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## **Business Administration, Strategic and International Management**

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# **Business Administration, Strategic and International Management**

Rede uitgesproken door

**Prof.dr.ir. Jacob de Smit**

bij het aanvaarden van het ambt van hoogleraar  
op het vakgebied van de bedrijfswetenschappen,  
in het bijzonder internationaal management en strategie,  
aan de Universiteit Leiden op 22 februari 2002.



Mijnheer de Rector Magnificus, zeer gewaardeerde toehoorders,

Gelet op de aard van mijn activiteiten aan de Universiteit Leiden en teneinde ook de studenten en docenten van de Leiden University School of Management in staat te stellen mijn voordracht te volgen, heb ik in overleg met de rector besloten deze voordracht verder in de Engelse taal te houden.

Ladies and Gentlemen,

As you have seen on your invitation, my appointment is in Business Administration, in Dutch, 'bedrijfswetenschappen', in particular in Strategy and International Management.

I will give you first some historical context of Business Administration as a whole. Subsequently I intend to show that both the demands for education and research, as well as the availability of strong academic disciplines, are reasons for having business administration at Leiden University.

Secondly, within the growing area of business administration, strategy has been my main area of concentration. I will also give a historical overview of the field of strategy and discuss some pressing issues in the strategy field. Current crisis in the functioning of our companies show the necessity for new research, for improved education of our managers.

International management is my latest interest. A relatively young branch of business administration, it is nevertheless the basis of many of my activities here at Leiden. Again I hope to show for you the development of international management in the third part of my talk. The explosive growth in internationalization of firms leads to new needs for research and education in international management for which, again, the Leiden University is well placed.

Finally I intend to express my thanks to those who made my appointment possible.

What is business administration? Business Administration is a relatively new area for Leiden University; it is a fairly young area in academia as such. Business administration is focused on organizations (enterprises, companies), both in the private as well as the public sector. Usually we reserve the name *business administration* for the private sector and use the label *management* when we refer to both the private and the public sector.

Business Administration deals not only with studying companies and other organizations, but also with improving, (re) designing, innovating, and changing them. As an academic discipline, business administration has more in common with medicine and engineering than with biology, physics, etc. In business administration the central question is not only; *is this true or false?* but also, *is this a good solution, will it work?*

Business administration cuts across the traditional pillars of knowledge as reflected in the traditional university structure, where academic disciplines are organized in faculties, in Dutch *'fakulteiten'*. For the development of business administration cooperative efforts between academics from different academic disciplines are needed. Business administration uses contributions from academic disciplines of law, engineering, economics, sociology, psychology as well as mathematics<sup>1</sup>. It is a typical interdisciplinary field. Interdisciplinary activities always run the risk of becoming non-disciplinary activities. Therefore one must avoid non-disciplinary threats by paying attention to meta-disciplines like philosophy of sciences, methodology and systems theory.<sup>2,3</sup> Here and now is neither the time nor the place to reflect extensively on this, I limit myself by referring you to the work of C. West Churchman<sup>4</sup> and Ton de Leeuw<sup>5</sup> in the Netherlands.

The so-called functional areas, production, marketing, accounting, personnel, finance, organization and strategy are generally seen as parts of business administration. This has led to some confusion due to the relative impact of the various academic disciplines on these functional areas, sometimes at the expense of the interdisciplinary nature of these functional areas. We see for instance that accounting has been very strongly influenced by economics, where production has been influenced strongly by engineering. These functional areas, sometimes referred to as silos or chimneys, are reflected in the organizational structure, in the departments of most business schools. This silo structure starts to become a problem and a hindrance for future developments, since many current business problems do not fall neatly in these functional categories.

