



The US commercial-military-political complex and the emergence of international business and management studies

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military-political
complex

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Abstract

Purpose – This paper seeks to present an analysis of the historical emergence of international business and management studies (IBMS) within the context of the post-World War II USA. It seeks to show how certain conditions of this time and place shaped the orientation of foundational IBMS texts and set a course for the subsequent development of the field.

Design/methodology/approach – The approach is primarily conceptual. The paper pursues both a historical analysis and a close reading of foundational texts within IBMS. It first examines the key conditions for the emergence of IBMS including: the internationalization of the US economy and businesses; the Cold War and perceived expansion of Soviet interests; and finally decolonisation processes around the world. These are interrelated aspects of a commercial-military-political complex, which simultaneously enabled and constrained the emergence of IBMS scholarship. The paper moves on to link these conditions to two seminal IBMS texts.

Findings – The paper reveals the localised and particular conditions that surrounded the emergence of IBMS and how IBMS was constituted to serve particular and localised interests associated with those conditions.

Originality/value – The paper's originality and value lie in a unique historical and discursive analysis of the conditions for the emergence of IBMS that were, in part, instrumental in the development of the field. It thus responds to calls for a "historical turn" in International Business scholarship.

Keywords History, Business studies, United States of America

Paper type Conceptual paper

Introduction

International business and management studies (IBMS) as well as being a field of study, and perhaps a discipline, can be considered a discourse. As with all discourses,

The authors would like to thank participants of the OIL stream at the 2007 APROS Conference in Delhi, India, particularly Nidhi Srinivas, as well as Mark Tadajewski, University of Leicester for their supportive comments, questions and references. The authors would also like to thank most sincerely the anonymous reviewers and the Editors of *critical perspectives on international business* for their insightful and helpful comments. As usual, the final outcome is entirely the authors' responsibility.



certain conditions are necessary for its emergence, circumstances that shape its contours and determine its place in power-knowledge systems. Despite the complexity and indeterminacy of specifying these conditions, a feasible case can be made that IBMS emerged as a formal academic discourse within the context of the immediate post-World War II (WWII) period in the USA. Of course, there is much in the period prior to WWII that was also formative, including work by scholars at Harvard Business School (HBS), the early ideas of Peter Drucker and the international spread of management ideas and practices like Albert Kahn's industrial design and Ford's production methodologies. However, there were some very particular conditions accompanying the emergence of IBMS within the specificities of the post-WWII period in the USA that crystallised into a more coherent and identifiable discourse. These conditions included a dynamic complex of social, economic, political, strategic-military and ideological factors, most notably:

- the burgeoning internationalization of US trade and business;
- hostile Cold War relations between the USA and the Soviet Union, and American concerns about the spread of communist influence through both ideological and economic engagement; and
- the de-colonization processes which brought formal independence to a large number of states in Africa and Asia.

The goal of this paper is to examine how these conditions set IBMS onto a very particular and ineluctable discursive trajectory, which framed the development of the field over the next five decades. This historical analysis is made with particular reference to the Inter-University Study of Labor Problems in Economic Development (I-USLPED; Jamieson, 1980), a cooperative research body tasked with the systematic comparative study of industrial relations/labour systems internationally and their relationship to modes of industrialization and development as well as internal structural and cultural configurations. The study included faculty members from the Universities of Harvard, Princeton, California, Chicago and MIT. Clark Kerr was perhaps the leading figure, but other key players included John Dunlop, Frederick Harbison and Charles Myers. These names are all, of course, synonymous with the early classics of IBMS.

Key funding for the I-USLPED project came from the Ford Foundation (hereafter the Foundation), an influential body deeply involved in US internationalization and in the promulgation of US ideology around the world. It was established in 1936 with a broad remit to support education and charity institutions and "to reduce poverty and injustice, strengthen democratic values, promote international cooperation and advance human achievement" (Ford Foundation, 2007). The project received unprecedented funding levels from the Foundation, enabling it to continue work over two decades and to support 40 studies across 35 countries involving approximately 80 academics producing some 40 books and 50 articles (Kaufman, 2005; Kerr *et al.*, 1962). Of prime significance for IBMS is the fact that two of its seminal texts emerged from the I-USLPED project: Harbison and Myers' *Management in the Industrial World: An International Analysis*, which appeared in 1959 and *Industrialism and Industrial Man: The Problems of Labor and Management in Economic Growth* by Kerr and Dunlop, together with Harbison and Myers, published in 1960.

Key to our analysis is the historically documented fact that the Foundation had close ties with the US Government, including its foreign policy and security agencies (Saunders, 1999). Indeed, Saunders (1999) goes so far as to suggest that:

At times it seemed as if the Ford Foundation was simply an extension of government in the area of international cultural propaganda. The foundation had a record of close involvement in covert actions in Europe, working closely with [...] CIA officials on specific projects (Saunders, 1999, p. 139).

The Foundation-sponsored I-USLPED project offers a fascinating prism, then, through which the varied contextual influences associated with US internationalism (the Cold War, booming international trade, and processes of decolonisation) and its shaping of early IBMS, can be studied. In the first part of the paper, we attempt to specify the nature and explain the interconnections of these contextual contingencies for IBMS before going on to critically discuss their impact on the two seminal texts of Kerr and colleagues.

Locating IBMS

Specifying the contextual strands

During the period of formal European colonialism, the East India Company was the apotheosis of a colonial institutional intersection of commercial, military and political power. Whilst there is no direct and singular equivalent in the post-WWII American context, a certain kind of commercial-military-political complex did exist at that time, one in which academic work relating to international business and management came to play an important role. This section briefly describes the components of this complex, beginning with the commercial arena.

First, the immediate post-WWII context witnessed growth in international trade and investment, notably by US multinational corporations (MNCs). US businesses significantly expanded their markets, direct foreign investment and business engagement into overseas locations. As Chomsky (1997) noted, the American economy was the most powerful at this time, with wartime spending bringing it out of depression; it boomed, whilst Europe's required significant re-construction. Building on this domestic industrial strength, MNCs became enmeshed in an increasing number of overseas locales, coming face-to-face with the social, political and cultural challenges of international business. These challenges impelled an intensified search for better ways of dealing with other cultures: a search taken up by US and other Western academics. There was an impetus to subject the economic, socio-cultural, commercial and organizational systems of others to scrutiny in order to facilitate Western business expansion and development. Such "knowledge" was put at the service of US planners who:

[...] had very ambitious and sophisticated ideas about organizing the entire world, and they carried out many of those ideas. [...] American planners developed a kind of can-do sense. European civilization was viewed as a failure; after all, it collapsed [...] Things would be done our way, the right way, the American way. There was a lot of jingoism, supported by the American victory, power, and global dominance (Chomsky, 1997, pp. 171-2).

