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Stability and change in managerial elites: The institution of management education in Norway from 1936 to 2009

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Abstract

Market transformations and organisational changes lead to new needs for managerial competence, and such changes are proposed to influence the institution of management education over time. However, in an examination of the educational backgrounds of Norwegian CEOs from 1936 to 2009, this paper finds that changes in the institution of management education cannot be interpreted as direct responses to the organisational and external changes that companies face. This study suggests that the institution of management education is modified rather than fundamentally changed. These modifications can largely be explained by the concepts of *institutional solidarity* (i.e. dominant agents define what management education is, and this understanding is difficult to change due to path dependencies in the recruitment of top managers) and *institutional plasticity* (i.e. the “stretching” of established institutional scripts to fit new contexts).

Keywords: Institutional plasticity, institutional solidarity, management education, managerial elites, competence needs, reproduction.

Introduction

Historically, the management profession has developed at the national level as a result of interactions between the education system and other institutions (Locke 1984). This paper investigates the extent to which the educational backgrounds of top managers change when the need for new management competence emerges due to organisational changes and market transformations (Fligstein 1987, 1990). Formal education is a widely used criterion for the selective recruitment of future managers (e.g. Amdam 1999, Bourdieu 1996, Engwall 2007, Franck and Opitz 2007, Goodrick 2002, Kipping, Üsdiken, and Puig 2004, Kvålshaugen 2001, Lawrence and Edwards 2000, Mayer and Whittington 1999, Segalla, Sauquet, and Turati 2001), and educational background constitutes an important social instrument for the selection of business elites (e.g. Amdam, Kvålshaugen, and Larsen 2003, Engwall and Kipping 2006, Engwall and Zamagni 1998). However, although educational background is an important screening device for management positions, national variations have been observed in terms of *what types* of educational backgrounds are viewed as management education, and *how important* educational background is as a screening device for management positions (e.g. Chandler and Hikino 1990, Engwall and Zamagni 1998, Kipping et al. 2004, Locke 1984). Nevertheless, regardless of these national differences, educational background is an important mechanism for ranking individuals into social and intellectual hierarchies (e.g. Amdam 1999, Arrow 1973, Bourdieu 1996, Engwall 2007, Kvålshaugen 2001, Meyer 1977, Spence 1973, Whitley, Thomas, and Marceau 1981).

Although certain types of educational credentials are clearly regarded as beneficial for managers, few studies have examined the development of the institution of management education relative to organisational and external changes over time (Engwall, Gunnarson, and

Wallerstedt 1996). Hence, there is a major gap in the management education research regarding whether and how the institution of management education may be adjusted over time owing to market and organisational changes (Fligstein 1990, Maclean, Harvey, and Chia 2010, Mazza, Sahlin-Andersson, and Pedersen 2005). With the present work, we aim to contribute to the development of such knowledge, by investigating the development of educational backgrounds of top managers in the largest Norwegian firms from 1936 to 2009. This investigation focuses on the extent to which changes in managerial competence needs (due to market transformations and organisational changes) influence and change the institution of management education over time.

The present study offers three main contributions. First, it contributes to the literature on managerial elites by showing that their important characteristics are modified, rather than changed, when responding to new managerial competence needs due to market transformations and organisational changes. In this sense, we add a new dimension to previous studies. Some studies argue that the ongoing Americanisation of European business practice is *changing* established business institutions in Europe (including the institution of management education), and that national differences regarding what constitutes management education are converging (Engwall and Kipping 2006, Engwall and Zamagni 1998). Meanwhile, other observations show that the characteristics of managerial elites are quite *stable*, and that distinctive national differences exist regarding what constitutes management education in Europe (e.g. Amdam et al. 2003, Huo, Huang, and Napier 2002, Maclean et al. 2010, Mayer and Whittington 1999, Wilson and Thomson 2006). We find that the institution of management education is modified, but not fundamentally changed, when new managerial competence needs emerge. Second, we find that the reasons for these modifications can be explained by the concepts of *institutional solidarity* and *institutional plasticity*, which both

leads to the reproduction of managerial elites. As an alternative to the dichotomy “stability and change,” we suggest that the institution of management education evolves through modifications. Lastly, this study expands the sparse empirical data on the development of management education in Norway that exist in the English-language literature.

