**MAKING STRATEGY MATTER: SOCIAL THEORY, KNOWLEDGE INTERESTS AND BUSINESS EDUCATION**

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The tensions and challenges facing business education frame this paper, which takes a critical look at the historical evolution of business school education in the context of the present conjecture, with a particular emphasis on the role social theory can play in the analysis of strategy and ethics. Flyvbjerg's phronesis and Selznick's sociology are deployed to address the challenges facing business schools and their place in higher education. Kant's moral anthropology opens common grounds to both approaches. Our aim is to provide a platform from which business and university leaders can debate and discuss the current and future role and impact of business school education, particularly focusing on linking and cultivating ethical and strategic capabilities in management and organizational practices.

**Keywords:** business education; phronesis; ethics, Global Financial Crisis; moral anthropology.

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**Introduction**

Strategists, that small group of elite people responsible for shaping and steering intended pathways for an organization’s future, operate today under conditions of unparalleled uncertainty: any illusion that they are engaged in long-range planning, as might have been entertained in the early post-War days of strategy's founding, have long since disappeared. The current prognoses that we live in ‘wicked times’, marked by problems beyond simple description, beyond single discipline solutions, call for responses as yet unknown, or perhaps underexplored[[1]](#endnote-2). In this paper we explore the idea that making and implementing strategic decisions requires practical wisdom[[2]](#endnote-3). While wisdom is an ancient and varied field, our focus is on its neglected and urgent relevance for management education – particularly pertaining to business schools. What is at stake is the legitimacy of business schools in cultivating graduate’s ethical and strategic capabilities for understanding and shaping organizational practices, amid numerous and often related global crises. While it is a ‘straw man’ argument to say that business schools have caused the crises of late, business schools to date have broadly underperformed in responding to them.

Our aim in this paper is to offer a synthesis of perspectives in ways that recognize not just missing dimensions of strategy education but that enable more reflective, nuanced approaches to strategy and organization practice[[3]](#endnote-4). First, we will address strategy in terms of the global and educational contexts; second, we will stress the importance of memory, of remembering and forgetting, for context; third, we will consider the educational context in terms of mounting critiques, particularly from Aronowitz, about the nature of the contemporary university[[4]](#endnote-5). Fourth, we suggest that it is not so much the shock of the new as the shock of the old that is needed to reframe thinking about strategy: some deep remembering is required, for which the work of Flyvbjerg and Selznick can act as prompts. We then draw the threads together to tease out the implications for strategy before reiterating our conclusions.

**Contexts**

*The Global*

Clearly, we write as engaged and concerned scholars in the context of the Global Financial Crisis (GFC). That such a crisis ensued should be no shock. Since at least Marx we have been aware that capitalism is a fundamentally contradictory system, one that induces crises as a matter of course[[5]](#endnote-6). That this should be the case is hardly surprising. The core of capitalism is Capital and its enhanced circulation has increasingly become the core function of business, irrespective of products or services offered. The most recent crisis has seen mighty enterprises skittle on Wall Street and elsewhere, with some of the pieces being re-arranged by central banks while others were left to rot. The bailout process, directed at institutions that were considered “too big to fail”, has been well covered in historical accounts[[6]](#endnote-7). Public perception of a systemic hypocrisy on display in the bailouts crystallized around the capacity to privatize the profits and socialize the losses: seen as a form of socialism for plutocrats[[7]](#endnote-8), and characterized by a socialization of debts with taxpayers funding losses incurred by the privileged.

At the heart of the protests against Wall St and its institutions globally were local and global moral issues relating to questions of equity and culpability regarding strategies pursued by business over decades[[8]](#endnote-9). To the extent that these strategies were a result of analytics legitimated by Business Schools then the legitimacy crisis clearly leached into its knowledge domains, especially those concerned with strategy[[9]](#endnote-10) with their inseparable ties to economics[[10]](#endnote-11). Strategy is the area that has tended to focus most on how to build capital and achieve wealth accumulation in the face of risk. That risk could be managed by pursuing ownership and control of possible competitors, markets, and public debates is a sine qua non of the field[[11]](#endnote-12). That risk might be best managed for firms in key sectors such as finance by oligopolistic concentrations of the commanding heights of the economy was less often acknowledge in theory but apparent in fact[[12]](#endnote-13).

The most evident thing about the system that produced the global financial crisis is its sheer complexity. Given that even those regulatory bodies comprised of experts whose job it was to manage the crisis seemed as surprised and as shocked by its ramifications as anyone else, it would seem that there was an asymmetry of knowledge between the financial elites whose creativity and innovation produced the financial instruments that came to dominate the global financial economy of signs and the politicians and regulators who struggled to make sense of this new world (dis)order. Roryvik provides one contribution to a better understanding of the way the financial system operates through an ethnographic study of management and the global economy. He argues that the financialisation of the economy has produced a system whose complexity has contaminated the majority of management and political practices in the countries in crisis.

*Memory*

In a recent account Kocka drew on three global economic crises (1873, 1929, and the post-2008 Global Financial Crisis) to illustrate a pattern where the impacts of global crises triggered responses that emerged not from within capitalism but from political and social protests about the inequities of those crises[[13]](#endnote-14). The impacts of global crises trigger responses that emerge not from within capitalism but from political and social protests about the inequities of those crises. He points to two cases – the introduction of social welfare in Germany through the 1880s, and the aftermath of the Great Depression leading to Roosevelt’s New Deal in the US and the global influence of Keynes’ economic policies to restore employment and growth[[14]](#endnote-15). In receiving the prestigious Ludvig Holberg Prize one year later Kocka was very sceptical about whether something similar will emerge after the current recession in much of the global economy. Kocka emphasised the urgent need to study the interdependencies resulting in economic, social, political and ecological crises occurring with implications on a global scale[[15]](#endnote-16). He was adamant, also, in highlighting the almost complete lack of historical understanding by most economists leading to the GFC.

A lack of historical understanding is something that Judt[[16]](#endnote-17) wrote about perceptively, stressing the dangers of not remembering, or more specifically of losing memory. Memory frames contexts that hold the future hostage to those pasts remembered. All pasts are saturated with historical remembering and forgetting, lessons heeded and those unlearnt. Strategy as a field is no exception. A normative universe of changing public issues and private troubles has shaped strategy. The private troubles of managing large scale corporate bureaucracies framed the early days of strategy with its concern with long range planning. More recently, strategy has had to deal with a changing representation of issues, some of which have made public what was represented previously as a matter only of private risk or as a non-issue.

