

UNIVERSITY AND CORPORATE INTERFACE:
AN INTERNATIONAL PERSPECTIVE

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Abstract

Increasingly business schools are utilizing private corporations as a source of external funding for academic programs and research. As part of this university and corporate interface, many business schools conduct management development programs. This paper reports on an innovative program that is being conducted by a major business school in Brazil.

Introduction

Business schools increasingly are utilizing outside funding for business programs and research. At the same time that federal and state funding for higher education is becoming more limited, (Castro et al 1977), many corporations have a real need for management training in various business fields, (Time 1985). Despite the mutually beneficial need that exists between business schools and the private sector, there has been much discussion as to the appropriate role that each should play in this field of endeavor.

This paper reports on an innovative program that has been developed at the Catholic University of Rio de Janeiro. Their corporate training program, which is an integral part of the business school's operation, provides substantial funding for their graduate programs and research in addition to supplementing faculty salaries and supplies and equipment budgets. This program has proven very successful, providing expert training to several major Brazilian and multi-national corporations. At the same time these programs have provided the faculty with insight and experience with the businesses and industries that they come in contact with.

Background and History Of The Program

The Catholic University of Rio de Janeiro, Brazil is a private university that is part of the Archdiocese of Rio de Janeiro, which oversees over 6 million people. The Portuguese title of the University is Pontifici Universidade Catolica do Rio de Janeiro, or P.U.C. The Chancellor or president of the university is a Jesuit Priest who reports to the Cardinal of Rio de Janeiro. Underneath the chancellor are vice-chancellors for academic, financial, planning, and community affairs. Under the academic chancellor there are four colleges of social, technological, human, and biomedical sciences. Under these colleges there are 23 schools including business with undergraduate, master's and doctoral programs.

The business school, or the Department of Administration consists of a department head plus coordinators for each of the school's major programs and academic areas. These include undergraduate business programs, research, the M.B.A. program

and the executive M.B.A. program. The business school is organized much like a typical U.S. business school except that there are no individual academic departments per se. There are area coordinators for each of the functional areas - finance, marketing, organization and planning, and operations management. Each of these coordinators differs from a department head in the U.S. as they are primarily responsible for providing academic advice to students and to faculty on issues relating to that academic area. The Department of Administration has 12 full-time faculty members plus approximately 25 adjunct professors. The majority of undergraduate classes are taught by adjuncts. Virtually all M.B.A. courses are taught by full-time instructors. The faculty at P.U.C. primarily holds their terminal degrees from Brazilian and U.S. Ph.D. programs. Approximately 60% of the full-time faculty hold terminal degrees, with about half of these from U.S. institutions.

The student body at PUC consists of 7,000 undergraduate and graduate students. The business school has a total enrollment of slightly over 1,000 students, with 100 students in the M.B.A. program. In addition there are 240 students in the executive M.B.A. program. The traditional M.B.A. program consists of 22 courses with the typical student completing the program in two and one-half years. Most courses are held at night with the M.B.A. student body evenly split between full-time managers and full-time students enrolled in the program. At the completion of the two years of coursework, the M.B.A. candidate is required to write a thesis in an area that is agreed upon between the student and their advisor. This thesis and the role that it represents in the program is very similar to many master's programs in the U.S. outside of business.

M.B.A. programs in Brazil are accredited by CAPES, or the Coordination for Improvement of College Personnel, which is part of the Federal Minister of Education. M.B.A. schools are given a status of 'A,' 'B,' or 'C' level schools. 'A' level schools carry the highest rating and also qualify for additional funding from various federal and state agencies. P.U.C. is rated as an 'A' school. M.B.A. programs are reviewed annually based on their research productivity and classroom instruction. CAPES has a visitation team that visits the school in a manner similar to AACSB accreditation visits.

The M.B.A. coursework requirement differs from the typical U.S. M.B.A. program in that second year classes are elective, while the first year classes are set and required by all students. The program is designed to provide all incoming M.B.A. students with the same background on the core areas of the business disciplines but they then have the option of pursuing different courses in

the second year based on their areas of interest. This preparation leads to their field of specialization that normally is the subject area of their thesis. There is a greater emphasis on research in the P.U.C. M.B.A. programs compared to U.S. programs, consistent with the thesis requirement.

