Human Centered Management in Executive Education

Global Imperatives, Innovation and New Directions

Edited by

Maria-Teresa Lepeley

Ernst von Kimakowitz

and

Roland Bardy

Human Centered Management in Executive Education

Humanism in Business Series

The Humanistic Management Network is an international, interdisciplinary, and independent network that promotes the development of an economic system in service of human dignity and well-being. We subscribe to the following positions:

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Maria-Teresa Lepeley
Global Institute for Quality Education, USA

Ernst von Kimakowitz
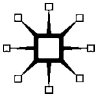*Humanistic Management Center, Switzerland*

and

Roland Bardy
Florida Gulf Coast University, USA

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Contents

v

Figures, Tables, and Boxes

Figures

Tables

Boxes

Foreword

Thirty years ago, Peter F. Drucker wrote *The Effective Executive*. This book highlights the shift from manual labor to knowledge work, from efficiency to effectiveness. The executive is expected to get the right things done and to get results: not by himself, but by people. Drucker identifies "the social need for executive effectiveness": "The cohesion and strength of our society depend increasingly on the integration of the psychological and social needs of the knowledge worker with the goals of organization and of industrial society". Beyond economic rewards, the knowledge worker "needs opportunities, needs achievements, needs fulfillment, needs values".

In our period of globalization with its complexity, ambiguities, and uncertainties, executive development is no longer an issue of just providing technical knowledge and state-of-the-art techniques for decision making and strategy development. Executive development must also give guidance to a wide range of leadership capabilities. But how to teach leadership? And what is leadership, anyway? This book gives an answer to both questions. Its range goes beyond Peter Drucker's "A leader is someone who has followers" and Bill Gates' "Leaders will be those who empower others". It defines leadership as a process of social influence that maximizes the efforts of others toward the achievement of a common goal. With this, we are at the human side of the enterprise. The book collects a significant amount of evidence on how human centered programs in management and executive development have been helping to form the leadership of today. Examples are drawn from 15 countries in four continents. They give a unique vision of the challenges and achievements that the editors and the authors consider critical to build and develop people skills, technical skills, leadership styles, and collaboration patterns across national borders.

Social responsibility is also discussed in the book, an important dimension of business more and more recognized worldwide. But corporate social responsibility is still far from reaching desirable standards that will benefit business, people, and society at large. There are many examples of great enterprises which are on this track. However, the process has to become broader and more continuous. The book contributes to this objective. It points out that executive development programs must be forward-looking and anticipate the growing challenges leaders will face in rapidly changing business environments.

Many chapters in the book explain the paradigm shift that is required to shape a human centered focus on executive development. Educators and executives must bridge the gap not only between theory and reality but also between employees with diverse backgrounds, experiences, and ideas,

and the needs of diverse stakeholders. We may live in one world – but not in a uniform one. As one consequence of that leadership culture differs significantly between the regions. Therefore, being a role model is the most decisive leadership characteristic of executives if they want to establish a high performance culture and a spirit of success in their companies worldwide. The book assists educators and executives to develop globally oriented concepts of education recognizing that businesses and all kinds of organizations exist to serve people and society.

I have been asked by the editors to contribute this brief foreword, and I have gladly followed their plea. My own business experience convinces me that *Human Centered Management in Executive Education* addresses these issues with a very appropriate vision that is timely and relevant. The book builds on Drucker's insight that the knowledge worker as an executive is "rapidly becoming the major resource of the developed countries" (which in my opinion as well applies to developing countries) and that "he (or she) is becoming the major investment".

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Prof. Dr. Dr. h.c. Jürgen Strube
Honorary Chairman of the Supervisory Board, BASF SE

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Preface

In the 21st century, executive education (EE) has the crucial responsibility to train leaders who will direct all kinds of organizations, from business to government, in the private/productive and public sector, in non-profit and for-profit entities.

The speed of change in technology, the global economy, and national societies is such that on the supply side it compels EE providers to be not only at the top in innovation to satisfy the needs and demands of customers, but also highly alert at monitoring the impact of EE programs – through their graduates – in the economy and society.

And on the demand side, businesses and organizations that hire EE providers must be aware that efforts and investments directed toward developing effective leadership are increasingly focused in the human centered paradigm founded on the ethics and quality principles and commitment that underline leadership responsibilities in societies worldwide.[1]

This book, *Human Centered Management in Executive Education*, projects a unique global scope integrating the studies and experiences of distinguished scholars who are working in the development of theories, practices, assessment, and innovation in management and EE. Their joint endeavors promote and strengthen the overdue shift from the updated process-centered management-by-objectives industrial tradition to advance and consolidate the human centered management paradigm.

Understanding the implication of the human centered paradigm is essential because in spite of ample evidence that EE has a significant influence on decisions that executives and upper managers make in organizations, there is very limited research and literature on effective management practices that can successfully integrate the human dimension in the training of organization leaders.

The contributions of 33 scholars from 15 countries in North and South America, Europe, the Middle East, Asia, and Africa cover the human centered management paradigm in a well-balanced and comprehensive diagnostic. The rich diversity of visions of 16 scholars from Europe and the United States compares and contrasts with those of 17 scholars from developing countries, and combines experiences of 10 women and 23 men who reach a unique alignment of the principles and practices that are impacting management and EE today.

The main theme that emerges across regions and different approaches places the human being at the center of organizations. Valuable insights collect and integrate a broad range of personal experiences, a constructive combination of research interests on decisions and actions about program

design, delivery, learners' participation, analysis of the complexity of the demand, and the rapidly changing supply of EE worldwide.

The editors selected contributors who deliver real messages. In some cases, they are passionate about values and causes leading to genuine arguments of faith and focus that trigger discussion of important subjects from different slants. Like EE itself, the 17 chapters congregate in a balance of opinions, conceptions, and considerations of the local environments and national contexts in which they have been conceived.

The book is organized in three parts. Each part addresses needs, challenges, and expectations embedded in the human centered paradigm in EE from different but complementary angles. Each part starts with an introductory section written by the editors in charge to provide a framework for the theme.

- Part I focuses on *why* management and EE benefit from the human centered paradigm.
- Part II addresses *what* needs to be done in EE in terms of curriculum and contents to expedite change.
- Part III deals with *how* EE can advance the paradigm shift with new delivery methods.

The contributions from authors were processed through a set of scrupulous reviews. However, some terms that are used by one contributor may have a different meaning when used by another. For example, the editors avoid using the term *human resources* because this concept ranks human beings in equal standing with other physical and monetary resources, instead of as the main reason for organizations to exist. But the editors are aware that human resources is still common in the business jargon and literature, so no imposition was made to homologize terminology throughout the book.

Anybody who studies business management or economics has encountered the phenomenon that some scholars continue to use terms following tradition rather than adjusting to the need for change and innovation. This controversy is important, of course, but we consider it to be material for a separate business discussion.

Nevertheless, the editors draw attention to the need to revise and renew management concepts that no longer fit, because they devalue and hinder the human centered paradigm. A common understanding of emerging concepts is essential to improve organization behavior and attain a sustainable framework.

This is a task that executives and leaders need to enforce because a straightforward vocabulary is the base for effective knowledge management. Drucker said: "... just as an orchestra can sabotage even the ablest conductor [...]

a knowledge organization can easily sabotage even the ablest executive"
(Drucker, 1998).

The editors are grateful to Professor Strube, Honorary Chairman of BASF,
for the Foreword of this book and to a very large number of colleagues,
family, and friends around the world, who in one form or another have
inspired the editors to undertake this human centered endeavor. We hope
that executives, EE program providers, and all our readers enjoy and benefit
from this human journey.

<div align="center">MTL   EvK   RB</div>

Notes

1. For additional information on the human centered management paradigm, please
   see: www.humanisticmanagement.org; www.globalqualityeducation.org

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Contributors

Editors

Roland Bardy is owner of BardyConsult in Mannheim, Germany, where he engages in management education, and he serves as Executive Professor of General Management and Leadership at Florida Gulf Coast University. He worked in finance and administration at BASF SE, the German multinational chemicals manufacturer, until 1999. After retiring from BASF, Bardy took up teaching and consulting, starting as an adjunct professor at Goizueta Business School, Emory University. His areas are accounting, supply chain management, leadership, business ethics, and sustainable development. He promotes the philosophy and implementation of responsible leadership and accountability through, among others, the Wittenberg Center for Global Ethics (www.wcge.org). He has published, in English and in German, on management accounting, leadership, business ethics, knowledge management, and sustainable development.

Maria-Teresa Lepeley is president and founder of the Global Institute for Quality Education, US. Her past positions include director of the International Institute for Executive Management Education, University of Connecticut, US; director of the Division of Executive Education in Applied Economics, School of Business and Economics, Universidad de Chile; president of Entrepreneurial Education College, where she developed EE programs in Quality Management and entrepreneurship and created the first program for women in entrepreneurship in Chile. She was CEO of an international technology company in the US and a member of the Board of Examiners of the Baldrige National Quality Award program in the US and NQA in Chile and adviser to NQA programs in Latin America. She publishes on human capital, economic development, people centered management, leadership, Quality Management, sustainability standards for business and education, women in entrepreneurship, and Human Centered Integral Sustainable Development (ISD). She is a consultant and visiting professor at universities worldwide.

Ernst von Kimakowitz is founder and director of the Humanistic Management Center, a Swiss-based think-tank, learning institution, and advisory firm on business ethics and corporate responsibility. He is director of Ethics First, an Executive Education joint venture with the Global Ethic Institute at the University of Tübingen in Germany and a founding member of the Humanistic Management Network. In addition to general questions

of business ethics, his topical foci are humanistic management, stakeholder engagement, development theory, and impact investing. He researches, publishes, teaches, and delivers advisory services on these topics. He is Lecturer in Leadership Skills at the Universities of St. Gallen in Switzerland and Tübingen in Germany. He is a guest speaker and lecturer around the globe to a wide range of audiences from students to senior executive teams and holds various board member and reviewer positions. Previously, he has worked in strategy consulting with a leading management consulting firm based in London, England.

Contributors

Ricardo Aguado is an assistant professor and academic coordinator at the Department of Economics, Deusto Business School, University of Deusto, Bilbao, Spain. He collaborates with the Basque Institute of Competitiveness (ORKESTRA). He explores relationships between economic growth, sustainability (social, economic, and environmental), human dignity, and well-being, at a macroeconomic level and at the level of the firm. He is a founding member of the Global Center for Sustainable Business at Deusto Business School. He is a representative of Deusto Business School at the PRME program of the UN, in the International Association of Jesuit Business Schools (IAJBS), and in the network of Jesuit universities in Spain (UNIJES) in the field of Catholic social thought. He is a lecturer in graduate, postgraduate, and doctoral courses in different universities in the US, Latin America, and Europe. He is a member of the doctoral commission of the University of Deusto.

Laura Albareda is an assistant professor at Deusto Business School, University of Deusto, Bilbao, Spain. She is a lead researcher at the Global Center for Sustainable Business at Deusto Business School and a visiting professor at Lappenranta University of Technology. She was a visiting researcher at Exeter University Business School, a postdoctoral fellow at Carroll School of Management of Boston College, and visiting researcher at Boston College Center for Corporate Citizenship in the US. She was a research fellow and assistant lecturer in the Department of Social Sciences at ESADE Business School. Her research focuses on corporate responsibility and sustainability, governance/politics and the theory of the firm, innovation for sustainability, and humanistic and responsible management education. Currently, she works on studies on humanistic management and management education. Her articles have appeared in the *Journal of Business Ethics*, *Business Ethics: A European Review*, *Journal of Corporate Citizenship*, *Corporate Governance: The International Journal of Business in Society* and *Business and Society Review*.

Wolfgang Amann is Professor of Strategy and academic director of SBUM and EMBA at HEC Paris, Qatar. He has published 15 books for executives and

compiled more than 100 case studies for his EE seminars. He previously consulted for and trained executives at Allianz, Arthur Andersen, China Development Bank, Daimler, Deutsche Bahn, Deutsche Bank, Deutsche Telekom, Dixon/DSG, Dupont, European Venture Capital and Private Equity Association, Evonik, Festo, Ford, Generali, Hilti, JPC, Malteser, IBM, IFC/Worldbank, Ikea, Marsoft, Mitsubishi, UN Global Compact/PRME, Office Depot, Proctor & Gamble, Sanofi-Aventis, Qatar Exchange, Tetra Pak, UNICEF, W. L. Gore & Associates, Inc., and several UHNWI and family offices. He is a frequent speaker at international conferences and has been a guest professor at Hosei University in Tokyo, Japan, Tsinghua in Beijing, CEIBS in Shanghai, China, the Indian Institute of Management in Bangalore, India, ISP St. Petersburg in Russia, Corvinus University in Hungary, Mzumbe University in Tanzania, Warwick and Henley Business School in the UK, and Wharton in the US.

Lydia Arbaiza is director of Institutional Programs and is an associate professor at ESAN University, Peru. She teaches strategic management, organizational behavior, and management and organization. She has participated in international seminars in the microeconomics of competitiveness at Harvard, Management at UCLA in the US, and strategic management and cybernetics in Stuttgart, Germany. She is a consultant in strategic management and organizational development, and has worked at MiVivienda Fund (on the Board of Directors), Proinversión, Graña y Montero Edificaciones SA in Peru.

Anielson Barbosa da Silva is Associate Professor of Human Resource Management and Leadership at the Federal University of Paraíba (UFPB), João Pessoa, Brazil. He is a member of the School of Graduate Management in Administration (PPGA). He is a chief researcher in the learning and knowledge research group (www.ccsa.ufpb.br/nac) at the Brazilian research agency (National Council of Technological and Scientific Development). He has authored more than 40 scientific articles in specialist journals, 80 articles in national and international conferences, 3 books, and 7 book chapters. He is a member of two editorial scientific boards in Brazil. He has received ten awards and titles. His research interests include leadership, experiential learning, education in management, managerial competence, and organizational behavior.

Mhamed Biygautane is a research associate in the Government and Public Management Program at the Mohammed Bin Rashid School of Government (MBRSG), Dubai. He specializes in talent management, training in the public sector, governance, public management/administration, and sustainable economic growth for the UAE and wider Gulf Cooperation Council's (GCC) region. He also serves as a Middle East and North Africa (MENA) expert in the

European Geopolitical Forum, where he provides strategic advice on the eco-
nomic development of the GCC and MENA region. He has published more
than 70 studies on political economy of development, knowledge manage-
ment and training in the public sector, and modernization and the reform
of public sector organizations.

Manuela Brusoni is Senior Lecturer in Public Management and Policy at
SDA Bocconi, Italy. She is involved in major networks of international man-
agement education and is a member of the Board of Directors and president
of ASFOR Master Accreditation Commission, Association for Management
Education in Italy; she was delegated by the president of ASFOR relationships
with ENQA. She is the author of numerous publications on national and
international relations on issues of private and public procurement, local
development, and project management of public projects.

Eugenijus Chlivickas is Professor of Social Sciences at Vilnius Gediminas
Technical University, Vilnius, Lithuania, and vice-minister for state gov-
ernance and public administration in the Ministry of the Interior of the
Republic of Lithuania. He is a member of the Lithuanian Public Adminis-
tration Training Association, where he served as president. He participates
in international projects and programs of OECD, SIGMA, PHARE, SIDA,
European Institute of Public Administration, Finnish Institute of Public Man-
agement, The National Tax Board of Sweden, US Department of Treasury,
and US Agency for International Development (USAID). He is a member
of the editorial board of the journals *Public Policy and Administration*, *Pub-
lic Administration*, and *Journal of Security and Sustainability Issues*. He is the
author and coordinator of more than 200 scientific and methodological
publications in Lithuania and abroad. He is a member of the International
Association of Schools and Institutions of Public Administration (IASIA),
Brussels, Belgium, The Network of Institutes and Schools of Public Admin-
istration in Central and Eastern Europe (NISPAcee), Bratislava, Slovakia, and
the UN Public Administration Network (UNPAN), New York.

Niccolò Cusumano is a PhD candidate and research fellow at IEFE (Research
Center for Energy and the Environment), Bocconi University, Italy. He
teaches issues of public procurement policies to promote renewable energy
and public private partnership. From June 2013, he has been engaged at
SDA Bocconi Lab for Impact Investments. He has written numerous papers,
books and book chapters, and has made presentations at conferences in Italy,
Canada, and China.

Claus Dierksmeier is Director of the Global Ethic Institute at the Uni-
versity of Tübingen, Germany. He previously worked as a distinguished
professor of Globalization Ethics and was a co-director of the Sustainable

Management and Measurement Institute (SUMMIT) at Stonehill College, US. He has accepted professorships at the University of Jena, Germany, and at Stonehill College, and held positions as visiting professor and research fellow in Spain, Uruguay, and Argentina. His areas of expertise and academic work include political, economic, and religious philosophy with particular focus on the theories of freedom and responsibility in the age of globality. He serves on the Board of Directors of The Humanistic Management Network and is academic director of The Humanistic Management Center in Switzerland.

Andrea Garlatti is Professor of Public Management at Udine University. He is also director of Udine University Interdepartmental Center for Research on Welfare and a coordinator of the Accounting and Management Control section within the Department of Economics and Statistics. He has wide research and teaching experience in the fields of public management and welfare.

Massiel Guerra is an economist and entrepreneurship instructor in several universities in Chile, including Universidad del Desarrollo, where she launched and was executive director of the Doctoral Program in Social Complexity Science at the School of Government. She is a research associate at the Center for Entrepreneurial Studies on Women at Universidad del Desarrollo and an economic consultant in international organizations including the UN's Economic Commission for Latin America and the Caribbean (ECLAC) and Inter-American Development Bank (IDB). Her research focuses are economics of natural resources, technologies that foster development, and integration of women in labor markets.

Katharina Hoegl is a research assistant and project coordinator at the Global Ethic Institute, Tübingen, Germany. She has worked for the Canada-Europe Transatlantic Dialogue, an international research network dedicated to the exchange and dissemination of best-practices and information in the areas of environment, culture, politics, economics, and law for practitioners from politics, economics, and academia.

Mary Lopez Holly is an independent educational speaker and writer, and for decades has been an advocate of keeping ethics in the classroom and co-learning teaching methodologies alongside her students to improve student outcomes. She holds a PhD in education from Drexel University.

Shiban Khan is a research fellow at the Institute for Supply Chain Management: Procurement and Logistics, at EBS Business School, Germany, where she concentrates on the institute's India-focused research portfolio. Her projects include sourcing in India, supply chain security and sustainability, and comparative procurement practices of German and

Indian companies. Her expertise lies in theories and cultural implications of CSR and sustainable business strategies, management in India, and global sourcing. She has been a visiting tutor at the Henley Business School of the University of Reading, UK, and has lectured on sustainability and the BRIC countries at the University of St. Gallen, Switzerland. She has also been a visiting scholar at the Indian Institute of Management, India, and Hosei University, Japan. She is a co-founder of the Humanistic Management Network and has previously been the executive director of Oikos International.

Nicolas Majluf is an emeritus professor in the Department of Industrial and Systems Engineering at the Catholic University in Chile. He specializes in strategic management, organizational design, management control, finance, and education. His publications include three books and papers written with Professor Arnoldo Hax from MIT in strategic management. He is a member of the boards of numerous large Chilean corporations.

Vesna Mandakovic is an assistant professor at the Business School, Universidad del Desarrollo, Chile. She was one of the founders and first directors of CEEM (Study Center of Women Entrepreneurs, Universidad del Desarrollo-Mujeres Empresarias). Her research interests are focused on firm dynamics, firm growth strategies, and labor decisions.

Maurizio Massaro is a lecturer at Udine University, Italy. Before joining academia, he was founder and CEO of multiple consultancy firms. He has also served as a research center vice-president in the field of metal analysis. He has been a visiting professor at Florida Gulf Coast University, US, and Leicester University, UK, and enjoys several contacts and research partnerships with universities in the US, continental Europe, UK, and Australia. His research interests include entrepreneurship, knowledge management, intellectual capital, and sustainability in international business. He is author of numerous journal articles, book chapters, and conference presentations on these subjects.

Borisas Melnikas is head of the Department of International Economics and Management, Vilnius Gediminas Technical University, Lithuania. His previous professional activities included assignments at the Scientific Research Institute of the Lithuanian Planning Committee and the Lithuanian Institute of Economy Specialists Training. His teaching and research activities are in international economics and management, globalization and European integration processes, transformations in the eastern and central European countries, public governance and business management, and innovation management.

Oswaldo Morales is director of Distance Education at ESAN, Peru. He has conducted studies about organizational culture and climate in companies of different sectors and is a proponent of the importance of organizational culture as a factor in business strategy.

Olga Pizarro is director of Graduate Studies at Universidad del Desarrollo, Chile and a professor of the School of Business at graduate and undergraduate level programs. Her area of specialization is gender and entrepreneurship and she has been a visiting professor and keynote speaker in congress and panels on women entrepreneurs around the world.

Julio Puertas is an industrial and systems engineer and a coordinator of Distance Education at the University of Piura, Peru. With experience in management of LMS and synchronous platforms, he has participated in systems consulting.

Subhasis Ray is a professor at Xavier Institute of Management, Xavier University, India. He is also the founder-coordinator of the Center for Resettlement, Rehabilitation, and Corporate Social Responsibility (CRRCSR). His research and teaching interests are in the area of sustainability and marketing.

Carlos Rivera is a student research assistant at the University of Guadalajara under Dr. José Vargas-Hernández. He has co-authored and published eight scientific articles with Vargas and has been twice recipient of the Mexican Academy of Science Award. He holds a graduate degree in international commerce from the University of Sinaloa.

Ronald W. Tarr is director of Advanced Performance Technology and the RAPTER Lab at UCF's Institute for Simulation and Training (IST) and senior research faculty at University of Central Florida, US, with a joint appointment in the Department of Civil Engineering. His research includes analysis of human performance, design of web and simulation applications, development and assessment of advanced learning technology prototypes, and non-traditional, adult learning programs, especially for dynamic situations and the use of soft skills. He is adviser to the director of National Center for Forensic Science and National Academy for Emergency Management simulation programs in transportation.

Shiv Tripathi is a professor at Mzumbe University Dar es Salaam Campus, Tanzania. During his career as a management educator, he has served a number of academic institutions and universities in India and Tanzania in different capacities. He has published widely including two books on management education. He is a member of UN PRME.

José Vargas-Hernández is a research professor at the University Center of Economic and Managerial Sciences, University of Guadalajara, Mexico, as well as a visiting scholar at various institutions such as UC Berkeley, Carleton University, and Universidad de Colima. He is also an independent consultant, ex-director of Centro de Capacitación y Adiestramiento, general manager of Patronato del Instituto Tecnológico, CEO of Novacal SA, and manager of the Consejo de Colaboración Ciudadana.

Hugo Vertiz is a coordinator at Distance Education, ESAN, Peru, and a visiting student at the School of Economics and Management (SEM), Tsinghua University, Beijing, China. He is experienced in implementation and administration of Oracle Siebel CRM On Demand content and LMSs Moodle and Blackboard.

Joseph. A Weeks Jr. is assistant vice-president of Bank of America, associate professor at Wilmington University, US, and associate professor at Goldey Beacom College, US. He teaches financial management at Wilmington University, and corporate finance at Goldey Beacom College. His research interests include multigenerational leadership, multigenerational influences on leadership transition, adult learning styles, regulation of banks and financial institutions, corporate finance, and credit risk and valuation of corporate debt.

Michael Wihlenda is the founder of the School for World Citizens at the Global Ethic Institute, a project that aims to empower students to educate themselves in the humanistic tradition.

Part I

Introduction: Why Human Centered Management in Executive Education?

Maria-Teresa Lepeley

It may sound redundant to start a discussion or continue debating why the human being should be at the center of management and organizations in the 21st century and into the well-advanced era of knowledge and the internet. But evidence shows that despite advances in management there are still organizations that focus on other interests over and beyond the needs and expectations of the people they serve.

To simplify this discussion I will organize my arguments in a list of principles to support *why* human centered management strengthens executive education (EE). These principles are based in my experience and how I perceive past, present, and future challenges and opportunities to improve EE.

Principle 1: Organizations exist to serve customers/users (*not the other way around*)

Modern management models, and particularly those associated with the Quality Management (QM) paradigm, are founded on the fundamental principle that organizations exist – private and public, business and government, for-profit and non-profit, in all sectors and industries, and worldwide – to serve the needs of customers, who either buy products and services, or users who benefit from public services they receive.

In all cases organizations act as *problem solvers* that help and make life easier for people: for customers, and for people who work in organizations, for owners, for shareholders and stockholders and, in turn, this contributes to the well-being and the continuous improvement of the surrounding community and ultimately society at large.

Principle 2: Organizations as problem solvers

But the *problem solver* role of organizations is still unclear and sometimes it is even questioned if human beings need to be at the center of management. Peter Essens identifies this critical organization dimension as "human is the engine" (2011). This is also the concern that motivated the editors of this book to gather and synchronize the voices and experiences of 33 scholars from 15 countries in four continents to develop a unique global vision of why human centered management is necessary and can improve EE.

Principle 3: Human capital in management and EE

The human centered dimension of management is important at all educational levels. But it is critical in EE given its specific responsibility to educate organization leaders.

Compared with other education levels, or training programs in general, when EE fails to meet the responsibility to serve executives and managers, who need to *affectionately* lead people to work *effectively* in organizations, the losses, in terms of human energy, human capital, time, resources and quality sustainability are exponentially higher (Lepeley and Albornoz, 2013).

EE instructors must be fully aware of the importance of their responsibility as specialists and faculty members in universities and corporate training programs, who mold *people-centered leader*s (who think about people before processes), and of the impact of their decisions in education that affect people and clients. EE clients and learners need to receive guidance and support to help develop the human capital of people who work In and For[1] organizations that must contribute to improve the community and meet the social responsibility.

With regard to human capital, Adam Smith in his 1776 economic masterpiece *An Inquiry into the Nature and Causes of the Wealth of Nations*[2] gave the following definition:

> the acquired and useful abilities of all the inhabitants or members of society...and the acquisition of talents by education, study, or apprenticeship...that make part of their fortune and so of the society to which they belong.

Principle 4: Education lags behind demands of the workforce

My concern for human capital and human centered management has been persistent throughout my career. But it intensified recently when I read the book *How Google Works*, written by two of its executives, Eric Schmidt and Jonathan Rosenberg, in 2014. They scrutinize how deep and wide the

changes that affect not only the tech industry but also society and the way people think, communicate and work, conduct business, and organize. Larry Page, Google's cofounder and CEO, confirmed my apprehensions that people are not being educated to meet the challenges we have upon us. My perception is that this is a global phenomenon. Page alerts us to the danger of companies and organizations feeling comfortable with the way they do things and lagging far behind changes in the global environment that are revolutionary, not evolutionary.

A study conducted worldwide by McKinsey Quarterly (2014) cautions that education is lagging significantly behind changes in the productive sector and consequently its impact on economic growth has declined in the last decades. The study forecasts that a visionary attitude of people-centered managers in organizations and higher participation of women in the workforce will be the primary factors to increase productivity and growth in the future and worldwide.

This research confirms that management education programs must conduct systematic assessment of impact and concentrate efforts on innovation and continuous improvement to prepare people for the workforce with an accurate vision of the future, which, given the speed of change, is difficult for any of us to foresee.

I have seen many changes in education and in management in the last 40 years. And unfortunately evidence shows that changes in education occur at a much slower pace than changes in the workforce. There is still a high level of ignorance about the impact and the responsibility of education as one of the most critical inputs of workforce productivity, that is, preparing graduates who improve themselves continuously to improve organizations and society. Education must develop instruments to assess its impact effectively and must innovate faster to diminish this critical gap. EE is no exception.

I pursued undergraduate and graduate studies in education in Chile and the US, respectively. My purpose was to understand how education could prepare me – so I could help others – to advance in life and work. The deeper I delved into studies in education, the more complex the dilemma became. My specialization in graduate school was higher education management and leadership. Although I learned what was in vogue in management and leadership in the 1980s, and reading material and theoretical information were abundant, theories were difficult to apply in practice to improve processes, and it was even harder to help people learn how to improve themselves. But I learned a ruling human centered imperative: as instructors, we must first help our students discover their talents if we want to succeed in helping them improve. To be able to discover and use our talents properly is a precondition for everybody to improve productivity in organizations where we work and in the communities where we belong. Education is not isolated or self-contained. And education has a high impact in society which up until

today has rarely been evaluated in a systematic way as a critical standard for quality education.

I decided to switch discipline from education to economics to search for new answers and solutions to recurrent human centered concerns. An academic change of that nature – across disciplines and schools – was almost unknown and nearly forbidden then. I had to demonstrate to university authorities my special interest and capacity to transfer. Today, my alma mater requires multidisciplinary studies from students as conditions for graduation. Change happens in education. But it takes decades, as Page says.

The transition from education to economics was difficult but definitely worthwhile. I suffered through the high mathematical focus of economics but learned to see the world from a very different dimension and solve problems with a different set of tools. I wrote my economics thesis on the impact of higher education on economic development. In the late 1980s I was the first student in the Economics Department to conduct research in economics of education. I was excited. I had gained a broader vision integrating two very different fields. The gap between education and economics was significant because few economists, and no educators, to my knowledge, had sought correlations between these disciplines.

Principle 5: "The Measure of our Ignorance"

When I was conducting research for my thesis (Lepeley, 1987), I was puzzled and enlightened with the finding of economist Edward Denison,[3] who had discovered serious shortcomings in the measurement standards of economic growth in the US, based on the traditional formula of accumulation of capital, land, and labor. Denison called this gap "*The Measure of our Ignorance*" (Lepeley, 1987). By then I had a solid idea about the economic gap he was describing. This also confirmed to me that Adam Smith had said the right thing two centuries earlier. The knowledge people acquire along life (formally and informally) and put to practice at work is a critical element to attain Integral Sustainable Development (ISD), which I have defined as a systematic economic, social, environmental, and technological progress. Today this kind of balance is supported by emerging OECD development formulas that alert about the need to measure well-being[4] beyond the limitations of just growth of national gross domestic product (GDP) (Hanauer et al., 2014). This is an overdue development concern expanding rapidly and worldwide.

However, economic development also depends on management practices and leaders able to manage organizations effectively. Economics and management sciences are deeply correlated. And this relationship is defined to a larger extent by human beings, not merely processes, as it has been traditionally assumed and is still monotonously stressed.

Principle 6: The transition to human centered management

Management has been a significant driver of progress in organizations in the last century. In the US, in 1910, Frederick Taylor created the Scientific Management school of thought based on a systematic approach to deploy and assess efficiency in the manufacturing industry. This was at the boom of the Industrial Age when machines captured full attention in production functions. Taylor's theories were based on process analysis and the rationale to eliminate waste and his theories have prevailed across sectors and nations.

The concern for humans – over machines and manufacturing – in organizations started to capture the attention of researchers with the well-known Hawthorne studies (1924–1932) at the Western Electric Company near Chicago. The *Hawthorne Effect* was coined in 1950 by Henry A. Landsberger, who was commissioned to observe the effects of changes in levels of light in the place where workers performed their tasks. He discovered a significant motivational effect on productivity. Workers' productivity improved when they felt the company showed concern for them by adjusting the level of light to improve their well-being. When the study ended, this policy stopped and workers' productivity plummeted. Hawthorne studies pioneered the theory that productivity improvement is rooted in human motivation and that it grows when executives and managers express care for the needs of people whose work they supervise in the organization.

Along my long road to human centered management I have had two invariable and unconditional supporters. Psychologist Abraham Maslow, and specifically an adaptation of his, which I made and use in all my classes, taken from "*Hierarchy of Human Needs*" (1943), published in his paper "A Theory of Human Motivation". And Douglas McGregor, a management professor at MIT Sloan School of Management, with his enlightening and contrasting *Theory X* and *Theory Y*, presented in his book *The Human Side of the Enterprise* (1960). McGregor argued that a manager's ethical principles about human nature and behavior determine how they manage their employees. I was attracted to Maslow because he observed humans' innate curiosity from a new dimension that integrated "physiological", "safety", "belongingness", "love", "self-esteem", "self-actualization", and "self-transcendence" to define patterns of human motivations to move ahead and because he was an innovator when he studied what he called "exemplary people", rather than psychological and psychiatric pathologies that had been the focal point of human behavior disciplines.

Later on, Peter Drucker, Austrian-born American, educator and management consultant, who is recognized as the founder of management education, produced a voluminous amount of publications exploring how humans get organized and manage organizations, in business, government, and non-profit sectors of the economy and society. Drucker was a visionary

practitioner and scholar who in the mid-20th century predicted major developments of later years: privatization and decentralization, the rise of Japan to economic world power, and the emergence of the information society that would create critical need for lifelong learning, among others. In his book *Landmarks of Tomorrow* (1959) he forecasted the future and rapid expansion of the knowledge society and described the "*Knowledge Workers*", stating that their productivity would be the next management frontier. And here we are!

Chris Argyris, an American Harvard professor, born in a Greek family, who studied psychology, physiology, and organizational behavior, became best known for his seminal work on the Learning Organization. His research explored organization structure and the effect of management on individuals and people who adopted and adapted management patterns published in his books *Personality and Organizations* (1957) and *Integrating the Individual and the Organization* (1964). He dissected organizational change and the behavior of senior executives in organizations in his book *Interpersonal Competence and Organizational Effectiveness* (1962) and *Organization and Innovation* (1965).

Principle 7: People-centered QM

One of the most influential human centered management movements of the 20th century was initiated by W. Edwards Deming and the knowledge base he developed to frame Total Quality Management (TQM).

Deming was an American engineer, statistician, professor, author, lecturer, and management consultant, who started his career as an electrical engineer, later specialized in mathematical and physics and contributed to the development of sampling methods used by the US Bureau of the Census and the Bureau of Labor Statistics, before he went to work in Japan. Many credit Deming's customer-focused management model as the driver behind the *Japanese post-war miracle* of the mid-20th century, when Japan reconstructed its production system successfully and became the second most powerful economy in the world in less than a decade.[5]

Among many publications Deming became an influential voice in management with his book *Out of the Crisis* (1989) where he spelled out the *14 Points for Management* synthesized below:

1. Create commitment with continuous improvement of product and service aiming to become competitive, create sustainable business, and generate new jobs.
2. Adopt the new philosophy. We are in a new economic age. Management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.

3. Stop dependence on inspection to achieve quality. Eliminate need for inspection on a mass basis but build quality into products in the first place.
4. End practice of rewarding business based on price tags. Instead, minimize total cost by moving toward long-term relationships based on loyalty and trust.
5. Improve continuously the system of production and service to reach quality standards, increase productivity, and thus constantly decrease costs.
6. Institute continuous on-the-job training. Knowledge base changes constantly and at a faster pace.
7. Institute leadership. Supervision should aim at helping people to do a better job. Supervision of senior management is in need of overhaul.
8. Drive out fear, so that everyone can get work satisfaction in the organization and work effectively for the organization.
9. Break down barriers between departments. People must work in teams to develop a vision necessary to anticipate problems in production processes that affect products or services.
10. Eliminate slogans and exhortations in the workforce asking for zero defects and new levels of productivity. Such exhortations create adversarial relationships because most causes of lack of quality and low productivity are rooted in the system and beyond the power of people who work in the organization.
11. Eliminate management by objective and numbers. Substitute by effective participatory leadership.
12. Remove all barriers that rob people who work in the organization of their right to pride of work. The responsibility of supervisors must be changed from quantity and crude numbers to quality standards.
13. Institute a vigorous program of education and self-improvement for everybody in the organization.
14. Put everybody in the company to work to accomplish the transformation. Organizational transformation is everybody's job.

Deming's quality principles and practices gave rise to the creation of National Quality Awards in countries around the world. Japan was the first country to create the Deming National Quality Award.

Originally National Quality Awards were created to foster productivity and promote competitiveness in manufacturing and business corporations of all sizes in Japan, the US[6] (1987), and Europe[7] (1991); fortunately in 2001 the US expanded to service organizations, including education,[8] health care,[9] and in 2007 to non-profit and government organizations.[10,11]

Principle 8: EE needs to deploy QM to bridge the quality gap

I argued in Principle 4 that education is lagging behind the demands of the workforce and EE was no exception. This is happening in spite of the fact that EE, by its very nature, has closer ties and stronger liaisons with the workforce and organizations in the productive or public sectors than any other educational level. Furthermore EE exists to fulfill the mandate to train leaders and empower them for immediate deployment of what they have learned and can apply to improve organization performance.

So, are there feasible solutions to meet these challenges? What can be done to transform EE into a *problem solver* for the highest professional level in all kinds of organizations?

I have directed EE programs in universities in different countries. I traveled a great deal and I was always alert and searching for alternatives to become a *problem solver* in leadership training. The task was not easy and my search was long. But I fulfilled my expectations when I became acquainted with Deming's Principles and what was then called Total Quality Management. To illustrate the benefits of quality standards in EE I will share a brief account of my *road*[12] to QM.

In 1991 I was president of the Miami Business Economists Association and among the members there were numerous executives from the Florida Power and Light Company (FPL), which was the first American company to win the Japanese Deming Quality Award. My colleagues from FPL introduced me to TQM and were my initial motivation to undertake this human centered movement. In parallel, my son, Eduardo, was finishing his engineering degree at the University of Florida while working in a practicum at General Electric when the company was deploying TQM. Parents seldom have opportunity to acknowledge publically and professionally how much they learn from their children and this is an occasion to recognize how much I value what I have learned from my son. He is now an executive at Siemens. As such, he faces all the challenges executives confront daily to solve emerging management dilemmas.

Between 1997 and 2005 I served as member of the Boards of Examiners in the Baldrige National Quality Award of the US[13] and Chile.[14] Both experiences gave me extensive knowledge how to lead people and teams to work on and assess continuous improvement as a fundamental condition to attain quality standards and induced me to *adopt* the QM model used in the corporate sector and *adapt* it to improve education. I collected my experiences in the book *Management and Quality in Education. A Model for Assessment* (McGraw-Hill, 2001).[15] Meanwhile I directed EE programs in universities in the US and Chile, where I developed and taught courses in human centered QM and leadership in education and business based on the model I had developed. I lectured in universities in many countries and was adviser in the development of a model for Quality Awards in Education in National

Quality Award Programs in Latin America (Brazil, Peru, Colombia, Ecuador). All these experiences confirmed what I already knew: as educators we must first be effective to help people improve and discover their talents, otherwise processes do not improve in a sustainable way.

In 2004, I met with Joe Fernandes, then president of Association to Advance Collegiate Schools of Business (AACSB), to discuss my concern about the excessive emphasis of business education on hard core courses (finances, marketing, economics, strategy, accounting) and of a growing need I observed to train business faculty to teach courses to make students proficient in human centered Soft Skills, QM, and globalization. I highlighted to him that these subjects were a necessary trilogy to improve business performance based on world recognized quality standards. In 2015, AACSB, the largest business school accrediting agency in the world, shows the subtitle *Advancing Quality Management Worldwide*[16] and it is now serving 90 countries. Joe Fernandes ended his tenure this year and the new president is a former professor of my alma mater.

Synopsis of my QM model for education

I think human centered management for quality is here to stay. Furthermore, quality standards will be increasingly important in education in general and EE in particular.

I have used these principles to add value to the *why* motive of Part I. Next I will stress specific and fundamental QM challenges in EE embedded in: (a) a need to educate leaders and executives with functional in QM principles and practices, and (b) developing leaders who deeply understand, recognize, and deal with the significant difference that exists between performance and quality standards.

The following two graphs display a synthesis of the Human Centered Quality Management for Education Model I developed (Lepeley, 2001). I caution that the objective in this brief presentation is to familiarize readers with the difference between performance and quality standards using some features of my model; this is not a comprehensive analysis of the intricacies of the QM model, which are extensive and beyond the scope of this discussion.

The QM model is organized into seven management areas (MAs), which are deployed under the supervision of quality leaders (Q Leaders) and quality teams (Q Teams) previously trained to *download* and manage quality in all processes across and along the organization, focusing attention in rigorous outcome assessment and the continuous improvement of people first, and processes afterwards. This strategy follows the aforementioned principle that processes do not improve in a sustainable fashion unless people's knowledge and skills improve first.

Each one of the seven MAs is divided into a set of assessment elements. There is a total of 45 AEs that measure the organization strengths, levels of performance improvement, and identify areas that need improvement. Each AE receives a score. The scores of the 45 AEs are summed up to evaluate organizational performance and quality standards.

While the seven MAs are normative, Q Leaders and Q Teams have a significant degree of flexibility to select processes and the variables to include as assessment elements that facilitate QM deployment with clear evidence of personal responsibility and organizational accountability required to attain continuous improvement.

The model is based on participatory leadership as a necessary condition to synchronize collective efforts of shared responsibility grounded in individual commitment of all the people who work *in* and *for* the organization. Effective teams are fundamental drivers to create the organizational climate required to foster the well-being of people working to attain sustainable quality standards inside and project quality outside the organization. Quality is contagious!

Figure I.1 shows the seven MAs in order of importance. MAs 1, 2, and 3 are focused on people and have the highest points in the model.

MA1. Satisfaction of the needs and expectation of customers, clients, users, people who pay for products or services (i.e. private business entities), or receive services (public, government, and non-profit organizations) has the highest leverage in the model (190 points). This is consistent with the fundamental QM principle that organizations exist to serve people. In the case of education, this MA, the imperative is to satisfy the educational needs and expectations of students and their parents, but also includes assessment and knowledge of demands in the labor markets, where graduates will find jobs, as well as assessment to demonstrate awareness of needs and demands in the community where students/customers come from.
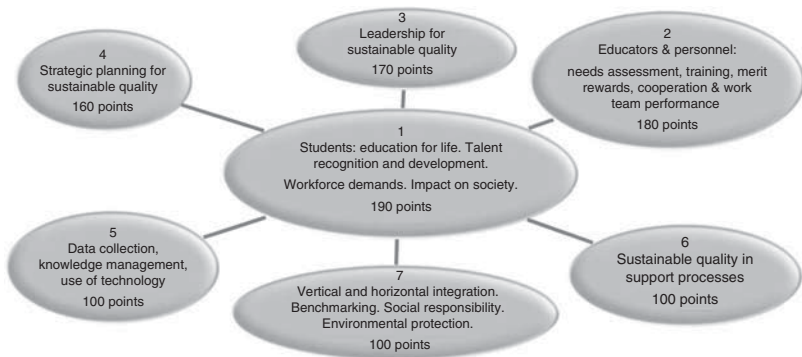
Figure I.1   The 7 Management Areas of the Human Centered Quality Management Model

MA2. Satisfaction of the needs of people who work *in* and *for* the organization is second with 180 points. This shows that performance depends highly on the organization capacity to meet needs and expectations of people who work *in* and *for* the organization. Humanly speaking the needs of workers and owners must be satisfied as a pre-condition to meet the needs of external customers. Citing Maslow, people who have their needs satisfied can better meet the needs of other people. Otherwise quality standards are broken and unattainable.

MA3. Leadership for quality is third with 170 points. Leaders – at all organization levels – are responsible for planning, training, integrating, and articulating Q Teams, recognizing achievement, determining merit, and rewarding people who work to attain quality standards. In the 21st century quality is a personal responsibility with a collective benefit.

MAs 4 to 7. These MAs account for processes and outcomes that need to be measured constantly and managed effectively to reach continuous improvement and quality standards, much as in the previous three MAs.

Improvement in the 45 assessment elements of the seven MAs is scored based on the five progressive stages of the **IPIEI** Quality Cycle (Lepeley, 2001), shown in Figure I.2, where (1) **I** = New Idea,[17] (2) **P** = Planning, (3) **I** = Implementation, (4) **E** = Evaluation, (5) **I** = Continuous Improvement.

Figure I.2. Quality Scoring: The difference between performance and quality standard

- Maximum model score: 1,000 points = SUSTAINABLE QUALITY – PERFORMANCE EXCELLENCE
- Minimum score to achieve basic quality standard: over 600 points
- 600 points and under: Performance[18] NOT ACCEPTABLE AS QUALITY STANDARD
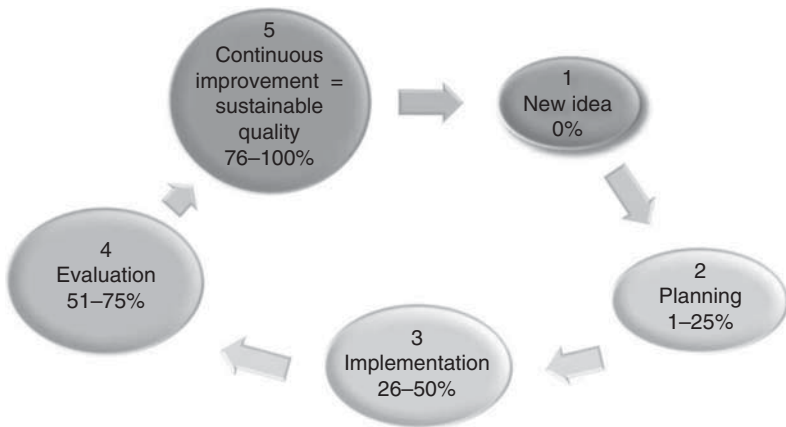
Figure I.2   Sustainable Quality Cycle **IPIEI**

A closing note on quality

If QM models seem to be so successful to help people and organizations improve continuously and significantly in all sectors and worldwide, then why are more organizations not deploying QM models?

I have observed many successful cases of quality transformations in organizations of all sizes, multiple sectors, and in many countries, developed and developing. And I have paid particular attention to organizations that fail to attain quality standards. Commonly, this happens when organizations are pushed by impatient leaders who try to rush transformation forcing improvisation, sidestepping fundamental quality principles, and faking processes of *efficiency innovation* (Christensen, 2011); occasionally bringing about short-term cost containment and short-lived increased competitiveness that invariably end up in long-term organizational fiascos. Look around and you will most likely find organizations that keep a room in a visible place in the headquarters with the flamboyant distinction of "Quality Assurance Office". But look inside and if you see an empty chair and a desk, you will realize that fundamental quality principles are missing. Quality is attained by people and *affective* and *effective* leadership. And bosses[19] in many organizations still ignore human centered principles.

Yes, QM is indeed a prototype of *efficiency innovation. And we need to acknowledge that disruption is an important and inherent component of innovation. Innovation always disrupts the status quo,* and the deployment of QM invariably introduces disruptions. Contrary to traditional wisdom and lethargic complacency, disruptions are actually desirable and should be welcome. Because change is crucial for organizational transformation grounded in people as the engine of organizations, and their talent is the fuel that empowers the engine.

There are some fundamental conditions to increase chances of successful deployment of this QM model. First, leaders in organizations need to have a clear understanding of the difference between performance and quality standards and cannot undervalue the complexities of human centered management. Second, visionary leaders must provide unequivocal support to people who work in the organization to help them go through a natural period of individual adjustment and organizational change that I call *disruption resilience.*[20] QM always induces disruption in old management structures. Consequently resilience development in people and the organization is essential to attain quality standards required for sustainability.