The non-issues of the recent past are evident. Amongst them one would have to consider questions of strategic representation of changing social relations framed by gender, ethnicity and other concerns of identity. Most especially, however, one would have to acknowledge the changing representation of the ecology from being a place in which to forget about externalities to becoming a place in which sustainability is at stake. In terms of previously private troubles, the strategies of the financial industry in the major global centres of the United States and Europe in pursuing capital gain through the creation of ever more abstract financial instruments has become a public issue with the implosion of the Euro-economy and the collapse of major financial organizations.

In terms of both ecological and financial sustainability we have been living in a world of increasing global risk[[17]](#endnote-18). While each risk has been punctuated by spectacular events – extreme fluctuations in weather and markets – the underlying risk is attributable to processes and practices that have reaped what was unknowingly sown. One might readily imagine that external pressures will, in the wake of the GFC, increasingly demand the social equivalent of environmental impacts; that business and agents be held to account not merely legally and on regulative grounds but morally for impacts of decisions reflected in strategies on individuals and communities, locally and globally. Ignoring or being indifferent to normative dimensions of strategy has the equivalent standing of supporting the “unsustainable”.

*Educational*

Much of the historical understanding that might inform memory might reasonably be expected of university education both in economics and in fields well beyond economics. Such education, one might expect, should be a strong source of learning from past crises in order to ameliorate future crises. However, in large parts of the Business School curriculum, the memory of history seems ironically forgotten, something that, in his 2010 address on *The Role of the University in a Changing World*, the president of Harvard University, Drew Gilpin Faust, noted:

Prevailing discourse…emphasizes the university's place as a paramount player in a global system increasingly driven by knowledge, information and ideas. We live in a time when knowledge is ever more vital to our societies and economies, in a world of rapidly circulating capital and people and of revolutionary communication technologies. Knowledge is replacing other resources as the main driver of economic growth, and education has increasingly become the foundation for individual prosperity and social mobility…. understanding lies at the essence of a university. Meaning is about interpretation. It is about understanding the world and ourselves not only through invention and discovery, but also through the rigors of re-inventing, re-examining, reconsidering…Meaning is about remembering what we have forgotten, now in a new context; it is about hearing and seeing what is right in front of us that we could not before hear or see; it is about wisdom that must be stirred and awakened time and again, even in the wise[[18]](#endnote-19).

He then continues by saying:

An overly instrumental model of the university misses the genius of its capacity. It devalues the zone of patience and contemplation the university creates in a world all but overwhelmed by stimulation. It diminishes its role as an asker of fundamental questions in a world hurrying to fix its most urgent problems[[19]](#endnote-20).

In this spirit, we believe higher education in business should enable graduates to discern the normative issues at stake in strategy and address them with the same, if not greater weight, as contemporary financial, regulatory and environmental dimensions. Rather than confine strategy to traditional economically rational and instrumental approaches premised on neo-classical equilibrium models a more historically based approach that is socially and politically contextualised will, we shall argue, provide better groundwork for thinking strategically. Entailed will be strategic changes in the ways in which higher education's senior managers frame its strategic mission and vision.

Aronowitz offers an illuminating insight into how strategic mission and vision have been framed in the recent past in American universities[[20]](#endnote-21). He describes a loss of purpose over the last several decades, where pressures toward corporatisation have shifted universities from institutions dedicated to “higher learning” into “knowledge factories”, where skills based training is presented as the essence of higher education. The “commodification of knowledge”, the production of ahistorical, context free knowledge, he sees as serving the universities pursuit of greater funding for growth in education markets[[21]](#endnote-22).

While on the one hand some business schools claim to pursue the highest principles of university education, they have become more committed to delivering on what corporations or ‘the market’ wants or thinks they need. To gauge the markets desires business schools around the world create advisory boards heavily populated by ‘business people’ in the hope that they can provide some strategic leadership and intelligent business know how for the school’s strategic direction. The irony is that today many business schools are themselves very successful businesses. Concern, therefore, should not be with the erosion of the profitability of the business school: rather our focus should be on the potential erosion of higher education and scholarship by distant, abstracted and inexperienced advice. The business of education, research, teaching and curriculum development is a specialized professional activity and not immediately translatable into any and every practice. While practitioners undoubtedly know their stuff, typically their stuff is fairly narrow, experiential and un-analytical – the obverse of what a professional faculty strives to be. Khurana goes as far as to claim that Business Schools have lost public legitimacy through increasingly casting their professionalism in the straightjacket of technical rationality[[22]](#endnote-23). Aronowitz makes a much broader claim: that there has been a general loss of faith in, and education directed at, appreciating and fostering human wellbeing for universities in the US[[23]](#endnote-24). A major cause is the loss of a capacity for or interest in deep critical thinking and how that relates to what is needed for citizenship and culture, amounting to a loss of historical memory.

Aronowitz proposes as a solution to this loss of memory: there should be an intensive 2-year college degree with, minimally, four themes dealing with history, literature, science and philosophy[[24]](#endnote-25). He proposes that science, philosophy and literature be studied within an historical framework. Such a curriculum, he argues, is necessary to cultivate a deeper, more critically aware, understanding of the interdependent nature of knowledge[[25]](#endnote-26). Such an endeavour requires a concerted effort to focus on a selection of historical periods through which to explore links to events and cultural formation. He likens this approach to cultivating wisdom[[26]](#endnote-27). Aronowitz intimates that one of the most important influences in cultivating wisdom is for the student to understand that they are dwellers on the threshold of knowledge to which educators hold the key while they supply the force that unlocks the door. He sees this vicariouslearningexperience as being essential to students learning that their educator is committed to developing self-directed, critically alert learners able to make sense of dynamic interdependencies in a historically situated understanding[[27]](#endnote-28).

Drawing on Aronowitz’s critique of university education and his prescriptions for change stresses that learning historical contexts is paramount for robust judgement, appreciation of the interdependency of knowledge as well as approaches to research and an understanding of real world politics. We envisage strategy in the future being shaped increasingly by normative matters in a manner parallel with mounting global concerns for the environment. Unlike 20 years ago it would now be almost inconceivable and increasingly irresponsible, if not reckless, to develop a business strategy at any level that failed to anticipate questions of environmental impacts. Such a strategy would be called “unsustainable” in every sense of that word.

