would seem appropriate that we as historians “take stock” periodically to see how well we are doing. What have we done in the past and what opportunities await us in the future? This exercise then becomes sort of a “history of history” in its examination of developments in teaching history in schools of business. Before presenting the results of a recent stocktaking of history in today’s business school, let us take a moment for a look back.

The first successful school of business began in 1881 when Joseph Wharton, prominent steelmaker of Philadelphia, donated \$100,000 to the University of Pennsylvania to found the Wharton School of Finance and Economy (later renamed the Wharton School of Finance and Commerce). The Wharton School was not well received in its beginnings. The faculty who came from the liberal arts departments were not in sympathy with Wharton’s ideas and were accustomed to classical, rather than practical, education [6]. In 1883, the University administration replaced many of the faculty by hiring instructors who were “versed” in business subjects. These instructors then developed a curriculum which was more in tune with the needs of business rather than the traditional “classical” education. Problems between the business school and the arts and sciences faculty, however, continued. The struggle was over (1) courses — the arts and sciences faculty jealously guarded what subjects could be taught at Wharton; (2) budgets — the business school struggled to get funds (Wharton’s \$100,000 was far short of being enough to sustain the school); and (3) academic standards — there was serious concern that the business school would lower the “level of scholarship.”

It is possible that these problems at Wharton retarded the development of any more collegiate schools of business. It was not until seventeen years later (1898) that the University of Chicago and the University of California (Berkeley) started the second and third business schools in America.

Graduate business education had to wait a bit longer until the Amos Tuck School of Administration and Finance began at Dartmouth in 1900, followed by the Harvard Graduate School of Business Administration in 1908.

Today's business schools were formed in the womb of arts and sciences, particularly economics departments. The teaching of history in the early business schools was therefore economic history, in addition, of course, to the liberal arts requirements in world or American history. Stephen Sass concludes, however, that "Economic history was not taught in the nineteenth century American colleges...before the 1880s" [8].

Credit for establishing economic history as an academic discipline in the United States must go to Edwin F. Gay, Professor and, later, Dean of the Graduate School of Business Administration at Harvard University. The primary influence on Gay was the renowned German economic historian, Gustav Schmoller, under whom Gay wrote his doctoral dissertation [3]. Gay's teaching and research leadership was influential in promoting economic history in the early business schools.

Gay's influence and the status of economic history in early business schools can be estimated by the first systematic study of collegiate business education, based on the academic year 1925–1926 [6]. The study focused on the then 38 members of the American Association of Collegiate Schools of Business, which had been founded in 1916. Thirty (79 percent) of the AACSB school members offered work in economic history and thirteen schools (34 percent) required a course in economic history before graduation. Economic history was typically taught in the freshman and sophomore years, while the "History of Economic Thought" was considered "Advanced Theory" and taught in the senior year.

The second study of collegiate business education was based upon the academic year 1928–1929 and was done by Professors Bossard and Dewhirst [1]. They found that 50 percent of the 38 AACSB schools required economic history or its variations such as "Industrial Development of the United States," and so on. In other respects, their findings closely approximate those of the 1925–1926 study. In 1928–1929, there were 1,398 business school professors. Thirty-five percent of these professors had Ph.D.s or CPAs. Salaries were as follows: assistant professors \$3,000–4,000; associates \$3,000–5,000; full professors \$3,500 and up with a mode of \$5,000 (all salaries were for 9 months). Teaching loads were reported as: 15 hours per semester if teaching "elementary" courses; 12 hours per semester if teaching "advanced" courses. As for research, Bossard and Dewhirst noted

a good deal of the research work done in American Universities is of rather questionable value. Some of it consists largely of exercises in

arithmetic ... and other research [consists] ... in crowning a triviality with the dignity of a monograph. . . [professors] are lashed into publication either to hold their jobs or to obtain better ones [1].

While economic history was dominant in these early days, there were some indications of courses being developed along the lines of “Industrial History,” “History of Commerce,” and so on. One indicator of this rising interest in business history was the founding of the Business Historical Society in 1925 [5]. Entrepreneurial history was the next area to emerge with the formation of the research center at Harvard University by Arthur Cole and others in 1948. *Explorations in Entrepreneurial History* was the publication of this group of scholars for ten years (1949–1958) until the Research Center was disbanded [10].

There was little stock-taking during this developmental period. One informal survey in 1949 reported that fifteen schools in the United States had courses in business history [4]. No data were collected in this study on other history courses. A 1962 survey of 209 schools found forty-seven (22 percent) offering courses in business history, and thirty-five schools (17 percent) with courses in economic history with some business history content. Thirty-eight (18 percent) reported, “No courses offered” [9].

In summary, there are basically four benchmarks for assessing the “history of history” in schools of business. The 1925–1926 study of thirty-eight AACSB member schools found that 79 percent offered courses in economic history and 34 percent required economic history for graduation. In 1928–1929, 50 percent of these thirty-eight schools were reported to require economic history. The 1949 data mention only fifteen courses in business history. The 1962 study of 209 schools found 22 percent offering courses in business history, 17 percent offering economic history, and 18 percent offering no courses in either area.

Given this prologue, what is being done today? We surveyed all 644 member institutions of the AACSB. For comparative purposes, 181 members of the Business History Conference were also surveyed. We received 294 usable responses, a response rate of 36 percent.

