

Experts versus Managers: A Case Against Professionalizing Management Education¹

**in *'Humanistic Management Education – Academic Responsibility
for the 21st Century'*, Palgrave Macmillan, forthcoming.**

Amanda H. Goodall²

April 2010

Introduction

The call to professionalize management education has reemerged since the financial crash. In an article in Harvard Business Review (*It's Time to Make Management a True Profession*, HBR October, 2008), by Rakesh Khurana and Nitin Nohria, it has been suggested that some of the recent economic troubles may have been averted if managers had followed a professional code. Others, such as Angel Cabrera, president of the Thunderbird School of Global Management, have supported the call.

Few will complain about efforts to improve the moral conduct of managers, in light of recent global events, albeit that enforcement of a code may be difficult. Many business schools have endorsed the mission of the 'Principles for Responsible Management Education' (PRME) sponsored by the UN, and the idea of a professional code is receiving much attention. There appears to be less debate, however, about the legitimacy of characterizing management as a profession – which is the topic of this chapter.

¹Thanks for helpful comments to Chris Grey, Peter Holland, Andrew Oswald, Nigel Piercy, Stephen Wood, and for funding my research, the Leverhulme Trust.

²Leverhulme Fellow, Warwick Business School, University of Warwick, UK, amanda.goodall@wbs.ac.uk; www.amandagoodall.com.

Here I will argue, that unlike law or medicine, management is not intrinsically core business, and, therefore, it is difficult to see how it could become a full profession. Management exists to support the core business not be the core business. In contrast to Khurana and Nohria, it is suggested here that the financial crisis of 2008 may have stemmed in small part from the over promotion of professional managers -- that the lack of expert knowledge particularly at the top of organizations may instead have contributed to their failure.

Elite business schools in particular promise immediate seniority to potential MBA students, whether they have industry-specific expert knowledge or not. I suggest that the rise of managerialism may be linked to the prevalence and form of management education. Finally, I propose that business schools may have designed management education to suit them, rather than designing a curriculum that is tailored to the specific needs of different professions and industries; which may include educational courses that lean towards the short and intensive, instead of generic one or two year degrees.

Why It's *Not* Time to Make Management a True Profession

Disagreements about the classification of management as a profession are as long and old as the field itself³. That the debate is still raging is testament to the analysis of Andrew Abbott, who argued in 1988 that if it were possible to make management a profession, it would have been professionalized long ago. Abbott argued that management is a broad church that encompasses many disciplines and a spectrum of ever-changing knowledge. To enforce a code of conduct with rigorous rules of entry and practice, it is argued, professionalization would require the field of management to be ring-fenced and systematized, which history has shown to be unachievable (Whitley, 1984, 1995; Abbott, 1988; Kimball, 1992). Furthermore, having a degree of autonomy is a distinctive feature of being a professional. This is a necessary condition if ethical codes of

³ For interesting accounts of the arguments, see Abbott 1988; Grey 1997; and Khurana 2007.

practice are to be protected from conflicts of interest that might arise between a professional and the demands of the organizations which may use their services. Managers, on the other hand, are more usually integrated into bureaucracies and cannot by their nature act autonomously (Reed, 1989).

Professionalism and Expert Knowledge

To professionalize management education is to promote the idea that management is not situation-specific (Grey, 1997). This is of greater concern for two reasons. First, the core business of any institution is, arguably, never management. Management might be viewed as the oil and petrol that keeps the car running, but not the car itself. Professionals, on the other hand, do provide core business functions. Occupations such as medicine, architecture or law require expertise of a technical kind, such that failure to conform to the standards imposed by their professions could lead to loss of life or freedom. These professional enterprises still require management systems and managers in order to operate. Thus the two -- technical expertise and management expertise -- are not interchangeable.

Second, over the last three decades in many settings management has become separated from expertise. For example, in the US and UK the overwhelming majority of hospital CEOs are professional managers not MDs. This used not to be the case. The rise in the number of managers and managerialism in many parts of the UK public sector is well documented⁴. Similarly, in the corporate sector it was normal practice for junior managers to climb the organizational ladder over a number of years acquiring 'domain knowledge' (Khurana, 2002). Today this route to the top is often looked down upon.

⁴ For accounts of managerialism in the UK for higher education see Deem, Hillyard & Reed 2010; for health see Hunter 2003; for social work see Cooper 2007.