Chapters in Part I

The authors of chapters in Part I address a comprehensive variety of human centered management strategies and approaches aimed at strengthening and improving EE in the business and government sectors. All together offer a

unique global perspective that contrasts and balances visions from Europe, the US, Latin America, and the Middle East.

In Chapter 1 Brusoni and Cusumano trace back EE in Italy to the early 1960s when post-war reconstruction efforts led to an industrial boom that prompted a need to increase management capacity in business organizations. The analysis emphasizes the importance of multiple stakeholders' collaboration and cooperation as necessary conditions to ensure quality standards in EE provided by business and management schools, corporate universities, or other entities, in order to train executives who can deliver a high business performance in synch with effective social responsibility.

In Chapter 2, Guerra, Mandakovic, Pizarro, and Lepeley highlight the need to learn about the complexity of the demand for management training and EE as a condition to design and deliver programs to meet the needs of individual users and corporate clients that acquire EE and training to increase performance and attain quality standards. The study underlines the need to evaluate external conditions, such as the economic and social environments, to attain the objectives of the programs aligned with the human centered management paradigm in Chile.

In Chapter 3, Tarr and Weeks Jr. center attention on the need to integrate all educational levels to consolidate the human centered paradigm in management and EE in the US. The authors emphasize the urgency to train school teachers as a necessary condition to educate students at all levels in soft skills to expand their opportunities in the workforce. The study succinctly identifies the obstacles education is facing to deploy human centered management and the gap between the education students receive and the demands of the 21st century workforce.

In Chapter 4, Biygautane assesses the challenges of the public sector EE programs in the Gulf Cooperation Council (GCC) (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE) and analyses the need to train leaders that can advance GCC to become highly functional nations in the global economy and expand the importance of development in the private sector.

In Chapter 5, Arbaiza explains why ESAN Graduate School of Business in Peru is successfully deploying the human centered paradigm in EE integrating a diversity of learners, faculty backgrounds, and communities conducive to economic development synchronized with people and social well-being.

In Chapter 6, Dierksmeier, Hoegl, and Wihlenda analyze how Mental Models affect management, while governments have become weaker, and multinational corporations stronger. The authors assess the impact of EE and provide a clear picture how and why prevalent modes of management education do not measure up to today's realities and challenges facing the need for ethics in business to manage both responsibly and successfully.

Notes

1. The sense of *in* and *for* is that some people may work *in* an organization but lack the level of commitment to also work *for* the organization, to advance its mission and vision.
2. Adam Smith (1776). *Book 2. Of the Nature, Accumulation, and Employment of Stock.*
3. Edward Denison (1915–1992). He was Chief Economist of the Office of Business Economics, Senior Member of Brookings Institution, and distinguished fellow of the America Economic Association.
4. OECD. *Framework for Statistics on the Distribution of Household Income, Consumption and Wealth* (2013). There are increasing concerns about inadequacy of traditional macro-economic statistics, such as GDP, to measure people's current and future living conditions, and broader concerns about relevance to measure national or societal well-being. On the micro side, there are concerns about comparability and comprehensiveness of statistics with recognized deficiencies. There is a growing interest in assessing and improving measures of household income, consumption, and wealth to develop comprehensive measures of human well-being.
5. Toyota is often cited as an example of a customer-focused automobile manufacturer corporation that in less than a decade invaded the roads of the world with smaller Japanese cars that met the needs of consumers unable to afford large American cars at the top of a petroleum crisis.
6. United States (1987): Baldrige Performance Excellence National Program http://www.nist.gov/baldrige/
7. European Foundation of Quality Management EFQM. http://www.efqm.org/what-we-do/recognition/efqm-excellence-award
8. http://www.nist.gov/baldrige/enter/education.cfm
9. http://www.nist.gov/baldrige/enter/health_care.cfm
10. http://www.nist.gov/baldrige/enter/nonprofit.cfm
11. I was a member of the Baldrige Board of Examiners and I initiated a petition to create NQAs for non-profit and government organizations. It took years, but now it is working.
12. In quality terminology we say that quality is a road, not a destiny, because it is a constant pursuit for continuous improvement.
13. Today it is called Baldrige Performance Excellence National Program http://www.baldrigepe.org/
14. www.chilecalidad.cl
15. The book was published in Spanish to provide access to educators in Latin America to human centered quality principles and practices predominating to improve performance and competitiveness in the US and European countries that had established national QM programs. The National Quality Award in Chile used my quality model to develop guidelines for quality criteria in service organizations and government agencies. An English version of the model is used in my presentations.
16. www.aacsb.edu
17. New Ideas are critical for continuous improvement and innovation in organizations. But in this Quality Cycle it is assigned zero percent score, because every person has great ideas, but unless a great idea is planned, implemented, and its impact is evaluated, there is no progress toward quality standards.
18. The model measures "performance" within range between low and high or excellent. But "quality standard" is attained exclusively with high performance and scores over 600 points.

19. This quality model makes a distinction between leaders ad hoc to the knowledge organization of the 21st century and bosses engrained in the process patterns of the industrial past.
20. *Disruption resilience* is a quality framework defined by Lepeley in her forthcoming book on human centered management and leadership for quality sustainability.

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1
Management and Executive Education in Italy: A Multi-Stakeholder Perspective

Manuela Brusoni and Niccolò Cusumano

Italian Management and Executive Education and ASFOR System

Management education in Italy can be traced to the early sixties, when the post War World II reconstruction prompted a relaunch of the national economy with an impressive level of industrial development (often referred to as the "Italian boom").

The Italian industrialization was based mainly on industry due to a lack of natural resources and the Italian people's tendency to find a creative approach, as promoted by the country's vocational secondary education system and the fast development of small and medium-sized enterprises (SMEs) in industrial clusters. It became increasingly evident that there was a need for a managerial approach that could support the technical and hands-on day-to-day operations of firms and drive the sustainable growth of big companies and SMEs, which often were part of the supply chain of big corporations.

IPSOA,[1] the first Italian business school (BS), was founded in 1952 in Turin by Fiat and Olivetti and was followed by ASFOR (the Italian Association for the Development of Management Education) in a joint initiative by the Agnelli Foundation[2] and Ford Foundation.[3]

ASFOR was established in 1971 to foster the development of lifelong learning and management education in Italy. In 2014 ASFOR supported 80 member institutions that included business and management schools, consulting groups, and corporate universities offering management education and supporting its development.

ASFOR was created as an "association for fishery and not for fishers" (Garbellano, 2013). That is to say, the main objective of the association has always been to promote and improve management education and the involvement of all relevant stakeholders, and not just the individual interests of its members.

As an association ASFOR has contributed to advance the managerial culture in synch with the creation and development of new BSs. This trend expedites collaboration and cooperation among ASFOR of top leading BSs and smaller local organizations. Moreover, an interesting feature of ASFOR and BSs in Italy is a solid link with business corporations. In recent years ASFOR has sponsored Corporate Universities and Academies among its members.

With a few exceptions like the University of Turin, which established the first BS in a university in 1957 and Bocconi University that started to offer EE in 1971 and MBA in 1974, it took several years for Italian universities to deploy management and EE as an inclusive discipline. SDA launched the first MBA in Italy in 1974. It took several years for Italian academics to deploy management and EE as an inclusive discipline.

The resistance to offer management education in traditional institutions persists until today. ASFOR (Box 1.1) has constantly acted as a bridge between the two fields, on the one hand promoting management education and new learning methodologies developed and deployed by corporate programs in universities, and on the other hand supporting scientific rigor and the importance of research activities in non-academic member organizations.

ASFOR promotes research projects and teachers' development to improve quality using a clearing house of case studies, guidelines in management education, and development and delivery of workshops to discuss management education at the national and international level. Since 1990 ASFOR runs the only Italian accreditation system[4] that identifies, supports, and continuously improves the master's programs in business.[5]

Box 1.1   ASFOR activities

ASFOR supports the internationalization of Italian management stimulating the participation of its members in international networks[6] and benchmarking with international experiences. ASFOR is a founding member of EFMD (European Foundation Management Development), and the first EFMD President was also ASFOR's President.

In addition to EFMD, ASFOR is a founding member of EQUAL (The European Quality Link) and contributes to the development of EQUIS (European Quality Improvement System), and it is associated with ENQA (European Association for Quality Assurance in Higher Education) and CEEMAN (Central and East European Management Development Association).

Another feature of management education in Italy is the active role of the public sector. In an economy largely shaped by family enterprises, large state-owned companies represent only a small

sector of management in organizations. Although management in large corporations have strong ties with major BSs in the US, which have contributed to the expansion of the Italian management culture, institutions in the public sector have played an important role in the creation of educational institutions in the less-developed regions of Italy financing lifelong learning programs for small enterprises and individual entrepreneurs.

Another central feature of management education in Italy, in the words of Professors Borgonovi and Poli, two of ASFOR's past Presidents (Garbellano, 2013) is the ideal that people are paramount to the organizations they belong to. Therefore management education ought to be concentrated not only in teaching methodologies, techniques, and management instruments but also in a deep understanding of the capacity of people and its implications to further development.

This argument is embedded in the Italian corporate theory that defines the enterprise as "an ongoing economic coordination of factors built to satisfy human needs" (Zappa, 1927). Companies are shaped by "a set of individuals in the interest of which they are put in place and managed" (Masini, 1979) and "are an important part of human society that participates in achieving the common good according to their own specific conditions" (Airoldi et al., 1994). These theories, together with "natural" ties with corporations and institutions, propel Italian management education to an integral stakeholder approach.

Lessons from a crisis[7]

Since 2002 ASFOR has conducted research on the management EE market with the objective to closely match supply with demand. Research activities are based on questionnaires, surveys, and focus groups with ASFOR Associates, BSs and Corporate Universities (CUs), and a sample of Chief Learning Officers (CLOs) and Human Resource (HR) managers in charge of education and training activities.

Italian BSs, like other European counterparts, are financed by students' tuition (de Onzoño, 2011). In the income from 2012, 60 percent of the budget was accrued from tuition fees from master's degree programs and 40 percent from EE programs.

The funding of EE programs, financed mainly with corporate spending, followed by contributions from the public sector, either as direct operational funding or indirect funding linked to EE participants, exposes Italian BSs to higher uncertainty of economic cycles in contrast with programs relying on
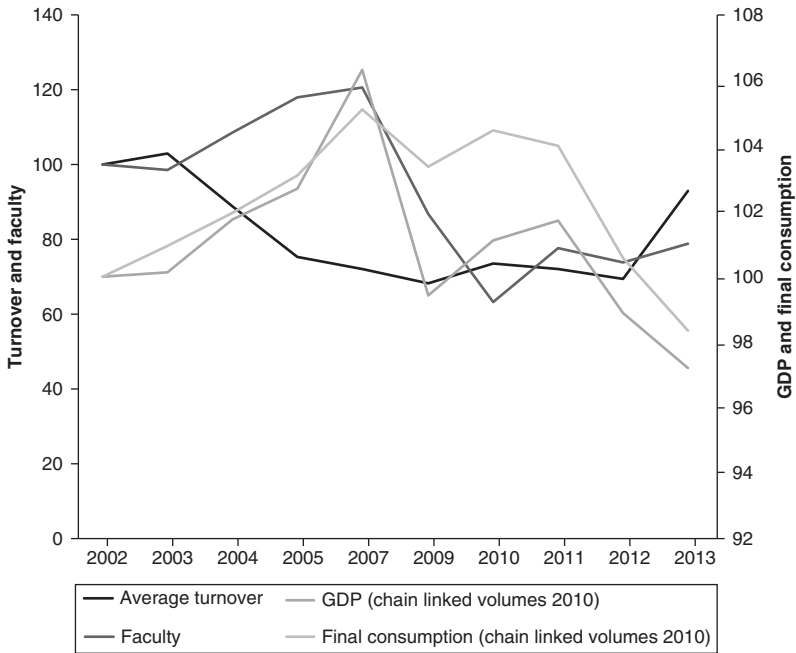
Figure 1.1 Management education and the economy (average yearly turnover and faculty of ASFOR affiliates and Italian GDP and internal demand; index number 2002 = 100)

Source: ASFOR and EUROSTAT. Data for 2006 and 2008 not available.

more secure funding sources and steady demand such as individuals who attend master's degree programs or institutions financed with endowments.

Figure 1.1 shows the relationship between average earnings and average number of faculty among ASFOR institutional affiliates and Italian GDP and domestic demand. GDP and domestic demand show modest growth between 2002 and 2007 and then slow down due to the economic crisis. In contrast BSs gross income starts to deteriorate before the crisis but their cost base (number of faculty members) continues to grow. This data shows that BSs reacted more slowly to change in domestic market demand on the assumption that education demand is countercyclical. In 2006 ASFOR research found that some members were discussing restructuring their offer. But complacency and "wait and see" strategy proved wrong and made restructuring more painful.

Assessment of the new economic climate induced a series of changes in EE. The first change was in contents. Italian companies, mainly SMEs, have traditionally sought graduates with strong technical skills to achieve short-term results. This approach pushed many Italian BSs to frame programs within

technical subjects (such as accounting) instead of leadership or general management. However recent research findings show a better balance among technical and people skills. Additionally, in order to contain costs, companies are increasingly delivering technical courses in-house, hiring internal faculty. In this fashion corporate programs focus on skills linked with operations and productivity as main drivers of corporate objectives. Consequently, BSs have responded offering tailored programs that address cross-functional subjects such as leadership, innovation, management skills, and strategy.

Italian BSs are confronting growing challenges of faster adaptation of contents and methodologies to be increasingly consistent with evolving learning needs arising from the competitive landscape where companies operate. In this environment, management schools are required to abandon the logic of mere suppliers and undertake responsibility to operate as true partners with businesses or other institutions they cooperate with, encompassing an increasingly important people-focused approach.

When ASFOR members and companies' representatives had to identify the most important factors to strengthen buyer-supplier relations, most responses were based on "collaborative" elements, including ability to co-design; consistency between learning goals, design, and delivery of training solutions; and an option that a qualified faculty member could oversee program development and supervise the project. Reliability appeared more important than flexibility and timeliness to customers.

What are the main challenges to improve management and EE? One possible action could be to leverage key enablers of good management training, such as faculty.

Figure 1.1 shows how Italian BSs reacted by reducing faculty. ASFOR research found that the share of senior faculty (with more than ten years of experience) on total faculty follows a constant upward trend. In 2012 seniors represented 68 percent of all faculty members. This growth came at the expense of middle-level faculty whose share declined 15 percent from 2009 to 2012. At first sight this phenomenon, if exclusively read from a cost effectiveness perspective, may seem counter-intuitive, because most experienced staff tend to have higher salaries that increase the cost of producing education programs. So the reason may lie elsewhere.

Even in the development of programs at the forefront of technological innovation, such as the MOOC (Massive Open Online Courses), senior faculty may be a fundamental element in program design and delivery because their long and broad experience allows them to anticipate challenges, reactions, and learning styles of a vast global audience, despite an apparent gap with younger colleagues adapting to change.

Similarly, the accumulated experience of faculty is a crucial element in planning and implementing custom programs and managing relationships with customers. Experienced faculty take advantage of learning opportunities in the classroom using stronger communication skills. Empathic

relations become more important to advance from a model based on mono-directional teaching techniques to a model where lectures are delivered online, and face-to-face classrooms become a site for reviewing, reflecting, and exchanging ideas with peers and the instructor (flipped classroom model).

A third area of focus is teaching methodologies. Teaching methods show substantial continuity with the past, where classroom activities continue at the center of education (close to 70 percent of total education activities conducted in 2012). Online reaches 9, percent and on-the-job training and coaching/mentoring activities the remaining percentage.

Although 61 percent of ASFOR members acknowledge that technology is changing the way to do training and 37 percent state that the impact of technology is significant, between 2009 and 2013 the system has not changed teaching methods.

One of the main barriers limiting the use of technology is lack of demand because program participants see it as being less effective compared with traditional methods, followed by the perceived lack of effectiveness felt by faculty.

If face-to-face continues to be, therefore, the locus of learning, it is important to exploit the potential of bringing together participants in a physical location enhancing classroom activities by introducing new learning strategies, including innovative use of in-classroom technology.

The meaning of innovation in management education

"Innovation happens only when the technological and managerial aspects work together, which is itself a significant management challenge" (AACSB, 2010). In times of high attention on cost control, innovation, a natural driver of development, needs to be better defined and supported with adequate resources.

Continuous increase of education costs at a time of stagnation in personal income and slow economic growth is increasingly cumbersome for individuals and companies and opens new questions on the utility of earning an academic degree (*The Economist*, 2014; Foley, 2014). This trend has consequences also on EE because companies further scrutinize learning targets and the priorities of the participants in education programs as much as they assess the investment return based on objectives to be met.

Emerging questions are: Should BSs undertake "frugal innovation"? (Christensen and Raynor, 2003; *The Economist*, 2011; Immelt et al., 2009). Are management education and EE condemned to what Baumol in the 1960s described as the "cost disease" (Baumol and Bowen, 1966), where salary increases are not tied to productivity growth and innovation – that is, technology – but seem to add costs instead of increasing savings, therefore trapped in spiraling costs? (Bradley and Taylor, 2013).

Until now BSs have largely reacted by modifying contents, curricula, and to some extent products. For example, they have introduced certificate programs (modular, customizable degree programs where participants attend executive tracks), and to a lesser extent changed teaching methodologies.

If EE ought to focus on executives' development aiming to lead impact on business performance, then programs should shift the content to impact an individual's competence in terms of her/his contribution to business performance (Lockhart, 2013). Consequently, innovation should be based on participants' impact assessment, and not exclusively on BSs.

Besides, innovation in management education is not an issue that can be identified and managed only by BSs because what drives innovation is the result of a common discussion between key stakeholders, including companies, public institutions, universities, individuals, and program participants.

Friga et al. (2003) recognized three strategic options available to BSs to face the challenges of the 21st century: (1) the identification of new "primary markets" through "gradual paradigm shift of lifelong learning"; (2) new product development; and (3) creation of a new partnership concept and practice between BSs and corporations/CUs. Links with corporations should be created to conduct joint research in areas of common interest. Leveraging resources from these two stakeholders may lead to useful research and ultimately to innovation (Cornuel, 2007).

Corporate literature (Calantone et al., 2002; Hurley and Hult, 1998; Narver and Slater, 1990; Powell, 1992) and Quality Management (Akgün et al. 2014; Lam et al., 2011) state that the ability of a firm to compete successfully in the market depends on its ability to "align" with the external environment. Alignment refers to the potential a company has to learn, unlearn, and re-learn based on past experiences (Fiol and Lyles, 1985). The alignment process is not a "passive" adaptation but an effective integration and articulation of the corporate experience with external knowledge and organizations.

In the literature, the ability to recognize the value of new knowledge and assimilate and apply it to commercial purposes has been identified as *absorptive capacity* (Cohen and Levinthal, 1990; Lane and Lubatkin, 1998; Todorova and Durisin, 2007; Wood and Bandura, 1989; Zahra and George, 2002). The process of learning and innovation, according to this view, is based on a series of actions (Todorova and Durisin, 2007): recognition of the value of knowledge acquisition, assimilation, transformation, and exploitation, where the ability to transform, exploit, and develop new knowledge for commercial purposes makes the difference between potential and realized *absorptive capacity* (Zahra and George, 2002). The real competitive advantage lies not only in the technological excellence and product but also in the ability of people to combine, in a flexible and fast way, its know-how in integrated processes oriented towards a common goal (Lorange, 1996).

BSs must leverage their ability to read and interpret reality and translate findings into teaching and educational products, thus using their ability to increase students' learning, develop critical thinking, and help them acquire skills and competencies to enhance their career and performance in the organization where they work.

Putting innovation partnerships into practice: A human centered design of executive education[8]

Companies of all sizes acknowledge a need for sophisticated and complex training and education. Meanwhile business cycles are getting shorter and require faster reaction in corporate operations spreading worldwide with tighter financial management constraining educational choices. On the one hand, BSs must respond to customer needs adopting formats that meet customers' expectations more effectively and in a timely manner. On the other hand, BSs are exposed to increasing global competition and are forced to compare the value of the programs they offer to excel as unique in the eyes of customers.

Increasing collaboration between CUs and BSs opens high potential to improve educational products combining functional skills with cross-functional knowledge to handle longitudinal processes in the enterprise. In a figurative way, these skills are defined as a T-shaped concept used in the 2012 Annual Conference of EFMD, where the vertical section of T represents technical/functional skills and the horizontal section managerial/cross-functional skills. Lee and Choi (2003) argued that the T-shaped skills constitute a driver of organizational performance because it integrates theoretical and practical knowledge and facilitates communications between different business functions to generate new knowledge. In this context, CUs, using internal faculty, would aim to strengthen programs' depth, whereas BSs would intervene on breadth and interdisciplinary general management competencies.

Nonetheless, BSs cannot abandon the vertical section of the T (i.e. technical/functional skills) and focus exclusively on leadership and soft skills because this strategy may dent the schools' incisive ability at a time when companies combine education programs with reorganization patterns to enact change. Moreover, core functional skills give people necessary confidence to tackle managerial decisions and serve to upgrade education in the future.

In order to fulfill their new role, Schools of Management should work on content and teaching methods developing a market intelligence that delivers on time, or rather, is anticipated in time. As stated before, this is possible with "actionable" research. Here again collaboration with relevant stakeholders becomes vital.

When the focus is not exclusively on who teaches, but who is learning, and when the logic is not solely information distribution, but how to program participant transformation information into usable knowledge, then executive management courses require a different design. In the new environment learning is a continuous process, not a singular event. When the program objective is to benefit learners, programs must be designed and delivered on conditions that foster active lifelong learning. And among other things, this implies designing educational interventions based on continuous assessment of learning outcomes and outputs from the beginning.

Box 1.2 illustrates a long-lasting partnership between ABB company and SDA Bocconi. This case is important because it traces the evolution of educational needs expressed by a customer company and also provides data on how a BS may collaborate with a company to help it cope with competitive issues.[9]

Box 1.2   ABB and SDA Bocconi: A 20-year partnership

Maria Luisa Ortini

ABB is a global leader in power and automation technologies. The ABB group of companies operates in around 100 countries and employs close to 150,000 people. In 1991 ABB Italy was conducting an intense activity of acquisition and integration. After the merger in 1988 of ASEA, Sweden, and BBC (Brown, Boveri & Cie), Switzerland, the new group ABB fostered an acquisition process in the various European countries to enhance a "glocal perspective".

At that time ABB Italy was becoming aware that the organization should face a change of pace to cope with the challenge of the *glocal group.* Thus the idea was to invest in the "brightest and most talented graduates"[10] in order to place them side by side with senior managers – with a deeply technical approach and experience – and young people having a potential innovative energy and a multicultural spirit. This potentiality had to be complemented with a sound managerial background and this was the challenge for SDA Bocconi: to design an effective curriculum aimed to develop managerial skills and foster innovation coherent with ABB culture.

A Steering Committee, integrated by ABB representatives, including the head of HR department and business units and SDA Bocconi project leaders, was set up to design the program. The result of an intense design effort, including interviews and focus groups with staff and managers, was the ABB Passport to a year long managerial program, targeted at graduates in a strict selection process. The main features of the Passport are the following:

- Classroom activity including functional and inter-functional courses customized to meet ABB competitive scenario. Participants' learning was evaluated at the end of each course.
- Other activities:

  - individual assignment with an ABB mentor;
  - team work tutored by a SDA Bocconi tutor and an ABB tutor.

- International internship aimed at getting acquainted with local culture and the organization in one of the ABB branches in Europe.
- Company visits and ABB management testimonies.

Six editions of the "Passport Program" have been delivered with 108 participants to support the evolution of ABB management making a strong impact in the organization.

After the second edition of the program, ABB realized that managerial development should affect graduates with high potentials and also young talents working in ABB.

SDA Bocconi and ABB designed and delivered a new general management program, similar to the "Passport" but with a more comprehensive amount of content and managerial material. The result was the ABB "Lean Passport", a concentrated formula of the previous program, aimed to widen the impact in the organization.

ABB Lean Passport in its 12 editions with 300 participants has made a powerful impact in the company. The program became the source of talent development and spread wide the action learning approach in the organization.

The activities marked the real trait of the program and was a boosting tool of integration and cultural sharing. Its benefit consolidated a Passport Project Repository built to show all ABB managers the opportunity to use new ideas and approaches to improve business outcome and process re-engineering.

In 2007, growing globalization of the group and the urge to include other countries and businesses within the ABB Mediterranean region required a new approach to talent development. The battle cry was then INTEGRATION.

The Passport formula continued as a powerful means to enhance, spread, and share the new corporate orientation. What had been a program dedicated to ABB Italy expanded to a new learning platform with an international scope. Talents along the Mediterranean region had the opportunity to share a unique educational experience contributing to build a powerful network. Med Passports became the integration agent and the group project played a central role in this process.

The Passport was a double bet for ABB organization and SDA Bocconi. The School assumed responsibility for program design based on the company culture and, at the same time, a guarantee of impact and educational development at the individual and organizational level.

One of the main features of the Passport Program that ABB and SDA Bocconi supported from the beginning was a high level of organizational involvement and commitment. The program should not be orchestrated by the HR department, but it should be born from ABB organization involvement in the design phase, delivery, and continuous assessment.

The program became a four hands sonata where the two players complement and add value to each other. Along the way the program changed based on ABB organizational needs and market challenges. But the original spirit of deep reciprocity between ABB and SDA Bocconi remains a remarkable trait.

Conclusions

Building on our experience as SDA Bocconi faculty members and as ASFOR associate researchers, we offer some reflections on the need for and the development of a human centered management education.

The most important challenge we face as teachers/educators is to customize education products that closely meet customers and people's learning needs and expectations, and to improve learning habits in spite of risky standardization of EE and the quest for economies of scale with potential to work against personalized education.

Personalization has many angles: it involves adapting teaching methodologies and course design to the learning style of individual participants. This may imply a greater use of technology-enhanced education, a shift to a flipped classroom model, and greater emphasis on sharing and reflecting on the educational experience.

The ultimate goal of a human centered approach in EE is the development of a different culture of learning, which empowers individuals to undertake responsibility for their education. This entails a more cost-effective learning process, where the use of resources, e.g. time, logistics, expenses for collective standard lessons, and action learning sessions, are adapted and closely customized to individual learning and development needs.

Changes to the production system at the global scale impose changes in the development of people who work in companies. Along with technical-professional training, management education needs to renew its core and its skin. These changes would require the following:

a. Continuous assessment and improvement of codes to ensure that business educators understand the company needs, managers, and response methods linked to overall business goals that also maximize individual learning.

b. Design of a "situational" system that incorporates learning goals and objectives, intended results, and assessment methods calibrated to specific needs. Emphasis on refuting the assumption that "*one size fits all*". Identifying the essential core elements of a management education program and what should be left as "supporting" elements. All these imperatives become the responsibilities of a new type of educator who is less focused on contents but more on program design and participants' learning.

c. This makes the case to further explore the aforementioned discussion that "many Italian BSs have framed EE around technical subjects (such as accounting) instead of in leadership/general management themes".

The above assumptions do not imply that technical and functional dimensions are losing significance, or research and innovation should be focused only on learning processes, ignoring contents because the knowledge of a phenomenon is always rooted in robust research. But a research question should be coupled with a learning question to enlarge the scope and bring about change and innovation to enhance the learning process.

The progressive "dematerialization" of management education, largely due to Information and Communication Technology (ICT), is no longer a learning barrier but a new language, albeit with different uses and meanings according to content and type of recipient (junior or senior).

The process of this metamorphosis of management education brings about new challenges related to the need for increasing investments in innovation. Possible solutions may be creating partnerships between BSs and CU, or recognizing and adopting/adapting innovative experiences developed around the world, or focusing public policy support on education system general outcomes and not only on individual institutions.

Innovation effects change at different levels, including process, product, and market. However to innovate management and EE the main inquiry is how to develop and deliver programs focused on how people learn as a condition to position people at the center of all educational activities.

Notes

1. Istituto Per lo Studio dell'Organizzazione Aziendale (Institute for Organizational and Business studies).
2. The Agnelli Foundation (the Agnelli family is a main shareholder of Fiat) used the 1970 Report of Confindustria, Italy Business Association, to guide the creation of a network of universities dedicated to business education.
3. At that time the influence of US management education was high. Later Italian BSs developed an independent body of knowledge to meet different market conditions.

4. Italy has a national accreditation higher education agency still in a pilot stage.
5. There are four master's degree categories: Master in General Management, Specialized Master, MBA, Executive Specialized Master. Program accreditation also covers corporate and online master's degree programs.
6. As an active member of the Management Education Division at the Academy of Management (AoM), ASFOR has launched an Award for the Best Professional Development Workshop presented at the AoM annual conference.
7. Data based on Annual ASFOR Reports of ASFOR Associates activities conducted since 2002. Analysis based on Report from 2010 to 2013.
8. Results of a focus group (Brusoni and Cusumano, 2013) with Marco Coccagna (Managing Director, Eni Corporate University), Simona Erba (Training School Manager, Tec Robert Bosch), Alberto Grando (Immediate Past President, SDA Bocconi; Deputy Rector For Development, Università Bocconi), Francesco Mantovani (Senior Vice President, Human Resources Development And Education Finmeccanica), Vladimir Nanut (President, ASFOR), Anna Simioni (Head of Corporate Learning, Unicredit; Chief Executive Officer, Unimanagement), and Gianluca Spina (President, MIP School of Management).
9. The authors are deeply thankful to Maria Luisa Ortini (Corporate Account Manager, SDA Bocconi School of Management) for her willingness to share valuable experience in management education for corporate executives. This work has been presented to the Excellence in Practice Award of EFMD, 2014.
10. Source: ABB website http://new.abb.com/careers/opportunities/graduates-entry-level/trainee-programs.

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2

Dual Demand for Executive Education and Training: Individual Needs and Institutional Demand in Chile

Massiel Guerra, Vesna Mandakovic, Olga Pizarro, and Maria-Teresa Lepeley

Introduction

More than 2,000 years ago, Aristotle, the Greek philosopher who started Western scientific inquiry as a comprehensive and integrational system of knowledge, said that *Educating the mind without educating the heart is no education at all.* In spite of few who could dispute Aristotle's vision today, the challenge it presents for educators is immense. And not because educators ignore the learners' heart, but because of the inherent difficulty to assess needs of the heart it is possible, and actually desirable, to assess the learners' needs in a systematic way. This chapter, as part of a human centered management book, intends to bring the heart into closer focus in education. But aware of the shortcoming to assess the needs of the heart, it stresses the importance of the continuous assessment of human needs and organizational demands that condition quality in the development and delivery of education programs able to optimize learners' talents and nurture their capacity to excel in life and at work. Executive education (EE) has a fundamental responsibility to help senior leaders reach their full human potential in order to maximize their capacity to help other people who work in the organization.

In the era of the internet, globalization, and instant communications, the demand for EE is influenced and shaped by a broad variety of forces and an increasingly diverse range of human needs. The complexity of personal and professional needs and organizational demands is such that it hinders objective assessment when it lacks scientific rigor to secure reliability and validity of the analysis to place people at the center of management, which is central in this study.

In the 21st century, the human scope is fundamental to evaluate the impact of EE programs and the level of satisfaction of the needs of people, executives, and managers in business or the public sector, and all those who seek EE to improve knowledge and the capacity to have a better life and foster productivity in the organization where they work.

The human centered approach is not new. Again, it was the essence of Confucius, Aristotle, and the most important philosophies of humankind. Later on, in 1759, Adam Smith, the Scottish moral philosopher and father of modern free economic systems, focused his interests on understanding the human nature in his book *The Theory of Moral Sentiments*, a treatise on morality influenced by sentiments and sympathy. His book focuses on the human ability to integrate psychological desires with natural moral laws as fundamental principles of individual freedom and self-interest embedded in the conscience and virtues. It is a profound work of moral philosophy that remains tangible until today. Although Smith wrote his economic masterpiece *An Inquiry into the Nature and Causes of The Wealth of Nations* that made him famous two decades after he wrote *The Theory of Moral Sentiments*, unfortunately many ignore his profound understanding of human nature, humility, and sympathy that underlines his economic theories.

The human emphasis was derailed by the dynamics that propelled the Industrial Revolution in the 19th and 20th centuries, with the advent of machines and the industrial organization that colluded to *dehumanize* organizations to such an extent that it is taking many decades to revive the importance of people in organizations. And not just as another "resource". Organization change takes time and can affect many generations. The transition from the industrial prototype to the human centered management of the 21st century is no exception.

Therefore, it is necessary to clarify from the beginning that the purpose of this study is to enhance the human centered paradigm based on the assumption that organizations exist to serve people, not the other way around.

In synthesis, this means that businesses and organizations of all kinds – private and public and EE providers included – assume the responsibility to produce and deliver products and services that (i) meet the needs and expectations of external users, consumers, or clients, who receive or pay for EE programs that can effectively help them to improve their lives or careers and can also can support them to (ii) fulfill the social responsibility that all organizations have to improve the community where they are located. (Lepeley, 2001).

A necessary condition to satisfy the demands of customers and society is that organizations must first meet the needs of people who work *in* and *for*[1] the organization. This is based on a human principle that it is impossible for a person to satisfy the needs of others when own needs are not satisfied by the organization where s/he works (Lepeley, 2001).

One of the most influential human centered management and client-oriented models of the last century was developed by W. Edwards Deming (Deming, 1982, 1986, 1993; Lepeley, 2001; Orsini, 2012), who created the *Total Quality Management (TQM) Movement*. Deming and colleagues first deployed TQM in Japan to restore the industrial production deeply deteriorated during World War II. Toyota and other Japanese companies, and later American and European business corporations, received global recognition deploying TQM.

Deming's principles and practices were so influential around the world in the eighties that they inspired the establishment of National Quality Awards to foster continuous improvement, productivity, competitiveness, and sustainability in business, government, education, and health care in countries around the world. Among them are the United States' Baldrige National Quality Award[2] (1987), the Award of the European Foundation of Quality Management (EFQM)[3] (1991), and Chile's National Quality Award[4] (1997). Today, over 60 countries in North and South America, Europe, and Asia have National Quality Award Programs based on the people-centered management paradigm to foster organization productivity and international competitiveness.

Lepeley (2013) states that human centered Quality Management (QM) models add value and sustainability to organizations. But she advises that QM deployment is complex and requires building people's resilience to attain continuous improvement as a precondition to reach quality standards across the organization. QM is an effective guide to position humans at the center of management and organizations.[5]

Organizations need to manage production processes in synch with the supply of products and services but aligned with the human needs. EE is no exception. This concern generated study of forces that compile the complex demand for EE in Chile. And to a large extent these results can be extrapolated to other countries.

In contrast with traditional education leading to academic degrees, where students are principal consumers of educational services, EE faces a dual demand. On one side EE is demanded by individuals seeking skills and knowledge to advance professional interests and career objectives. On the other side, EE meets growing demand from corporate businesses and organizations in the public, including government agencies that need to update the knowledge base and skills of employees to improve performance and face competitive challenges.

Individuals as much as organizations, in the private and public sectors, generate a diversity of issues leading to the dual demand for EE.

Why EE?

The purpose of EE is to train leaders who direct organizations. Then, assessment of the demand for EE is critical because it affects senior management in

organizations confronting constant change induced by national forces and the global economy pushing for a workforce that requires continuous update of knowledge and education.

At the individual level, people seek EE courses for professional growth, career advancement, and increase in employability. At the organizational level, businesses and government need to update individual and organizational knowledge and the skills of executives and employees in order to increase productivity within national borders and to compete in global markets.

The context of this analysis in Chile and the forces that shaped the demand for EE are framed in the following social and economic landscape. Chile, a country in South America, has a broadly open market economy and 40 years of experience in international trade with productivity and competiveness records that in the mid-90s received global recognition. But lately, it has been showing declining trends. This decline has created national concern among business, industry, and government, and has also impacted EE as educational services that prepare executives and managers who lead organizations.

The 2014–2015 Competitive Index of the World Economic Forum ranks Chile in 33rd place among 144 countries and 1st place in Latin America.[6] In 1995 the same ranking placed Chile in 13th place. This study investigates why Chile's international competitiveness decreased 20 places in 20 years inferring that a loss of that magnitude is jeopardizing organization effectiveness, workforce productivity, and hinders the well-being of the population.

Consideration must be given to past events that propelled Chile to become one of the most competitive economies in the world to understand and project the results of this analysis.

In 1974 Chile started a deep economic transformation after following the import substitution development strategy for most of the 20th century. This was the developing strategy that prevailed in all Latin American countries, characterized by a closed and centralized economy controlled by the government.

When Chile started economic transformation to a free market system, it received multiple benefits as one of the few developing countries in the *first wave* of nations undergoing radical economic transformation. By the mid-80s, Chile had attained a high-performing market economy increasingly trading with the rest of the world. As a *small-sized developing country* within that early trend of economic transformation, Chile partnered and drew trade agreements with developed countries and large international markets at a time when global competition was significantly lower. But policies adopted by government administrations after 1995, including increasing restrictions that negatively impacted flexibility of labor markets, led to decreases in productivity and lower international competitiveness at a time when increasing

numbers of developing countries were entering global trade and competition was growing exponentially.

Together with Chile, three developing countries in Asia, Singapore, Taiwan, and Hong-Kong, deployed free market economic systems successfully in the 1990s. In contrast with Chile, these Asian countries have maintained a high level of national productivity and international competitiveness. The 2014–2015 Global Competitive Index ranks Singapore as the 2nd most competitive country in the world, Hong-Kong 7th, and Taiwan 14th.[7]

Although in 2015 Chile still ranks as the most competitive economy in Latin America, a decrease of 20 places remains a growing concern. The losses in productivity and global competiveness on social development and people well-being are an increasing concern because four decades with a high-performing market economy decreased the poverty rate in Chile from 48 percent in 1965 to 11 percent in 2013,[8] a record that few developing countries can match.

The loss of national productivity is commonly attributed to lower creation, transmission, and absorption of knowledge after 1995. In 2012, spending in R&D was 0.35 percent of GDP, six times lower than the average of OECD countries. This raises questions about the efficiency of spending in knowledge creation but also about disparities in per capita GDP that may reflect differences in labor productivity, technological advances, and managerial skills (Manyka et al., 2014).

To face the present challenges, Chile needs to update the education system and revitalize sectors that generate employment based on higher levels of knowledge and increasing productivity. A new trend of development requires leaders trained in human centered management. Here EE has an important role training leaders for the future.

The human dimension of productivity and competitiveness

In the 21st century, management confronts growing challenges to assess performance and measure the outcome of variables that affect businesses and organizations. Hence, the productivity gap between nations is not only related to access to *hard* technologies or R&D but depends on the organizational capacity and national initiatives to deploy *efficiency innovation* and principles and practices that have proven effective at a global level. In many instances, efforts need not be to *re-invent the wheel* but to *adopt* and later *adapt* wheels that are already running in the world. This is a special advice for developing countries, where financial resources are limited but human creativity is abundant.

To change an organization is complex, difficult, and has a low success record. For example, in 1996 Harvard Business School professor John Kotter found that close to 70 percent of the organization change projects did

not meet expected objectives. Since then most surveys have shown similar results (Hamel and Zanini, 2014). Difficulties accumulate because organizations have built-in rules and regulations enforced by risk-averse hierarchical structures that are reactive, instead of proactive to change, where top management protects the status quo, in deep contrast to the fast pace of change in the external environment.

The 2014 CASEN national survey in Chile confirms that aversion to change and innovation in businesses and organizations stagnates productivity in the workforce, keeps labor salaries low, and increases obstacles to compete globally. The survey shows a deficit of skilled labor that generates an increasing need to address the training of workers in general and particularly forces EE programs to match knowledge and competencies required in the internet era.[9]

A study on management in manufacturing companies in Chile (Tokman, 2010) reveals that 80 percent of Chilean producers have lower performance than the average American manufacturing company. The most productive Chilean multinationals do not reach the productivity level of multinationals in the world. The average Chilean manufacturing company has a higher performance than comparable companies in Brazil, India, Greece, and China and is statistically equivalent to Portugal, Ireland, and Poland.

Manyika et al. (2014) in the article "A Productivity Perspective on the Future of Growth" assess that if population growth in the world follows the present slowing trend, then global demand will decrease considerably unless labor productivity increases in synch with workers' salaries. The results of this global study predict that future productivity increases will depend largely on three sources: managers' attitudes, enhancement of human centered paradigm to foster innovation, and increased participation of women in the labor force.[10] The authors question the high impact and the positive correlation that education and economic growth used to have in the 20th century. Furthermore, in 1996 Ashton and Green warned about the validity of a linear relation between skill formation and economic performance when the social context is ignored.

Addressing factors that affect productivity in Chile is important to strengthen competitiveness and comparative advantages in the global economy to regain past status. To do so Chile needs to synchronize government policies that foster change in business schools and support the business sector and particularly medium and small businesses, expanding opportunities for women, and fostering effective education to develop the skills of people in the workforce.

In this environment, EE has high potential to impact organizations and foster productivity based on the human dimension because the new trend entails to meet the needs and demands of increasingly informed users, consumers, employees, and stockholders.

In operational terms, a new set of skills is required for people who participate in the workforce: people skills, commonly identified in management

literature as Soft Skills. Soft Skills gain importance as the human centered management paradigm advanced compared with the technocrat model that prevailed in the industrial economy. Until recently, Soft Skills were not formally included in management education (Massaro et al., 2013). Furthermore, mastering Soft Skills requires consistent practice and training over a long period of time in comparison with traditional subjects and quantitative methods, and are key to develop leadership in the 21st century (Lepeley and Albornoz, 2013).

Participatory leadership, human centered values, respect for others and their ideas, effective communications, collaboration and team building, Win-Win negotiation strategy, entrepreneurial abilities, new knowledge exploitation and exploration, increased understanding among people and between different cultures, multidisciplinary approaches to problem solving, use of technology, quality commitment, equal social and economic opportunity among the genders, and social and environmental responsibility are central elements for sustainable development in businesses and organizations – private and public – in nations worldwide.

Need and demand for human centered executive education

The engine of organizations is people. Hence education in general and EE providers in particular need to know users' and customers' needs to develop and deliver programs that help people meet expectations to be happy with what they do and be productive to advance careers and the mission of the organization where they work.

An increasing number of scholars in organization development propose to expand the understanding of human behavior in organizations beyond applications of rational-economic logic into values and the psychological dimension (De Cremer and Blader, 2005; Diener and Seligman, 2004; Frey and Stutzer, 2014; Ghoshal, 2005; Tyler, 2006). From the point of view of a business firm, this implies training executives in strategies that promote values centered on trust, cooperation, motivation, and innovation (Pirson and Von Kimakowitz, 2014), which are important to help people reach higher goals in life and induce contributions of organizations to improve society. Nonetheless, Bills and Hodson (2007) sustain that while the acquisition and enhancement of human skills are important aspects in the sociology of labor markets, surprisingly little is known to educate students in the development of Soft Skills.

The dual demand for executive education

This part of the study assesses the training needs of executives and compares them with the training demands of employers. This is an exercise to increase understanding of the dual demand for EE.

An assessment of Chilean labor markets shows asymmetry between the training needs of executives and the training demands of employers (Didier

and Pérez, 2012; Didier et al., 2013). These findings provide insights about the EE curriculum in terms of content and knowledge acquisition from a human centered approach that includes perceptions of managers and executives based on gender.

Gender is important because in Chile, although women and men at executive level have a comparable level of formal education, they deploy different leadership styles to accomplish similar objectives.

Studies conducted by authors of this chapter on women's perception in business organizations provide examples of how the needs of women managers diverge from the training demands of organizations. "My company tried to convince me to do an MBA, but I did not accept, even though it would pay for my studies. Instead I took several executive education programs" (Guerra and Pizarro, 2010). Chilean women value training to advance their career but prefer shorter programs than MBAs due to a pressing need to reconcile family with work responsibilities. In contrast, men pursue higher education to gain higher status, salary, or job recognition, with a considerable lower level of direct care on family responsibilities.

The preferences of Chilean women in the labor force confirm a global trend described in *The Economist*'s recent article "The Weaker Sex" and world report on Gender, Education, and Work.[11] It states that women give less importance than men to pay premium and high financial returns. The same report highlights that although women worldwide are matching men's graduation rates, at executive level in businesses and the professions, the participation of women is still remarkably low. This evidence opens new challenges and significant opportunities for EE programs to meet social and economic gender parity objectives.

Additionally, the results of the McKinsey global report on future productivity improvement in the workforce and the increasing participation of women impose new challenges on gender for organizations, executives in general, and EE planners and designers in particular.

At the present time, the employment of women – either as employees in organizations or as business owners in entrepreneurial activities – occurs in parallel with a slowing rate of population growth in Chile. This phenomenon might slow down the available pool of talent in the labor force with important implications for EE.

First, economic growth depends heavily on the productivity of people in the active workforce, including women and older workers. So the education challenge to meet demands for lifelong learning, particularly of the ageing but economically active population, is estimated to increase sharply.

Despite progress in women's participation in the labor force, work productivity remains a challenge among women aside from the level of education based on family responsibility. In the last decades, increasing awareness of these disparities forced international organizations such as the World Bank, the World Economic Forum, OECD, United Nations, the Inter-American

Development Bank, to pay closer attention to assess realistically and promote consistently the participation of women in economic activity as an important component for sustainable development in developing nations (Lepeley et al., 2015).

Second, the youth cohort of the millennial generation will continue to challenge education and training programs as job creation will increasingly depend on higher skills to enter the workforce, making it increasingly harder for young people with low work skills to find and secure jobs. This might lower demand for EE.

Third, international flows of migrant workers will continue to increase in Chile, raising not only challenges for fair access to education and training but also questions on how to fill skill gaps in one country to avoid losses and imbalances of workforce and talent in other countries (ILO, 2011).

The challenges that management education faces around the world to meet the needs of people in different segments are significant, so this study addresses some of the inquiries on how people, employees, and managers make decisions regarding training in management and EE. One of the objectives is to learn if there is a match or a clash between the needs of people/employees and the demands of organizations, and the analysis includes an assessment of training programs in Chile and how these meet the needs of people and the demands of organizations in close alignment with the demands of a market system and an open economy.

A theoretical framework of human development

The International Labor Organization (ILO) states that training is one of the most important strategies for job protection to help workers improve skills, increase job potential, and life opportunities in synch with an increase in national productivity and international competitiveness.

Nonetheless, constant change in the global economy of the 21st century requires a labor force with a significantly different set of skills to meet productivity targets. To illustrate this point, Schmidt and Rosenberg (2014), two executives of Google, highlight that changes in technology are impacting management and organizations deeply and worldwide. They further caution that technology is also deeply impacting education and training. Their assessment confirms assumptions that competitiveness in the global environment is increasingly led by new knowledge as the cornerstones of comparative advantages (Popescu and Tachiciu, 2006).

