#### **ARTICLE**

# Double Objective in Mind: Translating American Management Ideas in the Context of Cold War Finland

Jarmo Seppälä <sup>[]</sup> Pasi Nevalainen <sup>[]</sup> Pekka Mattila Mikko Laukkanen

The transfer of American management ideas was a central part of the Cold War struggle over ideologies. A key mediator was the European Recovery Program, which conveyed American influences to European management specialists. However, a direct influence was not always possible, as in Finland, which officially blocked assistance because of foreign policy considerations. Still, it was among the first countries to follow Harvard University's lead in launching advanced management training. We examine how and why the focal actors adopted the American model of executive education, and how they managed to translate foreign ideas persuasively to the local business elite. The translation of executive education to Finland was a lengthy process that involved modification and readjustment of the original idea according to emerging needs. The Advanced Management Program became the core of the curriculum of Finland's leading executive education institution and thus has influenced the emergence of new business culture.

Keywords: Executive education, Management history, Cold War, Translation

#### Introduction

Over the last few decades, the history of management education has become an established field of research. It comprises several identifiable streams, the most notable of which are research on business schools, degree programs, and Americanization. More recently, business historians have turned their attention to two under-researched themes: executive

- 1. Cruikshank, *Delicate Experiment*; Epstein, *Business at Berkeley*; Kettunen, *Management Education*; Wilson, *Manchester Experiment*.
  - 2. Daniel, MBA: The First Century; Harker, Caemmerer, and Hynes, "Management Education."
- 3. Djelic, Exporting the American Model; Kipping and Bjarnar, Americanisation of European Business; Kipping, Üsdiken, and Puig, "Imitation, Tension, and Hybridization"; Üsdiken, "Americanization of European Management Education."

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Table 1. The two logics of management education

	Initiative for		Source of relevant	Educational		Age	Instructor's
Logic	enrollment	Primary goal	knowledge	materials	Duration	distribution	position
Degree programs	Organizer of education	Formal qualification	Research	Theory-oriented	Years	Small	Authority
Nondegree programs	Employer	Professional qualification	Experience	Practice-oriented	Weeks	Large	Peer

Note: The table is the authors' compilation based on the classification provided by Amdam and supplemented with additional observations made from LIFIM's course material.

Sources: Rolv Petter Amdam, "Executive Education"; Course materials for courses 20-26, Folder: 29, LIFIM, AUA.

education and the role of Cold War geopolitics in the development of management education. In this article, we will follow the recent orientations to analyze how Finland's volatile geopolitical position next to the Soviet Union conditioned the forms of cooperation with US organizations in the field of executive education. The focus of the research is on the initial stages of building an executive education program in Finland during the 1950s and 1960s.

Executive education is not the same as management education, and it forms a distinct subject matter in its own right. As Amdam has noted, the field of management education bifurcates into two sectors with different logics (Table 1). The first logic comprises formal degree programs, especially MBA, while the second consists of nondegree programs and courses (i.e., executive education). Executive education usually takes place outside the formal degree programs and is often run by business schools. The purpose of executive education programs is to train and prepare experienced managers for a transition to senior management positions. Organizations also use executive education in strategic change processes to facilitate the implementation of new strategies.

The other recent stream, the geopolitical viewpoint, perceives education as an instrument for building both political and economic hegemony. The perspective has emerged, for example, in recent studies of the Americanization of Brazilian and Indian institutions, which have demonstrated the purposeful activities of the Ford Foundation in advancing the economic and ideological standing of the United States in the various fronts of the Cold War, especially in the field of management education. <sup>6</sup>

A connecting thread in the historical studies of executive education has been a strong American influence after World War II, especially that of Harvard Business School (HBS) and its Advanced Management Program (AMP). Previous research has persuasively demonstrated the push of ideas about executive education by not only HBS but also other American organizations, such as the European Productivity Agency and the Ford Foundation. On the receiving end—in terms of this article, Finland—the promoters and adopters of the diffusion

 $<sup>4. \ \,</sup> See, e.g., Amdam, "Executive Education"; Amdam, "Creating the New Executive"; David and Schaufelbuehl, "Transatlantic Influence."$ 

<sup>5.</sup> See, e.g., Conger and Xin, "Executive Education"; Crotty and Soule, "Executive Education."

<sup>6.</sup> Cooke and Alcadipani, "Toward a Global History"; Cooke and Kumar, "Shaping of Management Education"; Kumar, "From Henley to Harvard at Hyderabad."

<sup>7.</sup> See, e.g., Amdam, "Internationalization of Executive Education."

<sup>8.</sup> Boel, European Productivity; Gemelli, The Ford Foundation.

were usually a few local individuals who orchestrated the importing of the executive education format with the help of their personal networks at home and abroad. To date, however, researchers have paid little attention to the influence of local actors and national institutions in any individual diffusion process. 10

We study the emergence of Finnish executive education and the influx of influences from the United States. In this article, we investigate how and why Finnish local actors, key individuals, and organizations adopted the "American model of executive education" <sup>11</sup> and how Finnish executive education became established. We justify the use of the concept of "the American model of executive education" within the contemporaneous state of affairs. At the end of the 1950s, there were forty-two "residential executive development programs" in the United States, of which a clear majority were established during the 1950s, and they mostly followed Harvard's example. Programs built in line with Harvard's AMP were also set up around the world. Hence, there is a good reason to see Harvard's model as the American model at the time. 12 In this article, we look in particular at how the industry translated foreign ideas into a form that made sense to the local business elite. As we will show, the American AMPstyle education system that in practice served as a model for the Finnish executive education system was not fully applicable as such to the target audience. The local variant retained the key elements of the role model (see Table 1) and strengthened the American influence in the Finnish academic world in general. Moreover, the executive education program became a key promoter of modern business culture in Finland.<sup>13</sup>

Accordingly, we adopt a neo-institutional perspective, which has traditionally paid attention to the diffusion of organizational practices. <sup>14</sup> On the one hand, institutionalists have often linked diffusion with isomorphism: a phenomenon in which organizations come to resemble their environments and thereby become similar with each other. <sup>15</sup> On the other hand, some researchers have wondered if diffusion leads to the similarity of practices, particularly due to the process of "translation." <sup>16</sup> Whereas pure diffusion studies rest on an assumption that the travel of ideas and practices follows from their original strength, translation studies follow that the success of particular ideas or practices results from their fit with the local settings. <sup>17</sup> The

- 9. See, e.g., Ainamo and Tienari, "Local Version of Management Consulting."
- 10. Amdam, "Internationalization of Executive Education."
- 11. Bjarnar and Kipping have previously pointed out that actors did not adopt a single "American" model but chose the different elements that best suited them (see Bjarnar and Kipping, "Marshall Plan," 6). See also Djelic, Exporting the American Model; Djelic and Amdam, "Americanization in Comparative Perspective"; McKenna Djelic, and Ainamo, "Message and Medium."
- $12. \ \ See \ Amdam, "Executive \ Education"; \ Andrews, "University \ Programs," \ 580-581; Crotty, \textit{Professional Education}.$ 
  - 13. Honko, "Taloustieteen."
  - 14. DiMaggio and Powell, "Iron Cage Revisited"; Meyer and Rowan, "Institutionalized Organizations."
- 15. Boxenbaum and Jonsson, *Isomorphism, Diffusion and Decoupling*; Mazza, Sahlin-Andersson, and Pedersen, "European Constructions of an American Model."
  - 16. See, e.g., Czarniawska and Joerges, "Travels of Ideas"; Latour, "Powers of Association."
- 17. Sahlin and Wedlin, "Circulating Ideas; see also Amdam, "Internationalization of Executive Education"; Greenwood et al., *Sage Handbook*; Kipping and Bjarnar, *Americanisation of European Business*; McCabe and Russell, "'The Costumes Don't Do It for Me'"; Morris and Lancaster, "Translating Management Ideas"; O'Mahoney and Sturdy, "Power and the Diffusion of Management Ideas"; Sahlin-Andersson and Engwall, *Expansion of Management Knowledge*.

facilitators of a process are carriers (or mediators) who not only circulate ideas and practices but also engage in the translation. <sup>18</sup> At the receiving end, adopters have detailed knowledge of the local circumstances and can adjust new ideas and practices to be compatible with prevailing conditions. <sup>19</sup> Powell, Gammal, and Simard pointed out that context may guide the adoption of particular practices due to coercive or normative influences. <sup>20</sup>

It is critical to emphasize that translation is not a one-off event; instead, as Tracey, Dalpiaz, and Phillips highlight, it is "an iterative, dynamic, and ongoing activity." <sup>21</sup> Callon divided translation processes into four phases or "moments." In the first phase, actors problematize the situation by defining it in such a way that they can offer an appropriate solution to it. That is, actors try to make themselves indispensable. In the second phase, which Callon calls "interessement," actors initiate several processes to freeze other actors in their suggested roles. In the third, actors engage in "enrollment" by which they aim to secure other actors' participation in and approval of suggested terms. In the final phase, actors mobilize various methods to make sure that a spokesperson's acts are in line with the interests of the specific collectivity.<sup>22</sup>

Prior research on the emergence of Finnish executive education has been scant. The only work focusing specifically on the history of executive education is Tuomo Kässi's twenty-year review of the Finnish Institute of Management (LIFIM) published in 1978. Despite the book's merit as a specific secondary source on the topic, its scope is narrowed on an organizational history. Otherwise, the history of executive education in Finland has remained as a bypath in the study of related fields. We especially acknowledge the important works of Susanna Fellman, Antti Ainamo, and Janne Tienari, which have provided solid footing to build further research on Finnish management history. Fellman's studies have dealt with the educational background of Finnish managers and the history of management education in general. Ainamo and Tienari are well known for their contributions to the history of Finnish management consulting. In the early stages, the consulting business developed hand in hand with executive education, most importantly through the contribution of visiting American experts. After the first years, the development of the two fields of activity became differentiated, which was also noticeable in Ainamo's and Tienari's studies.