It is not inconceivable that, in the wake of the GFC, external pressures will mount to require the social equivalent of environmental impact audits in which business and agents be held to account not merely legally and on regulative grounds but morally for the impact of their strategies reflected in decisions effecting individuals and communities, locally and globally. Ignoring or being indifferent to the normative dimensions of strategy is equivalent to disseminating unsustainability as a practice.

**Knowledge interests: the shock of the old**

Beyond historical appreciation what might sustain strategy with a longer-term viability? We see two complementary approaches. The first looks to Aristotle’s ancient notion of practical wisdom (*phronesis*), given heightened relevance by Bent Flyvbjerg through engaging with a power/political dimension[[28]](#endnote-29). *Phronesis* serves to illustrate a research approach to strategy that legitimises rather than ignores political realities. Strategy addresses politics minimally except, perhaps, in certain ideas of “change management[[29]](#endnote-30). The second approach, pioneered by Phillip Selznick, explicitly foregrounds human values and ideals in considering what might be called developing “a strategy within strategy”[[30]](#endnote-31).

Flyvbjerg and Selznick’s approaches can be linked to an under-recognised relevance (in English) of Kant’s *moral anthropology[[31]](#endnote-32)*. Our aim in making those connections is to sketch a vision of a normative education for strategy. Profound pedagogical implications emerge from this combination for “path-upsetting” scholarship for management and leadership formation. Business studies have not so much lost their way[[32]](#endnote-33) as being less open to dissenting voices about the taken for granted paths. Critique is the soul of democracy; consensus the tolerance of orthodoxy and the risk, when unaccompanied by the enlightenment of reason, of authoritarianism.

*Flyvbjerg’s Phronesis*

The essence of a business school education for many MBAs, teachers and students alike, is a commitment to instrumental scientific knowledge (t*echne*) interests. Tools feature strongly in such perspectives. The idea that following a specific set of procedures should produce a predictable result is the essence of what is understood as the ‘normal’ scientific method[[33]](#endnote-34) as it has been translated into ‘positivism’[[34]](#endnote-35). The aim of positivism is to produce testable general explanations through controlled observation and methodical experimentation. The assumption is that the object domain is governed by predictable law-like regularities that allow for certain types of methodologically controlled techniques of inquiry. Get the methods right and a formidable tool for prediction and control of the natural environment is produced and for many it seems reasonable to analogise this approach to the social sciences. For a vast majority of the disciplines and their subjects in these Business Schools conceptions of positivism premised on such assumptions circumscribes their ethical universe[[35]](#endnote-36), and dominate knowledge interests.

Flyvbjerg offers new insight into knowledge interests by arguing for practical reasoning as a science[[36]](#endnote-37). He does so through returning to Aristotle, the founding figure of the idea of different knowledge interests. Aristotle identified three knowledge interests: episteme, techne, and phronesis. *Episteme* concerns knowledge that is universal, invariable, and context-independent; its modern-day ideal is natural science, which in its analogies, is routinely configured as positivism in the Business Schools. *Techne*, the type of knowledge that governs arts and crafts, is pragmatic, context-dependent, and aimed at the production of useful things: in contemporary terms it would be craft-based knowledge where mastering custom and practice are important. *Phronesis* is action-oriented pragmatic knowledge that concerns things that are deemed good or bad. Thus, it is an explicitly ethical form of knowledge. But the concrete, practical ethical knowledge it produces cannot be formalized into general rules; rather, *phronesis* is always grounded in experience of particular cases.

Action that is reflexive, that entails reflection on and in praxis, is shaped by the practical wisdom of *phronesis*. Praxis is related to commonplace daily challenges that both educators and practitioners face, clearly not just in management. The challenges consist of grasping fundamentally opposed views of theory (abstract) and practice (concrete) that, because of the binary nature of the terms and debates, offer little prospect of resolution.

The ancient Greeks drew distinctions between different forms of knowledge and taking action, with clear variations between knowledge that is scientific (principally natural), applied and action-based, grounded in context-dependent judgement. In contemporary parlance there is constant daily reference to theory and practice as a kind of contest (either/or), with easy demarcations relating what is practical; often summed inaccurately to be “pragmatic in the mistaken sense of that philosophical term, as something offering only a narrow view of practical utility”, as Martin suggests[[37]](#endnote-38). For the ancient Greeks it was conceptions of the common good that framed whatever actions were taken. The common good is admittedly a broad and contested concept but one that seeks minimally to enable individuals and communities to flourish, which includes avoiding actions that would undermine prospects of flourishing. That understanding is reflected in some contemporary concepts of praxis.

Chia and Holt offer a provocative view of praxis, specifically with regard to business strategy[[38]](#endnote-39). They contrast praxis with what they see as problematic approaches to strategy, namely rules-based application (*techne*) and simply completing a task (*poiesis*). In Chia and Holt’s view praxis “becomes inseparable from the kind of person the actor has become: it is a manner or style of conduction him/her-self … which means both phronesis and praxis are non-instrumental forms of action: action that unwillingly produces a coherent strategy through merely striving to cultivate oneself without regard for a tangible output”[[39]](#endnote-40). In this sense, praxis would be a kind of enlightened and elevated action – for example in education, when an educator takes into account not only her or his own interests but also the long-term interests of each individual student, and the long term interests of society and the world at large – he or she is engaging in praxis[[40]](#endnote-41). Praxis inheres in the act itself: that is, the action reflects the person.

Questions about what constitutes good praxis cannot be answered without reference to context. Unfortunately, Flyvbjerg notes, de-contextual assumptions grounded in *episteme* as a general theory of knowledge and *techne* as a source of tools seem to predominate in much of the social sciences[[41]](#endnote-42). Especially, in management one should note, where knowledge is often either quite utilitarian in its attempts to be relevant to practice or is overly dense in its approximations of the genre of science, replete with hypotheses that are rarely tested, frequently tautologies, and of little consequence. By contrast*, phronesis* is dialogical, developing through give-and-take discussion between social researchers and their subjects rather than merely through observations of others’ practices by investigators or immersion in genre and theory as a form of hermeneutic by researchers.