Many of the origins of business administration can be traced back to the military. Production management, in particular the beginnings of something that would later be called Scientific Method<sup>6</sup>, with a strong emphasis on *time and motion study*<sup>7</sup>, was clearly recognizable in the way Prince Maurits of the Netherlands organized his armies in the 17<sup>th</sup> century. Apparently Maurits had been inspired by the advice of professor Justus Lipsius of Leyden University. Accounting systems, but also concepts such as the business unit or the profit center as well as the modern form of the corporation can be found in the history of one of the first multinational firms in the world, the Dutch East India Company (VOC)<sup>8</sup>. The divisional concepts, which formed the basis of the organizational structure of so many large firms from the fifties onwards, at the time strongly advocated by the famous consulting firm McKinsey, finds its origins in the way in which Napoleon organized his *'Grande Armee'* in the beginning of the 19<sup>th</sup> century. 'Management by Objectives' and later a concept such as 'Strategic Intent' were developed for the military by Von Moltke<sup>9</sup>. An interesting overview of these military influences can be found in the work of Robert Ogilvie<sup>10</sup>.

The early attempts to systematize the organization of work and to design organizational forms were mainly created by engineers. In the US probably the single most

influential person here was Frederic Taylor around the beginning of the 20<sup>th</sup> century, in France it was the industrialist, Henry Fayol<sup>11</sup>. In the Netherlands these attempts are reflected in the way the consulting business has developed. Most of the prominent Dutch consulting firms were created or at least strongly influenced by engineers such as, Berenschot, Ydo, Hijmans, Twijnstra. However this know-how, at the time, hardly penetrated academia.

The first initiatives to create business education and research at university level were taken in the US. The oldest university in the US, founded in 1749 by Benjamin Franklin (I am speaking of the University of Pennsylvania in Philadelphia) was also the first university to create a business school, the *Wharton School of Finance and Commerce*. This Wharton School of the University of Pennsylvania, where I had the privilege of getting my PhD, was created in 1881, but other business schools, *Amos Tuck* at Dartmouth and the *Harvard Business School* at Harvard University soon followed.

In Europe all this started somewhat later. With some exceptions, the regular universities in general were late in embracing this new field. One of these interesting exceptions is the University of Lund in Sweden. They created the first chair in Business Administration in 1750. Their first school of commerce, mainly focused on accounting was created in 1903 and their first real attempt to create an integrated business school dates from 1958. Other university level institutions were created in Europe around the beginning of the twentieth century, however most of them were set up outside universities as independent, often private, Higher Schools for Trade and Commerce, thereby leaving the traditional engineering areas to the technical universities, which with some exceptions were not developing business programs. Examples of these Higher Schools for Trade and Commerce are the *Handelshochschule Leipzig*, founded in 1898, Stockholm (1909), Helsinki (1911), Copenhagen (1917). In the Netherlands, in Rotterdam, *de Nederlandse Handelshogeschool* (later called the Netherlands Higher School of Economics, currently the Erasmus University), was founded in 1913<sup>12</sup> by a group of business people in Rotterdam led by K.P. van der Mandele<sup>13</sup>.

Business administration did not develop in a smooth integrated way. It more or less started with the organization of work, workflows, with production management, also called 'Scientific Management'. Henry Ford was probably the most famous example of this with his innovative *assembly line* for the manufacturing of the Ford Model T. The justified criticism against this Scientific Management, this assembly line way of organizing, as shown for instance by Charlie Chaplin in his movie 'Modern Times', sometimes make us forget the tremendous benefits of it. The Ford model T simply was so inexpensive, that it revolutionized our transportation. It made transportation available for almost everyone. The famous expression of Ford, 'they can have any color as long as it is black' illustrates the underlying philosophy.

*Production management* was and is today the basis for enormous increases in productivity. An example is that in the fifties it took more than 30 hours of work to produce a VW beetle, nowadays a Renault Twingo is produced in less than 10 hours of work.

The success of General Motors in the thirties signaled the importance of a new field, *marketing*. Different brands, Chevrolet, Pontiac, Oldsmobile, Cadillac were made for different segments of clients. At the same time there were different development tracks for functional areas like accounting and finance.

The business school as we know it today got its boost with the development of the field of business policy or a bit later *corporate strategy*. The Harvard Business School MBA was here the role model and most of this development took place after the Second World War.

The curriculum for MBA type programs was usually structured in the following way; In the first year there were required courses like; marketing, production, accounting, finance, personnel, organization and the second year had strategy as integrative, capstone course next to a number of elective courses. Pedagogy was mostly based on the case method.