The impact of change on growth and development reinforces the argument that GDP growth and the production function does not depend exclusively on accumulation of physical capital, land, or working hours but increasingly on the development of human talent. This has been a critical concern for economists for half a century but today there is growing consensus and growing evidence of the impact of human and social variables

on national well-being, based on rates of return on investments in education, nutrition, and healthcare (Barro and Sala-i-Martin, 1995; Becker, 1962, 1964; Denison, 1967; Kuznets, 1966; Navarro, 2008; Schultz, 1961, 2003) and closer links between economics and psychology (Frey and Stutzer, 2014).

The human capital model assumes that individual decisions to invest in training and continuing education are based on costs and benefits in the short and long term (Becker, 1962; Mincer, 1962). Individual investment in training is more likely at initial life stages with expected benefits in the long run. Ng and Feldman (2010) show that decisions of individual acquisition of skills through training also depend on acquisition of knowledge and skills linked to the organization where people work. Higher commitment with the organization commonly results in a higher probability of workers gaining skills required by the organization. Coleman and DeLeire (2003) demonstrated that people who believe that future income depends on acquisition of human capital show a higher tendency to remain for a longer time in the educational system.

From the perspective of investments in training, human capital models predict that acquisition of general skills can be financed by workers, while specific skills tend to be co-financed between workers and the organization where the person works (Veum, 1999).

Cappelli (1999) adds the gender factor to explain changes in the composition of the workforce, stating that a higher proportion of women in the labor force increases the importance of the discussion on gender in training initiatives. This issue affects EE and requires increased attention.

Given the fast growth of social networks, a human centered approach to training and EE needs to address the articulation of knowledge in social networks, including culture transfer, intellectual capital, team building, and shared experiences that generate collective knowledge. Another pending inquiry is the impact of training in social mobility highlighted by scholars in the last decades (Altonji and Spletzer, 1991; Barron et al., 1989, 1993; Bartel, 1995; Brown, 1989; Duncan and Hoffman, 1979; Kuruscu, 2006; Mincer, 1988; Schönberg, 2007; Topel and Ward, 1992). Some research is pessimistic in validating the impact of training on earnings or employability (Heckman et al., 1999) due to problems of causality and constraints associated with measurement between skilled versus unskilled workers, time horizons that affect salary changes and employability, program diversity, content, duration, and quality standards. Course heterogeneity and acquisition of formal and informal education create additional limitations. While some authors argue that training contributes to the development of human capital, others express doubts about the impact on employability and income (Keane and Wolpin, 1997; Machin and Manning, 1999; Mato Díaz, 2003).

The individual/employees dimension studies conducted by Didier (2014) in Chile show that training decisions are based on self-motivation and

interest to interact with people who share interests, even if the program has low relevance with job performance or the position held. This is a common outcome when organizations are unclear about the skills employees need to increase productivity in the organization.

Guzman and Singuer (2008) state that organizations decide about employees' training based on three main factors: observable characteristics, unobservable characteristics, and chance. Observable characteristics are those that can be measured based on objective information (age, gender, educational level), and the sector of the organization (business, private, or public); unobservable characteristics cannot be measured due to lack of reliable information, such as talent, networks, and personal contacts. Chance relates to variables that may or may not affect training decisions, such as programs available, prices, distance, time, and convenience.

Contrasting Chile with the US, Frazis et al. (1998) found that the main factors that increase the probability of training in the US are participation in labor unions, the proportion of part-time workers, the level of benefits associated with training, and innovative practices in the organization. Arulampalam and Booth (1998) showed employees on temporary or fixed contracts are 16 percent less likely to receive on-the-job training than employees on permanent contracts. Absence of labor unions decreases training probability by 8 percent. Booth (1991) established that larger organizations increase the probability of training on average by 30 percent, while companies in the energy sector increase training probability 86 percent compared with 41 percent increase in the manufacturing sector.

An assessment of labor structure in Latin America conducted by Schneider (2009) reveals that Chile is characterized by a hierarchical structure, leading economic groups with oligopoly power, a workforce with low to medium skills, and an atomistic approach to labor relations. Labor relations are of relatively short duration, unions have low power, level of trust is low, and so is bargaining power.

Training system in Chile: a guideline for EE

Chile's expenditure in workforce training is comparable with Spain and it surpasses developed countries like Japan, the US and the United Kingdom. In 2011, Chile spent 0.1 percent of the GDP in training programs for the workforce. Seventy percent of the people trained were men and 24 percent had completed university education (SENCE, 2011). Overall expenditures in labor policies related to training were lower compared to 0.58 percent average in OECD countries.[12]

In 2014, the distribution of training funds in Chile was as follows: 70 percent was financed through tax exemptions provided by SENCE training programs, 10 percent through Active Worker Bonus (BTA), 4 percent from Business and Enterprise Bonus (similar to BTA, see below, but oriented

to small business entrepreneurs), 7 percent youth training programs, 6 percent training for people in vulnerable groups, and 3 percent in apprenticeship programs (UNDP, 2014).

One of the principal training initiatives in Chile is the public program conducted by the Ministry of Labor through the National Training and Employment Service (SENCE[13]). This national program promotes training in the labor force with subsidies and tax exemptions to business firms that train personnel. The program operates under the assumption that training is necessary for business improvement. Employers make decisions on how and whom to train.

In 1997, the National Training Fund (FONCAP), administered by SENCE, was created to fund training programs for vulnerable groups, people employed in the informal sector, unemployed, or inactive. SENCE establishes guidelines on how to train and who receives training.

In 2011, the program BTA, based on a proposal made by the Presidential Advisory Council on Work and Equity (2008), was installed. It is based on training vouchers for workers who choose continuing education programs approved by SENCE. The cost of the program is financed by the state and the worker has to deposit a guarantee of 20 percent of the total program value which is refunded when the person completes the program. Participants attend training programs outside working hours and it is not necessary to inform employers. BTA represents a third of all the training programs funded by the state.

Of the programs described above, the tax exempt training programs cover the largest part aiming to promote the following: (i) employability: to increase probability to find and retain employment in the formal sector, (ii) increase income of workers, and (iii) help to increase productivity of business firms.

An assessment conducted in 2011 by the Training System and Employment Intermediation, an expert committee of the Ministry of Labor and Social Welfare, found that the national training project was deficient in equity distribution, efficiency, and effectiveness. In terms of equity it showed regressive returns on public spending that favored better-informed middle-upper income groups, larger business firms, and employees with a comparably higher level of schooling and wages. Regarding efficiency, the training system was inefficient targeting vulnerable groups. Lack of effectiveness was associated with tax exemptions that did not show significant improvement in the productivity of workers who attended training courses. Training programs that showed lack of effectiveness was due to the following: short duration, program content, heterogeneity of quality standards in Technical Training Organizations (OTECs)[14] and Intermediaries Technical Training Organizations (OTICs), and lack of resources in SENCE to monitor, supervise programs, and assess results.

One of the problems detected was lack of articulation between training programs and career paths of workers. Chile has an extensive network

of training providers (OTECs) that function as technical and vocational education institutions, and the assessment report exposed a pressing need to coordinate the transition of students between different training programs, educational levels, and delivery modes.

The national training system in Chile is institutionalized in private and public entities that include the public SENCE and private sector OTICs and OTECs. SENCE is the national agency that articulates the national training strategy.

Businesses and corporations can hire training services directly or indirectly. The direct approach is to buy training services from OTECs, training providers registered and accredited in SENCE's national registry. The indirect approach is used by corporations that purchase training from OTECs and receive reimbursement or tax exemptions. Another form of access to training programs is through OTICs, training institutions that administer training funds of groups of corporations in the productive sector. The role of OTICs is to participate in bids and to advise firms about training institutions and programs.

The supply of job and executive training in Chile is provided by private and public universities and four-year colleges that grant academic degrees and other institutions that offer non-degree and continuing education programs.

In terms of EE programs and content, research conducted by Lepeley and Albornoz (2013) in Chile shows concentration in traditional "hard" skills (finances, accounting, marketing, strategy, management) in spite of evidence that corporations of all sizes that have won the National Quality Awards demand development of Soft Skills among executives who lead business organizations and also among employees to secure and retain jobs in the labor market.

Training and gender

A 2002 SENCE report on the evolution in gender participation in training in Chile showed that 70 percent of the people who attended training programs were men and 30 percent women. Five years later, in 2007, 60 percent were men and 40 percent women. This trend is expected to continue as national training programs highlight gender equality and women participation in economic activity.

Twenty-three percent of people who participate in training programs have completed one or more academic degrees and 16 percent were in the high-income bracket.[15]

A 2009 Longitudinal Survey (ELE) in Chile, based on information collected in 7,062 companies, showed that 30 percent had trained their workers. Of the companies surveyed 97 percent knew about tax exemption training but only 60 percent used training financed with tax exemption.

When companies were consulted about the most important reason not to train employees, 46 percent mentioned training was not necessary, 27 percent said the company had not found training courses that met their specific needs, 15 percent mentioned that while workers are receiving training the company needs to pay replacements that generate additional costs, and 12 percent mentioned that workers had no interest in training (Palacios, 2013).

An analysis conducted by Didier and Pérez (2012) based on a survey of socioeconomic characterization shows that the majority of the participants in training programs in Chile work in public agencies (30 percent) or public companies (30 percent). The sector with the higher participation in training programs is mining (30 percent) followed by officers in the Armed Forces and police (20 percent). So government and the state are the most important consumers of training programs in Chile, compared with businesses and the private sector. Employees in the private sector account for 14 percent of the total demand for training activities.

Conclusions

This study confirms the constraints associated with the analysis of the complex demand for EE and the importance to improve the outcome of training programs basing result assessment more on the needs of people in organizations, communities, and within the national context of training programs in general and EE in particular.

Organizations in Chile are not significantly different than an average organization in the US and other countries that have perpetuated the industrial model, where change is not fast enough, innovation is not a driver force, and human centered management is unevenly deployed. Progress is limited and organizational change is difficult because organizations have perpetuated hierarchical structures and standardization and are risk averse and not proactive to change, leading to a mismatch between a slow pace of organizational change and the fast pace of change in the external environment.

The majority of EE programs in Chile are offered by leading universities and delivered by some of the best ranked business schools in Latin America.[16] At present, EE programs include a broad range of quantitative tools related to business finance, accounting, technology applications, and international business. Gradually and recently EE programs are including subjects leading to the development of Soft Skills, centered on values, leadership, and organization climate improvement. Some programs advertise courses aiming to meet demands of business executives that go beyond traditional business approaches to help executives deal with the changing economic environment. The new skills include decision making in complex and uncertain

environments where the rules of the past no longer help to find solutions for the present or future, such as community relations, social responsibility, environmental preservation, and ad hoc issues that are central for business sustainability in Chile and worldwide.

Innovative EE programs are incorporating human centered themes in "organization happiness", aligned with the need to change the old and create a new economic growth formula as mentioned at the beginning of this chapter. These programs show approaches to manage socio-cultural changes that affect the economy and society at large. The goal today is to promote the new development paradigm centered on the human being. The introduction of happiness management in the workforce and social responsibility are becoming important elements to reach quality standards and sustainability in business. But this is still a challenge in Chile because training programs that promote this trend are still few at EE level.

From the perspective of the demand for EE, and looking from a national dimension and the effect of articulation with lower education levels, UNDP (2014) reports that skill training for work has historically had marginal importance in the public policy agenda. A main concern is that, in spite of considerable public and private investments, training programs have not reached a coherent structure to update and integrate fast changing demands in the economy. Critics of the training system say that these challenges, in addition to deficiencies in the school system, are aggravated in the workforce by lack of skills and leadership needed to advance in the 21st century. The need to train workers, not for the short run but as a lifelong learning experience, is critical to meet the dual demand helping people to advance careers along the life cycle and supporting businesses and organizations to reach sustainability in the global economy.

Although EE programs in Chile have a long tradition and are well ranked internationally, programs need to innovate based on the human centered paradigm including the development of Soft Skills , not only in EE but also in degree-granting business and management programs.

Business schools and institutions that provide EE for business owners and managers need to have a clear picture and understanding of the complexity of the development strategy and emerging demands in labor markets.

EE suppliers need to review and renew old programs, paying attention to the dual demand, the needs of participants who confront economic problems entangled with social situations. In this environment, forward looking forward-looking EE programs must emphasize the development of social skills, professional commitment, and participatory and ethical leadership to meet the demands of individuals, labor markets, and society. In the era of knowledge, the internet, Google, and instant communications, it is unrealistic to think that one person can work well and be happy, while people next door, or in the next country, live in conflict and poverty.

Notes

1. To work "in" an organization implies to work to satisfy financial needs. To work "for" an organization means to share values and commitment to advance the organization's mission and vision, Lepeley (2001).
2. Baldrige National Quality Award, http://www.nist.gov/baldrige/.
3. EFQM, http://www.efqm.org/.
4. Chile Calidad, http://www.chilecalidad.cl/.
5. Lepeley was a member of the Board of Examiners of the Baldrige National Quality of the United States and the Chilean National Quality Award.
6. World Economic Forum: http://www3.weforum.org/docs/GCR2014-15/GCR_Rankings_2014–2015.pdf.
7. Ibid.
8. CEPAL. Comisión Económica para América Latina.
9. How Google Works.
10. *McKinsey Quarterly*, September 2014.
11. *The Economist*, March 7, 2015.
12. http://stats.oecd.org/2011.
13. Institution created in 1976.
14. Universities, institutes and specific organizations.
15. 20 percent of the population with the highest income.
16. America Economía (2011) Ranking of Best Business Schools in Latin America http://rankings.americaeconomia.com/2011/mba/ranking-mba-america-latina.php.

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3
Soft Skills: Demand and Challenges in the United States Workplace

Ronald W. Tarr and Joseph A. Weeks Jr.

Introduction

The challenges management, executives, and organizations are facing in the United States are staggering and surprising (Frauenheim, 2012; Le Pla, 2013; Robles, 2012). The cause is management and leadership transition from the performance model based on technical knowledge that prevailed in the industrial age to a human centered model focused on the capacity of leaders to motivate others to improve as persons and workers, not only as technical experts or performance pros (Kalman, 2013; Le Pla, 2013; Lepeley et al., 2013; Robles, 2012). In this environment, Soft Skills are a fundamental factor to speed the transition of organizations of all kinds.

The development of Soft Skills is a challenge for executive education (EE), as the education level and the programs responsible to prepare leaders with solid personal and social abilities. Soft Skills are increasingly required not only at senior level but also among new people to be hired and they are essential to retain good jobs, as this study will demonstrate. Job markets are increasingly demanding good communication skills, critical thinking, problem solving, emotional intelligence, work ethics, time management, cultural awareness, and solid customer service skills (White, 2013).

Soft Skills – sometimes identified as People Skills – are critically underdeveloped, undertaught, or non-existent in education and training programs that have traditionally emphasized mastering of technical competencies and process controls. Soft Skills are effective to manage difficult situations that inevitably affect organizational climate and impact work relations and individual performance due to human dynamics, economic uncertainty, rapid changes in technology, diversity of personalities, amalgam of different cultures and generations, flatter organizations, globalization, scarcity of resources and a growing need to "do more with less" in a world where the web and social media are drastically changing the way people live, work, and communicate (Frauenheim, 2012).

This chapter uses a systematic approach to explain the need for Soft Skills in the workplace and the challenges associated with Soft Skills development. The present conditions, locally and globally, compel teaching, development, and training students in Soft Skills starting at lower educational levels to secure consolidation of human centered organization values at higher education levels in general, but particularly in EE given its responsibility to train leaders.

The study was conducted at the University of Central Florida's Project Prime Skills (PPS). The project was designed to identify workforce needs in the Orlando Regional Workforce Development Partnership (O-Force). This is an association integrated by Enterprise Florida, Central Florida Workforce, and a consortium of the largest employers in five counties of Central Florida. The purpose of the initiative was to prepare the emerging workforce of Central Florida for better job opportunities and higher wages by improving workers' fundamental employment skills, referred to as Employability Skills, identified by O-Force.

Explicitly in this study, employability skills were not related to technical traditional skills, but the project aimed to provide solutions to the critical scarcity of Soft Skills among prospective employees in the Florida workforce.

PPS developed a platform to identify and assess the Soft Skills of students and then proposed training opportunities to add new concepts to the existing educational curriculum. Ultimately, the study documented ratings of effective outcomes in Soft Skills and established a portfolio of competencies.

The analysis includes a description of Soft Skills, discusses the gap that exists in the United States, and recommends an approach to follow based on the results of the PPS and provides guidelines on how educational methods and training techniques can be applied and deployed to develop a human centered model.

The Soft Skills gap

The Soft Skills in the US workforce is rooted in the tradition that organizations hire employees based on technical skills necessary to manage the processes required to complete specific tasks, but overlook Soft Skills that impact individual motivation, team work and collaboration, and labor relations that affect productivity, competitiveness, and ultimately the social responsibility all organizations have with the community.

In their annual report, conducted since 2006, the International Federation of Engineering Education Societies (IFEES) has ranked lack of Soft Skills as the most critical issue new engineers face (Borri et al., 2014).

Furthermore, the aforementioned development challenges can be traced back to shortcomings in education that does not routinely or effectively teach Soft Skills in the classroom. At all levels and disciplines, education is

traditionally focused on rigid contents, guidelines, and objective facts taught in lecture format and assessed with traditional grading methods. To a large extent the standardized student testing used in educational systems tends to increase rigidity and decrease the relevance of Soft Skills in schools, and later on in organizations and society. As a result of excessive focus on standardized testing, omitting alternative methodologies of learning assessment, teachers and school districts have transformed the need to create collaborative learning environments into an inflexible doctrine to comply with standard testing requirements.

Teaching Soft Skills

Research shows that teaching Soft Skills in parallel with traditional topics is more effective that introducing them in isolation (Green and McGill, 2011a, 2011b). While elementary education is focused on core educational needs like reading, writing, and arithmetic, middle school through college can start to introduce Soft Skills to introduce Soft Skills to improve team work and student interactions with the ethical behavior required in school and later in the workforce (Frincke, 2008).

The University of Central Florida's PPS research study was to develop and integrate Soft Skills across multiple levels of the education cycle to demonstrate how modern education systems can deploy Soft Skills using a systematic approach with a comprehensive scope.

What are Soft Skills?

Tulgan (2009) assesses that although Soft Skills are sometimes viewed as disparaging, they are increasingly recognized as important skills that are missing in the education and training of students for the workforce, and particularly in the younger generations: Generation X, Generation Y and Generation Z.

Dennis Van Roekel, president of the National Education Association (2014), said: "We all believe that every child should possess strong content mastery as well as the 'Four Cs': critical thinking, communication, collaboration, and creativity. We designed the guide *Preparing 21st Century Students for a Global Society: An Educator's Guide to the 'Four Cs',* to clarify this vision for classroom teachers and support professionals."

Perreault (2004) defines Soft Skills as unique personal qualities, attributes, and a level of commitment that differentiate people from others who possess comparable skills and experiences.

Table 3.1 shows a summarized list of Soft Skills identified by the University of Central Florida's PPS.

Table 3.1 PPS – Soft skills matrix

Soft Skill Title	Soft Skill Description
Time Allocation	Selects relevant goal-related activities, ranks in order of importance, allocates time to activities, understands, prepares, and follows schedules.
Money Allocation	Uses or prepares budgets, making cost and revenue forecasts, keeps records to track budget performance, makes adjustments.
Resource Allocation	Acquires, stores, and distributes materials, supplies, parts, equipment, space, and optimizes use.
Information Management	Identifies need for data, searches sources or creates, evaluates relevance and accuracy.
Use of Computers to Process Information	Employs computers to acquire, organize, analyze, and communicate information.
Participates as Member of Team	Works cooperatively with others and contributes ideas, suggestions, and effort to improve team performance.
Teaching Others	Helps others learn sharing knowledge and experience.
Vision to Meet Clients Needs	Communicates and cooperates with clients and customers to satisfy their expectations.
Participatory Leadership	Motivates communication of thoughts, feelings, and ideas to improve team cohesiveness, encourages and persuades to assume responsibility in areas of expertise.
Win-Win Negotiation	Works towards agreements that can optimize gains and solve differences among parties.
Promotes Diversity	Works effectively to promote collaboration between men and women and increases benefits of variety of ethnic, social, age, and educational backgrounds.
Listening	Receives, interprets, and responds to verbal messages and other cues, such as body language, in conciliatory ways.
Speaking	Organizes ideas and communicates oral messages effectively to audiences. Participates in conversation, discussion, presentations. Selects appropriate forms to convey clear messages. Uses verbal language and body language appropriately in style, tone, and level of complexity to the audience and the occasion. Speaks clearly to communicate the message effectively. Understands listeners' point, responds with feedback, and asks follow up questions when needed.
Creative Thinking	Uses imagination, combines ideas in new ways, makes connections between seemingly unrelated ideas, and reshapes goals in ways that reveal new possibilities.
Decision Making	Specifies goals and constraints, generates alternatives, considers risks, and evaluates and chooses best alternatives to share with appropriate parties.

Problem Solving	Recognizes that a problem exits (i.e. there is a discrepancy between what is and what should or could be), identifies possible reasons for the discrepancy, and devises and implements a plan of action to resolve it. Evaluates and monitors progress, and revises plan based on findings.
Lifelong Learning	Is open to continuous learning. Applies new knowledge and skills to improve familiar or change situations. Is aware of learning tools and personal learning styles (visual, aural, etc.), formal learning strategies (note taking or clustering items that share some characteristics), and informal learning strategies (awareness of unidentified false assumptions that may lead to faulty conclusions).
Reasoning	Discovers rule or principle underlying relationship between two or more objects and applies it to problem solving. Uses logic to draw conclusions from available information. Extracts rules or principles from a set of objects or written text. Applies rules and principles to a new situation or determines which conclusions are correct when given a set of facts and a set of conclusions.
Responsibility	Exerts high level of effort and perseverance toward goal attainment. Works diligently to excel doing tasks, setting high standards and flexibility to manage unpleasant duties. Displays high standards of attendance, punctuality, enthusiasm, vitality, and optimism.
Self-esteem	Is confident. Believes in own self-worth and maintains positive attitude of self and life. Demonstrates knowledge, skills, and abilities and is aware of his/her impact on others. Displays emotional capacity to meet needs and address others.
Sociability	Demonstrates understanding, friendliness, adaptability, empathy, and politeness in new and on-going group settings. Is assertive in familiar and unfamiliar social situations. Relates well in social relations. Responds appropriately to situations and takes interest in what others say and do.
Self-management	Is fair to assess own knowledge, skills, and abilities. Sets clear and realistic personal goals, monitors progress towards goal attainment and goal achievement. Exhibits self-management, appreciates feedback, and is non-defensive. Takes initiatives.
Integrity/Honesty	Shows and expects trust. Recognizes hazards in difficult decisions. Exhibits polite behavior. Chooses ethical behavior and societal values and understands the impact of social beliefs and codes.

Source: Project Prime Skills Report (Tarr, 2005).

Why do Soft Skills matter?

Companies are increasingly critical of education in general and particularly of college business programs that leave graduate students unprepared to meet challenges of the global environment (Shuayto, 2012). Today's workplace requires versatile individuals who possess a balance of technical skills and Soft Skills. Even college degrees that once were considered prestigious have lost credibility due to the perceived lack of productivity of their graduates (Shuayto, 2012). The paradox of this argument is that the sole responsibility of business schools is to prepare graduates with skills employers in the labor force and society demand. Consequently changes in business curriculum and teaching methodologies should know, address, and solve the critical deficit of Soft Skill.

Mariotti (1998) has credited college programs in the United States for doing an excellent job teaching quantifiable and objective hard skills that can be easily evaluated. But the concern is that most programs do not teach, or poorly teach, Soft Skills to train graduates for the workforce because, to a considerable degree, Soft Skills learning is more difficult and subjective to evaluate. This statement confirms the finding from PPS that Central Florida business leaders rank the teaching of Soft Skills as one of the highest priorities in the workforce and emphasize the need to integrate Soft Skills in the core curriculum as a condition to solve the problem (Tarr, 2005).

PPS identifies the following key behaviors and skills to improve effectiveness of school graduates and increase chances to find a job in Central Florida: good communications, teamwork, analysis and planning capacity, problem solving, decision making, ethics, functional reading and math, scientific thinking, and utilizing technology. These "Prime Skills" were identified as the most critical by 50 employers across five counties in the region, including large size national and multinational companies such as Lockheed Martin, Orange County Regional Hospital, Rosen Hotels, and Darden Restaurants, Inc. (Tarr, 2005).

The challenges of Soft Skills development

The challenge to develop Soft Skills is rooted in an assortment of several conflicting issues, not exclusively education. Soft skills are complex, commonly not well defined, and therefore difficult to measure, especially to assess its successful acquisition and positive cognitive behaviors. An additional problem with Soft Skills in the workplace is that executives and managers often assume – and frequently wrongly – that people who work under their supervision have developed effective Soft Skills at home or in school.

Traditionally individuals have gained Soft Skills at home, through parents and siblings, church, Sunday schools, and in the community. Indeed the

World War II generation, sometimes referred to as the Greatest Generation (Brokaw, 1998), thought that social norms and etiquette standards help children become polite and well mannered. With the demographic and social shifts of the Baby Boomers Generation, the attitudes towards their children changed. Baby Boomers emphasized freedom, including their children's and need for self-expression, behaviors ushered by dual-income households in the first generation when both parents worked outside of the home (Mertens et al., 2003; Weeks, 2014). In the United States, the children of Baby Boomers were influenced by lessons learned on television, day care centers, and friends. There was no longer a focus on developing the social norms and etiquette standards that had shaped previous generations and there was no emphasis on Soft Skills. This was also evident in educational systems. In this new educational environment, teachers were more about teaching the course syllabus and less about raising young citizens. When a child had a problem at school parents complained. Traditional rules of discipline became less important about being polite and more about being tardy or citing other infractions (Clark, 1998).

Deep shifts in society and the education system have increased the concern of corporate executives and senior management as employers wonder why employees do not have Soft Skills or have problems to find solutions or lack team-building capacity. A growing concern is that solutions do not come from isolated efforts but from synchronized educational and business policies with positive human behavior and social responsibility.

What can be done to improve Soft Skills?

Soft Skills development is a behavioral outcome that may be resolved with empirical research. A clear definition of Soft Skills based on consistent analysis of complex cognitive behaviors must be identified. The empirical research conducted at the University of Central Florida's PPS was founded on a considerable amount of effort and analysis spent in the identification of Soft Skills and sub-skills underlying specific behaviors.

University of Central Florida's Prime Skills Project

The results of PPS provided information to identify nine Soft Skills and develop rubrics for assessment. Participants in the study described Soft Skills with a high level of abstraction and made comments about peoples' strengths and weaknesses with subjective judgment. An example is the following statement: "John Doe, your communications skills are really bad". Such a statement would most likely upset John and jeopardize the intention to help him improve and would be practically useless and most likely counterproductive. In reality, John's communication skills were incomplete rather than wrong, probably because he was distracted while performing

the situation discussed. If John would have received more detailed and specific feedback, he would have been able to process a favorable change in a more constructive way increasing potential to improve his communication skills. While this is a very simple example it illustrates implications about constraints that teachers in formal education confront to provide positive feedback to help learners improve Soft Skills. A lesson is clear: it is required to have Soft Skills to teach Soft Skills.

Business communications, as much as verbal and written communications, in general are changing drastically to the extent that formal communications are being increasingly replaced by informal communications. E-mails, texting, and other social media posts are identified by Lee and Perry (2007). Organizations are shifting structure analogous with casual forms of communication, which are increasingly acceptable to handle business matters. Although this communication form may be effective when synchronized across the organization, challenges occur when executives conduct meetings with clients or present important topics to the board of directors and are surprised when their staff are not good at communicating in traditional/formal methods. And sadly, the result may be similar to the boss telling John Doe he is a bad communicator.

The analysis is more difficult with Soft Skills such as time management, decision making, and problem solving, which were described within a high array of symptoms and outcomes, including late submissions, "blaming game" between staff members, acting out, aggressive behavior, all outcomes that coincide with existing literature (Smith et al., 2014).

In collaborative work environments, which abound in the service industry, there were complaints about the lack of continuity of workflows largely because service chains do not operate in linear progression of measurable tasks to transform a raw product into finished products. Today many activities, projects, or workflows adopt a quasi project approach, where the tasks, operations, or deliverables are broken into several smaller tasks, such as a proposal for a client, a marketing plan, and a market survey. Each of these items is developed in a collaborative environment that involves interaction among several people who contribute to produce the final product. Inefficient synchronization among team members increases the potential to run into problems and miss target objectives. Problems crop up when a situational team leader or executive does not investigate the causes that challenged the team, but instead communicates disapproval to the group in broad, vague, and ill-defined terms. Here is when Soft Skills play a most critical role.

Design of the Prime Skills Program

PPS was developed to prepare the emerging workforce of Central Florida for higher wages and more job opportunities by improving workers' fundamental employment skills, referred to as Employability Skills. The objective of

PPS was to identify and assess students' skills needed to increase opportunity for employment in five counties in the Central Florida workplace using the Advanced Performance Technology Model (APT) (Tarr, 2003). The APT Model had been previously used to assess adult learning from the dimensions of behaviors and performance of productive workers compared with new hires entering the workforce. The APT Model served as an analytical instrument and guided the mediation of the training and educational program.

The literature review indicated that a competency-based approach to both learning and assessment was strongly recommended. Furthermore, Southgate et al. (2001) proposed "a theoretical framework for the development of standards that reflect complex organizations where experienced practitioners work". The analysis identified a set of skills as Prime Skills including core academic skills (reading, math, writing, science, and use of technology) and an array of Soft Skills centered on self-management, teamwork, flexibility, and decision making.

Findings showed that academic skills are routinely measured using classroom and federal mandates of education tests. However, Soft Skills are not measured. The importance that Florida employers give to Soft Skills induced the PPS team to focus attention on Soft Skills to increase employability aligned with character and behavior for which there are no standard assessment methods, rubrics, or certification models.

The PPS team considered Soft Skills as those that people and employees can carry from one job to another and employers had identified with best job performance in the 21st century. A person with strong Soft Skills has a higher potential to succeed with good judgment, ability to make decisions, and individual motivation, and developing effective communications to get along well with others. In spite of this, these important attributes and cross-sector capabilities are not documented and are rarely included in job descriptions and are non-existent in school curricula.

The PPS team encountered the following challenges associated with Soft Skills teaching. Students learn Soft Skills from different sources and persons and from a variety of settings, formally and informally. Parents and family, professionals and the community, civic organizations, and employment sources provide opportunities for students to learn Soft Skills. But the main challenge was to observe growing evidence of the gap between employers' demand for Soft Skills to increase organizational climate and productivity in organizations and school systems unable to cope and innovate to meet the demands of the labor force in terms of Soft Skills requirements.

Pilot study in Soft Skills teaching methods

The PPS team developed and delivered a three-day training program for the educators who would deliver the Prime Skills contents. The immersive

training program trained educators how to structure teams, deliver assignments, and distribute class time to optimize students' Soft Skills learning. Teachers' training is essential to secure success in competency-based education and assessment of Soft Skills, instead of using a written test to assess learning. This practice gave educators an opportunity to observe students practicing that facilitated assessment to provide feedback and recommendations for improvement and to help them understand that merely knowing or being able to describe what time management or teamwork is, is not sufficient to deploy a Soft Skills effectively. The most important findings were analyzed in focus groups with educators who participated in the pilot study and a group of business executives. Finally, the PPS team offered recommendations solicited by the O-Force Board of Directors.

Rubrics and assessments

The PPS team created rubrics to help teachers and employers in all sectors to improve the development of Soft Skills in any type of organization or business. Table 3.2 shows the rubric for standard assessment of Soft Skills based on a five-point scale ranging from "All of the behavioral elements were displayed" to "Skill did not apply".

The rubrics guide learners about what is expected of them in terms of Soft Skills applications in a real-world setting and offer information on specific behaviors learners need to demonstrate to master a skill. Learners have the opportunity to review content and behavioral objectives to identify areas that need improvement.

Table 3.2   PPS – Assessment scale rubric

5	4	3	2	1
All of the behavioral elements were displayed – No feedback comments necessary	Most of the behavioral elements were displayed – For behavioral elements that were poorly displayed, insert their corresponding letters into the feedback comments section	Only a few of behavioral elements were displayed – For behavioral elements that were poorly displayed, insert their corresponding letters into the feedback comments section	None of the behavioral elements were displayed – Write the word "all" into the feedback comments section	Skill did not apply

Source: Project Prime Skills Report (Tarr, 2005).

Conclusion

Three years of research and testing 450 students guided by ten teachers who participated in the PSP allowed the leading team to gather the following conclusions: (a) there is a critical need to identify Soft Skills standards that match demands of business executives and employers – representing demands of the labor force – with educational system curricula to prepare students in Soft Skills to increase employability; (b) continuous assessment and updating of content and curricula with a global scope is a determinant factor to foster effective Soft Skill education; (c) support and promotion of Soft Skills cannot be circumscribed to business and education, but it is a social responsibility for all organizations to advance and consolidate the transition from the industrial structure of the 20th century to the human centered management paradigm of the 21st century.

In spite of the successful outcome of PSP, based on the high positive feedback of teachers, students, and business executives and employers in Central Florida who participated, the Prime Skill taxonomy has been adopted only partially by some schools, but not on a broad scale in the education system. This shows that inherent challenges to change and innovation in the school system of the 16th largest county in the United States are significant and hinder comprehensive deployment. Consequently, one of the recommendations of this study is to test the resilience level for change and innovation in schools and the systems to increase probability of success in the deployment.

The results can be extrapolated to all levels of education and worldwide to demonstrate that overpowering obstacles and resistance to educate students in Soft Skills is a social responsibility not only for education, school systems, and business organizations that foster economic growth but also in non-profit and government organizations and in any nation.

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4

The Gulf Cooperation Council's Public Sector Executive Education: Relevance, Trends, Challenges, and Opportunities

Mhamed Biygautane

Introduction

The Gulf Cooperation Council (GCC) that comprises the states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) has witnessed substantial development and institutional and organizational shifts over the past 40 years. Before the discovery of oil, fishing and pearl were the main natural resources and industries in the GCC region, which then had one of the lowest GDP growth rates in the Middle East.

Due to vast oil reserves and revenues, these nations have dramatically transformed sandy deserts into globally renowned financial hubs and tourist attractions, becoming a blueprint for development in neighboring Arabian countries. Currently, GCC's Qatar and the UAE have some of the highest GDP per capita in the world and faster rates of economic growth with successful strategies to diversify their economies (Biygautane and Dargin, 2015).

The impressive rate of progress and development was only possible with the key role played by a highly talented international workforce of expatriates coming from all corners of the globe to take part in the emergence of the GCC as a new player in the world economy. Building massive infrastructure projects and establishing governmental institutions to deliver services effectively required highly talented human capital. Since GCC states had not developed local human capacity to cater for urgent emerging demands to accelerate the pace of building infrastructure and deliver services, GCC governments had to rely on expatriates, and continue to do so to sustain their workforce needs.

In recent decades, GCC governments have invested generously in the education of their citizens aiming to prepare them to take leadership roles in the

public and private sectors (Al-Nuseirat and Biygautane, 2014d; Biygautane and Al Yahya, 2014). However, the current educational systems have not been successful in equipping GCC citizens with the practical skills necessary to perform their jobs effectively. Problems that affect the quality of educational systems are illustrated in the following section, which justifies the importance and relevance of executive education (EE) and training courses as a most viable channel to address the skill gaps among public sector employees in the GCC region.

Although EE is becoming an increasingly important lever for public sector organizations to improve the levels of satisfaction with services they provide, it has attracted low attention from researchers (Hagen and Liddle, 2007; Hambrick and Fredrickson, 2005; Long, 2004; Morley and Vilkinas, 1997; Von Glinow, 2005).

The existing research on EE in the public sector is largely concerned with the impact of training on effectiveness of public sector organizations (Liedtka et al., 1999); the motivations of executives and senior government officials to attend EE programs (Long, 2004); the content, design, and delivery of EE programs; and the challenges and opportunities of EE development and expansion (Bolt, 1993; Ulrich, 1987).

Literature on EE tends to predominantly cover programs in the private sectors of countries in North America and Europe. But literature about countries in the Middle East and North Africa (MENA) and GCC regions lags critical role behind in the private and also in the public sectors. Despite its significance for the growth of the region from socioeconomic perspectives, issues pertinent to EE practices and courses have not yet attracted ample attention from researchers.

The purpose of this chapter is to fill such a gap in the literature and explore the importance of EE for the enhancement of public sector quality in the GCC states. It stresses the significance of equipping government employees with the skills and competencies necessary to produce public policies and values that satisfy both the citizens and other residents of these states. Moreover, the chapter sheds light on the continuous efforts made by the GCC states to educate, train, and qualify its public sector employees by establishing government-funded EE institutions and programs.

In addition, the chapter sheds light on the efforts made by the GCC states to educate and train public sector employees with government-funded institutions and EE programs. The exploitation of oil revenues to prepare well-educated and trained public sector officers and leaders is a sensible investment by these states to fill the current gaps in human capital.

This study is based on data gathered through comprehensive research and analysis of government documents, thorough examination of literature on EE principles and practices, and primary data gathered in interviews with public policy and administration experts, heads of EE units, and government employees in the Gulf region.

It is necessary to clarify that in this chapter EE refers mainly to education of senior government executives and training that will support them to effectively improve the management and leadership of government organizations.

The structure of the chapter is as follows. The second section provides a theoretical review that discusses the significance of EE programs designed to improve the knowledge of public sector employees and equip them with the practical skills necessary to carry out their tasks. It also discusses different EE programs and trends in the past 50 years. The third section explains reasons why EE is essential for GCC states in their pursuit of long-term strategic objectives. Various educational and current human resource challenges are discussed. The fourth section illustrates the efforts each GCC state has made to empower public sector senior employees through investment in EE programs and institutions. It also highlights the GCC states' focus on leadership in EE programs, which seem to be the dominant trend and concentration of most EE institutions. An explanation of the rationale behind increasing investment in EE programs is offered along with a glimpse of the challenges to prepare content and design courses that best suit the unique cultural context of the GCC states. The conclusion summarizes the chapter and discusses the future of EE programs in the Gulf region in light of the new developmental shifts already underway.

Importance of EE for the public sector in the 21st century

The New Public Management (NPM) paradigm has introduced private sector practices to the public sector promising substantial improvement in service quality (Osborne, 2006). Since the 1980s NPM has emerged as a new managerial trend for governments around the world. The rigid bureaucratic processes of the traditional model of public administration, its inherent ineffectiveness, limited level of responsiveness to people's needs, and the high costs associated with running public organizations required drastic change in the way governments operated (Hughes, 2003). The rapidly changing world economy, dwindling public revenues, and the rise in public sector budgets and social welfare (Gow and Dufour, 2000) meant that governments of the 21st century had to reinvent themselves (Kettl, 1997) to survive the internal and external challenges they faced. Bevir et al. (2003) argued that NPM "refers to a focus on management, not policy, and on performance appraisal and efficiency; disaggregating public bureaucracies into agencies dealing with each other on a user per pay basis; quasi-markets and contracting out to foster competition; cost-cutting; and a management style that emphasizes output targets, limited term contracts, monetary incentives and freedom to manage" (p. 4). But public sector executives usually do not possess skills required to achieve these objectives. Hence, training them on new management styles is mandatory to ensure capacity to transform and

improve organizations and move them from hierarchical and traditional entities into innovative, result-based, and over all learner-centered structures (Conger and Xin, 2000; Peters and Pierre, 1998).

The public sector is undergoing major structural and organizational changes that require new skills and approaches to tackle emerging public policy challenges. These changes are occurring in response to financial restrictions governments face worldwide and the need to do more with less (Al-Nuseirat and Biygautane, 2014d; Hughes, 2003). Guido Bertucci (qtd. in United Nations, 2001) has indicated that:

> managing the public sector in today's environment of constant change, particularly in view of globalization, has become an increasingly demanding challenge for national decision makers, policy advisors, service delivery managers and civil servants at large…Decentralization, de-bureaucratization and deregulation are adding to the importance not only of local government, but also non-state actors on whom significant functions are devolved or outsourced.[1]

New methods of public sector management require executives and managers with new analytical and practical frameworks to deliver tangible results (Morley and Vilkinas, 1997). Hence, the performance and competencies that public sector executives need to acquire are increasingly called into question in synch with new methods to enhance productivity and effectiveness that are key concerns of HR departments.

Additionally, NPM has championed a vision of public managers who not only emulate business practices and values but also emphasize the delivery of optimal service to constituents by enhancing their skills to serve the public better. The "New Public Service" is a movement built on democratic citizenship, community, and the civil society, as much as organizational humanism and discourse theory. Most notably, the primary role of the public servant is to help citizens articulate and meet shared interests rather than to attempt to control or steer society (Denhardt and Denhardt, 2002).

The development of public sector officials' competencies through EE programs reflects positively not only on individual performance but also on their organizations (O'Reilly, 1993). Then EE needs to target the improvement of individual skills and behaviors, and also enhancement of the entire organizational culture through executive leaders (Goodwin and Fulmer, 1995).

Long (2004) argues that EE needs to be linked to organizational effectiveness to target both individual learning and organizational renewal and adaptation to change. Senior officials are responsible for organizational transformation and renewal, and need to draw the mission and strategic direction of their institutions by providing the vision and roadmap to achieve it. Continuous learning and training ensure that employees can

keep abreast of new management styles and be prepared to successfully deal with the rapid changes in organizations (Mellahi, 2000; Wick and Leon, 1993). EE programs need to be designed carefully and delivered purposefully to improve performance of public sector employees within a culture of innovation, creativity, and excellence, (Shibata and Berger 2000).

However, it is essential to note that success is contingent with an organizational culture that allows flexibility and accepts change and innovation that employees need to practice after they take EE and training programs. To achieve this objective public sector organizations need to draft strategic objectives and goals that are strictly aligned with EE objectives and structure.

EE has undergone deep transformations in the last decades. Traditionally only university faculty taught EE programs delivered in the formats of lectures or seminars that imparted information and theoretical foundations of public administration, human resource, and related topics. Harvard Business School is considered to be a prime example of a developer of non-academic EE offered by a university, and is particularly noted for its shortened versions of MBA programs (Crotty and Soule, 1997). The timeframe of these programs ranges between 5 and 15 weeks and targets principally senior employees within the public or private sectors, (Farris et al. 2003).

Starting from the year 2000, emerging financial, social, and structural challenges that organizations faced imposed further changes and shifts in course content from "functional knowledge" (Conger and Xin, 2000) to subjects such as leadership and its impact in steering organizational change and effectiveness, understanding of challenges and opportunities brought about by the waves of globalization, partnerships, emotional intelligence, e-commerce, and communication. More importantly, the majority of EE programs were no longer standardized and university-based but were specifically designed and tailored as "interventionist" methods to improve organizations (Bolt, 1993, Cairns, 1998). In-house EE programs appeared as alternatives to classroom and university-based programs to address practical needs of organizations while cutting the costs of training at the same time. Conger and Benjamin (1999) stress a methodological shift in EE from a teacher-oriented to learner-centered focus relying more on real-life case studies and problem solving, instead of the traditional theoretical approaches.

The development of executives' problem-solving skills and enhancing teamwork through exercises and case studies is now the basis of EE programs to a higher extent than reading abstract course work in university-based programs. Additionally, corporate trainers are offering in-house EE based on skills that help participants to negotiate with people, satisfy needs of clients, and build sustainable commercial relationships, often filling gaps employees have in formal educations "all while bringing their humanity and personality into the mix" (Klaus, 2010, 9). A special issue is "People Skills for Public Managers" (McCorkle and Witt, 2014).

Change and updates in content and delivery of EE will continue to be an essential support mechanism to help public sector executives add value

to services and provide policies the public expect. The fast changing environment we live in today requires continuous training and education as governments worldwide compete to achieve high rankings in effectiveness, efficiency, and innovation. Moreover, novel programs like e-government and Smart Government initiatives require new sets of skills and strategies to design, deploy, and evaluate outcome and success.

Orienting EE around a "humanistic" paradigm has become an essential issue of discussion in the 21st century (Kimakowitz et al., 2010) centered on three main pillars: (1) unconditional respect for human dignity, (2) integration of ethical reflection in management decisions, and (3) active and ongoing engagement with stakeholders. Research on EE in the Gulf region needs to reflect on the humanistic perspective of training programs, and the importance of developing the skills of people to produce better results, which can only be attained by well-trained and informed individuals.

Why EE is becoming increasingly important for the GCC states

While EE in Western countries is important to enhance the competencies and expertise of public sector executives and train them in the latest public management theories and practices, in the GCC states, EE programs are essential to fill gaps in knowledge and skills of government officials. What makes the GCC's context unique vis-à-vis Western societies is that the challenges that emanate from the composition of its workforce are rooted in pedagogical and structural inefficiencies in the educational systems, and priority of the GCC states is to transform their economies into a knowledge based ones.

From a classical human capital development perspective, looking at these challenges calls for reinforcing EE programs, establishing solid training strategies, and investing in human development as immediate policy actions. However, the situation is complex due to demographic challenges the region has been facing for the past 30 years. The concentration of the national workforce is mostly in the public sector, and considerable reliance on an expatriate workforce that lacks necessary knowledge in management jeopardizes knowledge transfer to the local population (Biygautane and Al-Yahya, 2014) and furthermore makes EE programs the only viable channel to equip public sector employees with skills essential to perform their duties effectively and efficiently.

Composition of the GCC's workforce and localization policies

The demographic and workforce compositions in all GCC states reveal serious human resource challenges. The rapid economic growth rates the GCC states have witnessed during the past few decades, largely due to oil revenues, confronted these states with the lack of a qualified national workforce. Consequently, importing expatriates with the necessary educational backgrounds and professional experience the local workforce lacked

was unavoidable. Table 4.1 illustrates the overall populations of the GCC states that are relatively small ranging between 2 million in Qatar and 27 million in Saudi Arabia, with expatriates comprising more than 80 percent of the overall population like the case in the UAE.

Table 4.1 also shows the concentration of local workforce in the public sector, while expatriates predominantly occupy the private sector. Expatriates account for 90–95 percent of the private sector, while nationals hold 90 percent of public sector jobs throughout the GCC. This phenomenon is a result of numerous factors. First of all, it is the GCC states' social contract to guarantee jobs for its citizens as a fair way of sharing and distributing its oil resources. Furthermore, the public sector offers attractive benefits and salaries, longer vacations, shorter working hours, and, more importantly, a guaranteed career for life. To further restrict public sector job access to locals, GCC states have passed and are aggressively implementing localization policies that aim to "localize" the public sector and replace expatriate workers with locals. This is a result of increasing unemployment within the local population, (Al Ali 2008). The private sector is not attractive to locals because it is more demanding, requires longer working hours, and is more selective. Expatriates are generally better qualified to occupy such jobs and perform higher than locals. Hence, the public sector remains the best work and career alternative for the local populations in all the states of the Gulf region.

