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### Latin America: Management education's growth and future pathways

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## **Latin America: Management education's growth and future pathways**

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A new book looks at some of the key findings from a study of the evolution of management education in Latin America and highlights current issues facing the region. By Gabriela Alvarado, Howard Thomas, Lynne Thomas and Alexander Wilson

The book *Latin America: Management Education's Growth and Future Pathways* [Emerald, UK] follows a past, present and future perspective on the growth of management education in the region. In this article for *Global Focus* we highlight some of the key findings from our study of its evolution and look at current issues facing the continent.

Our study zooms in on these issues via a series of face-to-face interviews with rectors, deans and influential educators from leading business schools in Latin America. Our respondents were drawn from leading, largely university-based, business schools, which covers 77% of EQUIS-accredited schools, 82% of AACSB-accredited and 55% of schools accredited by AMBA in the region.

This book continues the authors' efforts to build a global perspective on management education and follows on from our studies in Asia, North America, Europe and Africa. Latin America provides a rapidly changing context for providers of management education. For example, the population of Latin America has median age of 28 – a rather young population compared with many developed countries such as Germany and Japan whose populations have a median age of 47 years.

Compared with other parts of the world, the region has a high proportion of people within prime working age (25-54 years), the usual age profile of the target market for graduate programmes and executive education. At the same time, economic and political change has opened-up the economies of many countries in the region.

In March 2013, *Bloomberg Markets* magazine published a ranking of the most promising emerging markets that rated five Latin American countries (Brazil, Mexico, Colombia, Chile and Peru) among the top 20 emerging markets in the world. Indeed, there is both the demographic profile, political and economic context and appetite for management education.

This research covers the 20 countries that make-up the region. Each offers different demographic characteristics, levels of technological development, regulatory frameworks, economic growth and degrees of openness, which have impacted and influenced how management education has developed and the growth opportunities that have occurred. With a vibrant mix of culture, history, and economic liberalisation, Latin America presents a range of opportunities and challenges for management education.

### **How has Latin American management education evolved over the last 10 years?**

As part of the research interview, respondents were asked about the most important events in Latin American management education over the last 10 years in terms of the impact they have had. Their responses coalesced around three broad topics: the growth of management education; globalisation; and changes in the regulation of higher education.

## **Growth of management education**

The demographic characteristics of Latin America – a typically young and substantial working-age population – have boosted the recent growth of management education due to the need to train large numbers of new executives and entrepreneurs.

Accordingly, there has been an impressive growth in the number of institutions providing business education at all levels, both private and public, but especially in the MBA and executive education sectors. Currently, the estimated number of schools offering business degrees in Latin America is above 2,000, which represents more than 12% of business schools worldwide. In many countries, the competitive landscape has changed and experienced high levels of growth, which have contributed to enhancing the quality of existing business schools but also attracted new, low-price, for-profit universities.

## **Globalisation and open economy**

Many Latin American countries opened their economies in the 1990s, bringing about an increase in multinational companies on the continent along with more regional firms becoming global, causing management education to become more relevant. Globalisation and an open economy fostered the internationalisation of Latin American business schools in terms of international partnerships, attracting foreign faculty and access to new knowledge.

In addition, schools started to seek international accreditations as a way to enhance their standing within the international academic community. At the end of 2016, there were 36 Latin American schools from 11 different countries with at least one international accreditation.

“The role that [our school] decided to take at the beginning of this century, to go for international accreditations, certainly became a main building block for management education within the country. If I go back to the 1980s, [our school] was almost unknown. Now [it] certainly has an international recognition and other schools in the country are following the steps that [we] took a decade ago. So now there are other schools getting international accreditation.”

However, globalisation also widened the number of foreign competitors that arrived in the region. Over time, foreign players have typically been seen to operate through a rapid entry and exit due to the cost structure. Despite favourable demographics and an appetite for management education, foreign entrants have seldom found a financially viable business model for operating in the region.

## **Regulation of higher education**

The regulation of higher education was also identified as an influential factor in shaping the evolution of management education. In some countries, the market for education was opened up to the private sector, while some governments developed new quality control mechanisms, like national accreditation processes, and new regulations for masters degrees. “During the last 10 years...the government had decided to regain, in a sense, the control of ensuring quality in higher education. Therefore, a whole structure was established ... asking universities to go through quality accreditation processes ... That has helped the country in identifying those institutions that offer quality education from those that are just businesses for profit...”

However, these events triggered some important issues in Latin American management education. One is the heterogeneous level of schools' quality that stemmed from the rapid and substantial expansion of business education in the region and changes in regulation. This gave rise to a very stratified educational system with only a few schools and programmes at international level.

“Management education became much more available to companies and managers. In the past ... it was only offered to an elite of the managers. Now it became the norm ... So it grew considerably and became very popular ... To reach all this population, numerous alternatives appeared and not all of them with the same quality level.”

Further challenges are posed by globalisation along with the need to build up local relevance. In particular, globalisation has made Latin American business schools reflect on how to develop an international mindset in their students and better prepare them to succeed in a global environment. Further, it has led them to identify the importance of offering courses in English to attract international students and faculty in attempts to boost the internationalisation of schools in the region. “The introduction of English courses in many of the programmes was a big issue. It’s part of the opening of the country to free trade...” Yet, some argue that this has come at the expense of local relevance. The predominance of US and European theories has brought about a present need to develop content that takes into account the specifics and nuances of the Latin American business environment. “In the past we copied a lot from the States. Most of the schools have the models of the paradigm of universities in the US, perhaps some in Europe. Now I think we are trying to develop programmes and activities that are applied to Latin America.”

In addition, having a young population with a high proportion of people within the prime working age range implies the need for more jobs, which cannot be created solely by the big multinational companies. Hence, there has been a growing interest in entrepreneurship among young Latin Americans, who require the knowledge and skills to foster the growth of their SMEs and family businesses, which play a fundamental role in business and society.

“I do believe that one of the challenges that management education has been facing during the last 10 years is to learn how to train entrepreneurs who can really create value and not just survive.”

Finally, the influence of globalisation and the dominance of the US model on Latin American management education has prompted the shift of schools from being mostly teaching-oriented to becoming increasingly more research-oriented, which creates the difficulty of recruiting research-trained faculty.

“There has been a big change in the last 10 years in education. Basically, the most significant one is related to the fact that schools are moving from being teaching institutions to be research-informed, at least...”

### **Concluding thoughts on the region**

Together, these events and resulting issues have created a number of challenges (and no doubt some opportunities) for Latin American business schools. Among the most significant ones are:

- faculty recruitment and development
- the need to diversify the schools’ sources of funding
- how business schools in Latin America can become more international
- the importance of adopting new learning and teaching methodologies.

Although these challenges are not unique to schools in the region, some of them are more difficult to face for Latin American business schools (such as faculty recruitment and development). These topics and many other relevant ones are addressed in-depth within the different sections of the book.

**About the authors:**

Howard Thomas

Howard Thomas is the Ahmass Fakahany Distinguished Professor of Global Leadership at the Questrom School of Business, Boston University and Emeritus Dean and Professor at Singapore Management University

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Gabriela Alvarado is the Director of the Business Intelligence Center and a Professor of Marketing at ITAM, Mexico. Gabriela was the Associate Dean of MBA programs at the ITAM Business School for 14 years, where she developed the international MBA program portfolio. Her research focuses on management education, business schools' reputation, international accreditations and rankings.

Alexander Wilson

Dr Alex Wilson is Lecturer in Strategy at Loughborough University, UK.

Previously he worked as a research fellow in strategic management at Warwick Business School, UK. His research examines the nature of strategic practice and information technologies, particularly in initiatives to create openness in strategy making. He has also worked extensively researching the evolution and development of management education, and the role of business schools globally.

He has held visiting fellowships at Singapore Management University (2011, 2012, 2013 & 2014) and he is currently Research Fellow at the Chartered Association of Business Schools in the UK.