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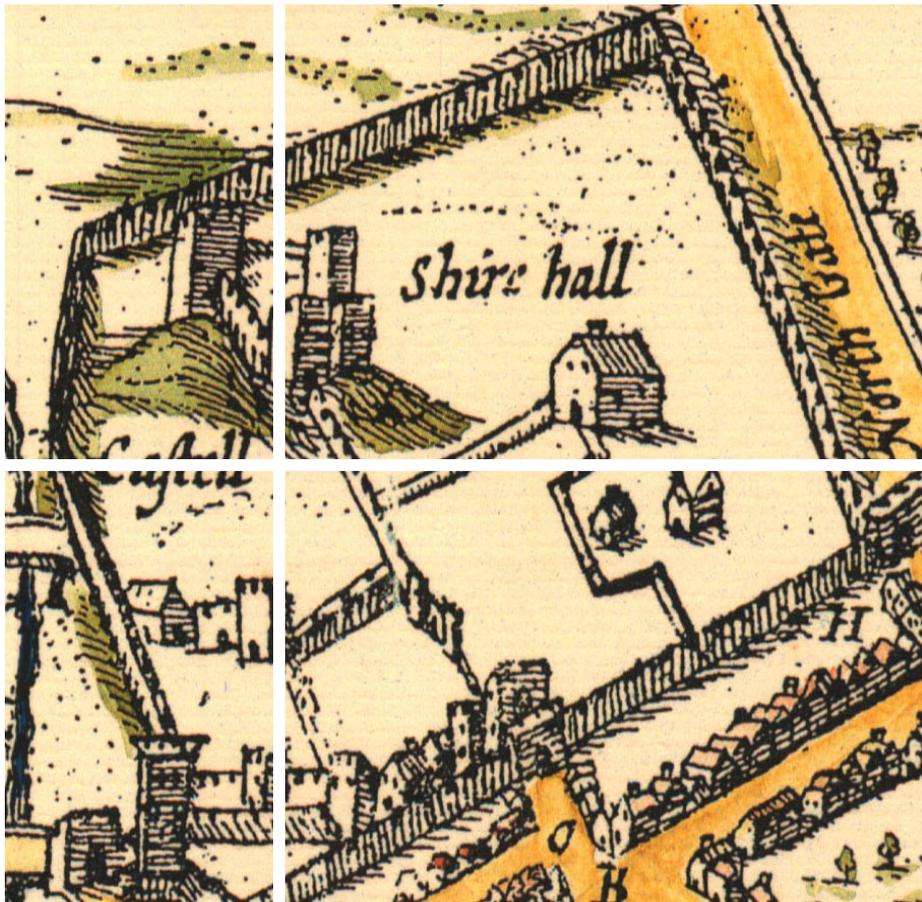
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Cardiff Historical Papers



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in Post-war Britain**

Michell J. Larson

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The Federation of British Industry and Management Education in Post-war Britain

In post-war Britain there were two major employers' organizations: the British Employers' Confederation (BEC) and the Federation of British Industry (FBI). They served as central bodies for a host of smaller and more specific industrial groups, usually organized by sector. Between them, they divided the work of dealing with problems facing manufacturing firms and, to some degree, business in general across the country. Broadly speaking, the BEC wrestled with labour concerns and industrial relations matters while the FBI focused on problems arising from the management end, which included expressing industry's views to government on issues of the day.¹ Thus, management education and training issues, as distinct from industrial training for skilled shop-floor positions, fell under the auspices of the FBI, which took a leading role in fostering Britain's efforts at post-graduate level management education during the 1960s. These efforts resulted in the creation of two business schools located in London and Manchester, and attached to the universities there. Sir Norman Kipping, the FBI's Director-General, ran day-to-day operations of the organization and played a large part in the FBI's support of the 'management movement'. What follows is an examination of the FBI's changing relationship to management education during the twenty years after 1945, which corresponds exactly to Kipping's tenure in office as Director-General of the Federation. More broadly, examining the emergence of FBI leadership on the business schools issue illuminates a significant shift in leading British industrial thinking about management and management training programmes that took place during the second half of the 1950s.

¹ The two merged with the smaller National Association of British Manufacturers in late 1965 to form the Confederation of British Industry (CBI).

Wartime Management Critique and Labour's Response

Sir Norman Kipping was a qualified engineer, who over twenty years gradually worked his way to a management post, first with the International Western Electric Company and then with Standard Telephone and Cables. In the spring of 1942, during a wartime national reorganization designed to resolve industrial production shortfalls,² Kipping found himself seconded to government service; he was placed in control of the Regional Division of the Ministry of Production until the end of the war under the newly-appointed Minister Oliver Lyttelton (later Viscount Chandos). Even before he joined the Ministry, Kipping's experiences at Standard's factory in North London exposed him to all sorts of production inefficiencies, many a direct result of the expansion of the factory, by 1942, to over 12,000 persons, including full-time night shifts. He thus joined the Ministry, having already successfully resolved an array of wartime conversion problems and appreciating the tremendous wealth of knowledge and experience available within British industry. In his new capacity he saw similar production problems across a broad range of industrial firms and assembled a team to devise solutions. Raw material bottlenecks, transportation and energy shortages, deficiencies in skilled labour, and other problems came across his desk from March 1942 until the Ministry's Regional Division was wound up in July 1945. Kipping and his team managed to sort out various kinds of difficulties and disputes (for instance, quarrels over raw materials or prioritisation for specialised machinery). Since all available labour and materials were being utilized for the war effort, any failure by specific sectors or large suppliers to deliver the expected materiel would lead to government inquiries. These frequently showed that poor management was to blame for production shortfalls, and

² Nick Tiratsoo and Jim Tomlinson, *Industrial efficiency and state intervention : Labour, 1939-51* (New York: Routledge, 1993), pp. 22-6.

Whitehall slowly began to consider the 'management question' in greater depth.³

This 'management question' had been growing for a long time and the failures of some wartime production efforts merely brought them to the attention of government and the general public. Management posts within British firms were not viewed as desirable careers, at least by men with university degrees.⁴ Instead, managers tended to rise to their positions through traditional paths – typically via apprenticeships, upon leaving school at the age of fifteen⁵ – for which individual merit might or might not play the key role. While entrepreneurship continued to allow the bravest to start and control his own company, this method carried enormous risk. Occasionally family connections provided entry to well-established firms, but by far most managers rose through the ranks from humble beginnings as apprentices to reach positions of a supervisory or managerial nature – Kipping served as a prime example of this pattern.⁶ Only the most capable and ambitious young men made the leap from worker to manager, and not uncommonly these people acquired specific technical qualifications such as engineering or accountancy training to help them on their way.⁷ Britain's inability to deliver

³ E. F. L. Brech, 'Management History : An Introduction', *Contemporary British History* 13, 3 (1999).