The obligation to guarantee jobs for GCC citizens exerts heavy impact on performance and quality of public services and overall effectiveness of governments. Since the public sector is the major recruiter of locals in GCC, there are constant challenges to offer jobs to less qualified employees that compromise performance of the services provided. This is forcing GCC governments to substantially invest in training and education of the public sector local workforce to equip them with the necessary management skills that they lack (Al-Nuseirat and Biygautane, 2014b).

Need for improvement of local education systems

The deficient performance of educational systems in the GCC states and the "mismatch" between governments' developmental needs and the skills schools pass on to students are serious challenges for those states (UNDP, 2009; World Bank, 2008). Table 4.2 shows that literacy rates in the region are relatively high; those from developing countries in the African regions of MENA are considerably lower. However, the quality of the education students receive is questionable.

The Arab Knowledge Development Report (2009) discusses in detail the fundamental shortcomings of the educational systems in the GCC region, emphasizing that although students get basic knowledge or skills like reading and writing, they lack capacity in critical thinking, effective communications, and teamwork, skills that the private sector deems essential for recruitment and the job market.

Table 4.1 GCC states' populations and numbers of locals and expatriates in the public and private sectors

	Year	Population	Public Sector		Private Sector	
			Local	Expatriate	Local	Expatriate
Qatar	2011	1,910,902	55,170	46,395	6,279	946,374
	2012	2,050,514	58,769	52,883	7,664	25,690
Kuwait	2011	3,124,705	229,161	84,328	61,435	1,103,366
	2012	3,250,496	240,170	91,163	61,890	1,159,987
Oman	2011	3,024,774	159,258	25,182	174,441	1,114,590
	2012	3,314,001	166,804	27,522	172,066	1,316,182
UAE	2011	8,925,096	84.9% of locals (2009)	14.9% of expats (2009)	19,874	3,875,821
	2012	9,205,651			20,000	4,000,000
Saudi Arabia	2011	27,761,728	1,602,540	137,460	844,476	6,937,020
	2012	28,287,855	1,767,000	133,000	1,134,633	7,352,900
Bahrain	2011	1,292,764	47,998	7,928	93,265	362,536
	2012	1,317,827	49,073	8,329	93,575	367,313

Source: World Bank (2014), IMF (2014).

Table 4.2 Socioeconomic indicators in the GCC region

Countries	Literacy Rate % (2011)	Knowledge Index (2011)	Total Unemployment % (2011)	Youth Unemployment % (2011)	GDP Growth % (2011)	Government Effectiveness % (0 low and 100 high) (2012)
UAE	90	7.09	2.4	6.3	4.4	83
Kuwait	94	5.15	2.2	23.3	6.1	51
Bahrain	92	6.98	15	20.7	2.5	69
Qatar	96	5.5	0.5	17	1.6	78
Oman	87	5.87	15	19.6	5.4	61
Saudi Arabia	87	6.05	10.8	25.9	2.13	57

Source: World Bank (2013), International Labour Organization (2013), UNDP (2009).

The Arab Human Capital Challenge Report (2007) states that lack of well-educated and skilled employees is a main challenge the public and private sectors face to hire employees in the region. Most employees need to participate in EE and training to acquire competencies necessary to meet professional responsibilities. Harry (2007) indicates that educational systems in the GCC state have managed to develop the national identities of their citizens but have largely failed to prepare them for the job market (Girgis, 2002).

Transition to a knowledge economy

A main strategic objective shared by all GCC states is to transform their economic systems from relying on natural resources and oil revenues to knowledge-based ones. For approximately five decades, the GCC states' main economic activity has been the exploitation of oil and its revenues that have financed infrastructure and development. In fact, oil revenues have allowed GCC states to skip the industrial phase all major global economies experienced to service-based industries such as airlines, education, logistics, and tourism.

Table 4.2 shows GCC states' knowledge index that measures "ability of a country to generate, adopt and diffuse knowledge" (World Bank, 2014). The UAE and Bahrain are the highest-achieving states in the Arab region scoring 7.09 and 6.98 respectively (scale: 0 lowest score and 10 highest). The long-term vision of these GCC states is to establish economic systems based on knowledge instead of high dependence on natural resources to deploy innovating solutions in the public and private sectors (Biygautane and Dargin, 2015).

EE: opportunity to address present challenges

EE will be increasingly important to compensate for educational shortcomings of public sector employees if programs are designed and delivered based on the needs of the employees and if their organizations support change and innovation.

The capacity of education and training of national workforces to deliver expected results determines the success of states' policies. If the focus of GCC states is solely to replace foreign employees with nationals, the risk is high that the workforce will lose quality of public services. Effective EE in the public sector is instrumental to address the skill gaps of government executives and senior officers, who, due to time constraints, cannot devote themselves to study specialized full-time degree programs. Therefore, EE represents a feasible alternative to achieve the expected educational needs. Al Dosari and Rahman (2005, p. 139) indicate that "neglecting education and training will mean failure of attempts to reduce the employment of foreigners through localization". Therefore the GCC region is becoming an increasingly important market for EE programs that target the technical, leadership,

and managerial skills government executives need in order to improve their productivity. Effective training needs to address and identify skill gaps; this is essential to optimize the benefits off EE programs (Al-Nuseirat and Biygautane, 2014a, 2014c) that will be strengthened with a diversified mix of nationals and expatriates based on a cross-cultural approach that is central in the human centered paradigm.

GCC governments support for EE and the public sector

GCC states face significant human resource challenges that force them to endorse EE programs as a lever to fill in the gaps in government officials' competencies. Since the public sector is the largest recruiter of GCC nationals who have not necessarily acquired the needed knowledge and skills, providing them with continuous educational training programs is inescapable. The efforts GCC states have made are in the form of generous financial support of EE programs for the local workforce joining the public sector and specialized training programs for senior executives. Therefore government institutions that provide EE programs aligned with the needs of governments is a necessary step to target and develop their local workforce. The following reports for each GCC state shed light on their efforts to support EE programs in the public sector.

Bahrain

Unlike other GCC countries that have vast oil and gas reserves, Bahrain has few natural resources that will be depleted in the next few years (Shaham, 2009; World Bank, 2009). Limited natural resources increase Bahrain's need to invest in the service sector and a knowledge-based economy to increase productivity and competiveness regionally and globally. In the past 20 years, Bahrain has followed a strategy to diversify its economy and invest in human development with high interest to develop EE. The World Bank's government effectiveness index shows that Bahrain scored 69 percent, as the third most effective government in the GCC (shown in Table 4.2).

Bahrain has gradually increased its training budget of public sector employees over the past ten years. In 2003 the government allocated US$39 million for EE programs and doubled it in 2011 to reach US$94 million for EE programs delivered in Bahrain and abroad (Ministry of Finance, 2013). This expense accounts for 17 percent of total government expenditure and the government intends to further increase it based on employees training needs.

The Bahrain Institute of Public Administration that opened in 2006 as the EE training and research arm of the government is aligned with the government's National Economic Vision of 2030. It is aimed to develop the human capital necessary to drive Bahrain's organizational capacity to deliver the best services in the public sector. Standardized EE programs target

skill development of new employees and senior executives. The programs typically range between 4 and 16 weeks in length.

Kuwait

Kuwait is one of the richest oil producing countries of the GCC, but it faces more challenges in developing its human capital and empowering its government officials with necessary managerial and leadership skills. Based on World Bank statistics, 74 percent of the Kuwaiti population did not continue on to higher education in 2008, and only around 8 percent completed higher education degrees (World Bank, 2013). Moreover, the quality of education is below the international average. Compared to the rest of the GCC states, Kuwait's public sector, similar to that of Qatar, has some of the highest rates of employment of nationals in the public sector, with more than 85 percent Kuwaitis in this sector. Given its lack of government officials with sufficiently adequate educational training in public administration, Kuwait scored the lowest among the GCC states in the World Bank's government effectiveness index (51 percent) in 2012.

To address structural deficiencies in performance of the public sector, the government of Kuwait has taken the task of educating and training its employees more seriously. In 1982 Kuwait created the Public Authority for Applied Education and Training, which is the oldest training agency in the government made up of numerous institutes, authorities, and colleges that offer EE programs in medical sciences, governmental, and technical sectors. The 2012–2013 training budget was US$28 million for 27 government entities and involved training of approximately 1,800 government officials each year (The Kuwait News, 2012).

Oman

Like Bahrain, Oman's reliance on natural resources has been decreasing due to depletion of oil and gas reserves, placing significant pressure on the government to develop its human resources to raise national performance. The government strives to transform public sector institutions into learning organizations that foster innovation, creativity, team building, and flexibility in line with the strategic objective to transform the system into a knowledge-based economy (Albawaba 2011).

The government has invested substantially in human capital through various EE programs. The eighth Five-Year Plan (2011–2015) dedicates approximately US$260 million to a human resource development plan of continuous training and EE programs. According to Ministry of Civil Service statistics in 2013, there were 70,053 Omanis working for the public sector who were trained in Oman or abroad (Al-Lamki 2000).

The administrative agency that delivers major government EE programs in Oman is the Public Administration Institute established in 1977 to address

Table 4.3 Government institutions offering EE programs in the GCC region

Country	Name	Program Description	Duration
UAE	Mohammed Bin Rashid School of Government	Programs target government leaders to enhance expertise in public policy, leadership, and management. Short certificate-based programs focus on leadership, management, negotiation, and governance.	Usually two weeks but this can vary
		Programs designed to help public institutions reach their potential introducing integrated, customized, capacity building programs. Programs are relevant to the UAE and the MENA region.	Contingent with organizations' needs
	Mohammed Bin Rashid Program for Leadership Development	**Personal Development** – Focuses on personal growth and development, career development, coaching, mentoring, and action planning. **Technical Knowledge** – Focuses on job-related training. **Management Acumen** – Focuses on management, finances, project management, marketing, business, and people skills. **Leadership** – Focuses on leadership development at personal and organizational level.	Total duration of the integrated leadership program: 13 years Fast track option for exceptional leaders: 8 years
	UAE Government Leaders Program	Strategic Leaders Program. Executive Leaders Program. Future Leaders Program. Innovative Leaders Program, Ministerial Forums. Government Capacity Building.	12 months 18 months 18 months 24 months Customized on needs of government entities
	Federal Authority for Government Human Resources	UAE Government Leaders Program focuses on changing management in institutions and team work in collaboration with trainers from Ashridge Business School in the UK. Launched in February 2008.	Three-day workshops
Kuwait	Public Authority for Applied Education and Training	The governing body consists of numerous institutes that offer programs in various sectors and industrial, structural, and vocational training.	Variable. Depends on industry and government needs

Table 4.3 (Continued)

Country	Name	Program Description	Duration
Qatar	Qatar Leadership Center	Institutional Leadership Program offers customized courses to organizations from high schools to private and public sector institutions that can deliver education and training to meet needs of organizations.	Variable fast track programs
		Strategic Leaders Program.	Four tailor-made forums per year
		The Leadership Development Program for current and future leaders to develop personal and leadership skills.	18–24 months
Saudi Arabia	Institute of Public Administration	EE Program Services focus on skill development of civil servants to improve their productivity, efficiency, knowledge, skills, and positive behavioral attitudes leading to advanced administrative work.	Variable. Depends on training needs of government entities
		The Higher Training Program promotes and develops top administrative leadership programs for government agencies.	Variable. Depends on the program
Oman	Institute of Public Administration	The Institute's focus is EE programs that target development of quantitative and qualitative skills of public sector employees.	Variable. Between 15 and 40 hours
Bahrain	Institute of Public Administration	Induction to Senior Civil Service (ISCS) EE program aims to develop capacity of new directors (acting directors) and prepare them for new positions starting in government sector.	Up to 16 weeks
		Induction to government qualifies public sectors trainees to follow rules and regulations of civil service to maintain rights and perform duties. Program includes lectures and workshops.	100 hours in 21 days
		Preparation for Top Management Program Kawader aims to develop leadership skills for participants who will become chief executives at high administrative level. Program objective is to train leaders for the future to increase Bahrain competitiveness and help increase benefit of Bahraini society.	132 hours in 27 days

the government challenges to train executives and senior officials in knowledge and skills, (Rajasekar and Khan 2013). In 2013 the institute offered a wide range of programs tailored to the needs of over 5,000 government officials, 49 percent in executive positions across different sectors and specializations and most in administrative development (Ministry of Civil Service, 2013).

Qatar

Qatar is the smallest GCC state and possesses abundant natural resources, but it also has the world's highest rate of expatriates centered in both the public and private sectors. Around 90 percent of Qatari nationals work in the public sector, and less than 5 percent in the private sector. Although Qatar's natural resources, particularly gas, do not force it, as in the cases of Bahrain and Oman, to urgently strengthen its public sector and human resource capabilities, it has achieved some of the highest government effectiveness rates and knowledge index scores in the GCC (as shown in Table 4.2). Moreover, investment in education has been in the form of not only EE programs, but also the establishment education cities and the attraction top global universities to Qatar.

EE in the public sector has been a key enabler of excellence and effectiveness in Qatar. The government established the Qatar Leadership Center in 2008 to deliver EE for government employees in subjects aligned with the 2030 Qatar National Vision. The programs target executives, senior officials, and newly appointed employees. Empowering Qatar's pool of talent and leadership is preparing the country for challenging tasks in the public sector as a key objective of the center. In 2012 more than 27,000 government officials were trained in administration and leadership programs.

Saudi Arabia

Saudi Arabia has vast oil resources and revenues and its government commitment to enhance human capital is impressive. The First Development Plan (1965–1970) allocated close to US$2 billion to human resource development and the Seventh Development Plan (2000–2004) allocated more than US$74 billion. The Ninth Development Plan stressed the provision of high-quality training to meet demands of the labor market based on revisions of the Eighth Development Plan that provided financial support to establish training institutions and regulatory frameworks aligned with strategic objectives of the government (Al Yahya 2008; Ministry of Planning of Economy and Planning Saudi Arabia, 2012).

The Institute of Public Administration established in 1961 is the government agency that provides over 300 EE programs in 15 fields dedicated to train government officials. The government also provides private sector training and customized EE programs for entities that the institute does not have capacity to serve (Al Asmari 2008).

Despite the efforts of the Saudi government to improve public sector effectiveness and efficiency through EE training its performance is still lower than the rest of the GCC. In government effectiveness it scored 57 making it the fifth among six governments in the region (World Bank, 2013). Hence, the government continues its efforts to invest in EE and training programs to lift service standards and curtail the heavy bureaucracy that inhibits effective public policy.

UAE

The UAE has invested heavily in training public sector employees in EE programs across the country. Compared to the rest of the GCC states, the UAE provides the highest number of government-funded EE training institutions. Programs and institutions target development of specific skills and competencies. As described in Table 4.3, the Mohammed Bin Rashid School of Government (formerly known as the Dubai School of Government) is the main research and training arm that provides EE programs throughout the year for Dubai and the entire UAE. Its programs are customized to specific needs of each government department. The UAE's Government Leaders Program is a federal program that identifies potential leaders in the government sector and trains them in theoretical and practical subjects to become effective leaders. It targets public sector employees of different ranks and provides EE training which focuses on personal, technical, or managerial growth of employees.

The Federal Authority for Government Human Resources also provides EE programs that foster public sector skills. Since January 2014, over 180 training programs have helped more than 84,000 employees by the year end (Dubai Media, 2014).

The EE market in the UAE is growing exponentially because the UAE leaders believe that EE training is a necessity to foster the productivity of government employees to deliver the best possible services to the public.

Apart from these public sector entities, private organizations also play an instrumental role in training government executives in leadership and government management, (Muysken and Nour 2006). Currently, the trend in the UAE's EE market is Smart Government training where 700 government officials are participating. The impact of these programs on service quality can possibly be justified by the top rankings that the UAE has in government effectiveness and knowledge index indicators. Table 4.2 demonstrates that the UAE achieved 83 percent in the World Bank's government effectiveness index in 2012, making it the most effective government in the GCC, and scored 7.09 in the knowledge index, revealing it to be a GCC state with an economic environment conductive to innovation and knowledge. Moreover, the UAE's economy is continuously decreasing its reliance on natural resources, with Dubai's

GDP growth focusing on tourism and services as sources of economic activity.

Leadership EE programs: dominant feature in GCC region

The emerging primary lingua franca term of EE institutions and programs in the GCC is leadership, which permeates the majority of programs offered throughout the entire region. Government entities in the GCC realize that developing the leadership qualities of their employees will be a key factor in triggering positive change within their respective institutions. The emphasis on this type of EE is due to the influence of many political leaders in the natal and growth periods of the GCC states, such as the late UAE founder Sheikh Zayed bin Sultan Al-Nahyan, and the role of the Ruler of Dubai, Sheikh Mohammed Bin Rashid Al-Maktoum and his personal leadership skills in creating the Dubai phenomenon. Hence, they have engineered a variety of EE programs that are delivered by public-funded EE institutions, private training companies, or non-governmental agencies. This has created a growing and rather competitive market for leadership EE that has even attracted top business schools to open branches in the region. Furthermore, major global consultancy firms have specialized departments that offer EE leadership programs on leadership theories and practices.

There are many challenges associated with the conceptualization of leadership programs in the region. The lack of a locally defined leadership style encompassing the foundations of Arab culture, religion, and organizational context is an inhibiting factor that impacts effective local leadership EE programs in the GCC region (Abdallah and Al-Homoud, 2001; Jackson and Michie, 2014).

Jackson and Michie (2014) distinguish among numerous leadership styles in Arab countries that are different from countries in North Africa, the Levant, and the Gulf, and they even indicate that there are different leadership models in the GCC states and among the seven emirates comprising the UAE.

Most of the programs for government executives and employees in the Gulf states are based on Western contents and contexts and their relevance to the characteristics of the GCC is limited and frequently questioned by local scholars (Abdallah and Al-Homoud, 2001; Al Dabbagh and Assad, 2010). The programs do not emphasize the necessary distinction between "leader development" and "leadership development" (Gardner, 1993). While leader development aims to empower individuals with technical and hard skills to perform tasks such as financial analysis, policy design, and planning effectively, leadership development prepares individuals in emotional intelligence, communications, interaction, and teamwork.

Independent trainers and EE program managers interviewed for this study expressed concern about the lack of collaboration among different leadership centers and institutions in the region. Even at the national level, lack of a unified national "leadership" or "leader" framework leaves institutions operating in silos and missing valuable opportunities to share knowledge and best practices on program design and delivery. Even different public organizations compete to gain government training contracts and view each other as potential "rivals".

Another challenge that exists in EE is lack of objective mechanisms to evaluate impact and how government officials deploy the skills learned when they are back in their organizations. The teaching material was originally prepared for Western audiences so theories and exercises address cultural and organizational environments that have little relevance in GCC context (Jackson and Michie, 2014) and so the impact on the behavior of GCC government officials is questionable. When leaders return to their organizations they often find striking differences between what they learned in theory and the reality they have to confront in their organizations.

Conclusion

This study attempted to draw a general picture of the importance of EE in the public sector and its trends, challenges, and opportunities within the context of the GCC. Its main conclusion is that EE programs have been the vehicle that GCC governments hope will be used to exert a transformative influence on the knowledge and behavior of its public sector employees. Since the public sector is still the main driver of development and economic growth, having well-trained and knowledgeable policy makers will have a substantial impact on the effectiveness of the machinery of government, and the private sector as well. This will be enhanced if public managers are trained to improve their people skills.

The dearth of research on EE in the GCC region is alarming. Scholarly research related to content design, pedagogical methods of delivery, motivations of government officials in attending training programs, and impact on participants' behavior are lacking. In spite of the significant resources that GCC states invest in EE programs, the rates of return are unknown and this uncovers a critical need for objective assessment of programs and the impact on the employees in their organizations.

The GCC has a vibrant EE market and the need to nurture the competencies of public sector employees is significant and will continue to grow and countries will pursue increasing investment in human capital spending. But disparities are abundant. While some governments in the region, such as Dubai, are training government employees in programs like Smart Government, others states are still working on basic management skills of employees. Collaborations between the states nationally and globally

can increase benefits. And objective assessment mechanisms to measure EE impact are essential before increasing and targeting investment.

Note

1. http://unpan1.un.org/intradoc/groups/public/documents/un/unpan002594
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5
A Human Centered Approach in Executive Education at ESAN Graduate School of Business in Peru

Lydia Arbaiza

Introduction

This chapter illustrates the experience of introducing a human centered approach to executive education (EE) programs at ESAN Graduate School of Business in Peru. ESAN's teaching-learning model is used to explain how the diversity of learners' backgrounds aligned with a multidisciplinary faculty and different teaching strategies can collaborate and develop learning communities that stimulate participants' engagement and develop social skills that are valuable assets in the companies where they work. Teaching methods aligned to the human centered paradigm have strengthened ESAN's teamwork performance with teacher's guidance and effective use of technological resources. One of the main courses in EE is described to show why and how course contents promote practical application of learning topics in synch with participants' awareness and responsible contribution as member of a team and the central element in EE programs subject to quality standards in the 21st century.

ESAN Graduate School of Business was the first institution that offered EE in Peru. After 50 years in the market, ESAN has reached top positions in several rankings among the best EE programs from business schools. The 2012 América Economía EE ranking[1] places ESAN in third place, after Dom Cabral Foundation (Brazil) and IESE (Spain). However, ESAN gets higher scores in *client-company* dimension (measures amount of small, medium, and large companies that hire EE services), *client loyalty* dimension (7 years of relationship between clients and the school), and *balance* dimension (distribution of client-companies with high percentage of large firms as clients). This dimension is especially valuable for ESAN given the complex environment of large companies and its relative value as business partners (Almeida, 2012).

An interesting dimension is EE *faculty quality*, which is ranked based on the faculty with the highest proportion of PhD degrees from the most prestigious business schools in the world. Although ESAN's pool professors with PhD degrees reaches 25 percent, there is a teaching requirement to have at least a master's degree from a prestigious university and teaching priority is given to doctoral candidates. Faculty quality also measures experience in the workplace, in companies, and as consultants. ESAN scores high in this dimension because professors have an average of 26 years of work experience (Almeida, 2012).

ESAN's EE success is supported by a growing demand among executives, managers, and directors to participate in these programs despite a national economic crisis. ESAN compensates participants' time and monetary investments offering the business experience of quality professors to facilitate learning and acquisition of knowledge that expedites practical applications necessary to increase productivity in their workplace.

Executives recognize the need to invest in training during difficult economic times to prepare for emerging challenges in highly competitive markets. So, despite the global financial crisis in 2009, Peru saw increased demand for EE programs. This trend has continued and increased in 2010 in the functional and sectorial specializations offered by ESAN (Bravo, 2010).

While business schools and universities have been able to diversify their curricular content and increase the number of specialized programs, all confront the challenge to adapt to a diverse group of students with different needs and backgrounds. ESAN students, for example, come from different regions in Peru and from other countries. To serve all participants schools must leave behind traditional pedagogical procedures, which are still used in many Peruvian and Latin American institutions, and need to build up a diverse multidisciplinary faculty.

ESAN maintains EE competitiveness based on the quality of faculty and participants' engagement in learning with teachings on the human centered paradigm[2] to help students achieve academic and career goals. Some practical teaching strategies include reading analysis, case method, teamwork exercises and debates, and field research. Class methods are enriched by diversity among participants from different disciplines, fields, and sectors. Professors aware of such diversity can stimulate creativity, decision making, collaborative work, and problem solving in learning environments.

ESAN understands the expectations of organizations regarding people's value for business and the best business results depend on people's preparation and respect for the opinions of others and the need to strengthen technical training, but above all, to develop a set of social skills and competencies that impact workplaces and society.

ESAN accomplishes the above objectives offering EE programs based on team building, collaborative learning, and the creation of learning communities and networks, where participants undertake a leading role in

their learning process to get ready to deal with the company stakeholders in an ethical and socially responsible way that shows a comprehensive understanding of the humanistic approach.

ESAN's EE programs highlight the need to strengthen the human centered paradigm in the curricular design, teaching strategies, teacher's quality, and learning engagement as a necessary condition to achieve effective learning.

ESAN's EE programs

ESAN's Direction of Institutional Programs (Dirección de Programas Institucionales, DPI) designs and delivers customized EE programs to train executives, managers, and business leaders to be competitive and contribute to society. Programs are designed for the public and business sector, and associations, considering their particular characteristics, scope of activities, and the management challenges viewed from national and international factors that impact performance.

ESAN's expectation is that executives from different fields who participate in EE programs can learn to deal successfully with continuous challenges that arise in their firms, making ethical and responsible decisions not only based on economic profit but also considering the quality of life of the people who work in the organization and the level of satisfaction of all the internal and external stakeholders. This required DPI to design a curricular structure that promotes a true humanistic management and is deployed through teaching strategies that support development of a range of social skills, attitudes, and work ethics.

One way to strengthen human centered education is to promote synergy between firms and academia. To meet this goal, professors who teach EE programs are business managers or firm consultants in different industries and have experience in research and teaching as a necessary condition to understand and assess the business environment and relate objectively integrating and transmitting knowledge among both environments. EE participants relate better with faculty who have passed through different stages and experiences in their work life and gained ability to apply technical and theoretical knowledge to solve practical business problems and challenges. Furthermore, education is enriched with multidisciplinary backgrounds of faculty and learners, with specialization in business, social sciences, humanities, communications, and engineering, among many others.

Due to a growing demand for EE nationwide ESAN has developed programs focused on personal development to promote a humanistic approach in organizations. This is based on the argument that people who collaborate effectively can increase productivity in organizations and are able to design more interesting proposals to improve the competitiveness of the places where they work and contribute to foster national development. Consequently, ESAN's EE curriculum includes courses that develop interpersonal

skills and personal attributes that enable learners to deal effectively with periods of change and crisis in organizations.

ESAN has incorporated a methodology to promote *continuous learning* to closely meet needs of program participants within a wide range of age. Recent program graduates are managers and business executives with over 20 years of experience. Focusing teaching on continuous learning enhances new knowledge and skills to be applied throughout life, not only in the workplace but also in everyday life. Thus, critical thinking, analytical and synthesizing skills, and deductive reasoning are essential in all situations as much as developing social skills and ethics that facilitate integration of individual work teams with companies' missions (Gil and Padilla, 2009).

EE programs offered by DPI are shorter than a master's degree program and can be easily adjusted to the participant's schedule to balance time spent at work, school, and with family. Programs include a wide variety of topics to meet specific needs of diverse organizations. Clients who contract ESAN as a training provider meet with DPI program coordinators to discuss specific institutional interests and participants' learning objectives. DPI organizes certifications, seminars, courses, conferences, workshops, and a variety of programs to meet diverse clients' needs and expectations. The following programs have been originally designed by ESAN and remained for years in the market: *Programs for Advanced Business Management* (in Spanish – Programas Avanzados de Dirección de Empresas, PADE) and *High Specialization Programs* (in Spanish – Programas de Alta Especialización, PAE), both of which are detailed below.

PADE

Programs for Advanced Business Management or PADE offers specialized programs for public management and associations in management, finance, marketing, operations and logistics, and information technology. Programs last 11 months and a central characteristic is renovation of curricular content in accordance with demands in the business environment and management trends in Latin America and the world.

The emphasis of PADE is to train participants who are able to immediately apply acquired learning, which DPI faculty assess based on effective teamwork and ability to develop an integral vision to evaluate outcomes of organization processes identifying areas of improvement necessary to secure new business projects. PADE's admission process promotes selection of executives with different careers and work experiences in every program.

PAE

High Specialization Programs or PAE offers shorter programs than PADE held on weekends. Activities focus on specific topics in different fields aiming

to help executives develop conceptual, methodological, and technological skills. PAE activities have the highest demand in Peruvian provinces where ESAN operates. PAE's business administration is the program with the highest demand focused on the development of personal and social skills applied to management, communications, teamwork, planning, and organizing an impact performance project as a business presentation. A goal of PAE is to improve leadership responsibilities to become effective agents of change in organizations.

ESAN's EE alignment with the human centered approach

Participants in ESAN's EE programs are informed that teaching faculty will act as mediators to facilitate learning, help learners acquire knowledge, gain experience, and drill social skills needed to become active learners. ESAN faculty does not deliver traditional theoretical lectures, where learners' participation is passive and contribution is minimal. Instead, as facilitators, professors build on previous knowledge and experiences to expand participant's learning.

ESAN's EE meets specific aims of humanistic approach promoting participants to assume a major role in learning using assignments that engage them cognitively and emotionally. It also facilitates participants' learning in collaborative decisions, respecting opinions of others, and how to contribute with other team members with a positive attitude, active listening, and empathy. The basic pillars of the teaching-learning process of ESAN's EE programs of a true humanistic approach can be summarized as *team building for collaborative learning* and the *creation of learning communities*.

Team building

Teamwork is a core activity in all EE programs at ESAN. Team building methods vary and teams can be built spontaneously or randomly. Professors also organize teams to achieve specific objectives selecting participants based on professional background, work experience, and industry, and to form heterogeneous groups in age, gender, nationality, or birthplace.

Learning teams include five participants, considered an ideal number to optimize learning (Gonzáles and Díaz, 2005). Each EE program includes a maximum of eight teams, based on collected evidence that a larger number of teams delays class activities and leads to repeated information. Each EE participant receives a list with the names of classmates, and a corporate ESAN e-mail is assigned to each participant to expedite academic coordination of course information, materials, and activities.

In the introductory session faculty conduct an assessment of participants' expectations about training and what they expect to learn from people in their team and the program, a practice that makes participants aware from

the beginning about the importance of interpersonal and social skills that are essential for human development.

The professors clearly establish the rules of participation on the learning groups so that every member can contribute ideas and receive and give respect for the ideas of other participants. Faculty need to guarantee that all the members in the learning teams understand tasks and activities and know how to present the information effectively using conceptual maps, diagrams, or brief presentations (Bernaza and Lee, 2005).

Developing teamwork skills

Participant teams focus on rapid application of theoretical class contents. Teams are advised to facilitate active engagement and promote participatory leadership, where different participants lead tasks based in their areas of expertise. Positive leadership is effective, except when a participant is unconcerned with collective learning and mainly worries about time or deadlines, because these behaviors have academic and grading consequences.

Complex exercises that can be addressed from different angles benefit from the contribution of all the team members (Gonzáles and Díaz, 2005). ESAN's EE programs promote interaction and exchange between participants to facilitate adjustment and improvement through flexible thinking and multidisciplinary contributions. Team exercises may include analysis of a short video of a current topic, role playing, decision making, problem solving, new organization techniques, business processes' assessments, and business negotiation strategies. Team debates seek to expose conflictive situations that arise from divergent points of view. This is particularly important in Peru, given the numerous political ideologies and economic situations that polarize citizens' opinions and professionals' too.

An industry that involves different stakeholders and a diversity of factors (such as environmental, public health, economic) is mining in Peru, where social conflicts, labor rights, environmental issues, and health problems of workers and communities become conflicting issues. To deal with these potential conflict issues in ESAN's practical sessions company performance, government policies, and the legitimacy of stakeholders' claims are discussed. ESAN follows the same line with other situations of national interest, focusing on companies' performance where ethical negotiation is a core skill every business person needs to learn. The purpose of the debate, as a teaching strategy, is that participants can confront work ethics, social responsibility, and values in corporate behavior, question and discuss opposite points of view, learn to hold arguments, identify their talents and areas of improvement, and above all, respect the ideas of others as a necessary condition to reach agreements and consensus through negotiation.

Faculty-directed team activities induce participants to assess their learning process while they are solving cases so they are aware of the models, concepts, and connections reached in class to integrate them and improve

their work over time. It is valuable when this mindset is transferred to working life because it implies making conscious decisions about learning from experience (Monte and Jones, 2002).

Collaborative learning

Collaborative learning is reached in team discussion of a problem which, due to its nature, does not have a unique solution. The analysis of different points of view by participants to reach consensus on the best possible solution is key in this type of learning. The professor's role is to open the discussion, question participants, and promote a discussion based on previous knowledge and experiences of the participants to support the arguments (Gonzáles and Díaz, 2005). The goal of this type of learning is to help participants be aware of different sources of knowledge, analyze opinions from different strands of thinking, and understand changes in management practices over time in order to reinforce management skills.

Collaborative learning helps participants assess their level of knowledge in comparison with team members and within the class, and with the knowledge community, represented by the professor (Gonzáles and Díaz, 2005, p. 31). It is a key in ethical reflection regarding aspects of participants' working lives and behavior of the organization where they work. In discussions of ethical nature it is far more complex to reach consensus, so ethical issues that affect the growth of Peru are discussed, including lack of formal structure in national companies, disrespect for labor rights, and unclear policies of social responsibility. Discussion of ethical dilemmas is part of the class dynamics at ESAN to help executives improve values and ethics in their organizations.

ESAN promotes the following collaborative learning goals focused on human development: the development of the participant's responsibility regarding their learning team; effective communication and active listening, acceptance of peers' criticisms and differences as benefits not as constraints; and strengthening self-confidence and awareness of own talents, strengths, and limitations (Bernaza and Lee, 2005). Mutual support helps participants acquire new knowledge with greater strength than in isolation and can be easily transferred to organizations to deal with organization challenges and stakeholders' relationships where respect and ethics in decision making should prevail. This leads to the attainment of collective goals and positive interdependence (Bernaza and Lee, 2005).

Learning communities

A learning community integrates everyone who influences a learning process, directly or indirectly. Therefore, this is a collective and social activity that occurs in the classroom, but also in moments of relaxation and in virtual environments. A learning community allows learners to interact with

a diversity of people from different cultures, languages, and beliefs, and it works as a portrait of society (Diez-Palomar and Flecha, 2010).

Family is an important part of ESAN's learning communities. So ESAN invites the families of PADE's participants to the opening activities to inform them about the demands and responsibilities to provide support and reassurance during the program. Involvement is such that in the closing ceremony a representative of the participants' family gives a speech about their experience in supporting ESAN's EE experience.

Learning communities are expedited with use of technology. Virtual networks allow sharing large volumes of information and online interactions at any time using emails, chats, Skype, and other social networks. ESAN promotes these types of connections because executives, managers, and directors have demanding work schedules, travel frequently, and have limited time to meet outside classroom sessions. Virtual networks as non-formal learning processes are possible among team members who work on assignments at their own pace and, simultaneously, develop social skills and a sense of belonging in a learning community.

According to Sloep and Berlanga (2011), university learning networks should incorporate a profile service, navigation functions, and help desk. From a human centered approach, profile creation is an important activity in EE because learners can participate in the community, make contacts, share resources, and contribute with their knowledge and experience.

ESAN has a virtual online platform for learning networks. This environment enables participants to import, download, and edit documents online, and participate in forums and chat sessions with their teams, professors, and academic assistants. Professors use the platform to post course syllabus and suggested readings, give advice to students, keep track of class attendance, post bulletin boards, post examination scores, and post evolution of participants' performance. Participants can submit assignments, control of schedules, deadlines for assignments, examinations, online quizzes, as well as doubts and suggestions.

Human centered teaching strategies in ESAN's EE programs

ESAN uses the following teaching strategies to align its human centered approach:

Reading analysis

Reading of material in preparation for class discussions is essential in EE programs and it is also used as a learning assessment method. The type of reading material includes book chapters, working papers, scientific articles, company statements, news from different contexts, and authors' backgrounds. Professors administer written tests to assess students' learning but more likely participants must provide integrative constructs based

on assigned literature to show level of understanding and issues linked to personal development skills, such as communication effectiveness, responsibility, commitment, and autonomy, among others.

Case method

The case method is used in all EE programs at ESAN since the institution was founded. Different types of cases are used and solutions are standardized by experts' consensus. The teams discuss arguments and evaluate different alternatives that may lead to solutions (Gonzáles and Díaz, 2005). ESAN commonly uses cases with alternatives and not a unique approach to solve the problem or conflict to stimulate collaboration. This is a multilevel learning strategy that fits the human centered paradigm with the goal to develop social skills, such as active listening, effective communication, and teamwork. Learners can solve the case using different resources to make decisions and experience active learning by testing and comparing different approaches to problem solving (De Miguel, 2005).

The class instructor is responsible to present the case and introduce the participants to the discussion topic. Participants read the case individually and later teams share an overview of the problem and its context, and the teacher dispels doubts and clarifies concepts throughout the process. To move forward to detailed analysis the teams discuss possible alternatives to solve the case and then write the conclusions. The process involves arguments on analysis, organization of team member responsibilities, and reflection on the decision-making process. When teams present solutions, the instructor asks questions and offers constructive criticism, identifying potential conflict and avoiding any negative judgment about the participants' points of view as part of the learning process.

Instructors have to maintain clear organization during the case analysis process, keep track of teams' interventions, and avoid judging before the best solution is reached, keeping constantly in mind the educational purpose and the concepts and skills participants need to develop, identifying strengths and areas of improvement in discussions, and ensuring that strategies are respected to help participants reach conclusions that improve interpersonal relationships.

Field research

ESAN's EE programs assign teams to work in field research related to course content. The most common practice is analysis of the company operations, from the mission and vision to human management and financial results. This exercise involves interviewing, designing surveys, checking documents, and other activities that develop a foundation to make an effective proposal for business improvement.

Another practice is to prepare a business plan. To study a field is important because it involves teams in market research, negotiations with providers,

communications with potential clients and associates, and creation and evaluation of new business strategies.

Field research develops skills linked with the human centered paradigm because it facilitates team members to reach agreement regarding methods of doing business guided by ethical and social responsible ways, respecting human dignity and growth.

Human centered approach in curricular content and pedagogical practice

Curricular design emphasizes that, aside from Human Resource Management courses, other courses offered by ESAN must develop objectives and contents based on a humanist view of organizations. This is the case of Management and Organization, a core course in ESAN's EE. The course syllabus includes pedagogical and technical goals and these goals relate to the human centered approach:

• Developing participants' skills linking management with stakeholders' satisfaction under the view of modern management
• Provide participants with practical knowledge of modern management approaches to create and keep an environment where individuals, working together, can achieve, with efficacy and efficiency, shared goals

The first topic in the course syllabus is Current Challenges in Management focused in the analysis of social, economic, political, technological, ecological, and geographical factors that affect companies. The course starts with a socialization workshop where participants and faculty introduce themselves and communicate their expectations about course outcome and expected goals to be achieved. The professor invites a psychologist to facilitate group dynamics that allow learners to get to know each other better.

Participants have to prepare two or three readings that are included in the syllabus. The reading material is delivered before classes start and is also posted on ESAN's virtual website.

Learning assessment in the course includes reading assignments where the professor asks questions about central ideas to stimulate further inquiry, creativity, and self-reflection, in addition to the author's arguments (Mento and Jones, 2002).

The professor activates the learning process presenting class topics using diverse teaching strategies, materials, and multimedia. The professor summarizes class conclusions of collaborative analysis to provide closure that allows learners to assess their learning (Mento and Jones, 2002).

In practice sessions teams work together on issues related to the humanistic management approach and several activities are used to practice interpersonal skills in real situations, case studies, and exercises. The professor, as facilitator, ensures that team members are learning. Learners must present

a written assignment and hold a discussion including solutions to demonstrate participatory learning (Mento and Jones, 2002) and development of other skills, such as the ability to solve spontaneous questions from other team members and the capacity to capture the attention of classmates.

In this course, teams have to present a final project, called "integrated assignment", which involves analysis of all management processes of a company and is developed by integrating the following classes: organizational culture, corporate strategy, organizational configurations, human management, and organizational control. Each team has to study an operating business (which can be in their own companies, the companies participants work for, or a company seeking professional advice) to research, conduct interviews with managers in all areas of the company, analyze organizational culture, review financial results related to corporate strategy to demonstrate how participants process data, design a balanced scorecard, or make recommendations to improve the company strategy. The submission of the integrated assignment is mandatory in PADE program to get a diploma, and the assignment must be defended as an academic thesis.

Learning engagement and professors' quality assessment

Learning engagement is structured to the participants' goals (Bernaza and Lee, 2005). Executives attend ESAN's EE programs not only to comply with mandates of their companies but because they have interest to improve employability. If participants pay for the program they are highly motivated to recover their investment getting good results and positive feedback, including a promotion, and improvement in the workplaces.

To achieve learners' commitment in management subjects ESAN faculty *brings the environment into the classroom* (Finn, 2010), creating different environmental situations that affect national and international companies, so participants can easily associate course contents with the reality in organizations where they work.

To promote the learners' engagement, the following instructional approaches are deployed: *problem-based learning* and *project-based learning*.

In *problem-based learning*, the approach is through the search for solution to a problem where there is no predetermined solution. This requires critical thinking, reflection, and collaboration. This type of learning implies that students are responsible for their involvement and learning. Professors serve as facilitators of learning rather than information transmitters (Finn, 2010, p. 3).

Project-based learning is aimed to develop a range of skills, including ability to plan work activities, communication, and negotiation regarding tasks the participants have to complete (Finn, 2010). Presenting a final product as a result of this type of learning secures that effective engagement is reached.

Finally, to promote learning engagement a supportive environment is necessary. So ESAN provides administrative support, program coordinators, and academic assistants, who guide participants in the use of resources and technology available at ESAN.

To attain collaborative learning and learning engagement, professors use different strategies, including assignments and integrative questioning that involves all team members. If one participant is unable to provide an answer the professors may reduce the grade of all the team members, showing lack of knowledge on the assignment and/or learning commitment (Pease, 2011).

Class facilitators can also use observation records of teamwork dynamics as an indicator of team members' commitment. Observations include how the participants discuss and plan to do the job, the level of involvement in discussions, if there is balanced participation to do the work, how team members argue when conflicts arise to solve problems assertively, the working environment, and if work is equally divided.

Participants are allowed to assess performance of teammates with *co-assessment* using criteria proposed by the instructor to obtain the final grade, showing honesty and objectivity in all organizational processes. Some criteria may be: respect for group rules and different points of view, ability to contribute ideas and solutions, punctuality in attendance to group meetings, and delivery of tasks for which the participant is responsible (Pease, 2011).

Another alternative is to use a self-assessment. To prevent participants from assigning higher scores than they deserve, professors use the same evaluation criteria to compare self-assessment. If results vary significantly professors ask the participant to explain differences in perceptions with the goal to clarify differences, reflect over attitudes, and learning commitment. At the end of this meeting an agreement must be reached between the instructor and the participant to give an objective grade.

The criteria for faculty *quality assessment* are that all faculty members who teach in ESAN's EE programs must have research and teaching experience in academia in addition to professional practice, which is imperative to help participants solve real problems in organizations.

Participants in ESAN's programs systematically assess instructors' performance when courses are completed. This assessment consists of a survey with a rating scale to assess instructors' performance including perceived knowledge of course subjects and teaching skills and attitudes. Professors' evaluations are anonymous to ensure students' honesty. Professors get overall results via email. Academic coordinators analyze results and meet with professors to provide appropriate feedback and recommend strategies to improve their work.

Professors are asked to be self-critical of their work and use some criteria to assess teaching effectiveness of cases and exercises in class, especially when they design the material. This means recognizing if the material stimulates students' interest and ability to relate prior knowledge with concepts

covered in class. In addition practical activities should lead to insights and new ideas to stimulate problem-solving capacity using creativity (Mento and Jones, 2002).

Conclusions

ESAN's EE proves to be effective based on a diversity of curricular content, teaching strategies, and a multidisciplinary faculty body able to help a pool of diverse program participants. Program design includes current matters of national and international interest, environmental and stakeholders' issues, and how to manage with ethical and social responsibility aligned to a human centered approach.

Practical applications of curricular contents of ESAN's EE programs are highly valued by directors and managers, and executives from corporations of all sizes in all industries in the economy and program participants come from businesses, entities in the public sector, and associations. EE programs emphasize a practical orientation to develop shared goals where participants can experience real empowerment working together to succeed.

ESAN deploys principles of collaborative learning, creation of learning communities and networks in teaching methods, and strategies aligned with the human centered paradigm. Course material, case discussions, and field research show the importance of heterogeneous teams, strengthen interpersonal or social skills with active listening, effective communications, participatory leadership, personal and social responsibility, empathy, business negotiation, and respecting individual differences and diverse points of view.

Notes

1. America Economia special issue in Executive Education in Spanish November 6, 2012. Available at: http://www.iae.edu.ar/iaehoy/Documents/06_11_2012_RKEducacionEjecutiva_AmericaEconomia.pdf.
2. The human centered EE is a paradigm in education that refers the fullest development of the capacities of each individual and the respect and humanistic regard for all members of humankind.

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6
Mental Models Matter: Ways to an Intercultural Executive Education

Claus Dierksmeier, Katharina Hoegl, and Michael Wihlenda

Introduction

Managers today have to deal with people from around the world, *directly*, in negotiations with suppliers of products and services from diverse regions or, *indirectly*, through contact with individuals who impact the costs of production. Although businesses and economic activity have been facilitators and drivers of increasing economic globalization, corporations increasingly find themselves in a reversed role, that is as victims of forces they have previously helped to strengthen and as patients of structural illnesses they helped to spread. The social and ecological externalities of business, long since ignored in boardrooms in pursuit of an increased bottom line, have now started to become visible on the balance sheets – as costs of unsustainable management models.

All over the world, the division of labor between business and society is changing. Whereas businesses previously pursued their own interests and government assumed responsibility for the rest of society by imposing legal constraints, the constellation of societal and entrepreneurial interests presents itself quite differently nowadays. In ever fewer countries, governments alone are in a position to guarantee preconditions for both society and businesses to thrive. Governments have become weaker, multinational corporations stronger, and consequently the overall impact of socially or ecologically unsustainable business models is much more noticeable. In other words, the biological and cultural ecologies of business are no longer robust enough to absorb business models solely based on financial value extraction.

Instead, societies increasingly demand that managers procure more than pecuniary gains and add real value to the world (Spitzeck et al., 2009). Various concepts of integrating the financial concerns of business with the social, ecological, and cultural interests of society exist: from staid slogans such as "people, planet, profit" via more recent conceptions of "shared value

creation" to alternative narratives of a conscientious and compassionate capitalism. Likewise, a worldwide quest for new or hybrid forms of business is under way, for organizations that do not follow a purely commercial logic alone, and that challenge "the market logic" through social enterprise models (Melé and Dierksmeier, 2012).

These are the realities and challenges that executives face today. Both have to be addressed in executive education (EE). Therefore, in order to ascertain the criteria that EE ought to meet in the age of globality, we need to gain a clear picture of how and why prevalent modes of management education do not measure up to these realities and challenges. Hence, our recommendations for the future of EE are based on examining extant critiques of conventional pedagogical models. We begin with "Wrong lenses, false pictures", a brief reflection on the practical risk of misguided theories. Then "From realism to relevance" we consider reasons how management education can benefit from more realistic and thus more relevant theoretical models. In "Global values for global business" we try to identify a set of intercultural norms for management. Next in "From relevance to responsibility" we show that businesses managed with a view on ethics first and profits second not only better meet the challenges posed by globalized and multi-cultural markets but also prosper financially. Lastly in "Practical outcomes" we give practical pointers for future EE programs.