The present paper starts by discussing existing literature on the relationship between management education and the construction of the managerial elite. In the theoretical discussion, we propose two propositions concerning the extent to which the educational background of top managers changes as a result of changes in managerial competence needs. In the empirical part of the paper, we describe the structural conditions of the institution of management education in Norway, and the organisational and market transformations that have occurred in Norwegian business life between 1936 and 2009. The two propositions proposed in the theoretical part of the paper are analysed by applying data from a time series study of top management recruitment in the largest Norwegian companies in 1936, 1967, 1977, 1984, 1991, and 2009. Finally, we discuss the findings in light of the theory and suggest implications for further research.

Transformation of corporate control

According to Fligstein (1987, 1990), the background of those holding power in large firms has changed over time, reflecting organisational changes and market transformations. This observation is based on empirical studies of the organisational backgrounds of CEOs in the 100 largest US companies from 1919 to 1979. In this case, “organisational background” refers to the internal subunit from which the CEO is recruited. Fligstein’s work focuses on organisational changes (e.g. from functional to divisional structure) and external shifts (e.g.

from monopolisation to liberalisation) that, he argues, lead to strategic changes, in which the focus shifts from manufacturing, to growth, product marketing, and finally, financial operations in the post-1959 period. Accordingly, Fligstein finds that the subunit origin of the CEO has changed from manufacturing, to sales, and then to finance (Fligstein 1987).

Although Fligstein does not focus on the educational background of internal subunit managers, other studies show a clear relationship between educational background and functional experience (Hitt and Tyler 1991, Kvålshaugen 2001, Waller, Huber, and Glick 1995). For instance, in her study of Norwegian managers, Kvålshaugen (2001) finds that business-educated managers typically work in administrative functions (e.g. accounting, finance, and consulting) in industries such as banking and finance, manufacturing, and professional services. In contrast, engineers mostly have previous work experience from technical functions (e.g. related to production and operations) and frequently work in industries such as manufacturing, engineering consulting, and chemical raw materials and products (Kvålshaugen 2001). Although both educational groups are frequently found in management positions, they take different routes to management: one career path is related to administrative functions (business education) and the other to technical functions (engineering education).

Based on the relationship between educational background and functional experience (Hitt and Tyler 1991, Kvålshaugen 2001, Waller et al. 1995) and the market transformations and organizational changes that have occurred in Norwegian companies from 1936 to 2009, we expect to observe changes in the institution of management education in this time period. In particular, we assume that the background of CEOs changed from manufacturing to marketing and then to finance, or from engineers to business school graduates. In the last part

of this period, Norway experienced an exogenous shift that is not included in Fligstein's periodisation, due to its integration into the global economy from the 1990s onwards.

According to Fligstein's argument, we assume that the educational backgrounds of the CEOs should show a parallel shift.

Educational background as a symbol of superior management knowledge

Fligstein shows a high degree of correlation between organisational and external changes and the subunit background of CEOs. However, we propose that changes in the educational background of CEOs cannot be interpreted as direct responses to the changes that companies are facing, due to the special functions of the educational system. Specifically, two unique functions of the educational system are to produce symbols that signal values, and to help the labour market screen candidates. As stated by Meyer (1977, 55), "[e]ducation is a central element in the public biography of individuals, greatly affecting their life chances". The signalling effect of education is connected to the prevailing beliefs, norms, values, and cognitions in society (Arrow 1973, Spence 1973, Stiglitz 1975), which have a tendency to reproduce and, thus, create institutions (Bourdieu 1996, Scott 1995). The signalling or screening hypothesis suggests that some graduates are viewed as more suited to certain positions in society than others (Arrow 1973, Spence 1973, Stiglitz 1975). In other words, educational backgrounds filter *human capital*, grant legitimacy and reputational advantage, and, thus, reduce risk for the appointing organisation (Courpasson 2000). It is not necessarily the formal qualifications that are important for management positions, but rather the symbolic effect that certain educational credentials have in society (Bourdieu 1996).

Educational background also signals *social capital*. Maclean et al. (2010) demonstrate the accession of a select few to the power elite in France and Britain. Their study supports Bourdieu's (1996) position that structure, agency, and institutions interact to determine who becomes a member of the managerial elite. Family and educational background enhance an individual's stock of social capital and lead to "elite-mass linkages". They further suggest that established managerial elites maintain themselves over time through institutional solidarity; that is, managerial elites become the purveyors of narratives that decide the dominant discourses in business life. By signalling both human and social capital, educational institutions play a major role in the redistribution of power and privileges, by creating a sense of social identity among their students, and through their state obligation as the nominators of graduates.

Based on the need for new management competence due to market transformations and organisational changes between 1936 and 2009, we suggest the following proposition regarding the extent to which the educational background of top managers in Norwegian companies has changed in this time period:

Proposition 1: The need for new managerial competence due to market and organisational transformations of Norwegian businesses has led to changes in the institution of management education in Norway from 1936 to 2009.