In the context of this expansion of US international business activity, there was an added geo-political and military dimension of significance: the Cold War. The Cold War "increased the jingoism, the sense of self-righteousness, the narrowness of perspective, the rallying around the flag" (Chomsky, 1997, p. 176).

The role of the Soviet Union in the ending of WWII and the subsequent reconfiguration of Europe following the Yalta Agreements and the Potsdam Conference was of concern to the USA. This was exacerbated in 1949 with the formation of the Council for Mutual Economic Assistance (COMECON) as an economic organization of communist states and later by the establishment of the Warsaw Treaty of Friendship, Cooperation and Mutual Assistance (Warsaw Pact) in 1955 as a strategic/military alliance of communist states. In addition to the strategic and military posturings that characterized the “Cold War”, there was a perception in the USA of the need to contest the Soviet Union, its expansionist tendencies, and its spheres of influence in international markets and business locations. In other words, part of the contestation with the Soviet Union and its allies, and resistance to their intrusions into other parts of the world, was to be pitched at the level of economic interest – and accompanying cultural and ideological influence – through business and market activity and penetration. A political and strategic discourse, and accompanying policies and actions, followed from this, notably played out in the theatre of development discourse.

The third contextual strand of pertinence in this paper is the decolonisation occurring in various parts of Africa, Asia and the Caribbean at the time, and the US’s instrumental role in taking apart Europe’s erstwhile colonial Empires. The rise of nationalist discourse associated with decolonisation, and the considerable antagonism exhibited by newly independent nations towards their former colonisers, meant that multiple ideological battlegrounds now existed. The USA feared that these new nations might turn to communism as they looked to organize and build their economies. The decolonisation process was accompanied by a Western Government/UN/IMF promulgated discourse of “development”, whose target was the “ideological vacuum” created by decolonisation within the “Third World”. It co-occupied a space together with the burgeoning discourses of modernization and industrialization, which also emerged in the post-WWII period. Indeed, such was the adjacency that in many instances the discourses of modernisation, industrialization and development became isomorphic with each other: something very much present in the early texts of IBMS – as we shall see.

Decolonised and decolonising (“Third World”) nations became subject to these discourses such that their state of development and modernisation was judged according to the strictures of a narrowly construed set of economic criteria and gradations of industrialization. The imposition of this discursive triumvirate also represented a new and legitimated basis for intervention wherein the decolonised came to recognise themselves through the economic rationality of the West, and where in turn the West gave reason to involve itself in decolonised societies under the aegis of “concerned development”. For some, these impositions were a thinly disguised substitute for earlier, more overt colonial interventions.

Weaving the contextual strands

Having specified the singular contextual elements that together fabricated a commercial-military-political complex, we now bring the academic study of international business and management into the scene. As we note below, IBMS was the latest in a long history of “scientific knowledge”, in its broadest sense, to be put to work in the service of national interest. Science had, of course, formed a core part of the exercise of imperialism across a number of colonial projects, as an element in the armoury of colonial power and dominance. By “science”, we are referring to the modern

Western knowledge system(s) that emerged during the Enlightenment in Europe. Francis Bacon is often attributed with the initial formulation of the scientific method (Gower, 1996). As a particular and localised knowledge system, science, with its commitments to rational investigation, systematisation, value neutrality, objectivity, empiricism and ultimately utility, was the cornerstone of modernity. It was harnessed by the various European colonial powers in order to both assist and to legitimate economic and cultural imperialism and, in so doing, to displace/transform the knowledge systems of colonised societies (Harding, 1996; Sardar, 1988). Prakash (1999) notes, for instance, how science, both in the sense of cultural discourse as well as technological practices, played a pivotal role in colonial economic and cultural change in British India.

Furthermore, the “sciences” of philology, linguistics, geography and anthropology developed a particular patina in the service of colonialism as noted by Said (1978), Asad (1973/1998), Fabian (1983) and others. In the context of this paper, it is the academic discipline of economics and the emerging field of management, and more narrowly international business, that are the particular discourses of knowledge imbricated in the complex. We begin though by exploring the relationship between scientific endeavour and the US military effort in WWII, and the role of the Ford Foundation in uniting the two.

Putting science to work. The introduction of economic science into the military-industrial complex was fostered during WWII and consolidated in the immediate post-war period. Then US Chief of Staff, Eisenhower called for the alliance of “soldiers and scholars”, developed for various purposes during the war, to be sustained in the national interest (Korman and Klapper, 1978). During the war, MIT professor Vannevar Bush persuaded Roosevelt to establish the National Defence Research Committee to coordinate scientific research in support of the war effort. The Committee was subsumed under The Office of Scientific Research and Development (OSRD) in 1941, established as a federal agency to bring academic capacity to bear on military and industrial problems of strategic importance. It was led by Bush along with colleagues from MIT and Harvard. The OSRD recruited von Neumann[1] and, in fact, oversaw the *Manhattan Project*[2] until 1943. Bush marshalled the skills of leading scientists from the country’s best universities and corporations and put them at the service of the military (Korman and Klapper, 1978)[3].

Some of the work coordinated by OSRD was continued at war’s end under the auspices of Project RAND at Douglas Aircraft in agreement with the US Air Force. The Ford Foundation provided the means for RAND to become independent, largely through the efforts of H. Rowan Gaither, who became Chair of RAND’s Board of Trustees. The new mission of RAND was to study the “preferred techniques and instrumentalities of intercontinental warfare” (Korman and Klapper, 1978, p. 3). Under Gaither’s chairmanship (1948-1962), RAND produced a range of studies and reports, including a substantial amount of work that built on von Neumann and Morgenstern’s game theory and its application to “logistics and national defense, both in limited war and nuclear confrontation” (Korman and Klapper, 1978, p. 3).

The Foundation appointed Gaither to chair a committee to report on new strategies and funding opportunities. The report reflected directly the concerns about the Soviet Union and the so-called Cold War that by now characterised the relationship between the USA and the Soviet Union, pulling academic agendas directly into this geo-political sphere. The report stated starkly what the Cold War meant:

[...] the tide of communism mounts in Asia and Europe, the position of the United States is crucial [...] This country must be prepared militarily for any future eventuality [...] (Gaither *et al.*, 1949, cited in Korman and Klapper, 1978, p. 30).