Wrong lenses, false pictures

Managers everywhere are presently contemplating their role in alignment with the processes of ongoing economic globalization. For lack of dependable economic models that deal adequately with real-life ambiguities and uncertainties, an increasing number of companies aim to formulate their own boardroom metaphysics about the future of business. Since reliable crystal balls are hard to come by, the task to make rhyme or reason out of these new realities makes many a manager dizzy. Educated to solve complex problems, executives are now tasked to embrace them. Incentivized to focus on a one-dimensional metric of success, they suddenly have to display multidimensional perspicuity. Hitherto lauded for smart agency for *share*holders alone, managers today are beholden to wise practices on behalf of a wide array of *stake*holders. Managers once trained for short-term performance measurement are now asked to ponder the long-term consequences of their actions and omissions. It appears that the masters of quantitative analysis must buckle down before the tasks of qualitative synthesis.

As long as traditional business education shies away from a thoroughgoing curriculum change and fails to prepare students well for the complex challenges of management both in a global business environment and in a truly cosmopolitan manner, EE must aim to be the remedy. While the former still reinforces the bygone paradigm, the latter needs to revolutionize it –

or else it short-changes its clientele. Whereas the denizens of the academic world can, for a while, avoid the recognition of unwelcome realities, this is not true for the inhabitants of boardrooms. Their tenure hinges on success, and the latter depends on the practical reliability of their decision-making models. Businesses cannot afford to work with models out of step with the "march of events" (Galbraith, 1971).

On the theoretical level, said quest for adequate cognitive tools is matched by a search for a new conceptual framework for business overall and for the theory of the firm in particular. The respective spectrum reaches from moderate suggestions in the field of stakeholder theory (Freeman et al., 2004) to more radical voices in the fields of critical management studies (Fournier and Grey, 2000) and heterodox economics (Colander, 2000; Colander et al., 2004; Dequech, 2007; Mearman, 2011). Within the wide field of the latter, theories of humanistic management emerge as approaches that recognize and reinforce a genuine paradigm shift in business theory as well as management practice (Pirson and Lawrence, 2010). Their gist is that, conceptually, we need to transition from a mechanistic economics towards a humanistic economics (Dierksmeier, 2011), so as to move, in practice, away "from capitalistic to humanistic business" (Pirson et al., 2014). While humanistic management, both as a concept and as a worldwide movement, allows for and encourages divergent understandings of its operational concepts and mandates, there is also an overarching consensus amongst all adherents regarding the following: the old consensus that the social responsibility of business is but to comply with certain side-constraints on how it pursues its bottom line is no longer legitimate. Instead, the top line of business itself is in question these days. Societies worldwide want businesses to be part of the solution rather than part of the problem and thus ask even more pointedly *how* firms make their profits rather than *how much* they make.

How does this relate to our concern for a future-oriented EE? Well, economic theories do not exist in isolation from reality: they serve as mental models. Economics views reality through certain theoretical lenses that influence our perception of the multi-layered complexity of business and the dynamics that drive it. Yet the enhanced acuity that each lens affords comes at a price. Cognitive lenses, like any other, only improve our apperception of particular aspects of reality. Other aspects, more at the margin than at the center of the selected lens and its focus, become blurred. And anything wholly beyond their scope cannot be captured at all with the respective lens. Hence, if we are to use only one lens for our observations, we risk paying the price of over-simplification. While we believe that we have purchased a spurious clarity, in truth, it comes at the cost of an omission of variables highly pertinent to the understanding of pivotal interconnections and relationships. Thus, as a rule of thumb, the more complex the phenomenon studied, the more variegated should be the lenses we apply and the more

careful we must be to select the most appropriate ones, that is, through reflection of their respective merits and demerits.

By adopting and applying the conventional neoclassical and mechanistic models of economics and its *homo economicus* anthropology as the lens for observing economic behavior, the pictures they render define our economic reality (Dierksmeier, 2011). Thus, if managers are trained to consider others as self-interested utility-maximizing cogs in the machinery of an economic system impervious to moral and social responsibilities, then they might adjust their behavior accordingly. In consequence, managers might find it "rational" to treat their employees and colleagues as self-interested agents and objects more or less instrumental for their purposes. Unintentionally, managers might thus be part and parcel of an economic reality that is socially constructed in the image of the mental model they are following: their behavior might become a decisive factor in incentivizing people to behave as *homines oeconomici.*

This, to wit, is no conspiracy theory. The corrupting effects of a business education whose doctrines prize self-interest and the quantitative maximization of individual preferences are well documented. Over the last decades, a plethora of studies conducted in various countries and contexts showed that students exposed to *homo economicus* models display worse ethics than others (Elegido, 2009).

In particular, it has been found that such students are cheating more frequently on exams (McCabe et al., 2006), more prone to free-riding behavior (Marwell and Ames, 1981), displaying less moral growth/development (Green and Bradley, 1899), less willing to share, and taking advantage of others (Carter and Irons, 1991), to name but a few examples. These selfsame traits also showed up in managers who had received a standard economics education in contrast with those who did not. They displayed higher defection/opportunism rates (Frank et al., 1993), made less contributions to common goods (Cadsby and Maynes, 1998) or philanthropic donations (Frey and Meier, 2003), accepted more bribes (Frank and Schulze, 2000), were responsible for more lay-offs (Rubinstein, 2006), and overall attributed more value to power and hedonism than to universal norms (Gandal et al., 2005).

Of course, the question was posed whether these alarming results were due to a self-selection effect amongst students (Frank and Schulze, 2000; Frey and Meier, 2003; Green and Bradley, 1899; Taylor, 1986). While this, to a small degree, happened to be the case, almost all studies that tested against this bias found that indoctrination effects were far more substantial (Carter and Irons, 1991; Gandal et al., 2005; Marwell and Ames, 1981). In brief, there is a point to Goshal's thesis that "bad management theories are destroying good management practices" (Ghoshal, 2005). This is also corroborated by further leading management scholars (Mintzberg, 2004; Mintzberg et al., 2002).

The dehumanizing effect of standard management pedagogy is much aided and abetted by the functionalism of language in business education.

Indeed, the grammar and vocabulary whereby we express our theories have an important psychological and metaphysical impact on the way we conceive and perceive reality. The invocation and application of mechanistic vocabulary to social systems, so typical for all fields of neoclassical economics, is, however, highly problematic, as it suggests the predictability and computability of human action. It attributes quantitative numerical value to behavior that needs to be described qualitatively. For, when economic laws are deduced from axiomatic assumptions about economic agents and the markets in which they operate without taking account of inductively gained empirical information about said agents and markets, then one is prone to misjudge both. We cannot ascribe conclusive numeric value to human behavior, as humans do not merely react to external stimuli, but have internal intrinsic motivations that cannot be quantified. Forgetting that human behavior determines laws of economics and not vice versa, we project the very rigidity of our methods on individuals and society and begin to view economic agency as predetermined by and subjected to unalterable laws of a maximizing rationality (Argyris, 1980).

Yet economics does not have dead matter as its epistemic object, but lively human action (Barañano, 1993). Unlike the laws of physics, economic behavior is influenced by notions and ideals. The methodological constructs hitherto used by economic theory are therefore by no means innocent devices. Whenever extra-economic or non-quantifiable factors affect the economy, each method that blocks out such factors as irrelevant leads to false conclusions for economic policy and business practice (Mäki, 2002). A solely deductive approach to markets based, as it is, on assumptions of perfect information, perfect competition, perfect rationality, etc., will, for example, typically establish that markets are nothing but transaction plateaus for human freedom. The less, however, economics recognizes itself as shaping the reality it observes by dint of its very descriptions, the less cautious, that is, sensitive to the social consequences of its advice, its proponents tend to be (Galbraith, 1986). The professed neutrality of economics, although obdurately defended, is therefore an illusion (Ulrich, 2008).

From realism to relevance

Some economists have noted the performative, that is, implicitly normative nature of their own theories. For example, Michael Jensen, famous and infamous as co-inventor of the Principal/Agent-Theory (Jensen and Meckling, 1976) had contended for many years that managers behave like *homines oeconomici*, that is, opportunistically and in their own self-interest. As such, they counteract the productivity of the corporation or firm unless they are rewarded for behavior compatible with the company's objectives and goals. Accordingly, Jensen and others devised a system that coaxes

managers with financial incentives and wealth, and that coerces them into shareholder-value maximization schemes. They consequently derided business ethics and management theories that deviated from this very course. In fact, Jensen, in line with countless other mainstream scholars (*pars pro toto* see Sundaram and Inkpen, 2004), maintained that all definitions of managerial "success" that embrace contributions to communities and to ameliorate environmental pressures, for instance, must be rejected as an affront to the rationality and efficiency of business. Yet times are changing. In 2009 Michael Jensen began to spearhead efforts to reverse this tendency in management education noting that his own former teachings led to a dangerous, vicious, and self-reinforcing downward spiral, and he is now propagating a business education centered on authenticity and integrity.[1]

This reversal in Jensen's thinking is mimicked by numerous management practitioners, like Jack Welch, who no longer espouses shareholder-first models of management, but instead vociferously criticizes these and now advocates the exact opposite. These renegades underwrite the point made above: the mechanistic models of yesteryear, perpetuated through the institutions, that is, universities and institutions of higher learning, that educate and mold the managers of tomorrow, shape mentalities. Likewise, a steadily growing body of critical business education literature highlights the role that these institutions play in breeding generations of managers who fall short of their social and moral responsibilities. The effect that MBA programs have on their students can aptly be summarized with the old adage: "You reap what you sow" (Hühn, 2013).

To escape and evade the practical defects of past management models we have to examine their theoretical deficits. It matters a great deal whether management education follows a matrix that excludes normative aspects or one that includes them. Since people all over the world abide by certain social values and personal ideals – at least sometimes – it should not be a surprise that economic optics that overlook any and all moral motives prove myopic. Like any skewed lens, the *homo economicus* anthropology produces woefully incomplete pictures; a flawed basis for managerial decision making.

Since moral values, similar to the kind of preferences ordinarily considered by economists, drive behavior and influence prices, globally operating businesses can improve the acuity of their strategic visions by understanding the moral motivations that drive people all over the world. To a practitioner, this is old news. Few, if any, seasoned managers would doubt that being in tune with the mores of their employees and business partners is essential for success. Yet is a return to the "old normal" possible, that is, to an economics ante 1800, to the times from Plato until Adam Smith where economic thinking was but part and parcel of an overall endeavor in social and moral philosophy? Hardly. Bygone are the times when either the local

embedding culture (e.g., the Greek polis, the Roman Empire, or the nation state and its culture) or a religion with a cosmopolitan mission (such as Christianity and Islam) can provide the more or less unquestioned backdrop for the moral orientation of business leaders.

While local businesses with local employees, suppliers, and customers may successfully meet the behavioral expectations of their stakeholders by adhering to local customs, this certainly does not suffice for businesses with a broader and transnational reach. Whether in regard to their increasingly internationalized body of employees or in service to customers from all around the world, whether through bargaining with suppliers from diverse countries or in negotiation with foreign governments or global regulatory bodies, a more comprehensive approach to ethical norms and aspirations is now required. The managers of tomorrow require a cosmopolitan value education: they need training that is sensitive to the moral norms of each culture and civilization with which they interact and they need training that, at the same time, rests on normative orientations acceptable to all of their stakeholders. Attempts at re-orienting management education ethically can thus only be considered promising if they do justice to both the unity and the diversity of the moral norms of humanity, that is, if they provide an intercultural framework for a global economic ethos. In what follows, we try to bring these two poles, unity and diversity, together in a humanistic model for EE so as to avoid two antipodal extremes: facile relativism and intolerant universalism.

We will not argue at length here against the latter, as it is both theoretically as well as practically unattractive in light of the manifest differences in social norms and customs across the globe. Unrealistic theories, after all, are irrelevant for describing as well as for prescribing human behavior. A much more formidable obstacle, however, on the path towards a cosmopolitan orientation for EE is an all-too-facile relativism. Marred by the sins of the colonialist and imperialist past, many a Westerner these days is loath to attempt any further forays into moral universalism. Be it in the debate on human rights or in the discourse on human responsibilities, be it in regard to central duties or the essential virtues of humanity, a few managers would be willing to take a bold stand and assert their respective convictions loudly and proudly. Too deep sits the fear of being mistaken as yet another oppressor who advances his materialist cause under the idealist cloak of an alleged "white man's burden".

In order to clear the path from this obstructive fear, we need to address the question of whether there is an overlapping consensus between persons across all cultural divides; a consensus, that is, which would allow us to propose a certain set of values of truly cosmopolitan reach and relevance and whose managerial realization should not trigger the charge of moral imperialism. Once this task is accomplished, we shall then sketch how the said consensus can become part and parcel of future EE programs.

Global values for global business

Does the above mentioned global consensus of values actually exist? And if yes, which values comprise the basis of this unspoken global accord? These questions have received heightened attention in recent years. In particular, we find that the *Global Ethic Project*, launched by Hans Küng in 1990 at the University of Tübingen, Germany, offers the most plausible and comprehensive attempt at clarifying and describing this normative consensus (Küng, 1990). Over the past 25 years, Tübingen has been the central location for basic research on values common to all nations, regions, and religions, producing thousands of pages of research and literature. Besides publishing comprehensive studies regarding the ethical and normative commonalities between Judaism (Küng and Bowden, 1992), Christianity (Küng et al., 1995), Islam (Küng and Küng, 2007), Daoism, and Confucianism (Küng, 2002) as well as the Indian traditions of Hinduism, Buddhism, and Jainism (Schlensog, 2006), Hans Küng and his team of researchers have also investigated value convergence in the fields of intercultural literature (Kuschel, 2011) and philosophy (Schönherr-Mann, 2008, 2010).

The main result of these studies has been the enumeration of two principles and four basic values that – despite irregular acceptance and adherence throughout the course of history – have been acknowledged as morally binding by all peoples regardless of geographic or temporal location (Küng et al., 2012). Specifically, these principles refer to the "golden rule" of reciprocity (known as the directive: "Do unto others as you wish done unto yourself") as well as the principle of humanity, that is to treat humans humanely as subjects, not as objects. When applied in everyday life, these two formal principles lead to four basic values – truthfulness, justice, partnership, and peacefulness – that have equally received global acknowledgment, recognition, and acceptance. Together, these principles and values constitute the core of an ethical attitude that has inspired people all over the world to act morally: a global ethos.

Since these global ethic values have found similar expression in dissimilar cultural contexts, that is, since a global ethic (Küng and Kuschel, 1998) seems indeed to be at the core of humans' self-orientation, so too can it be seen as the core of a realistic-idealistic anthropology. The global ethic reflects the heritage of all traditions of humanity: its *tangible multiplicity of cultures* mirrors the *conceptual unity of the ethical nature* of humanity. It shows that people all over the world, regardless of cultural heritage and geographic or ethnic origin, *can agree* on a set of shared values and that this normative theoretical consensus can serve as the basis for a dialogue about practical means of cooperation, that is, for the reduction of conflict and a concomitant increase in cooperation (Küng, 2014).

In order to be universally binding, the values of a global ethic must necessarily address and engage both believers and non-believers. Ample evidence

in support of a global ethic and its contention of a global value convergence can be gleaned not only from the world's various religious writings and traditions; a global ethic also finds extensive secular substantiation, as numerous agnostics and atheists have advanced conceptions of a global ethic throughout the course of human history. Despite regional and cultural variations, people have, time and again, agreed upon basic norms of coexistence: in the wisdom traditions and teachings of China and India, in the philosophies of Northern Europe and South America, as well as in the poetry and thought of African cultures (Hasselmann, 2005).

Admittedly, the principles and values found within the global ethic idea are of a highly general nature and need be considered according to their respective contexts of application. Hence the *Global Ethic Foundation* has committed itself to concretizing the meaning of these norms and values for global politics (Küng, 1995), international law (2011), global business (Dierksmeier, 2012), science (Küng and Kuschel, 1998), culture (Küng, 2013), pedagogy (Schlensog, 2008), sports (Küng, 2005), and sustainability (Küng, 1998). It is the common goal of both the *Global Ethic Foundation* and the *Global Ethic Institute* (founded at the University of Tübingen in 2012) to perpetuate and expand this work in an interculturally inclusive way. The *Global Ethic Project* seeks to emphasize common moral attitudes while celebrating the culturally diverse plethora of humanity's normative systems rather than, as might be feared of a global ethic, to overlook and silence these differences.

For managers confronted with the challenges of intercultural cooperation and the need of excelling in stakeholder dialogues across national, ethnic, and religious divides, the above mentioned aim and purpose of a global ethic is of patent importance. It provides a path to avoiding sweeping relativism and narrow universalism. By adapting and orienting according to a global ethic, businesses are much better equipped and therefore capable of navigating the turbulent seas of the global markets.

From relevance to responsibility

Reality proves possibility. Where theories hold that markets and morals conflict and that principles must always yield to profits, reality proves itself as the most apt and able ally against ideology. If financial success can be found where standard economics overlooks a viable business case altogether, then it is time to reconsider certain shop-worn assumptions. Social entrepreneurs, for instance, are playing an important role in reversing the narratives of traditional economic rationales and reforming their governing logic. Since social entrepreneurs prioritize the social, ecological, and moral ailments of the present economic order over pecuniary remuneration (which they seek in line with their normative mandate), they provide the intellectual cornerstone for a new edifice of economics built on the foundations of responsible freedom. Their business rationale and strategy rests upon an

ideal, an intrinsic motivation that prioritizes the common good over financial profit (Austin et al., 2006). Social entrepreneurs and social intrapreneurs have proven that forms of business, management, and economic activity are possible despite the conventional wisdom of transactional economics (Grayson et al., 2014). These entrepreneurs serve as an example from which alternative theories of economics can take their cue.

Gone are the days when the starting point was a conflict between ethics and economic success, that is, between *either* an uncritical ethics of economic success *or* a superficial moralizing in respect to economic laws. Today there is a prevalence of *reciprocal enquiries* instead of mutual reproaches between economic and moral ideologies. Instead of a withdrawal of standard simplifications we entered a new era of *fertile complexity*; a thinking, which, starting from the concept of economic rationality, reflects the productive role of ethics in theory as well as in economic practice. Morality is migrating back to the center of economics and extricating the discipline from its awkward and ill-fitting standing in the natural sciences. In order to realize the full potential of these new options and the concomitant ability to diminish the man-made dilemmas of our times, we have to change the mental models of the past. Acknowledging the malleability of our economic world and the freedom to do things differently, we must seek to replace the emaciated models of the *homo economicus* with the ample anthropology of the *conditio humana*. To accommodate and substantiate this transition, we need a concomitant shift in those institutions that are responsible for educating and enlightening future managers and business leaders: business school curricula require, more than ever, a cosmopolitan moral foundation and orientation – and, as long as they lack these, EE programs have to fill the gap.

Practical outcomes

To successfully change mental models that reinforce students' particular understanding of economics and business we need to prove to our students (and to ourselves!) that a different world with more benefits and attractive options is possible. Instead of breeding generations of self-centered cynics, business schools must cultivate students' moral fiber, character, and judgment necessary to develop common-good oriented cosmopolitans. Most attempts in this direction have remained feeble so far, weakened by uncertainties about the values chosen and the virtues to be taught. While a number of schools and universities have been bold to write up their own moral vision and mission statements, none has been certain that the norms they reinforced are a proper reflection of the ethical patrimony of humankind. With each and every proclamation of moral commitment came cautionary tales of limited validity and reach.

The research of the *Global Ethic Project* makes it possible to forego uncertainty, timidity, and the fear that rejecting relativism automatically

insinuates opting for normative imperialism. Rather by boldly declaring in favor of a cosmopolitan ethos we avoid illegitimate repression of diversity. An ethos established on the basis of reciprocity (golden rule), non-objectification (principle of humanity) and such values as peacefulness and partnership, represents the very opposite of a colonialist attitude towards moral and cultural differences. While universalism demands elimination and relativism deification of these normative considerations, the cosmopolitanism of the *Global Ethic Project* commits us to consider them in light of what unifies rather than what divides humanity. An EE based on a global ethic can do justice to unity and diversity of ethics around the globe.

The *Global Ethic Institute* (http://www.weltethos-institut.org/herzlich-will kommen-beim-weltethos-institut/) and the *Humanistic Management Center* (http://humanisticmanagement.org) have developed *Ethics First*!, a training program that seeks to increase executives' ethical managerial competences. The program offers orientation for the conduct of "decent" business practices. Through seminars, in-house trainings, coaching, and practitioner forums for intercultural leadership development, multi-stakeholder dialogue, and value management, *Ethics First!* empowers managers and internationally operating companies to proactively assume moral, social, and ecological responsibility worldwide in a financially sustainable manner. The program couples ethical orientation and deep reflection with the competencies and tools necessary for the practical implementation and application of mindful and moral business conduct.

In summary, equipping managers with the necessary skills to excel in intercultural environs is possible. A globalized business world requires a cosmopolitan management education, and this in turn ought to be informed by the *Global Ethic Project* so as to give normative guidance to any and all efforts in humanistic management. While the worldwide integration of said elements into MBA programs and higher education business curricula will take time, we encourage timely implementation of global ethic training into EE programs. Global ethic training provides management with the skills needed to succeed in business in the age of globality.

Notes

1. Interestingly, Jensen, who was able to publish his paper in top-line journals without a problem, has not yet found a way to communicate this change of attitude in the same media. As a consequence, his turn has not been broadly noted, although it is documented in numerous working papers (of which the following are but a selection): Erhard, W., and Jensen, M. Putting Integrity into Finance: A Purely Positive Approach. Harvard Business School Working Paper, No. 12–074, April 2012. (NBER Working Paper Series, No. 19986, April 2014.) http://www.hbs.edu/faculty /Pages/item.aspx?num=42434; Jensen, M., Granger, K., and Erhard, W. A New Model of Integrity: The Missing Factor Of Production (PDF file of Keynote and PowerPoint Slides). Harvard Business School Working Paper, No. 10–087, March

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Part II

Introduction: What Content and Curriculum for Human Centered Management in Executive Education Is Needed?

Ernst von Kimakowitz

Part II of *Human Centered Management in Executive Education* is focused on the needs and demands which are stipulating change in curricular development and the content of executive education (EE) programs that have been transformed, or have been designed, based on the foundations of the human centered management paradigm.

Part I of this book has provided clear evidence that current EE offers fall short of delivering towards the need for executives to assume a greater role than merely being effective administrators of narrowly defined organizational interests. This second part of the book now combines theoretical insight with empirical evidence on curricular content, conducive to the human centered management paradigm.

Part II of this book is well aligned to some of my own work as, jointly with the Global Ethic Institute at the University of Tübingen in Germany, the Humanistic Management Center has founded *Ethics First*. *Ethics First* is an EE organization that supports executives, from talented junior managers to the C-suite, in calibrating their ethical compass, enhancing their reflective capacity, and training the application of tools to manage organizations that deliver value to society at large.

Ethics First is focused on a select number of course modules that are based on the conceptual foundations of action learning in combination with coaching that offers to promote a lasting learning experience.

The three modules offered are a business ethics primer, a leadership module with a focus on responsible action in dilemma situations, and a module on stakeholder engagement.

What unites all three modules is the quest to re-establish a meaningful relationship between the means and ends of business and its role in society. In essence we need to depart from a one-dimensional goal-set where

maximizing profit is the singular aspiration of a business organization and shift towards the triple bottom line to define managerial goals and assess business success.

Being profitable is a necessary condition of sustainability for any business organization, but it is not its raison d'être; profit is a means but not an end in itself. The reason why we want prospering businesses in our communities is because they deliver goods and services that meet genuine human needs; because they provide livelihoods through employment opportunities; because they allow us to collaborate in creating value and finding innovative solutions to the challenges we face; because they deliver their goods and services within the boundaries of the natural capacity of our planet. In short, the end of business and any other organization is to serve society. For businesses healthy profits are a means to gain and maintain the capacity for doing so, not vice versa. As Peter Drucker said, "Free enterprise cannot be justified as being good for business. It can be justified only as being good for society" (Drucker, 1954, p. 41).

Many business leaders I talk to share this view and reject the notion of short-term shareholder value maximization, viewing financial returns as a means and a reward for offering goods and services that provide value to a wide swath of their stakeholders. They know that sustaining business success depends on a value proposition to society at large and have a deep sense of responsibility for the communities in which they operate. Not only at home, but around the globe, not only within their own operations but also along their supply chains, they strive to create shared value and share the value created.

These businesses and also many public sector organizations are ahead of the game in comparison to even the most esteemed names in university-based EE whose curricular content is still, by and large, based on singing yesteryear's song of maximizing a singular goal rather than balancing multiple goals along the triple bottom line. This is confirmation that many businesses have not yet embraced a human centered management paradigm.

EE providers are often demand led in their offers and thus we can conclude that the lack of more broad based transformation of curricular content means that demand for human centered content in EE has yet to grow.

At *Ethics First* as well as in the Humanistic Management Center we are however glad to see more individual programs and entire business schools and their EE arms joining forces in redesigning curricular content and adopting a new mindset. This mindset is based on a meaningful relationship between the means and ends of business and delivers responsible innovation in support of organizations that aim to align business interest and societal benefit generation to the advantage of both.

In Part II of this book we see that staying true to the human centered management paradigm may sometimes require an EE provider to walk away from a business opportunity.

Amann, Tripathi, and Khan argue in Chapter 7 that when the perceived client demand and the convictions upheld by the educator are too far apart, protecting the integrity of an EE provider weighs more than delivering a program that puts overarching goals and the cultural fabric of the education provider at risk. Furthermore, our authors describe in great detail and rich analysis the content and methodologies of individual EE programs.

In Chapter 8, Ray looks at the delivery of a training program for publicly owned large business organizations in India deriving insight from the drivers, processes, and principles behind its design, development, and delivery. Dissolving a misconceived dichotomy between enhancing productivity and competiveness in local and global markets and positively impacting the well-being of people and society is both a hurdle and precondition for the success of this program.

As stated throughout this book, EE not only matters in business organizations but also plays a pivotal role for leadership in civil service. Hence Chapter 9 by Chlivickas and Melnikas develops a set of suggestions and recommendations to enhance the capacity for human centered management of Lithuanian civil servants so that, in turn, they can serve the needs of their customers more effectively.

It is likely to be for the better that not all people having a leadership role in business also have a background in business studies. However, designing a business course for engineers holds challenges of its own. Using the case of a Chilean executive course for engineers, Majluf describes the answer to those challenges in Chapter 10. It is a decisively human centered framing of content and delivery that actively addresses ethical questions in management, acutely aware of the responsibilities executives carry beyond their functional role.

While implicitly present in Chapter 7, integrity takes center stage in Chapter 11 by Vargas-Hernández and Rivera. Positioned as an ethical construct rooted in values and virtues integrity turns into a central characteristic of both effective and responsible leadership equally. Humanistic management becomes unattainable in its absence and, by the example of a Mexican executive course, a blueprint for teaching integrity is delivered.

Moving from one Spanish-speaking country to another the closing Chapter 12 in Part II by Aguado and Albareda is based on the experience of managing curricular change in a Spanish university. This chapter is a depiction of how obstacles moving towards a curriculum that is truly integrative of a human centered management paradigm based on justice and respect for human dignity can be overcome. Anchored in theoretical insight and supported by its success the authors show that humanistic management in EE is not only attainable but can also turn into a differentiating success factor in the competitive arena of global business education.

In short, Part II of *Human Centered Management in Executive Education* represents a diverse yet fundamentally congruent set of examples for curricular

content that takes a principled stance: strong values and the aim to enhance managerial capacity towards a human centered management paradigm are at the heart of innovation in EE. They are part and parcel of EE programs that are fit to equip managers with the knowledge and tools to navigate the complexities of today's global economy.

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7
Driven by Customers or Driving Customers? What Really Matters in Executive Education

Wolfgang Amann, Shiv Tripathi, and Shiban Khan

Introduction

Executive education (EE) institutions are still recovering from the financial crisis which haunted companies and countries in the 2007–2012 period. This period refers to a time in which the majority of companies suffered so severely from the poor economic environment that expenditure on EE was the first item to be cut in the budget. In the aftermath of this crisis, several schools folded, or embarked on merger and acquisition activities to ensure survival, exemplified by the recent Hult and Ashridge merger in 2014 (cf. Bradshaw, 2014).

Across the board, EE providers are currently tempted to enhance their customer orientation and commit themselves to uncompromising customer satisfaction. However, this chapter argues in favor of a more differentiated view, positing that many corporate clients and individuals in the market for EE may:

a) Not know from what kind of EE program they would benefit most.
b) Impose rather rigid demands on EE providers in their requests for proposals.

Consequently, real needs of corporate clients that could be addressed by EE remain unaddressed. These needs might range from knowledge, skills, and reflection opportunities, which could have – at least partly – prevented corporate crises.

A more conducive way forward – and therefore the next generation idea for running EE institutions – lies in driving customers, instead of merely being customer oriented or driven. Driving customers does not have to be limited to the narrow focus on performance enhancement understood in the traditional, old-fashioned way that is rendering corporate processes,

structures and cultures ever more effective and efficient in economistic terms. In contrast to this performance focus, or "P" approach, this chapter argues that driving customers should increasingly consider the dignity paradigm, or "D" approach.

Besides discussing financial performance aspects, business, academia, and practice have been including social and environmental sustainability for some time already. More social and environmental sustainability will ensure that people in companies and society will in general lead lives of greater dignity. The latter includes, but is not limited to, understanding human beings as an end in themselves, not as a mere means to the end of higher shareholder returns.

Human dignity calls for more respect, better working conditions, participation, empowerment, fair treatment, to name but a few aspects of this multifaceted construct. This chapter underlines the responsibilities EE providers have when it comes to driving their customers towards more holistic solutions – if this is required. As such, this chapter extends the critical evaluation of the Kirkpatrick (1976) model, which has not been compensated for by Phillips' (2011) extension and addition of a fifth dimension to form the Kirkpatrick-Phillips approach. This past distillation of shortcomings, which has not lowered the model's popularity, includes the model's inability to address the summative question *Was training really effective?* and the formative question *How should training be modified to boost effectiveness?*, as Bates (2004) argues. Neither the summative, nor the formative question really dealt with and solved the normative question *What is really the normative responsibility of the EE provider?* This is where the chapter at hand contributes to the discussion and hopefully to the actual practices of designing, implementing, and evaluating EE seminars in light of the call for more humanism in business.

The chapter is structured as follows: it starts with a real case study (disguised to protect the customer and to observe confidentiality), which is subsequently discussed. The authors outline how an EE provider can help a client address issues over time rejecting inferior solutions stemming from its customer orientation.

The discussion continues including two assumptions. First, a litmus test for EE providers is presented and critically reflected upon – *Can EE providers forgo profits in order to emphasize and deliver what corporate clients and individual executives actually need?* Second, this chapter outlines an alternative method to measure EE success.

The case of WholeSale Inc.

WholeSale Inc.[1] was a European market leader in its industry that generated double digit billions in annual sales. In its market segment, it supplied a full range of products to companies throughout Europe. In all of these,

WholeSale Inc. applied the same business model: a multichannel approach from on online and catalogue-based selling.

Given thin profit margins in the industry, national adaptations in marketing, sales, and distribution were minimized to ensure standardization and low costs. The industry saw substantial consolidation with only two pan-European players surviving besides a few local firms in each of the European markets it served. WholeSale Inc. had several CEOs and major restructuring efforts before, during, and after the big financial crisis – with very modest results.

WholeSale Inc. started to restructure its EE efforts, outsourcing as much as possible, including photocopying and delivery of binders with printouts that an external service provider brought to the seminar room and put on the tables. With respect to key topics, WholeSale Inc. only gave one EE provider, ESSAD,[2] a full mandate to train its white collar staff across Europe.

The new training request for sales experts

In November 2013, WholeSale Inc. asked its key EE provider ESSAD to design and implement a European training initiative for 180 sales experts. WholeSale Inc. was not happy with the sales performance at that time. Not only was there pressure from shareholders to constantly deliver more dividends but also the top management had a profit-oriented incentive scheme. Neither the shareholders nor top management made a secret about maximizing their returns and pay.

Simultaneously, many of the firm markets, although not all by far, nor all segments within the product portfolio, were growing. There was a perception among the senior leaders that WholeSale Inc. was not benefiting from these market opportunities. Sales experts were supposed to attend a next generation sales program, in which they would learn a new centrally coordinated way of selling that would be standardized across Europe. They were the lowest of three hierarchical levels and reported to sales managers, who in turn reported to regional or national sales directors.

WholeSale Inc. had asked ESSAD to design a new way of selling for WholeSale Inc., which would be rolled out across Europe with the help of this training program. WholeSale Inc. expected that any training initiative for its experienced staff members would be EE, particularly because some of them would be future sales managers and directors.

From previously commissioned programs, ESSAD and its director Mr. C knew that WholeSale Inc. was very numbers driven. ESSAD realized that in the future it would have to prove to the board and other senior leaders of WholeSale Inc. that the EE program had provided expected returns on investment. ESSAD thus decided to analyze the situation thoroughly to enable a strictly tailored sales program for the subsequent roll-out across Europe. After all, training 180 program participants in several linked modules would provide a significant amount of income for ESSAD.

The analysis phase of EE needs and current sales practices, for which WholeSale Inc. would pay, the program design phase, and implementation phase meant that many multi-million Euro returns were beckoning on ESSAD's horizon. ESSAD knew that their training of sales experts would open up further opportunities to either train them in other topics later on, or would lead to organizational development consultancy opportunities once trusted relationships emerged. Established contacts were substantially more attractive than acquiring new ones. In this regard, EE did not differ from other industries.

In order to determine the program details, Mr. C decided to interview key program participants and their supervisors. All program participants were surveyed quantitatively regarding perceived training needs and the context in which they needed to excel. They rated challenges, skills, and future potentials to tap based on five-point Likert-scales.

Results of the initial analysis

After speaking to sales directors, managers, and experts, and scrutinizing the survey results, Mr. C realized that the problems with WholeSale Inc.'s sales teams were bigger than expected. These sales experts suffered from a variety of parallel issues.

First of all, it was revealed that they had little knowledge what the company strategy was. Since there were frequent turnovers in the CEO and the top management, ideas and winning recipes came and went, leading to confusion.

Second, there was a big gap between what the sales experts felt was needed (more service as a key differentiator in order to enable closer relationships with the customer) and what the top management felt (price-based competition, the latest professional selling techniques such as social media based selling, but avoiding moving into relationship marketing – a concept which called for a shift away from product-price combination towards building strong bonds with clients).

Third, there was a lack of resources to fulfill targets, which had also been evident in previously ignored training. These previous sessions had been infrequent, half-hearted, often cancelled at the last minute to avoid staff losing opportunities due to attending training. The skills required were also insufficient. This became apparent, for example, when one sales expert negotiated himself into a dangerous position: the price he had agreed upon with a large customer was so low that if the deal had actually been closed, WholeSale Inc. would have lost money. In addition, if the client defected and simply ordered from local suppliers, substantial sales volumes would also be lost. Further, this sales expert would probably be fired. For weeks he did not communicate this fear to his superiors due to fear of losing his job and ending up without a survival income. Mistakes were not tolerated at WholeSale Inc.

Fourth, performance pressure was increasing all the time. Nothing was ever good enough, but there was no form of performance coaching. The sales experts did not have time to breathe or to recover from periods of peak workloads. When closing a good deal, the performance delivered through it became the new normal. If equally sensational new deals did not materialize, the sales experts were believed to be lazy, complacent, untrustworthy, and in need of more pressure. New initiatives were added at all times, while none of the older ones were abandoned. Priorities were frequently changed depending on what the sales managers and directors thought would be trendy that week or month. In turn, the upper management was perceived to be refusing to provide help and lacked appreciation of what had been achieved. Those sales experts who could no longer stand it left as swiftly as possible.

Fifth, the general dynamism (see Bruch and Vogel, 2011) with which the staff members in sales tackled matters was a tremendous cause for concern. Figure 7.1 summarizes the distribution of the staff members across four essential groups. Among sales experts, hardly anyone was passionate about what they did, but higher up in the sales organization there was true passion.

ESSAD's designated program director, Mr. C, understood why there was friction in the sales organization, why their innovativeness was less than expected, and why most people shied away from further initiatives and change. A substantial share of 40 percent of these sales experts experienced strong disengagement at work. WholeSale Inc. was probably not the only large company with such challenges. Yet, when it came to enhancing sales performance there were major impediments to change.
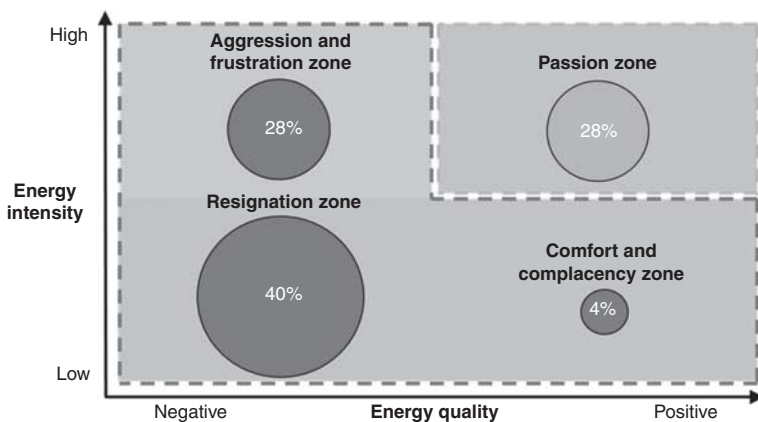
Figure 7.1   Distribution of sales staff members across energy groups

ESSAD's reaction

On the basis of the interviews and results of the quantitative surveys Mr. C had conducted, he concluded that WholeSale Inc. did not primarily need sales training for the sales experts to push them towards even higher sales targets.

With a focus merely on latest sales techniques and without some corresponding change within the European sales organization, it was unlikely that sales experts would be re-energized and thus leave the resignation zone. Representatives of this group needed a different kind of leadership. The same held true for all employees suffering from too much aggression and frustration, but also for those in the comfort zone. Merely offering and implementing a sales technique training would not fix the root causes of the disappointing sales performance across Europe.

Mr. C thus decided to offer a holistic EE program, which would include but not be exclusively centered on the latest sales techniques only for sales executives, in addition to a transformational leadership program for sales managers and directors, which would in turn set the stage for a high performance sales organization.

Transformational leadership programs enhance performance of participants by presenting positive, inspiring role models, higher levels of caring for all individuals equally, promoting a working atmosphere in stark contrast to the existing one, and ensuring more trust, as necessary conditions to motivate people to move to the passion zone work level shown in Figure 7.1.

It was clear for Mr. C that respect for human dignity was not well developed in WholeSale Inc.'s sales departments and needed improvement. The individuals did not really matter. They were treated as human resources and their output had to be maximized. Mr. C could present studies and experiences from other clients where such transformational leadership programs had actually led to the desired outcomes to WholeSale Inc.'s sales directors.

The Litmus test for ESSAD

To Mr. C's surprise, the sales directors of WholeSale Inc. voted against the program proposal, requesting nothing but a sales technique program. They thought highly of their work, assumed that the lower levels would always complain anyway, and referred to the times when they themselves were at that level, working long and intense hours. They ignored the statistics and the idea that they themselves would have to receive EE. If at all, the sales experts had to first demonstrate a different attitude and better performance to deserve their better supervision.

This boiled down to a litmus test for Mr. C. Would he be willing – in the aftermath of the financial crisis – to forgo sales and profits as no program that made sense could be delivered, or would he cave in and merely be customer oriented? The latter meant that he would contribute to perpetuating

non-humanistic working conditions and to the overarching problem at WholeSale Inc.'s sales department not being resolved.

Mr. C took a decision that many other business schools and EE institutions would have rejected. Based on his analysis and needs assessment, he offered WholeSale Inc. a comprehensive leadership and organization transformation program that was required to increase productivity and promote sales. Only a holistic program made sense. ESSAD's doors would always be open to WholeSale Inc. if they were interested in fundamentally revamping their sales department. Nine months later, during a regular customer relationship call, he learned that another supplier had sold Training Inc. a simplistic sales technique program, which time showed, did not improve sales. The staff turnover at WholeSale Inc. continued to be high in the sales department.

The need for a new success measurement system

The above mentioned case and litmus test lead to the question: *Do business enterprises know how to assess organizational needs and evaluate program results that lead to business success and sustainability?* The best established way to date has been the Kirkpatrick-Phillips way (Phillips, 2011), which scrutinizes the five impact layers of EE:

1. Rigorous and consistent assessment of level of satisfaction of program participants, measured with the well-known Likert scale (or smiley face surveys) at the end of each program.
2. Effective methods to assess program outcome and participants' learning, which is measured through the assessment of performance improvement and improvement in organizational climate.
3. Impact, which refers to the degree to which participants apply program contents and lessons in their jobs.
4. Systematic assessment of business outcome and results, measured as the impact that the implementation of the training programs has on the business.
5. Return on investment of the training beyond the partly qualitative and partly quantitative results mentioned under 4.

This chapter suggests that there might well be space for a sixth layer to depict EE's success. This sixth layer ought to measure the degree to which the client of an EE institution responsibly transformed clients beyond original expectations, beyond narrow pre-defined program goals specified in requests for proposals and beyond the even narrower return on investment figure.

This relates primarily to non-financial, more humanism aspects of normative management, since the return on investment is already considered in the measurement framework. Responsibly developing clients beyond their

Table 7.1   Key questions for EE's success

Level	Key Questions
Level 1	Did the learners enjoy the training?
Level 2	Did knowledge transfer occur?
Level 3	Did learners' behavior change as a result of the training and with regard to the original specifications in the request for proposal?
Level 4	Did the training have a measurable impact on performance improvement as understood in the original specifications?
Level 5	Did the training generated investment provide a positive return on investment?
Level 6	Did the EE provider holistically develop the client beyond the narrow specifications? In particular, did humanistic assumptions, values, and practices improve beyond regular the mere functionalist purpose of the training?

Source: Kirkpatrick-Phillips model expanded by authors.

original specifications could refer to improved working conditions, receiving appreciation, experiencing inspiration, and more realistic resource endowments to actually achieve goals. While the return on investment is a clearly established figure, humanism in business is a broader variable, which might not be easy, and which should not necessarily be ex ante pre-defined for all situations. It is an ideal vector construct: the more, the better, not an ideal point.

Humanism in business is contingent on what it can mean in a specific situation. This chapter thus argues in favor of an extension of the Kirkpatrick-Phillips model by adding a sixth question and detailing the preceding ones as shown in Table 7.1.

Conclusion

Signs of unsustainability in the world persist. Companies can be a crucial transmission belt towards better sustainable solutions. They might have to rely on EE providers to trigger needed innovation and far-reaching transformation than that entailed in original requests for proposals. This chapter with its propositional knowledge presents a case study and the structure of an assessment method to select human centered EE programs.

The described setup shows the accurate needs assessment of an EE provider that allowed designing a strategically feasible solution to solve the sales problems of a multinational company in Europe, but which realized it could not deliver an effective EE program if this were not based on the six levels of success outlined above.

EE providers are encouraged to reflect upon their roles in the light of this human centered business proposal. Are they mere service providers that

"obey" instructions based on executives' perceptions but not on statistical needs assessment and scientific evidence? Or can EE providers add value to business enterprises providing scientific and statistical evidence required to make human centered high rates of return on investment? They truly co-create success and in an increasing number of cases this means driving their customer towards innovative EE programs. This chapter takes a clear stance on these questions and much needed debate.

Notes

1. The name of the company has been disguised. The presented dilemma and observed pattern, however, remain unchanged.
2. The name has also been disguised.

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8
Innovation in Sustainable Development and Management Education in India

Subhasis Ray

Introduction

While India tries to balance economic growth with inclusive development, Indian businesses are facing unprecedented challenges to comply with government regulations and civic society responsibilities.

The need for land acquisition to develop industries is creating increasing tension around the process and procedures, in terms of fair compensation for those displaced and adequate actions for resettlement and rehabilitation (R&R) of displaced people.

The Indian government is implementing regulations and guidelines aimed to ensure community development and long-term sustainability for industrial projects that impact the population. Two new regulations have particular relevance: the Land Acquisition, Resettlement and Rehabilitation (LARR) Bill and the mandatory guideline on corporate social responsibility (CSR) for public sector companies. The new regulations aimed to ensure sustainable industrial and social development are creating emerging challenges related to knowledge capacity and delivery that concern stakeholders. This is largely because there are a few educational programs in India specialized to train leaders and managers on various aspects of R&R and CSR.

An Indian public sector company, IHPC Ltd (acronym/name changed for reasons of confidentiality), with a long history of environmental protests and legal battle around its hydro-power projects in the Himalayas, sensed the need for long-term training in knowledge building of its executives. The company hired Xavier Institute of Management Bhubaneswar (XIMB), a leading Indian business school run by the Orissa Jesuit Society, to develop a one-year program on management for resettlement, rehabilitation and corporate social responsibility (MRRCSR).

The first Indian course specialized in MRRCSR started in November 2010 at XIMB and ended successfully in September 2011.

The objective of this study is to assess the impact of the drivers, processes, and principles behind the design, development, and delivery of this program, and the lessons learned have potential to help other Indian corporations and academia.

The chapter is organized in seven sections. The first section explains the relevance of this initiative in relation to the social and economic context in India, the organizational context of the teaching institution and the public sector organization. The second section presents a review of the literature and existing discourses on sustainability and business education. The third section discusses the methodology used in this study. The fourth section discusses course details. The fifth section discusses program details. The sixth section is focused on key findings of this initiative. The seventh section addresses limitations of the study. The concluding section summarizes findings, discusses limitations, elaborates on learning, and provides possible guidelines for future research.

Relevance

The relevance of this study comes from uniqueness and context. The course was conceptualized in mid-May 2010, at a time when India was implementing the first mandatory CSR guidelines for public sector companies (April, 2010). The guidelines asked public sector organizations to contribute 2 percent of their net annual profit to CSR-related projects. The focus was not only to promote the idea of CSR but also to use a systematic strategy to foster community development. India was the first country in the world to attempt such a mandatory approach to CSR and these guidelines need to be analyzed within the context of the Indian government's goal for inclusive development.

To foster economic growth in India will require intensive use of land to develop projects in the steel, power, ports, roads, mining, and other industries. Land acquisition to expand industrialization in habitable and farm lands has proved to be increasingly problematic for industries, largely because families who live in those lands opposed giving up ancestral land ownership that has provided for them livelihood and identity for generations.

Legislation on land acquisition for industrial development, resettling and rehabilitating of project-displaced people is gaining considerable importance and the Indian government is focusing on modernization of a century-old regulation deploying new guidelines in the proposed LARR Bill 2011, which is set to be passed in the Indian parliament in 2015.

As a consequence of eventual changes in land acquisition, civil society protests related to R&R of displaced people are deterring a considerable amount of important large-scale industrial projects. For instance, Tata Motors was forced to abandon plans to manufacture low-cost cars (branded Nano) in Singur, West Bengal. South Korean steel company Posco's plan to

build India's largest steel plant in Orissa faced road blocks when affected villagers refused to give their land. Mining multinational Vedanta's plan to mine bauxite in the pristine Niyamgiri Hills drew flak from international stakeholders. These projects and protests are symbolic of the challenges to foster industrial development while ensuring social justice to the people losing land and livelihood as a consequence.

