

Advancing People Skills for 21st Century Business Education in Chile

María-Teresa Lepeley

mtlepeley@globalqualityeducation.org

President & Founder of the Global Institute for Quality Education

Carlos A. Albornoz

calbornoz@udd.cl

Assistant Professor School of Economics and Business

Universidad del Desarrollo, Chile

LATIN AMERICA

CHILE

Advancing *People Skills* for 21st Century in Business Education in Chile

Abstract

In the 20th century business schools in Chile played an important role in the deep transition from a centralized economy to a free market system that propelled the country to become the 13th most competitive economy in the world. But the competitiveness of the Chilean economy has decreased more recently, and this is a national concern for a broadly open economy. In the 21st century, Chilean business schools, although ranked among the best in Latin America, confront new challenges. Evidence shows a mismatch between the supply of business schools, in terms of the hard business skills graduates acquire and the demand for people or soft skills that labor markets seek in graduates. We propose a curricular change to advance from the traditional objective based business curriculum to a student competence centered curriculum that balances hard skills with the people skills graduates need to fuel innovation and entrepreneurship thus increasing employability and success in business careers.

BIOS

Maria-Teresa Lepeley is President & Founder of the Global Institute for Quality Education of the United States and el Instituto Global de Calidad en Educación – IGCE – Chile / América Latina. Author of the book *Quality and Management in Education* (McGraw-Hill, 2001). Past Member of the Board of Examiners of the Baldrige National Quality Award of the United States and The National Quality Award in Chile. Bachelor degree in Education, Universidad de Santiago, Chile. M.S in Higher Education Management & Leadership and M.A. in Economics with specializations in Human Capital and Economic Development, University of Miami, United States.

Carlos Albornoz has Bachelor and a professional degree in psychology from the Pontificia Universidad Católica de Valparaiso, Chile. M.S. in Business and Doctor degree in Education from the Florida International University, United States. His doctoral dissertation in entrepreneurship education received the Pino Entrepreneurship Center Kauffman Award. He is Assistant Professor at the Business School, Universidad del Desarrollo in Santiago. Chile. His research interests are focused in entrepreneurship education and professional career paths in the 21st century.

Introduction

The main *business* of business education should be to benefit students, help them become innovative, entrepreneurial, happy persons, highly productive workers able to foster business competitiveness and make significant contributions to economic expansion and social progress in the country.

This comprehensive dimension of business education shows the challenges business faculty have to deal with to educate students “in” and “for” the 21st century.

Teaching a business discipline today requires more than meeting the curricular objectives and theoretical frameworks that prevailed in the 20th century; it requires practical knowledge, experience, and a high degree of professional responsibility and enthusiasm to coach and develop the skills students need to become effective managers of productive and ethical businesses, regardless of the country where they live and work.

Chile, a medium size developing country in Latin America, is good example of the economic changes and challenges that faculty and business education face in the 21st century because four decades ago Chile went through one of the deepest transformations in economic history and successfully transitioned to a free market economy which has served as model for other developing countries.

In the early 1970's under a socialist regime, Chile operated as a highly centralized economy. In the mid 1970 the country experienced deep political and economic transformation. In the mid 1990's the Chilean economy was performing as a free market economy broadly open to trade with the world. It was the most stable in Latin America and was among the most competitive economies in the world.

In spite of the global financial turbulence of the first decade of the 21st century, the Chilean economy remained stable and growing compared with most developed and developing countries. The International Monetary Fund reports that Chile recovered rapidly from the global financial crisis and the February 2010 earthquake which devastated a large part of central Chile by deploying adequate fiscal policies, targeting inflation, managing exchange rate flexibility, and maintaining a banking system supported by fiscal buffers. Chile's growth rate was 5.2 percent in 2010, 6 percent in 2011, and was projected to be over 5 percent for 2012 on the strength of domestic demand.¹

Despite this macroeconomic record, the competitiveness of the Chilean economy declined after 1995, when the World Economic Forum ranked it the 13th most competitive economy in the world². In 2012 it ranked in 31st place.

Although Chile is still the most competitive economy in Latin America, the decrease in economic performance is a national concern for business corporations, government, and business schools.

For Chile to return to its place among the most competitive nations in the world will require the synchronized efforts of government, policy makers, business schools, and a successful entrepreneurial sector all aimed at developing the skills the Chilean workforce needs to regain competitiveness in the increasingly complex and interdependent global economy of the 21st century.

Economic Transformation and Development in Chile

¹ International Monetary Fund. Commission on Chile. 2011.

² World Economic Forum. 1995.

Chile advanced within decades from a socialist regime with an inward looking and highly protectionist economy in the early 1970's to become the most open and stable economy in Latin America.³

Chile is recognized as a pioneer developing country in economic transformation, together with the Asian Tigers, Taiwan, Singapore, and Hong-Kong. In development literature the Chilean transition has been labeled "The Chilean Economic Miracle."

It needs to be highlighted that the successful economic transformation was possible and strengthened by "movements of people." That is to say, by emigration and immigration patterns that enabled accumulation of the human capital necessary to achieve economic and social progress.