There are severe limits to the usefulness of analogies with a knowledge interest based on Aristotelian *episteme* in social science. In part this is because of the openness of the social horizon and the overwhelming importance of context. Such a context cannot be controlled as easily as in a laboratory where standing conditions can be manipulated. Consequently, attempts at producing general theories in social science will tend to fail because social practices are the product of context-dependent tacit skills that cannot be reduced to rule-governed principles, much less general laws of human behaviour. Social practices cannot be represented as the result of relatively clear and consistent social rules, much less as the product of means-end rationality or general laws of human behaviour. Given the importance of context it is impossible to produce a comprehensive and accurate expression of rules that govern decision-making because expert decision-makers do not use rules. Instead they ‘recognize thousands of cases directly, holistically, and intuitively on the basis of their experience’[[42]](#endnote-43).

Contemporary concerns with *phronesis* meld inquiry with value reflection and a program for political action. Lancione methodologically extends phronesis’ questions to guide praxis[[43]](#endnote-44). We need to ask questions:

* What are the illusions of both the academic and the everyday research field?
* Who gain and who loses, and by which mechanisms of power?
* How can these practices be problematized?
* What are my underlying pre-assumptions on the specific topic of research?
* How are one’s pre-assumptions going to affect the design of the research?
* What should be done? – What are the consequences of the knowledge that one is going to produce?
* What is the political rationale of one’s work?

All these questions need to be addressed if business schools are to make strategy more ethically political through reconceptualising notions of *phronesis* and wisdom as central to their public role. We need to consider the ideological assumptions of US-Anglo models of business; consider far more sustainable approaches for inclusion of people and society in business strategy; address inequality and imbalances of power in organisational practice and business strategy, and provide a more nuanced understanding of the “global” in business. Inherent in each of these tensions are ethical, or moral (as in relational) concerns.

Action-guiding principles that specifically seek to avoid causing undeserved harm can be seen to underlie *phronesis[[44]](#endnote-45)*. The overwhelming difference in a praxis-based approach is in foregrounding the normative, moral grounding of strategy. Here a cosmopolitan orientation becomes increasingly evident. Adapting Hoffe’s terms relating to Kant, praxis offers a cosmopolitan, interdependent view that cultivates Kant’s egalitarian political vision. Such principles start with considerations of context, where those contexts are personal, cultural, institutional and political, local and global[[45]](#endnote-46). In his “Critique of Judgement” [*The Third Critique*] Kant called this process “reflective judgement” to capture the idea of starting with contexts and then seeking principles to help address the issues involved[[46]](#endnote-47). Deterministic judgement offers the reverse process: it starts with principles and then seeks relevance in the situation[[47]](#endnote-48).

*Selznick’s Humanist Science*

The focus in this penultimate section puts strategy into much larger and far more demanding context – one that sees the normative dimension serving to shape the approach to strategy – one that eventually, ideally, and by definition puts strategy (both as means and chosen ends) under an imagined public scrutiny. In this case that normative dimension is approached from a wider perspective. We are interested not just in the ethics of strategy but also in the conditions that favour or undermine the realisation of an ethical/moral approach. We are clearly concerned to expand the focus of strategy from the traditional dominant rational economics view to include the political and social contexts[[48]](#endnote-49). Historical contexts need to enter into that view to understand how moral and ethical issues are affected by – and influence - those intersections. In that joint interest Philip Selznick’s work is especially suited[[49]](#endnote-50).

Selznick was heir to a Weberian legacy best seen in Weber's essays on science and politics as a vocationthat informed an abiding concern with the role of values and ideals in society and science[[50]](#endnote-51). In summing Selznick’s life (1919 -2010) Martin Krygier argues that those already familiar with some or even all of Selznick’s many individual academic works over some sixty years risk missing what matters most to Selznick[[51]](#endnote-52). Instead of seeing a collection of works based on context specific topics such as the politics inside a public authority, the influence of leadership in one organisation, the rise and fall of a political party for example. Krygier argues that there is a cohesive ambition in all that Selznick undertook: an abiding concern for the “fate of values and ideals in society” [[52]](#endnote-53). At first glance this looks too abstract to be useful, let alone of relevance to our focus on (business) strategy. And yet we agree here with Krygier: there is much that we can learn about the normative dimension in strategy by considering Selznick’s abiding concern, especially in light of the critiques and observations in previous sections. Krygier’s intellectual biography will serve as the key point of reference here to ensure Selznick’s work is seen not just as that which many are already familiar with (as individual works) but in terms of what we risk missing from its received wisdom. He sought to identify conditions that enable individual, institutions and communities to flourish while also seeking to understand the conditions that undermine the realisation of human values and ideals[[53]](#endnote-54). Selznick called that approach *humanist science* in order to “make clear the interdependence of facts and values. Facts are the conditions affecting human achievement and values are ideals realized or undermined by those conditions”[[54]](#endnote-55). The values and ideals relate to human wellbeing. He opens his final work, *Humanist Science*, with a succinct statement of his approach, arguing for

“a closer connection between social science and the humanities, especially philosophy and history. Social science is largely value-centred: economics, political science, social psychology and sociology are preoccupied with ideals of relationality, legitimacy, self-government, personal development, and social cohesion. These disciplines call for close observation and dispassionate analysis of contexts and outcome. Among the humanities, philosophy clarifies values and meanings, while history identifies master trends, such as urbanisation and industrialisation, which affect values. Philosophy and history give direction to social science, but at the same time they are subject to criticism and revision in the light of social science findings.”[[55]](#endnote-56)

The American pragmatist philosophies of both Dewey and Niebuhr are prominent in Selznick’s determination to give equal weight to understanding historically shaped experiences and conditions that both enable and undermine human wellbeing. Examples of such equal weight abound in Selznick’s works from 1949 to 2008 on inter alia, administration, leadership, politics and law – in all cases “being alert to recurrent sources of vitality and decay”[[56]](#endnote-57) where problems and not methods set the research agenda. The pragmatist influence is also reflected in Selznick’s deep engagement with Dewey’s “pernicious dualisms” – seeing beyond the reductionist “either/or” position to engage with the complexities of “both/and”. In other words recognising and embracing a continuum with which to be practically engaged – e.g. theory and practice, embodied humans and objective science, rejecting the convenience of “bounded rationality”. Being alert to historical contexts shaping conditions and the inherent problems of grappling with continua over dualisms would seem fundamental in any strategy setting.