In the Netherlands business schools were created in the late sixties after the committee Pruyt, Mey and Caron<sup>14</sup> had signaled the necessity to create true business schools at the university level. The main Dutch university initiatives took place in Rotterdam, Groningen, Eindhoven and Twente. The creation of the Interfaculty Bedrijfskunde, in the late sixties, which resulted in by far the largest and most famous business school in the Netherlands, was a direct result of this Pruyt, Mey, Caron initiative. Note the contribution of the corporate world where Arnoud Caron, a board member of Unilever was very much a driving force behind this.

This Interuniversity Interfaculty Bedrijfskunde was a joint effort of four faculties, two from Rotterdam's Erasmus University, economics and social sciences, and two from the Delft University of Technology, architecture and mechanical engineering. This interfaculty structure reflected the development of this interdisciplinary field. There was, in the early seventies, an attempt to implement a bachelor / master model of university education in the Netherlands. The two year master program took students with a bachelor / kandidaats degree out of various types of academic programs like engineering, law, physics and so on. It is not clear whether we, today would call this a top masters program. The program did not require a high tuition, however it was based on strong entry selection.

Later, in 1974, the Interuniversity Institute Bedrijfskunde was created as a holding for the Interfaculty Bedrijfskunde, both the Free University of Amsterdam and the Leiden University joined this institute next to Delft and Rotterdam. Lylke Schepers, former board member of Royal Dutch Shell was the first chairman of this institute.

When in 1982 the decision was made to abandon the Interuniversity Institute Bedrijfskunde and to continue as a regular faculty of business administration, both Rotterdam and Leiden expressed an interest for having this faculty. A strong argu-

ment in favor of Leiden, at the time, was that Leiden did not have a faculty of economics. The decision was difficult and with a very small majority in the faculty council the choice was made for Rotterdam. At the same time the decision was made to continue the Masters / postkandidaats program as a post doctoraal / postgraduate program. This is the current MBA of the Rotterdam School of Management, which is clearly a top masters program. Next to this MBA, the Erasmus University decided to start a new, regular *drs bedrijfskunde* program.

The last thirty years have shown an explosive growth of business education in the US and in Europe. In the US there are around 700 university-level master programs in business administration. In the Europe business administration is generally the most widely chosen field of studies at university level. For example in Germany in 1999<sup>15</sup> in university education (excluding Fachhochschulen or hbo) business administration clearly had the largest student population with 163.378 students. The second largest discipline is law with 106.762; the third is German with 84.392, followed by medicine 80.609, pedagogy 61.319, biology 42.820, and mathematics with 37.256. Why would business administration be so in demand?

Many factors may play a role, however the changing structure of the economy seems to be one of the most important factors. The first chair in business administration in the University of Lund, in 1750, focused on management in the agricultural sector, the early developments of business schools and business administration in the twentieth century were strongly influenced by the development in the industrial sector. Two factors are likely to have influenced these developments; the employment in these sectors and the need to improve their productivity. Currently it is clear that we are facing a service economy. This is reflected in employment figures, subsequently in career possibilities and eventually in study preferences.

To illustrate these developments I will give an example; in 1850, one farmer would feed three people, in 1950 he took care of twelve, today this is 120<sup>16</sup>. With these decreasing numbers of farmers, I would expect also that the need and thereby the career opportunities for agricultural engineers would go down.

The share of wealth creation of agriculture, industry and services has changed dramatically in the last 50 years. In Germany, I am deliberately using our neighboring country, which happens to be also the largest and most industrialized country in the EU, in the period from 1950 until 2000, we saw the share of agriculture in wealth creation change from 11 to 1%, of industry from 50 to 30%, the share of services went from 39 to 69%.

Studying engineering, physics, mathematics, and chemistry was and is probably a good basis for a career in industry, however we can expect lesser and lesser career opportunities in industry. Those who seek a career in the service sector often find a good basis for that in business administration, hence the tremendous growth of business administration in the last couple of years. Experiences both from teachers and

managers in secondary (vwo) education in terms of study preferences of high school graduates tend to support this observation.

The mere fact that many students nowadays prefer to study business administration is by itself no sufficient reason to develop business programs at universities. However also universities are operating in a market, where they want to attract the best and the brightest students and therefore student preferences should be taken into account.