⁴ This theme appears throughout the historiography on recent British economic development. For examples specifically regarding management education, see Shirley P. Keeble, *The ability to manage: a study of British management, 1890-1990* (Manchester: Manchester University Press, 1992); Sir Norman Kipping, *Summing up* (London: Hutchinson, 1972), pp. 196-7; Michael Sanderson, *The universities and British industry, 1850-1970* (London: Routledge and Kegan Paul, 1972), pp. 349-50; University of Cambridge, *University education & business: Report by a Committee appointed by the Cambridge University Appointments Board together with a summary and analysis of evidence collected for the Committee*. (Cambridge: Cambridge University Press, 1945).

⁵ Sally Tomlinson, *Education in a post-welfare society*, 2nd ed. (Introducing Social Policy) (Maidenhead: Open University Press, 2005), pp. 13-15.

⁶ Acton Society Trust and Rosemary Stewart, *Management succession; the recruitment, selection, training, and promotion of managers* (London: Acton Society Trust, 1956).

⁷ Modern Records Centre, University of Warwick (hereafter MRC), MSS.200/F/3/D3/7/101, 'Federation of British Industries Counterpart Funds: Proposals for integrating Education and Industrial Training', 30 April 1954, p.4. For a broader examination of the various types of apprenticeships and efforts to reform early twentieth century industrial training see Jonathan

the goods demanded by wartime needs highlighted the shortcomings inherent in preparing managers in these ways. The Ministry of Production had been established precisely to rationalize and streamline manufacturing industry to overcome management-related and other obstacles. Thus Kipping saw at first hand the professional limitations of Britain's managerial ranks.

After the Allies secured victory, the newly-elected Labour Government pursued the issue further; the cessation of fighting meant that the Ministry of Production could be wrapped up, and Kipping accepted a six-month transfer to an under-secretary position within the Board of Trade to assist with demobilization. Sir Stafford Cripps, the Board's President, assigned to Kipping the task of establishing 'a strong national organisation for management'.⁸ From his previous tenure in industry and wartime service, Kipping knew that the FBI would have to play a central role in any new organization if it was to succeed. He therefore suggested Sir Clive Baillieu, who was then President of the FBI and in possession of extensive international business experience, as a possible chairman of this new body. The Board of Trade swiftly assembled the 'Baillieu Committee' (as it came to be called) to inquire more fully into management development.⁹ The immediate outcome of the committee's recommendations was the formation, under the aegis of the Board of Trade, of the British Institute of Management (BIM). Though he could not have anticipated all of the consequences, Kipping's suggestion obviously influenced the future of British management, including its education and training schemes, from a very early stage.

Zeitlin, 'Re-forming skills in British Metalworking, 1900-1940: A Contingent Failure' (paper presented at the 21st Meeting of the Social Science History Association, New Orleans, 1996).

⁸ Kipping, *Summing up*, p. 13.

⁹ See chapter 2 of Tiratsoo and Tomlinson, *Industrial efficiency and state intervention*.

Simultaneously the Ministry of Education formed a Committee on Education for Management under management guru Lyndall Urwick; its report appeared in 1947 as Great Britain. Ministry of Education. Committee on Education for Management, *Education for Management: Management Subjects in Technical and Commercial Colleges / Report of a Special Committee appointed by the Minister of Education* (London: HMSO, 1947).

Baillieu came to the chairmanship of the Board of Trade committee as no stranger to these issues. Aside from his own extensive family business interests, he became a member of the Export Council and in 1941 travelled to Washington as director of the British purchasing commission in the USA. Simultaneously, he served as a member of the British supply council in North America, then from 1942 to 1943 oversaw the British raw materials mission in Washington, and represented Britain on a combined raw materials board. Britain's wartime experience brought into stark relief the scientific and advanced technical needs of modern industry. As a result, in 1942 the FBI's own Education Committee quickly focused on higher education (previously it had been much more concerned with school-leavers rather than graduates) and shifted into dealing with questions of industry's relations with universities and employment of graduates – these were, for both the Committee and its members personally, largely uncharted waters. As FBI Deputy President from 1944-5 and President from 1945-7, Baillieu followed these developments closely, including the discussions leading to what later became the Administrative Staff College at Henley-on-Thames in 1947.¹⁰ The topic remained under examination by the FBI Education Committee through 1944 into early 1945, although everyone plainly realized that it would be extremely difficult to put any sort of management facility together in wartime.

Though he fully expected to return to Standard Telephone and Cables once his government secondment finished, Kipping's initial contact with Sir Clive Baillieu through the Board of Trade proved to be a turning point in his career. Baillieu must have been impressed with Kipping's energy, vision, and knowledge in both industry and government because near the end of 1945 he asked Kipping to consider becoming the FBI's next Director-General and the

¹⁰ In 2008 Henley Management College merged with the University of Reading. For the FBI discussion about creating the Administrative Staff College, see MRC, MSS.200/F/1/1/116, especially 5-12 (3 March – 30 April 1943).

offer was quickly accepted. Kipping later wrote that he appreciated how his pre-war employer released him 'with good grace' to accept the challenge that Baillieu and the Federation offered.¹¹ He took up his new position at the FBI in February 1946.¹²

The General Election ended the wartime Coalition and swept to power Clement Atlee's Labour Government. It quickly became apparent that two visions of Britain competed with one another. The first was 'reconversion', or the restoration of manufacturing production to a pre-war footing, as private companies jockeyed for position in anticipation of the sellers' market to come, once demobilization was complete and most raw material controls were lifted. After nearly six years of black-outs, rationing of nearly everything, and much personal and national sacrifice, producers salivated at the opportunity to be first to market with high-demand consumer goods like nylon stockings, radios, and household appliances as life slowly returned to normal. Rationing of key raw materials was to continue, however, with some items until the early 1950s, but once the Allied forces had solidified their position in France in late 1944 companies in Britain realized the war would soon be over and anticipated that 'regular' production could return. Though this adjustment entailed large investments in equipment upgrades, making good delayed maintenance requirements, and in training new or replacement workers for those lost during war, it was this path that most firms imagined they would follow after hostilities ended.

The new Attlee Government leant more strongly towards the other major post-war perspective, that of 'reconstruction'. Whereas 'reconversion' implied some sort of return to the status quo (however that was understood by employers, workers, or the public), Labour realised that an opportunity

¹¹ Kipping, *Summing up*, p. 3.