Research that has dealt with the history of executive education in Finland includes Jukka Tuomisto's doctoral dissertation on the historical development of Finnish industrial training, <sup>26</sup>

- $18. \ \, {\it Sahlin-Andersson} \ \, {\it and} \ \, {\it Engwall}, \\ {\it Expansion} \ \, {\it of} \ \, {\it Management} \ \, {\it Knowledge}; \\ {\it Sahlin} \ \, {\it and} \ \, {\it Wedlin}, \\ \ \, "\it Circulating Ideas."$
- 19. Ansari, Fiss, and Zajac, "Made to Fit"; Kirkpatrick, Bullinger, and Lega, "Translation of Hospital Management Models."
  - 20. Powell, Gammal, and Simard, "Close Encounters."
  - 21. Tracey, Dalpiaz, and Phillips, "Fish Out of Water," 1656.
  - 22. Callon, "Sociology of Translation."
- 23. The acronym LIFIM came from combining the institute's Finnish and English names: Liikkeenjohdon Instituutti and Finnish Institute of Management.
- $24. \ \ Fellman, \textit{Uppkomsten}; Fellman, \textit{``Professionalisation of Management''}; Fellman, \textit{``From Consolidation to Competition''}; Fellman, \textit{``Finland.''}$
- 25. Tienari, *Sotakorvaustyön*; Ainamo and Tienari, "Local Version of Management Consulting"; McKenna, Djelic, and Ainamo, "Message and Medium."
  - 26. Tuomisto, Teollisuuden.

Hannele Seeck's and her colleagues' more recent studies on the diffusion of management doctrines and ideologies;<sup>27</sup> and Kerttu Kettunen's and her coauthors' works on the institutional evolution of business schools in Finland.<sup>28</sup> In addition, Karl-Erik Michelsen has offered insights on the organizational history of the Helsinki School of Economics and the history of rationalization activities in Finland.<sup>29</sup> Although these meritorious studies do not target the executive education system per se, collectively they provide solid basic information about the development of management education in Finland. For example, they have already identified the close linkage between nondegree education and consulting business at the outset. Yet the field's knowledge about the history of executive education has remained rather fragmented.

The case of Finland is peculiarly interesting because the adoption of the American model of executive education illustrates how management education became part of the Cold War struggle between ideologies.<sup>30</sup> Finland being located geographically close to the Soviet Union put it in a difficult position in terms of foreign policy. Unlike in many other Western European countries, Finland could not accept Marshall Aid due to opposition from its neighboring superpower.<sup>31</sup> Finland had been at war with the Soviet Union and, although it had not been occupied, it was one of the losers of World War II. In terms of peace, Finland had to make various concessions and pay massive war reparations. 32 In addition, the countries concluded a Treaty of Friendship, Cooperation, and Mutual Assistance in 1948, which was directed primarily against Germany and its allies and their potential military threat and became a backbone of Finno-Soviet relations for coming decades.<sup>33</sup> Hence, Finland could not even participate in negotiations because the Soviet Union saw the European Recovery Program (ERP) as a propagandist act and pressured the Finnish government not to take part.<sup>34</sup> However, this did not entirely prevent the arrival of American influences. As this study will show, Finland did not passively settle for dictated seclusion but found ways to circumvent Soviet directives.

The emergence of executive education starting in the late 1950s rested largely on American financial and professional assistance. The United States wanted to support Finnish business life to ensure that the Finns remained supportive of capitalism and "the unity of Western civilization." This succeeded, at least in the sense that in the following decades the Finnish economy grew strong, Finland developed into a Nordic welfare state, and the country joined the European economic integration process. Finland became a member of the European Free Trade Association in 1961 and the European Economic Community in 1973.<sup>36</sup>

- 27. Seeck, *Johtamisopit Suomessa*; Kuokkanen, Laakso, and Seeck, "Management Paradigms in Personnel Magazines"; Seeck and Järvelä, "Katsaus"; Seeck and Kuokkanen, "Management Paradigms in Finnish Journals"; Seeck and Laakso, "Adoption of Managerial Ideologies."
- 28. Alajoutsijärvi, Kettunen, and Tikkanen, "Institutional Evolution of Business Schools"; Juusola, Kettunen, and Alajoutsijärvi, "Americanization of Management Education"; Kettunen, *Management Education*.
  - 29. Michelsen, Työ, tuottavuus ja tehokkuus; Michelsen, Vuosisadan tilinpäätös.
  - 30. Cf. Kumar, "From Henley to Harvard at Hyderabad."
  - 31. Bjarnar and Kipping, "Marshall Plan"; see David and Schaufelbuehl, "Transatlantic Influence."
  - 32. Rautkallio, Suomen sotakorvaukset.
  - 33. Jakobson, "Substance and Appearance."
  - 34. See Djelic, Exporting the American Model.
  - 35. Amdam, "Productivity and Management," 374.
  - 36. See, e.g., Fellman, "Growth and Investment"; Pihkala, Suomalaiset.

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The key players in introducing the American model of executive education were Finnish and American individuals who built their relationships within the framework of international organizations and used them to obtain and direct the necessary funding to establish the Finnish version of the HBS's AMP. After the war, Finnish trailblazers sought both involvement with Western cooperation and ways to participate in management development programs organized by Americans and funded through the ERP. As this was not possible, Finns had to find an alternative resolution. In 1953, after the preparatory phase, these men established the Foundation for Productivity Research (FPR),<sup>37</sup> an independent organization that could accept US support. In 1964 the FPR founded an "advanced management institute": the LIFIM. This accomplishment was far from easy. A majority of experienced leaders did not believe that foreign ideas could take root in Finland.<sup>38</sup> In this light, the Finnish case offers an excellent empirical setting to study the dynamics between local and foreign influences.

In this article, we build a historical narrative on the effect of American aid on the development of Finnish executive education.<sup>39</sup> We also analyze how the focal actors chose and translated the American education model into Finnish executive education in the 1950s and 1960s. In this effort, we utilize relevant theoretical concepts to identify, explore, and explain the empirical phenomenon.<sup>40</sup> We began our research by reviewing the written history of management education and the biographies of key individuals and organizational histories. We then we took a closer look at the organizations through which cooperation between Finns and Americans took place.

Initially, international cooperation was the responsibility of the Työtehovaltuuskunta (Finnish Management Council, FMC), which was established in 1942 to coordinate and supervise rationalization activities. In 1947, the FMC became a member of the Comité International de l'Organisation Scientifique (International Council for Scientific Management, CIOS), which was an important mediator of American management and rationalization methods in postwar Europe. In the FMC's archives, we found information on Finland's international collaboration in the postwar years, Finland's activities in CIOS, and direct correspondence between Finnish and American actors.

The most important Finnish organization turned out to be the FPR, which was created to enable the acceptance of American financial assistance and which organized the original Finnish executive education courses from 1958 to 1964. We studied the foundation's activities through systematic review of annual reports and other archival materials, such as its founding protocols and documents on foreign funding and the activities of the "American Associates" group (see below), which presented the American assistance in its concrete form. In Rector Virkkunen's letter collection in the archives of the Helsinki School of Economics, we found interesting information about practical experiences and interpersonal relations during the cooperation.

<sup>37.</sup> The foundation had an official name in both Finnish (Tehokkaan Tuotannon Tutkimussäätiö, TTT) and English (FPR).

<sup>38.</sup> Fellman, "From Consolidation to Competition."

<sup>39.</sup> Gill, Gill, and Roulet, "Constructing Trustworthy Historical Narratives"; Kipping, Wadhwani, and Bucheli, "Analyzing and Interpreting Historical Sources."

<sup>40.</sup> Maclean, Harvey, and Clegg, "Organization Theory."

We also examined the documents pertaining to the creation of LIFIM in the Aalto University Archive. The LIFIM's documents include course brochures, course materials, and memoranda from its establishment through 2006. Finally, after we had completed our understanding of the historical translation process, we compared the structures of the Harvard Business School's AMP and the Finnish LIFIM's Executive Education course to see to what extent the Finnish application resembled its American role model.

In sum, we traced the process from the first postwar international contacts to the establishment of the Finnish institution of executive education LIFIM. This progressive decentralization led to the institutionalization of American professional leadership ideals over the following decades. As Leo I. Suurla, a trailblazer in Finnish management consulting and executive education, concluded in 1989, this brought a paradigm shift "from scientific management to professional management" in Finnish management culture. 41

### The Origins of Finnish-American Collaboration

With the benefit of hindsight, we can say that Finnish executive education started through wartime rationalization efforts. The ideas of scientific management had arrived in Finland at an early stage, but they had not yet gained a significant foothold. Prior research has explained this, inter alia, by referencing the low level of development of local industry. <sup>42</sup> In the 1920s, German rationalization became the most important foreign influence in Finnish management thinking but, in general, the importance of theoretical knowledge remained limited. Rationalization became more widespread only during World War II, when warring nations applied it to use scarce resources as efficiently as possible. The actors also applied it to practical issues, such as loading trains quickly and cutting the costs of office work. <sup>43</sup> Teollisuuden Työteholiitto (the Federation of Industrial Work Efficiency, FIWE) was established in 1942 (Figure 1) to organize training for time and motion analysts.