CSR has gained significant prominence as a model for "new governance" (Steurer, 2010) often facilitated by government guidelines and policies (DPE, 2010). R&R projects that affect people posed a challenge to corporate executives in terms of knowledge and best practice norms. CSR's role in sustainable development in India is clearly articulated in the Department of Public Enterprise Guideline.[1]

To support managers and executives training in the course on R&R and CSR, "Advanced Program in Management of R&R and CSR" was designed to help middle-level executives address an urgent need for knowledge and capacity building in areas of CSR and R&R.

As discussed above, knowledge of CSR and R&R is aimed to educate and make managers aware about stakeholders' needs as necessary condition to advance growth and sustainable development. To our knowledge, this is the first time a comprehensive one year executive education (EE) program was offered covering and linking two emerging and problematic issues in modern Indian industry. This EE initiative assumes relevance considering India's economic ambitions and the increasing global footprint of its organizations.

XIMB (www.ximb.ac.in) was founded by Orissa Jesuit Society in 1987 at the invitation of the Government of Orissa, a state in Eastern India. The institute was mentored by Xavier Labor Relations Institute, one of the oldest and best business schools in India. XIMB's motto was to connect business and society to ensure social justice and service with love and faith.[2] This humane face of the institute was reflected in its work in remote and poverty stricken areas of Orissa through different outreach programs. In the spirit of fostering sustainable development, XIMB agreed to undertake the challenge to conceptualize, design, and deliver the program on MRRCSR in 2010.

In 2013 the Government of Orissa, in consideration of XIMB's sterling performance in the last 26 years, allowed the Orissa Jesuit Society to set up Xavier University, the first Jesuit University in India.

Review of literature

Teaching sustainability in business schools is a relatively recent phenomenon. Top business schools in Europe and America have started integrating sustainability issues in the curriculum (Moon and Orlitzky, 2011) in different forms and formats. But generally speaking sustainability appears to be still less integrated in the business school curriculum (Wright and Bennett, 2011) and higher awareness is required to introduce it

using teaching methods like experiential learning or learning by doing (Christensen et al., 2007).

McKenna and Biloslavo (2011) argue that young managers need to understand global sustainability and its relation to economic sustainability interlinked with flourishing of human nature. Here lies the need to introduce sustainability in business school curriculum for a different kind of education that can stop degradation of social and natural resources. The ideological and theoretical approach to such integration or introduction of sustainability is contested. For some it is the "business case for sustainability" while others question if sustainability makes sense in the context of the capitalist model that traditional business school curriculum espouses (Springett, 2005). One way of theorizing such "education for sustainability" paradigms is to look at them through the lens of strong and weak sustainability (Tania and Lamberton, 2011).

Roome (2005) discusses course design and issues of teaching sustainability to students of an international program with a focus on supply chain management. Pesonen (2003) focuses on the challenge to integrate environmental sustainability in the business school curriculum in Finland including the importance of institutional commitment for these courses, understanding business implication of sustainability topics, and interdisciplinary approach in teaching, integrating sustainability issues across courses.

In terms of education, the main challenge is to help students understand the complexity and interconnections of sustainability issues (Kearins and Springett, 2003). Other issues involve the orientation of sustainability courses and how to translate such orientations into practical lessons and classroom exercises (Collins and Kearins, 2007). Gundlach and Zivnuska (2010) argue that an experiential learning approach can be more useful than traditional classroom lectures.

The review of existing literature shows that there is limited information on issues and challenges of teaching sustainability in business schools in developing economies like India. Every year, around 353,000 students enroll in more than 4,000 institutions offering graduate degree education in business and management in India. CSR and sustainability are yet to find a niche among the top tier Indian business schools.

Considering the growing need to embrace the paradigm of sustainability as a necessary condition to attain sustainable development, managers will benefit significantly in understanding how people, planet, and profit can be balanced in the pursuit of growth with progress and people well-being.

The challenges of teaching CSR/sustainability/sustainable development to *public sector* middle managers are significantly different given their *long exposure to business*. As they move on to take leadership roles in organizations, sustainability education is critical for such managers. It is here that this chapter contributes to the knowledge and understanding in the field and tries to inform institutions and actors involved in the process of

integrating CSR and sustainability issues in business schools in developing countries.

Methodology

This section discusses the methodology adopted in this chapter and the methodology of the program offered. A qualitative research approach was used to conduct this study following the best strategy "for discovery … exploring a new area" (Miles and Huberman, 1994). We use the case study methodology. Yin has defined it as "an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between object of study and context are not clearly evident" (Yin, 2013, pp. 13–14). Eisenhardt (1989, p. 534) says this methodology is appropriate where "the focus is to understand the dynamics present in single settings". It is found useful where "research and theory are at their early, formative stages" (Benbasat et al., 1987, p. 369). Our research is particularly amenable to this tool as sustainability education projects are new in India.

The current research is aimed to be practice oriented. The study is exploratory in nature and both R&R and CSR are evolving concepts in India. No literature exists on the challenges of designing and offering such a course.

The course was offered by the institute where this author works, so primary data sources were available at the institute and with program participants. The author was closely involved throughout the project as coordinator and faculty, teaching modules on CSR. To evaluate effectiveness of the course/module participants were asked to (i) reply to a structured feedback form designed by the institute at the end of the each module, (ii) write how their learning compared with current approaches in IHPC, and (iii) give suggestions for module/course improvement. They were also asked to draw pictures to depict their state of mind, before and after the course, following the soft system methodology of "rich pictures".[3] Senior managers of IHPC and course administrators from XIMB were interviewed to evaluate the impact and effectiveness of the course.

Course details

Given India and China's rates of population growth, as developing countries both present high potential to have increasing impact in the global economy. Therefore business schools in these nations have a critical role and responsibility for the education and training of present and future business leaders and managers on issues related to sustainable development and inclusive society.

Issues related to land acquisition and displacement need immediate attention to fairly compensate displaced people and ensure R&R to land losers.

On the CSR front, the government's guideline requires public sector companies to undertake responsibility for an increasingly structured professional approach to community development using reliable pilot studies to assure successful deployment of baseline surveys, planning, implementation, monitoring, and evaluation. This need requires immediate capacity building efforts for managers in R&R and CSR in the public sector in India.

IHPC developed the MRRCSR program to educate a cadre of managers sensitive to the need to integrate social and environmental issues with business operations and strategy.

After visiting many educational institutes in India, the public entity IHPC approached XIMB with the purpose to request the design of a program to train sustainability oriented leaders for the company. While the regulatory context demanded more concerted action from Indian companies, IHPC went beyond compliance in line with the company's future strategy to expand operations, go international, and possibly diversify operation (to thermal power generation, for example). IHPC was clear that the MRRCSR program would be unique in terms of quality. The organization shared and discussed issues related to program design and delivery and became closely involved in the process to complete course design and select contents.

Curriculum: The courses included in curriculum were designed in consultation with IHPC, maintaining the company objective in the development of middle management leadership well versed in issues related to R&R and CSR. The EE program was planned for one year with class sessions during seven months and five months for projects, field work, and self-study.

The curriculum included the following seven modules: (1) understanding development and displacement; (2) community mobilization and participation for sustainable R&R projects; (3) planning for R&R; (4) implementation, monitoring, and evaluation of projects; (5) leadership and team building for effective management of R&R projects; and (6) two modules on CSR (Table 8.1).

Based on the suggestion of the IHPC management, two basic non-credit courses on effective communication skills and information technology were added in the first module.

Program

Participants: IHPC selected 16 middle managers to participate in the program. The participants were drawn from different functional areas including human resources, civil engineering, legal, and social works. Their level was middle management and average age was 45 years. Most had over ten years of experience working at IHPC, and 14 had never travelled beyond the state where they lived. All received special paid leave for one year to attend the program. During the sensitization training for the course, which was held at

Table 8.1 Curriculum outline

Module 1: Understanding development and displacement
Analysis and understanding of rural households, society, and their economy
Development vs. displacement
Laws, legal issues, and practices of land acquisition and compensation
Effects of displacement of vulnerable groups of people
Impoverishment risk reconstruction model
Assessment of impoverishment risk – socioeconomic survey
Participatory rural appraisal
Goals and objectives of R&R policy and practice
Understanding community resistance

Module 2: Community mobilization and institution building
Definition and dimension of community
Community mobilizers
Facilitation in community
Institution building
Publicity and public relations
Formulating media strategy

Module 3: Planning for R&R
Decentralized, multi-stage, multi-level planning
Micro-level planning
Planning process with stakeholders
Sector specific planning
Settlement and spatial plan
Planning for social development
Monitoring and evaluation

Module 4: R&R projects issues and challenges
History of land acquisition legislation
Consent award and land acquisition bill 2007
Politics, NGOs, protests in land acquisition
R&R in India since 1947
Good practice principles
Project management principles
Human aspects of project management
Livelihood-stakeholders, finance, training
Participatory monitoring and evaluation

Module 5: Leadership and teambuilding
Creativity and innovation in managerial roles
Group dynamics and effectiveness
Leadership styles
Transformational leadership
Building high performance teams
Managing change
Emotional intelligence
Negotiation and conflict management

Module 6: CSR I
Ethics in business
CSR definition, standards, and concepts

Stakeholder theory, corporate governance
Sustainable development and sustainability
CSR policies
CSR ratings

Module 7: CSR II
ISO 26000
Defining metrics for social impact
Inclusive business models
Micro-finance and livelihood
CSR implementation, issues, challenges
CSR and climate change
Creating shared value
Global reporting initiative

Source: Author.

the company headquarters, many participants showed apprehension about the year-long program for family concerns.

Online classes were excluded for lack of technical infrastructure at IHPC. To address the family-related concerns IHPC decided to let participants attend four modules of the program at XIMB and three modules at the IHPC headquarters in North India.

Faculty: Program instructors were from XIMB in the fields of economics, organizational behavior, marketing, rural management, and operations management. The interdisciplinary nature of the program required a blend of disciplines and instructors' expertise. Since the scope of R&R and CSR was comprehensive and practice based, a large number of guest lectures were arranged inviting people from government, NGOs, and business corporations to present diverse management scopes and develop problem-solving skills of the participants based on practical issues presented by guest lecturers and practitioners.

Teaching Methodology: A mix of teaching methods was used along the duration of the program and based on content depth and background of the participants. The focus was experiential learning in line with practices adopted by top global business schools (Christensen et al., 2007). Lectures were used to present theoretical contents. Case studies were included to analyze in-depth issues and highlight the complexity and connections between the firm mission and strategies in relation to social investments. Films were used to illustrate execution problems of government projects in India. Participants visited companies in different industries and sectors to prepare field trip reports as part of the course performance assessment.

Evaluation and Feedback: IHPC agreed to follow XIMB's academic policy manual for the duration of the program. Nonetheless, at the end of the program there was considerable discussion on participants' grade issues and

how to convert students' grades to standards compatible with IHPC annual appraisal. Finally it was left to the company to interpret the grades in a manner suitable to them.

XIMB collected participants' feedback at the end of each module using a questionnaire. At the end of the program, a comprehensive questionnaire surveyed general assessment. In addition to courses and program, assessment questionnaires, participants had to draw pictures to express their feelings before and after the program. This methodology helped to confirm thoughts and feelings at the beginning as a group and at the end, when they individually expressed their feeling in a drawing. The use of rich picture methodology helps students express thoughts and experiences.

Findings

The findings of the study are assessed from four dimensions: course, participants, IHPC and XIMB, and two main themes: academic and administrative. This chapter is focused mainly on academic aspects and organizational issues are discussed where relevant.

a. Program findings and limitations: This program was the first of its kind in India therefore the nomenclature was the first issue. While the program was named as "Advanced Certificate Program in MRRCSR", IHPC and participants wanted to include the word "diploma" but this was not possible given the existing accreditation system in India. XIMB, an autonomous institution, can offer a diploma of its own. And getting a new program accredited by the regulatory agency is a long and cumbersome bureaucratic process in India. This was a major issue from the beginning until the end of the program because it had implications for promotion of these managers as IHPC policy requires executives to have a postgraduate qualification in order to be eligible for promotion.

Finally, the title "One year postgraduate program in MRRCSR" was agreed upon to satisfy IHPC's human resource policy. In the future, the newly formed Xavier University will be allowed to give a diploma for similar programs as per norms of private universities in India.

b. Program design: First, two important factors influenced the program design: a practical focus and the length of time of classroom sessions executives had to attend. To address practical focus the program was divided in seven modules (detailed in Table 8.1). The program length was divided into seven months for attending classes at XIMB for four modules, and five months at IHPC headquarters for three modules to facilitate participants to spend more time with their family. Second, the relative balance between the two main components R&R and CSR was discussed and decided. Third, since the program was new not much academic debate took place to decide structure and contents of the modules and a brief meeting was sufficient to get consensus on the topics.

c. The participants: They came from different functional areas, so initial bonding among participants took some time. Inherent organizational hierarchy continued to play an important role among participants that was evident in their discussions and work style. This dynamics was more obvious during group exercises and field work, but barriers significantly decreased towards the end of the program.

A comparison of rich pictures drawn by participants before and after the program demonstrated fundamental improvement in the way they assessed issues of R&R and CSR.

At the end of the program participants understood the developmental challenges in rural and urban places and the need for inclusive development and empowerment through R&R and CSR. Rich picture analysis showed improvement in perception among all participants in empowerment and development in multiple pictures. XIMB was shown as a change driver and improvement agent in many pictures.

d. Participating organization: IHPC is a public sector company with a long history of protests over one of its biggest projects, to build a hydroelectric power plant in the Himalayas. This antecedent ignited the need to find a comprehensive program to train 16 middle managers and provide them paid leave for a year, which implied a significant investment in leadership and management development manpower. Given the fact that program participants lived far from the XIMB program provider, IHPC solicited to deliver part of the one year program at XIMB University and another part by the instructors at IHPC headquarters.

The program was originally promoted by one of the general managers, but XIMB did not perceive much support or expedite communications from top management, apart from program approval. XIMB felt that continuous communication and regular meetings would have contributed and facilitated development and learned that such agenda will be helpful to deliver similar education initiatives in future.

The program providers assessed that the selection criteria of participants was not communicated to all participants, which caused some sort of initial resentment. Nonetheless, it is rare to find much commitment to educate sustainability focused leaders among Indian corporates in both the public and private sector.

e. Teaching organization: The main challenges for the teaching organization, XIMB, were the following: to define, design, and deliver this new program from scratch. A core team of three faculty members was formed gathering expertise in R&R, CSR, and development studies, to coordinate the program and decide on contents and schedule. Enforcing quality standards based on existing XIMB policy manual was another challenge. Additionally, not much literature in the Indian context was found, so the teaching organization had to rely on internal resources to create contents. This involved using the experience of faculty members in different

consulting projects, their network of stakeholders, and course materials they had developed.

Funding was a significant challenge for the teaching organization. The project was undertaken as part of XIMB's commitment to expedite stronger connections between business and society, so it was executed on a cost basis. Faculty members agreed to be paid half their salaries to teach sessions in the program. The lesson learned here is that unless client organizations pay full price to cover all expenses of program development and delivery costs of executive programs it will be not feasible to replicate in future. An alternative is to offer and sell shorter courses or programs.

After this program was delivered, XIMB has not offered this or similar programs. One of the core team members, expert in R&R, went on leave for a year for medical reasons.

Later on, a change of leadership (new director) and vision (getting a university status) implied that the effort put in the program remained fully leveraged. However, initial discussions have started between XIMB and IHPC to have a refresher course for the participants in 2015.

To summarize, a human centered EE program in India faces numerous challenges including teaching organization, client organization, students, and program-related issues.

Yet, the program achieved its goal of educating middle managers of the public company IHPC on the value of being humanistic and socially responsible and the program participants valued learning about CSR and R&R projects run by other companies, like Tata Steel.

To make programs like this sustainable requires top management support as well as strong industry-academia collaboration to jointly develop contents and case studies of best practices. Innovative teaching methods will be required along with customized courses on information technology and communication skills. Short-term training programs could be useful for executives who cannot take long breaks from work.

Limitation

While the findings of this chapter add to the understanding of mainstreaming sustainability education in business schools, it has limitations. The author's views are based on subjective understanding of the issue and may vary from his colleagues and other stakeholders. However, the author was involved in this project from the beginning and is in a position to assess effectiveness and constraints in the dynamics of running a program.

The case describes the experiences of the stakeholders involved in the MRRCSR. The description is based on perceptions of the educational institute that offered the program as well as the program participants, who were 16 middle managers of a public sector company.

This program assessment could not include the perceptions of people in the communities adjacent to the company's projects and neither that of senior officials, a major shortcoming as a learning experience.

The discussion of issues and challenges related to sustainability education in a business school in India suggests that these institutional issues may be very different from regular MBA programs which have, among other things, a younger student population and profile.

A longitudinal study on the impact of the program could provide more comprehensive assessment of impact and results, for the analysis presented here is considered a baseline for future studies.

Conclusion

This chapter documents the issues of creating sustainability centered programs in India and the challenges associated with delivering human centered management for EE to expand capacity building. The MRRCSR program was successful in terms of delivering the main objectives. However, such programs need to grow in number and improve in quality increasing collaboration between the productive sector and academia.

Indian business schools need to be proactive to create courses for industries and be efficient financing these projects to make them sustainable. This will require leadership support in all institutions. Indian industry will benefit from customized EE programs in R&R and CSR, as mainstream concepts in the business discourses at national and global level.

More projects will need to address and solve social and environmental hurdles. And this can be accomplished when executives and managers improve their social skills to attain human based sustainability.

Educating managers in human centered management principles and practices are essential to help companies increase productivity and become competitive in local and global markets and in turn contribute to strengthen the well-being of people and society. This implies a national commitment to invest in people and human capital to develop an inclusive cadre of leaders and managers sensitive and aware of people needs and the benefits of sustainable development.

Sustainability and CSR are dynamic fields with new concepts and models getting tested by industries. Increasing regulation requires companies and managers to be cognizant of the issues and challenges while developing their R&R and CSR strategies. These will require dedicated, customized effort on the part of Indian business schools to develop strategies to collaborate effectively with business leaders. As a leading Indian Jesuit business school committed to the ideal of social justice, XIMB is well poised to take up this challenge of connecting business and society through cutting-edge sustainability education in a business school environment.

Notes

1. www.dpe.nic.in
2. http://w3.ximb.ac.in/about-us/vision-mission Accessed on January 14, 2015.
3. Rich picture is a pictorial depiction of one's experience or perception of a given problem. Participants are asked to describe with a drawing their feelings about the program. The first sets of drawings were drawn in October 2010 and the second after the program completion in October 2011.

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9

Training in Public Administration for Globalization and a Knowledge-Based Society with a Humanistic Orientation

Eugenijus Chlivickas and Borisas Melnikas

Introduction

To provide adequate national environment to strengthen the knowledge society, it is critical to foster change in all spheres of social and economic life aiming to develop cultural, scientific, and technological progress to reap the benefits of globalization.

Globalization and the knowledge society are changing managerial activities. While some features of management are gaining significance, such as quality management and efficient decision making, improvement in practical areas, such as modernizing management and systems, remains pending challenges for contemporary societies. And among the most important pending issues is the training of people to open opportunities for them and their contribution to improve society.

Awareness about the importance to improve the educational level of people raises the following concerns: Are public governance, public management, and administration specialists, and civil servants in general – and their education and knowledge – adequate to meet the challenges of a fast-developing modern society like Lithuania? Moreover, is the public workforce prepared to adapt promptly and effectively to new conditions posted by globalization to the knowledge society? Can public management make a positive impact to foster social, economic, and technological development? And finally, are public administration studies and public servant training programs and systems focused on humanistic values aligned with contemporary challenges and the needs of people?

These are some of the questions discussed by scholars and practitioners and which are supported by an increasing amount of research in globalization processes and European integration. Resolving these questions is fundamental to advance the knowledge society.

The first part of this chapter discusses the early stages in the development process of the public sector in Lithuania. This is followed by critical reflections on outcomes and conclusions with recommendations for improvement. The main focus here is on the development of the people who work in the public sector, especially in the context of contemporary challenges for the implementation of humanistic values.

Education for development

Several strategic decisions are essential to foster social and economic development in a developing country. Emphasis must be mainly on education, because educating professionals has a significant influence on general, social, and economic development and the overall development of the state. This aspect is significant in the contemporary conditions of Eastern and Central Europe.

Before implementing an educational program, the social trends that prevail in the public sector in Eastern and Central Europe must be assessed and analyzed with methodologically sound proposals to improve the system. The process provides necessary conditions to improve the efficiency of public service and enhance the national capacity to gain competitiveness in global markets, where the development of human resource is crucial (Barabashev and Chlivickas, 2004; Boldrin and Canova, 2001; Bryson, 1995; Chlivickas and Smaliukiene, 2009; Melnikas and Chlivickas, 2005; Melnikas and Reichelt, 2004).

The broad spectrum of methodologies for improving people's capabilities shows that there is more than one approach to professionalize the workforce in the public sector of Eastern and Central Europe. Choosing the most "rational" variant is not easy, however, since experience in various Eastern and Central European countries, for example in Lithuania, suggests that it is always possible to choose one method that appears suitable and then adapt it (Chlivickas, 2003, 2005, 2006; Chlivickas and Barabashev, 2003; Melnikas, 1997, 1999).

The authors actively participated in and were part of a group of experts who designed a methodology for the development of human resource for the public sector of Lithuania (Chlivickas and Melnikas, 2010). The methodology used includes five groups of goals and objectives.

Goals and objectives that make up the *first* group aim to improve the public sector system rationalizing the structure of public management, institutions and modernizing organizations.

- The main goal is to design a new model of public sector institutions to improve the institutions and set out principles that help rationalize the distribution of tasks and functions between the public and private sectors.

- Another goal is to improve the result-orientation in management processes, focusing specifically on output and outcome. This includes improving the methodology of strategic planning in public sector institutions, regulating the activities of public sector employees and decision-making procedures, and streamlining decision-making and diminishing the administrative burden that exists in the public sector.
- Special programs have been designed to train the public sector in order to enhance administrative capacities and develop public relations to ensure that decisions are transparent and well grounded to create a cooperative atmosphere based on principles of democracy and partnership. Public governance is considering the deployment of quality management methods to help public agencies improve their services to the people.

The *second* block of goals and objectives is aimed at improving the framework and functioning of regional government agencies. This has to be achieved through deconcentration and decentralization. This means that organizational, economic, legal, and other conditions have to be created assuring these are reliable, stable, and trusted.

- Central government bodies will have to decentralize some functions, and responsibilities will have to be divided between state (central) government bodies and local government bodies (municipalities).
- Territorial government has to be improved: a model of regional government has to be created that will allow democratizing the regional government in line with EU requirements. A meaningful side-effect will be that public service is delivered in closer proximity to its constituents, where people-to-people relations matter (and, consequently, human-centered comportment will show instantaneous effects).

The *third* group of goals and objectives is targeted at developing the local self-government, which is beneficial for the citizens and the state. The aim is to ensure an effective government that will create preconditions for greater independence of municipalities in terms of actions and finances and for more efficient management of actions and finances. Municipalities will be expected to plan their activities in accordance with the long-term strategy that will incorporate financial and other indicators of regional, social, and economic development of all sectors of economy, culture, and social life, as well as indicators of ecological changes in the regional system. Also, this group aims to enhance administrative capacities of internal auditors.

Public sector employee training and qualification improvement within the new programs would ensure transparent and efficient processes of distant public services in municipalities and at the state level.

The *fourth* group of goals and objectives of the public administration strategy concerns enhancing the civil service administrative capacity and

improving the image of public sector employees. This part of the strategy is designed to provide systematic, relevant and diligent training to public sector employees, based on new guidelines for training and adequate methods for enhancing employee capabilities as well as training in quality improvement of the services provided by the public sector. Until recently, public employee training in countries of Eastern and Central Europe lacked a systematic character – there was neither a national nor an adopted (based on the best practice of other countries) quality training system.

With the initial stage of the new training system based on the design of training guidelines, modern ways and methods for enhancement and improvement are expected to take place. In the next stage, training priorities will be formulated and priority groups of public employees will be identified for the next five years.

The *fifth* group of strategic goals and objectives deals with improving accessibility and service delivery by public administration institutions based on better exploitation of information technologies. The aim is to increase efficiency and transparency of public administration decisions and use safe information technologies to deliver public services.

An assessment of the development and implementation process of the new strategy for public administration in Lithuania suggests that its goals and objectives are similar to those in other countries of Eastern and Central Europe (Chlivickas, 2003; Clivickas and Raipa, 2004; Cohedent and Stojak, 2005; Hayo and Seifert, 2003; Kotler and Andreasen, 2007; Tompson and Stricjkland, 2003; Winer, 2007).

From the perspective of the human resource system, the goals and objectives are closely oriented toward development of separate components rather than the creation of a whole system. What remains to be done is to conceive interfaces between the elements of the system to build systematic approaches (Melnikas, 2002, 2008a, 2011b, 2013; Plattoni, 2010).

Additionally, there is another block of goals and objectives representing humanistic values and orientations in the spheres of public governance, public management, and administration in general, as well as bringing new ideas to public administration and the civil servant training system. With these humanistic values and orientations, an effective change of public governance, public management, and administration in general will arise, and the path will be prepared toward a knowledge-based society under the conditions of globalization (Huseman and Godman, 1999; Melnikas and Reichelt, 2004; Munasinghe et al., 2001; Sangmon, 2002; Tomlinson, 2002).

Future challenges

All the blocks of goals and objectives are important and cover a wide range of aspects. However, they do not integrate a cohesive multi-stage system of goals. Each of them pays attention to separate elements of the human resource system, but there is neither enough horizontal coordination

between them nor enough vertical coordination. There is no practice yet of assigning tasks to institutions and other executive bodies. Only when this task is accomplished and put into place will the preconditions for achievement of formulated tasks and goals be set.

Additionally, the goals still need to be ranked according to importance and aligned in a calendar. For these reasons, it may be assumed that some goals are still a declaration of intent and the human resource elements are still dispersed.

Civil servant training and initiation of training programmes are included in every block of goals and objectives, but there are components of the system which are a critical condition for the successful functioning of the program.

Research findings on improvement of public governance and public administration in Lithuania in the context of European integration suggest that further advances are needed in line with the general goals of public administration reform and the conception of the state institution image and human resource management in general (Modernus viešasis valdymas, 2012).

International experience shows that countries of Eastern and Central Europe face similar problems in this area (Chlivickas and Melnikas, 2011; Chlivickas and Paliulis, 2004a, 2004b; Hofbauer, 2003; Lieven, 1995; Melnikas, 2008, 2010, 2011, 2013; Politische und ökonomische Transformation in Osteuropa, 2010; Redding and Venables, 2004). It is, therefore, believed that a methodologically grounded and practically approved proposal like the one to be elaborated for Lithuania can be successfully applied across the region of Eastern and Central Europe (Hofbauer, 2003; Melnikas, 2002, 2013, 2014; Wiener and Diez, 2009).

Human resource development and improvement of public governance, public management, and administration will increasingly determine the countries' social and economic development and global competitiveness. Hence, the strategies and strategic decisions for these improvements must be coordinated with a common structure of human resource development, where civil servant training constitutes a prominent area given the service they provide to the general public.

The humanistic aspect of this project cannot be overstated. Civil servants deliver public service on an individual basis, so their communicative skills, technical skills, and capacity to deal effectively to solve the needs of the people they serve are critical to attain expected results.

Effective communication is the centerpiece of "people skills" for public managers. There is a further aspect to this: "If we take performance and feedback as quintessentially a communication process that is defined by the act of giving and receiving information, then this is the area where the people skills of public managers can make an (outstanding) contribution" (Schmidtchen, 2014, p. 1).

Proposal for public administration development and improvement

The importance of the development of public administration specialist system in the present situation is determined by the following important conditions:

- Public administration specialists' decisions and performance have an increasing impact on new directions and priorities for social, economic, political, scientific, and technological development.
- Public administration specialists are a link between people and society on the one hand, and technical and other systems on the other.
- Public administration specialists' decisions and actions have growing impact on the interaction between people and society and biological, technical, information and other environments and significantly affect the potential to use modern means of automatization, robotization, computerization, and information technologies.
- Public administration specialists' performance is critical for globalization and internationalization of economic, social, cultural, informational, scientific, and technological development.
- Elements of integration are inherent to the public administration specialists' professional activity and are a twofold expression.
- Public administration specialists' performance is always oriented to other people or organizations.
- Public administration specialist activity is a combination of knowledge, intensive activities, skills, and experiences of a different character.

Elements of integration inherent to public administration specialists' performance show that synergetic effects are required to fulfill their functions. In view of the rapidly growing importance of synergies in modern societies, the development and improvement of the public administration specialist becomes a means of increasing the potential of synergetic effects formation (Currie, 2000; David and Foray, 2002; Farnsworth, 2005; Goeransson and Soederberg, 2005; Hunt, 2000; Melnikas, 2011, 2013; Olsen and Osmundsen, 2003).

There are many *specific characteristics* of public administration specialist development in various countries and under various conditions. Among the *problems* related to *the content of public administration specialist development,* first and foremost comes inadequate interconnectedness of the various development topics that may lead to the following challenges:

- Theoretical education (providing and acquiring theoretical knowledge) is not well balanced with practical training (providing and gaining knowledge necessary to develop practical skills and competencies) and may

lack necessary alignment between technical and humanistic components (raising morality, responsibility and spirituality, adequate development of physical qualities, and psychological and cultural orientations); due to improper specialization of the educators, the knowledge and skills are often not taught in a systematic manner.

- The content of educational programs is sometimes irrelevant to the individual's needs, inclinations, abilities, and values and often disconnected from requirements such as team decision making, teamwork, and tolerance of others' opinions, restricting the potential development of leaders and executors; it sometimes lacks independent orientation and responsibility.
- Education is inadequately linked to professional prospects of people and latest trends in economic and social development and progress in science and technology.
- Development is often insufficiently oriented to people's ability to be flexible, adapt to fast-changing environments, and adopt knowledge and skills necessary to face new situations. Contents of development programs often show inadequate emphasis on openness to deal with new tendencies of provinciality, superficiality, selfishness, and lack of tolerance.

A second group of problems relates to *technologies and organizational issues*. Here, the emphasis should be placed on technologies and methods applied to improve public administration specialist development which are contingent with requirements and the goals of development programs and contents. The main problems in this group are as follows:

- Insufficient flexibility in the application of educational technologies due to ignorance of the latest methodological and technical aids, communication tools, and advanced organizational models.
- Insufficient awareness of priorities of internationalization in public administration specialists' activities.
- Development technologies and organizational tools are not oriented toward people activities, independence, individual responsibility for results, and active participation in choosing adequate technologies.
- Developmental processes often lack consistency and continuity.
- Educational technologies and organizational tools do not consider sufficiently consistent succession of separate stages and continuity of the development processes throughout a person's life.
- Developmental processes often do not balance out innovations and continuity.

Problems related to the *operation of institutions and organizations* in public administration specialist development include the following:

- Irrational structure of the network (or networks) of institutions and organizations involved in public administration specialist development and lack of partnership between the institutions and organizations, lack of clear specializations, or irrelevance to real needs of life, society and state, and various public and business sectors.
- The people involved in public administration specialist development are not up-to-date in modern requirements. Pedagogical staff and science researchers lack competency; although the majority of the pedagogical staff and science workers satisfy the formal criteria, in terms of competencies, they fail to provide up-to-date training and development. Also, the institutions and organizations directly involved in public administration specialist development and other institutions and organizations do not interact, which results in inadequate feedback.
- Inadequate quality of the material resources of the institutions and organizations involved in public administration specialist development, witnessed by insufficient or non-existent laboratory equipment, library resources, office equipment, and properly equipped premises for studies and research work. This is often due to insufficient financing. The essence of the problem is that the criteria for funding the public administration specialist development are not oriented to meet the needs of the public, the state or the business sectors, and the funds allocated for specialist development programs are often diverted to unofficial groups seeking personal benefit.
- Inefficient management of the institutions and organizations involved in public administration specialist development, inefficient use of human, material, financial, and other resources, and inability to implement measures that would *really* enhance the quality of public administration specialist development (not just for one-time demonstration).

For remedying these deficiencies, it will not suffice to provide technical knowledge; each of the elements enumerated above has a soft skill perspective as well, and the inadequacies will be overcome by taking explicit account of a humanistic orientation.

Principles to improve public administration with a humanistic orientation

In view of the problems that affect contemporary societies and development priorities, the following definition of the public administration specialist development system may be considered universal: the public administration specialist development system is a totality of institutions and organizations working together in the same direction and aiming at development and enhancement of the properly qualified public administration specialists' potential relevant to the needs raised by growing scientific

and technological progress, internationalization of political, economic, and social development, knowledge-based society creation and globalization processes, and also by priorities of sustainable development, innovativeness, competitiveness, and sustained formation of capacities to deal with topical problems.

This definition implies important aspects of the public administration specialist development system which have to be addressed as follows:

- The totality of institutions and organizations working together must be united by one common goal, i.e. to develop the potential of public administration specialists.
- The system must be dynamic, i.e. the institutions and organizations involved are forward-looking and coordinate operations to allow for self-management and self-regulation.
- The education has to be oriented toward encouragement of specialists' abilities; on the one hand, the aim must be to adjust to the environment (public administration specialists are developed relevant to the needs), and on the other, to pursue a purposeful and active impact on the environment (public administration specialists are developed with a view to future needs and have to be able to take active part in changing economic and social situations, and encouraging scientific and technological progress. They also have to be innovative, creative, and competitive, and all these qualities demonstrate the continuity of the development system). This will enable the individuals who are trained and the society as a whole to achieve modernization: the high-quality human resources are developed to meet the challenges of globalization, a knowledge-based society, and economic and social internationalization.

Priorities of the public administration specialist development system must be set carefully with a holistic foundation based on three sets of principles:

- *Universal principles* for professional training applicable to the development of all specialists, including public administration and public management specialists, as outlined below.
- *Specific principles of local character* for the management and administration of specialist development.
- *Secondary principles* for the development of specific management and administration specialists in various areas of public administration.

The universal principles of specialist development deal with essential issues of establishment and enhancement (Grace and Butler, 2005) and define the top requirements for practical specialist development. They are as follows:

- The principle of orientation to priorities of humanism, democracy, knowledge-based society, and openness, which means that the purpose of each development system is to promote ideals and standards for each of these.
- The principle of competitiveness of the developmental systems and its products, which means that each developmental system is oriented to producing high-performing specialists and the system has the ability to adjust to latest requirements initiated by new challenges of life and processes of global economic, social, and technological development.
- The principle of prevention and adaptability, which means that the developmental systems aim at developing specialists who are able to adapt to new requirements and to deal skillfully with new problems; this includes innovativeness and creativity, which means that the specialist development system has to be oriented to promoting and developing innovative and creative potential.
- The principle of priority of morality and higher social responsibility, which means that the specialist development system must seek to implement high standards of ethics and accountability.
- The principle of independent decision making, ability to react instantly to the rapidly changing situation, and take appropriate measures in extreme situations, which means that the system has to be oriented to the development of independent and responsible leaders.
- The principle of internationalization, which reveals prospects of the development system expansion in the context of international cooperation.
- The principle of consistency, continuity, and diversification which means that a specialist's development is a life-long process and that this process involves a sequence of measures increasingly varying in forms; implementation of this principle requires application of a few principles of a local character and each of them can be treated as a separate principle under the category of general universal principles.

The principles of local character define those specific requirements for developmental systems that apply to the profession; they need to convey dynamism to the development processes and to harmonize various *development technologies*. These principles include the following:

- The principle of coordination of university education, professional training, and personal development, which means that university studies and professional training for development of personal qualities and abilities are compatible in terms of content and form, and they are integral parts of a single developmental process.
- The principle of continued postgraduate development, which means that every specialist, having obtained an academic or professional qualification certified by a degree or diploma, continues to sustain it and to

enhance it with new knowledge and skills if it is required by new and rapidly changing situations.

Public administration specialist development systems are guided by some *specific principles*, which express some specific features of *management and administration specialist development (secondary principles)*. These include the following:

• The principle of wide erudition and a complex approach to the formation of knowledge and skills, which means that the management and administration specialist development system has to be oriented to the development of wide erudition and wide-range knowledge and skills of various fields of life and to the formation of various skills and abilities for different fields of activity.
• The principle of development of teamwork skills, tolerance, and adaptability, which means that the management and administration specialist development system should aim at the development of skills necessary for work across organizational boundaries in a fast-changing environment of people and professionals and take active and constructive part in idea generation and decision making (this principle, by the way, is also directly linked to the provision to develop leaders able to work in teams and at the same time remain independent).
• The principle of adaptation to a multicultural environment, which means that management and administration professionals should be able to adapt to any new cultural environment and carry out their functions successfully.

Special attention is to be made on humanistic values and humanistic orientation in public governance, public management, administration studies, and in civil servant training: humanistic orientation is the primary precondition of effective and successful public administration of the civil servant training systems.

There are a variety of forms of humanistic orientations under the conditions of globalization and the knowledge economy, and European integration and the enlargement of the European Union have widely contributed to disperse the concepts throughout the continent.

One very common approach would be to make it possible that employees behave as human beings instead of functioning as human resources and that they develop full potential, participate in formulating clear common goals, experience work as exciting and challenging, feel how they influence the development, operations, the environment, the quality of the work, and the success of the organization (Covey, 2008).

While this approach is focused on the individual, another perspective focuses on relationships in an organization or within the society: Do the relationships between individuals, business units, or departments enrich

the workplace? Do the relationships between the organization and its constituency honor the interests of all stakeholders (Dicken, 1998)? For what actions does the organization formally reward or punish its members or its partners? Does leadership maintain balance among the various areas of an organization? Do planning, control, budgeting, and other information systems help organization members accomplish their goal (Garrett and Mitchell, 2001; Goeransson and Soederberg, 2005; Hersey et al., 2012)? With respect to public governance, public management, administration, and civil servant training, several aspects of this may be mentioned:

- *Humanistic values and orientations in all spheres of social life*: More than any other impact, all spheres of societal life are influenced by public governance, public management, and administration: humanistic values and orientations are particularly affected by social, political and economic development, cultural changes, and the repercussion of scientific and technological progress.
- *Humanistic values and orientations in all institutions and organizations of public sector and public administration*: All activities of these institutions and organizations as well as relations and interaction between these institutions or organizations and all layers and groups of society must be humane and humanistic by nature.
- *Humanistic values and orientations typical of the organizational culture and psychological climate of different institutions and organizations of the public sector and public administration*: Humanistic values and orientations should mirror the organizational culture and the psychological climate in the institutions and organizations of the public sector and public administration.
- *Humanistic values and orientations typical for main processes of decision making in all institutions and organizations of the public sector and public administration*: Decision making in all institutions and organizations of the public sector and public administration, especially the processes of strategic decision making, must be oriented toward the humanistic values and priorities.
- *Humanistic values and orientations typical of the mentality and culture of modern, educated and trained public administration specialists and civil servants*: Every modern, educated and trained public administration specialist and civil servant must be mentally and practically oriented toward ethics, moral, and culture.
- *Humanistic orientation included in the structure of qualification requirements, norms, and standards of public administration specialists and civil servants*: Humanistic orientation must be included in the structure of qualification requirements, norms, and standards of all public administration specialists and civil servants in all institutions and organizations of the public sector and public administration.

All this must be taken into account in all processes of public governance, public management, administration, and civil servant training.

System interactions

An essential condition for improvement of specialist development is creating links that expand *interaction* between educational systems and systems of professional activities (Merrill and Sedgwick, 1997; Steinmueller, 2002).

Interaction of educational systems with systems of professional activities can be enhanced by various measures. One of them is by establishing networks of professional organizations to spread specialists' knowledge and advanced the experience received in the process of the development across professional fields.

Quite a promising form of interaction between educational systems and professional systems is that of centers which spread knowledge and advanced experience and networks of such centers. Such centers could be established in cooperation with universities which have business and public sector organizations. They would attract university staff and university students for research and practical project design for which business and public sectors would be the first contractors; this would implement the idea of interaction between specialist development systems and professional systems.

Any type of interaction of public administration and civil servant training with other systems of professional activity must adhere to and perform along the lines which have been specified above and can be summarized in three prerequisites:

- High standards of humanism, democracy, embedding in civil society, wide erudition, and professional competency as well as efficiency in fulfilling administrative and managerial functions.
- Procuring an integrative combination of selecting and rating specialists, increasing their motivation, career planning, providing university education, full-time and part-time training, in-service training for qualification improvement and re-qualification, and development of personal qualities.
- Continuity and consistency of public administration specialist development processes and practical orientation of public administration specialist development to solving topical problems of societal development.

To facilitate all this, it is necessary to provide life-long integrated university education (Leydesdorff, 2004; Melnikas, 2002, 2014). Life-long integrated university education means that all the tools for specialist development are integrated into one single individualized process of university or university-related studies adapted to the development of every single specialist. This

process has to include all stages of a specialist's development during his/her career – from obtaining initial qualification to further qualification improvement.

Conclusions

Improving the capabilities of public administration professionals and the public sector at large is a very important means to modernize the contemporary society, with priorities to be set for intellectualization, ability to react to increasingly rapid changes, tolerance, adaptability, and competitiveness. To meet the challenges of globalization and creating a knowledge-based society, professional staff in public administration, humanly oriented and with wide-ranging capabilities, should be at the forefront and play a model role. Improvement of public governance, public management, and administration, as well as the development of civil servant training systems, will improve not only public administration but also the public sector in general.

When examining the methods of developing human resource potential in the public sector, we find that there is no single, comprehensive model. What is needed, though, are consistency of change management in every institution, ensured by its management on the basis of accumulated practice and view of pertinent issues, new ideas and possibilities, new means of forecasting and modeling the situation. Therefore, the process of public administration professionalization requires high managerial competence, thorough knowledge of the environment, and reliable information.

Resource development in the public sector must be perceived as a system. In order to develop a strategy for designing this system and to outline ways of its implementation, a creative approach is required that integrates advanced strategic management models, adequately adapted, into human resource development.

The implementation of this system must follow these essential guidelines:

- Ensure monitoring of the state of the human resource system: implant the system of human resources into the context of public sector reforms, internationalization, and innovation; relate to particular issues in the various hierarchical management levels; and set goals and priorities of strategy in concordance with the human resource system.
- Make everyone understand that improving the human resource system and its implementation play decisive role in determining the success of the public administration reform.
- Connect improvement of human resources for public administration and for the public sector to the issue of modernization. This gains special significance under the situation of globalization, new development of international relations, and creating a knowledge-based society.

Design and implementation of the system must be based on the fundamentals of humanistic values and orientations. They apply to several categories as mentioned:

- Contextualization to all spheres of the societal life, including those in different sectors of economy, and in all spheres of social, political, and economic progress.
- Representation in each and every institution and organization of the public sector and public administration.
- Association with the organizational culture and the psychological climate of the institutions and alignment with the typical main processes in decision making.
- Adaptation of the mentalities and cultures of public administration specialists and civil servants supported by modern education and training.
- Inclusion into the structure of qualification requirements, norms, and standards of public administration specialists and civil servants.
- Incorporation into all processes of public governance, public management, administration studies, and civil servant training.

Integrating humanistic values and orientations into all the processes of public governance, public management, administration, and civil servant training is the governing precondition for real improvement of the system of public governance, public management, and administration. It contributes to the formation of individuals employed in public service and of those affected by public service, and it is decisive as well for increasing the quality of public governance, public management, and administration and for meeting the challenges of globalization and of creating a knowledge-based society.

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10
Teaching Human Centered Management to Engineering Students: A Personal Account

Nicolas Majluf

It was 1991 and the highly respected professor of the course organizational behavior,[1] psychologist Sergio Maltes, unexpectedly passed away. I was asked to teach his course because of my PhD in Management from MIT Sloan School of Management. It was a dare decision because at that time I was teaching two very different courses: strategy and finance. I had made considerable work in strategy and had written two books and many papers with Professor Arnoldo Hax from MIT.[2] And finance was the subject of my PhD thesis, which gave rise to a well-known paper on asymmetric information co-authored with Professor Stewart Myers, also from MIT.[3]

I confronted two main challenges. What to teach and how to teach. This chapter is a personal account of answers I gave to these two questions.

The context

I have been professor of the School of Engineering at Pontificia Universidad Católica de Chile for over 40 years (commonly known as Universidad Católica or simply UC). The University was recognized in 2014 as the leading institution of higher education in Latin America by the prestigious QS World University Ranking.[4] Its School of Engineering is the most respected in the country. To get a bachelor degree in engineering takes six years. Industrial engineering is a blend of engineering and management.

Evolution of the management curriculum in the School of Engineering
In the early 1960s, management was identified as scientific administration and the subjects covered in class were motion and time studies with several techniques to improve productivity based on the theories of Frederick Taylor and his followers at the beginning of the 20th century. Later in the 1960s, the quantitative approach to management built on mathematical models of operations research became popular.

Interestingly, the name of our Department at the School of Engineering was not Management but Systems Engineering. Professors at that time argued that operations research, although it was an appealing approach to solve complex problems for engineers, had important limitations, largely because it was focused on a limited mathematical description of reality and imposed a restrictive view to capture real problems. What was needed was a comprehensive view of reality with a "systemic dimension". Innovation came from systems theory and cybernetics (Norbert Weiner,[5] William Ross Ashby,[6] Stafford Beer,[7] and many others).

In the 1970s, this rather idealistic and disperse view of management fused into three management areas that still inspire and direct the Department at UC today: (1) mathematics (including operations research, operations management, probability, and statistics), (2) economics (micro and macro economics, finance, accounting, and project evaluation), and (3) behavioral (intended to human centered management but included a broad array of subjects like strategy and marketing). Today, the entire engineering curriculum includes 55 courses and only the course of organizational behavior deals with human centered management.

To address the fundamentals of human centered management, the questions is then what to teach in a very limited curricular space[8] and how to teach students who are overly exposed to quantitative, scientific, and technical subjects but have no exposure to behavioral issues and have no work experience.[9]

Content of the course

The course is structured on the following four themes: introduction section, organizational section, personal behavior section, and a brief closing section on business ethics and social responsibility.

Introduction section

This section is geared at three things: (1) recognizing the difference between "formal" and "subtle" management, (2) learning what managers do (tasks of managers), and (3) recognizing the context of management.