The transition to a free market system and an open economy exposed Chile to a considerable amount of turmoil complicated by emerging international challenges. But the experience taught the nation, the government, and the productive private sector how to perform in a competitive global environment maximizing benefits and minimizing the costs of integration through Free Trade Agreements (FTA), initiatives that Chilean governments of different political persuasions have pursued and strengthened for four decades.

Furthermore, the strength of the economy gave signals to people in Chile that the free market system and open economy established by the military government would continue after they called for democratic presidential elections in 1989.

Chile's FTA experience contributed to trade liberalization by lowering ad-valorem tariffs from 11% in 1998 to 6% in 2003 (Chumacero, Fuentes, & Schmidt-hebbel, 2004). In 2003 and 2004 Chile established FTAs with its two major trade partners, the

³ Lepeley 2005.

European Union and the United States, respectively. In South America, Chile has an FTA with MERCOSUR and bilateral PTAs with Peru, Colombia, Venezuela, Ecuador, and Bolivia. Bilateral FTAs are also in place with Canada, Mexico, and four countries in Central America. In Asia, Chile has FTAs with Korea, Singapore, India, China, Japan, and New Zealand (Harrison, Rutherford, & Tarr, 2003).

In 2007 Chile was the first non-European developing nation invited to join the exclusive OECD, which, since 1960, has gathered developed nations with the mission to promote policies that improve the economic and social well-being of people around the world. In 2011 London's Financial Times singled out Chile as "Latin America's best managed and most prosperous nation."⁴ Lant Pritchett (2011), Harvard University professor and economic development specialist, said that Chile is the only economy in the world that may advance from developing to developed status in the near future (Pritchett, 2011). The 2012 Economic Freedom Index of The Heritage Foundation reports that Chile was in 7th place in the world for the highest degree of economic freedom. After Canada's 6th place, Chile is the freest economy in the American continent and was three places ahead of United States in 2011.

Development and Impact of Business Education in Chile

Early in the 20th century, Europe was the preferred destination for pursuing higher education and advanced studies for the few Chilean students who could afford it. The commanding force to study in Europe was the important influence of European migrations to Chile during the First and Second World Wars (Lepeley, 2005). European

⁴ Financial Times. September 15, 2011. Pag. 5.

immigrants relocated and produced development in Chile by expanding trade between Chile and Europe.

Under the socialist regime in Chile (1970-1973), the European connections shifted focus to countries like France, Sweden, the Democratic Republic of Germany, with Russia and with Cuba in Latin America.

During this period, many liberal thinkers, professionals, and business people departed from Chile to avoid losing individual or commercial freedom. The political unrest and increased economic nationalization resulted in a massive “brain drain.” Many of those who emigrated from Chile were faculty members leaving the country to escape the turmoil.

But since economic centralization and restrictions in Chile paralleled similarly deteriorating conditions in countries across Europe during the Cold War, this was a deterrent that kept Chileans from migrating to Europe. Most preferred the United States, and this event started an unprecedented shift in migration for Chilean citizens. Expanding opportunities in the United States, economic freedom, and a free market system became very attractive to Chileans leaving a socialist regime.

After the transition to a liberal military administration in September 1973, many Chileans who had obtained graduate degrees in the United States returned to Chile to work and promote free market policies. A significant number of U.S. trained professionals participated in the liberal government, leading economic liberalization from cabinet offices.

The experts who actually designed, worked, and achieved the transformation of the Chilean economy had attended prestigious economics schools in the United States.

Harvard, MIT, Stanford, UCLA, and University of Chicago among others, were the “incubators” of the human capital that ensured the successful economic transformation in Chile. Their influence explains the distinctive impact that U.S. business schools had on Chilean schools in terms of structure, programs, curricula, delivery methods, faculty development, and merit recognition.

But there are differences between business education in Chile and the United States.

While business education in the United States is delivered by business schools which are academically independent and separated from departments of economics, business schools in Chile evolved from departments of economics and even today econometrics and quantitative analysis are more prominent in business programs in Chile than in the United States.

Chilean business schools hire more economists than management professors. Chilean business faculty commonly have more training in economics and quantitative methods than in business management.

Consequently, business programs in Chile offer similar proportions of courses in economics as they do in business subjects, like finance, marketing, operations, and strategy. However, there are very few courses in business subjects designed to develop the so called “soft” or “people skills,” such as leadership, entrepreneurship, innovation, business ethics, and emotional intelligence.

This is in spite of growing evidence that business corporations and labor markets have a significant demand for graduates with effective “people” competences which are

very important factors for performance improvement and business competitiveness in a market system that is integrated with the global economy.

In Chile, business schools gained prestige with a faculty embedded in traditional standards of education, with networking capacity, and with the number and strength of their academic publications. Research is valued as a primary activity, commonly displacing teaching excellence to a secondary place in comprehensive universities. They use a faculty merit system that Navarro (2008) also identifies in business schools in the United States.