At least a big question mark must be placed by the notion that one can develop managers through undergraduate programs in business administration. A little joke is often made, that there are two kinds of managers; *those who manage things they do not understand and those who do not manage what they do understand*. The two extremes are obviously to be avoided.

- The first based on the assumption that a professional manager can manage any type of firm or organization, is to be rejected if only for the fact that such a manager has enormous difficulties to develop an adequate model of the system to be governed. This is a necessary condition for good management.
- The second based on the idea that one needs no professional management know how, that specialists in certain areas of expertise are automatically able to manage these activities, is to be rejected in view of the tremendous degree of professionalisation and the overall development of the field of business administration.

The education of people who study just business administration in an undergraduate program is on the basis of my first rejection not sufficient for a career as a manager. I prefer the T-model of education, whereby one first studies in a traditional academic field and later business administration in a Masters program.

Research in business administration is squeezed between different forces. Business practice is in need of relevant research results, however prevailing academic paradigms have difficulties dealing with criteria of relevance. This often leads to more research, which is done in the right way, research that uses the proper methods and so on, than to the right research, research that provides necessary and relevant results. It seems to me that in medicine and in engineering, good research somehow contributes to curing patients or to increasing our ability to make something. In this sense, business administration should follow medicine and engineering.

Growing student numbers in universities which otherwise are under budget pressures result in most university based business schools having relative small research capacities. Consulting firms like McKinsey have more research capacity in business administration than most of US top university business schools, like for instance the Stanford business school. Although the research capacity is generally too limited, the need for more research results is clear if one looks at the crisis situations in which many of our companies are to be found. The current gap between sometimes irrelevant, but methodological sound, academic research and relevant powerpoint like research, as done by some consulting firms, has to be closed.

My intermediate conclusion about business administration as a whole is that both the need for business education as well as the need for research suggests that the Universiteit Leiden was well advised to initiate the development of business administration. In order for this development to be successful, it is needed to mobilize the various resources of this university, by creating cross-disciplinary cooperation in this university.

Within business administration my area of specialization is **strategic management**. Strategy is an old field in the military, but relatively new in business administration. It is remarkable to see when these old concepts out of the military were taken over in business. Sun Tzu, *The Art of War*<sup>17</sup> and Carl von Clausewitz, *Vom Kriege*<sup>18</sup> are examples of those influential authors.

Until the fifties strategy was generally dealt with under the label business policy. Little systematic thinking went into strategy development. Good managers and entrepreneurs were supposed to have vision and formulate policies. *Business policy* was almost solely taught in business schools by using cases, theory was hardly available or hardly seen as relevant. The first attempts to systematize our thinking came from systems for *budgeting and financial control* in the early fifties.<sup>19</sup> Finance people usually initiated this movement in our companies. They wanted us to make multi year budgets; they basically made the mistake of trying to be the tail that wags the dog. In some of our public organizations we can still find examples of this way of strategizing. The fifties and the sixties showed substantive progress in the strategy area through the development of *long range planning*. Long range planning is founded in the making of historical projections; usually by planning experts. It was the era of the model builders, the planning departments. Long range planning proved to be useful for single business firms, firms that were operating in relatively stable environments, that were subjected to predictable trends and firms that experienced little rivalry from competitors. In short long range planning made sense in situations that no longer exist.

Igor Ansoff in his book *Corporate Strategy* in 1965<sup>20</sup> laid the foundations for the next wave of thought in the strategy area. Strategy making was seen as a line activity, as the direct responsibility of managers, instead of planners and planning departments. New concepts like the strategic business unit were developed. (This took place in 1970 in General Electric Company, long before Jack Welch would gain fame as one of the most successful managers of our time<sup>21</sup>.) Portfolio techniques were developed. Strategy making evolved as a systemic process using various instruments and techniques, however some of its flaws would soon become apparent.

No adaptation to the specific characteristics of the organization, no integration with organizational systems and procedures, and processes that often degenerated in rituals were among the major problems in dealing with corporate strategy. I still enjoy the succinct way in which my dissertation supervisor Russ Ackoff<sup>22</sup> formulated his objections against this way of strategizing:

*Most of the planning that I have seen in about 250 American and foreign corporations is like a ritual rain dance performed at the end of the dry season to which any rain that follows is attributed. Rain dancing has no effect on the weather even though it may have therapeutic effects on the dancers. Despite this, I find that as so-called professional planner I'm repeatedly asked to help improve corporate dancing, not to help control the weather.*

My own observations with the planning of the Dutch University System in the seventies confirm these views of Ackoff.