The report asserted US values as the essential bulwark against Soviet expansionism. As Korman and Klapper (1978, p. 30) put it:

The report proclaimed American values in the context of the Cold War. Each individual had an inherent worth. Human interdependence could be exploited by men or states. Faith in the future and immediate material benefits served people as criteria when choosing between free societies and totalitarian ones.

The report also reflected on internal instabilities within the USA and gave particular focus to industrial relations' structures and conflicts. The pre-WWII period had seen a significant rise in unionisation and industrial unrest. Gaither argued that a stable and prosperous USA was the best defence against an intrusive communist threat. Thus, internal industrial relations' matters became linked to international strategy and matters of national security. Gaither argued for the need to study and provide solutions to industrial relations problems, both abroad and at home since, as Korman and Klapper (1978, p. 31) paraphrase:

[...] a scientific understanding of such subjects was a prerequisite for maintaining strong free economies against totalitarianism.

Gaither again looked to scientists, including social scientists, to provide solutions. Gaither's report initiated new projects, funding policies and actions within the Foundation.

The Cold War, then, was not conceived of as merely military in nature; it involved these crucial economic, social, cultural and academic theatres too. According to Nader (1997, p. 109) the Cold War facilitated "industrial and military regulation of academic affairs". It is in this context that the Foundation's financial support of the I-USLPED is located. The direct link to the strategy agenda the Foundation had been promulgating is apparent in the rationale the I-USLPED team itself put forward in seeking its funding:

[...] we pointed out that effective operations [abroad] was particularly important to Americans, since the world is torn between two great approaches to the organisation of industrial society (preface to Kerr *et al.*, 1960, cited in Korman and Klapper, 1978, p. 29)[4].

In her critical account of the impact of the Cold War on funding, dissent, academic freedom and area specialities in anthropology, Nader (1997) talks about her discipline as a good example of the "militarization of science". Of particular pertinence is her account of the work of Kluckhohn, Nader's adviser whilst at Harvard. Kluckhohn is perhaps best-known for his work on values' orientation and culture, work which has proved foundational for the culturist perspective in IBMS and the works of Hofstede and Trompenaars. She describes how Harvard's President Conant had "encouraged" his staff to engage with the Cold War through their research. The year 1947 witnessed the opening of the Russia Research Center (funded by the Carnegie Corporation and with US State Department, military and CIA approval) with Kluckhohn as director. In addition to "overt" scholarship, the Center also conducted "covert" research for the US Government on Soviet culture and in particular, its military apparatus.

Nader (1997, p. 113) argues that not only Kluckhohn, but other social scientists including Talcott Parsons, oversaw a university context in which “political interests interpenetrated scientific research”. In the case of her adviser, Nader (1997, p. 113) describes him as an academic who:

[...] acquiesced to external funding authorities. Kluckhohn agreed to political firing and to censorship of his own scientific work, while providing cover for clandestine activities.

Anthropologists worked for, *inter alia*: AID (Agency for International Development); the CIA; APRA (Defence Department’s Advanced Projects Agency). Nader labels this kind of anthropological activity “the phantom factor”, a kind of “hidden anthropology”. A more sinister side of American anthropology’s relations to the state apparatus is revealed in David Price’s (2004) celebrated book *Threatening Anthropology*. Based on FBI files and other archival research, he documents how McCarthyism was played out in the discipline through the FBI surveillance of activist anthropologists including Margaret Mead. Most interestingly he describes the reticence of the American Anthropological Association, the discipline’s professional body, to fight for the academic freedoms of its members and thus to stop FBI “witch hunts”.

However, it was certainly not just anthropology whose disciplinary terrain was infiltrated by Cold War propaganda and propped up, in part at least, by CIA funding. The Cold War also had an important influence, often unrecognized, on management and organizational theory. Through a series of recent articles (Cooke, 1999; Mills *et al.*, 2002; Cooke *et al.*, 2005) and a special issue of the journal *Human Relations* (edited by Kelley *et al.*, 2006), organizational scholars have attempted to redress this oversight in the historiography of management studies by either revealing the Cold War origins of *inter alia* action research (Cooke, 2006), systems rationality in management discourse (Landau, 2006), and certain ideas of Maslow (Cooke *et al.*, 2005), or pointing to the absence of the Cold War in student textbooks (Mills and Helms Hatfield, 1999). According to Landau (2006, p. 641) the Cold War provides “a grand narrative within which accounts of management theory should be situated”: we now move to locate IBMS just there.

IB scholarship and the cold war. The concerns of the US academy and of business with the strategic role of IB, especially in relation to confronting the threat of the expansion of Soviet interests are quite explicitly illustrated by the papers presented at the 26th National Business Conference sponsored by the HBS Association in June 1956 (subsequently edited and published by Fenn, 1957)[5]. Unlike previous National Conferences, this turned away from the “internal needs of modern administrative practice ... to the growing interest and activity in overseas business operations” (Fenn, 1957, p. v). In the preface Fenn (1957, p. vi) explicitly sets out the case:

The balance sheets of our businesses, the daily life in our country is affected in a myriad of ways by the vigorous competition we face from an opposing philosophy. The democratic and the communist ideals are vying for the support of vast millions of uncommitted peoples, and that competition is felt throughout our society.

Thus, discussions on overseas business operations and foreign direct investment (FDI) by US companies are framed by this drawing of ideological battle lines. Fenn’s (1957) comments, as well as those of other contributors, suggest that this is a battle over hearts and minds. Fenn (1957) indicates this view in a passing reference to the contribution by A. L. Mehta, invited to contribute as the Ambassador of India to the

US. It is also a view that speaks directly to the threats posed to the US by the process of Indian decolonisation. Fenn (1957)[6] notes India's striving for self-determination signified in Mehta's speech and says that:

They will choose the best from the competing systems which are seeking to attract their support; it is up to us to see that they choose more from us than from the communists (Fenn, 1957, p. vi).

India is positioned as a representative of the "vast millions of uncommitted peoples" that the "democratic West" needs to win over. Fenn (1957) goes on to assert that it is not just a matter of providing effective management and business practices, but of offering an economic system instantiated by an ideology of individualism, individual freedom, democracy and productivity. He is clear that US businesses and business managers are essential components in the spread of that ideology and to the "strengthening of the democratic cause in its conflict with authoritarianism wherever the latter may be" (Fenn, 1957, p. vi).