Formal and subtle management

The keynotes in this section are as follows:

1. Engineering has a technical component and a managerial component. If the technical component is absent, there is no engineering, but if the managerial component is missing, engineering becomes irrelevant and worthless. Examples abound to illustrate this assertion.[10]

2. The course is focused on management. But management is multidimensional, including operations management (mathematical component) and finance (economics component).
3. Engineering education is deeply biased toward "problem solving". But this has an implicit assumption that normally students do not see: engineering problems are well defined. Problems are "structured" and defined in terms of mathematical models solved with some known methodology, which might be time-consuming but solutions can be found using computers.
4. The engineering approach to management is a powerful method very useful for the world to work properly. For example, if an airline system fails, all operations become unmanageable and the plane cannot fly. But that is not the whole story. There are two caveats.

   a) First, there are numerous alternatives to solve the same problem.
   b) Second, the focal point of management is people. The "formal" and quantitative approach to management is based on mathematics and science; though very powerful, it ignores people. It is centered on tasks, processes, technology, etc., but not on motivations, expectations, interactions, values, and beliefs. Organizations are communities, associations of people, and management is built on the fabric of human collaboration.

5. The key content of the course has to be built on a complementary approach to "formal" management, which I call "subtle" management. It is based in the social sciences, psychology, sociology, social psychology, anthropology, political science, and more recently neuroscience, and ethics, because all decisions impact the well-being of people. In summary, the course is human centered management.

The managers' tasks: selecting the proper language

Students are brilliant, indeed, but inexperienced in management, so teaching management may be a quite abstract subject for most. Therefore, when we had to decide between breadth and depth to select topics for a management course at UC, we opted for breadth. Breadth implies to offer many topics in management to help students learn the management language and become sensible to subjects that managerial leaders must know. When selecting readings we opted for articles written in the style of Harvard Business Review instead of the Academy of Management Review. Experience had shown us that the academic approach to management makes the subject harder for students to understand. The academic approach is based on high knowledge of the topic, common among specialists and academics, but not among undergraduate students or middle managers.

   To introduce students to management, I present a list of references and readings about what managers do[11] and stimulate them to read and discuss

the subjects. The message is to appreciate the variety of tasks and different ways tasks are classified and explained. Students learn that in management, and in social sciences in general, "The test of intelligence is the ability to hold two opposed ideas in mind at the same time and still retain ability to function."[12]

The context of management

Management is context-dependent. Even though we can find some basic principles of management which are broadly applicable to many if not to all contexts (for example, the lessons from the Hawthorne studies that have stood the test of time), management styles are different, for example, in Europe and the US, in retailing and in the paper industry. It is different today compared to that three decades ago.

Therefore, students need to be aware of what is going on, what is changing, new trends, and understand that one of the hallmarks of a successful managerial leader is to be able to anticipate changes in the environment and take proper action, either to protect the organization from grave risks or to develop a glorious business opportunity before other firms do so. Awareness of the challenges of globalization, changes in technology, or the emergence of China and India are compelling examples of the multidimensionality of management.[13]

Other issues close to the students are the challenges and opportunities arising from social networks, or the coexistence in the same organization of people from different generations, different interests, and a great cultural diversity (baby boomer and millennial generations to name a few).

But today the most important message to transmit to students of management is that business firms are not only "profit maximizing" entities. Certainly, the economic dimension cannot be ignored, but if we reduce the role of a corporation just to a monetary issue, the risk of failing is high because organizations insensible to the plights of society no longer have a "social license to operate".

The emphasis is seeing the firm as part of society and not as a pure economic entity concentrated solely on internal matters like productivity, the best technology, or the appropriate compensation scheme. On the contrary, organizations have to take responsibility for what is going on in the community and in society at large. Many readings are helpful to convey this message[14] on the legitimacy of business, society expectations regarding the corporate responsibilities, and harmonious relations with the community and all relevant stakeholders.

An even more demanding invitation is that of the Catholic Church to business leaders[15]: how to incorporate the *Logic of Gift and the Principle of Gratuity* in business activities and decisions. It is an issue worth pursuing because it provides a creative and unconventional answer to the difficult questions above. It is essential to see organizations not as self-serving entities but as entities that exist to serve, which relates to questions of purpose,

responsibility, and ethics. As Pope Francis has said: "money must serve not rule".[16]

Organizational section

This section discusses how to build an effective organization aligned with strategy and operational efficiency. The answer varies with the point of view selected to address the question and relates to three main themes: strategy, organizational theories, and socio-political processes.

Strategy

Strategy is presented in this course as a model to guide the firm.[17] Many factors are highlighted as critical to understand the past and future success (or failure) of an organization. The main models presented are Porter´s five forces[18] (success depends on industry structure), the Resource-Based View of the Firm[19] (success depends on factors of production and internal capabilities), the Delta Model[20] (success depends on the bonding with customers), and the Business Model Canvas[21] ("front-office" related to revenues – customer segmentation, channels, customer relationships – and "back-office" related to costs – key assets, resources, and partners – are needed to offer a value proposition to customers and arrange means to fulfill promises). The study of strategy is done based on examples and discussion of cases of successful firms.

Organization theory

The study of organizations has captured attention of scholars and practitioners from the beginning of the 20th century[22] and learning about the classics has been a required management subject (Frederick Taylor,[23] Henri Fayol,[24] and Max Weber[25]). A well-known analogy stemming from organization theory is that to complete a required task, organizations function in an orderly fashion like a well-honed machine. The key concepts are rooted in three approaches: (1) segmentation of activities, (2) decentralization and assignment of responsibilities to individuals, and (3) integration of autonomous activities through different methods of collaboration.[26]

   Another important topic presenting the Hawthorne studies[27] is the discussion of a radical switch in focus from tasks to people (1933). This study pioneered human centered management and was followed by a host of studies.[28] In this case the process boils down to a single recommendation: make sure that whatever you do adds to people satisfaction, because satisfied people are the best way to achieve the objectives of the organization.[29] The Hawthorne study showed that managerial processes and the systems used to coordinate individual activities must be complemented with ample participation, generous recognition, and a good working environment.

The dichotomy between task orientation and people orientation is disrupted by the emergence of new forms of organization that bring in different perspectives to understand management.[30] The emergence of social networks,[31] the learning organization,[32] and the global restructuring of the value chain[33] are some of the new developments worth analyzing.

Socio-political processes: power, conflict, negotiation, communication

The study of organizations from a political perspective implies a significant departure from well-known models. Tasks, people, social networks, organizational learning, and value chains are no longer important considerations. What is key is power. The organization is conceptualized as a confrontation arena, where different individuals and groups fight to gain a position and impose their points of view.[34] Decision processes are no longer the rational pondering of pros and cons, but they appear instead like an intent to gain allies and neutralize (or destroy) adversaries. Structuring an organization becomes an exercise in power management where key individuals are assigned to crucial positions and attention must be taken to balance power among important opposing groups that may create barriers or boycott normal functioning in the organization. This is a real situation that is present in all organizations and future managers must learn to deal with it in politically charged decision processes in which there are many actors participating with diverse motivations and interests.

Another important aspect is to understand that conflict is the norm, not the exception in human relationships. Managers need not be afraid of conflicts but rather must learn how to manage them to avoid interferences that may damage or hurt feelings and break relations. The recommendation is to get skills to transform conflicts into rational disagreement that can be addressed by negotiations instead of confrontation that can lead to fight and permanent personal damage.[35]

Negotiation is a rational way to solve conflicting situations. Instead of power struggles, a constructive approach is to get other parties involved in integrative negotiation and to arrive at win-win solutions, and so it is important to have a negotiation strategy and learn methodologies to prepare and conduct a negotiation.[36]

Communication is at the root of management. Managerial leaders must learn what to communicate to external and internal audiences and how to adjust the message depending on circumstances and objectives pursued.[37] Beyond spoken words communications include actions and deeds that often speak louder than words. Managing is also about symbolic gestures that convey meanings and can be easily interpreted by all people inside and outside the organization.

Personal behavior section

This section refers to the inner world of the individual and his or her relationships with other people. This is at the heart of Human Centered Management, but it is not easily understood, because many important concepts are unobservable and can only be known in an indirect way (for example, motivation and trust are Latent Variables that cannot be observed but can be clearly discerned by individuals when asked about them).

Motivation

Motivation is at the core of management,[38] and within it, the distinction between extrinsic and intrinsic motivation is critical. Extrinsic motivation refers to externally induced performance evaluation and monetary compensation rules used to induce desired behaviors. Intrinsic motivation is internally driven by more profound motives of finding meaning in the work done, being recognized for a good work, having opportunities for personal development, enjoying a rewarding work environment, and generating sense of purpose, pride for what is achieved, self-esteem, self-development, enjoyment, satisfaction, commitment, autonomy, responsibility, sense of ownership, and sense of belonging to the organization.

When a manager looks for more productivity and profitability, treating employees well may just be a form of manipulation. But if moved by the desire to enhance and protect human dignity, the manager does the right things, and profitability, in this case, is the right reward for a work well done.

Leadership

Much has been said about what makes a good leader and many models have been proposed to help understand the work of a true leader. The following list addresses this subject in the script I developed and use in my classes[39]:

1. The importance of leaders: based on the impact they have on people, co-workers as role-models that guide actions and decisions, their behavior is closely observed, scrutinized, and interpreted and have significant responsibility over the lives of many people.
2. Leadership power: as legal advisers, administrative authority, or a position of force, based on charisma or inspiring personality.
3. Leadership theories focus on many different subjects: (1) individual or personal traits, (2) ways of relating to people, emotional intelligence,[40] social intelligence,[41] political intelligence,[42] (3) approach to motivate subordinates, (4) actions, (5) contingent leadership varying with circumstances.
4. Sensible leadership[43] is defined as a person who does two things: (1) has a shrewd ability to read the context and anticipate trends, (2) knows how to act with determination to achieve results.

5. Managerial leadership challenges may be summarized as being a political player in society at large, an ambassador at the firm with relevant stakeholders, and the architect of a rewarding work environment based on autonomy, self-control, openness, and trust.

Business ethics and social responsibility section

This section of the course is aimed at two main objectives: (1) recognizing that managing is not solely an economic, technical, or legal challenge, but an ethical one, and (2) understanding the expectations of society regarding the contribution of business firms and responsibility this situation entails.

Business ethics[44]

Introduction to this subject starts with discussion of the significant contribution business firms can do to society, including offering quality jobs, providing goods and services that meet people's needs and expectations, and being a good corporate citizen that contributes to the development of the community and the country. An effective method to convey these messages is presenting and discussing a well-formulated ethical code that defines the purpose of the corporation (the reason for doing what it does) and the stance and promises of the firm to its many stakeholders.

But not any form of doing business is a contribution to society, so it is necessary to differentiate right from wrong forms, good from bad answers, better from worse ways considering ethical issues because whatever managers do – or fail to do – affects people, the community, and society.

The best way to address difficult situations is to train ourselves to recognize ethical dilemmas and to formulate them in a rational manner, evaluating pros and cons, consulting experts, and asking for advice of trusted persons. In the end the ethical decision is a personal call made in conscience with oneself which requires cultivating virtues like justice, truth, and prudence.

Social responsibility

Ethical concepts must be practiced in the context of real business decisions considering certain issues like how to infuse daily work with transcendent meaning, how to establish with employees relationships based on trust and mutual respect, what is a just compensation, what is the contribution the firm has to undertake and finance in education and training to increase personal growth opportunities for all employees, how to harmonize work and family, how is the firm fulfilling responsibilities to care and improve the environment, and what is the organization responsibility to solve social problems like poverty and corruption. These are not marginal issues in a corporation, so they need to be an integral part of the strategy of the firm.[45] Failing to do so transforms social responsibility in a simple public relations issue with nil contribution to society.

Shareholders, stakeholders, and individual ethics

The economic, technical, and legal dimensions of the firm need to be illuminated with ethical dimension that encloses the contribution the firm makes not only to its shareholders but also to different stakeholders,[46] employees, customers, suppliers, and the community.

Course methodology

A course with such a wide agenda needs different methods to be effective. The following have proved most valuable:

1. Do not teach as a sole faculty, invite professors and lecturers from academia, business executives, policymakers, and NGOs, because management is better understood when learners are exposed to a variety of viewpoints, approaches, and experiences.
2. Collect and recommend a diversity of authors for the same reason.
3. Divide class in two sessions: (1) case discussion based on reading, and (2) presentation of concept or model that is being illustrated.
4. Enforce that students are prepared for discussions and have read assignments, write essays, and participate in teams.
5. Make students perform concept covered in class: organizational change, a negotiation process, and how to handle a conflict.
6. Use internet and online methodologies and promote lively discussions in virtual forum.
7. Methodology is based on students' participation, lively discussion of cases and readings, active exchange of experiences which is more rewarding when a group of seasoned managers participate, and very clear guidance from the instructor to provide structure to the class and learn without ambiguity.

Conclusion

I teach this course on organizational behavior at undergraduate level and a traditional Executive Master Program,[47] and also in an innovative way as a Chilean Open University online program in affiliation with the largest national circulation newspaper *El Mercurio*.[48]

The Executive Master Program includes eight subjects in two back-to-back sessions. Similarly, the Open University course has eight subjects presented in e-learning format and an edited version of each class is published in the paper for a wide audience of readers.

Over time I have drawn three main lessons from my experience in Executive Education (EE): (1) the selection of subjects must change all the time to appeal to the shifting interests of the audience, (2) the language used cannot be restricted to the purely academic or the purely experiential: a proper mix

of academia and experience works better, and (3) the content of the message and the teaching methodology need to be constantly adjusted to the audience.

I have added a discussion on purpose of the firm to all the courses I teach. The business community cannot ignore that there is general dissatisfaction with the way in which many businesses are conducted. The two most powerful words to describe the situation in Chile are "abuse" and "discrimination". And even if for most firms this may be an unfair blame, the business community must be aware. These are times in which the public demands on businesses are huge and global so there is no option but to rise to the occasion.[49] Some papers from Harvard Business Review published in 2011 are revealing.

Porter and Kramer (2011), in the introduction to the paper on "shared value" say: "The Capitalist System is under siege. In recent years business increasingly has been viewed as a major cause of social, environmental, and economic problems. Companies are widely perceived to be prospering at the expense of the broader community." The call is for companies to take the lead in "bringing business and society back together", and the way to do it is embracing "shared value".

Nonaka and Takeuchi (2011), in the introduction to the paper on "the wise leader", say: "Hit by fraud, deceit, and greed, people are angry about the visible lack of values and ethics in business. There's something wrong with the way B-schools, companies, and leaders are developing managers". They propose a leader that "can systematically make decisions that will allow companies to live in harmony with society rather than clash with it."

Bower et al. (2011) say managers must take action: "Global Capitalism at risk: What are you doing about it?" and begins with a sentence that is unsettling "Market Capitalism has proven to be a remarkable engine of wealth creation, but if it continues to function in the next 25 years as it has in the past 25, we are in for a violent ride or, worse, a serious breakdown of the system itself." The responsibility put forward on the shoulders of business leaders should not be diminished, for the "invisible hand" will not be able to solve all social problems.

Kanter (2011) identifies in her paper great companies with enduring success. She says, "those firms believe that business is an intrinsic part of society, and they acknowledge that, like family, government, and religion, it has been one of society's pillars since the dawn of the industrial era. Great companies work to make money, of course, but in their choices of how to do so, they think about building enduring institutions. They invest in the future while being aware of the need to build people and society."

Considering the times we live in, which are so vividly captured in the motivations provided in the introductions of these papers, there is no choice but to be fully conscious of the tremendous responsibility of being a business

executive today. This is, for me, a first priority in EE programs. We must make sure that all executives are fully aware of the situation we are living in, get used to include in the language of business words like "empathy, compassion, and love",[50] and learn to manage conflicts in a constructive way, because they are overall human relations.

The challenge is to move from a purely economic view of businesses to a human centered management approach. This is the challenge that this chapter has addressed by sharing an experience in Chile.

Notes

1. The actual name of the course in Spanish is "Organización y Comportamiento". A better translation is Organization and Behavior.
2. The two books are Hax and Majluf (1984a, 1996). A sample of papers: Hax and Majluf (1981, 1983, 1984b, 1988, 1994). A recent book published in Spanish is: Hax and Majluf (2014).
3. Myers and Majluf (1984). Recognized as "All Star Paper" for number of citations.
4. http://www.topuniversities.com/university-rankings/latin-american-university-rankings/2014#sorting= rank+region= +country= +faculty= +stars= false+search= .
5. He invented the term cybernetics in his book (Wiener, 1948).
6. He was a decisive contributor to the development of cybernetics with his book (Ashby, 1956).
7. He became popular in Chile in the early 1970s with his book (Beer, 1970) and was developing a project with the Chilean Government of President Salvador Allende.
8. No consideration is given to strengthen human centered elements in management education at UC School of Engineering. The emphasis is currently placed mainly on innovation and entrepreneurship.
9. I wrote the book (Majluf, 2011) that gathers many lessons in human centered management with material I collected until 2009 and I use it as reference in the course.
10. Just one example. Transantiago is the name of the Public Transportation System in the city of Santiago. Although the technical design was flawless, implementation was a nightmare and took five years to unravel the mess.
11. Majluf (2011, Chapter 2), Kiechel III (2012), Nonaka and Takeuchi (2011), Isaacson (2012), Cuddy et al. (2013), Lafley (2009).
12. Fitzgerald (1936).
13. Some readings in the course: Majluf (2011, Chapter 1), Khanna (2007), Child (2005, Chapter 2).
14. Bower et al. (2011), Kanter (2011), Porter and Kramer (2011), Pfitzer et al. (2013), Mackey (2013), Koehn (2013).
15. SS Benedicto XVI (2009), Pontifical Council for Justice and Peace (2012).
16. Comment contributed by a reviewer of this paper.
17. Majluf (2011, Chapters 3 and 4).
18. Porter (2008).
19. Wernerfelt (1984), Barney (1991).
20. Hax (2011).
21. Osterwalder and Pigneur (2009).
22. Hax and Majluf (1981), Majluf (2011, Chapter 6).

23. Taylor (1911).
24. Fayol (1949).
25. Weber (1947).
26. Hax and Majluf (1981), Hax and Majluf (1984a).
27. Mayo (1933), Roethlisberger and Dickson (1939), Landsberger (1958).
28. McGregor (1960), Cyert and March (1963), Likert (1967).
29. See, for example Likert (1967), Lawler III (1992).
30. Majluf (2011, Chapter 7).
31. Barabási (2003), Mintzberg (2009), Cross et al. (2002), Palmisano (2004).
32. Garvin et al. (2008), Edmonson (2008), Edmonson (2011).
33. Good examples of value chain restructuring are the cases of Li & Fung (Magretta, 1998, Harvard case 9-398-092), and Dell (Harvard case 9-502-022).
34. See Model III in Allison (1971), Majluf (2011, Chapter 8), Pfeffer (2010), Caro (2006), Hamel (2000, Chapter 6), McClelland and Burnham (1995).
35. Majluf (2011, Chapter 9), Garvin and Roberto (2001).
36. Majluf (2011, Chapter 9), Fisher et al. (2011), Malhotra and Bazerman (2007), Sebenius (2001).
37. Majluf (2011, Chapter 10), Denning (2004).
38. Majluf (2011, Chapter 11), McCord (2014), Benkler (2011), Amabile and Kramer (2007, 2011), Nohria et al. (2008), Kohn (1993).
39. Majluf (2011, Chapters 14 and 15).
40. Goleman (2004), Goleman et al. (2001), Cuddy et al. (2013).
41. Goleman and Boyatzis (2008).
42. Kramer (2006).
43. Majluf (2011, Chapter 15).
44. Majluf (2011, Chapters 21 and 22), Chomali and Majluf (2007).
45. Porter and Kramer (2006, 2011), Pfitzer et al. (2013).
46. Freeman (1984).
47. MII – "Magister de Ingenieria Industrial".
48. "Diplomado de Ingenieria Industrial" known as "la clase ejecutiva" in El Mercurio www.emol.cl.
49. Just a couple of examples: Seidman (2014), and the many calls in the World Economic Forum for a "Responsible Capitalism".
50. Suggested by a reviewer of the paper.

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11

Fostering Management Education for Professional Integrity: Case Study at University Center for Economic and Managerial Sciences, University of Guadalajara in Mexico

José Vargas-Hernández and Carlos Rivera

Introduction

Professional integrity is a concept rooted in values and virtues meaningful in the acquisition of managerial skills and aptitudes necessary to assume professional responsibilities in organizations. The objective of this chapter is to analyze the importance of professional integrity as an ethical construct in the development of administration and management programs at the professional level. The chapter also presents suggestions for an ethical program aiming to strengthen professional integrity that can help managers to promote a humanistic management based on the experience of the University Center for Economic and Managerial Sciences at the University of Guadalajara in Mexico.

Economic and political imperatives of globalization force multinational integration with increasing level of professional competitiveness. Therefore, managers and professionals who lead and work in organizations have to be prepared to confront new challenges imposed by the global market and the constraints of time and assets. McCann and Holt (2013) stress the latter point by indicating the initiatives undertaken by corporations and universities alike in anchoring integrity at the hearth of their respective institutions.

Globalization also increases the need for continuous assessment and optimization of resources used to develop educational programs for professionals. One of the most important changes in management education is to promote and advance personal and professional integrity that fosters ethical citizenship and productive skills of people. In 1997, Llano (1997) argues about a shortage between the supply of professional education and the

demand in labor markets as much as the need to synchronize professional education programs offered by universities and technological institutes alike with the requirements of employers converging in the development of the social responsibility that all kinds of organizations must fulfill to foster national economic and social development. Almost two decades later, Llano's concern still prevails.

Professional training in integrity offered by universities must be more then a curricular fulfillment; teaching this subject must grant an inherent value with collateral impact on organizations and society as a whole. The manager's performance and success in the provision of services to individuals and society depend to a certain extent on the knowledge, skills, and experiences obtained in the classroom. Moreover, it depends on the development of personal qualities that can distinguish him/her, as an individual based on professional integrity, independence, and ethics (AICPA, 1980, p. 16). There is increasing need to recover credibility, integrity, and respect in the management profession through ethical and integrity fundamentals. Professional training and management sciences conducted in universities need to clearly spell out a comprehensive construct on professional integrity.

Notion of integrity

Integrity is important to strengthen ethical behavior as a required condition for people to contribute to build a good society. This assumption makes it necessary to define the origin and clarify the integrity concept. Adler and Bird (1988) and Srivastva and associates (1988) describe integrity with emphasis on congruence, consistency, morality, universality, and concern for others. Covey (1992) describes integrity as honesty, matching words and feelings with thoughts and actions for the good of others.

The concept of integrity refers to honesty, playing by the rules and not necessarily following the rules, which means stepping aside in situations when people may be victimized. Becker (1998) conceptually distinguishes integrity from honesty and fairness. However, empirical research conducted by Hooijberg and Lane (2005) shows that managers, peers, and bosses can hardly distinguish integrity from honesty and fairness. Becker (1998) found no standard definition for integrity because it is treated as synonymous with other values such as honesty and fairness.

> What is a person of integrity? Ordinary discourse about integrity involves two fundamental intuitions: first, integrity is primarily a formal relation with oneself or between parts or aspects of one's self; and second, integrity is acting morally. In other words there are substantive or normative constraints on what is to act with integrity. How these two intuitions can be incorporated into a consistent theory of integrity is not obvious

and most accounts of integrity tend to focus on one of these intuitions to the detriment of the other.

(Cox et al., 2005b)

Erhard et al. (2010) combine the two intuitions of integrity developed by Cox et al. (2005a), the second becoming a logical implication of the first, in one consistent theory. Integrity is the integration of self, the maintenance of identity, and standing for something. Personal integrity, defined as honoring one's word, becomes predictable with first-hand reliable and accurate information (Erhard et al., 2007). Integrity is the base to trust people with guaranteed consistency making decisions and relating to other people. Trust and ethics are personal values related to strengthen integrity.

However, for Kaiser and Hogan (2010), integrity is a moral attribute that we place on the behavior of another person, in such a way that integrity is in the eyes of the beholder, rather than consistent with a person's words and actions. Argyris (1991) contends that people consistently act inconsistently, unaware of contradictions between thinking and acting.

For a group or organizational entity, Erhard et al. (2010) define integrity as a group or organization word for being "whole and complete". Organizational integrity, like any human system, is recognized by its members and outsiders as an organization that is whole and complete.

The concepts of integrity, morality, ethics, and legality are confused in common usage. Morality, ethics, and legality exist in a normative realm of virtues, while integrity exists in a positive realm.

Erhard et al. (2010, p. 1) distinguish integrity "as the objective state or condition of an object, system, person, group, or organizational entity". Integrity is within the positive realm and its domain is one of objective state or condition. The phenomena of morality and ethics are related to integrity as a positive phenomenon. Moral and ethical values may guide human actions and interactions shaping professional integrity and determining performance. Professional integrity derives its substance from fundamental goals or mission of the profession (McDowell, 2010).

Professional integrity

One of the first historic documents known on professional integrity is the Hippocratic Oath. The thesis is that professionals have to aspire to excellence. Here personal integrity is directly related with professional integrity. Personal integrity and professional integrity are generally interdependent and compatible. Professional integrity is related to, but different from, personal integrity. It derives its substance from the fundamental goals or mission of the profession (McDowell, 2010). Professional integrity is sustained on the principle of moral integrity and ethical principles centered in transparency, honesty, sincerity, moral consciousness, loyalty, truth, and reality

in the functions performed, and adhered to legality. Professional integrity is a set of principles and commitments aimed to improve the results of the managing activities, maximize autonomy, and create relationships based on integrity, ethical practice, social justice, and team work.

Professionalism

Professionalism has integrity as an essential and defining element. It is an ethical concept defined by professional goodwill that reflects values, actions, and curricular implications.

Professionalism may be sacrificed to avoid costs imposed to protect institutional reputation. The value of good reputation is manifested in management, and violations of public trust by actions of authority can cause serious breaches in professional integrity. When stakes are high in a profession, breach in professional integrity can be devastating to society. Major challenges of professional integrity are misuse of science and policymaking (McDowell, 2010).

Managerial integrity

Organizational activities include regular issues of managerial integrity (Thompson et al., 2008). Management integrity is defined as a *leadership competency and it is measured using co-worker ratings of observed ethical behavior* (italics in original). Managers displaying integrity are concerned about the well-being of others (Brown and Trevino, 2006), acknowledge responsiveness among others, are receptive, and create efforts to understand others' perspectives and articulate their own (Levinson, 1988, p. 318).

Managerial integrity is central to managers and stakeholder's relationships, and for leaders and leader–follower relationships. Although it is questionable to what extent integrity is important for stakeholders, "the end justifies the means", a popular quote from Machiavelli, comes to mind.

Managers like to look at themselves as people with integrity being fair and honest. Kerr (1988) argues about the difference between conceptual work on integrity and realities faced by managers. He explored the meaning of integrity among managers and (1988, p. 138) states that to behave with ethics and integrity is scarce in managerial practice in everyday organizational life. When mistakes and incompetency of managers are buried – instead of being exposed, then management authorities fall short to meet their responsibilities with the mission and goals of the profession. Managers who act with integrity stay true to themselves (Levinson, 1988, p. 268).

Kaiser and Hogan (2010) measured managerial integrity framed by personality theory to identify the integrity of managers, drawing on the concepts of reputation and the influence of "weak" situations on the expression of

dark-side tendencies. According to Kaiser and Hogan (2010), self-assessment of managerial integrity is a dubious source of information because of manipulation and deceit of persons lacking integrity.

Managers who lack integrity cannot recognize themselves as such. Thus, subordinates are likely to be prime and the best source of information about the personal and professional integrity of managers (Brown and Trevino, 2006).

Kaiser and Hogan (2010) found that competency ratings fail to identify managers' integrity issues. Ratings on integrity competency are heavily skewed favoring managers who receive high ratings for integrity because they are unlikely to identify managerial misconducts. Respondents refuse to answer questions related to identify integrity issues and behaviors of managers lacking integrity because of the difficulties in rating them.

Integrity and performance

Competency models that include integrity as a dimension are used by organizations to identify managerial performance capabilities (Boyatzis, 1982) using subordinate ratings. Perceptions of a manager's behavioral integrity create collective trust and are related to customer satisfaction, higher performance, and profitability (McLean, 1997). Ethical behavior was rated by coworkers to measure integrity in terms of leadership competency (Kaiser and Hogan, 2010).

Kaiser and Hogan (2010) conducted an empirical study of ratings on a competency-based integrity scale with psychometric properties to test lack of integrity with the purpose of demonstrating that integrity ratings fail to identify individuals at low levels of integrity and do not predict managerial performance. Subordinate ratings of professional managerial integrity competency are consistent with performance ratings in organizations. Results of a research conducted by Kaiser and Hogan (2010) show that ratings on integrity competency are unrelated to managerial performance. Kaiser and Hogan (2010) proposed a method based on subordinate expectations about the likelihood that managers would have unethical behaviors, suggesting that a larger proportion of managers may have professional integrity issues without distinctions in performance.

Kaiser and Hogan (2010) found that a manager's integrity competency is highly correlated with building talent, showing concern for subordinates, although it does not distinguish the level of management performance, concluding that integrity competency does not predict performance. These findings are consistent with the definition of integrity as sensitivity to the needs and rights of other people. The level of a manager's integrity is not correlated with the level of performance, and contradicts research showing that personal integrity is a prerequisite for effective leadership.

Integrity and leadership effectiveness

A few empirical studies examine the relationship between integrity and leader effectiveness, but not the impact integrity has on leaders' effectiveness. What may be good for integrity may not improve effectiveness.

The assumption that integrity has a positive effect on leadership and organizational effectiveness is questionable when research emphasizes behavioral approaches, rather than integrity, and actions that lack integrity can lead to success (Jackall, 1988). Morgan (1989) developed a leadership assessment scale on integrity to assess relationship to leader effectiveness and found that integrity was related to trust. Trust reflects the integrity or capability of another party, thus trust in a leader's integrity may inspire followers because of the leader's adherence to certain values (McAllister, 1995). Research on integrity and leadership effectiveness suggests a positive relationship. Badaracco and Ellsworth (1990) and Covey (1992) argue integrity has an impact on leadership effectiveness. Followers believing in the integrity of a leader are more comfortable engaging in risky behaviors (Mayer et al., 1995). Hooijberg et al. (1997) call for the role of integrity as a value in leadership research.

Hooijberg and Lane (2005) examine how integrity impacts people's perceptions on effectiveness and found that integrity has small relevance on leadership effectiveness. To test the relationship between leadership behaviors, integrity, and managerial effectiveness, Hooijberg and Lane (2005) included values associated with integrity and in conflict with integrity and reported that results partially confirmed that integrity has a positive relationship with effectiveness on managers and their peers. However, there is no statistically significant association between integrity and effectiveness for bosses. Goal-oriented behaviors of managers are associated with effectiveness, but not with integrity.

Material and methods, experimental details, and methodology

This research considers that economic, social, and cultural factors that affect management education outweigh professional integrity. This hypothesis is empirically confirmed by the fact that significant importance is given to the professional's reputation for integrity, economic efficiency, organizational social capital, and compliance with ethical codes. This chapter outlines an approach to understand professional integrity in management education in the context of honesty, an ethical background, building trust, and maintaining credibility.

The research methods used are interviews and comparative methods. The participants described several dimensions of professional integrity in management education. The discussion focused on integrity as a basic principle of professionalism in management education to guide complex ethical

reasoning, and the need to create and sustain professional integrity environments through ethical modelling and relational behaviors promoted by integrity, as the essential element. This methodology evidenced an urgent need to develop a model to approach professional integrity in economic and managerial careers. The results provide the basis to develop a code of conduct and regulation policies to sustain management education for professional integrity which can positively impact business culture influencing behavior in key actors.

Results and discussion

A panel of 48 persons, comprising 12 teachers, 12 researchers, 12 students, and 12 administrators of an academic department participated in the study. The results based on the level of concern among participants are given in Table 11.1.

Research was conducted with information collected from teachers and students to determine the existence of program content oriented on ethics

Table 11.1   Ranking of concerns

Number	Concerns	Agree
1	Academic plagiarism	40
2	Authorship and publication issues	40
3	Integrity of data	39
4	Ownership of and access to data	38
5	Criteria for authorship	37
6	Order of authors	35
7	Use and misuse of privileged information	35
8	Retention and storage of data	35
9	Accessibility of publications	35
10	Self-citations	32
11	Duplication of publications	32
12	Academic interference	32
13	Early release of information on publications	30
14	Obligation to report what it is considered a suspected misconduct	30
15	Data on Curriculum Vitae	27
16	Conflict of interests	26
17	Correction of errors	25
18	Concerns on special obligations in human subject	24
19	Responsibilities of students, teachers, researchers, and administrators	24
20	Responsibilities on supporting and funding agencies	24

Source: Authors.

and professional integrity and behavior codes as a frame of reference (Paladino et al., 2005). Results indicated that all the teachers coincided in the need to incorporate a transversal program axis in the curriculum for teaching ethics and professional integrity. The study recommended setting cooperation networks to implement common axes for teaching ethics in national universities.

This research on management education demonstrates that the drama of economic efficiency is centered on a dysfunctional model of professional integrity and provides a sound professional philosophy to empower professionals to act with integrity to increase probability of long-term success and professional fulfillment.

Today, there is consensus that professionals must have capacity to live and share in harmony with others, be sociable, have self-control, professional integrity, and adaptability to cultural diversity. But to develop this type of professional it is necessary to institute, teach, and share the values of the organization with the personnel showing congruency between words and actions among executives.

Teaching ethics to professionals must consider a responsibility to satisfy demands of professional development programs with the ultimate objective that in any educational process the human being must achieve plenitude to build a fair and equalitarian society where justice, tolerance, and participation, based on respect for others, prevail over any other interest.

Personal sustainable development and success requires acquiring, restoring, and expanding professional integrity. And where these attributes are missing, a program to develop professional integrity is recommended. Batteman and Snell (2001) state that programs on ethics must be based on integrity that goes beyond avoiding illegality or worrying about laws and consequences and must inculcate personal responsibility for ethical behavior.

This study uncovered a need to change education on professional integrity (Rodríguez Ordoñez, 2004). The components of professional moral integrity and their influence on the development of activities and manager's actions need to be closely related with corporate social responsibility as a fundamental element of corporate governance.

Professional integrity and values across cultures that increase or reduce human welfare is a new research field, so the management curriculum needs to be oriented in the future to enrich program participants and aligned with integral development for successful practice of the profession (AICPA, 1980, p. 16).

Implications for management education

Professions exist to serve society's needs through professionals using moral means to create value and services. Professionals in administration and

management need to cultivate an image of personal integrity. When integrity-based trust in management professionals is high, ethical organizations gain. But for organizations to achieve this culture professionals must work with ethical principles, focusing on, for example, justice to all human beings, responsibility for high performance, discretion in information management, and honesty in all actions.

Professionals that distort essential service functions to society to get unreasonable profits, power, or greed lose trust and respect in their communities. Simons (1999) states, "the divergence between words and deeds has profound costs in managers' trustworthiness and may undermine credibility and the power to use words to motivate actions of subordinates". Managers need to demonstrate mental independence and criteria regarding interests considered incompatible with integrity.

The most important aspects of management services to serve clients, customers, and the general public cannot be defined as knowledge and experiences but as professional integrity, sense, wisdom, perception, imagination, circumspection, service to others, professional stability, personal benefits, professional honesty, respect for personal dignity, and vocation. Beyond technological and financial aspects, managers must have as central axes their action and behavior to benefit other human beings.

Professional ethics and integrity are necessary to recover the credibility and respect for the management profession with competencies to be builders of a better society. Society provides necessary resources and opportunities to develop professional integrity. Failures of social trust are related to breaches in professional integrity. Managers' professional reputation and integrity in relationships with other persons and stakeholders are important as is the commitment to social welfare and preservation of the environment anchored in all managerial and economic fields.

All professions, and management is no exception, are ruled by social principles of honesty, integrity, and collective responsibility developed in the workplace. Integrity and responsibility must be part of the manager's professional life and his/her legal, labor, and entrepreneurial abilities aligned with ethical values that generate higher levels of transparency.

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12

A New Approach to Humanistic Management Education Based on the Promotion of Justice and Human Dignity in a Sustainable Economy

Ricardo Aguado and Laura Albareda

Introduction

In spite of major shifts that have transformed businesses, the economy, and society in the last decade, a few changes have taken place in management education models taught by business schools and executive education (EE) programs (Waddock and Lozano, 2013). The most important changes adopted by business schools are centered in digital methodologies and online education that intensively use information technology to transform management education tools and methodologies.

However, a considerable amount of facts show how failures in management education are related to the negative consequences of managerial practices in society, the economy and people (AACSB, 2002; Adler, 2010; Amann et al., 2011; Dierksmeier, 2011; Donaldson, 2002; Ghoshal, 2005; Gladwin et al., 1995; Henisz, 2011; Leavitt, 1989; Mintzberg, 2004). In this view, the first critical dimension of management and business education has been based on the appreciation that business education is following an educational model that highlights the importance of an analytic and technique-based approach (Feldman, 2005; Pirson and Von Kimakowitz, 2014; Waddock and Lozano, 2013) with a focus on maximizing short-term profit (Khurana, 2007). Moreover, this critical dimension is based on the appreciation that the concepts, tools, and analytical cases proposed in business schools are deeply based on an economic paradigm guided by the free-market ideology, maximizing shareholder value and economic value creation. Hence, the *homo economicus* approach defines also the main theories of the firm and management theories taught in business schools (Pirson and Von Kimakowitz, 2014). A second major critique of management education is based on the limitations of business education tools and techniques to

conduct in-depth critical analysis of different dimensions that affect business strategies and practices in global contexts and the capacity to understand the complex multidisciplinary nature of the profound transformation of natural, economic, organizational, and social systems (Ghoshal, 2005; Waddock and Lozano, 2013). Therefore, the discussion is based on the need to transform management education into a less tool-oriented approach and adopt a self-aware and self-reflective approach helping business leaders, executives, and managers to acquire new capabilities related to social consciousness and complexity. Along with the importance of this approach, studies about business education programs note the importance of other types of complementary skills: the ability to work in teams, the competence to dialogue and co-creation with stakeholders, the capacity to adopt a holistic and critical focus in a complex world, accountability, and the ability to act in a creative way, think critically, and communicate clearly (Datar et al., 2010; Waddock and Lozano, 2013).

A third critique includes the need to integrate a value-based proposal and corporate responsibility in society and a sense of purpose and social conscience. These are considered important elements to promote a new self-reflective and self-aware management education model (Waddock and Lozano, 2013). Many scholars have developed approaches to incorporate in business and management education to legitimate the role of firms in society and increase the level of well-being that companies create for society (Escudero, 2011; Ghoshal, 2005). Based on this debate, different scholars propose the emergence of a new humanistic management paradigm (Dierksmeier, 2011; Fontrodona and Mele, 2002; Mele, 2003; Pirson, 2014) built on the core concepts of human dignity and the promotion of justice and well-being in management and economic practices and theories. These scholars advocate a paradigm shift away from economistic views on market activities toward a humanistic approach. Their aim is to generate a new deep discourse built on alternatives to neoliberal economic theories and the theory of the firm generating new research, conceptual analysis, and guidance for reflection on managerial decisions and research. Humanistic management is based on three interrelated dimensions: (1) humans deserve dignity under all circumstances; (2) ethical consideration needs to be embedded into business and managerial decisions; and (3) researchers, scholars, and managers need to embrace corporate responsibilities, building an ongoing dialogue with all stakeholders (Humanistic Management Network, 2013). Therefore, humanistic management is in the pursuit of strategies and practices aimed at the creation of sustainable human welfare promote human well-being through economic activities and adding value to society (Humanistic Management Network, 2013). In short, these authors' proposals are based on how management education must be built on a new humanistic theory of the firm (Pirson, 2014), discussing how to understand business activities, including concepts such as human dignity, well-being, triple value

creation – economic, social and environmental, stakeholder value approach, and the common good, along with innovation and competitiveness (Pirson, 2014; Santacoloma and Aguado, 2011). In their view, successful competitive firms create value for shareholders and also for the rest of stakeholders legitimizing their role in society (Porter and Kramer, 2011). This kind of behavior is far from the classic *homo economicus* theory that is still the core microeconomic assumption in many business programs (Dierksmeier, 2011). On the other hand, this new proposition demands not only analytical skills but also soft skills and the capacity to lead businesses toward sustainable competitiveness and, at the same time, contribute to create a better world in terms of justice, corporate responsibility, well-being, and environmental sustainability (Aguado and Alcañiz, 2014).

In this chapter, we explore the emergence of new educational practices and experiences for business EE that fits within this broader debate on the emergence of a humanistic management paradigm. The educational model proposed is based on the in-depth debate adopted by Jesuit universities in the last decades. The objective is to adapt the higher education system to construct a more humane, fair and sustainable society, economy and organizations (Society of Jesus, 2008, 2014). Since 1975, the Society of Jesus has redefined its mission as a service of faith and to promote justice. Higher education Jesuit institutions have made great efforts to respond to this mission and to incorporate an advanced approach to the formation of students and learners based on profound individual and communitarian self-reflection and self-awareness and a growing sense of social consciousness about human needs and a commitment to become involved in society's social, environmental, and economic challenges. According to the Society of Jesus (2014), this updated education approach is based on the promotion of common good and social justice and the spiritual experience of transcendence toward God, promoting love of one's neighbors and hope for the poor and those in need (Society of Jesus, 2014, p. 19). This approach includes a deep reflection about the challenges affecting higher education and business education today and a clear concern with the promotion of justice and human dignity and the building of a sustainable and more humane economy.

Therefore, based on this debate, we study the application of a new educational model proposed by Jesuit business schools in order to commit to people's social, individual, and economic needs, serving as a positive implemented experience within the emergence of the new humanistic management education paradigm. Thus, the first objective of this chapter is to present an alternative educational model known as the Ledesma–Kolvenbach (L–K) model (Kolvenbach, 2001a, 2001b, 2006a, 2006b, 2007, 2008). The model incorporates four main dimensions that guide higher education: utility, justice, humanism, and faith/spirituality.

Our second objective is to present an experiential case study of Deusto Business School (DBS) to illustrate how the implementation of the L–K

model has nurtured business and management education programs at the university in the last few years. The case study analyzes how the business school has engaged students in a multidisciplinary course that integrates self-reflection and self-awareness skills, together with the understanding of the major trends affecting business in society today and the promotion of new collective skills based on teamwork, system thinking, and stakeholder engagement. The course, *Responsible Sustainability and Innovation in an Interconnected World*, has been prototyped into the master degree programs and aims to convert EE into a transformative and reflective pedagogical experience. The goal is to help future executives to engage in the design and prototyping of new sustainable digital and innovative business models using both professional and leadership skills and value-based and reflective competencies promoted by the four dimensions of the L–K model and framed under the main challenges of economy, business, society, and individuals seen as a whole system.

The rest of this chapter comprises four sections. In the next section, we discuss the main elements behind the emergence of a new humanistic management education approach which better serves natural ecosystems, society, firms, and individuals. In the third section, according to the debate on the emergence of a humanistic management education, we introduce the L–K model presented as a new educational paradigm for management education in business schools. In the fourth section we introduce the example set by DBS, a Jesuit institution that is implementing the L–K model. The chapter ends with a discussion and conclusions.

The debate on a humanistic management education

A main goal of this study is to present the L–K model as a successful experience in humanistic management education. This includes a broad set of proposals and discussions. The notion of humanistic management is based on the need to transform management education, including human dignity and well-being as key values on management education and managerial practices and theories (Dierksmeier, 2011; Pirson, 2014). The humanistic management paradigm has been described as arising due to the need to promote an integrated and harmonized management education paradigm based on the notion of human dignity (Amann et al., 2011). Thus, it aims to promote triple value creation – economic, social, and environmental – processes based on the balanced need between multiple stakeholders and between short- and long-term value creation, including the holistic strategy optimization around the need to balance business practices with humanity's needs in general and those of the planet's major ecosystems (Pirson and Von Kimakowitz, 2014, p. 35). Therefore, humanistic management demands the transformation of business education into a purpose-based approach, promoting new capabilities and skills among learners and transforming the

reflective dimension of students into a more conscious understanding of global economic, social, and systemic challenges. Humanistic management education focuses not only on the economic benefit of shareholders but also on the shared benefits of all the stakeholders, society, and the natural environment and ecosystems. Humanistic management education also includes other dimensions: the promotion of human development which includes psychological, physical, social, and financial concerns, the long-term learning dimension adopted by managers to continuously improve as leaders and to organically evolve, and the emergence of new organizational forms and structures based on trust and transparency (Pirson and Von Kimakowitz, 2014, p. 41). Thus, this paradigm promotes the development of new managers to become responsible leaders promoting justice, the common good, and the culture of human dignity.

Pirson and Von Kimakowitz (2014) describe the humanistic management paradigm as a new approach that aims to go beyond the current economic and managerial paradigm with the purpose of capturing the complexity of human nature and promoting new business structures that balance market activities with our society's and the planet's long-term sustainability. This paradigm has important consequences for the transformation of business school programs and tools, aiming to generate new pedagogical proposals to transform business practices, strategies, governance structures, leadership styles, and organizational cultures (Pirson and Von Kimakowitz, 2014, p. 19). In order to implement this humanistic management paradigm, Pirson and Von Kimakowitz (2014) stress the need to focus on three main levels of an integrated analysis: the systemic, organizational, and individual levels. The systemic level refers to natural ecosystems, avoiding environmental destruction and transforming the current unsustainable economic growth paradigm supported by the logic of the current capitalist system. The organizational level includes the development of new organizational capabilities based on business capacity to create a new shared value, including new approaches to traditional business functions such as sustainability oriented innovation, responsible and transparent accounting, sustainable strategic management, and the goal to create economic, social, and environmental value. Lastly, the individual level includes the need to encourage future students to become responsible and service-oriented leaders.

The L–K model

Therefore, we propose studying the process adopted by Jesuit business schools to transform business and management education as part of the debate on the emergence of a humanistic management education paradigm. Here we study the Ledesma–Kolvenbach (L–K) model proposed by the former General of Society of Jesus and discuss how the L–K model can be applied to a business school, with the aim to integrate human dignity and the promotion

of well-being and social justice as core values, together with the transformation of social, environmental, and economic value approach. We study an experiential example on a business school of how L–K model might be on the basis of a humanistic management education transformation, generating new courses and programs. As a result of the model's implementation, students excel in terms of the knowledge and professional skills they need to carry out their professional tasks, as well as develop a sense of urgency about the need for justice inside their organizations and at the social level, in addition to becoming aware and conscious about themselves and the social and economic situations around them and being open to a type of spirituality that sees leadership as a service to others (Kolvenbach, 2007; Nicolás, 2008, 2010, 2011).

The L–K model has not always been the model applied at Jesuit universities, at least not in North America and Europe (Agúndez, 2008). We can trace its evolution from the end of World War II until the present day, explaining the rise of the L–K model and its importance for business schools in this period. In the following paragraphs, we follow the ideas of Appleyard and Gray (2000). After 1945, the Society of Jesus founded many new centers of higher education around the world. The number of Jesuits was increasing steadily, and they made the main decisions regarding the institutions' administration, identity, academic curricula, pedagogic models, etc. They also occupied the main academic and administrative positions inside the university: presidents, general managers, deans, and department heads. Students were educated in the strong and secured values of the Catholic Church at the time (before the Vatican II Council), the objective being for graduates to excel in their professions. This principle was respected both at the higher education and social levels, and freedom and autonomy were not the focal point of business education.