Moral philosophy clearly underpins Selznick’s concerns for human wellbeing through what he calls three moral actors: individuals, institutions and communities. Before proceeding it is important to briefly highlight Selznick’s distinction between organisations and institutions. The former he considers merely a formal rational structure while institutions are ‘peopled’, and thus shaped by and affect historical, political and social-relational events and influences. In other words, individuals as moral actors have an impact on others: locally, in institutions, through communities. Once again strategy would impact and be influenced by the same moral actors in recognition that the institution is peopled and embedded. Strategies frame and influences moral actions recursively, as do ethics: one way in which they do so is through delineating the managerial scope of contested claims to rights on a terrain where many social agencies hold corporations and others to public account[[57]](#endnote-58) (e.g. Amnesty, Transparency, International Labour Organisation, Trade Unions, etc.). Claims to rights define the limits of inter-agency relations: their violation affronts the dignity of species well being[[58]](#endnote-59).

Even so, this recourse to agencies, political and social pressures risks missing what is fundamental here, the pivotal role of what constitutes the dignity of species in all deliberations of rights, values and ideals. Indeed Kant’s *moral anthropology[[59]](#endnote-60)* could readily be used to illustrate Selznick’s appeal to humanist science – the intersection of facts with values, of moral philosophy with anthropology/sociology. Consideration of Selznick’s work for strategy can now be seen to foreground intergenerational impacts – with the precautionary principle in sustainable development on equal footing with human and other species wellbeing.

**Implications**

Aronowitz argued for the importance of historical context in grasping the *interdependency of knowledge,* adding trust and accountability as extensions of interdependency[[60]](#endnote-61). Such an approach highlights the sources and fate of those values and ideals embedded in strategy's tacit assumptions, that which it knows and forgets, that which it remembers, and that which it does not. The sources and fate of diverse human values and ideals – along with the costs of conditions that favour single interests and irresponsibility – require discussion[[61]](#endnote-62), being alert to what would prevail in the absence of countervailing measures, for example what might happen with systems rooted in “ever-present incentives and imperatives”[[62]](#endnote-63)

Strategy in these larger terms easily engages with Selznick’s important but neglected ideas on leadership[[63]](#endnote-64). Selznick argues for the leader as the embodiment of the values and ideals of a socially embedded institution. In this case strategy is linked to the political influence and character (ethos) of the leader(s). In developing the idea of leadership, Antonacopoulou goes as far as to argue that phronesis should drive how we conceive of ‘man’. She builds the case for the evolution of man from “homo-phroneticus that would be distinct from versions of leadership founded on other dominant versions of man, such as homo-economicus and homo-sociologicus”[[64]](#endnote-65). Flyvbjerg’s Pragmatic phronesis would serve as a model of practice-oriented research for strategy. The ambition here is also toward cultivating a problem orientation to research and strategy and toward fostering the role and place of judgement in strategy.

It could be countered that the best business schools were always problem oriented, the issue being how to best achieve enhanced financial performance. A noted European Business School Dean has recently reasoned that the emphasis of many MBA programs, as well as the aspirations of their best and brightest students to achieve a brilliant career in the high earning finance and consulting sectors, helped to produce the financialisation of so many areas of business and public life[[65]](#endnote-66). The diffusion of new forms of subjectivity and sociality that revolve around the management of (financial) risk as a problem of culture and social integration[[66]](#endnote-67) produce a financialisation of everyday life that can be simultaneously understood as an economic, political, social and cultural phenomenon. Central to the pervasive spread of financialisation is the idea that performance has to be managed through indicators, in which financial performance, or some surrogate, provides the key to organizational success. Performance targets enable individual accountability to be determined easily: an individual either meets or does not meet their specific performance targets. How it is done is of less concern than that the targets be met. Clearly, the emphasis on performativity may well open up ethical issues concerned not so much with the ends being targeted but the means for their accomplishment[[67]](#endnote-68).

Business ethics typically underrepresents the role of politics: it tends not only to deny the role of politics but also avoids politics in assuming an acceptance of the status quo and the conventions governing understanding*.* Ethics has only latterly become a central management theory concern. It is, perhaps, no coincidence that, as Rhodes and Wray-Bliss[[68]](#endnote-69) note, the *Business Ethics Quarterly* was first published in 1991, *Business Ethics: A European Review* in 1992 and *The Journal of Business Ethics* in 1997. The timing is significant: if we recall that the Reagan/Thatcher era of the 1980s saw the first full-flowering of economic neo-liberalism, the crucible from which financialisation emerged, then the turn to ethics followed hard on the heels of this flowering. Business ethics as an institutional field offered a perfect antidote to criticisms of financialisation. If there is something rotten in the state of business conceived as the expression of the interests of atomistic subjects through individual behaviours, then it is not surprising that the remedy to behaviour conceived in individualistic terms must be the reform of individuals. From this perspective, what is required is to teach Business Ethics as either a standalone subject or a field of knowledge that needs to be integrated into the curriculum. as a form of inoculation, rather as one might prescribe a vaccine[[69]](#endnote-70). To continue with this metaphor, just like diseases become immune to medicines over time, we should assume that people, organizations and systems are capable of reshaping knowledge and practices to render the teaching of ethics nothing more that placebo.

To be clear, ethics are not an antidote to markets. Markets are shaped by struggles of power ‘that involve[s] economic actors and nonmarket institutions, particularly the state and social classes[[70]](#endnote-71), which seek to alter and influence such shared cognitive structures and cultural norms, while simultaneously creating new ones. Markets are highly dependent on shared understandings of social processes, as is demonstrated, for instance, by Montagna with respect to accounting[[71]](#endnote-72) and Zaloom for price finding in stock trading[[72]](#endnote-73). All these activities produce collective rationality through specifically socialized calculative practices. Given the market context as a field of practice common sense approaches dominate business ethics[[73]](#endnote-74), founded on the very same possessive individualism as neo-economic liberalism[[74]](#endnote-75). A business ethics that does not attend to the structuration of the market will not get us very far. Such conceptions of ethics are no corrective for strategies founded on the same assumptions.

A failing of mainstream strategy has been its reluctance to position business strategies in a social as well as an organizational context; in particular, this is an issue where economic/resource based views of human activity underpin strategic management ideas. Even whenmaking a clear connection between business and society the primacy of present shareholder value does not change, even when the purpose is seen within a larger context. Bob Dudley, the Group Chief Executive of BP, provided an example almost 12 months after the Gulf of Mexico Oil Spill. Anticipating wide reporting, he clearly felt the need to convey just how seriously BP was taking the recovery mission, when he intimated that “We (BP) get it. Our fundamental purpose is to create value for shareholders, but we also see ourselves as part of society, not apart from it”[[75]](#endnote-76). The dominant discourse, or qualifier, is the emphasis on shareholder value: what we can term the “yes but, no but” argument. The ‘yes’, pertaining to society, while ‘but’ pertains to “not at the expense of shareholder value”. What is evident, of course, is that shareholders are always members of a society, and of global society, even if those business practices through which they receive their value contribute to its risk[[76]](#endnote-77).