Others at the conference discuss US overseas business and invoke the ideological battle that Fenn had laid out at the outset. Typical is Blough, a Professor of IB from Columbia University in arguing that the national goals of the USA:

[...] might be achieved by strengthening our friends economically through overseas investment, as part of the effort to promote the broad objectives of our foreign policy (Fenn, 1957, p. 210).

From the business community J. J. McCloy, then Chairman of the Board of the Chase Manhattan Bank, was dire in his warnings about the Soviet threat:

The continuing revolution in the technique of warfare, the new leadership and changing tactics of the Soviets, the great shifts of power, and the rise of many new and uncommitted nations [...] make the re-examination of US foreign relations policies and practices of utmost importance (Fenn, 1957, p. 3).

Thus, US international business interests are aligned with the national interest and clearly seen as a key element in US foreign policy and as a bulwark against any Soviet expansionism[7].

This discourse is paralleled by an expressed concern with "nationalism" as a force within so-called "new countries" that is also seen as an impediment to US international business and its foreign policy aspirations. This concern references the perceived instabilities resultant from de-colonisation. The success of resistance to colonialism and the subsequent de-colonisation process was in part built through a cultivated and strong nationalist discourse and ideology. Unsurprisingly, it was a discourse that often included critique of the colonial powers, a critique that tends to become generalised as an anti-Western, anti-First World position. This is also seen as a threat and impediment to US national, commercial and strategic interests. However, these concerns are – at least in this context – put in relation to the more significant Soviet threat and the problem is cast in terms of ensuring that the West occupies a space that the Soviets might aspire to in these de-colonised locations. The US must seduce the "new countries" away from the communists and the strategy for doing so includes incorporation into the economic order the US is building and the international trade and business regimes involved. The Foundation was part of this American struggle.

The Ford Foundation, the CIA and cold war strategy. The Ford Foundation was established by Henry and Edsel Ford in 1936. Its espoused goals, as noted in the introduction, of seeking to “strengthen democratic values, promote international cooperation and advance human achievement” (Ford Foundation, 2007) aligned it closely with the US Government, including its foreign policy and security agencies (Saunders, 1999). Saunders (1999) sees the Foundation as undertaking government cultural propaganda and as engaged in covert operations in Europe in cahoots with the CIA. The early occasion for this work was in the implementation of the Marshall Plan. The Foundation was very much at the heart of the overall US strategy of combating the Soviet Union and its influence, not just in military and political terms, but also culturally and socially.

The Marshall plan was the USA’s prime strategic vehicle for establishing a defence against communist encroachments into a fragile and war-ravaged Western Europe. The task of implementing the Marshall Plan rested with the Economic Cooperation Administration (ECA), its head was Paul Hoffman. Hoffman was a “firm advocate of covert operations as an important component of Cold War strategy” (Chester, 1995, p. 43). This meant support for and engagement with “psychological warfare and propaganda campaigns via a number of vehicles”, many with CIA involvement. Indeed, the ECA worked closely with the Psychological Strategy Board (PSB) in promoting propaganda and other intelligence operations. Hoffman became President of the Foundation from 1950-1953[8]. When he went to the Foundation he brought in a number of other ex-ECA senior staff including Milton Katz. During the war Katz had been directly involved in the Secret Intelligence division of the Office of Strategic Services’ (OSS) missions into Europe working with William Casey who went on to become Reagan’s CIA boss[9].

It is claimed that various CIA “front” organizations, particularly cultural and anti-communist organizations such as the Congress for Cultural Freedom, received grants and support from the Foundation (Chester, 1995, p. 43). The Foundation had most certainly set up and funded the East European Fund[10], established in 1951, which was active in supporting exiles from the Soviet Union and their oppositional activities *vis-à-vis* their homeland. It was largely administered by George Kennan who had longstanding and intimate relations with the CIA (Chester, 1995, p. 45). Kennan had been with the US State Department, but in 1950 was a researcher at the Princeton Institute for Advanced Study (funded by the Ford Foundation). In that role he took on an OSS operative named Cross to examine the history and dynamics of “civil resistance”. Effectively “on loan” from the CIA, cross-produced a report on various ways to counteract possible Soviet threats[11]. Cross then moved to MIT’s Center for International Studies itself covertly funded by the CIA (Chester, 1995, p. 45).

There were two other significant activities funded, at least partially, by the Foundation that were integral to the US strategy of containing and resisting Soviet influence in Europe. The first concerns its establishment of the Chekhov Publishing House, an operation responsible for producing Russian-language materials outside of the Soviet Union. In a review in 1953, the Foundation affirmed that its prime purpose was to “help win the battle for men’s minds” among the Soviet émigré community (cited in Chester, 1995, p. 47). The second relates to business and management. As Kipping *et al.* (2004, p. 101) note:

The flow of aid for developing management education was part of strengthening security ties.

The USA made available through the Marshall Plan and via the Foundation funds to US universities and related stakeholders to engage in the transfer of management models, practices and materials into diverse parts of Europe and beyond (Adams and Garraty, 1960; Gourvish and Tiratsoo, 1998; Kipping *et al.*, 2004)[12].

These latter efforts sought to have Europe adopt US-modelled management and business education and programs of certification at undergraduate and postgraduate levels. They took form in the establishment of a number of Foundation-sponsored management education institutions in a variety of European nations between 1950 and 1960 including: the French *Institut Européen d'Administration des Affaires* (INSEAD) established with the help of funding from the Foundation and US corporations in 1958; the *Instituto Superior de Estudios de la Empresa* in Spain; the *İsletme İktisadi Enstitüsü* in Turkey; and the *Instituto Postuniversitario per lo Studio dell'Organizzazione Aziendale* in Italy. Whilst each of these institutions was heavily influenced by US models – particularly the HBS – with direct input in terms of curriculum design and materials, and the institutional framework required to administer and deliver them, it would be infelicitous to view the reception of these models either as uniform, or as a case of a faithful copying of an original.

