Abstract

Business school rankings are common in United States and developed countries, but rare in developing nations. This paper presents rankings of the 42 best business schools in Latin America. It is centered on Chile, one of the smallest countries with the most stable and competitive economy in the Region because Chile concentrates highest proportion of best business schools. Paper unveils causes that explain performance of Chilean business schools. To compensate for inherent limitations of school rankings and to observe level of congruency between business education and actual demands for labor, authors assess challenges that business faculty face and surveyed needs and demands of executives of leading corporations that have won the “National Quality Award” in Chile. Their perceptions uncover a growing demand for people centered, innovation-based entrepreneurial soft skills in business graduates and emphasize an important emerging trend in business education in Chile, with sound projections for other developing countries.

Introduction
The main purpose of business education is to benefit students, help them improve their lives, be more productive as workers to foster individual and organization productivity, and in turn, contribute to expand national wellbeing.

Consequently, business instructors face surmounting challenges to educate students in the 21\textsuperscript{st} century and succeed helping to develop skills that closely meet demands in labor markets and contribute to increase competitiveness in the economy where business schools are inserted.

In a financial global age in considerable turmoil, the Chilean economy is growing at a fast pace, and a national environment that contrasts drastically with global financial uncertainty, increases the burden for business faculty.

The International Monetary Fund reports that Chile recovered rapidly from the global financial crisis and the February 2010 earthquake deploying a solid policy framework of fiscal rule, inflation targeting, exchange rate flexibility, and a sound banking system supported by fiscal buffers. Chile’s growth rate was 5.2 percent in 2010, 6 percent in 2011, and a strong domestic demand backs up projections over 5 percent for 2012\textsuperscript{1}.

Nonetheless, the competitiveness of the Chilean economy has declined steadily since 1995. In 1995, the World Economic Forum ranked Chile as the 13\textsuperscript{th} most competitive economy in the world. In 2012 it fell to the 31 place. Although Chile is still the most competitive economy in Latin America, this is an increasing concern for business corporations, the government, and business schools. A closer analysis about the causes of loss in competitiveness is overdue.

For Chile to be back among the most competitive economies in the world, will require coordinated efforts of government, universities, entrepreneurs, and policy makers, focusing on how to develop a workforce with the skills necessary to compete in the global economy of the 21\textsuperscript{st} century.

\textsuperscript{1} International Monetary Fund. Commission on Chile. 2011.
This paper analyzes the challenges that businesses, as well as business professors and schools face in Chile today.

The paper is divided in three parts.

The first part reviews the current context of business education in Chile and its evolution of in the last 40 years, due to evidence that business schools played a critical role in Chile’s deep economic transition from a highly centralized regime to a broadly open economy in the 1970’s and 1980’s.

The second part discusses a pioneer business schools’ ranking published by the economic and business magazine *América Economía*, which follows the steps of the U.S. & News Reports, and pioneers academic rankings of business schools in Latin America. In this ranking, Chilean business schools are among the top in most categories. To offer a better comparison standard, this section includes a comparison of business education in Chile and the United States. The intention is to discover models that may serve to improve business education in developing countries.

The third part draws conclusions about the challenges that business education confronts in Chile, from the perspectives of the academic tradition that contrast considerably from perceptions of business executives of top Chilean corporations on the skills that business graduates need to succeed in labor markets.

**1970 – 1980. Social turmoil, deep economic transformation and stability with support of business schools in Chile**
How could Chile, one of the smallest developing countries in Latin America, within a decade, evolve from a socialist inward looking highly protectionist economy to become the most stable economy in Latin America and one of the most competitive in the world?  

In 1969, Chile, then recognized as one of the most politically stable nation in the Region, was deploying the Import Substitution development strategy, had a highly protectionist economy and government centralize resources. Chile was the first country in Latin America that elected a socialist to head the government.

Three years later, increasing government controls on freedom, nationalization policies, and foreign interventions, had significantly deteriorated living conditions in Chile. The social, political, and economic systems suffered and the majority of Chileans reacted and demanded change.

