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Management as a Liberal Art

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And

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Many educators claim that America is losing its liberal-arts colleges. Certainly, it is true that for several years the trend in higher education has been toward expanding professional programs at the expense of traditional liberal-arts curricula. This trend has many causes, but it is firmly grounded in the interests of students in the 1970's and 1980's, who overwhelmingly chose professional preparatory programs, especially those in management, instead of the liberal arts. Only the most prestigious and well-endowed liberal-arts colleges were able to resist the temptation to offer management or business majors.

In a study he conducted, David Breneman, a visiting professor at the Harvard Graduate School of Education and a former president of Kalamazoo College, estimates that only about 200 liberal-arts colleges are left among the nation's 3,400 colleges and universities. This estimate is based on the definition of a liberal-arts college as an institution that grants at least 40 per cent of its undergraduate degrees to students who have majors in traditional liberal-arts fields.

A large part of many educators' anxiety is not some abstract concern about "losing" liberal-arts colleges; they have a concrete concern about how the Carnegie Foundation for the Advancement of Teaching will classify their own institutions. The classifications largely determine which institutions a college will be grouped with in reports appearing in academic journals and in general-circulation guides to colleges and universities, such as the one published by *U.S. News and World Report*. Thus, many colleges that currently cherish the liberal-arts classification they received in the last Carnegie Foundation classification published in 1988, but based on mid-1980's data, are genuinely in jeopardy of losing that status in the next review and classification of colleges and universities, which is already under way.

Most institutions that have considered themselves liberal-arts colleges would prefer to remain grouped with the prestigious Swarthmores and Amhersts of the world rather than be moved to some other category that they feel might diminish their status in the eyes of students, parents, and colleagues. An institution's classification also can determine its eligibility for a number of important grants that major foundations offer only to liberal-arts colleges. In short, prestige and money are on the line.

At the same time that colleges have been endangering their status as traditional liberal-arts institutions by expanding their professional programs, the corporate world increasingly has come

to value the skills honed-in liberal-arts courses, such as the ability to write effectively, ask probing questions, and organize structured solutions to complex problems.

This trend has been most evident in the accounting and finance professions, which have come to rely more on critical analysis and problem solving than on number crunching. Beginning in the 1980's, rather than shunning ivory-tower academics, Wall Street started hiring them. In the 1960's, the number of PhD's on Wall Street could be counted on one hand; now, hundreds of PhD's are employed there. Volatile economic markets and complex financial products require critical analytical abilities that go well beyond the training in bookkeeping skills that many liberal-arts educators associate with the accounting and finance professions.

If one views these parallel trends together -- the decline of the liberal-arts college as traditionally defined and the rise in the business world's appreciation of liberal-arts programs -- one comes to a very different conclusion than if one focuses solely on concerns over "the decline of liberal-arts colleges." Rather than worry about whether we are losing liberal-arts colleges as defined by the fields in which students major, we should be concerned about the content of the undergraduate education students receive, whether their major is literature, psychology, chemistry, art -- or management.

Educators should not be focusing on questions of classification. Tricks, such as calling the business or management program an economics major without substantively redefining it, can be used to attempt to retain liberal-arts status. This approach, however, misses the point.

Educators should be focusing on how to integrate management programs into the liberal arts more effectively. That is, how does an institution structure the study of management as a liberal art? Once the liberal-arts traditionalists open their eyes, they will realize that the practice of management, if well understood, already has become a liberal art.

Economics has been considered a study of ideas and a liberal-arts field at least since the 18th century when philosophers such as David Hume and Adam Smith wrote their treatises on economic theory. On the other hand, business historically has been considered a trade and business school a place for teaching skills rather than studying ideas. In today's complex world, however, such a view has little foundation in reality. The practice of business today focuses on ideas, communication, and problem solving, not on learning a set of skills and applying them routinely. The better business schools already have shifted their curricula accordingly.

Just as economics emerged as a liberal art in the 18th century, finance is doing so in the late 20th century. Beginning in the 1950's and 1960's, economists invaded the field of finance, making it virtually a subdiscipline of economics. The change in how finance theory is viewed and how finance is taught is now well established. This was made clear to the world when the 1990 Nobel Prize for economics was awarded to Harry Markowitz of the City University of New York, Merton Miller of the University of Chicago, and William Sharpe of Stanford University. These three finance theorists, in fact, are all world-class philosophers in the tradition of David Hume and Adam Smith, and represent as much as anything else the transformation of management from a skill to a liberal art.

The philosophers conquered economics in the late 1700's, the economists took over finance theory in the 1960's and 1970's, and the finance theorists invaded the field of accounting in the 1980's. As much as any field, accounting is thought of as a narrow skill, something that traditional academics in the liberal arts would shun. But accounting is evolving rapidly from the skills-oriented practice of bookkeeping to a science of information gathering designed to help people make decisions and understand how economic systems work. Accounting techniques have become as important a tool for problem solving in corporate finance and economics as quantitative research methods are for psychology or sociology.

What this means is that the better business schools already have reorganized their curricula to de-emphasize the teaching of routine skills and to focus instead on the study of ideas related to solving the problems presented by today's complex world of finance and management. This is quite similar to the way in which problem-solving methodologies and critical analysis are taught in chemistry, physics, or psychology. In other words, business, corporate finance, and management programs are making the transition from a trade-school approach to a liberal-arts approach.

Faculty and administrators at traditional liberal-arts colleges need to understand that management -- from accounting and finance to organizational behavior and information systems -- can be part of the liberal-arts tradition if taught in the proper, innovative context. Indeed, colleges that do not treat management as a liberal art are going to lose students to management programs at other institutions. Rather than wring its hands over the loss of liberal-arts colleges, academe would do better to reappraise and restructure management education to bring it into the liberal-arts tradition.

More liberal-arts faculty members, from psychologists to economists, need to be involved in teaching management courses. Accounting courses should be fundamentally reworked, eliminating the old skills-based course outline and substituting a new approach based on accounting as an information system for the study of finance and economic ideas, in the best tradition of liberal-arts critical thinking. There is much to be done to make the teaching of management in liberal-arts colleges an integral part of the curriculum, and educators should not spend valuable time and effort fighting over issues of academic classification.

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