¹² Baillieu publicly announced Kipping's acceptance late in 1945: Sir Clive Baillieu, 'The Challenge to Industry' (Speech given by the FBI President in Manchester on 30 November, 1945).

existed to reorganize British society more fully than perhaps had prevailed even at the end of the previous war.¹³ Richard Austen 'Rab' Butler had pushed through the 1944 Education Act during the wartime Coalition Government, which continued the series of Acts steadily expanding state-supported education in Britain since the first universal education law was enacted in 1902. Elected in a landslide in the General Election of 1945, Labour made plain its goals to 'reconstruct' British society more thoroughly rather than allow it merely to return to pre-war life. Quite rightly they realized there was no going back – wartime experiences both at home and on the battlefield meant that British life changed fundamentally during the war, as it had for all European combatants; nor was there any political or public support for returning to the general economic malaise that had characterised the late interwar period. This was the dawning of a new social era in Britain, and to realize this goal Attlee and his cabinet determined to alter the economic landscape significantly. Labour first seized the Bank of England for the state because of the very precarious economic conditions prevailing at the end of the war; the lessons learnt after the previous World War remained very much living memory. Next to be nationalised came utilities such as coal mining, gas distribution, and electricity generation; these were soon to be accompanied by the railways and long-distance road haulage by 1948 (the latter more politically contested than the former). Broadcast telecommunications also came into state-ownership in the late 1940s. These capital-intensive industries exhibited monopolistic tendencies and Labour believed competition in these areas would be ruinous, hinder national recovery, and waste precious dollar reserves. The final and most controversial change in ownership was to be quickly reversed: the steel industry was nationalized by the Attlee

¹³ Such plans appeared during the 1945 election campaign in Labour's manifesto: Labour Party of Great Britain, *Let Us Face the Future: A declaration of Labour policy for the consideration of the nation* (London: 1945).

government in February 1951 but returned to the private sector when the Conservative Party replaced Labour in the General Election later that year.¹⁴

Private business organizations like the FBI distrusted Labour's socialist approach and manufacturing industry breathed a sigh of relief when, in autumn 1951, Labour lost power to the Conservative Party, led by Winston Churchill. Attlee's Labour Government had firmly imprinted itself on post-war British life and some of its innovations still exist – the NHS and the other social welfare schemes are the obvious examples. But the Labour Government's interventions in the economy left many in industry hostile to Labour's national recovery blueprint. Therefore, amidst a wave of large-scale nationalizations, the formation in 1947 of the British Institute of Management (BIM) under the auspices of the Attlee Government's Board of Trade might have seemed to prove strong evidence to many businessmen of further encroachment by government into their affairs. Intended to become self-sufficient, the BIM continued to require government money from the Board of Trade into the late fifties. As a result of this ideological conflict between Labour and industry, and a poor initial choice for the Institute's leadership, the business community looked askance at the BIM during the first decade and more of its existence,¹⁵ even though a President of the FBI had been the chairman of the committee which originally proposed its creation. Kipping, newly in post in February 1946 as Director-General of the FBI, could only (at first) reflect industry's disillusion with Labour's approach to national recovery but had to tolerate the creation of the BIM, largely because of Baillieu's role in forming it. Subsequently, however, both he and the FBI tended to ignore the British Institute of Management and its resulting

¹⁴ Nationalization discussion summarized from Alec Cairncross, *The British economy since 1945: economic policy and performance, 1945-1990, Making contemporary Britain* (Oxford, Cambridge, MA: Blackwell, 1992), p. 77.

¹⁵ Nick Tiratsoo and Jim Tomlinson, *The Conservatives and industrial efficiency, 1951-64: thirteen wasted years?*, *Routledge explorations in economic history* (London: LSE/Routledge, 1998), pp. 78-81.

Diploma of Management Studies qualification during the first ten years of his tenure.

Management Education under the 'Politics of Modernization', 1951-64

While the Labour Party took responsibility for economic development during its six years in office from 1945-51, it also received the blame for the post-war austerity and the continued rationing during the late 1940s.¹⁶ The nationalisation of several major industries and the Bank of England demonstrated that important businesses could and would be seized if perceived to be in the public interest; such powerful and direct intervention of the state in the British economy weakened industrial enthusiasm for Labour's management improvement policies. After the Conservatives returned to power they took a more traditional, though not comprehensively *laissez-faire*, approach to industrial affairs than Sir Stafford Cripps had done when he started the Anglo-American Council on Productivity (AACP) in 1948.¹⁷ The Tories denationalised the steel industry upon taking office but possessed no further enthusiasm under Prime Minister Churchill (1951-55) for substantive change, an attitude mirrored by industry's reluctance to pursue productivity growth during much of the 1950s. About the time Churchill resigned as Prime Minister in favour of Anthony Eden, international trade conditions began to prove more favourable to British interests despite constant fears of currency devaluation, the cumulative effect of 'stop-go' economic policy, and the political repercussions of the Suez crisis in the summer of 1956. Eden's

¹⁶ One author has suggested that the post-war Labour government modernised far less than might have been possible from 1945-51; Paul Allender, *What's wrong with Labour?: a critical history of the Labour Party in the twentieth century* (London: Merlin, 2001), pp. 52-3.

¹⁷ Anthony Carew, 'The Anglo-American Council on Productivity (1948-52): The Ideological Roots of the Post-War Debate on Productivity in Britain', *Journal of Contemporary History* 26 (1991).

declining health¹⁸ prevented him from fighting his corner after the Suez debacle and he resigned in January 1957; as the General Election of 1959 drew near, the new Conservative Party leader, Prime Minister Harold Macmillan, made the most of the economic prosperity Britain had enjoyed and rode it to a comfortable Parliamentary victory. One might ask whether the Conservative Party was justified in taking credit for 'modernizing' British manufacturing and thus creating the prosperity seen during the second half of the 1950s.¹⁹

Both political and philosophical considerations illustrate why the Conservatives remained so reluctant to act in this environment. First, the political goal of preserving Britain's position as a global superpower meant that devaluation of the currency received no serious hearing until the Wilson Labour Government in the 1960s. Chancellor Rab Butler and his successors at the Treasury saw great significance in maintaining the strength, or at least the appearance of strength, in sterling.²⁰ Second, the policy of protecting sterling, in addition to maintaining the tripartite 'corporatist' consensus between government, (organized) labour, and management, restricted the options available to improve productivity. Third, aside from the Conservatives' ideological reluctance to intervene directly in the affairs of private firms as Labour had done, business associations such as the Federation of British Industries adopted a highly anti-interventionist stance and grew in power

¹⁸ A look at Eden's health from a medical perspective is available in Lord Owen, 'The effect of Prime Minister Anthony Eden's illness on his decision-making during the Suez crisis', *QJM* 98, 6 (2005).