In Chile, economics faculty are often favored with full time faculty appointments because of their stronger background in math which allows them to publish more in top ranked economic journals compared to business management faculty. Publications in English in the United States enhance the reputation of the individual faculty member and the sponsoring business school.

Higher Education Privatization Reform and Business Education Growth

Between 1980 and 1990 business education experienced substantial changes and significant expansion in Chile as the result of the 1980's liberalization reform of higher education (Cned, 2012).

In the early 1980's, the three traditional business schools that had existed in Chile for about a century experienced rapid growth in enrollment due to the liberalization that allowed the creation of new departments and the diversification of a traditional and exclusive university system. After the transformation the structure of the system became similar to the U.S. with new units like liberal arts and community colleges.

In this new environment, business education became the preferred discipline of study because business programs kept pace with a fast growing economy and an increasing demand for skilled labor in traditional and emerging sectors of the market economy.⁵

In 2012 Chilean institutions offered 326 business administration programs, this is the highest number of programs offered when compared with all other undergraduate degrees. The total first year enrollment in business administration was 10,200 students in 2012 (CNED, 2012).

From an academic perspective, Chile has some of the oldest and most prestigious universities and business schools in Latin America. The University of Chile was founded in 1842⁶ and its school of business administration and economics was created in 1934.⁷ The Catholic University of Chile was founded in 1888⁸ and its business school in 1925⁹, also as a school of economics and business administration. In addition to these business schools of traditional universities, a third institution is highlighted as the first “genuine” business school in Chile. Its original name was “Valparaiso Business Schools” and today is called University Adolfo Ibañez.¹⁰

In contrast with the schools of economics and business in the traditional and Catholic universities of Chile, the “Valparaiso Business School” started exclusively as a business college. It was founded in 1953 by a distinguished entrepreneur, Adolfo Ibañez, with the purpose of training skilled business labor to meet the demands of an expanding economy and the production sector in Valparaiso, the main port of Chile by

⁵ New exports, such as wine, fruits, seafood, wood, in addition to copper, traditional Chilean export.

⁶ Universidad de Chile. www.uchile.cl

⁷ FEN. Universidad de Chile. Facultad de Economía y Negocios www.fen.uchile.cl

⁸ Universidad Católica. www.uc.cl

⁹ Pontificia Universidad Católica de Chile. Facultad de Ciencias Económicas y Administrativas. www.faceapuc.cl

¹⁰ Universidad Adolfo Ibañez www.uai.cl

the Pacific Ocean. By then Valparaiso had a long history of international trade empowered by European immigrants who relocated to this city 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.

The magazine *América Economía* pioneered business school rankings in Latin America in 2011 and ranked University Adolfo Ibañez the best among 42 business schools in the region (America Economía, 2011). The business school of the Catholic University of Chile was ranked in 6th place and the University of Chile Business School in 9th. The ranking of the 42 best schools in all of Latin America included nine schools in Chile, six in Mexico, five in Brazil, five in Colombia, five in Argentina, three in Ecuador, two in Peru, and one each in Nicaragua, Uruguay, Paraguay and Bolivia.

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

An additional ranking identifies the best business schools in six specializations: economics, operations, strategy, entrepreneurship & innovation, finance, and human resources. Chilean business schools are among the top schools in economics and operations (Universidad de Chile) and entrepreneurship and innovation (Universidad del Desarrollo).

Supply – Demand Mismatch in Business Education

The benefits of ranking business schools ought to be recognized. Rankings provide information that helps students and parents make decisions about where to

pursue studies and in what kind of business career. Rankings also benefit prestigious business schools as a promotional tool and promote the competition necessary to improve the quality of schools and business education.

School rankings do have limitations however. Among others, they show the standardized performance of business schools based exclusively from the supply side perspective because rankings follow traditional business school methodology. Rankings say nothing about the demand side, i.e. the skills business graduates need to increase employability in labor markets.

Business schools need to have extensive knowledge and awareness of the demands of labor markets because they constantly change in sync with the dynamics of the global economy. But business schools notoriously react to labor market demands only after a significant lag.

The concerns of business leaders and business students, representing the demand side of the business education equation, are valid and deserve study and realistic answers, which we address next.

To assess the skills business students need to acquire in business schools we interviewed business leaders about the “human capital” graduates should possess to find jobs in business corporations or to start a business of their own, a common endeavor in Chile given the opportunities of an open economy.

The CEOs of eight leading medium and large corporations that have won the National Quality Award in Chile in the last decade responded our survey. These business leaders were targeted to gather information on labor market demands because of the high performance standards required to win the award, the requirements

of its quality models, and the focus on people skills necessary to achieve sustainable development (economic, social, environmental). In the 21st century, National Quality Awards winners in 67 countries offer an accurate picture of the skills necessary to succeed in a business career.

Table 1 shows the results of the survey. Executives agree about the need for effective people or soft skills for business graduates.

The CEOs stress that employees in general and new hires in particular, can be easily trained in quantitative skills using information or instructional technology, but it is harder and more expensive for corporations to develop the *people skills of employees* because it takes more time, more practice, and more perseverance to develop attitudes and behavior leading to respect for others, effective communication skills, and improving understanding among business people.