This study takes a social constructivist approach to understanding why certain types of educational backgrounds are understood to be "management education" (e.g. Becher 1989, Bourdieu 1996, Meyer 1977) and, thereby, form the institution of management education. This paper defines "institutions" as patterns of and for particular types of social practices,

namely those that are: *distributed* across time and space; *routinised* and taken for granted; *objectified*, or existing apart from and beyond the people who embody them; and *legitimated* in terms of an overarching institutional logic (Barley 2008, Berger and Luckmann 1966). When selecting CEOs, organisations seek to legitimise their choices in a wider context (Bourdieu 1996, Courpasson 2000). This legitimisation process has several distinctive characteristics that influence whether and how much the institution of management is changed.

First, market transformations and organisational changes, as identified by Fligstein (1987, 1990), have to be disembedded from the old context and re-embedded into the changed context (Giddens 1984, Sahlin and Wedlin 2008, Scott 1995). Something is likely to happen to the *idea* of new management competence as it goes through the dis- and re-embedding processes (Giddens 1984). Second, the idea of new managerial competence can be quite vague—a label, rather than a set of specific characteristics (Greve, Nielsen, and Ruigrok 2009). Hence, in the formulation and labelling of a prototype, the labels are the same, but the content becomes different (Sahlin and Wedlin 2008). Third, not all ideas attract interest or can influence institutions. Prototypes that attract the interest of others and are deemed to be worthy of imitation are those whose implementation seems possible (would have some success) in another setting (Czarniawska and Sevón 1996).

Researchers have also observed that some institutions show remarkable persistence over time (Dacin, Goodstein, and Scott 2002, Lawrence, Suddaby, and Leca 2011, Lawrence and Suddaby 2006). This persistence has several explanations. Two perspectives that have received recent research attention, and which may provide explanations for the stability of the

educational credentials of top managers in Norway from 1936 to 2009, are *institutional solidarity* (Maclean et al. 2010) and *institutional plasticity* (Lok and De Rond 2013).

The CEO is usually selected by the board of directors, who act as important purveyors of narratives creating the shared understanding of the institution of management education. MacLean et al. (2010) argue that through these narratives the managerial elites maintain themselves over time through institutional solidarity. Other contributors to narratives of relevant characteristics of the managerial elite are the media, consultants, and educational institutions (Engwall 2007, Engwall and Kipping 2006). When the idea of what constitute management education is disembedded from one context and re-embedded into another, the managerial elite is likely to play a central part in the re-embedding process through their role as the purveyors of narratives about business and organisational life. Thus, the managerial elite are the purveyors of nation-specific conceptions of organisation and management (Laurent 1983, Lawrence and Edwards 2000, Schneider and Barsoux 2003). The conception of an organisation is a shared understanding of what an organisation is; the conception of management is a shared view on the types of competence that are beneficial for managers (Laurent 1983; Lawrence and Edwards 2000). These beliefs and dominant conventions influence the meaning and content given to the institution of management education over time (Huo et al. 2002). Institutional solidarity leads to the reproduction of what is viewed as the relevant educational credentials of top managers (Bourdieu 1996, Maclean et al. 2010).

More recently, the term “institutional plasticity” has been applied to explain why some institutions show remarkable persistence over time (Lok and De Rond 2013). Institutional plasticity describes how institutional scripts are “stretched to temporarily fit practice performances that appear to diverge from them without necessarily causing permanent

structural change” (Lok and De Rond 2013: 205). This process starts with the breakdown of a practice, which leads to different types of maintenance work. A practice breakdown is a disruption of the normal, taken-for-granted flow of practice. Such a breakdown may happen when forces of institutional pressure lead to the questioning or challenging of existing institutional scripts (Yanow and Tsoukas 2009) (e.g. the CEO’s relevant educational credentials are questioned due to new managerial competence needs).

A minor practice breakdown usually leads to containment maintenance work, in which the breakdown is pragmatically smoothed over, and the institutional scripts do not change (Lok and De Rond 2013). On the other hand, a major practice breakdown usually leads to restoration maintenance work: the preservation of the structural integrity of an institution, but only when the new context can be fit by “stretching” the institutional script (i.e. without any major changes, just modifications of the already existing script) (Lok and De Rond 2013). Thus, institutional stability entails a degree of “plasticity,” whereby institutional scripts are stretched to accommodate new and emerging institutional forces. In this context, we propose that institutional solidarity and institutional plasticity modify the changes in management competence needs as observed in Fligstein’s study.