The FIWE's tasks also included organizing and promoting rationalization in the manufacturing industry, initiated by the Teollisuusliitto (Industrial Union of Finland). The other constituent organization was the General Headquarters of the Finnish Army, which coordinated all rationalization and job analysis activities. The General Headquarters' Bureau of Time and Motion Research had a specific purpose: to bring together the few scarcity experts and increase rationalization expertise in Finland. In 1950, the board dissolved the FIWE and established a limited company, Oy Rastor Ab, to continue its work. Astor operated three branches: consultancy, rationalization education, and textbook production. The services were aimed at business executives, who rarely had formal

<sup>41.</sup> Quoted in Tienari, Sotakorvaustyön, 20.

<sup>42.</sup> See, e.g., Michelsen, *Työ, tuottavuus ja tehokkuus*; Karhu, *Virasto-oloja suursiivoamaan*; Seeck and Järvelä, "Katsaus."

<sup>43.</sup> Karhu, Virasto-oloja suursiivoamaan, 16–21; Michelsen, Työ, tuottavuus ja tehokkuus; Niini, Työntutkimukset.

<sup>44.</sup> Michelsen, Työ, tuottavuus ja tehokkuus; Suurla, Rastor 20 vuotta; Tuomisto, Teollisuuden.

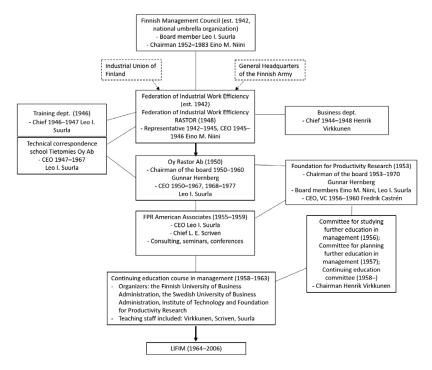


Figure 1. Organizational relationships and key personnel.

Source: Authors' compilation from previous research (see Kässi, 20 vuotta; Michelsen, Työ, tuottavuus ja tehokkuus; Suurla, Rastor 20 vuotta.)

management education but had experience in practical business.  $^{45}$  Rastor used modern American methods—Training Within Industry (TWI) and Methods-Time Measurement (MTM)—by the early  $1950s.^{46}$ 

Continuity between organizations is reflected in Figure 1, which shows that a small number of individuals led several organizations created to fulfill different needs and educational functions. Henrik Virkkunen and Suurla, young and enthusiastic promoters of management development, headed two key departments of the FIWE: business and training, respectively. Eino M. Niini, the FIWE's CEO and professor in the Finnish Institute of Technology, and Virkkunen and Suurla became the founding fathers of executive education and management consulting in Finland.<sup>47</sup> The fourth key person, Gunnar Hernberg, worked behind the scenes as the chairman of the Industrial Union of Finland, Rastor, and the FPR.

In the postwar years, Finland's most important connection to international cooperation was with CIOS, which Finland joined at the Stockholm Conference in 1947, along with

<sup>45.</sup> See, e.g., Fellman, "Professionalisation of Management."

<sup>46.</sup> Memo on Rastor's training activities in 1952, November 11, 1952, Folder: 12 Working material (1943–1953), Työtehovaltuuskunta (Finnish Management Council, hereafter FMC), Kansallisarkisto (The National Archives of Finland, hereafter NAF).

<sup>47.</sup> Ainamo and Tienari, "Local Version of Management Consulting."

Canada, Denmark, and Norway.<sup>48</sup> At that time, many Western influences came to Finland via Sweden. This was natural because Sweden was nearby, Finland had a historically close relationship with it, and Finnish elites traditionally spoke Swedish well. Finland's formal representative was the FMC, which was established as an umbrella organization to coordinate Finnish rationalization activities of various organizations (e.g., FIWE and Rastor).<sup>49</sup> The organization was tasked with monitoring compliance with the Rationalization Act (in effect from 1945 to 1952), which included the responsible manager of a consulting firm to have a special certification.<sup>50</sup> The FMC sent Finnish delegates to international CIOS meetings.

The CIOS was an international cooperation organization whose members were national rationalization boards. Its mission was to promote the principles and methods of rationalization to raise the standard of living through more efficient use of human and material resources. After World War I, the organization had spread the American doctrines of "scientific management"; and after World War II, "productivity." Hence, the CIOS was an important "semi-official" route for building cooperation with Western organizations. The CIOS not only offered access to valuable up-to-date information but also provided access to personal communication with several focal individuals. After Finland joined the organization, significant CIOS influencers visited Finland, such as its former president Harry A. Hopf in 1947, its sitting president Assar Gabrielsson in 1949, and prominent management theorist and consultant Lillian M. Gilbreth in 1949. Finns were also able to participate in activities such as conferences and the exchange of "top management letters," which were concise corporate case reports produced and shared by member countries.

A concrete indication of FMC's desire to deepen international cooperation and related problems can be found in the late 1940s announcement of Harold B. Maynard, the president of the US National Management Council (NMC), to CIOS President Gabrielsson that "a panel of American experts were to go to various European countries to hold clinics on matters of management know-how." Lectures were conducted at these clinics and experts consulted with local executives. <sup>53</sup> This initiative clearly came to the attention of the Finns, as Maynard's letter can be found in the FPR archives. However, Finland could not participate if their funding was related to the ERP. In April 1949 the Finns replied to the CIOS that they were interested in the project and they would gladly invite American experts to Finland, but the problem was

- 48. Kantola, *Työtehovaltuuskunta*, 8, 18; Klaus Waris, *Suomi ja kansainvälinen rationalisointijärjestö* [Memorandum: Finland and the International Organization for Rationalization], December 1, 1948; Minutes of Meeting of CIOS Council, held in Stockholm, July 2, 1947, Folder: 13 CIOS-conference (1947–1953), FMC, NAF.
  - 49. Michelsen, Työ, tuottavuus ja tehokkuus.
- 50. Successful graduates were allowed to use the title *Työtehovaltuuskunnan hyväksymä työntutkija* [FMC-approved Work Efficiency Researcher]. The law originally came into force in 1945 and expired at the end of 1952. See Law 29.1.1949/89 and Act 29.1.1949/90; FIWE's annual report 1949, Folder: 8 Working material (1942–1971), FMC, NAF.
- 51. Memo, *Ehdotus uusiksi CIOS-säännöiksi* [Proposal for new CIOS rules], 1961, Folder: 9 Working material (1945–1971), FMC, NAF.
- 52. Kantola, *Työtehovaltuuskunta*, 8; *Käännös CIOS-järjestön pääsihteerin Hugo de Haan'in artikkelista* "*Rationalisoinnista produktiviteettiin*" (Finnish translation from Hugo de Haan's article), September 10, 1952, Folder: 9 Working material (1945–1971), FMC, NAF.
- 53. Letter from H. B. Maynard to Assar Gabrielsson (original in English), November 15, 1948, Folder: 14 CIOS-conference (1945–1953), FMC, NAF.

arranging needed funding.<sup>54</sup> A little later, the Finns wrote to Maynard to explain that the problem was the project's close connection to the Marshall Plan.<sup>55</sup>

The collaboration between Finland and the West had to proceed with care and through less politicized routes. <sup>56</sup> Research to date has highlighted the good personal relations between Finnish scholars and American universities and research institutions built especially by the young generation of academicians. <sup>57</sup> The visits of Finns to the United States intensified in the early 1950s via the Amerikan Suomen Lainan Apurahat (American Loan to Finland, ASLA) program. <sup>58</sup> This program began in 1949 when it reinstituted the academic exchange between Finland and the United States after World War II. Finland joined the Fulbright program in 1952 when it was clear that such an agreement would not risk the country's relationship with the Soviet Union. Later the programs merged as the ASLA-Fulbright program.

There were group tours to explore American industry as well as short study trips to universities. In April 1950, the FIWE organized an event in Helsinki in which Erkki Lampén shared his experiences from a four-week MTM course in the United States. His presentation did not deal so much with the method itself as with current American perceptions of a manager's duties, skills, and training. Lampén's trip to the United States and participation in the MTM course was sponsored by CIOS. <sup>59</sup> Previous research has also highlighted the visit of Henrik Virkkunen, who received grants from three Finnish foundations to spend the 1948–1949 academic year at New York's Columbia University, where he created valuable networks for the subsequent development of Finnish executive education. According to Michelsen, Virkkunen leveraged his personal relationships to raise funds to develop a Finnish executive education program. <sup>60</sup>

# The American Contribution to the Establishment of the Finnish Executive Education Program

The research literature has discussed how and when the concrete collaboration regarding management education originated.<sup>61</sup> The archival sources offer additional details on the matter, yet their information is not fully coherent. What these sources have in common is that they tell us that both Finns and Americans were willing to initiate cooperation but they had to find a way that did not contradict governmental policies. Interestingly, the versions

- 54. Letter from Pekka Mannio to CIOS president de Haan, April 12, 1949, Folder: 13 CIOS-conference (1947–1953), FMC, NAF.
- 55. Letter from Finnish Management Council to Maynard, September 20, 1949, Folder: 14 CIOS-conference (1945–1953), FMC, NAF.
  - 56. See, e.g., Meinander, Tasavallan tiellä; Fellman, "Professionalisation of Management."
  - 57. See, e.g., Salmi, Ei se mitään; Lehtonen, Kauppatieteiden komea kaari.
  - 58. Tiitta, Tieteen tukijoukot.
- 59. Kantola, *Työtehovaltuuskunta*, 19; *Lampén koulunpenkillä* [Lampén on the school bench], press clipping, Folder: 14 CIOS-conference (1945–1953), FMC, NAF.
  - 60. Michelsen, Työ, tuottavuus ja tehokkuus, 186.
- 61. See, e.g., Ainamo and Tienari, "Local Version of Management Consulting"; Fellman, "From Consolidation to Competition"; Kässi, 20 vuotta.

differ in terms of who made the first move. The American version of the key events was as follows:

Finland's representative attending a Paris meeting of the International Committee for Scientific Management (CIOS) [1950] sought advice and help from the US representative on how to obtain aid for Finland on these important matters on Scientific Management and other techniques leading to higher productivity. As a consequence this far seeing [sic] American undertook to raise a fund by private contributions from Finland he organized a management and technical group of America to Finland for a year on this original mission. 62

The Finnish version is widely cited and based on the memoirs of Gunnar Hernberg, chairman of the Industrial Union of Finland. Hernberg's version dates to October 1952.<sup>63</sup> Lederer—also representing the American NMC (later the Council for International Progress in Management, CIPM)—arrived in Finland to take care of some CIOS affairs. According to Hernberg:<sup>64</sup>

In 1952, American Mr. A. M. Leederer [sic] visited our country cautiously sounding out the need for financial support for revitalizing the business life that had suffered badly during our wars. As the chairman of Rastor's board, I invited Leederer to a tête-à-tête, in which I asked him openly to talk about his agenda. Because I concluded that the funding he offered might be disguised Marshall Aid, I turned to the Ministry of Foreign Affairs. They advised me to at least officially reject the endowment.

I informed Leederer and remarked that I would try to find an appropriate form in which to receive the support he offered and will get back to him at that point. Together with Rastor's CEO of that time, Leo Suurla, we decided to set up a foundation in 1953, for which I invented the name Foundation for Productivity Research (. . .). Thereby, the endowments we received did not have an official label. <sup>65</sup>

There are other versions of the events as well. According to Michelsen, the idea to use the FPR as the receiver of the support came from Martti Levón and Henrik Virkkunen. Suurla's description supports Hernberg's version that "the directors of Rastor decided to take measures to establish a foundation that could take the promised support," but he did not identify the actors by name. In an FPR memo, signed by Hernberg, the initiative for the establishment came from CIOS president Albrecht M. Lederer.

Considering the historical context, and especially the political sensitivity of the Marshall Plan, it is probable that the obscurity of the accounts safeguarded actors from Soviet reactions.

- 62. Alfred C. Howard, Mission to Finland (original in English), 1956, Folder: 10371:25, Tehokkaan Tuotannon Tutkimussäätiö (Foundation for Productivity Research, hereafter FPR), Elinkeinoelämän keskusarkisto (Central Archives for Finnish Business Records, hereafter CAFBR).
- 63. See Michelsen, *Työ, tuottavuus ja tehokkuus*, 186; Suurla, *Rastor 20 vuotta*, 8 (our translation from Finnish); Gunnar Hernberg, the American Associates Participation in the Activities of the Foundation for Productivity Research, November 18, 1955, Folder: 10371:25, FPR, CAFBR.
- 64. Minutes from the Federation for Industrial Work Efficiency, October 2 and November 6, 1952, Folder 9: Working material (1945–1971), FMC, NAF.
  - 65. Hernberg and Zetterberg, Sokerimiehen muistelmat, 216 (our translation from Finnish).

Rastor's board established the FPR in March 1953 to make it possible to accept a donation from an American organization. <sup>66</sup> Formally, the FPR was an independent foundation but in practice it was closely tied to Rastor through interlocking directorates and shared office staff. The FPR replaced the FMC as Finland's representative in the CIOS after the state stopped funding the FMC. However, as FPR did not meet the conditions of the CIOS, a new association was set up as a successor to FMC. <sup>67</sup>

In July 1954—more than a year after the founding of the FPR—Lederer announced in a letter that he had succeeded in obtaining funding from "private individuals." The terms of American financing were negotiated in Helsinki in November 1954. The negotiators reached an agreement in December and thus operations began in early 1955. At first, American support for Finland came through CIPM, which arranged both a grant of US \$300,000 for Finnish executive education and for a group of American management experts to come to Finland. Although Finland received the subsidy, CIPM paid the salaries of American experts so the money did not circulate through Finland. Instead, the FPR remained responsible for all other expenses collected from Finnish businesses in the form of fees and donations.

Focal actors actively promoted an innocent image of the endeavor through, for example, the local press. According to Ainamo and Tienari, the financial support was originally presented as a contribution from Finnish immigrants living in the United States. <sup>71</sup> It later came out that the real contributors were American business executives who wanted to expand their businesses to Finnish markets. However, no further evidence of these donors has survived. Hernberg himself concluded in his autobiography that the origin of the funds was "irrelevant" and it was highly likely that the donations came from several sources. <sup>72</sup>

The most visible form of activity of the FPR was the group of three American experts known as "the American Associates" (FPR-AA).<sup>73</sup> The American task force operated in Finland under the direction of two of these experienced leaders. The leader of the FPR-AA group during the first operational year was Alfred C. Howard, who had long and broad top management experience with American industrial companies.<sup>74</sup> This meant that Howard's profile was in line with the "missionaries" under the auspices of the Marshall Plan.<sup>75</sup> The second leader, L. Edward Scriven, came from a different career path. He had wide experience via consulting, for example with A. C. Nielsen Co. and McKinsey-Kierney Co. Scriven took advantage of Finnish managers' respect toward experts with practical experience. Furthermore, his

- 66. Minutes of the FPR's board, March 31, 1953, Folder 10371:21, FPR, CAFBR.
- 67. Kantola, Työtehovaltuuskunta, 24.
- 68. Otteita TTT:n kirjeenvaihdosta 1953–1965 (extracts from FPR's correspondence 1953–1965), January 24, 1978, Folder: 15 FPR minutes, memos, Liikkeenjohdon Instituutti (Finnish Institute for Management, hereafter LIFIM), Aalto University Archive (hereafter AUA).
  - 69. FPR Annual Reports 1953-1954 and 1955, Folder: 10371:3, FPR, CAFBR.
  - 70. Notes from Gunnar Hernberg concerning the establishment of the FPR, Folder: 15, LIFIM, AUA.
- 71. Ainamo and Tienari, "Local Version of Management Consulting." See, for example, *Helsingin Sanomat*, May 23, 1956, FPR clipbook, Folder: 10371:19, FPR, CAFBR.
  - 72. Hernberg and Zetterberg, Sokerimiehen muistelmat, 217.
  - 73. Kässi, 20 vuotta.
  - 74. Robert H. Fetridge, "Along the Highways and Byways of Finance," New York Times, June 22, 1952.
- $75. \ \ See \ Kipping, "American \ Management \ Consulting \ Companies"; Tomlinson \ and \ Tiratsoo, "Mass \ Production Paradigm."$

#### Private firms Education system/ **Public institutions** Consulting work in private Arranging conferences companies to help the top and seminars to increase management in the knowledge of modern Form of operation organization and management techniques management problems and methods Giving speeches and Helping the FPR and the [heoretical writing articles to arouse Universities to start the interest in foreign advanced management trade training and establish a special Institute for this purpose

Target audience

#### Figure 2. The activities of the FPR-American Associates.

Source: Fredrik Castrén, Carrying on the Work of TTT-American Associates, Folder: 10371:25, FPR, CAFBR.

charisma and appearance appealed to top local managers, most of whom had served in the military during the World War II. $^{76}$ 

The experts of FPR-AA had a dual agenda: to initiate and promote Finnish consulting businesses and to work for the establishment of an Institute of Executive Education in Finland (Figure 2). In general, the group operated under the FPR, but the consultation took place under Rastor. This was because FPR, as a nonprofit foundation, could not take part in a consulting business. After a year of operation, the only AA was Scriven, whose sole task was "to assist in the planning and inauguration of another FPR project, the Institute for Advanced Management Training." However, visiting American scholars supported the work of Scriven with shorter two- or three-month visits:

[F]rom 1955 on through to the present—and in our plan for the future—are a steady stream of conferences, seminars, speeches and papers, all aimed at spreading modern management ideas, and stimulating business leaders generally to experiment in their own businesses with these ideas—as well as to win their support for the program of the proposed Institute for Advanced Management Training.<sup>79</sup>

<sup>76.</sup> Ainamo and Tienari, "Local Version of Management Consulting"; McKenna, Djelic, and Antti Ainamo, "Message and Medium"; Marquis Who's Who, Who's Who in America 1974–1975; Liikkeenjohdon kokoukset tammi- ja helmikuussa 1957: Tampere, Turku, Lahti ja Oulu (management meetings in January and February 1957), Folder: 10371:17, FPR, CAFBR.

<sup>77</sup>. Contract between FPR and Rastor on consultancy work by American Associates group, March 1, 1957, Folder: 10371:25, FPR, CAFBR.

