



# European management and European business schools: Insights from the history of business schools



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## ABSTRACT

This article looks at the history of business schools and identifies specific characteristics that are common to European management schools. On the basis of these characteristics, European management is subsequently defined as a cross-cultural, societal management approach based on interdisciplinary principles. In a final step, a closer look is taken at how European business schools should prepare their students for the unique European management context. It is suggested that such schools should provide courses on cross-cultural management and courses explaining the interdependencies between the private and public sector, offer students opportunities to experience other cultures over the course of their studies, and teach management from an interdisciplinary and practically-oriented perspective.

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*“Nowhere do cultures differ so much as inside Europe”  
(Fons Trompenaars 1993)*

## 1. Does European management exist?

With globalization entering business education, one might think that all business schools are alike. Many would even argue that business schools are primarily a US phenomenon, exported to the rest of the world. But is this indeed the case? Or do European business schools differ, in fact, from their counterparts in the US? This raises a more general question, one that is particularly salient in a publication titled *European Management Journal*: Is there even such a thing as “European management”? And if so, what unique knowledge should European business schools impart to future European managers? This article is an attempt to answer these questions.

Europe is made up of approximately 50 countries, in which more than 60 different languages are spoken. While the rise of the European Union has led to European integration in the economic, legal, and political spheres, cultural homogenization is not one of the EU’s aims. Despite a trend towards globalization, Europe fosters the idea of diversity of cultures and languages; for example, the EU Commission enacts a multilingualism policy encouraging language acquisition, promoting a multilingual economy, and giving all EU citizens access to information in their own languages.

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The European emphasis on multiculturalism has informed its approach to higher business education—which, some might be surprised to discover, was not imported from the US but rather originated in 19th-century France. As will be elaborated in what follows, Europe’s multicultural approach, together with other qualities, has historically distinguished European business schools from their predominant US counterparts. Although these differences have blurred in recent years, owing to post-World War II Americanization and a general globalization of management education, Europe’s business schools have recently begun to emancipate themselves from American influence.

In the following sections, this article will look at the historical evolution of business schools, in which management education is incorporated and institutionalized, in an attempt to identify the common threads linking European business schools and to pinpoint the distinctions between these schools and comparable institutions in the US. On the basis of this examination, a definition of European management will be derived. Finally, this paper will discuss which knowledge and skills European business schools should impart to their students in order to form successful European managers within a globalized world.

## 2. History of business schools

The history of business schools in Europe can be broadly divided into two periods: The first, spanning the years 1819–1944, is referred to as the Founding Period. In this period, two types of schools were established: the “Southern” model, led by France and Belgium, and the “Northern” model, led by Germany. The sec-

ond period, the Assimilation Period, started after World War II and continues to this day. The year 1945 marks the beginning of an Americanization of European business schools, and the year 1997 reflects the beginning of Europe's (re)emancipation. Clearly, the latter processes were influenced by the general phenomenon of globalization as well as by the emergence of new approaches to the study of management (e.g., the increasing emphasis on scientific research).

## 2.1. Founding period of business schools: 1819–1944

### 2.1.1. The Southern (French/Belgian) model

In 1819, trader Vital Roux and economist Jean-Baptiste Say co-founded the world's first business school: ESCP Europe, whose first campus was established in Paris (Blanchard, 2009). The first curriculum was based on a combined theoretical and practical approach to business education, including pedagogical simulation games. Influenced by Vital Roux' insistence that a business school should be international in scope, ESCP Europe adopted a global perspective; about one-third of its students were from outside France, with ten different languages being taught soon after the school's opening (Renouard, 1999). The school's approach to management was social and demand-oriented, owing to the influence of Jean-Baptiste Say, who was a neo-classical economist (Forget, 1999).

ESCP Europe was initially privately financed by a group of businessmen, until it was acquired by the Paris Chamber of Commerce in 1869. In fact, the Chamber of Commerce had refused a request to fund the school at its inception, rejecting any type of institutionalization of theoretical business education (Lemercier, 2003). Thus, French business schools evolved outside the public university system, with the chambers of commerce playing a predominant role in French management education (Blanchard, 2009).