¹⁹ Edward F. L. Brech and Ailsa Dempster, *A History of Management*, vol. 1: *The Concept and Gestation of Britain's Central Management Institute: 1902-1976* (Corby: Institute of Management, 1999), p. 254; John Ramsden, *The winds of change: Macmillan to Heath, 1957-1975, A history of the Conservative Party* (London; New York: Longman, 1996).

²⁰ Kevin Jefferys, *Retreat from new Jerusalem: British politics, 1951-64*, (British studies series) (New York: St. Martin's Press, 1997). For a full discussion of the currency situation see chapter 8 of Gerold Krozewski, *Money and the end of empire: British international economic policy and the colonies, 1947-1958* (Basingstoke: Palgrave, 2001).

during the 1950s, strengthened by industrial recovery²¹ and emboldened to articulate their positions on such issues as the relationship of industry to the state. Defending its 'turf' against what it perceived as unwarranted state intrusion, the FBI proved to be a powerful lobby for inaction on the part of a Conservative Government generally satisfied to leave business to the businessmen.

As the decade wore on, changes within the Government also enhanced its receptivity to management education. Sir David Eccles, like Kipping, had prospered in business before 1940 and worked under Lyttelton in the Ministry of Production in 1942-3. On Churchill's suggestion, he cut short his time in the Ministry to enter politics by replacing the Tory MP for Chippenham, who had died in office. Eccles held on to his seat in the 1945 General Election and rose quickly in the Conservative Party. When the Conservatives returned to power in 1951 Churchill made him Minister of Works, thus empowering him to take charge of the Queen's Coronation in 1953, after which he moved to the Ministry of Education in 1954. This marked a change in the outlook of that Ministry. Eccles felt that the public would not accept substandard buildings and oversized classes; a colleague in the Ministry's further education branch claimed that Eccles perceived social change remarkably well and predicted that the public would be demanding much more from the educational services over the coming years.²² Having studied politics and economics at New College, Oxford, Eccles as Education Minister could fight the Treasury more successfully for increased funding by arguing that education was an investment in the national future, an argument that became commonplace in the decades that followed.

²¹ Individual FBI firm membership in 1946 had increased by more than 60% from pre-war figures to 4478 firms. Kipping raised this by another 50% by 1956 and eventually included more than 9100 companies in 1964. Kipping, *Summing up*, p. 311.

²² Anthony A. Part quoted in Dennis Dean, 'Preservation or Renovation? The Dilemmas of Conservative Educational Policy, 1955-60', *Twentieth Century British History* 3, 1 (1992), pp. 6-7.

Indeed, the Ministry may have proved fortunate over the decade from 1954-64 to have Ministers whose expertise was *not* solely education – Eccles specialized in economic matters and viewed education as an investment in Britain’s long-term economic vitality.²³ When he was moved to the Board of Trade in Macmillan’s initial cabinet reshuffle, Lord Hailsham (who had a legal background) succeeded him and considered additional changes in education quite carefully as he too feared the results of haphazard, coerced change resulting from the enormous cohort born shortly after the war. It was Hailsham and Rab Butler who took the steps that eventually led to the Committee on Higher Education, chaired by Lord (Lionel) Robbins, which dramatically altered the higher education structure in Britain in 1963.²⁴ The political importance of education gained new life in the autumn of 1957 with the stunning success of the Soviet Union’s ‘Sputnik’ space programme (of which more below). Finally, Sir Keith (later Lord) Joseph’s emergence as a junior minister with a strong interest in management education resulted from a trip that year to the United States sponsored by the Ford Foundation and his continuing directorship (since 1951) of Bovis Ltd.; he briefly became chairman of that company in 1958-9, while in public office. Already a firm believer in life-long learning, Joseph returned from his American tour, impressed with what he had seen there, and within two years he had helped to form a private organisation designed to raise industrial funds to support nascent university courses in management subjects.²⁵ All three men helped prepare the ground within the Conservative Government for the tremendous changes in UK

²³ Ibid.

²⁴ Their discussion hinted at the need for a Royal Commission to investigate; see PRO, UGC 7-340.

²⁵ Joseph helped to form the Foundation for Management Education in 1959-60. See Andrew Denham and Mark Garnett, *Keith Joseph* (Chesham: Acumen, 2001), pp. 140-1; Philip F. Nind, *A Firm Foundation: The Story of the Foundation for Management Education* (Oxford: Foundation for Management Education, 1985).

higher education that took place in the 1960s, including the establishment of business schools.

With attitudes changing within the Government, in 1951 an informal group of Conservative-minded young men calling themselves the Bow Group (after the east London borough where they met) began meeting after growing concerned about what they understood as the primacy of socialist thinking in academic circles. To counteract this trend, these recent university graduates published policy papers to convey their desire for, broadly speaking, a market economy coupled with social responsibility.²⁶ This resulted in their journal *Crossbow*, which has been published since its debut in 1957. *Crossbow* offered discussion on Conservative policy of the day as well as comment on contemporary issues such as productivity, education, and similar debates.²⁷ The journal often printed articles from eminent Conservative MPs as well as 'rank and file' members of the Bow Group: both Enoch Powell and Selwyn Lloyd penned articles for it. Harold Macmillan accepted an invitation to speak at a party celebrating the launching of *Crossbow*, seeing the Bow Group as his allies in the drive to 'modernize' the Conservative Party.²⁸

The Labour Party urged industrial 'modernization' and educational reform from the Opposition Benches as well. The Party had acted largely in accordance with its traditional orientation by nationalizing several major industries during the Attlee Government from 1945-51,²⁹ and now in opposition worried that the Tories would reduce or eliminate their major gains. Their political influence diminished further with the resignation of Party leader Clement Attlee in December of 1955. In the brief power struggle that ensued, former Chancellor of the Exchequer Hugh Gaitskell found that

²⁶ Denham and Garnett, *Joseph*, pp. 118-19; Ramsden, *The winds of change*, pp. 53-4, 61.

²⁷ For example, Harry Townsend, 'The Enterprise Men', *Crossbow* 2 (1958); Henry Vane, 'How will we Manage? British industry suffers from unimaginative recruitment', *Crossbow* 2 (1958).

²⁸ Ramsden, *The winds of change*, p. 54.