Based on the discussion above, we argue that the institution of management education is persistent over time due to institutional solidarity, which indicates the reproduction of institutions, and institutional plasticity, which indicates modification rather than change. This argument leads to the following proposition:

Proposition 2: Changes in the institution of management education in Norway from 1936 to 2009 have been relatively minor because of institutional solidarity and institutional plasticity.

Methodological approach

This study employs a historical institutional perspective, focusing on the evolution of the institution of management education and institutional path dependencies connected to the production and reproduction of managerial elites (Thelen 1999). To determine the extent to which the educational background of the managerial elite and, thus, the institution of management education have changed from 1936 to 2009, we studied the educational backgrounds of the top managers in Norway in 2009, and compared them with previous studies of the educational backgrounds of CEOs from 1936 to 1991 (Amdam 1999). The investigation of the recruitment pattern over time with regard to the educational credentials of CEOs indicates the extent to which the institution of management education (i.e. the shared belief on what constitutes management education) has changed.

There are several reasons for why it is interesting to investigate the relationship between new managerial competence needs (due to organisation and market transformations) and the development of top managers' educational backgrounds in Norway during this period. First, educational background is an important screening mechanism of the managerial elite in Norway (Amdam 1999, Kvålshaugen 2001). For this reason, the Norwegian case is relevant for investigating the extent to which the educational background of the managerial elite changes when new managerial competence needs emerge. Second, Norwegian businesses faced strong influences from the American model of management after the Second World War. As part of the Marshall Plan for Norway, the Norwegian Productivity Institute was established to educate Norwegian managers and companies in how to do business. This development process included many study trips to the United States for Norwegian business

leaders, while several US consultants established themselves as supervisors for Norwegian companies (Amdam and Yttri 1998). Hence, new forms of knowledge needed for managing and running companies presumably influenced the type of educational background that was perceived as relevant to managerial knowledge. Third, the internationalisation process of Norwegian companies began to accelerate from the 1980s onwards (Benito, Larimo, Narula, and Pedersen 2002), although the foundations of this process started as early as the late 1960s (Amdam 2009). Firms tend to match top manager profiles to their strategies (Greve et al. 2009). Hence, the internationalisation of Norwegian firms may represent a quest for new managerial competence needs that changed the characteristics of the Norwegian managers' educational backgrounds.

As in previous years, we used the list of the 100 largest firms in Norway and asked the CEOs in these companies about their educational background after high school. The survey focused on identifying the CEOs' "primary degrees", which they received from a university before starting their careers in business, as opposed to their "post-experience degrees". In 2009, we used the list of all firms rather than only manufacturing firms as in the studies of 1936, 1967, 1977, 1984, and 1991. For 2009, the population of the firms included 18 financial and retailing firms (out of 69) that would not have been included in the study based on the previous criteria (only focusing on manufacturing). The reason for the inclusion of new industries in the survey was the strong general transformation of the economy, which was expressed in the decline of the manufacturing industry and increase in the service industry. The change in criteria did not have any substantial effect on the main trends in the data.

The 2009 study is based on information from 77 CEOs, who were interviewed by telephone. This group includes foreign CEOs in Norwegian firms, which were excluded in previous

studies in 1936, 1967, 1977 and 1984. In 1991, there were only 4 foreigners; in 2009, this group increased to 13, expressing an increasing degree of internationalisation.

Organisation and market transformations in Norwegian businesses from 1936 to 2009

The time-span of this study – from 1936 to 2009 – was chosen so as to capture major changes in the markets and organisations of Norwegian businesses. In 1936, the typical large Norwegian company was a functional organised production firm. Compared to other Nordic countries, many of these firms produced for export, whereas the home market was characterised by a high degree of protection. The focus remained on production during the industrialisation area until the 1970s, when the industrial sector's contribution to the Norwegian economy began to decline.

From the late 1950s onward, the home market became more open. In 1959, Norway became a member of the European Free Trade Association (EFTA), which brought new challenges both domestically and internationally. Organisationally, this change was reflected in the size and influence of the firms' marketing departments. In the mid 1980s, the focus changed towards financial challenges. Turnover at the Oslo Stock Exchange increased 10 times from 1982 to 1985, with the numbers of mergers and acquisitions increasing significantly during the same years. The largest firms also changed to the divisionalised organisational model during this period (Amdam 1999). In terms of market transformation, the internationalisation process of Norwegian companies began to accelerate from the late 1980s (Benito et al. 2002), although the foundations for this internationalisation process started as early as the late 1960s

(Amdam 2009). During the late 1990s, the typical large Norwegian firm was a divisionalised organisation with international subsidiaries.