In 1973, a military junta, integrated by the heads of the four military forces (army, navy, aviation and police) took over the government. The new administration brought back calm to a nation in turmoil and seek the support of the best Chilean and world economists with the purpose to transform the socialist economy inherited from the previous regime, into a broadly open free market economy.

Milton Friedman, from the University of Chicago and Arnold Harbinger of MIT, among other American free market experts, made significant contributions in the design and deployment of the Chilean Free Market Economy.

Most of Chilean economists that worked in the transformation and lead government cabinets were distinguished business professors from Chilean universities who had studied and obtained graduate degrees in the United States in the early 1970’s.

---

2 Lepeley 2005.
The Chilean economic transformation was deep, unique, and successful. Chile became a pioneer in economic freedom and an example for developing countries. Chile engaged early on in Free Trade Agreements (FTA) with the military government and pursuit further after democracy was restored in 1990. Giving a clear signal to the people of Chile that open market polices would prevail under the newly elected Christian Democratic administration.

Chile established FTAs with its two mayor partners, the European Union (2003) and the United States (2004).

The FTA experience helped Chile deepen trade liberalization and gradually lower the ad-valorem tariff rate from 11% in 1998 to 6% in 2003 and thereafter³.

In South America, Chile established FTAs with ALADI and MERCOSUR (comprised by four full members: Argentina, Brazil, Uruguay, and Paraguay) and bilateral PTAs with Peru, Colombia, Venezuela, Ecuador, and Bolivia. Bilateral FTAs are also in place with Canada, Mexico, and in Central America with Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua⁴.

In Asia, Chile has FTAs with Korea, Singapore, India, China, Japan, and New Zealand⁵.

Several milestones highlight the progress of the Chilean economy.

In 2007, Chile was the first non-European developing nation invited to join the exclusive OECD, which since 1960 has grouped developed - rich nations with the mission “to promote policies that improve the economic and social well-being of people around the world”⁶.

In 2011, the London’s “Financial Times” portraits Chile as “Latin America’s best managed and most prosperous nation”⁷.

---

⁴ Ibid.
⁵ Ibid.
⁶ OECD. Organisation for Economic Co-operation and Development.
Lant Pritchett, Harvard University professor specialist in economic development, says that “Chile is the only economy in the world that may advance from developing to developed status in the near future”\(^8\).

The 2012 Economic Freedom Index of The Heritage Foundation reports that Chile, in the 7\(^{th}\) place in the world, shows the highest degree of economic freedom in South and Central America. And after Canada’s 6\(^{th}\) place, it is the freest economy in the American Continent, 3 places ahead of the United States this year.

*The Chilean Economic Miracle* is well documented in economic and business literature. Nevertheless, Chile’s productivity and competitiveness have deteriorated and today this is a matter of concern for business leaders and business schools.

The 2012 ranking of the World Economic Forum (WEF) reports that the competitiveness of the Chilean economy has dropped to the 31\(^{th}\) place\(^9\). This is a significant decline from 13\(^{th}\) place Chile had in 1995.

**Business education in Chile. An Atypical Mix**

For the purpose of clarity, it is useful to highlight differences between business education in Chile and the United States.

While in the United States business education is delivered by business schools, which are commonly apart from departments of economics, either in different buildings or in separated floors or belong to divisions; business education in Chile evolved from economic departments and until today econometrics and qualitative analysis have considerable influence in business programs.

---

\(^8\) Lant Pritchett. *El Mercurio*. Santiago, Chile. October 9, 2011.

Chilean business schools are an atypical disciplinary mix\textsuperscript{10} because commonly hire more economists than management professors; primarily because academic merit is measured by strength in quantitative analysis.

Chilean business professors commonly have more training in economics and quantitative methods than in business management, and this is in clear contrast with the United States.

In Chile, as indeed in most countries, the prestige of a business school is largely determined by the educational background, networking skills, and academic productivity of faculty members, measured primarily by number and quality of publications, and secondly for teaching excellence.

In Chile, economists more easily get full time faculty appointments in business schools because their skills allow them to publish more than business management professors and do it in the best-ranked economic and high impact business journals that enhance individual faculty and the sponsoring business school.

\textbf{Higher Education Privatization Reform and Fast Expansion of Business Education}

Between 1980 and 1990 business education experienced substantial changes and significant expansion as a result of the 1980’s liberalization reform of higher education in Chile\textsuperscript{11}.

After the Reform, three traditional Chilean business schools that existed for close to a century, experienced rapid expansion in enrollment. The Reform allowed for the creation of new universities and the number of business schools started to grow fast.

\textsuperscript{10} In traditional comprehensive Universities in Chile business education is hosted in “Facultades de Economia y Administracion”.

\textsuperscript{11} Lepeley, 2005.
Business education became the “preferred discipline” of study because it kept pace with a fast growing economy that needed to meet increases in demand for skilled labor in “traditional” sectors, but particularly in emerging or “non-traditional” productive sectors.

By 1990, the number of business schools had grown exponentially. Ten years later most higher education institutions in Chile were offering business programs. The MBA became the preferred academic business degree in Chile.

America Economía reports that men and women assign comparable level of importance to getting a MBA. In terms of MBA financing, 61% of the graduates in Chile reports that they have paid for their studies. 13% reports a shared finance with the corporation where they work. 10% reports that the program was paid fully by the sponsoring organization while 7% have used bank loans and 9% got fellowships.

But the significant increase in quantity has not been paralleled with quality improvement.

The quality of business programs and the skills of the graduates vary within a wide range. And even though most students try to enroll in the most prestigious business schools in Chile, many efforts are curtailed by high standards, strict requirements, and limited enrolments.

**Ranking of business education schools in Chile and Latin America**

Chile has some of the oldest and most prestigious universities and business schools in Latin America.

The University of Chile was founded in 1842 and its business school, named “Faculty” (“Facultad” in Spanish) of Economics and Business Administration, was created in 1934.

---

12 New exports, such as wine, fruits, seafood, wood, in addition to copper, traditional Chilean export.
14 [Universidad de Chile](http://en.wikipedia.org/wiki/Universidad_de_Chile).
15 FEN, Universidad de Chile, [Facultad de Economía y Negocios](http://www.fen.uchile.cl/).
The Catholic University of Chile was founded in 1888, and its business school in 1925, also with the name of Faculty of Economics and Business Administration.

In addition to the above mentioned universities, a third institution must be highlighted because it was the most “genuine” business school in Chile. Its original name was “Valparaiso Business Schools”. Today’s name is University Adolfo Ibañez.

In contrast with the schools of economics and business in the traditional University of Chile and Catholic, the “Valparaiso Business School” started as a business college.

It was founded in 1953 by a distinguished entrepreneur, Adolfo Ibañez, with the purpose to train skilled business labor to meet the demands of an expanding economy and the productive sector in Valparaiso, the main port of Chile. Valparaiso had a long history of international trade powered by European immigrants who relocated there between the First and Second World Wars.

Today University Adolfo Ibañez has three campuses in Chile, one in Valparaiso, two in Santiago (the capital of Chile), and one in Miami, Florida, United States. Although the University maintains its business focus, it has diversified the academic offer to serve over 10,000 students in ten disciplines, schools, and professional centers.

In 2011 the business magazine América Economía ranked University Adolfo Ibanez the best among 42 business schools in Latin America. The Catholic University Business School is ranked in 6th place and University of Chile Business School in 9th. As it is shown in Table 1

---

16 Universidad Católica.
17 Pontificia Universidad Católica de Chile. Facultad de Ciencias Económicas y Administrativas.
18 Universidad Adolfo Ibañez
19 Lepeley 2005.
Chile is the country with the highest number of business schools ranked among the best in the Region\textsuperscript{21}.