The executive M.B.A. program at P.U.C. is quite different from the regular M.B.A. program. Unlike most U.S. executive M.B.A. programs, it consists of three separate and specific programs in Finance, Marketing, and Human Resources. Corporate training is contained within its executive M.B.A. program, I.A.G. Master-Instituto de Administração e Gerencia, or the Administration and Management Institute. The I.A.G. Master program contains an average of ten classes totalling 360 hours. A post graduate program must have this amount according to the Minister of Education to be recognized as a "specialty" masters program. The total number of hours and the number of classes varies slightly by major concentration within the program. In addition, 75% of the faculty must have a masters degree. The classes are normally held three times a week and the typical student completes the program in the period of one year. The executive M.B.A. program is a totally pragmatic orientation with an emphasis on case study and problem solving-which is quite different from the greater research orientation of the regular M.B.A. program.

History of Corporate Training At PUC

The executive M.B.A. program and its corporate training component, which is the focus of this paper, has received a great deal of recognition and has been the cornerstone of the development of the university's business programs. Corporate training historically had a more central role at P.U.C. than at most U.S. universities, with training classes at P.U.C. beginning in the early 1950's. The executive training programs began primarily due to the need of people employed in the engineering field who needed management training. At that time there was not an undergraduate course of instruction in business administration in Brazil. The overall education system in Brazil tends to limit technical knowledge across a wide range of people, (Kempner and Castro 1988), and at the same time those individuals who receive post-secondary education are given a wide base of instruction as opposed to a focused program such as business, (Duncan and Motta 1988).

In 1958 several private firms established the Foundation for the Improvement of Administration and Management, FIAG, (Silva 1987). This was developed as a separate foundation within the university and its emphasis was on short extension courses. At the time the Brazilian economy was developing at a rapid rate and these more specific and less time consuming programs were of more value than an M.B.A. program to most Brazilian Industries. The regular M.B.A. started in 1968.

The pattern of specific classes remained the same until the early 1970's when the programs became longer and more comprehensive in nature. A one year course of study management, CEADE, was de-

veloped at that time. This was like the I.A.G. Master, but covering a mix of areas as opposed to concentrating on finance, marketing, or another major disciplinary area. In the late 1970's three additional programs in Finance, Marketing and Human Resources were created with 180 hours in each. During this time the I.A.G. program operated completely independent of the balance of the university. In 1980 the I.A.G. was financially integrated into the university with its employees and budget becoming part of it. In 1986 I.A.G. became a part of the Department of Administration. With this change CEADE and the 180 hour programs were eliminated, creating the current structure of the program. During all of this time business training or what has come to be termed contract classes were a central part of the IAG program.

Business and University Interaction

The basis of the strong university-business (Gargioni 1984), interaction at P.U.C. is based on contract classes which are conducted for large Brazilian corporations, both privately and publicly held. In addition, courses are held for multinational corporations, many U.S. based. These firms include American Express; Electrobras, a Brazilian state-owned electric utility; Unibanco, one of the five largest financial conglomerates in Brazil; ECT, the Brazilian post office service; and several other companies and state bureaus. Today the need for business training in Brazil makes the competition for obtaining contract classes not as difficult as in the U.S.

Most courses are held for Brazilians, while some include people from several regions of Brazil in addition to neighboring countries such as Uruguay, Paraguay, Bolivia and the Honduras. When the program is conducted for managers from Rio de Janeiro the schedule is a three hour class at night plus two classes during a day in the same week. The programs that include people that commute to Rio are held in a 9 to 5 fashion for eight to nine weeks. Program content is usually specialized, with most of them in the finance and marketing areas. Though there is no specific program on personnel management, IAG includes this subject area as a part of the majority of ongoing programs.