The eighties, nineties and beyond have shown *strategic management* to become a mature field. Strategic management was and is an area, which has demonstrated its usefulness for practice and has shown a common body of knowledge and theories. Business schools have strategic management courses in their curricula. Academic journals like the Strategic Management Journal exist and are respected. Professional societies have flourished, the global Strategic Management Society and in the Netherlands the VSB are examples of these. Textbooks are being published at an astonishing rate. So everything seems to be rosy.

Unfortunately, there are some worrying signals to take in to account. The level of sophistication of use varies greatly from sector to sector. It is probably fair to say that the level of sophistication of strategic management in many small and middle-size companies, in many healthcare institutions, in many universities, in general in the public sector, is still fairly underdeveloped.

We know from medicine that in order to prevent heart and coronary problems, we should watch our blood pressure, cholesterol; that we should eat wisely, control our weight and exercise. However many patients do not follow doctors advice. Sometimes they even listen to witchdoctors, to 'kwakzalvers'. In business this is not very different. Guru mania is a well-known phenomenon in strategy, and this comes very close to the idea of witchdoctors<sup>23</sup>. Following unfounded theory and ignoring well-founded principles can lead to undesired consequences in the corporate world. I will give some examples to illustrate this.

Mergers & acquisitions are seen as the easy way to grow and prepare one for future market possibilities. Research of Hans Schenk<sup>24</sup> has shown that in most cases the desired results do not materialize and if they do it usually takes much more time and effort than was anticipated.

Also Gary Hamel<sup>25</sup>, professor of strategy at the London Business School, criticized the trend to use mergers and acquisitions in order to grow our companies in a speech for alumni of the Stanford Business School, when he indicated:

*We see all these mega-mergers; there is a record of merger activity today around the world. Most of these mergers take place under the assumption that bigger is better, however research, which I have done in 20 industries, has shown that there is no correlation between the size of a company and its profitability. With one exemption,*

*this is the banking industry, and there the correlation is negative. The bigger they become, the less money they make. In addition grossly underestimated is the time and effort it takes to make these mergers work.*

The post-merger problems of DaimlerChrysler provide a clear example of these points made by Schenk and Hamel.

The influence of witchdoctors, as in medicine, is sometimes harmless, but often very dangerous. In 1986 Alfred Rappaport<sup>26</sup> wrote his book *Creating Shareholder Value*. Many managers worldwide embraced this book, which is more a statement of beliefs than anything else. Its conclusions are not really founded in solid research. Rappaport's shareholder first principle may seem simple and attractive at first sight, however it has serious negative effects. In particular in Europe where shareholders were neglected for a long time, where often an almost closed system of management board and supervisory board resulted in little outside control, shareholders did ask rightfully for influence, asked for checks and balances.

It is an illusion to expect that the long-term interest of the firm as a whole is identical to those of the shareholders. Many shareholders nowadays are more interested in volatility, in share prices that go up and down, so that they can buy low and sell high, than in long-term prosperity of the firm. This is shown among others by the high shareholder turnover rate that we see in most firms.

Many academics have taken issue with this single-mindedness, which is reflected, in the shareholder first principle. Igor Ansoff, already in 1965<sup>27</sup> stated it as follows:  
*This theory maintains that the objectives of the firm should be derived from balancing the conflicting claims of the various 'stakeholders' in the firm: managers, workers, stockholders, suppliers, and vendors. The firm has a responsibility to all of these and must configure its objectives so as to give each a measure of satisfaction. Profit, which is a return on investment to the stockholder, is one of such satisfactions, but does not receive special predominance in the objective structure.*

Given this statement of Ansoff, it is somewhat strange to see the development of incentive structures for managers that foster short-term thinking and neglect of other interest than stockholder interest. I am referring here to the use of stock options.