Hiring in managers from wholly different sectors has become commonplace⁵. But can CEOs or senior managers who lack expert or domain knowledge about the core business of their industries make adequately informed decisions?

Many factors contributed to the banking crisis of 2008: a lack of government regulation coupled with unsecured loans and inflated house prices, the bundling and re-bundling of assets that became impossible to untangle, and the creation of financial packages designed by physics PhDs based on mathematical formulae that few could understand⁶. People who had been in banking for years struggled to comprehend the complexities. Imagine, then, how hard it might be for CEOs and chairmen who came from outside banking?

To illustrate this it is interesting to consider the case of CEO, Andy Hornby the former head of Halifax Bank of Scotland (HBOS), one of Europe's largest banks. HBOS was rescued from failure by the UK government in October 2008, and forced into an emergency takeover by Lloyds TSB, another major UK bank. Notably few years in Hornby's career were spent in banking. He began his professional life with a cement maker (Blue Circle Industries) in 1993. Between 1996 and 1999 he worked at Asda, a British retail grocery business owned by Wal-Mart. Hornby became a Managing Director at Asda when he was young -- at the age of 30. In 1999 he joined the Halifax Bank prior to its merger with the Bank of Scotland, and became COO in 2005, and CEO of the merged HBOS in 2006, when he was only 39 years old.

⁵ For example: former Home Depot chief Robert Nardelli went to run Chrysler; John Scully left Pepsi to go to Apple; recently Carolyn McCall left the Guardian Media Group to head EasyJet airline. It is not uncommon for non-academics from the commercial world to become business school deans. With rare exceptions (e.g. Robert L Joss at Stanford GSB) this usually proves unsuccessful. A recent example is London Business School. Robin Buchanan, a management consultant, was dean of LBS for only 16 months. An academic then took over and Buchanan was offered a newly created post of president, a position he also held for only a number of months.

⁶ Two interesting journalistic accounts of the banking crisis are: Gillian Tett's, 'Fools Gold' and Andrew Ross Sorkin's, 'Too Big to Fail'.

After the failure of HBOS, the UK Parliament's Treasury Select Committee publicly interrogated two senior people from the bank. The parliamentarians asked Hornby if he had any banking qualifications. He replied: "I do not have any formal banking qualifications. I have an MBA from Harvard where I specialized in all the finance courses, including financial services".⁷ The former chairman of HBOS, Sir Tom McKillop, also had no banking qualifications and his career was mostly spent in the pharmaceutical industry.

Hornby's lack of banking qualifications must have presented him with problems, but, arguably, he could not have had expert knowledge of the core business of banking nor firm-specific knowledge and related skills about HBOS because he was in the sector for so few years prior to becoming CEO⁸. Despite his failure at HBOS, Andy Hornby is today CEO of the UK retail firm Alliance Boots. Stefano Pessina, the company's executive chairman who hired Hornby, was interviewed in the Times Newspaper when the appointment was made: "Going through Andy's past, which we did carefully, he was quite outspoken and honest. He told me that when he took the helm at HBOS he didn't have the experience for the corporate bank (sic) and underestimated that."⁹

To what extent might a professionalized MBA have altered Hornby's behavior? The former HBOS CEO's comments to the Treasury Select Committee implied, somewhat, that he had a rite of passage in part because of his MBA. According to one newspaper Hornby was the highest-achieving student out of his cohort.¹⁰ Although this is a single example, it is hard to imagine what else a professionalized Harvard degree would have given Andy Hornby. Instead, his

⁷Minutes of Evidence taken before House of Commons Treasury Committee on the banking crisis, Tuesday 10 February 2009 available at:

<http://www.publications.parliament.uk/pa/cm200102/cmselect/cmtreasy/317/1103001.htm>

⁸For intra-industry and intra-firm CEO succession see: Harris and Helfat, 1997; Zhang and Rajagopalan, 2003, 2004, 2009. For 'expert knowledge' see Goodall, 2009a,b.

⁹ The Times Newspaper, June 9, 2009.

http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6458824.ece

¹⁰ The Daily Telegraph Newspaper (16 Feb 2009) reported that Andy Hornby came top out of 800 fellow students in his MBA cohort at Harvard Business School.

case represents that of a generalist manager who trained to a high level at one of the most elite schools, but who lacked specialist knowledge about banking; arguably, he was over promoted and 'under knowledgeable'.