We understand people or soft skills to be individual attitudes rooted in the way people feel, think, and act based on human anatomy, developmental cycles, neuroscience, brain plasticity, medical and behavioral sciences, supported by development theories of emotional intelligence (Goleman, 1996) and multiple intelligences (Gardner, 1993). Also in the 21st century quality management models centered on the importance of people as pivotal to organizations and core in soft skill theories and practices.

Extrapolating to education, teaching soft skills begins with high expectations that students can learn and achieve, supported by instructors trained to share knowledge that promotes students' learning in the disciplines they teach.

Soft skills are central in business education to develop students' capacity in participatory leadership, effective communications, team building, win – win negotiation strategies, entrepreneurial abilities, new knowledge exploration (above and beyond old knowledge “exploitation”), participatory management, integrative knowledge, a multi-disciplinary approach to problem solving, use of technology, quality commitment, and social, economic, and environmental responsibility. In this context, people or soft skills integrate emotional intelligence and innovation as defined by Boyatzis, Goleman, & Rhee (2000) “Emotional Intelligence” and on “Innovation Skills” (Dyer, Gregersen, & Christensen, 2008).

Where Emotional Intelligence is focused on five attributes: (a) self-awareness of personal emotions, strengths, weaknesses, drives, values and goals, and capacity to recognize their impact on other people when intuitive feelings and emotions guide decisions (b) Self-regulation, defined as effective management of disruptive emotions and impulses and the capacity to adapt to changing circumstances. (c) Social skill centered on relationships with others and the ability to motivate people in an intended direction following strict ethical purposes. (d) Empathy as the ability to assess and consider the feelings and emotions of other people when making decisions that pertain to them, and (e) self-motivation and the drive to achieve objectives (Boyatzis, Goleman, & Rhee, 2000).

Innovation Drive is centered on five skills: (a) The ability to make connections across seemingly unrelated questions, problems, fields of study, or ideas. (b) A passion for inquiring and learning, exploration to gain new knowledge. (c) Observation or a propensity to observe and assess the world to discover ideas and new ways of doing

things. (d) Experimenting, such as visiting new places, trying new things, seeking new information. (e) Networking as the ability to find new ideas and test them in networks of diverse individuals with a variety of backgrounds and personality traits (Dyer, Gregersen, & Christensen, 2008).

The CEOs highlighted need for business schools to assume responsibility for developing and strengthening the people skills of students and advise business schools to increase courses in these subjects and hire expert practitioners to train business faculty who lack the required knowledge to teach soft skill courses.

They perceive that, in contrast with traditional programs in finance, marketing, and operations that companies regularly offer to new employees, business schools should help students develop people skills instead of passing this responsibility to the corporations that hire their graduates.

Another concern of the CEOs was the practical and experimental component students should learn in business schools. Executives said that effective business curricula need to balance business theories with management practices to strengthen the social talent of students. Business graduates need to strengthen their capacity to innovate and be entrepreneurial in order to succeed in the broadly open Chilean economy.

Although today Chilean business schools show awareness of the need for curricular change in order to address external demand and are introducing new approaches in business education, the proportion of quantitative, math, and economics courses in business schools surpasses the workforce demand described by the CEOs in our survey.

A review of the aforementioned top business schools in Chile shows that close to 25% of required undergraduate courses are centered on quantitative methods, including math and economics. In comparison, in US business schools the proportion is lower than 10%.

An undergraduate business administration curriculum in Chile includes two courses in algebra, two courses in calculus, four courses in economics (two in micro and two in macro) and one in econometrics.

Another difference from the U.S. is that the undergraduate business administration degree in Chile is titled “Commercial Engineering” instead of “Business Administration” despite the fact that the programs are offered in business schools not in engineering schools.

A PROPOSAL TO LESSEN THE MISMATCH AND STRENGTHEN PEOPLE SKILLS IN BUSINESS EDUCATION

In contrast with the people centered “*soft*” business skills that the CEOs reported to be necessary in the 21st century, a curricular review shows that undergraduate business programs still place stronger emphasis on traditional subjects, have a rigid schedule, and a structure that is more compatible with the performance and needs of the Industrial Age, than with those of the 21st century.

Although there is little doubt that this was the kind of business education, in context and content, that allowed Chile to advance from a factor driven economy to an efficiency driven nation in the 20th century, today there is a need to step up to meet the

challenges of a new stage of development, the “Innovation Driven Stage” (Amorós, Felzensztein, & Gimmon, 2011).

In the Innovation Driven Stage, people’s motivation, incentive, and perseverance to innovate are pre-conditions for progress. In this environment, business education should not be focused on the transfer of information from faculty to students, but needs to be centered on the basic business endeavor of business schools: the faculty’s responsibility to empower students to gain the experience and practical knowledge needed to develop personal confidence and assume educated risks inherent to innovation (Albornoz, 2011).

This implies less teaching about “knowledge exploitation” and more focus on “knowledge exploration” meaning valuing students’ attitudes and initiatives to be different, to think “out of the box”, and to seek information beyond the traditional business curriculum.