Structural conditions of management education in Norway

In the 20th century, there were two important “elite” institutions in Norway with regards to educating top managers: the Norwegian School of Economics (NHH) and the Norwegian Institute of Technology (NTH) (Amdam 1999), established in 1910 and 1936, respectively. Norway was a latecomer in educating its own business elite (Engwall 2007), founding its first university (*Det Kongelige Frederiks Universitet*) as late as 1811. The German *Handelshochschule* and *Technische Hochschule* tradition was the inspiration behind the establishment of the NHH and NTH; thus, initially, these institutions were not part of the university system (Amdam 1999, Hanisch and Lange 1985). However, in 1996, the NTH became part of the University of Trondheim and was renamed the Norwegian University of Science and Technology (NTNU). The NHH remains a free-standing institution in Norway’s higher education system.

Both the NHH and NTH/NTNU are state-owned and have held a clear elitist position in Norway’s higher educational system. For instance, these institutions have long had a monopoly on awarding titles with the prefix “civil” (e.g. “civil engineers” and “civil economists”) to their graduate degrees. Relatively few students are enrolled in the programmes each year, which means that most graduates have gained quite attractive first positions after graduation. It was not until the 1980s that other universities and colleges were allowed to offer the titles of “civil engineer” and “civil economist”. Specifically, in 1985, three other higher education institutions were granted the right to graduate civil economists in

addition to NHH: the BI Norwegian Business School in Oslo (BI), Agder University College, and Bodø University College. As a result of the strict enrolment practices at these institutions, more students went abroad to study engineering or business. For example, when BI was awarded the right to offer the civil economist title in 1985, 724 students went abroad to study business, 250 students were accepted at BI, and 308 students were accepted at NHH (Amdam 1999; Table 10.5).

A further liberalisation of these degree programmes took place in 2003, when Norway implemented the Quality Reform of Higher Education as a result of the Bologna Process towards higher education in Europe. As a result of this reform, the NHH and NTH/NTNU went from integrated study programmes of 4 and 4.5 years, respectively, to 5-year programmes offering a bachelor's part (3 years) and a master's part (2 years). Also as a result of this reform, the titles of "civil economist" and "civil engineer" were no longer protected. Today, 11 higher education institutions in Norway offer the Master of Science degree in economics and business administration (civil economist), and 12 offer the Master of Science degree in technology (civil engineer).

Even with this liberalisation, the master's programmes in civil economics and civil engineering at the NHH and NTH still have the highest enrolment requirements within these categories. In this sense, owing to their exclusive status, graduates from the NHH and NTH/NTNU still signal managerial talent in the Norwegian management recruitment system. These two types of graduates are among those that receive the highest salaries right after graduation.ⁱ

Based on the description of the structural conditions of the institution of management education in Norway, we can conclude that it faced two major structural changes during the period under study: first, in the 1980s, the end of the monopoly by two state-owned institutions (NHH and NTH/NTNU) to offer these kinds of management educations; and second, the implementation of the Quality Reform of Higher Education in 2003 that led to the disappearance of the protection of the titles “civil economist” and “civil engineer”. These structural changes along with the need for new managerial competence due to market and organisational transformations may influence the shared understanding of the institution of management education. To what extent that has happened in Norway will be in focus in the rest of the paper.

Production and reproduction of the Norwegian managerial elite

In this section, we present the results of empirical investigations on the extent to which the educational backgrounds of top managers in the largest companies in Norway have changed from 1936 to 2009. Such a change indicates that the institution of management education has been altered. The first part of the analysis focuses on results connected to Proposition 1; namely, to what extent the need for new managerial competence due to market and organisational transformations of Norwegian businesses has led to changes in the institution of management education in Norway from 1936 to 2009.

Changes in the Norwegian institution of management education from 1936 to 2009

Amdam (1999) and Skaalebraaten (1996) show that among Norwegian managers, engineers are frequently found in management positions, reaching as far back as 1936.

Insert Table 1 here

From the 1970s onwards, the proportion of business-educated graduates (civil economists) in managerial positions has increased. In 1991, 42.6% of the CEOs from the 100 largest Norwegian manufacturing companies were business school graduates, and 34.3% were engineers (Amdam 1999). This change from civil engineers to civil economists as the typical educational background of a CEO reflects structural changes in the firms themselves, and a transformation of the CEO's job from a focus on technical issues to marketing and financial issues (i.e. larger and more complex organisations in need of management).