As shown in Table 1, most respondents felt that history was part of their programs or that it should be. Responses about “how it is taught,” however, suggest that it is usually taught only as part of a course or courses rather than as one or more separate courses. As part of a course, it is highly unlikely that a professional historian will be presenting the historical material. The responses about changes in the teaching of history over the last ten to twenty years were also interesting. Typically, respondents felt that the teaching of history in their areas was staying about the same or perhaps even increasing, while the teaching of history in general was perceived to be staying about the same or decreasing. There is certainly

cause for hope in the responses that indicate we should be teaching more history than we do at present.

Table 2 shows the responses by what is being taught by instructional level. The respondents indicate that more is being taught at the undergraduate than the graduate level and that they feel this is the way the situation *should* be. By comparing the “is” and the “should be” responses, one can get a feeling for the opportunities that are perceived. Overall, less is being done than the respondents feel should be done, indicating that we do have opportunities in many facets of history in business schools. Specifically, the areas of greatest potential appear to be in business history at both the graduate and undergraduate levels and at the graduate level for both the history of economic thought and the history of management thought.

Since our respondents indicate that less is being done than should be, this raises the question: why is the study of history lagging the teaching of other subjects in business schools? Let us suggest three possible answers, recognizing that these do not exhaust all of the possibilities. One possibility is that there is no support from the business community for the value of history in business education. Over a quarter century ago James Worthy wrote,

American businessmen as a group display remarkably little sense of history — at least so far as business is concerned The failure of businessmen to appreciate — indeed even to be aware of — the history of their own institution is potentially dangerous, because no leadership group can survive for long without the sure touch and sense of direction that comes from awareness and knowledge of its own history. What is needed is not preoccupation with the past but a better understanding of how the present evolved out of the past and how the future is in a process of evolving out of the present. The businessman needs a more acute sense of where business is going, and he cannot have that in proper degree without knowing where it has been. Herein lies a particularly critical failure of the schools of business, because the study and teaching of “business history” as distinct from “economic” and “social” history is a comparatively recent and still highly restricted development [11].

A second possible explanation involves a lingering uneasiness between the arts and sciences faculties and those in schools of business (reminiscent of the feelings that prevailed when the Wharton School was formed over a century ago). Business subjects are often held in disdain by those who consider themselves the “true scholars,” while those in business reciprocate by scorning the lack of practicality and “softness” in other areas of the university. A *rapprochement* between these groups must be possible, for Alfred D. Chandler reports from his experience that benefits do accrue

for both the business school and the historian because “professional schools provide a rewarding environment for the writing of [business] history [and] professional education can benefit from the long and the broad view provided by the historian [2].

Finally, most of us have probably witnessed the movement toward quantitative analysis in our schools of business. Mathematics and statistics requirements have mushroomed, more often than not at the expense of the social sciences. A recent study by Edward J. Mathis shows how these trends have affected economics curricula:

The fact that the history of economic thought is required in less than 20 percent of the economics programs indicates that the movement away from the institutional areas to the analytical areas has been substantial ... we find it particularly distressing that so few programs require a History of Economic Thought course, or its equivalent, which traditionally provides the student with the historical development of economic theory [7].

What can be done to fill the gap between what is and what should be as reported in our study? The possibilities are many, and we cannot pretend to examine all of them. One possibility is establishing some contacts with the business people who sit on our Boards of Advisors or come to campus to recruit in order to create more awareness of the value of history in the business school curriculum. Another possibility is to push for more history at the graduate level so that those who are preparing to become teachers will be better equipped and, perhaps, our advocates of the future. Finally, we can rally our forces within the faculty to restore some balance between quantitative and qualitative studies. Quantitative techniques are of little use unless a person has some background upon which to apply these tools.

In conclusion, our survey indicated that there is much to be done in the teaching of history in schools of business. Much more can be done than is being done in numerous disciplines and at both the graduate and undergraduate levels.

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Table 1

The Extent and Method of Teaching History in Schools of Business

Question:		Response	
		Number	Percent
Is history, in some form, part of the program at your school?	yes	= 229	= 78
	no	= 65	= 22
If no, do you think it should be?	yes	= 224	= 83
	no	= 50	= 17
How is history taught in your program? (multiple checks used so total exceeds 100 percent)	as a topic within courses	= 153	= 52
	as a separate course	= 109	= 37
	in several separate courses	= 91	= 31
Has the teaching of history in your program increased, stayed about the same, or decreased over the last 10–20 years?	increased	= 68	= 23
	stayed about the same	= 176	= 60
	decreased	= 50	= 17
Do you think that the teaching of history generally has increased, stayed about the same, or decreased over the last 10–20 years?	increased	= 58	= 20
	stayed about the same	= 120	= 41
	decreased	= 116	= 39

Table 2

The Teaching of History in Business Schools by Discipline and Instructional Level

Topic/Discipline	Undergraduate				Graduate			
	Is Being Taught		Should be Taught		Is Being Taught		Should Be Taught	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Accounting History	50	17	79	27	35	12	65	22
Business History	109	37	182	62	41	14	97	33
Economic History	159	54	179	61	59	20	88	30
History of Economic Thought	150	51	168	57	65	22	112	38
History of Management Thought	109	37	141	48	62	21	118	40

Entrepreneurship and Management in Nontraditional Contexts