<sup>78.</sup> Report from L. E. Scriven to the TTT (FPR) board of directors (original in English), February 24, 1958, Folder: 10371:25, FPR, CAFBR.

<sup>79.</sup> Report from L. E. Scriven to the TTT (FPR) board of directors, February 24, 1958.

The FPR prepared its activities systematically toward the establishment of the Finnish Institute of Executive Education. It made its first concrete plans in winter 1954–1955, along with the preparation of the AA's work plan. The FPR appointed a committee to meet annually to plan and develop executive education. The committee's chairman was Henrik Virkkunen and its members were Professor Eino M. Niini, Councilor of Education Antero Rautavaara; Managing Director Olavi Salosmaa, Rector Odal Stadius, and Suurla. Although the committee was renamed several times, Virkkunen remained its chair until his untimely death in 1963. Owing to his vision and staunch commitment to the development of Finnish executive education, Virkkunen (a professor of business management and accounting since 1955 and the rector of Helsinki School of Economics since 1961) also took charge of the organization of the executive education courses in the late 1950s and early 1960s. These courses were precursors of the LIFIM, which confirmed the endeavors of the Finnish trailblazers of executive education.

# Reconciling Double-Edged Objectives

The Finnish trailblazers' priority was the availability and quality of modern business education. This, in turn, was related to concerns about Finland's national competitiveness in an increasingly international market environment. Most of Finland's export trade in 1959–1960 was to Western Europe (Organisation for Economic Co-operation and Development countries, 62.9 percent; Eastern European COMECON (Council for Mutual Economic Assistance) countries, 21.5 percent; North America, 6.2 percent), where trade liberalization was already underway in the 1950s. Finland, however, seemed to lag behind this development. It was not until the 1960s that foreign direct investment in Finland began to grow significantly. The most important of the export sectors was the forest industry, which was oriented to the Western markets, while the heavy metal industry was more oriented to the East. The Soviet Union was more than willing to buy metal industry products from Finland—which tied these countries financially to each other. According to Kuisma, the Americans admitted in foreign policy contexts that they did not want Finland to become too dependent on Soviet trade.

In the postwar economic policy debate, productivity was an important driver of economic growth. In addition, the discussants believed that the sooner the standard of living could

- 80. Kässi, 20 vuotta.
- 81. Memo from J. Honko, *PM Liikkeenjohdon Instituutin kehityksestä* (memo on the development of LIFIM), July 15, 1974, Folder: 18, LIFIM, AUA; Minutes of FPR meeting, April 23, 1963, Folder 15, LIFIM, AUA; Record of FPR proceedings, June 10, 1963, Folder: 15, LIFIM, AUA.
  - 82. See, e.g., Tainio, Ahlstedt, and Pulkkinen, "Business Economics Administration."
  - $83. \ \ See, e.g., Pihkala, \textit{Suomalaiset}, 253.$
  - 84. Pajarinen and Ylä-Anttila, Ulkomaiset yritykset Suomessa.
  - 85. Kuisma, Kylmä sota, kuuma öljy, 27-32.

be raised by eliminating organizational problems, the better the conditions would be for maintaining popular support for a free market economy. Be The FPR's key actors had also noticed that executive education in the United States was well ahead of Europe. Thus, they believed that better education was a key to better productivity and that the United States was the best source for new trends in training and consulting business. Be For example, Finns were interested in further training in senior management, which was not offered at all in Finland. The use of consultants in Finnish business was also still relatively new and consulting often focused on floor-level production, not on business management.

Although the Americans cared about helping Finland and fighting communism, they also had their own agenda related to American power politics and economic interests.<sup>89</sup> At the end of his visit, Howard, who led the American Associates in Finland in 1955, described their motives:

Many people believe, and I think rightfully so, that by raising the standard of living of the people and by improving the economy of a country needing help, you have accomplished two things. First you have shown these people that you are their friends by helping them in a practical way. And secondly, you have helped to fortify the dignity and freedom of man against the insidious and treacherous inroads of communist ideologies. (...) We had a double objective in mind—first to gain specific results as part of our broad goal of accomplishment, and second to make a success of our undertaking purely from a selfish and egotistical standpoint. 90

Howard most obviously had self-interests related to American commercial aspirations. CIPM was a vital organization in that regard. In NMC's (since 1953, CIPM) brochure from the early 1950s, the organization endorsed its services for American companies interested in overseas operations in several ways. NMC promised to keep its members alerted to new opportunities, to inform them of the most recent management practices and techniques, and to provide contacts with state institutions as well as with business firms abroad. Last, NMC kept its members posted about "the problems by our friends overseas" because "every problem is an opportunity for an enterprising American." In the correspondence of the early 1950s, NMC's executive secretary directly asked his Finnish colleague about the possibility and treatment of direct foreign investments in Finland.

- 86. Klaus Waris, *Teollisuuden rakenteellinen rationalisointi taloudellisena kehitystekijänä* [Structural rationalization of industry as a factor of economic development], 1949, Folder: 11 Working material (1942–1961), FMC, NAF.
- 87. See, e.g., report by Eino M. Niini, CIOS Conference in Brussels, Folder: 13 CIOS conference (1947–1953), FMC, NAF.
  - 88. Michelsen,  $Vuosisadan\ tilinpäätös.$
  - 89. See Lebovic, "War Junk"; Cooke and Kumar, "Shaping of Management Education."
  - 90. A. C. Howard, Mission to Finland (original in English), 1956, Folder 10371:25, FPR, CAFBR.
- 91. Brochure of National Management Council of the United States of America, Inc., Folder: 14 CIOS-conference (1945–1953), FMC, NAF.
- 92. Letter from Myles Standish, executive secretary of the US National Management Council, to Pekka Mannio (original in English), August 23, 1950, Folder: 14 CIOS-conference (1945–1953), FMC, NAF; letter from Mannio to Standish, September 29, 1950, Folder: 14 CIOS-conference (1945–1953), FMC, NAF.

# Selling American Ideas to Local Business Elites

The American Associates originally came to Finland in April 1955 to assist managers in the country's metal and light woodworking industries to improve their business practices. However, this first undertaking failed because most of these managers rejected help from foreign consultants. The organizers had to cancel the first two-day seminar for top managers, scheduled for summer 1955 due to lack of attendees. Henceforth, "the activities had to be steered, without paying too much attention to the fields involved, towards [sic] [any] corporations which were prepared to take advantage of the American specialists." According to Scriven:

There had been an initial misconception that the Americans had come here to Finland to tell Finnish Industry how to run its business. While nothing was further from the minds of any of the people involved, it proved to be quite difficult in many quarters to correct this misconception, and it was only done a little at a time, very gradually, first in one industry and then in another (. . .) by the end of 1956, there were requests for assistance from Finnish companies beyond the capabilities of the Associates to accommodate. 94

There were several reasons for the initial opposition to American influence. After World War II, the old generation of corporate executives represented a patriarchal style of management that included the idea of innate leadership. Executive education could have challenged the patriarch's authority. Second, business executives at that time were mostly educated engineers who had acquired their leadership skills through practical floor-level experience. For this reason, they considered leadership a practical skill. In addition, many postwar managers had served as officers in the war. The experience of leading from the front was an important merit and extreme learning experience that could not be achieved on at a school desk. Ainamo and Tienari concluded that after World War II, "despite the great challenges confronting them, Finnish managers were confident of their ability to cope without direct access to American knowledge."

From an educational perspective, American influence meant a paradigm shift. Previously, formal leadership training had been heavily German-influenced, so American consultants represented a different perspective. 99 During the war international influences weakened and after the war the influence of the Germans declined markedly. According to Honko, it took more than a decade for the Anglo-Saxon stream of influence to break through. 100 There was also reason to assume that interactions with American consultants could be bad for promising

- 93. Gunnar Hernberg, Five Year Plan: The American Associates Participation in the Activities of the Foundation for Productivity Research (original in English), November 18, 1955, Folder: 10371:25, FPR, CAFBR.
  - 94. Report by Scriven to the TTT (FPR) board of directors, February 24, 1958.
  - 95. Cf. Djelic, Exporting the American Model.
  - 96. See Karonen, Patruunat ja poliitikot.
  - 97. Fellman, Uppkomsten.
  - 98. Ainamo and Tienari, "Local Version of Management Consulting", 73.
- 99. See, e.g., Näsi and Näsi, "Accounting and Business Economics"; Engwall, "Foreign Role Models"; Fellman, "Professionalisation of Management"; Seeck and Järvelä, "Katsaus"; Kettunen, *Management Education*.
- 100. See, e.g., Honko, "Taloustieteen"; Juusola, Kettunen, and Alajoutsijärvi, "Americanization of Management Education."

opportunities in Eastern trade if they annoyed the Soviet Union. However, when no consequences emerged, fears dissipated.