Perhaps if Harvard University or Reed College had offered this proposed curriculum, Bill Gates and Steven Jobs, two of the most outstanding innovators and entrepreneurs of our times, would not have felt compelled to drop out of business programs. This illustrates that the traditional business school curriculum is not attracting the most innovative minds. And these cases are not unique, indeed many entrepreneurs find their own way to succeed in business, away from academia and business schools.

The call for a paradigmatic shift in business education is overdue. But this is not only a concern in Chile. Peter Navarro (2008) emphasized the need to update MBAs scaling up people and soft skills in business schools in the United States. Mintzberg (2004), professor of business at McGill University in Canada said that business faculty

should not train pure theoreticians but should prepare socially effective managers and practitioners with the skills business and corporations need today. Spohrer and Maglio (2008), pioneers in the service science, state that the current growth of the service sector in economies around the world is unparalleled in human history. They state that even large manufacturing firms are experiencing significant shifts in revenues generated by the services they provide. Consequently the need for customer service, quality standards, and high productivity in the service economy has never been greater.

Additionally, the revolution in information technologies requires change from an objective based to a student competence centered curriculum in business schools (Henri, Hill & Litch, 2005; Gibbs, 2002; Klimoski, 2007). Instant world communications have developed so fast in the 21st century and are becoming so sophisticated, that there is increasing need for efficient communication skills between people and new collaboration patterns in tune with world-recognized business ethics.

Chesbroug (2006) labeled this shift “The Open Innovation Paradigm.” In times of open innovation, a knowledge worker is far more prone to create a startup endeavor and to leave employers, aiming to implement her/his own ideas. This new reality increases demand for business education that can help students and graduates, not only to find a job, but increasingly to start a business.

In reality, we observe growth in the number of business programs in entrepreneurship worldwide, and in Chile this growth is considerably faster than for traditional programs in business school. One explanation is that entrepreneurship programs are fueled by external pressures and unprecedented student demands for a business specialization that develops practical skills to succeed in an increasingly

competitive environment which requires and is led by innovation (Cooper, Bottomley, & Gordon, 2004; Murray, 2001).

In response to labor market demands, educational institutions in Chile, led by the business school at Universidad del Desarrollo, are developing students entrepreneurial skills by exposing them to lectures on emerging business concepts, promoting business plan competitions, increasing communications and interactions with entrepreneurs and practitioners, and requiring active participation in networking events (Al-Laham, Souitaris & Zerbinati, 2007).

But across the board, the transition towards a student competence centered and entrepreneurial oriented curriculum has been slow in Chile. The curriculum of the top ranked business schools is still delivered largely by conceptual objectives instead of developing students' competencies and practical experience. In fact during discussions of the 2012 accreditation review of business schools in Chile, the top ranked schools decided to keep the objective-based curriculum.

The difference between objective and competency based curricula is the emphasis on teaching business concepts versus development of students' business skills. In Chile, when a school declares delivery of a competency-based curriculum, program accreditation needs to demonstrate teaching methods and student evaluation based on students' development of practical skills. For instance, a multiple-choice test does not demonstrate student learning in a competency-based curriculum.

But when business schools lack skilled faculty and delivery methods to teach and assess students' competencies, schools tend to perpetuate the objective-based

curriculum. Within this context it is difficult to improve business programs to better meet consumer demands and external pressures.

In Chile and worldwide, change may be propelled by the need for the region to advance to the Innovation Stage and also by increased demand for entrepreneurship education. Both these demands can be met with a curriculum based on people skills and a student competence centered curriculum. Course contents can be delivered with proper teaching methodology, including effective mentoring and training and assessing instructors' performance with class videos that provide opportunities to evaluate students' level of interest and enthusiasm which is essential for their learning.

Entrepreneurship programs teach using business plan writing, case studies, guest speakers, project based exercises, consultation with entrepreneurs, simulations, (Pittaway & Cope, 2007) environmental perusal, and field trips (Solomon, 2008). Entrepreneurship education is founded on innovation and requires mastering of people skills to increase employability in labor markets of the 21st century.

In summary, our proposal to improve business education in Chile and to scale it to developing countries is based on a fundamental principle of National Quality Awards worldwide: "listen to consumers." This principle is propelling a shift in business education externally induced by consumers, by CEOs that hire graduates, and mostly by savvy and better informed students of business.

We propose that business schools use the synergy of the present external demand as a stepping stone for a paradigm shift from the obsolete objective-based curriculum to the increasingly needed competence-based educational experience.

Even though entrepreneurship education has grown considerably in Chile in the last decade, it still trails the faster growth of business schools in the United States and Europe. So this seems to be a perfect time to accelerate the transition from knowledge exploitation to knowledge exploration in business education in Chile.