Between 1960 and 1980, we see a second transformation. Many alumni from Jesuit secondary schools started to choose very prestigious non-Jesuit universities. Jesuit universities reacted, recruiting competent and well-known professors, regardless of their commitment to the universities' identity. The institutions' main objective was to develop their academic excellence and professional reputation. The pedagogic model encouraged creativity, initiative, and freedom in students in a social context of rapid change. Jesuit universities educated excellent professionals, with a high degree of autonomy, initiative, and creativity. The Catholic and Jesuit identities occupied a minor position, far removed from the institutions' main task.

This second transformation was very successful in producing excellent professionals, and Jesuit universities and business schools were highly recognized by society (Margenat, 2008). However, different higher education bodies inside the Society of Jesus in Latin America (AUSJAL), the US (AJCU), and Spain (UNIJES) started to worry about an academic model that gave

primacy to the development of professional skills and eradicated questions about human dignity, justice, spirituality, values, moral choices, and social engagement from academic curricula. Slowly, a new approach to higher education emerged and was finally expressed in the form of the L–K model in the first few years of the 21st century.

The L–K model appeared at a time when a growing number of management scholars tended to think that responsible firms should focus not only on profit maximization but also on common good and social well-being (as explained above). These kinds of firms will be the only ones legitimated by society to operate as economic actors[1] in the globalized markets of the 21st century (Giraud and Renoir, 2010; Porter and Kramer, 2006, 2011).

The L–K model is based on four dimensions that are mutually reinforcing and should be developed at the same time by students (see Figure 12.1).

The first dimension of the L–K model is utility. Traditionally, Jesuit business schools have cultivated a culture of excellence regarding the development of professional skills. The utility dimension insists on the need to train professionals with the highest possible knowledge of the tools of their trade and in so doing, make a positive contribution to society and to their organizations. This technical expertise should focus not only on the
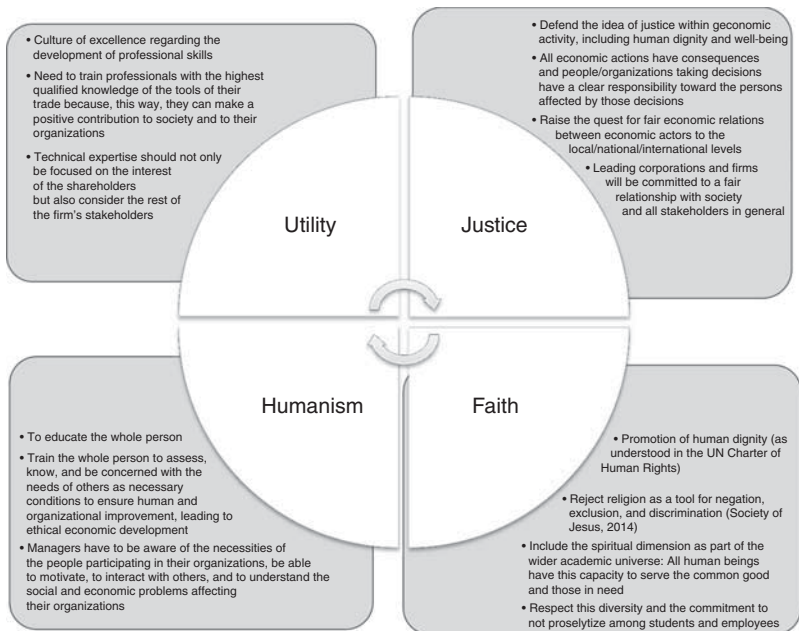
Figure 12.1   The main dimensions of the Ledesma–Kolvenbach model
Source: Own elaboration based on Agúndez, 2008.

interest of the shareholders but also on the rest of the firm's stakeholders, human dignity, and social well-being. Thus, it is important for students to achieve inclusive excellence in management education in order to guide their firms and corporations to achieve sustainable economic, social, and environmental performance (Hortal, 2008; Kolvenbach, 2007).

The second dimension is justice. Jesuit business schools defend the idea of justice as part of economic activity. All economic actions have consequences, and persons/organizations taking those decisions have a clear responsibility toward those affected by them (Aguado, 2014; Benedict XVI, 2009). Jesuit business schools want to elevate the quest for fair economic relations between economic actors to the local/national level and also to the international level (Margenat, 2008). This is a non-renounceable task for Jesuit business schools because it is the basis on which to foster human dignity and social well-being from the very heart of the economic system, and also because of the shared thinking that leading corporations and firms in the future will be those committed to a fair relationship with stakeholders and society in general (Escudero, 2011; Przychodzen and Przychodzen, 2013).

The third dimension of the model is humanism. Jesuit business schools do not attempt to only develop students' intellectual dimension. Moreover, these schools do not understand future businesses' leaders in keeping with the egotistical *homo economicus* maximizing model. On the contrary, they train the whole person to assess, know, and be concerned with the needs of others as necessary conditions to ensure human and organizational improvement leading to ethical economic development. Managers have to be aware of the necessities of people participating in their organizations, to be able to motivate and interact with others and to understand the social and economic problems affecting their organizations (Florensa, 2008).

The fourth dimension is faith/spirituality. It implies an understanding of faith that promotes human dignity (as understood in the UN Charter of Human Rights) (UN, 1948) and rejects religion as a tool for negation, exclusion, and discrimination (Society of Jesus, 2014). For many years, the spiritual dimension has been neglected in Jesuit business schools' educative model. When they started to compete with other business schools, many Jesuit business schools thought that the spiritual dimension and Catholic heritage could be a negative factor when trying to recruit prestigious faculty members, reach higher positions in the rankings, and improve reputation among corporations and families. This belief reduced the spiritual dimension and the Catholic character of Jesuit business schools to the minimum in most cases (Etxeberria, 2008). Nowadays, they are home to a wide variety of academics, technical staff, and students, with different orientations regarding spirituality and religion. Some have argued that Jesuit business schools should consider themselves as part of the wider academic universe

and, respecting this diversity, they should commit to not proselytize among their students and employees (Miralles, 2008). On the other hand, all human beings have the capacity to develop a spiritual dimension. The L–K model tries to develop the person as a whole, including the spiritual component. The model's spiritual facet proposes a type of behavior for managers and business people that encourages teamwork, attention to all stakeholders, and service to the common good of society (Lozano, 2011). As Jesuit universities, it is clear that the roots of this spirituality can be found in Catholic humanism (Byron, 2010) and in the Society of Jesus' own spiritual origins (Etxeberria, 2008; Society of Jesus, 1995, 2014). Additionally, many scholars are anticipating that corporations and firms capable of internalizing this new approach in their strategies and behavior will gain the favor of consumers, talented employees, and investors and therefore enjoy higher performance at all levels (Porter and Kramer, 2011; Spitzeck et al., 2008).

Case study: Deusto Business School – Course: Responsible sustainability and innovation in an interconnected world

A decade ago under the umbrella of the European Higher Education Area (EHEA), also known as the Bologna Process, universities in Europe were forced to review the design and pedagogical approach of its curricula. The overarching goals of the Bologna Process (1999–2010) were (1) to ensure more comparable, compatible, and coherent systems of higher education in Europe, and (2) to create a European system of international cooperation and academic exchange attractive to European students and staff as well as to students and staff from other parts of the world. Thus, the University of Deusto and its business school, Deusto Business School (DBS), were forced to design new master degree programs to facilitate the mobility of students across Europe, prepare them for their future careers and lives as active citizens in democratic societies, and support their personal development, offering them broad access to high-quality higher education based on democratic principles and academic freedom.

At that time, DBS was also starting a new internationalization process with the aim of developing a new strategic vision to compete internationally and to differentiate itself from other competitors. This strategic transformation approach was integrated under the implementation of the L–K model. As part of its transformation, DBS worked on the design and implementation of a set of four new master degree programs. All of the master degrees include a new course entitled, "Responsible Sustainability and Innovation in an Interconnected World". This course is mandatory for all master degree students. It was designed as a means to frame DBS' strategic vision of business and management education and managerial practices (see Table 12.1). In its search for excellence, DBS integrated the L–K model into the new undergrads, master degrees, and executive education.

DBS designed a master degree course as a different type of systemic experiential and work-based learning experience, embedding the four main dimensions of the L–K model: utility, justice, humanism, and faith/spirituality. All the four L–K model dimensions are integrated adopting a set of different pedagogical tools, as it is explained in Table 12.1.

The first L–K dimension, utility is related to the promotion and dissemination of scientific knowledge and management theories and tools to teach student in excellence. Hence, DBS considered the main topics or fields of knowledge and excellence in which the university was outstanding. These topics were introduced as main knowledge-based areas on the course searching for utility and excellence: (1) innovation/entrepreneurship, (2) corporate social and sustainable responsibility, and (3) digital business. The first two topics enjoyed a long tradition at DBS and were the subjects of faculty research and teaching expertise. The third topic was introduced due to the technological transformation affecting businesses. DBS also included digital strategies as a key transformation for business models in the next decades. Thus, the school chose these three topics or fields as key strategic competencies for it to differentiate its curricula and new management programs and compete in the international markets. Therefore, beyond innovation and entrepreneurship theories and tools and corporate social responsibility, this dimensions – utility and excellence – also includes the integration of new humanistic management knowledge such as the development of research on sustainable business strategies and organizations, social and environmental entrepreneurship, social and sustainable innovation, and eco-design. Students are also trained in new Information and Communication Technologies and how these are transforming business strategies, business models, and the emergence of new types of jobs and virtual teams. Hence the course promoted a culture of excellence regarding the development of technical and professional skills. This type of skills and competences are introduced throughout these pedagogical tools: readings, videos, class presentations, students and class discussions, teamwork, work-based business model project, individual assessments, guest speakers (executives, managers, entrepreneurs, NGOs and social activists, and social entrepreneurs).

Secondly, the course also embeds the second dimension of the L–K model: justice. The goal is to explain and discuss the consequences of business activity in people's lives and society, including the responsibility of our decision-making process toward those affected by the decisions. Therefore, key concepts are the understanding of triple value creation and the discussion on how innovative organizations and integrating responsible and sustainable businesses practices, technologies and processes, creating new jobs, and promoting human rights and the notion of sustainable development. Pedagogical tools include short case studies, videos, short class presentations, students and class discussions, public reflection, teamwork, reflective practices to develop awareness, work-based business model project,

Table 12.1 Main characteristics of the "Responsible Sustainability and Innovation in an Interconnected World" course link to the L–K model

L–K dimensions	Course goals	Pedagogical tools
Utility	The promotion of a culture of excellence regarding the development of technical and professional skills	Readings, videos, class presentations, students and class discussions, teamwork, work-based business model project, individual assessments, guest speakers (executives, managers, entrepreneurs, NGOs and social activists, and social entrepreneurs)
Justice	The embedding of justice within the economic activity and its consequences in people's lives and society, including the responsibility of our decision making process toward those affected by the decisions	Short case studies, videos, short class presentations, students and class discussions, public reflection, teamwork, reflective practices to develop awareness, work-based business model project, individual assessments, system thinking presentation and workshops (design thinking), guest speakers and personal experiences (executive, managers, entrepreneurs, NGOs and social activists, and social entrepreneurs), individual assessment based on a focus on interrelations and interdependencies between global challenges and economic and social values
Humanism	The integration of a profound sense of social awareness, training the students as whole people to assess, know, and be concerned with the needs of others as necessary conditions to ensure human and organizational improvement, leading to ethical economic development, being able to motivate teams, to interact with other stakeholders and to understand the social and economic problems affecting our world and our organizations together with compassion for the poor, human development and self-reflection and self-awareness of the world challenges as key elements	Ongoing reflection on societal and global needs and challenges, videos, music, group presentations, public reflections, case studies, guest speakers and personal experiences (executive, managers, entrepreneurs, NGOs and social activists, and social entrepreneurs), individual assessment based on a focus on interrelations and interdependencies between global challenges, professional work, and social values
Faith/Spirituality	The understanding of faith and spirituality as a clear sense of the promotion of human dignity and human rights and rejecting religion as a tool for negation, exclusion, and discrimination	Creating spaces for personal self-reflection, silence, and values

individual assessments, system thinking presentation and workshops (design thinking), guest speakers and personal experiences (executive, managers, entrepreneurs, NGOs and social activists, and social entrepreneurs), individual assessment based on a focus on interrelations and interdependencies between global challenges and economic and social values.

Thirdly, the course also integrates the third dimension of L–K model: humanism. It is based on the integration of a profound sense of social awareness, training the students as whole people to assess, know, and be concerned with the needs of others as necessary conditions to ensure human and organizational improvement, leading to ethical economic development, being able to motivate teams, to interact with other stakeholders, and to understand the social and economic problems affecting our world and our organizations together with compassion for the poor, human development and self-reflection and self-awareness of the world challenges as key elements. The course also promotes a process on ongoing reflection on societal and global needs and challenges, integrating the notion of human dignity and human rights values and the process of social consciousness over global challenges such as poverty, unemployment, human development or sustainable development. Pedagogical tools include videos, music, group presentations, public reflections, case studies, guest speakers and personal experiences (executive, managers, entrepreneurs, NGOs and social activists, and social entrepreneurs), individual assessment based on a focus on interrelations and interdependencies between global challenges, professional work, and social values.

Lastly, the course includes the fourth dimensions of L–K model, faith and spirituality. These values are based on the debate on how to generate a clear sense of the promotion of human dignity and human rights and rejecting religion as a tool for negation, exclusion, and discrimination. This debate is linked to students' and executives' capacity for self-reflection and self-awareness to include social consciousness and human dignity in their decision-making processes to create new organizations that might be able to change the world and make it a better place for human beings and ecosystems. Pedagogical tools include the creation of spaces for personal self-reflection, silence, and values.

DBS has adopted a systemic analysis approach as proposed by Pirson and Von Kimakowitz (2014) on humanistic management to affront the systemic challenges affecting our economy. Our analysis of DBS' master's course shows how they have applied a fifth-level systemic integration of the course contents, including the reflection on and awareness of the interconnection between business practices across different levels: the ecosystem (the planet and nature), economics (global and local economies, rich and poor countries and regions), organizations (the role of business in society), the community (the role of businesses and entrepreneurs in local communities and engaging with their stakeholders), and the individual or managerial

level (the role of responsible and conscious leaders and managers). As mentioned, with the four L–K dimensions, the course also integrates three main topics of strategic analysis and excellence: (1) innovation/entrepreneurship, (2) corporate social and sustainable responsibility, and (3) digital business. However, these three knowledge fields are integrated as one. This integration has been developed by the team of professors working on the course. In order to design and prototype the course, a group of three professors from each of the knowledge areas worked for more than one year to design the integration of the three subjects. They worked on the deep transformation of business models, including economic, social, and environmental value creation in a broad transformation of digital and innovation transformation context. They also worked with companies in the region of the Basque Country which has an advanced innovation ecosystem to see how their experience could be introduced into students' experiential learning. Therefore, students learn in practical sessions with guest speakers (practitioners, managers, and social and environmental entrepreneurs and intrapreneurs, NGOs, and social activists) how to develop and build new business models requiring the integration of innovation and entrepreneurship tools and practices, corporate responsibility and sustainable business strategies and digital strategies and technologies. The course also includes a collective or group project that includes a reflective process on the need to generate new digital, sustainable, and innovative business models and an in-depth sense of justice mainly in terms of working to create fair and transparent economic, political, and social structures. This work-based team project starts the first day of the course based on an experiential process dedicated to design thinking methodologies. Students have to choose the challenges related to end-users and citizens where new sustainable and digital business could emerge. The teamwork takes two months and is based on a collaborative work-based process that inherently requires collaboration, co-creation with end-users and suppliers, multidisciplinary (from the analysis of sustainable development to sustainability oriented innovation) and multi-stakeholder engagement and dialogue. Students have to take advantage of this project to design a digital and sustainable business model and prototype it within the context of complex economic, social, and environmental challenges. In order to promote self-reflection and self-awareness during the course, students answer complex questions based on the integration of the three competencies: innovation/entrepreneurship, responsible and sustainable strategies, and digital business.

After attending this course, according to Table 12.2 participants should be able to:

1. Apply the digital platforms, the entrepreneurial dimensions, and the sustainability management practices to the design and implementation of new business models and new business strategies.

2. Adopt a critical attitude and confidently use information technologies and digital platforms to lead, create value, innovate, work, live, and learn within the environment of the new knowledge and networked society and the new global and networked enterprise.

3. Implement strategic projects through their own initiative in order to take advantage of an opportunity, assume the corresponding risks and include a profound sense of justice, triple value creation, and social consciousness, and engage and deeply involve in the lives of people who are suffering around us or in the world.

4. Provide satisfactory responses to individual, economic, organizational, social, and environmental needs in our world, modifying and introducing new value-based dimensions in a reflective process and in decision-making processes.

5. Integrate social, environmental and economic value creation, the promotion of justice and human dignity in corporate strategy in order to create value and lead the transition toward a sustainable economy.

6. Integrate knowledge from different fields and deal with the complexity of making decisions with limited information and taking into account the social and ethical responsibilities of those decisions (see Table 12.2).

All of these competences are addressed in class debates and participation, guest speaker discussions, team presentations, individual assessments, and student presentations on their new business model prototypes at the end of the program. Students need to present the projects to entrepreneurs assuming the role of managers of a business.

Discussion and conclusions

As we have discussed in the introduction, a growing number of scholars and practitioners (Adler, 2010; Amann et al., 2011; Dierksmeier, 2011; Donaldson, 2002; Ghoshal, 2005; Gladwin et al., 1995; Henisz, 2011; Leavitt, 1989; Mintzberg, 2004) are looking for business education models beyond classic programs based mainly on analytical tools and the *homo economicus* behavior expressed as short-term profit maximization. Along with analytical skills and a proper understanding of management tools, studies on management and business education have shown the importance of developing the so-called soft skills: teamwork, accountability, negotiation skills, creativity, communicative skills, and entrepreneurship capabilities, among others. At the same time, other scholars propose a clear role for firms in terms of contributing to social well-being and human dignity, being able to compete in global markets and generate value for their stakeholders, including shareholders, at the same time. Humanistic scholars, specifically, are demanding that human dignity and social well-being occupy a central role in firms' strategies and operational functioning.

Table 12.2 The "Responsible Sustainability and Innovation in an Interconnected World Course": Curriculum design, pedagogical approaches, and outcomes/impacts

Curriculum Design	Pedagogical Approaches	Outcomes and Impacts
Presentation of the framework: Responsible Sustainability and Innovation in an Interconnected World	Holistic approach to business challenges today: innovation and entrepreneurship, responsible and sustainable business, and digital business. Creating spaces for personal self-reflection, creativity, and learning	Understanding the trends that affect businesses today and the need to develop new knowledge and capabilities
First workshop	Design thinking: End-user needs and social needs	Understanding the relationship between business models, products, services, and social and individual needs. Acquiring new entrepreneurial and innovation capabilities
Innovation	Readings, short class presentations, guest speaker presentations, case studies of subject-matter experts in the Basque Country, innovation ecosystems, and individual assessments	Understanding the main tools and typologies of innovation. Acquiring new capabilities. Understanding the innovation mindset
Entrepreneurship Social and sustainable entrepreneurship	Readings, short class presentations, guest speaker presentations, and individual assessments	Promoting an entrepreneurial mindset among students. Learning by doing and from other entrepreneurs, learning by trial and error
Networked business, digital strategy and virtual team work	Class presentations, ongoing reflection on digital transformation and its impact on society, case studies of digital business models, videos, readings, guest speakers (digital entrepreneurs)	Acquiring new capabilities linking innovation and ICT. Understanding how ICT systems are transforming business strategies, organizational cultures, global supply chains, and virtual teamwork. Learning by case studies and guest speaker experiences

- Globalization, sustainable business and corporate social responsibility

- Readings, class presentations, guest speaker presentations, individual assessments, creating spaces for personal reflection, emotion, and learning

- Ongoing reflection on societal and global needs and challenges. Acquiring new capabilities and knowledge to integrate a holistic and multidisciplinary approach based on system thinking: ecosystems, economic globalization, and societal needs. Understanding the current debate on the role of business in society

- Sustainability oriented innovation business

- Readings, short class presentations, case studies, individual assessments, creating spaces for personal reflection, emotion, and learning

- Acquiring new capabilities, linking sustainable business and innovation. Understanding how sustainability oriented innovation is transforming business strategies and innovation strategies. Learning by case studies and guest speaker experiences

- Teamwork-based learning experience

- Developing a business model throughout the whole program, continuous assessments and self-awareness of how to embed digital strategies, sustainable business and innovation, prototyping and testing with end-users

- Learning by doing (trial and error): design, understanding needs and prototyping of a new innovative, digital and sustainable business model
- Public presentations in class with social entrepreneurs acting as business angels

Source: Authors.

The Society of Jesus developed the L–K model for higher education. In our opinion, this model can respond to the new role for firms that the aforementioned academics are asking for. The model has four mutually reinforcing dimensions. The first one, utility, is focused on the transmission of knowledge and technical tools needed in management. The second dimension, justice, puts firms in the social context at the local, national, and international level, fostering a responsible approach toward social well-being and human dignity. The third dimension, humanism, is linked with the development of soft skills needed to interact with others inside the firm and also at the social level. The last dimension, faith/spirituality, is linked with the spiritual dimension that all human beings have. The spirituality proposed by the L–K model insists on the idea of placing social well-being and human dignity at the very center of the firm's objectives and strategy.

According to humanistic scholars (Amann et al., 2011; Fontrodona and Mele, 2002; Mele, 2003), and other academics (Datar et al., 2010; Waddock and Lozano, 2013), firms that are able to incorporate tools such as complexity analysis, self-awareness and self-reflection, technical tools, soft skills and a genuine responsible behavior toward social well-being and human dignity will be the leading companies in the near future and the ones that enjoy additional legitimacy to operate in the market. DBS' example shows that the transformation of business education toward such a pattern of behavior is not only possible but also a means to differentiate itself in order to offer a new model of humanistic management education for managers willing to embrace this new role for firms in society.

Note

1. CEOs of multinational corporations are starting to acknowledge this situation. The case of Paul Polman (Unilever) is one such example.

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Part III

Introduction: How Should Human Centered Management in Executive Education Be Delivered?

Roland Bardy

Education is acknowledged to be the essential mechanism to transform attitudes of individuals and the structure of society. But the philosophical convention of education states that it is "a generalized growth process which product is indeterminable and unpredictable and varies from person to person" (Bassett, 1978, p. ix). In executive education (EE), this process needs to bring the requirements of economic organization into harmony with the values of humanistic culture.

Training, meaning imparting skills to communities of learners, that must provide visible results in near future, is but one element of education and the learning process. Result orientation is a must here, because executives, who are pressed for time and the need to deliver short-term results, also want to see short-term outcomes of the training program they or their managers receive. And program participants will get these outcomes when they learn about morality and ethics in a way that shows them how moral behavior improves business processes, stakeholder relations, and corporate performance. There is an abundant volume of literature that confirms a positive correlation between organization processes and ethical leadership and behavior (De Hoogh and Den Hartog, 2008; Mayer et al., 2009).

Improvement of business processes and stakeholder relations is rooted in a growing sense for accountability. And accountability, in this context, is more than just feeling responsible for compliance with written regulation; it is a commitment with the mission of the firm and with all its stakeholders. The main conception must be that business is an integral part of society: as a firm's activities always affect a wide constituency it must as well meet the demands of all members of this constituency. The executives of the firm are held accountable by the markets for meeting these demands – of customers, suppliers, labor markets, and financial institutions. Only in markets with a competitive environment every participant of a market will eventually be acting along the lines of "moral behavior". This is brought about

by the cause-effect relationship in what has been called the "moral market" (Boatright, 1999). The effects work through incentives and advantages which one participant of the market can only pull off if behaving in a way that is compatible with the interests of the other participants in the market. This includes the positive results that ethical business processes and stakeholder relations produce in business performance from where every participant will receive a benefit. Having access to and obtaining a benefit from participating in a market is a most prominent expression of human freedom.

Promoting "moral behavior" and ethical leadership is about *how* the overall objective of EE needs to be delivered. Some ways to attain this objective with vivid examples are offered in the five chapters included in Part III of the book. They are all concerned with imparting knowledge; however, they do not cover the wider topic of executive development of which education is but one element – with career planning, project assignment mentoring programs, among others, being complementary elements. This would be beyond the scope of the contribution sought with this book. Still, imparting knowledge plays an important part, in making executives aware, e.g., that leadership is defined in terms of traits, behavior, influence, interaction patterns, role relationships, or occupation in an administrative position (Gary Yukl, 2010, p. 23). Ethical leadership is leading in a manner that respects the rights and dignity of others (Ciulla, 2004).

But sometimes leaders gain personal benefits at followers' expense. Also, there are cases where, despite good intentions, actions of leaders based on wrong decisions are detrimental to followers. However, market forces can deter opportunistic behaviors, and in many cases opportunists are outlawed in a market. The more leaders accept this fact, the more they will pay attention to the consequences which their decisions have for all parties concerned by the business of their firm.

The view that ethical leadership pays off in the long run is not new: a 1963 OECD publication quotes John Ulric Nef, co-founder of the University of Chicago's Committee on Social Thought, saying, "The future of industrial civilization in the decades and centuries which lie ahead of us is likely to depend less on the scientist, the engineers and the economists, than upon a renewal of the search for the perfection of the human personality" (OECD, 1963). Half a century later, and after a series of economic crises at least partially attributed to opportunistic behaviors and unethical leadership, it looks like we still have lessons to learn.

Lessons on ethical leadership and humanistic management come from a large variety of sources, of which personal experience has the strongest effect. For a young manager, when leaders are examples of ethical behavior, the lessons are strong. In my own case, to add a personal note, I was privileged to work in BASF, the German chemical multinational, for 30 years since 1970. I could then recognize the value of good leadership as a matter of fact. Early on in my career, my colleagues and I looked up at the CEO

and the Chairman as true mentors with a leadership spirit that encompassed charisma, participatory management, and exemplary behavior. Later on, we developed a more critical view on the successors of those "giants". But if it was not the same level of admiration, we yet felt sincere respect.

By the time my colleagues and I were also becoming leaders, concern for people had to get into our focus. I became an executive with leading responsibilities at an early age, when I had to supervise 180 persons in BASF's subsidiary in Argentina. I then recalled Geert Hofstede, the first Dutch scholar who identified the differences in leadership among national cultures (Hofstede, 1980). He clustered Argentina in a cohort of countries where individualism, power distance, and masculinity dimensions rank high. So, participatory management, collective decision making, and caring for others (associated with "femininity") were highly uncommon. But the type of inclusive management I practiced worked well. This was a learning experience in effective leadership, the theory of which would now be called transformative and transactional.

After I retired from BASF I changed from a management career and took up a teaching track. Then I realized that what I taught to my students was inspired from experiences I had gained in my business management career. One peak event in my business of management training was a symposium on Peter F. Drucker's 100th birthday. The event was held in Vienna, Drucker's hometown, and mine as well, where I was invited to do a presentation. For this, I delved deep into Drucker's thoughts on ethics (Bardy and Rubens, 2010) and I realized that what I saw in Drucker's writings has been standing practice in BASF all the time.

Another experience has added value to my perception of what is ethics and how to teach it. When a former CEO of BASF heard about my "second career" as instructor and management trainer, he invited me to join the Wittenberg Center for Global Ethics, an American-German alliance founded, among others, by Andrew Young, a veteran civil leader, former United States Ambassador to the United Nations, and Mayor of Atlanta, and Hans-Dietrich Genscher, Germany's longest-serving Foreign Secretary. The Wittenberg Center[1] pursues a philosophy that links ethics, entrepreneurship, and economic principles under the conception that morality in the economic system offers the necessary conditions for business to operate freely and to the benefit of all who are in that system. For this to be attained, rules must be in place which define modes of action that are permitted in conducting business, and these rules require moral criteria and a system of incentives. Any firm in this market can act and move within these rules, setting strategies for business performance and business goals. But the market will work in a way that those who follow the rules are rewarded by the market forces and those who break them are punished (Zimmerli and Assländer, 2007).

In EE, employing the theory of incentive and advantage-based ethics and applying economic principles to ethical phenomena will make the learner

understand that leaders who focus on people add value to all who are affected by their decisions – which certainly includes customers, suppliers, and shareholders.

Within the principles aforementioned, the chapters in Part III address issues related to effective approaches and teaching methodologies, support materials, technology, and structures to deliver programs locally and worldwide. They elucidate how teaching outcome and productivity should be measured to attain continuous improvement (Thach and Heinselman, 2000), how participants' learning should be measured, and whether EE programs need to be attached to universities or should be autonomous and independent.

Chapter 13 addresses the question why management education is commonly associated with "how to teach to manage" rather than with "how to educate students to manage". The communal objective is the formation of a professional who can act correctly in the world learning a set of processes for social practices mediated by actions and experiences, which incorporate a social, political, historical, and cultural dimension. The chapter's proposal is based on the development of an action learning system for management education which is part of a research agenda from the Research Group on Learning and Knowledge in Brazil.

Chapter 14 presents a soft skills training model which is based on a study of fundamental principles that underline the development of those skills. The study presents a survey that evaluates if soft skills and hard skills training are adequately balanced in EE offered online and proposes a concise program for integrating soft skills into human centered management . The chapter exhibits the dimensions to be built in the program, gives examples of EE programs in Germany which are in line with the teaching dimensions, and closes with a reflection on why soft skills and a proper moral base cannot be learned by "osmosis" (Rao and Sylvester, 2000). Finally, it demonstrates examples of how to balance theoretical and action-oriented teaching content.

Chapter 15 shows that although experiential learning is central in a growing number of EE programs, it remains unclear how it shapes the mindsets of scholars and educators as contributors to society. The chapter presents findings of a study about the experiences of 12 Doctors of Education (Ed.D.) graduates. It analyzes how and to what extent experiential learning helps to develop executive managers. The results support principles of the human centered management paradigm showing that participation in collaborative learning activities were highly congruent with students' ideal learning style and inspired greater levels of confidence to make life-changing decisions.

Chapter 16 describes how ESAN University developed a division for online education to offer graduate level EE courses, meeting the needs of a new profile of executives doing business globally in Peru. The authors describe this market characterized by high demand and limited supply. The main

challenge with which they were confronted was to offer online EE programs with the same standard of high performance and academic rigor as ESAN's traditional in-class/face-to-face programs. The analysis addresses the institution's cultural change in the new online program and its impact on other academic and administrative areas. The experience shows that in online education instructors become key players in the innovative proposal for people-centered distance education.

In Chapter 17, I illustrate formats to teach morality and ethical principles in synch with improving effectiveness and efficiency. Participants who learn that corporate responsibility is a necessary condition of capitalism and that opportunistic behavior irrevocably impairs executives' and corporations performance in the long run understand and can manage competition and morality in a compatible way. The chapter presents six teaching blocks for building ethical leadership that combine ethics theory with practical issues. The author is concerned with exploring morality, which is a basic human – rather than a metaphysical – concern in the context of business responsibilities. He believes that a commitment to morality can revert the assumption that business activities always need to have a private return which is higher than the perceived social return.

The broad scope encompassed by the chapters of Part III demonstrates that there are many diverse approaches and teaching methodologies to educate EE participants in ethical leadership. Selecting the adequate technique for an EE program is often context-specific and the following chapters offer useful guidelines in this direction.

Note

1. www.wcge.org

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13

Action Learning: Lecturers, Learners, and Managers at the Center of Management Education in Brazil

Anielson Barbosa da Silva

Introduction

Management education in Brazil is closely linked with formal education at university and college level and focused on principles and practices of traditional education, in spite of the concern of scholars that call for innovations in managerial education and the development of professional competencies related to management of organizations and the present problems that affect society and require new strategies, and teaching innovation using action-oriented methods.

Based on reflections on the need to innovate professional training at graduate and undergraduate levels in the business field, my proposal is to adopt the term "education" in management to identify the professional development of people who act correctly managing organizations, and also in individual or collective entrepreneurships, in teaching, research, and planning the search for solutions to problems that affect society.

This method is implemented using a set of activities organized in the context of courses developed by academic managers and lecturers to achieve the educational goals defined in course curricula, the syllabus, and extracurricular activities selected to develop students' competencies.

Above all, higher education in management is a social movement in practice because all management actions are embedded in a social and cultural process and produced in dynamic social interactions.

The learning process in management courses should be concerned with the technical dimension of professional education, with theoretical implications for practice, but also must incorporate the social, political, historical, and cultural dimensions that are unique to managerial development and implications of future actions.

This vision should prevail at undergraduate level in management education in Brazil to educate professionals apt to improve management of

organizations in the public and private sectors as a condition to foster society's well-being from the Brazilian higher education dimension.

According to the Brazilian Ministry of Education, the higher education census shows that there are 2,333 undergraduate courses in management with more than 1,102,579 students enrolled, representing 20 percent of total number of students in higher education in the country. Despite this high level of enrollment in undergraduate management courses, a large number of students do not work in management after graduation.

Among the current concerns it is said that management courses have failed to articulate theory and practice, placing strong emphasis on theoretical assumptions that are disjointed from business practices, and the lack of a motivating learning environment deters lecturers as much as students. This finally compromises management education and increases the gap between educational theories and professional practice. Stephen Fox (1997) has emphasized the urgency to close the gap between management practices and learning management and has proposed a new field of study identified as management learning.

Management learning encompasses a complex construct (Kayes, 2002) that links learning processes, including action, cognition, experience, and reflection as interdependent factors to be integrated in the process of managerial education to broaden the scope of professional development into a more holistic learning experience.

In this chapter, I discuss a proposal for management learning developed for the Brazilian context, with assumptions anchored in principles of action learning but with a stronger focus on experience. This action learning system was developed to link closely theory and practice, reflection, and action to help students become active participants in the learning process.

The next section presents a description of the system followed by a set of practical implications for management education in organizations. Reflections arising from the discussions undertaken may contribute to improve learning processes in management education and disseminate what Kolb and Kolb (2005) call "the new science of learning".

An action learning system to management education

Theoretical analysis about an action learning system began in 2010 with the purpose to discuss assumptions about the theoretical perspective of learning, which was initially designed to solve organizational problems in the 1940s, and has become an integral part of management education recently. For Marquadt (2007, p. 95), action learning is a powerful experiential learning methodology because "all forms of action learning share elements of real people resolving and taking action on real problems in real time and learning while doing".

When action learning is used in management education it opens possibilities to enhance management training establishing abundant links between theory and practice, reflection and action, and learning and teaching.

Silva et al. (2012) present a theoretical perspective about the system and discuss specific elements of each dimension that streamline the proposal in the context of management in higher education.

The action learning system for management education is based on the assumptions of adult learning theories (Knowles et al., 2011), emphasizing theoretical perspectives of experiential learning (Fenwick, 2003; Merriam et al., 2007; Merriam and Bierema, 2014), reflective practices proposed by Schön (1983, 1987), and considering learning acquired by reflection about own practice (Merriam and Bierema, 2014). It also includes the notion of the learning environment as an emerging concept in adult education (Merriam and Brocket, 2007) and the diffusion of active teaching strategies (Hayes, 2004; Ukens, 2007; Wurdinger and Carlson, 2010).

Experiential learning, one of the schools of thought in action learning theory (O'Neil and Marsick, 2007), plays a leading role in the dynamics of the action learning system, incorporating action, cognition, experience, and reflection (Kayes, 2002) that leverage the learning processes.

The action learning system used a constructivist view to develop management education to help lecturers and students to develop professional competencies in the organizational context. The system is focused on action and experience and aims to enhance the student's learning participating in a collaborative learning environment, where team members share experiences to generate change. The system recognizes cognitive, affective, and personality differences that impact the learning process and characterize learning styles of students and lecturers.

The system also considers the complex and dynamic nature of experiences, the development of reflective practice, and the dissemination of active teaching strategies. Such dimensions enhance the learning processes in the classroom and help lecturers planning and deploying action teaching.

The proposed system contributes to the development of cognitive competencies and considers and values attitudinal and behavioral differences among students to prepare them effectively to mobilize knowledge, skills, and attitudes in the context of professional action.

The action learning system facilitates the development of attributes that articulate and mobilize the building of a competency and the integration of theory-practice and reflection-action, from real-life experience of learning based on the environment of professional performance, considering cultural and emotional differences along the life of the apprentice, fostering the creation of learning environments that motivate students to learn in the action. The action learning system for education in management has five dimensions, as shown in Figure 13.1.
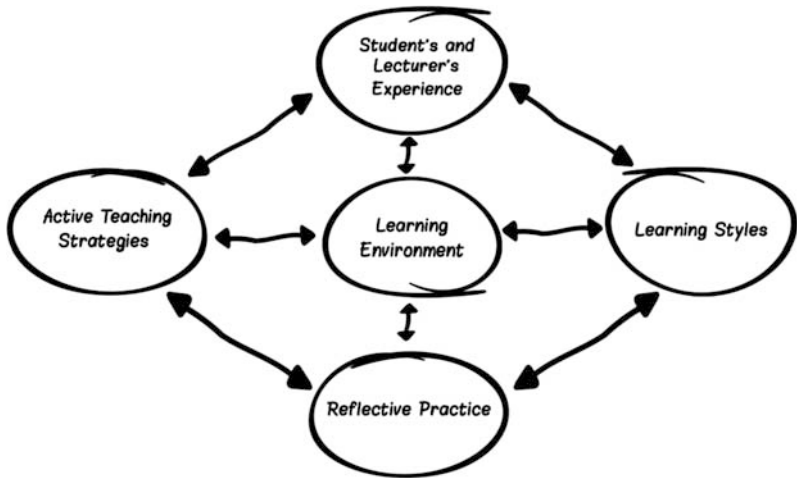
Figure 13.1   The action learning system for education in management
Source: Author.

The first version of the action learning system in management education was developed by Silva et al. (2012) with five dimensions aligned in a circular format but without direct links among them because at that time it was not possible to establish such connections, basically because it was a theoretical construct developed from assumptions and the view of the authors. After several empirical studies in 2012, 2013, and 2014, the learning environment became prominent in the system as the integrator of all the other dimensions.

Analysis of the learning environment is a crucial task for all those involved in the process of management education given the level of complexity and multidimensionality.

The other four dimensions (learning styles, student's and lecturer's experience, reflective practice, and active teaching strategies) are interlinked and mediated by bidirectional connection as indicated by arrows in the picture.

First dimension: Learning environment

The learning environment delimits how lecturers and students act in the context of teaching and needs to consider that adults have different perspectives for action, buoyed by experiences, cultural differences, and gender related to the learning environment as a dimension of the action learning system. The learning environment makes learning a challenging activity as people have multiple needs arising from their cultural background that can enhance learning (Wlodkowski, 2004).

Merriam and Brocket (2007) assess the learning environment from three dimensions: physical, psychological, and social. The physical dimension involves the physical space where learning occurs. Although the authors did not include the virtual learning environment then, today it is relevant to consider it. The psychological environment is related to the creation of a setting for exchange between lecturers and students, aiming to establish a suitable environment for students to experience and resolve doubts, making them feel good as a condition to openly share life experiences.

The social environment focuses on cultural aspects involving teaching and learning scenarios mediated by the lecturer such as race, gender, social, and moral principles. If used in an integrated manner, the elements of the learning environment can enhance adult learning.

The learning environment can significantly foster management education because it makes the learning process more meaningful when physical, behavioral, technological, and social aspects are considered by management education participants, since it stimulates in students the reflection capacity about the importance to understand each dimension of the learning environment in the context of professional activity.

The integrative nature of the learning environment, as shown in Figure 13.1, reveals that the environment has a decisive role on how learning occurs and makes it necessary to assess how behavioral aspects affect learning. It is also useful to evaluate how lack of experience, values, and principles that shape actions in the social context and life of participants can compromise professional development and make managerial actions in the organizational context harder to accomplish.

The relevance of the integrative dimension of the learning environment is strengthened by Wlodkowski (2004) and standards focused on equity, collaboration, and freedom of expression as part of teacher–student relationship in teaching strategies that act as learning facilitators. The standards for lecturer–student relationships determine the quality of the social exchange among learners who contribute to ratify the dynamic and complex nature of the action learning system for education in management.

The student, as a future professional, needs to understand the implications and responsibilities of any agent of change in society. Additionally, the technological environment, mediated by information and communication technologies, can be configured as a high-potential environment for learning.

Second dimension: Learning styles

Another dimension that impacts the learning process and incorporates the action learning system is the learning style of students and lecturers.

James and Maher (2004) discuss the use of learning styles in order to recognize the differences among students to create learning environments that broaden experiences and extend possibilities for success.

There are numerous learning styles inventories in academia and the business environment and many of the instruments used to analyze learning styles fail to maximize students' learning because they are restricted to a cognitive behavioral and affective domain.

For James and Maher (2004), an effective analysis of learning styles should be based on inventories involving three domains or dimensions. The authors present 18 types of inventory to evaluate learning styles, three of which are linked to the psychological dimension, seven related to the cognitive dimension, five focused on the affective dimension and three with mixed domains. But the authors recognize that there are other inventories to assess learning styles considering that all domains are essential to maximize the learning potential of students and lecturers.

Most of the studies in Brazil involving learning styles are based on the experiential learning theory proposed by Kolb (1984). The experiential learning theory provides a holistic model of the learning process and a multilinear model of adult development consistent with what we know about how people learn, grow, and develop (Kolb and Kolb, 2005).

The experiential learning cycle proposed by Kolb (1984) comprises the following modes: (a) concrete experience (CE): learning by experimentation; (b) reflective observation (RO): learning by observation; (c) abstract conceptualization (AC): learning through thinking; (d) active experimentation (AE): learning by doing – at this stage, learning, takes an active form.

The combination of the four learning modes, in pairs and in sequence, delimits four individual styles of learning: *Diverger* = CE + RO; *Assimilator* = AC + RO; *Converger* = AC+AE; and *Accommodator* = AE+CE. New knowledge, skills, and attitudes are achieved through relation among the four modes of experiential learning.

Learning styles identify individual differences in learning based on student preferences. Kolb (1984) notes the importance of the lecturers' role to identify different learning styles and intervene timely to ensure that learning occurs. In considering the experience of those involved in the learning process and various learning styles in the education environment, the learning in action system is enhanced when lecturers and students recognize their learning styles in a context that promotes integration among action, reflection, and learning.

Learning style is the result of the learner's lifelong learning experiences and promotes development of skills that overlap with others. Furthermore, learning styles are also influenced by cultural, social, and emotional factors and personality. They are not fixed throughout life; they influence students' learning and can be developed in the context of education and, therefore, it is necessary to identify those styles.

In classroom experience there are ways to encourage students to develop abilities to undertake risk and question by means of active teaching strategies, like teaching cases, business games, and problem-based learning.

Third dimension: Student's and lecturer's experience

The higher education scenario is a critical area to encourage and develop new experiences. Furthermore, it allows a reflection process on real-life experiences. Experience does not necessarily refer to individual achievements but also to impressions left by previous events. Encouraging exchange of experiences in the learning environment is a challenge for lecturers, who can do so using teaching strategies that promote interaction between lecturers and students, as well as making the learning experience meaningful and transformative.

In the action learning system, the students should learn in real time and for a real problem (Revans, 1998). The great challenge for lecturers is to help students develop self-directed learning skills. One method to ensure articulation between theory and practice based on experiences leading to significant development involves the ability of students and lecturers to reflect in actions (Schön, 1983).

Experience is the starting point of a learning process in the classroom when people adopt experiential methodologies that can test the behavioral style and performance for participants (Silberman, 2007), allowing students to reflect on the applications of theoretical assumptions articulated with an organizational situation as a teaching case, in a simulation, or seeking solution to a problem.

When the learning process is experiential and focused on action, students can see theories as a starting point and reflect on the experience to develop a competency and a systemic vision on organizational processes and also to make the learning process more meaningful, relevant, and transformational (Reynolds and Vince, 2004).

Fourth dimension: Reflective practice

Reflection is more than simply understanding. It involves absorption of concepts and personal knowledge structures. Reflection is a key component of learning. Commonly managers focus more on action than reflection. This dimension, when incorporated in the processes of management education in the university context, fosters competency development that impacts managerial action. For Marsick and Watkins (1990, p. 8), "reflection requires the active application of concepts in practice".

Reflection is a complex concept mainly because there is no consensus about its meaning. It has been defined as the bridge among experience and learning and involves both cognition and feelings. Furthermore, it is absorption of a personal concept combined with other forms of knowledge and experiences (Gray, 2007). When reflection is associated with a thinking

process about an experience and it considers its meaning from inferences, learning involves generation of the meaning of past or current events that guide future behavior (Daudelin, 1996).

Reflection in action can help people cope with knowledge that is tacit and difficult to be structured (Schön, 1983). It is a process that involves reflecting about own actions to find out how the act of knowing-in-action contributes unexpected results (Schön, 1987).

Students in the academic environment or in the business context can reflect on their feelings in a situation that led them to adopt a specific action or the method used to solve a problem, or on the role they built in a broader institutional context (Schön, 1983).

The cycle of action and reflection, if developed effectively, leads to a learning process that promotes integration of knowledge and practice through reflection (Reynolds, 1998).

Reflection is understood as a process that involves four stages (Daudelin, 1996): (a) articulation of a problem, (b) analysis of the problem, (c) formulation and testing of a theory to explain the problem, and (d) action or decision. Real learning only occurs in the last stage, indicating that action and reflection are integrated processes and need to be present in management practice.

The reflection can be learned and is encouraged in a classroom context that contributes to develop the reflective capacity as a key competency for professional performance. The dimension of reflective practice as integrated in the action learning system in higher education management is linked to the use of teaching strategies that encourage students and lecturers to integrate reflection with action.

Fifth dimension: active teaching strategies

Teaching strategies adopted by lecturers influence students' learning and today a more interactive learning style is needed (Hawes, 2004).

Lecturers must align theoretical aspects and discipline objectives with students' needs to make learning meaningful. To this end, strategies that relate theory with practice are more effective based on reflection and action, approaching the relation between lecturer and student through the exchange of experiences in a learning environment.

An analysis of teaching practices used in management education shows numerous active teaching strategies, including the case method, problem-based learning, simulations, and business games as alternatives to lead the learning process. These strategies are effective for students to develop managerial competencies to succeed in life and in their careers (Hawes, 2004). The theoretical basis of active teaching strategies is active learning that stimulates students' participation and interaction in the classroom (Wurdinger and Carlson, 2010).

The active teaching strategies produce a conversational learning process (Baker et al., 2005) because students are encouraged to build new meanings and transform them into knowledge from real-life experience and collective classroom experiences, mediated by teaching strategies, including teaching cases, simulation, or problem-based learning, and taking part in conversation as a basis for learning.

Active teaching strategies result in a more active and experiential students' learning that strengthen the assumptions of the action learning system. