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The **FOUR** Key Challenges Facing **Management Education** in Latin America



Although the growth of management education in Latin America has certainly opened up great opportunities, it has also created considerable challenges for business schools on the continent.

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The last decade has seen a burgeoning of management education in Latin America, especially in the region's most populous countries showing greater economic development and having regulatory frameworks in place to drive such growth. Could this lead to a unique regional proposal drawing global attention in business education? In this article we inquire about the major challenges currently facing business education in the region, looking at its evolution and paying special attention to the impact of technology.

Most of the ideas presented are based on the book *Latin America: Management Education's Growth and Future Pathways*¹ and on insights from the Latin America Business Education Jam.

THE LATIN AMERICAN MARKET

As an emerging region, Latin America has a relatively young population, with a current median age of 29 years and with over 40 per cent of people aged 25 to 54 years—arguably the typical target market of graduate and executive education². Such a demographic profile has brought about an increasing number of new executives and entrepreneurs looking for management training, spurring a significant growth of business education in Latin America. And this has been further fueled by increased trade openness in most Latin American countries, with many attracting significant amounts of foreign direct investment.

The resulting economic development, along with the increasing size of the market, has led not only to a widening range of program portfolios offered by the established business schools

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in the region, but also to the emergence of new providers of management education, and even to a rising interest from foreign schools considering entering the Latin American market, both online and offline.

COMPETITIVE LANDSCAPE: KEY FACTS

Overall, there has been an impressive growth in the number of institutions providing business education—both private and public—at all levels, but especially in the MBA and executive education segments. The estimated number of schools currently offering business degrees in Latin America hovers around two thousand, accounting for over 12 per cent of business schools worldwide³.

Mexico, Brazil, Colombia, Peru and Argentina are the Latin American countries with more business schools in the region—ranking either among the most populous nations or among the

largest economies in the region. Interestingly, Brazil is not the country with the largest number of schools granting business degrees, even though it is the most populous Latin American country and has the largest GDP. Meanwhile, Mexico concentrates nearly half of the schools.

Most Latin American business schools emerged during the second half of the 20th century, and toward the end of this period many were spread throughout the continent. But the expansion of business education in the region has meant not only an increase in the number of providers but also, in many cases, an increase in the quality and international recognition of schools.

FOUR KEY CHALLENGES

Although the growth of management education in Latin America has certainly opened up great opportunities, it has also created considerable challenges for business schools on the continent. Specifically, there are four key challenges currently facing business education in the region and potentially determining the extent to which the region will acquire major significance for the rest of the world: 1) building more internationally-oriented business schools; 2) developing a distinctive value proposition that stresses regional relevance and value; 3) harnessing the potential of regional collaboration; and 4) adopting new learning and teaching methodologies.

THE INTERNATIONALIZATION CHALLENGE

Globalization and trade openness have spurred internationalization aspirations among schools

in the region. This includes initiatives ranging from developing new content for programs to integrating state-of-the-art teaching materials, recruiting foreign faculty, and building international partnerships.

As multinational companies rise in Latin America and the number of regional firms entering the global market increases, Latin American business schools are being faced with the question of how to further develop an international mindset among their students. Clearly, there is a growing need to provide local executives and entrepreneurs with the necessary managerial skills and business knowledge to operate worldwide and perform successfully in a global environment. Topics such as cross-cultural management or strategies to lead global virtual teams will be more critical, important and salient. Likewise, offering courses in English to attract international students and faculty will be crucial to advance the internationalization process in schools.

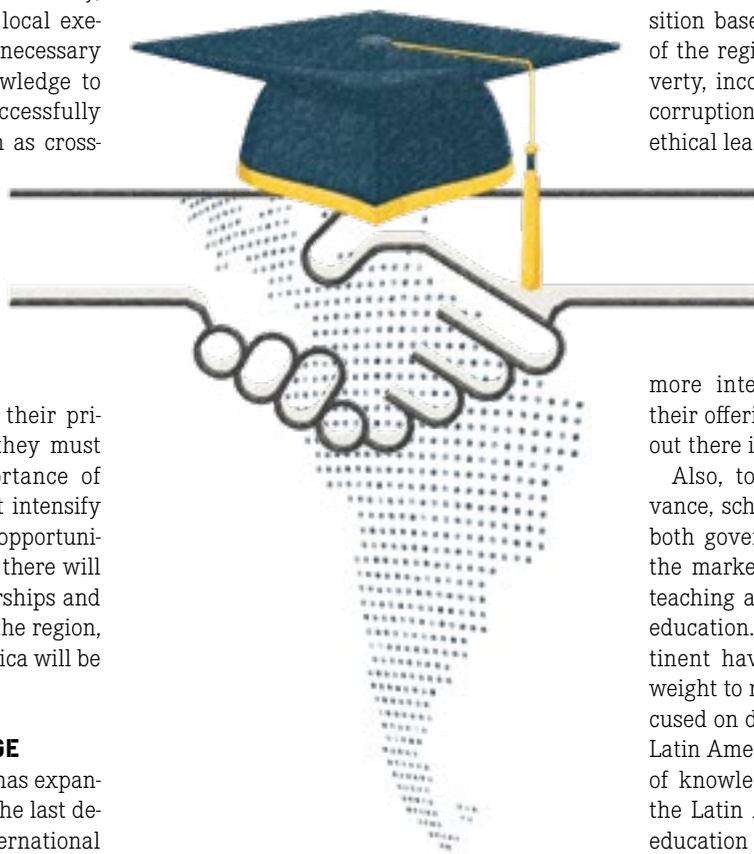
While business schools often see their primary mission as local or regional, they must nonetheless acknowledge the importance of international ties. Thus, schools must intensify efforts to provide students with more opportunities to go abroad. To all appearances, there will be plenty of room for specific partnerships and networks among business schools in the region, as many multinationals in Latin America will be more integrated.

THE VALUE PROPOSITION CHALLENGE

Business education in Latin America has expanded and advanced significantly over the last decade. However, in the pursuit of international quality, the relevance and value of local management issues in education have often been brushed aside. Despite the differences in their specific contexts, the content typically taught in Latin American schools is not very different from what is taught in US business schools. And schools need to balance that out.

Management education should endeavor to produce social and economic value for Latin American countries by paying closer attention to national or regional context, rather than

business schools in Latin America have not taken advantage of school-to-school collaboration.



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mimicking or undertaking a wholesale adoption of North American models of business education with very little local or regional adaptation. US and European management theories have predominated in schools across the region, but there is a growing need to create and deliver novel content that also considers the particularities and nuances of the Latin American business environment.

The challenge facing Latin American business schools is to develop a distinctive value proposition based on the analysis and management of the region's societal problems—including poverty, income inequality, social inclusion, and corruption—as well as on its aspirations, such as ethical leadership. They would thus be creating knowledge that is relevant to the region and to the world while increasing impact on business and society. Such a value proposition would potentially become a competitive advantage for business schools in the region and help them to attract more international students, differentiating their offering from online international courses out there in the market.

Also, to build and ensure sustained relevance, schools must partner more closely with both government and business to understand the market needs that are most significant to teaching and applied research in management education. Many business schools on the continent have certainly been giving increasing weight to research, but the endeavor has not focused on developing a deeper understanding of Latin America. Arguably, there is a notable lack of knowledge on how to conduct business in the Latin American context, and management education has not yet seized the opportunity to create such knowledge. Its potential contribution to the economic development of the region has thus not been fully exploited.

THE REGIONAL COLLABORATION CHALLENGE

Business schools in Latin America have not really taken advantage of school-to-school collaboration, including the development of content and programs with a regional approach. Just like the existing level of intra-regional trade, regional partnerships among schools are scarce.

Regional school-to-school collaboration and cooperation could add value to the business community on the continent, enabling joint work to address issues and problems with input and support from multinationals.

Most business schools in the region are indeed working on comparable initiatives or doing research on closely related topics, but the impact of those efforts would be bigger if they had a collaboration scheme, either virtually or face-to-face. Such a scheme could span across activities such as networking, a variety of programs, and academic and applied research projects. Collaborative work would allow schools to present themselves as blocs of knowledge-creation to the world.

Yet, promoting regional relevance and collaboration does not exempt Latin American business schools from broadening their international perspectives. They need to be able to look at their countries, the region, and the world. And the three perspectives need to be integrated as part of the management education experience.

THE TECHNOLOGICAL CHALLENGE

Technology as a tool to increase learning opportunities is a major force that will decidedly change the business education sector worldwide. Still, most Latin American business schools have not really harnessed technology as a way to create and deliver enhanced management education. It is essential for schools to embrace new teaching and learning models in course design and curricula—especially the use of technology-based applications such as blended and online learning methodologies.

The actual adoption of such innovative delivery approaches, however, will be highly contingent on the level of technological development of the various Latin American nations (Table 1 summarizes the societal situation regarding urbanization and technological development in countries across the region).

