

## **The study of business – a changing focus and sophistication**

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*The shift from small businesses to large corporations following World War I significantly influenced the study of business. As corporations grew in size and complexity, business scholars began to focus on new areas such as organizational behaviour, corporate strategy, and management science. The study of business transitioned from a focus on entrepreneurship and small business management to an emphasis on large-scale operations, efficiency, and the role of corporations in the broader economy. This presentation examines these changes and their lasting impact on business education and research.*

### **The Rise of Management Science**

With the growth of large corporations, managing complex organizations became increasingly important. This led to the development of management science, a field focused on optimizing operations, decision-making, and resource allocation within large enterprises. Scholars such as Frederick Winslow Taylor pioneered scientific management principles, emphasizing efficiency and productivity. The shift towards large-scale operations required new methods for managing human resources, supply chains, and financial planning, which became central topics in business studies. The emphasis on systematic analysis and quantitative methods marked a departure from the more informal approaches typical of small businesses.

### **Corporate Strategy and Business Policy**

As corporations expanded, the need for strategic planning became more critical. The study of corporate strategy emerged as a key area of business research, focusing on how large organizations could achieve long-term goals and maintain competitive advantages. Scholars began to analyse industry structures, competitive dynamics, and corporate governance. Business schools introduced courses on business policy, teaching future executives how to navigate the complexities of large organizations. This shift represented a move away from the day-to-day management of small enterprises to a broader focus on strategic decision-making at the corporate level.

### **Organizational Behaviour and Leadership**

The rise of large corporations also led to increased interest in organizational behaviour and leadership. As businesses grew, understanding how to manage large, diverse workforces became essential. Scholars began to study group dynamics, motivation, leadership styles, and corporate culture. The human relations movement, spearheaded by thinkers like Elton Mayo, emphasized the importance of employee satisfaction and its impact on productivity. This focus on organizational behaviour marked a significant shift in business studies, highlighting the need to balance efficiency with human factors in large-scale operations.

### **Business Education and Curriculum Changes**

The post-World War I shift to large-scale corporations prompted significant changes in business education. Business schools expanded their curricula to include courses on corporate finance, strategic management, and organizational theory. The case study

method, pioneered by Harvard Business School, became a popular teaching tool, allowing students to analyse real-world corporate challenges. These changes reflected the growing complexity of business operations and the need to prepare future leaders for roles in large organizations. Business education began to focus more on the skills required to manage and lead within large corporate structures rather than on small business management.

### **The Influence of Economic Theories**

The rise of large corporations influenced the development of economic theories related to business. Economists such as Alfred Chandler and John Kenneth Galbraith explored the relationship between corporate growth, market power, and economic performance. Chandler's work on the evolution of industrial capitalism highlighted the role of managerial hierarchies in the success of large corporations. Galbraith's concept of the "technostructure" emphasized the influence of corporate bureaucracies on economic outcomes. These theories underscored the importance of understanding the broader economic and social roles of corporations, influencing both business studies and public policy.

### **Impact on Accounting and Finance**

The expansion of corporations also transformed the fields of accounting and finance. As businesses grew, the need for more sophisticated financial management practices became evident. This led to the development of new accounting standards, financial reporting practices, and investment analysis techniques. Corporate finance became a distinct area of study, focusing on capital structure, risk management, and shareholder value. The shift toward large-scale operations necessitated greater emphasis on financial controls, auditing, and transparency, which became central themes in both academic research and business practice.

### **Globalization and Multinational Corporations**

The growth of large corporations after World War I also laid the foundation for globalization, which further impacted the study of business. The rise of multinational corporations introduced new challenges related to cross-border management, international trade, and global strategy. Business schools began to offer courses in international business, focusing on the complexities of operating in diverse cultural, legal, and economic environments. This shift reflected the increasingly global nature of business, as corporations expanded their reach beyond national borders, driving the need for new knowledge and skills in the study of international management.

*The shift from individual capitalists to large-scale corporations after World War I had a profound impact on the study of business. This transition led to the development of new business theories, changes in business education, and the emergence of specialized fields such as management science, corporate strategy, and organizational behaviour. The focus of business studies expanded from small-scale operations to the complexities of managing and leading large organizations. These changes not only reshaped business education but also influenced broader economic thought, laying the groundwork for the study of business in the modern corporate era.*

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