Buttressing shareholder value, as the interests of ‘principals’, with the project of managerial professionalization of the ‘agents’ is not likely to produce what its protagonists presume. The concept of professional closure is a sociological explanation for the way that professions limit their membership. Typically, it is achieved through monopoly control of the conditions of entry to a profession enforced through a professionally defined curriculum that is taught at university and whose exclusive legitimacy is sanctioned by the state. Whereas doctors and lawyers, for instance, must be professionally qualified to practice legally, almost anyone can call himself or herself a manager and thus become one[[77]](#endnote-78). Licence to practice is barely regulated by the state, except in judgements of fitness to be a Director brought into play through extremely rare legal actions. There is no professional association exerting monopoly control.

It is little surprise that business schools focus on the ability to make organizations more efficient as an outcome of business education. For the most part there is an assumption that business schools create ‘professionals’ and the things we teach to professionals and the tools we provide them with are instrumental to the ‘good’ they do. However, we could argue that what is taught is as relevant and as useful to managers in organizations doing harm to people, as it is to managers in organizations trying to do ‘good’. To this end, there is something inherently contradictory to what we do in business education. On the one hand we seek to be objective in that we do not question the value of our teaching in making a casino more profitable or a gun manufacturer more efficient. On the other hand we are unashamedly biased towards believing that what we teach increases profitability, efficiency and productivity – despite so much recent evidence to the contrary. It is for this reason that the legitimation role of Business Schools is important.

Business Schools are purveyors of symbolic capital for careers and the strategies associated with these. In an organizational field that is open to malpractice on a catastrophic scale and in which the gatekeeper function, such as it is, resides in a variety of for profit, not-for-profit and public Business Schools, no other institution comes close to assuming the mantle of responsibility. And within these Schools the teaching of strategy has become the obligatory passage point fixing theory and practice together through doing simulations, reflection on learning and practice, models, and case studies in ‘capstone’ subjects. Strategy is thus the eye of the needle through which all must pass that would aspire to loftier roles.

**Conclusion**

University used to be thought of as a unique social space for reflection and learning. Reflection, however, is not enough: the fostering and development of an inquisitive and curious mind is fundamental. Universities must always play a *critical* role in the education of people in society. They are not merely an instrumental pipeline to individual careers and societal innovation. Higher education, at its best, produces thinkers able to reflect critically upon their own, others, and societies practices. Business schools that claim to occupy spaces as institutes of higher learning have a responsibility to uphold the aspirations of higher learning that go beyond simply creating ‘good’ practitioners: in terms of who they are, how they do things and why they do them, not just in what they do. As such, business schools, be they public or private, have an important role to play in delivering a public good. The elusive notion of what constitutes the public good for business schools – not least in terms of teaching business strategy – is a subject of much contemporary debate[[78]](#endnote-79), which we have framed through the notion of the three Aristotelian knowledge interests.

This issue of *Business History* takes a major step in providing both theoretical and empirical advances that can inform strategy education. Be it the mythologizing of the role and influence of strategists[[79]](#endnote-80), or the strategic drive for efficiency in the everyday practices of an office[[80]](#endnote-81), or the rich, ethnographically inspired discourse and narrative analysis of strategic practices[[81]](#endnote-82),as well as the contributions of such approaches to strategy-as-practice[[82]](#endnote-83), or exploring the culture of strategic practices and how entire fields change through these practices[[83]](#endnote-84), or how strategy has been dominated by the fear of failure and how tools have evolved to make sense of an reinterpret failures[[84]](#endnote-85), or how we can learn about strategy from history[[85]](#endnote-86).

Debate within and amongst business schools about their responsibility to society and their responsibility as institutions of higher learning is required[[86]](#endnote-87).The idea of responsibility should be debated with their students through the use of symposia, debates, forms of assessment, projects, and interactions between students and faculty underpinned by phronesis and, most importantly, through the teaching of social theory. In its absence the important question is that which is missing: knowledge, but knowledge for what? Together with our students, to answer that question we must interrogate another, and that is to ask what knowledge is and who gets to decide this? These are just some of the questions that need addressing.

Instrumentally, business schools have traditionally been concerned with efficiency. Our essay suggests an alternative end: a common link between Flyvbjerg’s phronetic research and Selznick’s humanist science is their shared aspiration to foster human wellbeing and to avoid those conditions that thwart and have the potential to undermine and harm wellbeing. Kant provides the universal value of respect for the dignity of the human as the focal point. Human dignity emerges strongly as *inviolable[[87]](#endnote-88)*. Arguably this should be the normative domain for evaluating not only strategy but also any endeavour. The fate of human ideals and values in flourishing on this scale served to inspire and guide Selznick’s scholarship[[88]](#endnote-89). A humanist science that seeks to serve and be accountable for that inviolable value and ideal would seem consistent with Aronowitz’s depiction of the public role of a university. It might also be an essential method of path-upsetting scholarship that enables graduates to recognise the conjunctions in which they find themselves while also being able to identify and question the conjectures they might be expected to steer.

Moral values, presented as disinterested knowledge, covering a reductionist approach informed by advocacy of either more techne or more episteme, particularly as championed over the last thirty years, has seen the growth of a financially incentivised obsession with maximising shareholder value. Championing this financialised capitalism can now be seen to have had pernicious effects. The champions and translators of this ideology into widespread practice have forfeited the worth of public regard. The effects of such ideological scholarship for higher learning in management, not least in (business) strategy, have placed the foundations of civility, order and sustainability in societies and ecologies at much increased risk. It is time for a change: indeed, it always is – the notion of there being a state of non-change, of equilibrium, is just another ideological fallacy that strategy needs to abandon.