Table 1: América Economía 2011 Ranking of 22 Best Business Schools in Latin America

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U. Adolfo Ibañez</td>
<td>Chile</td>
</tr>
<tr>
<td>2</td>
<td>ITAM</td>
<td>Mexico</td>
</tr>
<tr>
<td>3</td>
<td>INCAE</td>
<td>Nicaragua</td>
</tr>
<tr>
<td>4</td>
<td>IGU – EAESP</td>
<td>Brazil</td>
</tr>
<tr>
<td>4</td>
<td>EGADE</td>
<td>Mexico</td>
</tr>
<tr>
<td>6</td>
<td>U. Católica</td>
<td>Chile</td>
</tr>
<tr>
<td>7</td>
<td>U de Los Andes</td>
<td>Colombia</td>
</tr>
<tr>
<td>8</td>
<td>UAE Austral</td>
<td>Argentina</td>
</tr>
<tr>
<td>9</td>
<td>U. de Chile</td>
<td>Chile</td>
</tr>
<tr>
<td>10</td>
<td>U. Torcuato Di Tella</td>
<td>Argentina</td>
</tr>
<tr>
<td>11</td>
<td>FEA – FIA</td>
<td>Brazil</td>
</tr>
<tr>
<td>12</td>
<td>IESA</td>
<td>Venezuela</td>
</tr>
<tr>
<td>13</td>
<td>U San Andres</td>
<td>Argentina</td>
</tr>
<tr>
<td>14</td>
<td>COPPEAD</td>
<td>Brazil</td>
</tr>
<tr>
<td>15</td>
<td>ESAM</td>
<td>Peru</td>
</tr>
<tr>
<td>16</td>
<td>U. del Desarrollo</td>
<td>Chile</td>
</tr>
<tr>
<td>17</td>
<td>U. Santa Maria</td>
<td>Chile</td>
</tr>
<tr>
<td>18</td>
<td>U. Diego Portales</td>
<td>Chile</td>
</tr>
<tr>
<td>19</td>
<td>UDLAP</td>
<td>Mexico</td>
</tr>
<tr>
<td>20</td>
<td>U. Alberto Hurtado</td>
<td>Chile</td>
</tr>
<tr>
<td>21</td>
<td>U. de Talca</td>
<td>Chile</td>
</tr>
<tr>
<td>22</td>
<td>U. de Santiago</td>
<td>Chile</td>
</tr>
</tbody>
</table>

The 42 best schools in Latin America includes 11 schools in Chile, 6 in Mexico, 5 in Brazil, 5 in Colombia, 5 in Argentina, 3 in Ecuador, 2 in Peru, and 1 in Nicaragua, Uruguay, Paraguay and Bolivia respectively.

The ranking evaluates schools in 5 dimensions: (a) academic strength, (b) knowledge base and delivery, (c) level of internationalization, (d) networking and (e) business environment.

\textsuperscript{21} ibid.
The rankings below identify the best business schools in 6 specializations: economics, operations, strategy, finance, human resources, and entrepreneurship & innovation. Chile is among the best in the six categories as shown in Tables 2 through 7.

Table 2: Best Business Schools in Economics

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U. de Chile</td>
<td>Chile</td>
</tr>
<tr>
<td>2</td>
<td>U. Torcuato Di Tella</td>
<td>Argentina</td>
</tr>
<tr>
<td>3</td>
<td>U. A. Hurtado</td>
<td>Chile</td>
</tr>
<tr>
<td>4</td>
<td>ESAM</td>
<td>Peru</td>
</tr>
<tr>
<td>5</td>
<td>ISESA</td>
<td>Venezuela</td>
</tr>
</tbody>
</table>

Source: America Economia

Table 3: Best Business Schools in Management

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U. de Chile</td>
<td>Chile</td>
</tr>
<tr>
<td>2</td>
<td>COPPEAD</td>
<td>Brazil</td>
</tr>
<tr>
<td>3</td>
<td>ITAM</td>
<td>Mexico</td>
</tr>
<tr>
<td>4</td>
<td>U. Torcuato Di Tella</td>
<td>Argentina</td>
</tr>
<tr>
<td>5</td>
<td>U. Adolfo Ibañez</td>
<td>Chile</td>
</tr>
</tbody>
</table>