Hence, the perceptions of the CEO's job led the institution of management education to perceive business education as a more relevant educational background for managers, as opposed to the engineering education that dominated until the 1970s. We argue that this alteration in perception represents a modification rather than a fundamental change, because these two types of educational backgrounds have many similarities: both are considered elite, develop professional proficiency relevant for businesses, and are to a master's degree level. Thus, the modification can be viewed as a stretching of the institutional script for management education from engineering knowledge to business knowledge, while the structural conditions underlying the education remain the same.

The dominance of engineers and business school graduates in management positions was still present in Norwegian business life in 2009. In 1991 and 2009, the percentages of top

managers in the 100 largest companies with these two educational backgrounds were 76.9% and 71.5%, respectively. Thus, as the typical route to a management position in Norway, a future CEO starts with an elite education in engineering or business, thereafter gains some relevant functional experience, and then enters a management position at a relatively early stage of his or her career. On average, managers spend 4 years in a functional area (e.g. accounting, engineering, business administration, consulting) before they enter their first management position (Kvålshaugen 2001). Compared with the results from the 1991 data, engineers still have a strong position among CEOs, but their percentage has declined (from 34.3% in 1991 to 26% in 2009). At the same time, an increasing number of CEOs have obtained business school degrees (from 42.6% in 1991 to 45.5% in 2009).

The position of business schools as the main providers of new members of the business elite has been strengthened and expanded from 1991 to 2009. Among the CEOs in 2009 who were business school graduates, six had civil economist degrees from BI, compared with 12 from the NHH in Bergen. Other evidence shows the increasing importance of these two business schools: with regards to the CEO's primary degree, the importance of BI and NHH relative to foreign business schools has increased. Between the 1960s and 1980s, many Norwegians went abroad to achieve a business degree because the capacity for business education in Norway was very limited. In 1991, 12 of the 29 sampled CEOs with a primary degree in business earned their degrees from a foreign university. However, in 2009, only four of the 32 sampled Norwegian CEOs, including three foreign CEOs, earned their primary degrees from a foreign institution. Both BI and NHH offer increasingly important business programmes in addition to the exclusive civil programme. In 2009, nine CEOs had a degree other than a civil economist degree from BI, and one had a degree from another programme at the NHH, as their primary degree. Finally, these two Norwegian business schools play a

very important role in the Norwegian qualification system for the business managerial elite if we consider post-experience executive education taken in addition to the CEOs' primary degrees. In total, 46% of the sampled CEOs had at least one degree – a main degree or an additional postgraduate executive degree – from NHH or BI.

These results show that changes in the structural conditions of management education after the removal of the monopoly from the NHH or NTH/NTNU have influenced the institution of management education in Norway, particularly for civil economists. Although these changes have not fundamentally changed the established view of management education, but rather stretched the institutional script, the new actor – BI – is now considered to be capable of delivering managerial talent to the Norwegian business elite, but the relevant graduates are still civil economists.

However, the two other educational institutions that, since 1985, were also allowed to offer the civil economist title do not seem to be part of the institution of management education in the same way as the NHH and BI. The reasons for this result may be diverse, but might partly be because Agder and Bodø have graduated far fewer students compared with BI and the NHH. Furthermore, these two civil economist programmes have been part of university colleges that offer many other educational programmes, whereas BI and the NHH are solely business schools. Hence, they have clearer profiles for businesses who recruit students. Moreover, in 1985 it was decided that BI students who had graduated as far back as 1971 should be given the civil economist title. As a result, BI already had many civil economists in the labour force when they were finally granted the right to graduate such candidates.

With regards to civil engineers, the NTH/NTNU still dominates as the school that delivers managerial talent to the Norwegian business society. It is too early to ascertain the extent to which the Quality Reform of Higher Education has influenced the institution of management education in Norway. ⁱⁱ

The dominant educational backgrounds of top managers from 1936 to 2009 have been civil economists or civil engineers, and most of them have been educated at the NHH and NTH/NTNU. However, the weight between these two educational backgrounds changed in the 1970s because of changes in what was perceived as the important professional proficiencies necessary for top managers in business (Amdam 1999; Kvålshaugen 2001). Hence, a modification of the institution of management education took place in Norway in the 1970s. This change can be considered to indicate a response to new managerial competence needs as Norwegian companies grew larger and experienced fiercer competition.