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**Notes**

1. Russell, ‘A Philosophical Framework for an Open and Critical Transdisciplinary Inquiry’. [↑](#endnote-ref-2)
2. Kessler and Bailey, *The Handbook of Organizational and Managerial Wisdom;* also see Pitsis and Clegg, ‘We Live in a Political World: The Paradox of Managerial Wisdom’ and Flyvbjerg, *Making Social Science Matter: Why Social Inquiry Fails and How It Can Succeed Again*. [↑](#endnote-ref-3)
3. Khurana, ‘From Higher Aims to Hired Hands’; Clegg, ‘Relationships of Ownership, They Whisper in the Wings’; Morsing and Rovira, ‘Business Schools and their Contribution to Society’. [↑](#endnote-ref-4)
4. Aronowitz, *The Knowledge Factory: Dismantling the Corporate University and Creating True Higher Learning*. [↑](#endnote-ref-5)
5. Marx, *Capital* [↑](#endnote-ref-6)
6. Zamagni, ‘[The Lesson and Warning of a Crisis Foretold: A Political Economy Approach](http://www.springerlink.com/content/l6164wwru63810m2/)’; Congleton, ‘On the Political Economy of the Financial Crisis and Bailout of 2008–2009’. [↑](#endnote-ref-7)
7. Kates, ‘Macroeconomic Theory and its Failings: Alternative Perspectives on the Global Financial Crisis’. [↑](#endnote-ref-8)
8. van Gelder, ‘This Changes Everything: Occupy Wall Street and the 99% Movement’. [↑](#endnote-ref-9)
9. Ghoshal, ‘Bad Management Theories Are Destroying Good Management Practice’; Khurana, *From Higher Aims to Hired Hands*; Khurana and Spender, ‘Herbert A. Simon on What Ails Business Schools’; Locke and Spender, *Confronting Managerialism*; Morsing and Rovira, ‘Business Schools and their Contribution to Society’. [↑](#endnote-ref-10)
10. Rumelt, Schendel and Teece, ‘Strategic Management and Economics’. [↑](#endnote-ref-11)
11. Clegg, Carter, Kornberger and Schweitzer, *Strategy: Theory and Practice*. [↑](#endnote-ref-12)
12. For a notable exception see Dawkins, Harris and King, ‘How Big Business Performs: Private Performance and Public Policy’. [↑](#endnote-ref-13)
13. Kocka, ‘Writing the History of Capitalism’. [↑](#endnote-ref-14)
14. Ibid. [↑](#endnote-ref-15)
15. Kocka, ‘Holberg International Memorial Prize’. [↑](#endnote-ref-16)
16. Judt, ‘Reappraisals: Reflections on the Forgotten Twentieth Century’, 2. [↑](#endnote-ref-17)
17. Beck, *World at Risk*; Beck, *Risk Society: Towards a New Modernity*. [↑](#endnote-ref-18)
18. http://www.harvard.edu/president/role-university-changing-world [last accessed 04/04/2013] [↑](#endnote-ref-19)
19. Ibid. [↑](#endnote-ref-20)
20. Aronowitz, ‘The Knowledge Factory’ [↑](#endnote-ref-21)
21. *Ibid.* [↑](#endnote-ref-22)
22. Khurana, *From Higher Aims to Hired Hands*; see also Khurana and Nohria, ‘It’s time to make management a true profession’. [↑](#endnote-ref-23)
23. Aronowitz, *The Knowledge Factory*. [↑](#endnote-ref-24)
24. Ibid, 177. [↑](#endnote-ref-25)
25. Ibid, 189. [↑](#endnote-ref-26)
26. Ibid, 155. [↑](#endnote-ref-27)
27. Ibid. [↑](#endnote-ref-28)
28. Flyvbjerg, *Making Social Science Matter: Why social inquiry fails and how it can succeed again*. [↑](#endnote-ref-29)
29. Wilson, *A Strategy of Change*. [↑](#endnote-ref-30)
30. Selznick, *A Humanist Science*; Also, recent work by Martin Krygier illustrates the relevant merit of Philip Selznick’s oeuvre in that regard, see Krygier, *Philip Selznick: Ideals in the World*. [↑](#endnote-ref-31)
31. Kant, ‘Critique of Power and Judgement’; Kant, ‘Correspondence’. [↑](#endnote-ref-32)
32. Alvesson and Sandberg, ‘Has Management Studies Lost its Way’ [↑](#endnote-ref-33)
33. Kuhn, *The Structure of Scientific Revolutions*; Clegg, ‘Positivism and Post-Positivism’. [↑](#endnote-ref-34)
34. Donaldson, *For Positivist Organizational Theory*; Donaldson, ‘Following the Scientific Method’. [↑](#endnote-ref-35)
35. Martin, *The Education of John Dewey*. [↑](#endnote-ref-36)
36. Flyvbjerg, ‘Making Social Science Matter’. [↑](#endnote-ref-37)
37. Martin, *The Education of John Dewey*. [↑](#endnote-ref-38)
38. Chia and Holt, *Strategy without Design: The Silent Efficacy of Indirect Action*. [↑](#endnote-ref-39)
39. Ibid, 475. [↑](#endnote-ref-40)
40. Kemmis and Smith, *Enabling Praxis: Challenges for Education*, 4. [↑](#endnote-ref-41)
41. Flyvbjerg, Making Social Science Matter. [↑](#endnote-ref-42)
42. Ibid. [↑](#endnote-ref-43)
43. Lancione, ‘Truthful Social Science or How We Learned to Stop Worrying and Love the Bomb’, 154 [↑](#endnote-ref-44)
44. Jarvis, *Moral Accountability in the MBA: A Kantian Response to a Public Problem*; Jarvis, ‘Restoring Public Trust in the MBA’; Hoffe, Kant’s Cosmopolitan Theory of Law and Peace; Antonacopoulou, ‘Leadership making waves’. [↑](#endnote-ref-45)
45. Hoffe, *Democracy in an Age of Globalization*; Hoffe, *Kant’s Critique of Pure Reason*. A Kantian Response to a Public Problem; Jarvis, ‘Restoring Public Trust in the MBA’. [↑](#endnote-ref-46)
46. Kant, Critique of the Power of Judgement. [↑](#endnote-ref-47)
47. Donaldson, 'Following the Scientific Method’, 1081. [↑](#endnote-ref-48)
48. Clegg, Carter, Kornberger and Schweitzer, *Strategy: Practice and Theory* xxiii-xxiv. [↑](#endnote-ref-49)
49. Selznick, *A Humanist Science*. [↑](#endnote-ref-50)
50. Gerth and Mills, *From Max Weber: Essays in Social Theory* [↑](#endnote-ref-51)
51. Krygier, *Philip Selznick: Ideals in the world*. [↑](#endnote-ref-52)
52. Krygier, *Philip Selznick: Ideals in the World*, xiv. [↑](#endnote-ref-53)
53. Selznick, *A Humanist science*. [↑](#endnote-ref-54)