CONCLUSIONS

If deans and faculty in business schools in Chile and other developing as well as developed countries want to improve business education consistent with 21st century demands, if they want to help students become innovators, entrepreneurs, and productive workers who can manage successful businesses that foster competitiveness, and in turn, improve personal wellbeing and contribute to economic expansion and social progress in their country, then business schools need to understand multiple perspectives. They need to thoroughly understand the complexity of the national development strategy, labor market demands, and the irrevocable interactions of the global economy from a human dimension.

Faculty in business schools need to be alert to the constantly changing demands of the business sector to educate students and help them develop the skills they need in a country with a widely open economy such as Chile's, highly exposed to the uncertainty of the global economy. Globalization imposes on business faculty the responsibility to monitor changing demands in the labor market and to facilitate the decision making process of deans in business schools.

Navarro (2008) highlights that we must review and renew old programs, paying increased attention to ethics, satisfaction of customer's needs, and to the training of students with effective social skills, professional commitment, and leadership values.

This is central to the demands for people and soft skills in labor markets of the 21st century.

Business schools in Chile once again play a crucial role such as the one they had in the 20th century, if they succeed in reducing the gap between the knowledge and skills graduates acquire in business programs today and the knowledge and skills they need to succeed in business and the labor force of the 21st century.

The gap identified by our research in Chile coincides closely with research conducted in the United States and Europe that shows a critical divide between what theoreticians / academicians teach in business schools and what practitioners need and demand for business growth and survival in volatile times of the global economy.

Navarro (2008) expresses particular concern about resistance to change in business schools because of the traditional “silo structure” of academic units and because faculty merit and recognition system are led by the “publish-or-perish” dichotomy and because teaching is not synchronized with quality standards of the “satisfaction-of-customers-needs”.

The divide between the supply and demand for students’ skills is real.

Although Chile is at the top of Latin American rankings, business schools need to listen more to the consumers of business education, to students and labor markets, and respond faster to changing demands in order to be truly effective agents of economic change and prosperity helping the country regain its position among the top competitive economies in the world.

Chilean business education is a country case that accurately reveals the urgency to educate business graduates in people and soft skills, innovation and

entrepreneurship as both developing and developed countries focus on a clear need to balance hard / traditional business disciplines with the people skills required to meet the challenges of an irreversible 21st century people-centered, innovation-based “mega trend” that is pervading businesses and the economy around the world.

REFERENCES

- AACSB. (2002), "Management Education at Risk". Report of the Management Education Task Force to the AACSB International Board of Directors.
- Adler, P. S. (2002), "Corporate Scandals: It's Time for Reflection in Business Schools". *Academy of Management Executive*, 16 (3): pp. 148–149.
- Albornoz, Carlos A. (2001), "Exploring the Goals, Content, and Methods of Entrepreneurship Professors: A Multiple Case Study". *FIU Electronic Theses and Dissertations*. Paper 542. <http://digitalcommons.fiu.edu/etd/542>
- Al-Laham, A. Souitaris, A. & Zerbinati, S. (2007). "Do Entrepreneurship Programmes Raise Entrepreneurial Intention of Science and Engineering Students? The Effect of Learning, Inspiration and Resources", *Journal of Business Venturing*, 22(4): pp. 550- 566
- América Economía (2011). "Rankings of Best Business Schools in Latin America". Available at: <http://rankings.americaeconomia.com/2011/mba/ranking-mba-america-latina.php>
- Amorós, J. E., Felzensztein, C., & Gimmon, E. (2011). "Entrepreneurial Opportunities in Peripheral versus Core Regions in Chile". *Frontiers of Entrepreneurship Research*, 30 (15): pp. 1-15
- Bardy, R., Rubens, A. (2010), "Is There a Transatlantic Divide? Reviewing Peter Ducker's Thoughts on Ethics and Leadership of U.S. and European Managers". *Management Decision*. 40: pp. 528-540.
- Blackburn, S. (2001), "Understanding Project Managers at Work". Henley Management College/Brunel University, DBA Thesis
- Bonnet, J., Garcia-Perez, D., Van Auken, H. Editors. (2010), "The Entrepreneurial Society. How to Fill the Gap Between Knowledge and Innovation". Edward Elgar Publishing.
- Boyatzis, R., Goleman, D., and Rhee, K. (2000). "Clustering Competence in Emotional Intelligence: Insights from the Emotional Competence Inventory (ECI)s". In R. Bar-On and J.D.A. Parker (eds.). *Handbook of Emotional Intelligence*. San Francisco: Jossey-Bass, pp. 343-362.

Bowerman, K., Van Wart, M. (2011), "The Business of Leadership". M.E. Sharpe.

CNED. (2012). Evolución de la matrícula de Educación Superior 1994 - 2011 (p. 27). Santiago. Retrieved from http://www.cned.cl/public/Secciones/SeccionInvestigacion/investigacion_estudios_documentos.aspx

Comer, D., Vega, G. (2011), "Moral Courage in Organizations". M.E. Sharpe.

Cooper, S., Bottomley, C., and Gordon, J. (2004). "Steeping Out of The Classroom and Up the Leader of Learning: An Experiential Learning Approach to Entrepreneurship Education". *Industry and Higher Education*. 18(1): pp. 11-22.