Many academics in business administration have warned against this:

*Gary Hamel, if you want to increase return for shareholders that is easy. Appoint a 60-year CEO, set a mandatory retirement age at 62, give him a lot of stock options and get out of the way. Guess what, the share prices will go up, but will it create new wealth, no.*

Hamel clearly said that no new wealth would be created due to the false incentives. After this CEO was gone, the overall situation of the company would not have improved. C.K. Prahalad, Professor of Strategy at the University Of Michigan and in the past among others a consultant to Philips NV said a number of years ago; *they start to pick the low hanging fruit.*

Prahalad again implied that this would only make current managers look good

and it would not improve the overall situation of the company. Please take into account that both these statements were made a couple of years ago. The current situation of many of our large companies, however seems to indicate that both Hamel and Prahalad had a point.

In the Netherlands, Van Witteloostuijn<sup>28</sup> takes a similar position when he points to an economy of egocentric greed. Endless downsizing, delayering, the shareholder first principle, macho management, it will only lead to a short-term orientation and finally, to a combination of corporate anorexia and a shift of the consequences of that to the public sector.

Why do we have companies in the first place? According to Ackoff<sup>29</sup> companies fulfill two roles: First, they produce wealth, and second they distribute wealth. Much of the behavior of our top managers does not seem to reflect these reasons for existence.

In the 20<sup>th</sup> century scarcity of capital was an important factor. In view of this one can easily see that those people who provide capital to the firm must really have a voice with respect to the future of the company. In the 21st century there is hardly any scarcity of capital, the real scarcity is the scarcity of human capital. The war for talent is on. The success of companies in a network economy depends on scarce managerial talent capable of cooperating in new ways. We have to rethink our processes of management development. The traditional MBA is no longer the way. New educational models are needed. Our managerial incentive systems, our regulatory systems, the ways we organize our companies, are still based on the old realities and are therefore more and more inadequate.

There is a lot of work to do for academics in business administration, for Leiden University. Educational programs that focus on the new realities, such as our part-time Executive Masters of Innovation and Change. Research which helps in developing more and better theories of the firm. This cannot be left to the consulting firms, who, as we have seen many times, are anything but independent.

**International management** is another new branch of business administration. Multinational corporations have existed for a long time, however the massive drive towards internationalization of our companies and their markets is rather new. Easy and inexpensive modes of transportation, improved communication, global capital markets, the opening up of closed, or protected markets all strongly contributed to this internationalization. In Europe the development of the EU reinforced this. Nowadays the statement, 'anything can be made anywhere and be sold everywhere' is true for most sectors. The latest discussions about waiting lists in healthcare suggest that even the healthcare sector might see this in the near future. More and more companies are aware that if they can compete in their own market they can do so everywhere and if they cannot compete everywhere they will not be able to compete in their own market.

Theories about the international, the multinational, the global, and the transna-

tional firm were developed<sup>30</sup>. In a short period of time also this part of business administration has developed into a well-recorded body of knowledge, which is reflected in courses in universities and a multitude of textbooks. The Academy of International Business was founded in 1981; academic journals soon followed. The reasons for the growing interests of academics in international business were clearly related to the tremendous influence of internationalization on our companies.

There is still a lot unanswered. Therefore research is really needed. The massive support for the antiglobalist movement forces the question whether this process of globalization of our businesses is really a good thing. Lester Thurow, dean of the Sloan School of Business of the famous Massachusetts Institute of Technology, in his book on the Future of Capitalism,<sup>31</sup> points to the ever widening gap between the haves and the have-nots, both between countries in the developed world versus countries in the underdeveloped world, as well as the increasing gap between the poor and the rich in the developed world. In this international arena, we are dealing with competing rules of the game, with differing systems of corporate governance, with new issues about corporate social responsibility, about ways of organizing, about cross-cultural management.

New questions need to be answered like, which accounting system, which legal system, who's safety rules, what kind of rewards and incentives should be used or followed? The problems related to the enormous differences in salaries and bonuses between German and American managers in DaimlerChrysler<sup>32</sup> illustrate this last point. Companies seem to answer these questions by adhering to US accounting systems because they want listings on the New York stock exchange, by using English as their operating language, by appointing managers from different nationalities. For us academics these questions provide a magnitude of research opportunities.