54. Ibid, xviii [↑](#endnote-ref-55)
55. Ibid, xvii [↑](#endnote-ref-56)
56. Krygier, *Philip Selznick: Ideals in the world,* xiv [↑](#endnote-ref-57)
57. *Abrahamsson*, *The Rights of Labor; Goldhaber*,A People’s History of the European Court of Human Rights. [↑](#endnote-ref-58)
58. There is a rich history in the prominence of Kantian human dignity in human rights – not least in becoming the founding premise in the 1948 Universal Declaration of Human Rights (UDHR). As Glendon, *A World Made New: Eleanor Roosevelt and the Universal Declaration of Human Rights* notes, it is an “inviolable” right and is the founding premise of the German Constitution of 1949 and many others. Scholars concerned with human dignity as the “universal” premise in the UDHR might note the powerful diplomatic influence of P-C Chang, the China delegate to the UNHR committee, who explained that dignity gave expression to cherished Chinese values – where all men are called to act in considerate treatment of others (Glendon, 2001: 146). Of course, as Singer’s *Animal Liberation* has made particularly clear, it is not only humans that have dignity and rights: hence the importance of species well-being. [↑](#endnote-ref-59)
59. Kant’s moral anthropology is a far more accurate depiction of his work than reductionist view in almost all English language texts that refer to him as a formal metaphysician and deontologist. While Kant wrote for 50 years it seems that the vast majority of English speaking references to his work is confined to one major work, *Critique of Pure Reason* with occasional reference to his *Groundwork for Metaphysics of Morals*. What is missed here are his other critical works, *Critique of Practical Reason* and especially *Critique of the Power of Judgement*, his historical, political and scientific works and hardly any recognition that he taught Anthropology continuously for 23 years. Kant summed up his life’s work by claiming that he wrote and taught four questions: (1) What may we know? (Epistemology) (2) What ought I to do? (Moral-practical philosophy) (3) What may we hope for? (Teleology) and finally (4) What is the Human Being? (Anthropology). [↑](#endnote-ref-60)
60. Aronowitz, *The Knowledge Factory* [↑](#endnote-ref-61)
61. Ibid. [↑](#endnote-ref-62)
62. Selznick, *A Humanist Science,* 136 [↑](#endnote-ref-63)
63. Selznick, *Leadership in Administration: ASociological Interpretation.* [↑](#endnote-ref-64)
64. Antonacopoulou, ‘Leadership Making Waves*’, 48.* [↑](#endnote-ref-65)
65. de Onzono, *The Learning Curve: How Business Schools are Re-inventing Education.* [↑](#endnote-ref-66)
66. Martin, *The Education of John Dewey*; Lazzarato, *The Making of the Indebted Man.* [↑](#endnote-ref-67)
67. Grey and Willmott, *Critical Management Studies,* 7. [↑](#endnote-ref-68)
68. Rhodes and Bliss, ‘The Ethical Difference of Organization.’ [↑](#endnote-ref-69)
69. Sims, *Teaching business ethics for effective learning*; Sims and Sauser, Experiences in teaching business ethics; Rich, *Business and economic ethics*; Ulrich, *Integrative economic ethics*; Mele, *Management ethics: placing ethics at the core of good management*. [↑](#endnote-ref-70)
70. Zukin and DiMaggio, *Structures of Capital: The Social Organization of the Economy*, 20. [↑](#endnote-ref-71)
71. Montagna, ‘Accounting Rationality and Financial Legitimation. [↑](#endnote-ref-72)
72. Zaloom, *Out of the Pits: Traders and Technology from Chicago to London*. [↑](#endnote-ref-73)
73. Jones, Parker and ten Bos*, For Business Ethics*. [↑](#endnote-ref-74)
74. MacPherson, The Political Theory of Possessive Individualism. [↑](#endnote-ref-75)
75. Group chief executive’s letter to shareholders, 2nd March 2010. http://www.bp.com/sectiongenericarticle800.do?categoryId=9036019andcontentId=7066945. Last Accessed 29th April 2013. [↑](#endnote-ref-76)
76. Beck, *Risk society*. [↑](#endnote-ref-77)
77. Abbott *The system of professions*; Freidson, *Profession of medicine: A study of the sociology of applied knowledge*; Johnson, *Professions and power*; MacDonald, *The sociology of the professions*. [↑](#endnote-ref-78)
78. Clinebell and Clinebell, ‘The Tension in Business Education Between Academic Rigor and Real World Relevance’; Ghoshal, ‘Bad Management Theories are Destroying Good Management Practice’; Khurana ‘American exeptionalism?; Khurana and Nohria, ‘It’s Time to Make Management a True Profession; Khurana & Spender, ‘Herbert A. Simon on What Ails Business Schools; Manning and Dimovski, ‘Do MBA degrees matter?’; Pfeffer, Management a Profession? Where’s the Proof?; Pfeffer and Fong, ‘The End of Business Schools. [↑](#endnote-ref-79)
79. Paroutis, McKeown and Collinson; ‘Building Castles from Sand’; [↑](#endnote-ref-80)
80. Jeacle and Parker; ‘The Problem of the Office’ [↑](#endnote-ref-81)
81. Mueller, Whittle, Gilchrist and Lenney, ‘Politics and Strategy Practice’. [↑](#endnote-ref-82)
82. Brown and Thompson, ‘A Narrative Approach to Strategy-as-Practice’. [↑](#endnote-ref-83)
83. Carter and McKinley, ‘Cultures of Strategy’; [↑](#endnote-ref-84)
84. Kurunmaki and Miller, ‘Calculating Failure’ [↑](#endnote-ref-85)
85. Kornberger, ‘Clausewitz: On Strategy’. [↑](#endnote-ref-86)
86. Aronowitz, *The Knowledge Factory* [↑](#endnote-ref-87)
87. Eberle, *Dignity and Liberty: Constitutional Visions in Germany and the United States*. [↑](#endnote-ref-88)
88. Krygier, *Philip Selznick: Ideals in the World*. [↑](#endnote-ref-89)