Chesbrough, H. W., Vanhaverbeke, W., & West, J. (2006). "Open innovation: Researching a new paradigm". Oxford: Oxford University Press

Chumacero, R. A., Fuentes, R., & Schmidt-hebbel, K. (2004). "Chile's Free Trade Agreements: How Big Is The Deal?". Banco Central de Chile. Documentos de Trabajo. Central Bank of Chile. Working Papers.

Guide to Business in Chile (2001), "Chile in the World". Retrieved from Http://www.businesschile.com/indicators/fr_ch_world.htm

Dainty, A.R.J., Cheng, M. I., Moore, D.R., (2005), "A Comparison of the Behavioral Competencies of Client-Focused and Production-Focused Project Managers in the Construction Sector". *Project Management Journal*, 36 (1), pp. 39–48.

Deming, E. (1995), "The New Economics for Industry, Government, Education". MIT Press.

Drucker, P. (1998), "The Future that has already Happened". *The Futurist*. 32 (8), pp. 16-18.

Duderstadt, J. (2010), "Engineering for a Changing World". In M. B. Domenico Grasso, *Holistic Engineering Education: Beyond Technology*. New York: Springer.

Dyer, J. H., Gregersen, H. B., & Christensen, C. (2008). "Entrepreneur behaviors, opportunity recognition, and the origins of innovative ventures". *Strategic Entrepreneurship Journal*, 2(4): pp. 317–338.

Elegbe, J. (2010), "Talent Management in the Developing World". Gower.

- Enrione, A. Editor, (2002 – 2003), “GEM – Global Entrepreneurship Monitor – Chile”. Adimark, BCI, ING, Price Water House Coopers. Project Coordinator in Chile Universidad de Los Andes. Santiago, Chile. 2003.
- Fiet, J. (2001), “The Theoretical Side of Teaching Entrepreneurship”. *Journal of Business Venturing*. 16: pp. 1-24.
- Fisher. E. (2011), “What Practitioners Consider To Be The Skills and Behaviours of An Effective People Project Manager”. *International Journal of Project Management*. 29: pp. 994–1002.
- Fisher, R., Ury, W., & Patton, B. (1991), “Getting to Yes”. Penguin Books.
- Gardner, H. (1993), “Multiple Intelligences”. Basic Books. Harper Collins Publishers. New York, 1993.
- Giacalone & Thompson, (2006), “Business ethics and social responsibility education: Shifting the Worldview”. *Academy of Management Learning & Education*, 5 (3): pp. 266–277.
- Gibb, A. (2002). “In Pursuit of A New Enterprise and Entrepreneurship Paradigm for Learning: Creative Destruction, New Value, New Ways of Doing Things and New Combination for Knowledge”. *International Journal of Management Review* 4(3): pp. 233-269
- Goleman, D. (1996), “Emotional Intelligence”. Random House. New York.
- Harrison, G. W., Rutherford, T. F., & Tarr, D. G. (2003). Banco Central de Chile Documentos de Trabajo Central Bank of Chile Working Papers Chile’s Regional Arrangements: The Importance Of Market Access And Lowering The Tariff To Six Percent
- Henry C., Hill, F., & Leitch, C. (2005). “Entrepreneurship Education and Training: Can Entrepreneurship Be Taught?”. Part I. *Education & Training*, 47(2): pp. 98-111.
- Hills, G.E. (1988). “Variations in University Entrepreneurship Education: An Empirical Study of An Evolving Field”. *Journal of Business Venturing* 3 (1): pp. 109-22.

- Hitt, M., Ireland, D., Simon, D., Trahms, C. (2001). "Strategic Entrepreneurship. Creating Value for Individuals, Organizations, and Society". *The Academy of Management Perspectives*. 25 (2) pp: 57-75.
- Jackson, K.T. (2006), "Breaking Down the Barriers: Bringing Initiatives and Reality into Business Ethics Education". *Journal of Management Education*. 30 (1): 65-89.
- Klimoski, R.J. (2007), "From The Editor: Becoming a Prophet in Our Own Land". *Academy of Management. Learning & Education* (6): pp: 433-438.
- Lepeley, M.T. (2005), "Business Education in Chile: A Case Study for Successful Transition To Market Economy in Developing Countries" in "Business And Management Education In Transitional and Developing Countries". John R. McIntyre & Ilan Alon, Editors. M.E. Sharpe. New York.
- Lepeley, M.T. (2001), "Quality Management in Education. A Model for Evaluation". Spanish version. McGraw-Hill Inter-Americana. Santiago, Chile.
- Lepeley, M.T. and Spencer, E. (1997), "The Internationalization Process of Large Corporations in Chile". A Managerial Approach. Mimeograph, School of Economics and Business Administration. University of Chile.
- Lepeley, M.T. (1987), "The Impact of Higher Education on Economic Development in Chile". Thesis of master's in Economics. University of Miami.
- Mårtensson, P., Bild, M., Nilsson, K. (2008), "Teaching and Learning at Business Schools". Gower.
- Mc Gregor, D., (1967), "The Professional Manager". McGraw-Hill, International Student Edition.
- Mc Gregor, D., (1960), "The Human Side of the Enterprise". McGraw-Hill.
- Mc Kinsey. (2006), "Productividad como Motor de Crecimiento: El próximo desafío de Chile". (Productivity as engine for growth. The Next Big Challenge for Chile).
- Mc Lean, B., and Nocera, J. (2011), "All the Devils are Here. The Hidden History of the Financial Crisis". Penguin.
- Mintzberg, H. (2005), "A Magic Number Seven. Plus or Minus a Couple of Managers". *Academy of Management Learning & Education*. 4(2): pp. 244-247.

