

# **A Discussion of Business Education in Brazil**

## **Introduction**

On November 18, 2005 a business education roundtable was held in São Paulo, Brazil and included the following participants:

**Paul Danos**, Dean of the Tuck School of Business at Dartmouth and the Laurence F. Whittemore Professor of Business Administration;

**Elatia Abate**, Executive Director at Fundação Estudar

**Claudio Haddad**, President of Ibmecc SP

**Heitor Pentead**, President of BSP

**Yoshiaka Nakano**, Director at FGVSP-Economia

**Antonio Batista**, Associate Dean for Faculty at FDC

**Ricardo Betti**, education consultant

Journalists in attendance included:

**Stela Campos**, Valor Economico

**David Marcus**, former Latin American correspondent and education writer

**Maria Tereza Gomes**, Voce S.A.

The intent was to have knowledgeable participants in the Brazilian business school world share their views on business management education topics. Themes that were discussed during the dialogue included the definition of an MBA program, full-time versus part-time MBA programs, MBA employment, and the emphasis placed on faculty and faculty research. Dean Paul Danos of the Tuck School of Business at Dartmouth moderated the discussion. The following gives highlights of the roundtable.

## **Topic 1—The nature of the MBA program in Brazil**

### Executive Summary—Topic 1:

- There are no strict regulations as to what defines an MBA program.
- The number of companies funding students' MBA educations has decreased.
- MBA programs are moving to include more soft skill training.
- It is difficult to get students to enroll in two-year, full-time programs. The majority of programs in Brazil are two-years, but are part-time and generally in the evenings.
- Part-time programs abound because they cost less and can provide specific training.

### Questions and Comments:

#### Danos

Can you describe the nature of the MBA programs in Brazil?

#### Haddad

I can give some facts about the Brazilian Business education system as I see it.

- Most MBA programs in Brazil are “lato sensu,” that is, not strictly regulated by the Ministry of education. A few are “stricto sensu” and are more regulated and academic.
- In the MBA world there is a dominance of the part-time format, mostly in the Executive MBA style.
- In the past, MBA education was maybe 70% company supported. Now it is less than 50%.
- Major reasons for the dominance of part-time programs are cost and need for specific training.
- Those wanting full-time, more general management programs go abroad.
- More soft-skills are being covered, whereas programs used to be finance and engineering oriented.
- Brazilian MBA programs have very low tuition as compared to U.S. or European standards.
- Some of the top schools would like to set up an accreditation system to ensure minimal standards.

#### Penteado

It is hard to get students to choose two-year, traditional full-time programs. One-year full-time programs will probably evolve.

Nakano

There has been an adverse selection in Universities where poor students selected the MBA.

Batista

Our MBA is not a “master’s degree,” in the formal sense of the phrase in Brazil. To teach you need to have a sanctioned degree, and the MBA is not a sanctioned degree. There is a proliferation of specialty programs. Anyone can use the term “MBA” and there are no regulations that say what that is.

## **Topic 2—Employment opportunities for business school graduates**

### Executive Summary—Topic 2:

- There is growing demand for increased quality and soft skills among managers.
- In large part, Brazilian companies seem to prefer training their employees via in-house programs, or using customized MBA programs as opposed to sending employees to business school to acquire specific skill sets. The latter is more unique to America.
- Some companies however do make recruiting MBAs a part of their overall strategy.

### Questions and Comments:

#### Danos

What is the employment landscape for business graduates?

#### Batista

Companies now want a custom MBA for their employees, whereas before they would send people to general enrollment programs.

#### Haddad

Undergraduate programs are weak so companies support training for their workers and don't rely that much on hiring undergraduate business students. Companies don't seem to give differential rewards to those with MBAs. They "lock-in" their employees with in-house programs.

#### Batista

Companies don't believe that the MBA makes a big difference.

#### Abate

But different companies have different attitudes about the value of the MBA.

#### Betti

I agree, some companies believe in the MBA and it is part of their strategy to hire MBAs.

#### Penteado

American companies are most willing to sponsor employees who work on the MBA.

Haddad

The market is slowly recognizing the need for more sophisticated MBA's.

Batista

Most large companies have corporate universities and ask, "Why are we investing in the MBA degrees?"

Haddad

Yes, but there is growing demand for quality.

Abate

I believe that corporations are demanding more and more soft skills of their managers.

Nakano

The demand for real sophistication is limited. U.S.-educated MBAs here get finance sector jobs. Most Brazilian companies do not demand a lot of sophistication.

