Editorial

Introduction

In this edition, we are fortunate to not only have seven articles but also a collection that engages in different ways with the fundamental issues of management history.

The first article in this edition, "Towards micro-foundations of institutional change: lessons from Douglass C. North's sociocognitive turn" is by Kyle Bruce (Macquarie University, Australia) and Peter von Staden (Kedge Business School, France). In this article, Bruce and von Staden examine the original theoretical underpinnings of the "New Institutionalism" that is now so prominent in sociology, management studies and organisational studies. What Bruce and von Staden find puzzling among the "New Institutionalists" is that they have never shown much interest in the work of the founding figure in new institutional economics, the Nobel LaureateDouglass North. Bruce and von Staden note that this omission is particularly pronounced in articles by "New Institutionalists" in this journal. Given that North's work – and that of his co-laureate, Robert Fogel – was almost "entirely historical", Bruce and von Staden find this omission "difficult […] to comprehend". Bruce and von Staden also find disturbing the "relative scarcity of dialogue" between the "New Institutionalists" in organisational studies and new institutional economics. Bruce and von Staden attribute this lack of "dialogue", in part, to the fundamentally different ways in which New Institutionalists in organisational studies and New Institutionalists in economics explain organisational behaviour. Whereas, the former focus on factors that are largely independent of human interests (culture, values, etc.), North emphasised how both the formation and behaviour of organisations was fundamentally interest-driven. As Bruce and von Staden highlight, North believed "that structure and agency result from mental processes" that, while rational, they are not always accurate, given that they are always based on perceptions of what exists rather than existence itself. While the fundamental differences between New Institutionalists in organisational studies and economics is, as Bruce and von Staden suggest, explicable, it hardly negates the need for "dialogue" between the two camps. As Editor, I hope this article contributes to the furtherance of such a dialogue.

In the second article in our edition, Bernard Mees (RMIT University, Australia) – in an article titled "Organisational mimesis and the emergence of industry superannuation in Australia" – also enunciates criticism of New Institutionalism in exploring the phenomenon which is the Australian "industry" superannuation system. Like Bruce and von Staden, Mees views with disfavour the ahistorical nature of institutional theory, as originally elucidated by DiMaggio and Powell (1983), and its lack of space for human agency and fundamental change. Human agency, Mees demonstrates, is certainly evident in Australian industry superannuation, a vast financial system to which employers currently contribute a sum equivalent to 9.5 per cent of each employee's wage. What is unusual about the Australian superannuation system, in addition to its universal and compulsory nature, is its system of governance. Mandated by the laws that regulate Australian employment, the superannuation balances for over a third of employees are in "industry" funds that are co-managed by trade union and employer representatives. As Mees notes, these funds are not "member owned businesses". Instead, they "are legally established as trusts […] owned by their union and employer sponsors". Such bodies are also, in terms of value, "the largest private companies" in Australia. Paradoxically, given the commercial success of Australia's industry superannuation funds, industry superannuation effectively owes its existence to Tom McDonald, the one-time communist head of the militant Building Workers Industrial

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Union (BWIU). Concerned as to the fate of building workers in retirement, in the early 1980s, the BWIU pressured employers to contribute to a "portable" superannuation scheme that would allow workers to receive contributions in a single account even as they moved from job to job. Shrewdly, McDonald and his fellow union leaders decided not to run the day-to-day operations of the Building Union Superannuation (BUS) scheme themselves. Instead, they contracted out administration to the Colonial Mutual Life Assurance Society, a large investment and insurance concern. They also provided building employers a 50 per cent stake in BUS. When in 1986, a 3 per cent superannuation levy was imposed on all Australian employers, the BUS scheme was soon replicated in other industries. The success of the model that McDonald and the BWIU initiated, Mees argues, is something beyond the ken of New Institutionalist theory. For, rather than being restricted by past institutional norms, McDonald led a transformative coalition that brought together unions, employers and investment funds.