Mintzberg, H., Semler, R. (2005), "Managers Not MBAs: Debating the Merits of Business Education". MIT Distributed Intelligence.

<http://mitworld.mit.edu/video/302/>

Mintzberg, H. (2004), "Managers Not MBAs: A Hard Look at the Soft Practice of Managing and Management Development". San Francisco: Berrett-Koehler Publishers.

Moore, D.R., Cheng, M.-I., Dainty, A.R.J., (2003), "What Makes a Superior Management Performer: The Identification of Key Behaviors in Superior Construction Managers". *Construction Information Quarterly*, 5 (2): pp. 6–9.

Murray B. (2001). "The Adolescence of Entrepreneurship Research: Specification of Purpose". *Entrepreneurship Theory and Practice*, 25(4): pp.17-25

Navarro, P. (2008), "The MBA Core Curricula of Top-Ranked U.S. Business Schools: A Study in Failure?" *Academy of Management Learning & Education*. 7(1): pp. 108-123.

Pittaway, L. & Cope, J. (2007). "Simulating Entrepreneurial Learning: Integrating Experiential and Collaborative Approaches to Learning". *Management Learning*, 38 (2): pp. 211-233.

Pritchett, L. (2011). "Chile Es La Unica Economía Que Está Surgiendo Del Estatus De País En Desarrollo". *El Mercurio*. Santiago. Retrieved from

<http://diario.elmercurio.com/detalle/index.asp?id=%7B1b84ef5a-62cb-46a9-8e14-01959abf23e9%7D>

Reynolds, P., Bygrave, w., Austio, E., Cox, L. and Hay, M. (2002), "GEM. Global Entrepreneurship Monitor". Babson College, London Business School and Ewing Marion Kauffman Foundation.

Schumpeter, J. A. (1961), "The Theory of Economic Development: An inquiry into Profits, Capital, Credit, Interest, and The Business Cycle". New York: Oxford University.

Senge, P. (2006), "The Fifth Discipline. The Art and Practice of The Learning Organization". Currency Doubleday.

- Slater, D. & Dixon-Fowler, H. (2010), "The Future of the Planet in the Hands of MBAs: An Examination of CEO MBA Education and Corporate Environmental Performance". 9 (3): pp. 429-441
- Solomon, G. (2007). "An Examination of Entrepreneurship Education in the United States". *Journal of Small Business and Enterprise Development*, 14 (2): pp. 168-182.
- Spencer, E. (2002), "MBA Education in Latin America: The Case of Chile". Mimeograph, School of Economics and Business Administration. University of Chile.
- Spohrer, J., Maglio, O. (2008), "The Emergence of Service Science: Toward Systematic Service Innovations to Accelerate Co-Creation of Value". *Production and Operations Management*. 17 (3): pp. 238–246
- Turner, R. (1997), "Chile: A Unique Paradigm in Latin America". *Business America*. 118 (4): pp. 15-16.
- Van Auken, S., Wells, L. G., & Borgia, D. (2009), "A Comparison of Western Business Instruction in China with U.S. Instruction: A Case Study of Perceived Program Emphases and Satisfaction Levels". *Journal of Teaching in International Business* , 20 (3): pp. 208-229.
- Vance, C., Paik, Y. (2011), "Managing a Global Workforce". Second Edition. M.E. Sharpe.
- Voris, W. (1997), "A Retrospective of International Business Education in the United States over the Past Fifty Years". *International Executive*, Volume 39(2): pp. 271-282.
- Zamagni, S., Zamagni, V. (2010), "Cooperative Enterprise. Facing The Challenges of Globalization". Edward Elgar Publishing.

TABLES

Table 1 Results of CEOs interview

<i>Questions</i>	<i>N = 8</i>	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>None</i>
What is the level of articulation between business schools curricula and demands for human capital in productive sectors in Chile?		25%	75%	0%	0%
What is the level of integration and collaboration between business schools and business enterprises in productive sectors?		0%	50%	25%	25%
Do you support the idea that business students should complete a business internship as a requisite for graduation?		75%	25%	0%	0%
With what frequency does your firm offer business students opportunity to work in internships in your premises to strengthen their entrepreneurial skills?		0%	37%	50%	13%
To what extent do you and your business value “ <i>soft skills</i> ” of graduates you hire?		100%	0%	0%	0%
What level of importance does your firm assign to the need to hire graduates with studies in international business?		25%	38%	25%	12%