A second pioneering institution was the Belgium Higher Institute of Commerce in Antwerp, founded in 1852. The program offered there was similar in content to ESCP Europe's interdisciplinary curriculum, including such courses as geography, history, and foreign languages (Grunzweig, 1977; Renouard, 1999). However, in contrast to the privately-financed ESCP Europe, the Antwerp Institute was state-funded and university-like in nature.

Several schools based on the French/Belgian model were subsequently established in Europe's Mediterranean area, most notably in Italy. The curriculum of the first Italian school, the Ca' Foscari, established in Venice in 1868, was highly similar to that of ESCP Europe, with foreign languages being an important part (Kipping, Üsdiken, & Puig, 2004). While most Italian schools were state-funded and were of a university nature, and as such imitated the Belgian model (Longobardi, 1927), a notable exception was the privately-financed Bocconi school, founded in 1902. Italian business schools, initially independent, became increasingly academicized and by the mid-1930s were integrated into the university system (Fauri, 1998).

### 2.1.2. The Northern (German) model

The first German schools—founded several decades after the first business school in France—also served as role models for European business schools, particularly for schools in Northern European countries. The first German business school, Handelshochschule Leipzig, was founded in 1898, upon an initiative of the Leipzig Chamber of Commerce. The school, which was created outside the public university system, adopted a curriculum integrating theoretical and practical components as well as foreign language instruction. Additional areas of study, interdisciplinary in nature, included economics, law, geography, commodities, science and technology, commercial technique, and humanities (Meyer, 1998). German business schools had to overcome opponents who

were convinced that management could only be learned in practice, a problem that the founders of theoretical business education in France had also encountered (Kieser, 2004).

Whereas French business schools resisted an overly theoretical approach to business education, Germany moved rapidly towards academicization of the field, moving away from professionalization and interdisciplinarity. This led to the emergence of a completely new academic field, the so-called *Betriebswirtschaftslehre* (science of business administration). Humboldt's tradition of education through science, deeply rooted in Germany, rejected the distinction between educational and scientific activities, on the basis of the premise that only through scientific research can students acquire deep and specialized knowledge of a discipline.

Prominent academic and economist Eugen Schmalenbach, active during the early 1900s, insisted that a school's objective is to maximize common welfare rather than to increase individual profit. In making this claim, Schmalenbach encouraged the recognition of management as an academic discipline, an idea that public universities had previously rejected (Kieser, 2004). By the mid-1910s, most German business schools had been integrated into public universities and adopted a highly academic approach to teaching management; the initial, more practically-oriented approach was abandoned (Üsdiken, 2004).

Other countries, particularly Scandinavian countries, adopted the German business school model. The first to do so was Sweden, whose Handelshögskolan i Stockholm, founded in 1909, was financed by the business community as an independent private institution (Engwall, 2004).

### 2.1.3. US business schools

The first business school in the US, the Wharton School of Finance and Commerce, was founded in 1881 by industrialist Joseph Wharton through a \$100,000 donation. Influenced by Taylorism and inspired by the work of Adam Smith, the school's guiding principle was the improvement of economic efficiency, especially through labor productivity (Wren & Van Fleet, 1983). The Harvard Business School was established more than 25 years later, in 1908, and pioneered both the case-study approach and the MBA degree. Quite early on, in 1916, a group of prominent US business schools initiated the establishment of the AACSB (Association to Advance Collegiate Schools of Business), an accreditation institution that enabled US business schools to be standardized.

Whereas business schools in Europe were internationally-oriented from the beginning, US business schools did not actively encourage a global perspective. For example, foreign languages were absent from Wharton's first curricula, and Joseph Wharton's stated objective was "to create a liberally educated class of leaders for American society" (Sass, 1982, p. 20).

Like their European counterparts, US business schools were not well received by the academic community, but for slightly different reasons. European schools, initially founded outside the established universities, were doubted in their capacity to teach business, a practical discipline, through a theoretical approach. US business schools, which were collegiate in nature, were accused of lowering the universities' academic standards and were criticized by professors of established university disciplines (Engwall & Zamagni, 1998). This critique led to the rapid establishment of a discipline, a process that was in line with Wharton's original objective: transforming the study of business from a trade into a rigorous profession. The school's first curricula were less interdisciplinary in nature than their European counterparts', comprising several business and finance courses. The influence of Frederick Taylor (1911), advocate for the development of a true science of management "resting upon clearly defined laws, rules, and principles, as a foundation" (p. 7), was clearly present.

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