²⁹ Tiratsoo and Tomlinson, *Industrial efficiency and state intervention*, p. 170.

although he could not make the same oratorical impact for Labour's cause that his rivals could, he proved more effective in swaying opinion and convincing people that his perspectives were the correct ones.³⁰ After taking control, Gaitskell and his main supporters (especially Anthony Crosland³¹) began to renovate the Labour Party. In their 'revisionist' programme, Gaitskell and Crosland pursued the 'politics of modernization' by steering Labour away from being an anti-capitalist party striving to nationalize the means of production. Instead the new leadership substituted a social equality agenda to reflect a dramatically different post-war political environment. Britain had won the war and enjoyed higher economic growth than ever before. As the standards of living increased it seemed that many of Labour's traditional supporters had lost their connection to a 'worker's party' in favour of middle class affluence. The Party therefore refocused its attention on the economy and, rather than aiming to control it under a socialist model, aimed to use the new prosperity to promote the values of equality and social justice.³²

Gaitskell's colleague Anthony Crosland published *The Future of Socialism* in 1956 to realign Labour with contemporary political realities. Among the volume's major proposals, Crosland wrote that his Party should provide equality of educational opportunity for all, including comprehensive schooling for all children.³³ Social democracy should aim to redistribute national wealth through taxation and use the public purse to remedy social problems like health care and housing.³⁴ Further, the development of a

³⁰ Douglas Jay quoted in Kevin Jefferys, *The Labour Party since 1945* (New York: St. Martin's Press, 1993), p. 45.

³¹ Maurice Kogan, Edward Charles Gurney Boyle and Anthony Crosland, *The politics of education: Edward Boyle and Anthony Crosland in conversation with Maurice Kogan* (Penguin education specials) (Harmondsworth: Penguin, 1971), pp. 145-99.

³² Eric Shaw, *The Labour Party since 1945: old Labour, new Labour* (Making contemporary Britain) (Oxford, Cambridge, MA: Blackwell, 1996), p. 54.

³³ Allender, *What's wrong with Labour?*, p. 52.

³⁴ Jefferys, *The Labour Party since 1945*, p. 46.

'managerial class' in the economy meant that traditional antagonisms between 'owners' and 'workers' no longer applied. Since the people who directed businesses often no longer held controlling ownership interests in their firms, Crosland imagined they would be freer to respond to public opinion. This could result in the 'less aggressive pursuit of maximum profit at all costs'.³⁵ The greater stability of 'managed' firms and their retention of profits smoothed out the business cycle compared to owner-managed firms (where profits appeared to serve as personal income). Crosland felt that the growing class of socially-conscious managers consisted precisely of those who should be Labour's strongest supporters.

The Labour Party echoed Crosland's position in 1957 when the National Executive Committee published *Industry and Society*. The document emphasized the distinction he had made between owners and managers. Additionally, it called for re-nationalizing the politically contentious steel and road haulage industries, but scaled back plans for nationalization of other industries unless they failed to produce for the nation; by the middle 1950s desired levels of performance had not yet been realized from the nationalized industries. *Industry and Society* argued that private sector firms on the whole had efficient management, allowing them to avoid nationalization.³⁶ Ironically, this approach seems to suggest that even Labour now viewed nationalization as a punishment which could be avoided as long as management exceeded some (unstated) level of performance. Clearly this illustrates a shift in Labour's orientation towards widespread state ownership of the means of production, thus moving further away from doctrinal Marxism; it also demonstrates that Gaitskell's 'revisionist' doctrine depended

³⁵ Crosland quoted in Ilaria Favretto, "'Wilsonism' Reconsidered: Labour Party Revisionism 1952-64", *Contemporary British History* 14, 4 (2000), p. 71.

³⁶ Loewenburg quoted in Shaw, *The Labour Party since 1945*, p. 52.

largely upon the continued success of the market economy.³⁷ Parallel to the Conservative Party's views, Labour's 1959 election manifesto openly encouraged the modernization of private firms to boost the nation's economic strength. The politics of modernization did have limits, however, as neither party proved willing to give up pledges to maintain full employment because of the perceived political cost of allowing unemployment to rise.³⁸ Labour's failures in the General Elections of 1955 and 1959 forced a total reappraisal of its approach to the electorate. 'Modernization' of both the Party itself and the economy came to dominate Labour policy for the next several years.

Not unexpectedly, the 'politics of modernization' did not solely influence political thinking during the 1950s – it also made an impact on industrial thinking. The transition away from merely voicing business opinion started early in Kipping's stewardship of the FBI. He wrote in 1953 that his organisation had worked for the previous five years to bring about 'a greater realisation in the universities of the opportunities in industry not only for their ablest graduates, many of whom have hitherto preferred professional or other careers, but also for graduates who combine average ability with good qualities of personality'.³⁹ The Federation and many of its largest corporate members spent the 1950s striving to demonstrate to university graduates that industry offered a wide range of intellectual challenges and rewarding career possibilities, including commensurate remuneration⁴⁰; a

³⁷ Allender, *What's wrong with Labour?*, p. 56; Shaw, *The Labour Party since 1945*, p. 56.

³⁸ Andrew Thorpe, *A history of the British labour party*, 2nd ed. (British studies series) (New York: Palgrave, 2001), p. 125.

³⁹ MRC, MSS.200/F/3/D3/7/101, 'Counterpart Funds', annex, p. 1, 30 April 1953. These efforts do not appear to have been fully successful: Tiratsoo and Tomlinson, *The Conservatives and industrial efficiency*, p. 76.

⁴⁰ The FBI held yearly meetings on the subject, sometimes in the regions – see for example FBI Industrial Research Committee, *The Education and Training of Graduate Staff for Industrial Research: Report of the Fourth Conference of Industrial Research Directors and Managers* (London: Federation of British Industries, 1955); FBI North Regional Council and the University of Nottingham, *Report of the Conference on Industry and the Universities held at the University of Nottingham, September 24, 1952* (London: Federation of British Industries, 1953).

series of conferences, job fairs, and other mechanisms (such as summer internships) attempted to persuade promising and educated young men about the challenging possibilities business careers could offer. A number of articles in the business press also drew attention to the personnel problems experienced by many firms during this period of 'full employment' and the FBI had to take a position with regard to these issues.⁴¹ All these efforts paid dividends but industry's insatiable demand for talented staff led a few industrialists, fed up with the yearly fight over a limited number of qualified graduates, to reach down further into secondary schools for promising boys to sponsor them through their courses and guarantee their firms trained staff in the future.⁴² Others with influence (such as Sir Keith Joseph) grew more interested in American-style business education methods and embarked on the path that helped make the first British business schools possible.

As partial evidence of the modification of their views and the much greater business acceptance of management education, by the end of the decade the FBI and its monthly publication the *FBI Review* weighed in regularly on the issue of management education and training.⁴³ The *Review* printed member firms' views on the wide-range of management education possibilities of the day, both in-house as well as 'external' courses to which a company might send its promising young men. For instance, in the February 1960 issue, Sir Ivan Stedeford of Tube Investments Ltd. detailed his firm's in-house training programme for prospective managers and pressed readers to

⁴¹ For instance, see D. G. Christopherson, R. W. Revans, and K. Shone, 'Training Science and Engineering Graduates for Industry', *The Manager* 23, 12 (1955); W. R. J. Cook, 'Executive Development: Problems in Training Scientists for Management', *The Manager* 23, 12 (1955); 'University education for management', *The Manager* 24, 3 (1956); R. Craig Wood, 'Training the Manager of the Future', *The Manager* 23, 12 (1955).