In the third article, "Governance of old religious orders: Benedictines and Dominicans", authored by Peter Wirtz (vice-president of research at the University Jean Moulin in France), we are reminded that matters relating to corporate governance have long lineages. Wirtz, in exploring this issue, demonstrates the importance of formal corporate governance rules and procedures to the operation and survival of two Catholic religious orders – the Benedictines and the Dominicans. While many would think of the Catholic Church as a monolithic, centralised entity, Wirtz begins his study by emphasising both the variety and "largely autonomous" nature of Catholic religious orders. Of the two orders considered in this study, the Benedictines were a "monastic" order, meaning that their focus was directed towards a combination of prayer and work within a monastery. As one of the oldest Catholic orders (established at Monte Cassino in the sixth century), the Benedictines have, Wirtz notes, been comparatively well studied. In the case of this order, we are advised, "rationalisation of working methods and management practices" helped make the Benedictines one of the "key players in the economic development" of Europe during the Middle Ages. By contrast, the Dominicans were not only formed much later, they also differed in that they were a "mendicant" or preaching order (the order's formal name being the Order of Preachers). As preachers who moved actively out into the community, the Dominicans required different rules and procedures to the monastic-bound Benedictines, who were overseen with relative ease by a monastic-based abbot. By contrast, Dominican friars were often on the move and were considered the "sons of a province" rather than a particular monastery. Among the peculiarities of the Dominicans, Wirtz observes, was "a strong degree of democracy". Not only were the activities of Dominicans regularly debated through "chapter" meetings (held at the local, provincial and central levels), there was also regular rotation of the order's "top managers". At the provincial level, a Prior Provincial served a four-year term. The head of the order, its "Master", served for nine years. The Dominican's democratic structures, it is argued, were both a source of strength and of division. As with most modern organisations, division within the Dominicans occurred for two reasons. First, there were potential problems of agency and division due to the pursuit of personal interest to the detriment of the agreed upon organisational goal, also present in the monastic orders. Second, and most importantly for the Dominicans, there was division as to "the best way of achieving a single [agreed] organisational objective". Ultimately, the Dominicans survived because their internal governance was able to accommodate and resolve such divisions.

In our fourth article, "The influence of foreign investment on Malaysian Bumiputera technology firms, 1957-2016", Umar Abdul Kohard (Universiti Teknologi Malasyia), Adela McMurray (RMIT University) and Konrad Peszynski (RMIT University) explore the relationship between foreign investment and indigenous business activity in Malaysia.

Central to this article is a story that is fundamental to all developing nations: the tension between achieving economic growth through the encouragement of foreign investment and the harvesting of that growth for the benefit of the indigenous population. Today, a comparatively prosperous society, Malaysia has long differed from other developing nations in having a favourable view of foreign investment. Whereas many other societies in South-east and South Asia were characterised by either communist (Vietnam, Cambodia and Laos) or quasi-Soviet (Indonesia under Sukarno and India under the Nehru dynasty) models, on obtaining independence, Malaysia moved quickly, so our authors advise, to guarantee "foreign investors the freedom to repatriate profits and capital". Over time, initial requirements were that 30 per cent of the equity of foreign firms be held by "Bumiputeras" (ethnic Malays), which were progressively liberalised as Malaysia sought to shake off the effects of a series of recessions that occurred in virtually every post-independence decade. Increasing foreign investment liberalisation, the study reveals, forced the Malaysian government to think of new methods of achieving social and economic goals. Of particular concern to Bumiputera-dominated governments was the historic exclusion of "Bumiputeras" from the modern economy; an outcome that reflected Britain's colonial policy of leaving the traditional Malaya society comparatively untouched whilst at the same time encouraging ethnic Chinese and Indian migration to work in commerce, manufacturing, construction and plantation-based agriculture. Ethnically, the consequence of this has seen the Bumiputera share of the population fall to less than 50 per cent. Similarly, more than two decades after independence, the ethnic Malaya share of employment in commerce and industry stood at barely 30 per cent. In the face of such obstacles, this study highlights recent successes in fostering cooperative relationships between foreign investors and indigenous firms in areas of technology-driven economic growth. Strategic alliances have been fostered between foreign and small and medium local enterprises. Technology transfers have been fostered through various schemes, including a Vendor Development Program that encouraged foreign firms to utilise Bumiputera providers. Science and technology parks have also proved effective. Although Malaysia remains a society characterised by ethnic division, this study is nevertheless an encouraging one, demonstrating that economic growth and foreign investment can help overcome legacies of ethnic division that have proved so explosive in other nations.

Given that the fifth article in this edition, "An exploration into the relationship between management and market forces: the railroads of Australia and the American West, 1881-1900" is by my good self, I will leave it up to the readers to draw the necessary conclusions. Needless to say, this article, like most that are published in *JMH*, was much revised in light of the considered feedback of the reviewers, who demanded and received "major revisions". I hope that the themes which the article touches upon – that "management" is a fundamentally modern and revolutionary force, and that the key aspect of management is its capacity to efficiently organise and allocate resources (rather than its capacity to make "strategic" choices, which the article suggests were questionable in the case of the railroads) – are ones that are taken up by others in an ongoing debate as to the nature of management and management history.