The average percentage of people living in urban areas in Latin America was 73 per cent in 2017—which is above the world average of 60 per cent⁴—yet, most Central American countries exhibit rather low percentages of urban populations, whereas those in the Southern Cone are highly urbanized. Similarly, the average



regardless of the heterogeneous levels of technological development among countries, Latin American business schools must catch up with technology challenges.



percentage of individuals using the internet in the region in 2017 was 58 per cent, slightly above the world average of 55 per cent but below the 60 per cent registered in the UK, South Korea and the US⁵. The countries with higher percentages are Chile, Argentina, Venezuela and Costa Rica, while the lower penetration rates obtain in Central America, Nicaragua, Honduras and El Salvador.

In 2017, Latin America accounted for nearly 8 per cent of the world's mobile telephone subscribers, and the average mobile telephone subscription per 100 inhabitants was above the world average—116, compared with 1,086. Costa Rica, El Salvador, Uruguay and Argentina were at the top, whereas Belize and Venezuela registered the lowest figures.

Regardless of the heterogeneous levels of technological development among countries, Latin American business schools must catch up with the technology challenges that come with the new generations of students and create new types of programs with a different pedagogical approach. This will also contribute to internationalization by promoting, for example, virtual teamwork among students from different geographical regions to solve business cases and develop joint projects, and by bringing foreign faculty through online methods.

Most schools in the region are now looking to develop programs with a more flexible way of delivery. And many—though not all—are moving toward online delivery. At the very least, they are all looking into how to integrate a piece of online instruction and put an embedded strategy in place to deliver management education—e.g. TED Talks to introduce or reinforce some concepts, MOOCs to cover topics that cannot be included in the curriculum due to time constraints, and multimedia content, interactive case studies, and simulations that can be accessed from mobile platforms.

But there is also the challenge of strengthening the value of the education offered by Latin American business schools in a context where online and other technology-enabled programs from leading international universities represent indeed a new source of competition. Business schools must reflect on the kind of value they can add to this type of offer. This comes

back to the importance of the personal and local elements. Thus, schools need to pay more attention to the experiential components and be creative on how to use technology.

CONCLUDING THOUGHTS

Latin American management education has expanded and advanced significantly over the last decade. This progress has gone hand-in-hand not only with the extent of overall development in the different countries in the region, but also with global trends both in the economic and

business environment and within the management education field.

Leading business schools on the continent have become more international, driven by the growing impact of globalization and the search for legitimacy within the international business school community. Yet, aspirations towards achieving international standards, coupled with the strong influence of the US model on Latin American management education, have led many schools to forget about the importance of building up local relevance and creating their own knowledge based on the development needs of

their countries and on the existing economic and business environment across the region.

Faced with global competition and technology-based learning, Latin American business schools now need to create their own identity with more extensive levels of school-to-school cooperation and collaboration across the continent. This cooperation will increase the relevance of Latin American management education, potentially leading to a turning point that will catapult schools into a distinctive positioning in the international business and academic community. </>

Table 1. Urbanization and Technological Development in Latin America

Country	 Urban Population (% of total) ¹ 2017	 % of people using the internet ² 2017	 Mobile Telephones per 100 inhabitants ² 2017
Argentina	91.7	74.3	140.9
Belize	45.6	47.1	63.7
Bolivia	69.1	43.8	97.9
Brazil	86.3	67.5	105.0
Chile	87.5	82.3	124.6
Colombia	80.4	62.3	127.2
Costa Rica	78.6	71.4	178.6
Ecuador	63.7	57.3	87.3
El Salvador	71.3	33.8	148.4
Guatemala	50.7	65.0	118.2
Honduras	56.5	31.7	87.3
Mexico	79.9	63.9	91.6
Nicaragua	58.3	27.9	128.1
Panama	67.4	57.9	128.6
Paraguay	61.3	61.1	108.8
Peru	77.7	48.7	123.8
Uruguay	95.2	68.3	148.3
Venezuela	88.2	72.0	83.3

Sources: 1. World Bank (2020) 2. International Telecommunication Union (2020).

There is a notable lack of knowledge on how to conduct business in the Latin American context, and management education has not yet seized the opportunity to create it.

¹ Alvarado, Gabriela, Howard Thomas, Lynne Thomas, and Alexander Wilson (2018), *Latin America: Management education's growth and future pathways*. Bingley, UK: Emerald Publishing Limited.

² Central Intelligence Agency. (2020). *The World Factbook*. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/>. Accessed on March 7, 2020.

³ AACSB International. (2015). *Business school data guide*. Tampa, FL: AACSB International.

⁴ World Bank. (2020). World Development Indicators. Retrieved from <http://databank.worldbank.org/data/reports>.

⁵ International Telecommunication Union. (2020). Country ICT data. Retrieved from <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>. Accessed on March 7, 2020.

⁶ *Ibidem*.



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