A number of studies of the history and diffusion of management knowledge (Alvarez, 1997; Engwall and Zamagni, 1998), especially in the context of the US and Europe (Hedmo *et al.*, 2005) demonstrate the heterogeneous and complex nature of the processes of imitation that characterized the historical development of the field of management education. Hedmo *et al.* (2005) argue that after the initial promotion, imitation and bedding down of a US management model in Europe (they refer to this as the “broadcasting” mode of imitation), a chain of imitation then occurred not of the US original but of the European imitation. This form of imitation created both similarity and variation in US-inspired European management education, but no homogeneity of content. The Masters of Business Administration (MBA), for example, came to prominence in European management institutions as a recognised cultural category, but its contents were filled out in ways that reflected different local contexts and the specificities of European educational systems.

In the second half of this paper, we go on to illuminate and discuss how the US commercial-military-political complex outlined above infused early IBMS research through an analysis of two of its seminal texts.

An analysis of seminal publications of IBMS

Funding and forming I-USLPED

Given the perceived strategic significance of international business and FDI, it is perhaps unsurprising that the CIA would have an active interest in its activities and direction. Its support, including funding support via the Foundation, of the I-USLPED project would be consistent with that interest. The leading lights of I-USLPED were Frederick Harbison (Chicago and Princeton), John Dunlop (Harvard), Charles Myers (MIT) and Clark Kerr (University of California), with Kerr usually seen as the leading Figure (Kaufman, 2005). In 1951, they applied to the Foundation for a grant and a year later were awarded an unprecedented \$475,000 over three years to “finance a multi-year and multi-country comparative study of the genesis, evolution, and management of labor problems that accompany the industrialization process” (Kaufman, 2005, p. 413). The I-USLPED project extended beyond the life of the grant

(in fact they secured over \$1 million in other grants) and was active for over two decades.

Two texts were central to the I-USLPED output and both extremely influential in the emerging discourse of IBMS. The first was Harbison and Myers *Management in the Industrial World: An International Analysis*, which appeared in 1959; the other was *Industrialism and Industrial Man: The Problems of Labor and Management in Economic Growth* produced by Kerr and Dunlop, together with Harbison and Myers and published in 1960. The focus of the former is upon the salience of professional management for economic development and the various conditions for the emergence of management and a corresponding élite in different parts of the world. The latter, as the title suggests, has more of an emphasis on the industrialization process and its effects, especially on labour relations. These texts irretrievably tie the formal emergence of IBMS to the particular and localised concerns of the USA, and embroil it in a set of interests that link the academic study of business to the strategic commercial-political-military complex. These conditions set the frame, and that frame persists to the present-day.

There are three themes in these two seminal works that proved critical in establishing a theoretical orientation and an ideological location for emergent IBMS:

- (1) an industrialization thesis which assumes the quality of an imperative with significant teleological overtones;
- (2) a convergence thesis; and
- (3) an inherent universalism and ethnocentrism germane to both theses.

We now illuminate each of these themes in turn through discussion of excerpts from the two texts.

Describing the industrialization thesis and its imperatives

The core thesis of both texts is clearly expressed as follows:

Industrialization is an almost universal goal of modern nations. And the industrialization process has its own set of imperatives: things which all societies must do if they hope to conduct a successful march to industrialism. This is what we call the logic of industrialism (Harbison and Myers, 1959, p. 117).

This industrialization thesis provides a common frame of reference for the I-USLPED team and posits that all societies aspire, or will aspire, to industrialism and the benefits it is presumed to bring. The frame rests on an ineluctable logic which draws those societies embarking upon the process down a common trajectory and towards a *convergence imperative*. The convergence imperative assumes that the logic of industrialization “leads to uniformity rather than diversity among industrial organisations and organisation builders” (Harbison and Myers, 1959, p. 5). There will be some variance in this trajectory, especially in terms of pace, depending upon which elites have positions of dominance in society in particular locations and at particular points in time. Moreover, that societies will follow this path at all is taken as virtually axiomatic in these texts, the advantages deemed to be so apparent and seductive that industrialization will become the desire and goal of all societies (Harbison and Myers, 1959, p. 3). As Kerr *et al.* (1962, p. 80) note:

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By 1918, industrialization was so obviously the road to power, to better health, to higher standards of living, and to education that it became the goal of mankind and the essence of national aspiration.

A *technological imperative* and an associated assumption of technological determinism (see Theodorson, 1953, p. 481) are the key drivers of the convergence logic of industrialization posited in the texts. As Kerr *et al.* (1962, p. 292) suggest: “the iron hand of technology tends to create relative uniformity in job structure, compensation differentials and technical training.” Technology’s putative “iron hand” is presumably also responsible for Harbison and Myers’ (1959, p. 7) view that:

[...] the state-owned and managed steel works in Russia and the privately owned and operated steel companies in the United States produce the same kind of product and require similar kinds of organization in both countries.

In so far as technologies of production are held to frame common modes of working and hence common modes of management and organisation, we can say that the industrialization thesis goes beyond technological determinism in its positing of a *managerialist imperative*.

Harbison and Myers (1959, p. vii) state in the *preface* to their book:

The purpose of this study is to trace the logic of management development as related to the processes of industrial growth.

They argue that there is a uniform and inevitable logic driving managerial development, and that managerial development is a prerequisite for effective industrialization. Management itself is conceptualised as a three-factored construct: as an economic resource or factor of production which must be accumulated and productively put to work; as a system of authority with inevitable but legitimated power asymmetries; and as an elite or class within society, one of increased prominence as industrialization progresses. Attention to a professional management elite suggests that the industrialization process transforms people as well as organisations, placing them into a class structure conducive for the development of capital (the implicit teleology for these projects). Such an elite is imagined on the basis of a managerial ideal type informed by a model emergent within the US at the time these texts were written, based on the works of Frederick Taylor, Herbert Simon, Peter Drucker and Robert Gordon (all acknowledged sources in the works of Harbison, Myers, Kerr and Dunlop).

From the outset, then, the industrialization thesis involves convergence in a number of different domains based on economic, technological, organizational, societal/cultural and managerialist imperatives. But, as Jamieson (1980) notes, these imperatives, whilst claiming universality in terms of their assumed application and support, are in fact highly parochial and ethnocentric expressions of American geo-political self-interest. Following Chakrabarty (2000), we now go on to provincialize, and thus illuminate the local and highly partial genesis and expression of these imperatives.