Had Hornby signed a version of the Hippocratic Oath might this have helped his decision-making? It seems unlikely that Hornby is an immoral person or a criminal (although some HBOS shareholders might disagree). Developing a code of conduct for managers is central to the current appeals to professionalize. Yet as Grey points out, "... by separating management from its context, it is also thereby separated from its moral and political implications" (1997, p. 711). Ethics and codes of conduct are context specific, as, I will argue, should be management education.

Professionalism and Creativity

Khurana and Nohria (2008) raise a further possible criticism when they ask, 'will professionalism choke creativity?' The authors first consider whether 'we might choke off the creative genius of people like Bill Gates and Sam Walton, who were unschooled in management but have had more impact on economic progress than the vast majority of professional managers' (p. 74). Khurana and Nohria answer their question by suggesting that Gates and Walton could have '... complimented their entrepreneurial talents with professional management training'.

It is difficult, however, to imagine when these entrepreneurs could have completed their one or two year professional MBA. It is unlikely that they would have been accepted onto a top MBA program before they made their discoveries (especially as Gates famously left his university early), and they may not have felt it necessary after they built their empires.

Steve Jobs, the co-founder and CEO of Apple is an entrepreneur, but, importantly, he is a technical expert. His business was and is driven by technical expertise. Arguably Jobs learned management and leadership later, and quite adequately as history has shown. A technical expert, or a professional such as a lawyer or architect, or academic, has little incentive to withdraw from their field for long periods of time, because it will hurt their main business pursuits and have a negative impact on their professional reputation (Maister, 1993; Goodall, 2009b).

Finally, Khurana and Nohria review the benefits that came to the field of medicine after it became a profession. Medicine is an interesting example. In the past, hospitals were routinely led by doctors – as mentioned earlier. That has changed. However, there are moves afoot in the US and UK to encourage physicians to return to leadership positions, in the belief that hospital performance is improved when medics are CEOs (Falcone & Satiani, 2008; Darzi, 2009; Falcone & Satiani, 2008). A number of the very top hospitals openly promote clinician-leadership (Stoller et al., 2007). Medical schools increasingly include management in their curriculum, and leadership courses for practicing clinicians have also become common (Chaudry, 2008; Stoller, 2009).

Situation-Specific Management Education

Could the recent culture of managerialism and rise in the number of managers¹¹ be a product of the concomitant rise in the number of management degrees conferred?

¹¹ There are currently 45,000 managers in the British National Health Service (NHS). Overall staff reached 1,432,000 in 2009. This figure includes a rise in consultants (specialist MDs) of 5.8%, whereas the number of managers rose to 44,660 - an increase of 11.9%. Since 1999 there has been an 84% rise in the number of managers in the UK NHS (figures from the UK Department of Health and also reported on the BBC News, 25 March 2010). In the UK higher education sector, between the years of 2003-4 to 2008-9, the number of managers employed in universities increased from 10,740 to 14,250, up 33%. During the same period, academic staff rose in numbers from 106,900 to 116,495, up 10%, and students rose from 2,200,180 to 2,396,055, up 9% (figures from the Higher Education Statistics Agency).

In the US, twenty-one percent of all bachelors degrees awarded are Management BAs, and there are now up to 120,000 MBAs conferred annually (Fourcade & Khurana, 2010). Fourcade and Khurana also report that interest in studying management has become global with MBAs being offered in over 100 countries.

Are business schools asserting the eminence of MBAs and professional management at a cost of providing appropriate *relevant* management education? Might an alternative model focus instead on producing tailored (and concise) situation-specific (Grey, 1997) management courses, for individuals planning to go into, or already working in, the professions, creative industries, high-tech firms, manufacturing, local government and so on? Tailored programs are available in business schools; nevertheless, most MBAs are generic. Also, a one or two year MBA may not be appropriate for everyone. As suggested above, for those who must first become experts in their field, before any consideration of leadership or management, long courses are unsuitable. Offering concise tailored courses at regular intervals throughout people's careers (going beyond executive education) might be an option for the future. Even in our own institutions – universities – business schools rarely, if ever, offer tailored courses in management and leadership targeted at faculty. This seems paradoxical.