The sixth article in this edition – "Understanding the erosion of USA competitiveness: managed education and labor in Japanese corporate castle towns" – is an unusual study that I am sure readers will find of great interest. In essence, we have in this article not one but two papers. The second of these papers, which is appended to the first, is a translated version of a Japanese article, authored by Masaki Saruta, which was published in 1992. This article was a study into the relationship between Toyota and the population that adjoined its main production and administration facilities in what is referred to as "Toyota City" in Japan's

Aichi Prefecture. The second and preceding article, authored by Wayne Macpherson and James Lockhart (both from Massey University, New Zealand), reflects and draws lessons from the first as to the nature of Japanese managerial success during the 1970s and 1980s. Macpherson also acts as one of the two translators of Saruta's study. In the primary article, Macpherson and Lockhart convincingly argue that the West still suffers from a largely superficial understanding of Japanese managerial success. As Macpherson and Lockhart note: "Practitioners in the Anglosphere continue to consume the highly visible tools and techniques employed in Japan with little, if any, consideration for indigenous social characteristics". In particular, they suggest, "little is written about what happens behind the scenes". What emerges from this study, which I personally found fascinating, is a "double-edged sword" (my expression, rather than the authors). Within Toyota City, education and employment were geared towards the needs of Toyota. Few high-school graduates ever left the region for work elsewhere. In the short and medium term, this provided Toyota and Japan with competitive advantages. There were, moreover, cooperative advantages that no Anglosphere society could possibly replicate. However, it also produced a workforce and society that was homogeneous and conformist; hardly the characteristics of a dynamic and innovative society. This study provides, therefore, a number of warnings to policy-makers. First, the social and cultural attributes that contribute to economic success in one nation are often not transferable to another. Second, and perhaps more importantly, we need to be wary in considering China's recent economic success that we do not replicate the superficial analysis that characterised our past views of Japanese management; a superficiality that causes us to overlook not only the wellsprings of that nation's success but also its failings.

In our final article, "Transitioning business school accounting from binary divide to unified national system: an historical case study", our authors – Maryam Safari (RMIT University, Australia) and Lee Parker (Distinguished Professor of Accounting at RMIT University, Australia and Research Professor of Accounting at the University of Glasgow, Scotland) – explore the transformation of university accounting studies through a case study of RMIT University's accounting department. In Australia, as elsewhere, business studies become increasingly commercialised and corporatized. A break from past practices was particularly sharp in Australia due to the so-called "Dawkins revolution" (named after the then Education Minister, John Dawkins) of the late 1980s, which ended the historic divide between Colleges of Advanced Education (polytechnic institutes) and Universities, with the former being granted university status. Typically, this tale of transformation – as conveyed by older academics – is associated with hankering for supposedly golden past days. The story that Safari and Parker tell, however, is not only more nuanced but also more positive. For the accounting department of RMIT, formerly a CAE, change was associated with not only a dramatic growth in student (and staff) numbers, but also a greater emphasis on research, given that the award of university status brought with it government expectations as to research requirements. In other words, increased attention to research advanced hand-in-hand with corporatization and commercialisation, rather than being undermined by it. In the case of RMIT University as it was now called, the latter involved not only increased numbers of international students at its Melbourne headquarters but also highly successful teaching ventures in Singapore and Vietnam. Inevitably, however, tensions emerged between research requirements and the department's highly remunerative teaching ventures. As Safari and Parker observe:

> The mantra for the accounting department clearly became growth: in a range of qualifications offered, in professional development programs, in experimentation with new programs, and of course in overall student numbers.

In such circumstances, the department's new research remit proved difficult due to what is described as "staff commitments to a teaching-only tradition; university expectations of its expanding teaching role; limited research support […] and available time". To overcome such challenges, RMIT University's accounting department increasingly turned to the hiring of outside "research active" scholars; staff for whom research rather than teaching was their prime duty. The problem with this strategy, Safari and Parker conclude was that it risked "creating 'second class' citizens within the university". Despite the problems and obstacles that the authors describe, it is nevertheless difficult not to conclude that at RMIT the process of commercialisation and corporatization made for a better rather than a worse accounting department – for staff, students, the University and the wider society.

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