According to the established understanding, American consultants won the trust of Finnish businesspersons through their hard work. For their part, Finnish organizers highly valued the professionalism of the Americans. <sup>101</sup> The first tour of two-day seminars took place in 1956–1957. In these events, the speakers extensively discussed modern aspects of management but in a concise manner. In addition to Helsinki, FPR organized events in regional centers. <sup>102</sup> The aim was to first gain the trust of a few companies in each area to serve as local examples of the benefits of consultancy and executive education. <sup>103</sup>

The most prominent speaker at the events for business leaders was Scriven, who clearly knew how to speak to Finns by setting himself on an equal footing to them. In his opening remarks, Scriven talked about his feelings of being an American in Finland. He continued by comparing the United States with Finland. According to him, even though the United States was known for large companies, most companies were actually small, just as in Finland. Scriven assured them that "we are not talking here today about anything that could not be successfully applied to a Finnish business." The main argument was that Finnish industrial production was high in terms of technology but lagged behind due to managerial shortcomings. Particularly striking was the lack of marketing, but the demand for most products was high enough that there was little need for proper sales promotion. However, this was about to change rapidly as competition intensified and products were to be sold in the demanding markets of the West. 104 On the other hand, he used examples of companies that, with the help of consultants, had succeeded in raising their market value and profits. He told them, "So don't open this Pandora's Box unless you are prepared to increase your business, your profits, and your problems."

Scriven's approach went over well with the Finnish audience. <sup>106</sup> He was presented in the FPR's marketing materials as an experienced manager who had also worked as a consultant in major companies. Scriven's down-to-earth style and an all-round track record may explain why he was such a successful and popular lecturer in Finland. As a skilled speaker, he tackled the expected counter-arguments of his audience in advance. Prior foreign management experts, for example Professor Sune Carlson from Sweden, had faced major difficulties in convincing Finnish managers. According to Ainamo and Tienari, Finnish managers had criticized Carlson for insufficient empirical- and floor-level knowledge. Perhaps Carlson's academic background and his Swedish nationality, given that Finland had been Sweden's province for nearly five hundred years until 1809, made it difficult for Finns to value his ideas and advice. <sup>107</sup>

The reception of Scriven's speeches in the press was generally neutral or positive, as in the following report by local newspaper *Kaleva* in 1957:

- 101. Memo by Gunnar Hernberg,  $Amerikkalaisten\ asiantuntijain\ osuus\dots$  [On the role of American experts in education . . .] (our translation from Finnish), Folder: 10371:3, FPR, CAFBR.
  - 102. Kässi, 20 vuotta.
  - 103. Memo by Hernberg, Amerikkalaisten asiantuntijain osuus . . .
- 104. L. E. Scriven, foreword in handout, Management Principles for Senior Executives, 1958, Folder: 10371:16, FPR, CAFBR.
  - 105. Scriven, foreword in handout titled Management Principles for Senior Executives.
  - 106. Ainamo and Tienari, "Local Version of Management Consulting"; Kässi, 20 vuotta.
  - 107. Ainamo and Tienari, "Local Version of Management Consulting."

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Although the lecturers were American experts in the field, they have spent some time in Finland, and after getting acquainted with Finnish industry and business, their ideas are applicable to Finnish circumstances. During the presentations as well as during the following general discussion, it emerged that many of the difficulties of our industry and business can be overcome by the new opportunities we find through efficient research, including more efficient use of manufacturing methods, sales organization and advertising.<sup>108</sup>

The Finnish case also included clear setbacks. One American Associate who arrived in Finland in spring 1957 turned out to be an inexperienced consultant who did not persuade his Finnish hosts or clients. The worst part was that in one interview in the newspaper *Uusi Suomi*, he strongly criticized Finnish business managers:

It is not to be expected that an engineer, however qualified, would be able to perform the duties of a manager any more than the ordinary doctor of medicine would be able to operate on an icebreaker. Moreover, what are the managerial roles that an engineer can accomplish based on his or her training? Probably nothing. 109

The FPR, which had just succeeded in building trust relationships with Finnish business executives and was dependent on their funding, reacted strongly. Although the statement was essentially in line with the American Associates' basic message, criticism of the target audience with engineering backgrounds had to be expressed diplomatically because they comprised about half of the Finnish executives. <sup>110</sup> Scriven himself wrote a reply in the same newspaper, where he expressed disagreement with his colleague's opinions. <sup>111</sup> At the request of the FPR, CIPM called the consultant home after only a few months. <sup>112</sup> This incident underscores how important it was to Scriven that American Associates deliver their message in an appropriate form that did not offend or provoke the local audience.

# Ford Foundation Funding Supports the Establishment of Finnish Executive Education Program

Upon its completion, the American Associates program appeared to be a great success. At the time, there was already a tentative promise for the next funding period, which, however,

- 108. "Suomi pahasti jäljessä liikkeenjohdossa, myyntisuunnittelussa ym.: USA:n teollisuus on enemmän pienteollisuusvaltaista kuin Suomessa" [Finland lags far behind in business management, sales planning, etc.: US industry has a larger share of small industry than in Finland] (our translation from Finnish), undated newspaper clip from *Kaleva*, 1957, Folder: 10371:19, FPR, CAFBR.
- 109. Newspaper clip, "Liiaksi insinöörejä toimitusjohtajina . . ." [Too many engineers as CEOs: The American expert's opinion of our industry] (our translation from Finnish), *Uusi Suomi*, July 2, 1957, Folder: 10371:19, FPR, CAFBR.
  - 110. See Fellman, Uppkomsten.
- 111. L. Edward Scriven, "Liikkeenjohdon tehostamiseen voimakas pyrkimys Suomessa" [A strong effort to rationalize management in Finland], *Uusi Suomi*, July 18, 1957, (https://digi.kansalliskirjasto.fi).
- 112. Untitled memo by Fredrik Castrén (FPR CEO, 1956–1960) on consultants' activities, July 4, 1957, Folder: 10371:25, FPR, CAFBR; confidential letter and attachments from L. E. Scriven to Gunnar Hernberg, July 23, 1957, Folder: 10371:25, FPR, CAFBR.

would not come from CIPM. The next funding period the Finns received from the Ford Foundation (1958–1962), which was one of the main institutions that passed management expertise from the United States to Europe in the 1950s and 1960s. 113

During that period, the Ford Foundation hosted exchange programs for European professors and doctoral students and supported the creation of several education institutions. According to Gemelli, the Ford Foundation's European program in management training was not linear but included multiple paths and experiments in which some prime actors, such as the HBS and the Ford Foundation, participated with varying objectives but in close cooperation with each other. Finnish documents support the view. In Helsinki, for example, the FPR held financial discussions with the US ambassador, who promised to explore different ways of arranging funding for establishing the Finnish Institute of Executive Education. He spurred FPR's representatives to take advantage of the various alternative sources for complementary financing. After the Finns established their contacts with the CIPM, its officials helped the Finns to find new connections with potential financiers. 115

Finland received Ford Foundation funding during the foundation's early activities in Europe. The Ford Foundation approved a \$75,000 grant for the FPR in 1958 to support the exchange of professors between Finland and the United States, thereby establishing an "institute of advanced business management." Five American professors visited Finland and nine Finnish professors visited the United States on study trips of various lengths. Although Harvard seems to be the most sought-after destination, Finns also visited other universities, including University of California at Berkeley, Massachusetts Institute of Technology, Stanford University, and The Ohio State University. Thus, they were also able to assess differences in executive education programs in the United States.

The FPR selected the Finnish participants with the understanding that they would teach at the planned executive education course. <sup>119</sup> By the early 1960s, executive education activity was well underway, and the Finns had good reason to believe that they would receive a third funding period since the Americans repeatedly highlighted this opportunity either directly in correspondence with Virkkunen or indirectly through Finnish scholars who visited the United States. <sup>120</sup> The aim was to establish an Institute of Executive Education and construct appropriate

- 113. Kässi, 20 vuotta; Gemelli, The Ford Foundation; David and Schaufelbuehl, "Transatlantic Influence"; Amdam, "Internationalization of Executive Education."
  - 114. Gemelli, The Ford Foundation, 176–177.
- 115. See, e.g., letter from American ambassador in Helsinki to FPR, February 5, 1957, Folder: 10371:25, FPR, CAFBR; report by Gunnar Hernberg on US travel and meetings with CIPM and Ford Foundation representatives, May 1962, Folder: 10371:22, FPR, CAFBR.
  - 116. Amdam, "Productivity and Management."
- 117. An important practice was the two-way exchange program that complemented the ongoing ASLA-Fulbright programs. Kettunen, *Management Education*, 95; Ford Foundation, Annual Report 1959 (https://www.fordfoundation.org/about/library/annual-reports/1959-annual-report/) and Annual Report 1960 (https://www.fordfoundation.org/about/library/annual-reports/1960-annual-report/).
  - 118. Kässi, 20 vuotta.
- 119. Memo from F. Castrén, *Suomalaisten opettajien lähettäminen* . . . [On the sending Finns to the United States . . .], March 19, 1959, Folder 10371:25, FPR, CAFBR. Cf. Djelic, *Exporting the American Model*.
- 120. See letters from Leo Ahlstedt (March 7, 1960), L. Edward Scriven (September 17, 1960, and November 4, 1960), and C. J. O'Donnell (September 19, 1960), Folder: Correspondence of Rector Virkkunen (1956–1963), Helsingin Kauppakorkeakoulu (Helsinki School of Economics), AUA.

buildings. At this point, the focal actors used statements by American experts as arguments in support of the project. <sup>121</sup> During his visit to Finland in July 1957, Lederer had emphasized, as was cited in local newspapers, that "a business executive represented not only his company but also society, the country and its people." <sup>122</sup> Following this idea, the FPR documents for domestic stakeholders present a picture in which national interests were linked to the competitiveness of export trade and the construction of an American-type institute, as it was formulated in 1962: "Nations, especially those living on the fringes of different economic and political interests, can easily find themselves in a difficult position. Only a mentally, physically and financially powerful nation can hope to maintain its position in the struggle for existence." <sup>123</sup>