⁴² Sanderson, *Universities and British industry*, p. 353.

⁴³ J. G. W. Davies, 'Graduates and the 'bulge'', *FBI Review* 114 (1959); 'Education for industry', *FBI Review* 107 (1959); A. G. Grant, 'Reflections on the work of the Education Committee', *FBI Review* 85 (1957).

improve recruitment techniques within their companies.⁴⁴ As momentum built for permanent university-level institutions devoted to management education the *Review* continued to participate in the debate and, where possible, reflected the FBI attempt to shape policy.⁴⁵ More directly the Federation made an important contribution to the Committee on Higher Education under the chairmanship of the economist Lord Robbins. The 'Robbins Committee' heard the FBI's views on higher education for business careers and when it reported in September 1963 the Committee endorsed the creation of what became the first British business schools modelled after American examples like the Harvard University Graduate School of Business.

A Turning Point for the FBI?

If we find this evidence convincing, we might wish to ask a more significant historical question: is there a discernible inflexion point where the FBI's role switched from 'follower' to 'leader' on the topic of management education and training? The FBI's Education Committee had dealt with education for business since before the end of the Second World War; and its activities widened as the currency of training specifically for *managerial* careers increased. The relative prosperity of the British economy in the 1950s tended to shelter management from the direct criticism it experienced during and immediately after the war; even with the so-called 'stop-go' policies of the second half of the decade there was no clear date on which people collectively realized that Britain 'needed' business schools. The fact that Kipping himself began as an engineer who ascended to a managerial role in conventional ways offered a solid example of how well the traditional system could work in grooming people for leadership positions. Not surprisingly,

⁴⁴ Sir Ivan A. R. Stedeford, 'What FBI members are saying', *FBI Review* 117 (1960).

⁴⁵ See for example W. H. Glaisher, 'Training for Management', *FBI Review* 153 (1963); L. S. Newton, 'Training routes to management', *FBI Review* 130 (1961); C. R. Wheeler, 'The development of effective managers', *FBI Review* 175 (1964).

businessmen pressing for management training programmes in the early 1950s were typically zealots in the cause, themselves often educated in American business schools, and thereby convinced that Britain needed something very much like them, regardless of whether British businesses would accept the graduates or qualifications offered by such institutions.

A very likely answer to the question above regarding an inflexion point appears to be 1957 for a number of reasons, both on a large and small scale. It was a busy year on the international scene with a series of important events taking place: the change in political leadership in January resulting from the Suez Crisis in July/August of 1956, the creation of the European Economic Community in March, and the 'Sputnik' launch in November (see below). Also, a number of domestic political events took place which began to alter the economics of a number of industries within the UK. Finally, individuals in government and industrial life began to exert more powerful influence for change within the management education space. All of these issues helped Sir Norman Kipping propel the FBI into making a positive endorsement of the arguments for increasing both the quality and quantity of management education programmes for British business.

To address international events first in turn, the Suez Crisis had sharply demonstrated Britain's inability to maintain its previous role on the global political stage and raised questions about Conservative Party judgement on a range of imperial matters. Though Suez did not have a massive direct impact on the domestic economy, Britain's status within the western political constellation suffered a major blow (especially the British 'special relationship' with the Eisenhower White House) and a fresh foreign-exchange crisis arose necessitating an approach for £200M to the International Monetary Fund; this had been fuelled by heavy withdrawals of sterling based on fears of a lengthy war. Together, these factors spurred government action and reinforced a sense of humiliation during the continuing unravelling of the

Empire.⁴⁶ Upon taking office in January 1957 Macmillan strove to repair the damage done in Washington, but the Suez affair made clear that in order to receive US backing British actions had to be consistent with American-led Cold War objectives, whether or not these agreed with what Britain understood as its own strategic interests.

In March 1957, and probably to the surprise of many British authorities,⁴⁷ the countries of the European Coal and Steel Community signed the Treaty of Rome to form a more structured – and thus exclusive – trading block called the European Economic Community (EEC). The EEC promised further growth, security, and shared interests beyond only coal and steel resources over the longer-term. The unprecedented economic growth fed by reconstruction in West Germany, Italy and France made the EEC more powerful and its trading block therefore more desirable than the British-backed European Free Trade Association (EFTA). Thus the importance of strengthening Britain's economic performance became ever clearer as the country remained on the outside looking in to the community of European nations rebuilding from the war.

Third, the Soviet Union made dramatic news through the success of its space programme in October – these achievements led British educators and politicians to draw unfavourable comparisons between the Soviet educational system and their own. The shock experienced in Britain equalled that in the US where millions of dollars were soon poured into science and technology education to try to catch up with the Soviets. With the importance of science and engineering discoveries during wartime still fresh in the minds of both politicians and military officials, falling behind their competitor technologically in the midst of the Cold War did not appear prudent. Thus 'Sputnik' spawned educational, military, and political action in order to make

⁴⁶ Cairncross, *The British economy since 1945*, p. 91.

⁴⁷ *Ibid.*, pp. 127-9.

up the perceived difference between the British and Soviet systems: the 'space race' joined the Cold War 'arms race'. With exorbitantly expensive space science seemingly only within reach of the Soviets and the Americans, the importance of multilateral defence organizations such as the North Atlantic Treaty Organization (NATO) grew. In light of such sweeping changes Britain increasingly struggled to see itself as a global power.

The domestic political situation also began to reflect a growing readiness to accept management education. For example, the Sandys White Paper published that year called for a massive reduction in military spending and the end of conscription. The proposed realignment in national security strategy grabbed the attention of large defence-oriented firms like Vickers Ltd. and focused them on doing everything possible to remain competitive in the years to come. Further, it offered some companies the opportunity to snatch up a few of the estimated 5000 to 7000 experienced officers scheduled to be demobilized as a result, provoking earnest discussion of retraining military officers for management during the second half of the 1950s and into the early 1960s.⁴⁸ The replacement of Prime Minister Anthony Eden by Macmillan in January provided the opportunity for a Cabinet reshuffle and the articulation of a new agenda for moving the country forward. Conservative politicians such as Lord Hailsham, the new Minister of Education, gave considerable thought to these issues both during his short tenure as Minister as well as afterwards in other government posts. Sir Keith Joseph, Parliamentary Secretary in Ministry of Housing and Local Government, made his decisive trip to the United States in 1957 and returned an enthusiastic supporter of management education. Sir John Rodgers served as Parliamentary Secretary for the Board of Trade and was also a founding

⁴⁸ Federation of British Industries, *Retired Senior Officers for Industry ; a scheme for the introduction to industry of retired senior Service and Colonial Service officers* (London: Federation of British Industries, 1955), Andrew B. Robertson, 'Officers into Managers', *The Manager* 25, 6 (1957).