Also in the area of international management there a number of worrying phenomenon. Peter Drucker<sup>33</sup> called one of them 'The Growing Incongruence Between Economic Globalization and Political Splintering'. To think that we, in the Netherlands can and should develop our own systems for corporate governance seems impractical to me. A CEO of Philips was once quoted for having said, what good does it to have the best accounting systems in the world if the relevance of these stops at Baarle Nassau. I take the position that either we develop global standards and rules of the game (maybe to start with European), or we simply have to adopt the American ones. Although not necessarily the best, the last solution is maybe the easiest, but than we have to accept that these American ones reflect obviously more the American norms, values and interests than ours.

International management is a fascinating area, and I am glad that I may work in that area here at Leiden University, a university with a strong international orientation both now as in its rich past. As Willem Otterspeer<sup>34</sup> showed us in his overview of the history of this university, in the 17<sup>th</sup> century this university had 50% of its stu-

dents from abroad, it also had about 50% of its faculty from abroad, the operating language was not Dutch but Latin. Leiden University at that time really saw university education as an export product. I hope that in this sense, we may recreate the past. I expect to contribute to this by teaching and research, and by creating new, internationally oriented academic programs.

I will express my thanks partly in English, partly in Dutch depending on those addressed.

Het College van Bestuur van deze universiteit dank ik in de eerste plaats voor de bestuurlijke moed om een Leiden University School of Management te creëren. Toen ik begin tachtiger jaren met de interfaculteit bedrijfskunde vanuit het Interuniversitair Instituut Bedrijfskunde verhuisde naar de Erasmus Universiteit heb ik ervaren hoe moeilijk het was om in een gevestigde orde om te gaan met een snel groeiende nieuwkomer als bedrijfskunde. Ik herinner mij uitspraken over bedrijfskunde als koekoeksjong. Tot nu toe heb ik van U een zeer positieve houding ten opzichte van de bedrijfskunde ervaren en ik dank U daarvoor. Ik ben er zeker van dat U aan de verdere uitbouw van de bedrijfskunde in Leiden ook in de toekomst Uw steun en medewerking zal geven. Ik dank U ook voor het in mij gestelde vertrouwen. Ik vind het een eer aan de Universiteit Leiden benoemd te zijn. Ik hoop en streef ernaar op waardige wijze het ambt van hoogleraar te vervullen.

Ik dank de leden van het Bestuur der Faculteit Wis- en Natuurkunde voor het in mij gestelde vertrouwen. Ik hoop dat we de verbindingen tussen de Bedrijfswetenschappen en de wetenschapsgebieden binnen de faculteit Wis-en Natuurkunde op goede wijze kunnen ontwikkelen.

If I reflect on my teachers than I must thank above all Russell L. Ackoff, my dissertation supervisor. He awakened my interest in Philosophy of Science, in particular in American pragmatism, in methodology and in strategy. His unorthodox, sometimes radical, but always critical way of thinking has influenced me greatly. You may enjoy his critique<sup>35</sup> towards most MBA type business education, when he said that *it provides students with a vocabulary that enables them to speak authoritatively about subjects that they do not understand*. Second Thomas Cowan, professor of Law, student of Hegel, his emphasis on dialectic and his ability to see through complexity, have helped me a lot. Maybe you will appreciate the Thom Cowan's rule of Management, not to be taken too literally. *'Find out what Bob is good at doing, ask Bob to do just that, never ask Bob to do anything else'*.

Hans Borgman, ook jij bent via Ann Arbor, Rotterdam, Oestrich-Winkel uiteindelijk met mij in Leiden terecht gekomen. Marleen Dieleman, we hebben samen internationale ervaring opgedaan in EU projecten, ondermeer in Estland. Ik hoop dat Hans, Marleen, Janet, Marta, Camilo, dat alle medewerkers de opbouw van de Leiden University School of Management met evenveel enthousiasme tegemoet zullen treden, als ze tot nu toe in deze beginfase hebben gedaan.

Ladies and Gentlemen, participants in the Master of International Management Program of the Leiden University School of Management, you know that I have seen you as co-producers of the learning situation. I hope you have learned a lot, I hope you will learn a lot. Such a learning situation works in many ways; maybe it is the professor who learns the most of it. I hope to be able to learn a lot from you in the future.

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