Concluding Comments

The case for professionalizing management has been debated since its inception early in the twentieth century. Rakesh Khurana and Nitin Nohria have once again raised the issue in response to the recent financial crisis, and the apparently unethical behavior of some corporate managers and CEOs preceding the crash. Professionalizing management, it is suggested, will lead to greater self regulation and more principled behavior. In contrast, I have argued in this chapter that part of the failure at the top of financial organizations may have originated in part from the promotion of managers into leadership positions,

where individuals had insufficient core business knowledge. An illustrative example from banking has been raised. Thus, professionalizing management may serve to further advance managerial processes over core business functions.

I have also suggested that we may have lost sight of the fact that management exists to support the core business, not to *be* the core business. Thus, I argue, professionalizing management education, for reasons beyond the creation of a codified statement of conduct, is problematic.

Finally, I have concluded with the suggestion that business schools should consider developing a more situation-specific approach to management education; such that courses are tailored both in length and content to suit each particular profession, industry or sector.

REFERENCES

- Abbott, A. 1988. *The system of professions. An essay on the division of expert labour*. University of Chicago Press: Chicago.
- Chaudry, J., Jain, A., McKenzie, S. & Schwartz, R.W. 2008. Physician leadership: The competencies of change. *Journal of Surgical Education*, 65: 213-220.
- Darzi, A. 2009. A Time for revolutions — The role of clinicians in health care reform. *New England Journal of Medicine*, 361:e8.
- Deem, R., Hillyard, S. & Reed, M. 2010. *Knowledge, higher education, and the new managerialism: The changing management of UK universities*. Oxford University Press: Oxford.
- Cooper, C. 2009. It's a bit like being a robot or working in a factory: Does Braverman help explain the experiences of state social workers in Britain since 1971? *Organization*, 16 (4): 505-527.
- Falcone, B.E., Satiani, B. 2008. Physician as hospital chief executive officer. *Vascular and Endovascular Surgery*, 42: 88-94.
- Fourcade, M. & Khurana, R. 2010. From social control to financial economics: The linked ecologies of economics and business in twentieth century America, in Charles Camic, Neil Gross and Michèle Lamont (eds.) *Making, Evaluating, and Using Social Science Knowledge: The Underground of Practice*. University of Chicago Press: Chicago.
- Goodall, A.H. 2009a. Highly cited leaders and the performance of research universities. *Research Policy*, 38 (7): 1079-1092.
- Goodall, A.H. 2009b. *Socrates in the boardroom: Why research universities should be led by top scholars*. Princeton University Press: Princeton and Oxford.
- Grey, C. 1997. Management as technical practice: Professionalization or responsabilization? *Systemic Practice and Action Research*. 10: 703-726.
- Hunter D.J. 2003. *Public health policy*. Polity Press: Cambridge.
- Khurana, R. 2002. *Searching for a corporate savior: The irrational quest for*

- charismatic CEOs*. Princeton University Press: Princeton and Oxford.
- Khurana, R. 2007. *From higher aims to hired hands: The social transformation of American business schools and the unfulfilled promise of management as a profession*. Princeton University Press: Princeton and Oxford.
- Khurana, R. & Norhia, N. 2008. It's time to make management a true profession. *Harvard Business Review*, 86 (10): 70–77.
- Kimball, B. 1992. *The 'true professional ideal' in America. A history*. Blackwell: Cambridge, MA.
- Maister, D.H. 1993. *Managing the professional service firm*. Simon & Schuster: London.
- Reed, M. 1989. *The sociology of management*. Harvester Wheatsheaf: Hemel Hempstead.
- Stoller, J.K., Berkowitz, E. & Bailin P.L. 2007. Physician management and leadership education at the Cleveland Clinic Foundation: program impact and experience over 14 years. *Journal of Medical Practice and Management*, 22: 237-42.
- Stoller, J.K. 2009. Developing physician-leaders: A call to action. *Journal of General Internal Medicine*, 24: 876-878.
- Zell, D. 2005. Pressure for relevancy at top-tier business schools. *Journal of Management Enquiry*, 14 (3): 271-274.
- Zhang, Yan and Nandini Rajagopalan. 2003. Explaining new CEO origin: Firm versus industry antecedents. *Academy of Management Journal*, 46(3): 327-338.
- Zhang, Yan and N. Rajagopalan. 2004. When the known devil is better than an unknown god: An empirical study of the antecedents and consequences of relay CEO successions. *Academy of Management Journal*, 47(4): 483-500.
- Zhang, Yan and Rajagopalan, N. 2009. Once an Outsider, Always an Outsider? CEO Origin, Strategic Change, and Firm Performance. *Strategic Management Journal* Forthcoming.