This continuity is also supported if we include how CEOs combined their primary degrees with additional degrees, including, especially, the MBA degree. In 2009, 29% of CEOs had more than one degree, and that 21% of the 69 CEOs had an MBA. All of them took an MBA or an Executive MBA (EMBA) in addition to already having a master's degree. We interpret this result as indicating a tendency towards international convergence and a weakening of Norwegian institutional characteristics, in response to managerial competence needs. By contrast, half of the CEOs with an MBA (8 out of 16) already had a master's degree in economics and business administration, while the others had degrees from various studies, such as engineering, political science, and agricultural science.

From an institutional context, this new degree does not replace any existing degree, but adds a new dimension to it. The introduction of the MBA and EMBA degrees as relevant educational credentials of Norwegian top managers cannot be seen as a fundamental change, but rather as a modification of the institution of management education, because such degrees are taken as add-ons to the civil economics and civil engineering degrees. Thus, we argue that the system was modified, and that the MBA/EMBA added strength to the dominant positions of CEOs whose primary degrees were in business and engineering, in particular by providing knowledge of internationalisation and international management. Thus, the institutional script of management education was stretched to include knowledge gained from international MBA/EMBA programmes as an add-on.

Why so persistent? The role of institutional solidarity and plasticity

The educational credentials of Norwegian CEOs show remarkable stability over time. We propose in the theoretical part of the paper that the institution of management education is relatively stable over time because of institutional solidarity and institutional plasticity.

Norway can be characterised as applying a symbolic recruitment policy combined with a functional recruitment policy for top management positions (Segalla et al. 2001). Historically, graduates with higher degrees in engineering were typically top managers in the period of industrialisation up to the 1970s, when engineering skills were regarded as critical for a firm (Amdam 1999). Later, when functional areas such as marketing and finance were upgraded as critical resources, business schools emerged as relevant providers of graduates for managerial positions. Business schools kept their strong positions when Norwegian firms changed into international firms from the 1990s.

We can observe modifications as results of market transitions in the increasing tendency of CEOs to obtain an MBA, not as a substitute for existing educational patterns, but in addition to the traditional path of having a master's level degree in civil engineering or, especially, a civil economics. Kvålshaugen (2001) shows clear relationships between educational backgrounds and functional work experience. We infer that the Norwegian recruitment system for management positions can also be recognised as a system of functional recruitment. Thus, the importance of professional proficiency for Norwegian business managers leads to a functional recruitment policy, a relationship that coincides with Laurent's (1983) observation that Nordic countries conceive of organisations as instrumental. The relevant professional proficiencies of top managers in Norway are believed to be in-depth knowledge of the product and/or production process (civil engineer) and knowledge about business and administration (civil economist) (Kvålshaugen 2001). This functional recruitment policy is paralleled in a symbolic recruitment policy, expressed in an elitist regulation policy through acceptance requirements to higher degree studies in engineering (NTH/NTNU) and business (NHH). Thus, graduates from elite institutions with tougher enrolment requirements are seen as having greater managerial talent.

A top manager is normally recruited by a board of directors. Norwegian board members are professionals with extensive business experience from management positions, or they are currently employed in the top management team of another Norwegian company (Lervik, Huse, Hansen, and Svendsen 2005). There are no statistics available on the educational background of board members. However, based on the educational background of managers in Norway as far back as 1936 (our data), and the fact that many board members are former or current managers, it is reasonable to assume that engineering and business education also dominate among board members. Therefore, it is likely that a kind of institutional solidarity

(Maclean et al. 2010) exists in connection to the recruitment policy of top managers.

Dominant agents within the field build and maintain institutional solidarity by defining the appropriate educational backgrounds for top managers, which are likely to be similar to their own and considered legitimate by the dominant agents.

In 2002, a political initiative was undertaken by the Minister of Industry Ansgar Gabrielsen. He proposed, and the Norwegian parliament decided, that 40% of board members in Norwegian-listed companies should be women by 2006. This change in the board composition could have led to a change in what was perceived as management education. However, no conclusive research has so far suggested that this is the case. Thus, the combination of functional and symbolic recruitment policies seems to have remained strong in the Norwegian business context.

Studies show that businesses in Nordic countries resist recruiting foreigners to their top management teams (Greve et al. 2009). However, Greve et al. (2009) find evidence that foreign leaders are recruited in order to match managers to strategies. The increased internationalisation of Norwegian firms has led to the introduction of international MBA/EMBA educations to identify relevant and appropriate management competences, perhaps as compensation for the lack of international experience connected to the first degree. The number of Norwegian CEOs with a foreign business degree as their primary degree decreased from 41.4% in 1991 to 12.5% in 2009. Furthermore, there has been an increase in the number of CEOs that have non-Norwegian citizenship in top management positions in Norway (from 4 in 1991 to 13 in 2009), although these foreigners have the same educational credentials as their Norwegian counterparts. Therefore, the same functional and symbolic criteria apply in terms of what is appropriate competence for the CEO of a large Norwegian

corporation (business and engineering education). These findings suggest evidence of institutional plasticity with regards to developments in the institution of management education in Norway.