Involvement in these programs is shared across almost all faculty members in several areas of responsibility including teaching, coordinating programs for a specific business, and the securing of new firms and courses. Faculty actively market these programs to corporations, oftentimes with the initial contact being made with a manager in the I.A.G. program. Consistent with internal regulations of the University, 40% of the total expenses in one of these programs is set apart in the budget as an overhead and income accrual. The rest of the budget is allocated in teaching expenses, coordination, staff personnel and services and material necessary to the program. The teaching expense is calculated in a hourly basis. Since the decisions are made as a group by the faculty, there is a pre-established hourly rate for each type of program. The full-time faculty has priority in teaching these courses, with the faculty member who secured the

firm having first choice. The faculty are openly advised of upcoming classes and programs, however, in some cases professors are not interested in teaching the courses due to other commitments. The program coordinator is nominated by the IAG coordinator and must be from the area of the major content of the course. This assignment is made with the agreement of the head of the Department and the faculty. The coordinator earns 25% of the total teaching expense and can also teach in the program.

Because of the number and length of these programs, they act as a very regular source of income for the faculty and as a source of funds for equipment, e.g. computer hardware for the department. All faculty members are involved in the program, either directly through teaching and coordinating, or indirectly where although they do not actively participate in the program they still receive a slight salary override. This aspect brings a sense of balance and collegial effort to the program and overcomes a major problem of conflict between professors participating in outside activities in many U.S. business schools and those who are not. Although it can obviously affect the research effort of the faculty, the business interaction along with the clear need for this type of education in Brazil is seen as a desirable university and national goal. Unlike in the U.S. where faculty financial rewards are primarily related to research (Kasten 1984), schools like P.U.C. tend to balance this across other areas.

Several corporations in Rio consider the I.A.G. Master a necessary step in the careers of their executives and willingly sponsors them. If there is any negative interaction between I.A.G. and the business community it revolves around demand for the program exceeding available seats. There is a 4 to 1 ratio between qualified applicants and accepted candidates. The quality of the I.A.G. training programs were recognized by the business community when the school decided to build a development center. In order to raise funds for the program, I.A.G. offered seven sponsorships where the sponsoring firm would receive a guarantee that nine seats in the I.A.G. program would be available to them during a 2 year period. They could name whoever they wanted to as long as they meet the program's qualifications. The seats were offered in exchange for an amount higher than these corporations would normally pay for the course and with payment in one lump sum up-front. Seven corporations readily accepted this offer including Xerox, Shell, Nacional (a large financial conglomerate), Globo (the largest TV networks in Brazil, Atlantic (a major oil company), and Souza Cruz (a fully diversified industrial group partially controlled by British American Tobacco). In addition, Souza Cruz made a substantial contribution amounting to six times the sponsorship up-front payment in order to have their corporate name as the official name of the new center for ten years. This alone raised 70% of the funds necessary for the building of the development center.

The development of the I.A.G. program has resulted in two major strengths that are important to consider. First, there is a very strong and positive interaction between the school and the business

community. In fact, the reputation of the school and the demand for undergraduate and graduate enrollment is due in large part to the reputation that was gained through the I.A.G. program over the last three decades. The second major strength is that because the I.A.G. program originally was independent of the university it had to be self-sufficient. Although this arrangement has changed in recent years, the program today remains as one that is self-sufficient financially, and perhaps more importantly in terms of its ongoing corporate recruiting and development. In the U.S., although corporations have significantly contributed to higher education, they have not been the predominant benefactors, (Edfelt 1988). Whereas programs of this type in many U.S. universities are seen sometimes as necessary evils, this program is a driving force behind the business school, both financially and academically. Also, by financing research the program frees the university from dependence on federal government assistance, contributing to a greater and more consistent research effort overall.

Summary and Conclusions

This paper has reported the activities and development of a program of corporate education for a university outside of the U.S. business school system. This program has several facets that can be applied to the U.S. corporate training programs. These include a willingness to develop specific programs by industry and company; active and joint participation by the majority of the faculty; payments from the program spread across the university, the department, and all faculty members; and finally the structure of the program with an ongoing and self-sufficient financial base that contributes to the overall well being of the school.

Endnotes

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