Provincializing the industrialization imperatives

Jamieson (1980, p. 4) notes that there is no inherent logic underwriting technology and the value of and demand for efficiency is not embedded in technology. Rather they are a manifestation of the values and discourse of post-war American industrial capitalism. Like its colonial predecessors, the industrialization thesis is a discourse that posits the

superiority of its own worldview (Said (1978); and echoing Chomsky's point explained earlier) through, in this context, the prescription of its own model for industrialization, whilst pointing to the inadequacies of others' systems, particularly the latter's power and authority relations. It advocates a socio-political shift (as a concomitant of the techno-economic shift) towards a very specific model – that of the industrialized, democratic west, and specifically the US (Blumer, 1960; Jamieson, 1980; Nash, 1966). Such advocacy is a natural ally of the strategic concerns of the US Government and its agents in the post-WWII period. To illustrate, let us take two examples of key influences for the I-USLPED project: Peter Drucker and the Human Relations School.

Drucker was already influential by the time of I-USLPED, part of the intellectual climate in which it developed and central to the emerging discourse about management, organisation and industrialization. As an immigrant from Vienna in the late 1930s, and as someone who first warned against the threat of totalitarianism (Drucker, 1939), Drucker (1939) was a passionate advocate of individualism and individual freedom as prerequisites for sound and stable economic development (Drucker, 1942; see also Hoffman, 1951a, 1952). He prefigures the I-USLPED team to some extent in outlining the inevitabilities (and hazards) of industrialization, but also in positing an ideological accompaniment. He elaborates this ideology in his account of General Motors, which he presents as the paradigm of a modern successful organisation, effectively structured and organised and professionally managed (Drucker, 1946). Drucker's (1946) distinctive view of management, organisation and industrialization was deeply resonant not only with emerging practice in US corporations, but more fundamentally with an ideology of the vital contribution of management to economic development.

Harbison and Myers (1959) also draw on the ideology of the Human Relations Movement. Reference is made to the work of Mayo and Roethlisberger and to the motivation theories of the Michigan group, such as Likert (1953). These sources are used to construct an account of worker motivation and productivity based not on "the fear of discipline, incentive wage payments, or close supervision" (Likert, 1953, p. 31) but upon *managerial* techniques that convince workers that their interests align with those of the organisation. It is a view bolstered by reference to the work of McGregor (1957, 1960), Argyris (1957) and others promoting an organisational humanistic, democratic liberalism. It is a discourse that seeks to incorporate the worker into the capitalist ethos by suggesting isomorphic interests. Of more significance here though is that this view of worker motivation and performance elevates the role of the manager in ways that further resonate with the whole ideology being promulgated in these works. This is made clear when Harbison and Myers (1959, p. 32) say that:

Successful motivation of the work force appears most often to require the effective exercise of leadership in a democratic setting where leadership is based largely on consent.

The resonance with this managerialist ideology is significant, but so is the alignment with wider US values and ideology. As the next part of the argument demonstrates, the industrialization thesis posited by Harbison and Myers *et al.* suggests a form of modernization aligned with the extant US model of *societal organization*.

The threat of tradition and the promise of modernity: advancement by management

A fundamental assumption in these texts is that transformative changes are a necessary part of the industrialization process. Such changes move societies from

traditional forms of organization and governance (e.g. based on patrimonial and political lines) to ones based on the principles and practices of professional management. Kerr *et al.* (1962) argue that because patrimonial and political forms of organisational governance are not conducive to sustained and stable economic development, professional management will inevitably displace them. This logic leads them to tautologies such as:

Professional management is most common in advanced industrializing societies (Kerr *et al.*, 1962, p. 154).

In developing an “advanced society” (the rubric Kerr *et al.* (1962) use) management is placed centre stage in the industrialization thesis, and used as a discourse for the comparative evaluation of levels of national development. Low levels of managerial development were taken to distinguish the less advanced societies from the advanced (Harbison and Myers, 1959). Within these discursive conventions, economic progress becomes possible through the substitution of labour by capital and management, and therefore:

[...] the accumulation and productive employment of high-level managerial resources, like the accumulation and productive investment of capital, is a universal imperative in the industrialization process (Harbison and Myers, 1959, p. 38).

What is espoused in the texts we examined is not just a call for transformation based on an underlying US model of management, but more significantly a substantial re-alignment of the socio-political governance and organization of nation-states. The ideological justification for such societal transformation is made by the authors through a denigration of tradition in non-US societies. We would suggest that Kerr *et al.* (1962) draw upon orientalist discourse (Said, 1978; see also Westwood, 2001, 2006) and engage in problematic practices of othering as a means to advance their arguments for the superiority of a (US) model of management and of society. Let us elaborate.

According to Kerr *et al.* (1962, p. 93):

The sweep of industrialization throughout the world transforms the cultures of the traditional societies.

They suggest five core factors (Kerr *et al.*, 1962, pp. 105-6) present in pre-industrialising societies that affect the nature and rate of the industrialization process: the family system, class and race structures and relations, religious and ethical valuations, prevailing legal concepts and processes, and the presence and manifestation of the nation-state. They discuss the dynamic intersection of industrialization with each of these. For example, in relation to family systems, they declare that the extended family and its associated systems of patriarchy, obligation and reciprocity are inimical to healthy economic growth and that if industrialization occurs, the extended family system is destroyed. Harbison and Myers (1959, p. 40) position organisational governance based on the sovereign rule of a patriarch or single family as the “most primitive” and compatible with primitive patriarchal systems and tribal, village life, not with “modern” development and industrialization. Such a “primitive” system is held to be expected in Egypt, for instance (Harbison and Myers, 1959; Harbison and Ibrahim, 1958)[13].

It is recognised, then, that industrialization represents a radical, sometimes violent change. It is change introduced and steered by a powerful minority within society or by

an external elite: “the colonial company, the indigenous entrepreneur, the government agency, the military unit” (Kerr *et al.*, 1962, p. 57). It is also recognised that others may resist such development. Resisters are disparagingly identified as “static” minorities such as aristocrats, landowners and “medicine men”! (Kerr *et al.*, 1962, p. 58) The elites are classified as “ideal types” and enumerated thus: the middle class, the dynastic leaders, the colonial administrators, the revolutionary intellectuals, the nationalist leaders. The middle class elite is held up as a preferred vehicle for economic development and industrialization, a class preference correspondent to the situation in the US. The middle class is viewed as embodying an ideology characterised as “economically individualistic and politically egalitarian” (Kerr *et al.*, 1962, p. 61) with individualism incorporating a morality which asserts that each person has a responsibility to make the best of his (sic) opportunities.

The pursuit of self-interest within a frame of the rule of law is the legitimised animus for the society in which the middle class rule. A level of conflict and dissent is permitted, indeed is inevitable, but is containable within a variety of societal and institutional mechanisms, but ultimately by “reason”. Changes brought about by a middle-class elite can be gradualist, non-violent, pragmatic and stable. Such reasoning owes a debt to the game theory and conflict research supported by the Ford Foundation in the post-WWII period. This particular and essentialising representation of the middle class really describes the espoused liberal, progressive, democratic, individualist, market-oriented, materialist, pragmatist values of the US. Even Europe was held to have traditions more akin to these impediments than to the idealisation on offer (Kipping *et al.*, 2004).

Crystallizing these points, Kerr *et al.* (1962, p. 104) state that:

Industrialization imposes its own cultural patterns on the pre-existing culture.

In terms of class, industrialization is held to introduce a different (hierarchical) order, supplanting older and traditional hierarchical arrangements, with professional and occupational groups taking core places in the structure. Such conditions for Kerr *et al.* (1962) constitute the “culture of industrialization” and are imperative for effective industrialization:

[...] (a) a nuclear family system which tends to accentuate individual incentives to work, save, and invest; (b) a relatively open social structure which encourages equality of treatment and advancement on the basis of ability; (c) religious and ethical values which are favourable to economic gain and growth, innovations and scientific change; (d) a legal system which encourages economic growth through general protection of individual and property rights from arbitrary or capricious rule; – and (e) a strong central governmental organization and the sense of being a nation which can play a decisive role in economic development (Kerr *et al.*, 1962, p. 105).

It is a representation showing remarkable resonance with the characteristics of a “free, dynamic society” discussed in Hoffman (1951a, 1952)[14] envisaged as the essential ideological bulwark against communism which needed to be promulgated throughout post-WWII Europe and the decolonising world. It is an ideology that the Ford Foundation was happy to support and that the CIA could readily endorse. It is also an ideology that filtered down to prescriptions regarding individual conduct.

Modelling micro-level behaviour and seducing organized labour

The changes accompanying industrialization were also articulated by Kerr *et al.* (1962) at the more micro-level of social values and individual attitudes and behaviours in relation to work organization. The requisite value shift received its most notable expression in Parson's pattern variables (e.g. Parsons and Shils, 1951). In brief, it involved a prescription of value change from the expressive to the more instrumental, thus from ascription to achievement, diffuse relationship structures to specific, the particularistic to the universal, from affective to instrumental relations, from collectivism to individualism. This citation of Parsons is significant given that these analytic categories have been deployed consistently in the comparative management discourse, particularly in dimensional approaches to cultural difference. Their importance is further compounded by the fact that the industrialization thesis has strong structural-functionalist inclinations and the debt to Parsons is overt in places, including his identification of the USA as the epitome of modernised society.

The prescription of values and rules for individual behaviour to accompany modernity is best exemplified by Kerr *et al.*'s (1962) discussion of "Industrial Man". They argue that industrialization requires new work regimes that make demands upon employees related to order, place and time (Ashton, 1948). They must submit not only to the routines and repetitions of industrial production, but also to new authority structures constituted by the hierarchy of impersonal and professional management. They must accede, therefore, to a new form of dominance as embodied in the "manager" who is deemed to supplant the authority and power invested traditionally in "the head of the village family, the tribal chief, or the communal leader" (Harbison and Myer (1959, p. 47). Accompanying these shifts is the development of a complex "Web of Rules" conceived of as another universal feature of industrialization. They are a vaguely defined complex of rules, norms and procedures that become increasingly formalised as industrialization develops and act as the disciplinary matrix that normalises worker behaviour within the newly constituted regimes of industrialization.

The new "industrial man" must learn not only commitment to industrial work, but to employing organisations, occupations and/or professions. There may be resistance, but it is containable and, Kerr *et al.* (1962, p. 200) argue, tails off in part because of the inherent seductions of industrialization at both the societal and individual level. Thus, industrialization:

[...] has spread around the world primarily on account of the greater positive attractions of industrialization, despite the dislocations and readjustments for emerging workers. Industrialization has become a prime objective of nationalist movements and political parties [...] The potential benefits to the individual worker nearly everywhere appear to transcend the negative consequences of industrialization (Kerr *et al.*, 1962, p. 219).

In Kerr *et al.* (1962, p. 219), envisaged pluralist society, worker protest is to be expected and can be accommodated – managed as just another manifestation of the operations of markets. In pluralist, and idealised societies, like the US, labour organisations become mildly reformist in their ideology:

The road to industrialization is paved less with class warfare and more with class alliances (Kerr *et al.*, 1962, p. 226).

Conclusion

Based on the evidence presented above, we conclude that the formal discourse of IBMS is a historical outcome of US foreign and domestic policy and part of the grand narrative of the Cold War. This is not to suggest, as we mentioned in our introduction, that it had no antecedents in the pre-WWII period, but that it emerged as an institutionally organized academic discourse in Cold War America. In elaborating our conclusion, we share Landau's (2006) analysis of systems rationalism – that like systems rationalism, IBMS was shaped by the political culture of the Cold War as well as management's (as an elite group) struggle for hegemony. Landau illustrates, as we too have tried, how management discourse:

[...] appropriated Cold War ideological concepts and national myths and translated them into rational-instrumental terms (Landau's, 2006, p. 637).

With regard to Cold War political culture and the emergence of IBMS, we have discussed the pivotal role of the Ford Foundation and its connections to other state organizations (notably the CIA) in bringing international business studies into the commercial-industrial-military complex that animated US domestic and foreign policy. We have illustrated how the internal Cold War took shape in the funding priorities and research agendas of early IBMS, as well as in the institutional and personal politics inside universities. Our paper raises questions about how we should view the role played by IBMS scholars in promulgating Cold War ideology, and perhaps even McCarthyism, within the walls of the university. Were early IBMS scholars liberal humanists, deeply committed to business organizations as agents of positive social change in the US, and overseas? Or were they complicit in surveillance upon their colleagues and in institutionalizing American imperialism and ethnocentrism in their research agendas? This remains, for us, an open question.

The managerial struggle for hegemony to which Landau (2006) refers is writ large across our analysis. Whilst organized labour had been on the ascendancy in the late 1940s in the US, by the beginning of the 1950s management had succeeded in curtailing its power. The managerialist imperative prescribed by Kerr and colleagues for industrialization was not only a prerequisite for economic progress, it was viewed concomitantly as necessary for positive, social transformation. As shown in the last section of our analysis, by contrast, the collective basis for industrial democracy was undermined by the individualizing discourse of values, rule and personal conduct at work. Furthermore, business organizations were positioned as sites for the development of Cold War American values of democracy, liberalism and freedom.