There might be many reasons for why foreign leaders are not employed as top managers in Norwegian companies even though many companies having clear international ambitions (Amdam 2009, Benito et al. 2002). These potential explanations include the conception of organisations and management in Norway. The Norwegian business system is characterised by a coordinated market economy, in which cooperation, participation, local decision power, equality, and democracy are important coordination and control parameters (Sejersted 1997). The conception of management in Norway can be characterised as egalitarian, lacking in coercive power, and with high emphasis on professional knowledge (Kvålshaugen and Amdam 2000). It is reasonable to conclude that those who are recruited as top managers believe that only Norwegians can understand these characteristics of Norwegian companies, thus leading to a more risk-averse and legitimising strategy by recruiting candidates from Norwegian backgrounds.

Conclusion and implications

In this study, we have investigated the extent to which the educational background of CEOs in Norway changes when new managerial competence needs emerge. The results show that the institution of management education has not fundamentally changed, but rather has been modified and stretched. Concepts of institutional solidarity and institutional plasticity underlie the existence of modifications rather than fundamental changes.

This study empirically analyses the development of the educational backgrounds of Norwegian CEOs from 1936 to 2009. From 1967 until 2009, we observe two major instances of modifications of the institution of management education in Norway: from the 1970s onwards, the prominent professional knowledge of managers shifted from engineering to business knowledge, but still recruiting managers with educational background for elite institutions and a business knowledge base. The second modification occurred when MBA education was included to signal knowledge of international affairs (1990s). However, the introduction of the MBA degree as management education did not change the institution of management education. It was more an add-on to the already existing management education. The conceptions of organisation and management create expectations as to what is viewed as an appropriate educational background for the managerial elite, especially in countries where educational credentials play a major role in signalling managerial talent. Over time, cognitive institutions come into play because what is understood as relevant experience and competences for a manager will be reproduced (Bourdieu 1996). This development is mainly because the recruiters of new managers seek people who mirror themselves, and these recruiters are purveyors of the narratives that decide the dominant discourses in business life (Bourdieu 1996, Kvålshaugen 2001, Maclean et al. 2010, Segalla et al. 2001). Furthermore, institutional scripts such as relevant managerial competence are disembedded from one context (functional organisation and production) and re-embedded in another (divisionalised organisation and marketing) are stretched and edited to fit new contexts.

These results suggest that recruiters do not see any other alternatives to the already existing management education and managerial competency requirements (DiMaggio 1991).

However, to seek legitimacy and adjust to institutional pressure, ideas and prototypes are modified and stretched to fit the new context (Lok and De Rond 2013, Sahlin and Wedlin

2008). Instead of giving in to exogenous pressures such as market transformations, the institution of management education is adjusted to fit new contexts.

Increasing internationalisation suggests that there are forces that pull in the direction of international convergence regarding management education, especially with the spread of MBA education as the new management education in many countries. Our study does only focus on the development of the institution of management education in one country – Norway. There is clearly a need for more comparative studies that investigate the development of the institution of management education in different countries. For instance comparing countries where educational credentials are important screening mechanisms of managerial talent and where they are not. Furthermore, our study shows that the MBA functions as an add-on to, rather than a replacement of, the already existing management education. This finding indicates a stretching of the institutional script of management education to fit new contexts. Still, the importance of the MBA label represents a future avenue for research. Studies should investigate how management recruitment in multinational enterprises is influenced by national conceptions of management and management education, as well as the extent to which these understandings change over time.

Another promising approach would be to investigate institutions that could undermine the strong relationship between education and managerial elites. These suggestions are connected to the process of deinstitutionalisation—namely, how institutions are weakened and disappear—and the need for this type of research has already been recognised (Dacin et al. 2002). An interesting question to address is the extent to which deinstitutionalisation destroys incorporated institutions, such that the business or enterprise would be weakened and face difficulties competing internationally. The recent financial crisis, and the weakening of the

legitimising position of current business leaders because of this crisis, might lead to a future deinstitutionalisation of management education.

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Notes

ⁱ <http://www.studenttorget.no/index.php?show=four9four1&expand=four631,four9four1&artikkelid=88four3>.

ⁱⁱ The Quality Reform of Higher Education was implemented in 2003, which means that the first graduates entered the job market in 2010 with their new types of civil economics and civil engineering degrees.