

## Case 27

### Program to Strengthen Business Education

*Ford Foundation, 1954*

Scott Kohler

*Background.* In 1954, working through its Program in Economic Development and Administration, the Ford Foundation set out to reform business education in the United States. It was an ambitious goal, especially because undergraduate business departments and graduate schools of business were then enrolling one out of every seven students in all of higher education.

The Foundation undertook this initiative for several reasons. First among these was, according to a 1966 review by Ford consultant James E. Howell, “the urgency and magnitude of the problem.”<sup>400</sup> Business programs enrolled too many under-qualified students, and their faculties were dominated by men of the old guard, who resisted the encroachment of economic analysis and the methodological advances that had proved so fruitful in the social sciences. Furthermore, neither the government, nor other foundations, nor “even universities themselves,” were yet confronting the weaknesses of American business education. The project was consonant with Ford’s statement of purpose for the EDA Program, and had the particular interest of several influential Ford officials.<sup>401</sup> It was also politically uncontroversial, which made it attractive to the Foundation, which had just endured a spate of attacks from members of Congress and the conservative press.<sup>411</sup>

*Strategy.* The program had three main goals: to make business education more academically sound, to orient business training more around “the needs of American management,” and to increase the efficiency of business schools nationwide. The Foundation decided early on to focus, not on undergraduate business departments, but rather on full-blown schools, combining undergraduate and graduate studies, exclusively. According to Howell, “[t]he strategy . . . was simple: pour large sums of money into a few reasonably good or promising schools of business which would then be the instruments of change for the rest of the field.” Seeking to create “centers of excellence,” the Foundation was pursuing a tried-and-true philanthropic strategy.

More specifically, Ford provided \$35 million over the next twelve years for institutional and research support, graduate fellowships, workshops, seminars, conferences, and new teaching materials. This was, in fact, a fairly modest expenditure for a Ford program carried out over so many years. Chief among the grant-receiving schools were Harvard, the Carnegie Institute of Technology,<sup>412</sup> Columbia, and the University of Chicago. At these four schools, and a handful of second-tier “centers,” the Ford Foundation helped the recipient universities to train and hire new faculty, disseminate advocacy publications intended to promote a “New Look” in business education, and support reform movements within faculties. Beginning in 1956, the Foundation made “trickle-down” grants, to promote the spread of new advances from its centers of excellence to the rest of the nation’s 200 business schools and 400 undergraduate departments of business.

*Outcomes.* Not all the initiatives Ford pursued were successful. It failed, for instance, to make the behavioral sciences take root in business education, and discovered that “[s]ignificant educational reform requires more pressure than is exerted by a foundation curriculum grant.”<sup>413</sup> On the whole, however, the Foundation’s efforts to strengthen business education achieved tremendous results. The \$800,000 spent, for example, to promote the case study method, helped it to gain acceptance at the Harvard Business School, from whence it has spread around the country. The seminars, workshops, and conferences held as part of the “trickle-down” plan were highly successful; nearly a quarter of all business faculty members in the nation took part in one or more of them.<sup>414</sup>

Ford’s greatest success flowed from commissioning the enormously influential Gordon-Howell report, which changed the face of business education not only at the centers, but nationwide. The

report found:

. . . That the business schools (and departments of business) need to move in the direction of a broader and more rigorous educational program, with higher standards of admission and student performance, with better informed and more scholarly faculties that are capable of carrying on more significant research, and with a greater appreciation of the contributions to be made to the development of business competence by both the underlying nonbusiness disciplines and the judicious use of clinical materials and methods.<sup>415</sup>

According to Professor John Wheeler, the Gordon-Howell Report was “the single most important factor in determining the nature of curricula in schools of business administration in the United States today.”<sup>416</sup> In a survey conducted in the mid-1960s by Professor Wheeler, the Report<sup>417</sup> was found to have been discussed in every curriculum review conducted after its release, and to have been mentioned by every single respondent as a critical jolt to the business education community.<sup>418</sup> In addition to funding the report, Ford had sent a copy of it to every business school faculty member or administrator in the county, as well as journalists, business leaders, and other interested parties.

*Impact.* Business education since the Ford Foundation launched its reform program has changed dramatically for the better. It has incorporated virtually all of Ford’s recommendations, and its changes in the 1960s even “trickled out” to Europe, Latin America, and Asia. This was a development that the Foundation had not expected, and only serves to reinforce James Howell’s contention that Ford’s efforts to reform business education constituted its most successful project to date. According to Howell, “[m]easured against its own objectives, the Foundation effort was successful. It was the strategic force behind the reorientation of one of the largest sectors in American higher education; and it was by far the single most powerful force in bringing about that reorientation.”<sup>419</sup>

## Notes

409. James E. Howell, “The Ford Foundation and the Revolution in Business Education: A Case Study in Philanthropy,” September 1966.

410. *Ibid.*

411. *Ibid.*

412. In 1967, “Carnegie Tech” merged with the Mellon Institute to create Carnegie-Mellon University.

413. James E. Howell, “The Ford Foundation and the Revolution in Business Education: A Case Study in Philanthropy.”

414. *Ibid.*

415. John Wheeler, “Report to Ford Foundation on Changes in Collegiate Business Education in the United States 1954–64 and the Role of the Ford Foundation in these Changes,” September 1965.

416. James E. Howell, “The Ford Foundation and the Revolution in Business Education: A Case Study in Philanthropy.”

417. The Gordon-Howell report was often referenced alongside another influential study, by Franklin Pierson, funded by the Carnegie Corporation of New York.

418. John Wheeler, “Report to Ford Foundation on Changes in Collegiate Business Education in the United States 1954–64 and the Role of the Ford Foundation in these Changes,” September 1965.

419. James E. Howell, “The Ford Foundation and the Revolution in Business Education: A Case Study in Philanthropy.”