Although the Ford Foundation had given positive signals for further funding, it was not willing to finance the construction of physical sites. <sup>124</sup> As a result, the direct financial support from the United States ended, although cooperation continued in the following years. Scriven visited Finland occasionally, representing his employers at the time and helping Finns in applying for different types of funding. Most important, the development of the executive education program entered its next phase. In 1964 the FPR transferred the educational responsibility to LIFIM, which the key actors had planned since the early 1950s. LIFIM became the primary institute of Finnish executive education in the following decades. <sup>125</sup>

# The Finnish Executive Education Program in Comparison with Harvard

The origins of HBS's AMP were for a wartime course to retrain nonmanufacturing employees for production work of war material. Since its implementation, the retraining course included participants sent by their employers to acquire additional knowledge necessary to move to more demanding positions. <sup>126</sup> Because of good learning results, HBS offered the course regularly and renamed it the Advanced Management Program in 1945, and the number of students with management experience grew every year. <sup>127</sup> Consequently, AMP turned into an ideal for executive education programs around the world. According to Amdam, "the AMP

- 121. Olavi Salosmaa (chairman of the FPR's Program Committee), Näkökohtia keskustelun pohjaksi . . . [A discussion initiative for planning the FPR's activities . . .], March 20, 1962, Folder: 10371:22, FPR, CAFBR. 122. See, e.g., newspaper articles: "Kv-kokemusten vaihto tärkeätä taloudelliselle kehitykselle" [The exchange of international experiences is important for economic development], Uusi Suomi, July 7, 1957; "Tuotannon kehittyminen vaatii päteviä johtajia" [The development of production requires qualified managers], Sosialidemokraatti, July 8, 1957; "Kokemusten vaihto ja kiinteä yhteistyö tärkeitä tuotantotoiminnan kehitykselle" [The exchange of experiences and close cooperation are important for the development of industrial production], Helsingin Sanomat, July 8, 1957; "Allt större krav ställs nuförtiden på företagschefen" [Increasing demands are placed on business manager], Hufvudstadsbladet July 10, 1957 (our translations from
  - 123. O. Salosmaa, Näkökohtia keskustelun pohjaksi. . . ., Folder: 10371:22.
  - 124. Report by Hernberg on US travel and meetings with CIPM and Ford Foundation representatives.
  - 125. See, e.g., Honko et al., Suomen.

Swedish), Folder: 10371:19, FPR, CAFBR.

- 126. Copeland, And Mark an Era.
- 127. Harvard University, Graduate School of Business Administration, HBS course catalog XLII, No. 129, December 15, 1945, revised edition (https://iiif.lib.harvard.edu/manifests/view/drs:423141932\$1i); HBS course catalog XLIII, No. 10, June 10 1946 (https://iiif.lib.harvard.edu/manifests/view/drs:423141934\$1i.)

was copied and adjusted according to the local context, but the basic idea of a limited number of weeks of extensive management development training, focused on general management and aimed at preparing participants for top management positions, remained."<sup>128</sup> By the end of the 1960s, dozens of universities around the world had adopted the American model of executive education. <sup>129</sup>

The idea that Finns should select AMP as a role model apparently came from Scriven. <sup>130</sup> Scriven also helped Virkkunen to receive a travel grant from the US State Department in 1958. During his four-month trip to the United States, Virkkunen visited business schools that offered executive education programs and returned to Finland just before the first Finnish course in executive education started. <sup>131</sup> Considering Virkkunen's familiarity with US executive education programs, the Finnish organizers were well aware of the various alternatives to the Harvard model. Nevertheless, the Finns followed Scriven's proposition and took Harvard's AMP as an ideal, although they preferred a shorter duration for residential periods. <sup>132</sup>

The Finnish "advanced management institute," which was still seeking its form, began its educational activities in fall 1958 with its first executive education course. Virkkunen explained in 1960: "Advanced training activities began with the annual courses, but the original long-term objective was to set up a permanent institute—provided that the experience from courses was positive." 133 The institution was established via collaboration among three Finnish universities located in Helsinki: the Finnish University of Business Administration, the Swedish University of Business Administration, and the Finnish Institute of Technology.<sup>134</sup> In contrast to the business training in many other countries, Finland's executive education did not fit comfortably into any institute of higher education. <sup>135</sup> Consequently, executive education found its place outside of universities but under the coordination of the universities that founded it. One reason the institute was established as a freestanding foundation was because it could access the resources of the three universities. It was also easier than creating a new type of education program within formal university structures. In addition, with the status of an independent organization, the institute appeared credible to coordinate different levels of management education and training across the country. The main actors also believed that US donors would favor a foundation-like entity. The goals of the institute were to (1) provide teaching, (2) conduct research, (3) collect teaching materials, and (4) coordinate business education, research and cooperation in Finland. 136

- 128. Amdam, "Internationalization of Executive Education," 128.
- 129. Amdam, "Executive Education."
- 130. Suurla, *Rastor 20 vuotta*; *Liikkeenjohdon kokoukset tammi- ja helmikuussa 1957*, [Management meetings in January and February 1957], Folder: 10371:17, FPR, CAFBR.
  - 131. Salmi, Ei se mitään, 84-86; report by Scriven to the TTT (FPR) board of directors of, February 24, 1958.
  - 132. Management meetings January and February 1957, Folder: 10371:17.
- 133. Memo from Henrik Virkkunen on the development of management training and research (our translation from Finnish), December 16, 1960, Folder: 10371:22, FPR, CAFBR.
- 134. In 2010, both the Finnish University of Business Administration (at that time the Helsinki School of Economics) and Institute of Technology (Helsinki University of Technology) merged with the University of Art and Design Helsinki to form the current Aalto University. The Swedish University of Business Administration is currently Hanken School of Economics.
  - 135. See, e.g., David and Schaufelbuehl, "Transatlantic Influence."
  - 136. Memo from Virkkunen on the development of management training and research, December 16.

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The FPR followed HBS's organization of executive education in several ways (Table 2). For the first fifteen years, the teachers were Finnish business scholars who had been active in preparing the executive course program. Especially in the first years of the executive courses, the FPR capitalized broadly on the expertise of the American Associates. <sup>137</sup> The instructors were often two-person teams of one Finnish teacher and one American business expert. The Finnish instructors were experienced in teaching academic courses but had not worked previously in executive education. Additionally, a Finnish-speaking teacher was necessary because of the executives' limited proficiency in English. <sup>138</sup>

There were clear differences, too. Harvard's AMP was targeted at "mature, experienced managers," which meant managers with "15 to 20 years of business experience" before attending the course. <sup>139</sup> In LIFIM, the requirement for the practical experience was only five to ten years. A major need for adaptation arose from the unfamiliar concept of executive education because long absences from the workplace were impossible. The AMP lasted thirteen weeks and was held in a single period without a break. <sup>140</sup> The Finnish course of executive education consisted of three periods over eight weeks. The intervals of the periods were sixteen to seventeen weeks reserved for independent study and completion of course assignments. <sup>141</sup> The AMP courses took place on HBS's campus. LIFIM did not have its own premises before 1974, so it had to arrange for classes in various locations. <sup>142</sup>

The volume of training was, of course, a distinguishing feature. In this initial phase, from 1958 to 1965, the FPR organized one course per year for a total of seven executive education courses attended by a total of 181 participants. The sixth course was so popular that the organizers could not accept all of the applicants. The LIFIM used the same venues for several consecutive years, and the intake remained at fewer than 30 people per course. During its first twenty years of operation—until the end of 1977—LIFIM organized fifty-three courses. Even though the number of courses per year increased, the annual number of attendees remained at a few dozen per course until the mid-1970s, when it peaked at nearly 200. In comparison, HBS's AMP had an annual maximum capacity of 260 to 320 students since the early 1950s. Finnish executive education followed HBS's extensive use of the case studies of actual business situations. Initially, Finnish scholars returned from the United States with cases used at Harvard and other universities. The Finns translated these for their own use but also produced cases that were more engaging for Finnish audiences. 144

- 137. Fellman, Uppkomsten.
- 138. See, e.g., FPR Annual Reports 1957 and 1958, Folder: 10371:3; printed handouts (direct translations of teaching from English into Finnish), Folders: 10371:14; 10371:15; 10371:16, and 10371:17, FPR, CAFBR.
- 139. Harvard University, Graduate School of Business Administration, HBS course catalogs 1945–1973 (https://library.harvard.edu/collections/archived-harvard-university-online-course-catalogs).
  - 140. Harvard University, Graduate School of Business Administration, HBS course catalogs 1945–1973.
  - 141. Course timetables, Folder: 29, LIFIM, AUA; Kurssiluettelot [Courses], Folder: 26, LIFIM, AUA.
  - 142. Kässi, 20 vuotta.
  - 143. FPR Annual Reports 1964 and 1965, Folder: 10371:3, FPR, CAFBR.
- 144. Catalog of teaching cases, 1998, Folder: 10751:110, Finnish Teaching-Case Archive, CAFBR; Kässi, 20 vuotta.