Governor of the Administrative Staff College at Henley-on-Thames – the first post-war management college – in the late 1940s. Sir Keith (later Lord) Murray served as Chairman of the University Grants Committee, the Treasury sub-committee that oversaw and funded universities in Britain, until the middle 1960s. All proved willing to listen and had by this time ascended to positions of power where they could entertain suggested changes in the educational system designed to cater to business needs.

Economically, the time appeared to be right to seek improvements in the quality of British managers. While the public might be excused for growing worried at the rapid turnover of Chancellors of the Exchequer, having seen three within the fourteen months leading up to January 1957 (Macmillan, Thorneycroft, and Amory), the spectre of inflation remained a significant economic threat and it began to cause balance-of-payments problems as early as 1955; this prompted the government to impose measures to curb demand, leading to slower growth.⁴⁹ This practice became known as ‘stop-go’ economic policy, where very high levels of employment produced record growth; with no slack in the workforce accompanied by historically strong trade union participation, a wage-price spiral formed which had to be disrupted through state intervention. The consensus politics of the first post-war decade began to come unglued with continuing affluence across the country. The effective outcome of these policies resulted in essentially zero growth in industrial production from 1955-8, compared to an 8% increase from 1953-4, and another 5.5% increase the following year. Only the return of boom conditions in 1959 allowed industrial production to surge ahead once again.⁵⁰ In an environment where adding manpower is impossible because of full employment, alternative measures had to be taken to raise productivity of

⁴⁹ Cairncross, *The British economy since 1945*, p. 118.

⁵⁰ See table of world economic trends, 1952-60, in J. C. R. Dow, *The management of the British economy, 1945-60* (Cambridge: University Press, 1964), p. 91.

those already within the firm. Under such circumstances, investment in education and (re-)training represents a rational economic choice.

Encouraged by many of these factors, successful individuals came forward willing to sponsor academic chairs in management, new courses, and even entirely new institutions to further the cause of management education. As early as 1950, building on the report written by his Ministry of Education committee, renowned management consultant Lyndall Urwick called for a business school tied to a university but had no way to promote or fund it. In 1956, businessman John Bolton, after earning his Harvard MBA with distinction in 1950, tried to draw attention to deficits in British management education by attempting to form a Commonwealth College of Administration and pledged £250,000 of his own company's stock to help fund it; the 1958 creation of Churchill College (Cambridge) under the patronage of Sir John Colville effectively killed Bolton's plan by diverting potential additional industrial funds.⁵¹ The success of the Administrative Staff College at Henley-on-Thames inspired the Ashridge (Bonar Law Memorial) Trust Act in 1954 which created Ashridge Management College at the Duke of Bridgwater's former estate at Berkhamstead; the college opened in 1959. Lord William 'Billy' Rootes agitated for a 'University of Warwick' in the West Midlands during the later 1950s and played a significant role in the discussions that led to the formation of the London and Manchester Business Schools in the middle 1960s. Rootes eventually realized his dream of a new university but Warwick did not acquire a business school until later. Other prominent businessmen and recently-retired captains of industry inquired about the possibilities of forming a new management teaching centre somewhere in

⁵¹ Lyndall F. Urwick, 'A British Graduate School of Business', *British Management Review* 9, 2 (1950). A summary of the position at Cambridge can be found in PRO, UGC 7-154, letter from Sir Keith Murray (Chairman, UGC) to Cambridge registrar L. M. Harvey and Harvey's reply, dated 7 February and 12 March 1963 respectively.

Britain to rival the best that America had to offer.⁵² Such private-sector offers to establish management or business studies chairs at high-profile universities like Cambridge⁵³ again forced the Federation of British Industries to position itself within the arena of public debate on the issue. The motives of these men varied: some wanted to raise the social status of management, some might have been motivated by a capitalist version of *noblesse oblige*, and still others may have wanted 'legacy projects' to cement their place in history. Most however agreed with the sentiment later articulated by Lord (Oliver) Franks in 1963 that it should definitely seem 'strange to these young men and women [pursuing careers in business] if it is allowed to appear that for industry and commerce, almost alone among the important careers in this country, no form of intelligent preparation is needed'.⁵⁴

With the political shocks of Suez and 'Sputnik', weakening confidence in sterling, and the relative decline in British industrial competitiveness,⁵⁵ it was large British firms that most needed significant numbers of well-prepared managerial candidates, and especially those that conducted considerable business abroad. These companies initiated or expanded internal training programmes while voicing their opinions on management education and training through national bodies like the FBI. Quite possibly further encouragement for change came from Rosemary Stewart's Acton Society Trust report (1956) on the qualifications of managers in large British industry, which indicated that the large majority had no qualification for their positions and had come up through the ranks. She explored the backgrounds of 3327 people then acting as 'managers' in large British firms (those with over 10,000

⁵² For the Ashridge Trust mission see UK Charity Commission website, charity number 311096.

⁵³ This included a failed American effort to fund a chair with Benton-Moody funds at the university: Tiratsoo and Tomlinson, *The Conservatives and industrial efficiency*, p. 71.

⁵⁴ Paragraph 29 of Lord Oliver Franks and British Institute of Management, *British Business Schools* (London: British Institute of Management, 1963).

⁵⁵ Jim Tomlinson, *The politics of decline: understanding post-war Britain* (Harlow: Longman, 2000).

employees, a disproportionately large sector in Britain after 1950) with an eye to future recruitment and development.⁵⁶ Her research demonstrated overwhelmingly that the typical British manager held modest educational qualifications (only 19% held a university degree),⁵⁷ that most had worked up to a management position from their first post (59%), and that more than four-fifths (82%) held no professional qualifications at all, including even traditional British ones such as accounting, engineering, the law, and so on. The report concluded that these figures provided stark evidence of the social networks used by privileged men to reach the higher echelons of management: men who had attended one of the 'major' public schools appeared disproportionately in the top leadership of these large firms.⁵⁸ Given the difficulties of the sample the study was unable to make general pronouncements on the state of British management, but the work showed that enormous potential existed for improvement in the selection and development of management personnel. In such ripe conditions, the business community began to discuss what sort(s) of management preparation it wanted just when the Conservative Government had several economic reasons to pay attention and a number of individual Ministers were intent on listening.