Source: America Economia

Table 4: Best Business Schools in Strategy

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INCAE</td>
<td>Nicaragua</td>
</tr>
<tr>
<td>2</td>
<td>UNIANDES</td>
<td>Colombia</td>
</tr>
<tr>
<td>3</td>
<td>FGV – EAESP</td>
<td>Brazil</td>
</tr>
<tr>
<td>4</td>
<td>ITAM</td>
<td>Mexico</td>
</tr>
<tr>
<td>5</td>
<td>U. Católica</td>
<td>Chile</td>
</tr>
</tbody>
</table>

Source: America Economia

Table 5: Best Business Schools in Human Resources

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FEA/FIA Sao Paulo</td>
<td>Brazil</td>
</tr>
<tr>
<td>2</td>
<td>U. de Chile</td>
<td>Chile</td>
</tr>
<tr>
<td>3</td>
<td>UAE – Austral</td>
<td>Argentina</td>
</tr>
<tr>
<td>4</td>
<td>BSP</td>
<td>Brazil</td>
</tr>
<tr>
<td>5</td>
<td>ESAN</td>
<td>Peru</td>
</tr>
</tbody>
</table>

Source: America Economia

Table 6: Best Business Schools in Marketing

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
</table>

11
Table 7: Best Business Schools in Entrepreneurship & Innovation

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business School</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U. del Desarrollo</td>
<td>Chile</td>
</tr>
<tr>
<td>2</td>
<td>U. Adolfo Ibañez</td>
<td>Chile</td>
</tr>
<tr>
<td>3</td>
<td>EGADE Business School</td>
<td>Mexico</td>
</tr>
<tr>
<td>4</td>
<td>IAE Austral</td>
<td>Argentina</td>
</tr>
<tr>
<td>5</td>
<td>ISESA</td>
<td>Venezuela</td>
</tr>
</tbody>
</table>

Source: America Economia

Business Education in Chile and the United States

Early in the 20th century, Europe was the preferred destination to pursue advanced studies for the few Chilean students who could afford them. The commanding reason to study in European universities was rooted in the influence of European immigrations that arrived in Chile between the First and Second World Wars. But in the early 1970’s, there was a notable shift of preference towards universities in the United States. This Chilean Brain Drain was largely induced by students and faculty members, leaving Chile to evade the increasing controls of the socialist government; which, to some extent, paralleled deteriorating economic conditions in countries across Europe during the years of the Cold War.

---

22 Lepeley, 2005.
At that time, expanding opportunities in the United States made economic freedom, a market system, and capitalism much more attractive and valued for increasing numbers of Chileans.

Chileans in particular and Latin Americans in general, who in the sixties and seventies had lived under the hardship of highly centralized governments heavily influenced by the doctrine of the Soviet Union and Cuba, were pressed to emigrate and seek asylum in “free countries”.

The Chilean “Brain Gain”

Many Chileans who obtained graduate degrees in the United States in the early 1970’s returned to Chile after the military government took over. Some graduates return to work in academia while many assumed public responsibility to rebuild the economy and served office in the new government.

Those experts designed, worked, and achieved the successful transformation of the Chilean economy. Most had attended prestigious departments of economics and business schools in the United States. Harvard, MIT, UCLA, Berkeley, University of Wisconsin and University of Chicago were important “incubators” of the Chilean Human Capital that deployed economic transformation.

Since then faculty members of business schools in Chile maintain close ties with peers in the United States. And the US has a distinctive influence on the content and delivery of business programs in Chile.

Business Education in the 21st Century: A People Centered Mega Trend
The quality of business education, measured in terms of benefits accrued by students’ learning, is embedded in the efforts of business faculty who understand the complexity of the national development strategy, are functional in the system, able and willing to constantly monitor the national and global economy and how both impact the business environment, and are highly skilled to perform continuous assessment and innovation in the programs they teach.

Furthermore, effective teaching approaches are constantly challenged to compensate for increasingly uncertain conditions and turbulent times, the unpredictable effects of instant world communications, emerging technologies, and the impacts of the “Knowledge Revolution” and globalization on the national economy and business programs.

Globalization imposes change in business schools and the need to review and renew old programs, pay attention to ethics, satisfaction of customer’s needs, and the training of students with effective social skills, professional commitment, and leadership values, which are central “soft skills” courses.

The people centered quality paradigm that has guided business corporations’ quality for ¼ of a century is infiltrating academia in the 21st century. Now the trend is further pushed by the global growth of the service economy and service science.

Spohrer and Maglio, pioneers in Service Science, state that the current growth of the service sector in economies around the world is unparalleled in human history. They highlight that even large manufacturing firms are experiencing significant shifts in revenues derived from services and the need for quality and productivity in the service economy has never been greater.

---

Services are moving to the center stage of the global arena and knowledge-intensive business services will increasingly determine performance and competitiveness. In this environment the most critical business challenges are systematic innovation, an interdisciplinary focus, inherent to the nature of service industries, and the use of technology.

In 2011, the heads of best ranked business programs in the United States show a clear trend oriented on people and students.

Anjani Jain, Vice Dean of MBA Programs at University of Pennsylvania’s Wharton School of Business (3rd place in US News & World Report ranking of Best Graduate Business Schools), highlights “a growing demand among students for firsthand exposure to emerging business issues in different parts of the world”. Faculty members are teaching week-long multidisciplinary courses in India and Israel and participating students valued the experience as the best courses in the Program and say they could not have learned more in the traditional classroom setting.

For Richard Lyons, Dean of the University of California Berkeley’s Haas School of Business (7th place among best graduate business schools26), the “mega trend” in graduate business studies today is to form leaders “are able to influence others without exercising power or authority”.27

Paul Danos, the Dean of Darmouth College’s Tuck School of Business (also 7th place among best graduate business schools28) assesses that “globalization is a massive movement for businesses that hire their graduates and emphasizes that multidisciplinary approaches coupled

---

28 Ibid.
with instructional technology allow Tucks to offer a Master in Business for Health Care that is now serving students worldwide.”

Peter Henry, Dean of the New York University’s Stern School of Business (10th place among best graduate business schools) explains that “the mayor issue of our times – from fiscal accountability to environmental sustainability to the economic rise of emerging markets – is a cry for leaders who think interactively and work collaboratively to harness the power of markets for the good of the world”. He claims that his business school has the mission “to develop people and ideas that can transform the challenges of the 21st century into opportunities to create value for business and society”.

In this global scenario, the knowledge base that business leaders and all those who work in business require, calls for a balanced combination of people, political, social, market, and technological skills that help students discover innovative business solutions paying attention to customers’ needs and expectations.

There is a strong tendency in all productive sectors to hire graduates with education and a background that empower them to deal effectively with the inherent uncertainties imposed by globalization.

Today business schools worldwide are developing innovative programs that balance quantitative analysis with soft skills to prepare students to deal effectively with increasing uncertainty in the national and global business contexts.

---

29 Ibid.
31 Ibid. Pag 111.
32 Duderstadt, 2009
Business Education in Chile: Advancing towards the 21st Century “Mega trend”, People Centered - Innovation Based Mega Trend.

To check the importance of this trend in business education in the United States, we observed what are the emerging tendencies in Chile.

We consulted 8 business executives of leading corporations that have obtained the National Quality Award in Chile during the last decade.

They all agree in one thing: new employees with business background that they hire can easily learn quantitative skills in training programs provided by the company or other educational sources, but it is far more difficult to train new hires in “soft skills”.

They conclude that business schools need to assume responsibility for developing students’ “soft skills” and include more courses and better teaching methodology in the business curriculum.

Here are the results of our interviews.

Table 8

<table>
<thead>
<tr>
<th>Questions</th>
<th>N = 8</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the level of articulation between business schools curricula and demands for human capital in productive sectors in Chile?</td>
<td></td>
<td>25%</td>
<td>75%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>What is the level of integration and collaboration between business schools and business enterprises in productive sectors?</td>
<td></td>
<td>0%</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Do you support the idea that business students should complete a business internship as a requisite for graduation?</td>
<td></td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>With what frequency does your firm offer business students opportunity to work in internships in your premises to strengthen their entrepreneurial skills?</td>
<td></td>
<td>0%</td>
<td>37%</td>
<td>50%</td>
<td>13%</td>
</tr>
<tr>
<td>To what extent do you and your business value “soft skills” of graduates you hire?</td>
<td></td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>What level of importance does your firm assign to the need to hire graduates with studies in international business?</td>
<td></td>
<td>25%</td>
<td>38%</td>
<td>25%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Chilean business executives stress that an effective business curricula must focus on business theories and management practices that strengthen the social talent of students. They said that, in contrast with training programs that companies regularly offer to new employees, such as use of technology, management, marketing, and strategy, the business school curriculum needs to develop students’ empathy, shared leadership, effective decision making, collaboration, teamwork, and win-win negotiation abilities. Because these are critical skills to advance in any business career today and students need to learn them early on in business programs.

The executives value the capacity of new hires to innovate and show strong entrepreneurial skills that empower them to confront the business challenges and increased competition in the widely open Chilean economy.

They also mention that flexibility, vision of the future, and effective quality management skills are necessary to overcome fairs in uncertain business environments.

The arguments of Chilean executives coincide with research and assumptions that change is necessary in business education. Mintzberg (2004) says that business instructors should not train pure theoreticians, but need to prepare socially effective managers and skilled practitioners because these are increasingly demanded skills by businesses and labor markets.

A study conducted by McKinsey (2006) on productivity in Chile shows that productivity increased at a rate of 5.9% between 1996 and 1999 but it has stagnated since 2000. The report states that Chile offers the necessary conditions to advance to a new stage of development, based on economic stability, open trade with the world, and a trustworthy business climate with global standards, but emphasizes that “Chile has the potential and should do more and faster”.

---

34 Mintzberg’s (2004)
The report confirms that Chile needs to increase productivity to reach a higher development status, a view supported by Harvard professor Lant Pritchett and mentioned earlier.

Productivity and national competitiveness are highly correlated. Results of the Mc Kinsey Report match the best and worst stages of national competitiveness in 1995 when Chile was the 13th country most competitive in the world and in 2012, as the Chilean economy has declined to the 31st place.36

The analysis confirms a high correlation between labor productivity, economic growth and national income.

Countries that advance to the upper stages of development show a national agenda built on three main pillars: human capital, innovation, effective collaboration between productive sectors and harmonious articulation between the productive and public sectors.37

The report on Chile’s productivity highlights the importance to improve management and quality from four dimensions to reach a higher state of development.

1. Strengthen a country image based on a higher level of national expectations.

2. Standardize continuous operation assessment as a necessary condition to promote excellence and reach worldwide recognized quality standards in all productive sectors and government services
   a. Deploy high management standards in service industries and manufacturing 
   b. Increase the knowledge base and upgrade technical education and technology to support operational practices

3. Assess labor regulations aiming to increase productivity of the labor force in all sectors.
   a. Reduce barriers that obstruct fair competition

36 Global Competitive Reports. World Economic Forum, 37 Ibid.
b. Increase flexibility in labor markets

4. Promote cultural change
   a. Increase people expectations
   b. Break away from paradigms that limit growth, such as lack of trust and obstacles for collaboration
   c. Increase global integration by increasing learning of other languages
   d. Highlight and strengthen innovation and entrepreneurship

Conclusions

Although a large number of business schools in Chile are ranked among the best in Latin America, our observations and the McKinsey Report on productivity, indicate that business education has ample space for improvement.

It is important to mention that a historic gap between academia and business is entrenched in all Latin American countries since Colonial times. And to a considerable extent this gap still persists and affects businesses and business schools in the Region.

The business executives we surveyed perceive that a pressing challenge for the productive sector is to have a greater impact in the business education curriculum.

There are numerous areas of improvement for faculty in business education while Chile gets ready to advance to the next state as “a developed economy”. And there is no doubt that most challenges need to address the 21st Century People Centered - Innovation Based “Mega Trend” that is pervading business education around the world.
BIBLIOGRAPHY


Spencer, E. (2002) MBA Education in Latin America: The Case of Chile. Mimeograph, School of Economics Sciences and Business Administration. University of Chile.