### **Topic 3— Growing relations between employers and institutions**

#### Executive Summary—Topic 3:

- Over the years the gap between companies and institutions has closed, and now companies choose to create and maintain close relationships with business schools.
- Most Brazilian corporations are family-owned and value their relationships with institutions because they are looking for the top talent with international and leadership training.

#### Questions and Comments:

##### Danos:

Do companies get what they want in business graduates?

##### Haddad

A large sector doesn't care because they don't need to be truly competitive.

##### Penteado

Schools are close to companies. Before this a big gap existed between businesses and academics. That gap is closing.

##### Abate

Human resource directors really want talent but can't get it. Banking and consulting are different than domestic corporations in this regard.

##### Batista

I believe that Brazilian companies value custom solutions and long-term relationships with schools. 84% of Brazilian corporations are family-owned. Purely public sector, large companies are not that common. But we now see companies wanting to have more international and leadership orientations.

## **Topic 4—Hard versus soft skills and experiential learning**

### Executive Summary—Topic 4:

- Today’s business leaders need a more inclusive skill set, one that includes core quantitative skills, but incorporates soft skills.
- Part-time Brazilian MBA programs tend not to involve experiential learning, while custom programs do.

### Questions and Comments:

#### Danos

Do companies say they want soft skills, as in the U.S., but tend to hire people with more quantitative and financial skills?

#### Batista

Academics value analytical skills and therefore the “best” students in their eyes are the ones with those skills. We should consider giving soft skills first in our curricula.

#### Nakano

I think that business leaders today need a new kind of analytical skill, a more creative kind.

#### Danos

What form of experiential learning takes place in Brazilian programs?

#### Haddad

Undergraduate programs have internships, but the part-time MBA typically do not.

#### Batista

In custom, company-specific programs we do a lot of projects involving company issues.

## **Topic 5—The emphasis on faculty and faculty research in Brazil**

### Executive Summary—Topic 5:

- Typically, Brazilian business schools do not have a formal research requirement. Established public schools seem to be the ones deeming research more important and as a requirement.
- There was consensus on the panel that Brazilian business schools are moving toward emphasizing research, but today and historically this is more of an American-style faculty culture.
- Named professors are not in high demand in Brazil, as they are in the U.S. Thus, there is less competition among them, and students who wish for prestigious faculty will travel to the U.S. for their education.
- It is important for Brazilian faculty to relate to and work directly with companies.

### Questions and Comments:

Danos

What is the nature of the faculty workload and the research emphasis in Brazil?

Penteado

90% of the work is teaching, mostly executive education. We see some shifting to more research by some of the new faculty and some of the old for that matter. We are creating a not-for-profit organization, the BSP Research Institute, to concentrate our research activities.

Batista

We want applied research. We have two types of professors, the clinical who do not research and the academic who do applied research.

Penteado

We see executives who want to go from professional to teaching because they are retiring at a younger age. Some are going back to school for the PhD.

Haddad

There are only six PhD programs in business in Brazil. But there seems to be an adequate number for our purposes. We have a point system for evaluating publishing productivity. Eighteen of our faculty are full-time and some publishing is expected. Forty are part-time and no research is required.

Nakano

The normal for the new schools in Brazil is not to emphasize research and usually there is no formal requirement. In the established public schools, research is deemed more important and a requirement.

Batista

Our faculty need more practical skills. But we too are moving toward more research emphasis.

Haddad

Our reward structure does not reward good research except in the area of finance.

Nakano

I want to make sure that you understand that the public schools have are operated in the more standard, American-style, faculty culture.

Haddad

One problem with our faculty is that there is no real competition among them.

Penteado

We are launching an academic publication that would have Harvard Business Review-type articles.

Batista

We need to balance rigor and relevance.

Haddad

But we need to put rigor first. As general quality improves, there will be more demand for academically qualified faculty. Globalization will foster applied research that will be relevant to companies that compete internationally.

Danos

What is the demand for highly recognized research leaders?

Haddad

One or two schools at most might be interested.

Abate

I don't believe that named professors are in demand at Brazilian schools.

Penteado

Those who want prestigious faculty go to the USA for education.

Batista

I believe that a good professor is one who relates to and can dialogue with executives.

Penteado

The IMD model is interesting and has worked well in Brazil, where professors must relate to and work directly with companies.

Nakano

The research effort must be split away from the executive education programs.