The question of what sort of management preparation was appropriate or desirable for UK managers proved to be highly contested in the late 1950s and early '60s. Some, like John Bolton, Sir Keith Murray, and Sir Keith Joseph, had seen or experienced university-based business schools in the United

⁵⁶ A University of Liverpool study in 1960 roughly corroborated her findings. Acton Society Trust and Stewart, *Management succession*, Liverpool University, Social Science Department Industrial Research Section and Ian C. McGivering, *Management in Britain, a general characterisation* (University of Liverpool, Dept. of Social Science, Social research series) (Liverpool: Liverpool University Press, 1960).

⁵⁷ This sharply contrasted with the general population where only 2% held university degrees in the 1950s.

⁵⁸ She identified the 'major' public schools in note 2 of Acton Society Trust and Stewart, *Management succession*, 8.

States and wished to replicate those institutions in Britain, albeit on a smaller scale. American business schools had grown by exploiting knowledge within traditional academic departments (economics, law, psychology) as well as exploring newer areas such as marketing, and the same might be done in the United Kingdom. Dissimilar systems of higher education, however, would force some significant adjustments if advocates wanted to reproduce the Harvard, MIT, or Wharton business schools in Britain. Such difficulties led to disagreements related to whether a business school should be constructed at an existing university to take advantage of active academic departments or whether, because of perceived anti-business sentiments among more 'traditional' university staff, Britain's first university business school should be established at an entirely new university, such as the one Lord Rootes advocated for Coventry. Other management education promoters wanted to build on the success of existing non-university privately-funded institutions such as the Administrative Staff College at Henley which took a syndicate-discussion approach; in such a system, great care had to be taken to create a well-balanced group from available applicants, making allowances for a range of business sectors and individual abilities. This debate gained intensity during 1959-60 as the election-year boom lost momentum and more voices demanded attention in the realm of management education.

In an attempt to help define the debate(s) in which so many people were now participating, the FBI held a conference entitled 'Stocktaking in Management Education' in 1961 which tried to bring some of these ideas into the open and a small number of agreements appear to have been made. First, management was deemed to be a post-graduate subject rather than something taught routinely to undergraduate students, who should instead focus on one specific functional field of study such as chemistry or economics. Kipping himself reiterated this in his conference summation when he repeated a widely-felt British feeling that only a limited number of businesspeople were

capable of managing at the highest levels and thus that it was wasteful, and possibly even damaging, to give management education to undergraduates before a student's management potential could be assessed through business experience. Second, general agreement appears to have been reached that the great bulk of university activity in the management field had arisen since 1945, though there were some earlier individual programmes around the country. There was still, Kipping said, great opportunity for variety in management training programs, and he promised to speak to the FBI's Education Committee to encourage them to develop more case studies based on British, not American, firms, designed to tailor the educational experience more closely to British circumstances. Finally, the FBI openly encouraged the activities of other groups interested in furthering management education and wished them to expand, expressing the thought that only through a wide range of experiments and offerings were the management needs of the country to be met over the long term.⁵⁹

Thus it transpired during the second half of the 1950s, and into the early 1960s, that Kipping, as day-to-day Director-General of the Federation, guided a transition in the FBI's focus on management education and training away from being a *reflection* of industrial views toward the universities and other providers of future business leaders into a *shaper* of industrial opinion on the subject. This mirrors the general movement of the FBI from one voice among many to the pre-eminent representative body for British business during Kipping's tenure. It is important to remember that the FBI did not have to take up this mantle, but having done so Kipping and his staff followed it through to its conclusion and, in the course of events, produced some crucial ideas which influenced the outcome of the various debates.⁶⁰

⁵⁹ Federation of British Industries, *Stocktaking on management education* (London, 1961).

⁶⁰ Kipping suggested arbitration of the management education debate in 1963 by Lord Franks. MRC, MSS.200/F/3/D3/10/42; letter from Sir Anthony Bowlby to Kipping, 5 July 1963.

As stated at the outset, the FBI was the national representative body for industry responsible for management education and training matters. It was during this crucial period that the leadership abilities of Sir Norman Kipping as Director-General of the FBI allowed the Federation to assume a leadership role in what we might now call the 'management movement'. Always careful to solicit views from a range of industrial sectors and membership groups, Kipping and the Federation started to help shape management education policy after 1957. Admittedly cautious at times, his acceptance of some of the basic premises allowed the movement to continue growing; if Kipping had refused, as a key figure of the FBI, to support management education advocates during his tenure as Director-General it appears very unlikely that anything significant could have been achieved. The British Institute of Management was still small and relatively peripheral without the FBI behind it, and other management bodies remained too small or too specialized (the Institute of Directors possibly being a notable exception) to make a sizeable difference. Industry and commerce would not have been as easily persuaded to listen without the firm support of a powerful and respected body like the Federation of British Industries. By 1963 Kipping had become absolutely central to the debate and frequently represented industry to government in discussions about the development of what eventually became the first two post-graduate British business schools.

Kipping's memoirs do not linger overmuch on the impact upon management education arising from his leadership of the Federation. In part this results from the relatively late arrival of university-based management education programmes during his tenure in office. He assumed the role of Director-General in February 1946 and the 'management movement' did not force itself onto the national stage until the late 1950s, though it had clearly been an undercurrent throughout, as this paper shows. Obviously, over the course of a twenty-year career, he played an important role in many of

industry's political and economic representations to the general public and to the government. His memoirs detail at length his experiences with the British Overseas Trade Fairs that the FBI helped to organize and support, with national trade missions to European and Asian countries to drum up markets for British goods, with international studentship and exchange programmes run under the FBI banner, and with the internal governance of the Federation itself and its relationship(s) to its members. Sir Norman Kipping stepped down after he and other leaders of the organization orchestrated a merger with the British Employers' Confederation and the National Association of British Manufacturers in 1965, resulting in the Confederation of British Industry. Kipping ranked this among his most significant achievements at the FBI. It is clear that he believed that unification with the BEC and NABM represented a suitable occasion for him, now at the age of sixty-four, to step down and allow new men to assume leadership roles within British industry. At the time Kipping wrote his memoirs, the future of the first two Business Schools constructed in London and Manchester remained in some doubt – the Schools struggled financially and their primary qualification, the Master of Business Administration (MBA) degree, seemed to be causing as many problems as it solved.⁶¹ It would take another decade of development and the partial realignment of the national economy under Prime Minister Margaret Thatcher for those first two Business Schools to find solid footing, but as this article has sought to demonstrate they might not have been realized at all without the support of the Director-General of the Federation of British Industries from 1946-65, Sir Norman Kipping.

⁶¹ Workman illustrated that business school criticism was generally not as harsh as it sounded. See Joanne Workman, 'Paying for Pedigree? British Business Schools and the Master of Business Administration Degree', unpubl. doctoral thesis, Univ. of Sussex, 2004.

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