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# Circles of intellectual discovery in Cambridge and management learning. A discourse analysis of Joan Robinson's *The Economics of Imperfect Competition*

## Introduction

In this introduction we focus on three different aspects. Firstly, we present what problems that we are engaged in. Secondly, we introduce the case that we have as basis for our theoretical study. Thirdly, we present the way that we have approached this problem theoretically and methodologically.

Our point of departure is that we appear to live in a golden age for new learning in the highly educating societies. We are interested in how new theorizing and shifts in learning actually emerge. 'Whose ideas and values are reflected and dominant in management knowledge and whose are silent', as Sturdy (2009: 6) asks. The article contributes to improved understanding of new theorizing in economics, which is a kind of learning not sufficiently understood (Nonaka, Chia, Holt, and Peltokorpi, 2014). Secondly, it examines an early, foundational background for management learning theory. Beyond Kuhn's (1962) emphasis on normal science and changes of fundamental theories (paradigms), what seems absent even today is to understand *how* breakthroughs of new foundational theories can come about. Is it an individual creation or a network behind the new?

The article will explore a case of theoretical innovation in the 1930s that changed some basic ideas of how business firms operate in markets. The protagonist of our story is the woman economist Joan Robinson. In her book, *The Economics of Imperfect Competition* (EIC) from 1933, she analyzed firms competing with dissimilar products or what she called imperfect competition. She by that reframed competition into something 'imperfect'?

Pasinetti (2007: 7). Robinson's book later earned her a well known position as an economist, this article aims to shed some light on how this woman also has a role as a more or less silent contributor to later management learning theory.

Theoretically and methodologically we will treat our case as living, discursive practice. How one looks to make sense in the world, often reaching out to some abstract, antecedent beliefs in management thinking (Chia and Holt, 2009), seem to be practices insufficiently understood. Specifically, inspired by Foucault's discourse analysis, we offer insights into what we call 'epistemic interaction' among a group of scholars who contributed to Robinson's book on imperfect competition in the early 1930s. We argue that Joan Robinson and the Cambridge circle she became part of, is a seminal case for insights into organizing of new, unconventional thinking. It should be noticed how fairly small circles – among them some young and unlikely candidates – contributed to different paradigms of how markets worked, as well as eventually laying the foundation for new understanding of how enterprises operated. In today's dynamic markets, this is highly relevant for management learning. How did Robinson's theoretical twist actually emerge – associates it with a milieu of 'the most brilliant young' economists at Cambridge University in the interwar period who were engaging themselves in changing the way the world thinks about economic problems. In Robinson's (1933/1969: 307) own words:

It is customary, in setting out the principles of economic theory, to open with the analysis of a perfectly competitive world, and to treat monopoly as a special case. It has been the purpose of the foregoing argument to show that this process can with advantage be reversed and that it is more proper to set out the analysis of monopoly, treating perfect competition as a special case.

## Perspectives on a case in theory building: individuals, network and discourse

Educational milieus may foster or impede theory building. Research is attending to the spread of new management discourse as ideologies (Barley and Kunda, 1992) or as fashions (Abrahamson, 1996). Many factors can explain what management ideas are taken up – whether enacted by management fads or ‘schools of thought’, or constructed anew through consultants or management gurus (Roslender and Fincham, 2004; Sturdy, 2009; Collins, 2003).

The success of management ideas has been claimed to be grounded in economic realities as well as the spirit of the time (*Zeitgeist*). The financial crisis from the 1929 contributed to the fact that a group of scholars challenged perfect competition theory. Joan Robinson’s book refers to the economic realities in the 1930s and argues that the existing theory of perfect competition can *not* explain what was happening. In the preface to her second edition and after she has introduced the theory of perfect competition, she writes: ‘Here we were in 1930, in a deep slump, and this is what we were asked to believe’ (Robinson, 1933/1969: vi).

As a country with long and unbroken social traditions, British employers were pragmatic. The country still championed *laissez-faire* economics and the ideology of free trade, but rejected the American scientific management (Guillén, 1994). According to Guillén (1994: 208), ‘These developments seem bewildering because of the country’s relative industrial decline and the threat of foreign economic competition, the growth of large enterprises, and the trades unions’ challenges to managerial authority...’. In the UK, Cambridge became a significant place for influential learning that were both ‘situated’ through community interactions (Lave and Wenger, 1991) and an important part of new theorizing practices in economics, in fact, even seen as ‘a revolution to be accomplished’ (Pasinetti, 2007).

For today's management learning in times of economic instabilities, inspirations can be drawn from what unfolded in the 1930s. Stewart and Aldrich (2015) pinpoint that management scholarship has a tradition for borrowing from other disciplines, economics being one of them. Fulop and Rifkin (1999: 17) contend that management learning can be created in many different ways, including presentations of the latest fads or studying soft, middle-range or hard academic theory. We regard Robinson's book as an example of the middle-range category, offering a new look at economic life.

We look upon Joan Robinson's ideas as a critical contribution to how business school scholars and students think about enterprise and management action – although they may not be aware of it. Our case can tell us something about how and why *new foundational ideas* relevant for management are developed, beyond the original thinker image. We argue that discourse analysis encompassing both individuated and collective action could be relevant perspectives for examining our case.

### *Understanding theory building as live practice*

Our objective is to examine theory building in a place that fostered foundational reorientations in understanding business and society (Marcuzzo and Rosselli, 2005). The concept 'practice' is associated with tradition and existing knowledge. Due to the focus of what professionals actually do, it may allow us to trace the development of new and emerging theories as practice (Nicolini, 2012), as well as challenging existing expertise (Mørk et al., 2010). Paradigm-changing theorizing is possibly not a routinized practice, according to Kuhn (1962), nor is it a single-activity. Research has presented theory building as three activities at least entailing creative abducting, analytical elaboration, and justifying (Van de Ven, 2007).

Yet, it is not well understood how and why the various activities can build a sufficient dynamics to constitute a new or diverse theory.

What happened in the Cambridge college-rooms in the 1930s? Scholars' efforts have been studied by following actors, their instruments and texts in contemporary settings such as laboratories (Latour and Wolgar, 1979). We also need to address the unlikely candidate or work that appears as a response to an anomaly, such as Joan Robinson's theory building on imperfect economies. It appears to be characterized by an intricate emergence and ways of changing discourse we found puzzling.

Intellectual theorizing tends to be oratory and text-intensive endeavours. With theorizing (in verb-form) we point to action and being at work with formulating a theory. This orientation also ascribes to possible dialogue and deliberation in reflexive theory building as live practice. This practice-oriented *discourse* angle allows us to address the theory building through Robinson's EIC by means of the framework for discourse analysis by the French philosopher and idea historian Michel Foucault. To dig into earlier texts and their interrelations with later ones in a certain area of knowledge is connected with Foucault's concept 'archaeology'. The aim of his book 'The Archaeology of Knowledge' (Foucault, 2007 [1969]), was to explain how new knowledge appeared through practice over time, in the way that it became broadly accepted as being truthful.

In our analysis of the new theorizing unfolding at the ancient site of Cambridge, we identified a rich interactive learning, which we call 'epistemic interaction'. Although conceived inductively here, it appears to resonate with Ohlsson (1995) and Baker et al. (1999) who used it in a context of learning with humans and machines, whereas we use it in a theorizing context of academic scholars. In both contexts epistemic interaction seems to be concerned with the expression and critical examination of discourses. With this sensitizing

concept, we seek to capture and discuss how the imperfect market theory efforts in Cambridge unfolded – not only for learning existing knowledge but also for moving new theorizing.