Looking back at Kerr *et al.*'s (1962) texts, these values are clear to see and, as Landau also suggests, they combine political meanings with business-instrumental ones.

We would also conclude, however, that the emergence of IBMS and the particular values and interests it infused was more than just a matter of expressing domestic concerns with managerial hegemony and the Cold War. Here we underline the importance of US foreign policy – IBMS was producing texts that moulded policies for trade and commerce that would not only expand the interests of US capital, but also contribute to US foreign policy and security goals. The business organization and an associated management cadre were exported as ideals for social and economic organization not only to decolonising nations in Africa and Asia, but also to the

war-ravaged nations of Europe, especially those erstwhile colonial powers. In the foreign policy sphere, then, IBMS played a role in attempting to stem the expansion of communist influence in these nations and in taking apart European colonial rule and replacing it with development discourse. IBMS perhaps marked, in the intellectual arena at least, the eclipse of colonial European power by a new American imperialism.

In the final analysis, then, our paper demonstrates the impossibility of imagining early international business and management as a “neutral” discipline that emerged from nowhere for the benefit of all nations, societies and business organizations. In consonance with calls for more historical work in/on International Business, and with the so-called “historical turn” in management and organization studies (Kelley *et al.*, 2006), the paper demonstrates the impact of local politics (with a big and a small “p”) and local histories on the production of academic knowledge. What Kerr and colleagues propose is, in our estimation, less a convergence and more of a “coming to” the forms of economic rationalism, industrialization and management developed in the West and discursively positioned as synonymous with being modern and developed. Such totalizing logic turns on comparisons to stages and forms of economic development and economic progress which Western economies, notably the US, had already gone through. The texts of Harbison, Myers, Kerr and Dunlop are, therefore, expressions of US cultural and economic imperialism that help instantiate a hegemonic discourse akin to the wider Western discourse that Chakrabarty (2000) identifies and whose logic presupposes that history happens first in the West and only then everywhere else according to the same criteria. The logic of Kerr and colleagues is thus supplemental – the history of the Other can only ever be told through the categories of the West: in effect, they become footnotes of someone else’s history.

Notes

1. A pioneer of computer science and game theory.
2. Research aimed at developing the atomic bomb.
3. Part of the work included development of Statistical Quality Control methods, which drew on expertise from Columbia University, including Milton Friedman.
4. There were other networks of significance to the developing enmeshment of scientific and geo-political interests at the time. The Foundation also funded the Centre for Advanced Studies in the Behavioral Sciences at the University of Michigan. Scholars here include Kenneth Boulding, Herbert Kelman, Clyde Kluckhohn, Harold Laswell and Paul Lazarsfeld. This was a diverse group interested in developing general systems theory and its applications, including conflict management. John Dunlop had notable sympathies for systems thinking as well as the work of Talcott Parsons whose pattern variables provide key resources for IBMS study.
5. We are taking this event and accompanying text as an example – there are plenty of other sources illustrating similar concerns at that time.
6. Fenn was an influential figure in academia, business and government in his various roles: assistant editor of the *Harvard Business Review*, editor of the *Business School Bulletin*; Faculty member of HBS, 1955-1961; staff assistant to President Kennedy (1961-1963); Tariff Commissioner (1963-1967); president, Center for Business-Government Relations (1969-1971); Director, John F. Kennedy Library (1972-1986); faculty member (again), Harvard Graduate School of Business Administration (1976-1980). In a sense he is an embodiment of the interpenetration of politics, business and the academy. From an entry on

Fenn at the John F. Kennedy Library National Archives and Records Administration, www.jfklibrary.org/fa_fenn.html#admin

7. This alignment and ideological function is made crystal clear in a contribution from Herbert Hoover Jr (at that time former Under Secretary of State) entitled "American Business Abroad and the National Interest". He refers to the "Soviet economic offensive" and "a new type of Soviet aggression" (Fenn, 1957, pp. 20-1) and of the need to counter that and promote the values of the "Free World". Similar sentiments pepper the book.
8. Hoffman went on to significant involvement with the UN, including being managing director of the UN Special Fund (later called the UN Development Program) from 1959 to 1972. In a further connection in the complex, Hoffman was also involved in a series of papers published in the *Harvard Business Review* in the late 1940s and early 1950s (Hoffman, 1946, 1951a, b, 1952). In the first of these he argues the need to defend free capitalistic enterprise, not just in the international arena, but domestically, against the forces not just of totalitarianism, socialism or communism, but also against a more general and invidious "collectivism." In line with views expressed in the Fenn collection, he asserts that the basic values and freedoms of the capitalistic system are at stake and he makes personal and civil freedoms isomorphic with economic and business freedom. Hoffman eventually fell out with the Ford family and was replaced by Gaither, a move which was seen by some as a shift towards conservative Republicanism (Amadae, 2003). Gaither was supportive of the Foundation backing political and psychological warfare and of using social science and other research to deploy in carefully managing not just economy, but society as a whole: "Under Gaither's tutelage, the Ford Foundation promoted research oriented towards national security." (Amadae, 2003, p. 38).
9. Another ex-head of the ECA was Richard Bissell who had also worked closely with the PSB. Bissell also went on to work for the Foundation before joining the CIA and becoming its Director of Plans under Allen Dulles. He managed what became known as the CIA's "Black Operations" and was largely responsible for the Bay of Pigs fiasco. He later worked in arms-related operations and became head of the Institute for Defence Analysis, a pentagon think-tank. Bissell's successor at the ECA was John McCloy who became Chair of the Foundation 1958-1965 and who established a special administrative unit within it to liaise with the CIA (Saunders, 1999).
10. Originally named the Free Russia Fund.
11. Kennan went on to become the US ambassador to Russia, but Cross continued to work for Bissell.
12. In 1959 the Ford Foundation approached MIT and Penn State with a view to establish two American-sponsored business schools in India.
13. It is a disparagement that extends to depictions of European management in other early IBMS texts.
14. Mills and Helms Hatfield (1999) conducted a content analysis of 107 widely used North American business student texts published between 1959 and 1996. The denigration of non-American systems of organization was a constant feature in these texts over the years as was the unfavourable comparison of totalitarianism and state ownership and control of industry in the Soviet Union. The latter was seen as a threat to business and compared to the benefits of democracy and free enterprise.

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