Table 2. Comparison of HBS and LIFIM programs

	HBS			FPR/LIFIM		
	AMP 1946	AMP 1958	AMP 1972	EE course 1958	EE course 1972	
Duration	13 weeks	12.5 weeks	13 weeks	8 weeks	8 weeks	
Number of periods	1	1	1	3 (3+2+3 weeks)	3 (3+2+3 weeks)	
Major subjects	administrative practices; cost and financial administration; production organization and engineering; marketing problems; the supervisor and union labor; corporate organization and administration	administrative practices; business and the world society; business policy; cost and financial administration; marketing administration; problems in labor relations	business policy; financial management and investment decisions; control and planning systems; marketing; major policy issues in labor relations; human behavior in organizations; decision analysis; computer-based information systems; business and the world society	tasks of management, goals and operational principles of a firm; organization of a firm; personnel policy; financial planning and supervision; production; marketing	strategic planning; firm and its environment; status, methods and tools of the management; corporate functions: production, marketing, finance and personnel administration	

Sources: Authors' compilation based on Harvard University, Graduate School of Business Administration, HBS course catalogs 1946–1972, Folder: 29, LIFIM, AUA; Kässi, 20 vuotta).

#### **Discussion and Conclusions**

The implementation of executive education programs in Finland followed many of the typical features familiar from other countries' business history. 145 We have shown how educational cooperation was built and how the American model of executive education consolidated its position in Finland, regardless of the factors limiting foreign financial support. The translation process also had a few unique twists that make it a historically important case. First, the events proceeded in the shadow of Cold War power politics. Directing American support to build a Finnish program was not part of the plot from a spy thriller, but it nevertheless remains a demonstration of skillful circumvention of foreign policy obstacles. Second, Finnish actors decided to follow the example of Harvard Business School's Advanced Management Program but implemented executive education in a private institution outside of business schools. Third, the emergence of executive education in Finland happened through the idea of scientific management. Although representing different ways of thinking, the Finns did not consider scientific management and executive education mutually exclusive alternatives. In this light, we might say that Finnish actors used international collaboration in the field of scientific management (that is, CIOS) as a steppingstone toward executive education.

Finland's geopolitical position during the Cold War forced it to proceed cautiously in relations with the United States. Finland's exclusion from the European Recovery Program for foreign policy reasons did not prevent cooperation with US organizations in the development of executive education. Finns wanted to improve the productivity of their national economy in general and of industrial firms in particular. The key actors in Finland were quite receptive to the ideas from the United States because they had all visited and been impressed by its academic and economic development. Thus, for Finns, the matter was mainly economic, but Americans also saw an opportunity to buttress the sovereignty of Finland against the Soviet Union and, by extension, its economic and ideological attachments to the Western world.

The collaboration between the Finns and Americans rested on a small network of people who channeled the necessary support through foundations in both countries. In the early phase, the idea of executive education was a multifaceted project that resulted in a separation of executive education from management consulting businesses. The roots of the Finnish education model initially followed German practices. Later, the organizational framework of rationalization education served as an embryo of the postwar executive education system. The key people were largely the same but executive education came to serve another purpose. The connection to international development was established through Finland's membership in the CIOS in 1947. Representatives of US organizations—the NMC/CIPM and the Ford Foundation—were carriers of the ideas of executive education. Other carriers were Finnish scholars and professional managers who traveled to the United States to learn the latest knowledge about business management to be distributed in Finland through executive education courses. The Finnish actors were particularly pivotal in translating US management doctrines to fit Finnish circumstances.

<sup>145.</sup> See, e.g., Djelic, Exporting the American Model; Djelic and Amdam, "Americanization."

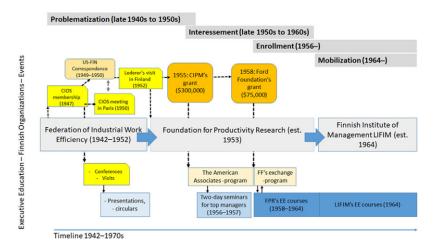


Figure 3. The establishment of LIFIM's executive education program: Callon's phases of translation, major events, US funding, organizations, and training.

Source: Authors' compilation.

We have combined our historical narrative with Callon's phases of translation. As Figure 3 shows, the phases were not sequential but partly overlapping. 146 The Finnish actors put into practice Callon's "problematization" when they raised concerns about the country's need to speed up its economic development. In the domestic postwar context, raising living standards became an important economic policy issue. In addition to needing to improve production and work processes was the need to improve the skills of top management. The key figures in industrial and academic circles suggested "advanced management training"—executive education—to help Finnish industrial companies increase their productivity.

The "interessement" phase started when the adopters identified executive education and consulting as separate functions that needed their own organizers and promoters. This happened in the late 1950s and early 1960s after the first executive education courses took place alongside consulting activities. Thereafter, the FPR (later LIFIM) and Rastor slowly grew apart from their shared origins. Consulting company Rastor acquired licenses for different training methods, such as TWI and MTM, while FPR continued in nonprofit operations. In addition, Finnish actors established executive education outside existing educational institutions, including business schools that nevertheless were indirectly involved in the organization of education through personal relations and participation in planning and/or teaching activities. Building a new domain in the institutional field for executive-level education ensured that LIFIM did not use scarce resources to compete with other educational institutions.

The "Enrollment" phase took place when executive education courses took off after a challenging start to the first seminars and courses. The top management of companies began to accept executive education courses as relevant and, most importantly, advantageous for participants' development and expertise for executive positions. The reputation of the

<sup>146.</sup> Callon also assumed that the phases of translation may overlap in real life. See Callon, "Sociology of Translation."

training grew and participants filled the courses. On the organizational level, executive education became independent with the establishment of LIFIM and its detachment from FPR. This action ended speculation about the institutional status of executive education in Finland. This also had an influence on the relationships with the constituent organizations, especially business schools, as it became clear that executive education remained outside the system of higher education. Some key actors strove to solidify the status of Finnish executive education abroad by paying visits to the main offices of CIPM and the Ford Foundation after they had received funding from these organizations. It seems that the Finns did not take the American funding for granted.

In the last phase of translation—"mobilization"—supporters of executive education secured the participation of potential competitors by asking key individuals from those organizations to become members of LIFIM's planning committee or to be teachers of courses. This is evident when looking at the course attendee and teacher lists of LIFIM from the 1960s onward. LIFIM's key individuals used co-optation in the planning phase, but after that more deliberate mobilization was needed. They set up an association to run the institute's operations, and the association's board included eminent representatives from each of the former background organizations (the FPR, Finnish University of Business Administration, the Swedish University of Business Administration, and the Finnish Institute of Technology). To institutionalize LIFIM's standing as the primary institute for executive education, the association created a delegation comprising invited representatives from national employers' organizations and major business firms. The involvement of these representatives signaled their high regard for LIFIM's work.

The translation process would not have been possible, at least at that time and within a reasonable number of years, without the assistance from the United States. Assistance first focused on consultation work but later moved to educational work. It culminated in the establishment of the LIFIM. The challenge was to sell new ideas to local business leaders, most of whom did not see the need for changes in their work processes and thinking, which was especially true for older executives. Hence, it was more fruitful to target younger generations of executives and promising managers in lower levels of managerial hierarchy on the benefits of executive education. A major part of this translation process was to introduce new concepts, such as management, and the idea of executive education to local actors. To reduce skepticism and opposition, teachers of the executive courses did not present the latest management theories in their abstract form but described them as inevitable and unavoidable changes. This led to the Finnish executive education system becoming an early European version of the original AMP.

Our article offers a significant contribution to the literature on the history of executive education. First, it examines executive education in the context of the ideological struggle of the Cold War. In this respect, it complements recent research on the role of management education in geopolitics. Second, it proposes the concept of the American model of executive education in the literature. It differs from the previous concept of the American model of management education, <sup>147</sup> as it focuses explicitly on the education of experienced, top-level

<sup>147.</sup> See, e.g., Alajoutsijärvi, Kettunen, and Tikkanen, "Institutional Evolution of Business Schools"; David and Schaufelbuehl. "Transatlantic Influence."

managers. Third, it looks at the transfer of the American educational model to an initially reluctant environment. It highlights how the new model was marketed and translated for the local target audience. In particular, our article looks at the role of local actors in the translation process. In addition, it also complements prior research on Finnish management education by taking executive education as its specific focus. However, the impact of this education on the development of Finnish business, the career paths of executives, strategic choices of companies, and, ultimately, society at large remains a task for future research.

Jarmo Seppälä worked as a postdoctoral researcher at the Jyväskylä University School of Business and Economics during this research. Currently, his affiliation is Laurea University of Applied Sciences. Contact: Laurea University of Applied Sciences, Finland. Email: jarmo. seppala@laurea.fi

Pasi Nevalainen works as an Academy of Finland Research Fellow at Aalto University's Department of Industrial and Engineering. In the early stages of this research project, he worked at the University of Jyväskylä, Department of History and Ethnology. Contact: Department of Industrial Engineering and Management, Aalto University School of Science, Finland. Email: pasi.nevalainen@aalto.fi

Pekka Mattila serves as a professor of Practice and a member of the management team at the Aalto University School of Business. Since spring 2011, he has worked as the group managing director and associate dean of Aalto University Executive Education. Contact: Department of Marketing, Aalto University School of Business, Finland. Email: pekka.mattila@aalto.fi

MIKKO LAUKKANEN is a postdoctoral researcher at the Department of Marketing at Aalto University School of Business. He also works at Aalto University Executive Education (EE) as the academic director and is responsible for the academic quality of Aalto EE's portfolio of programs. Contact: Department of Marketing, Aalto University School of Business, Finland. Email: mikko.laukkanen@aaltoee.fi

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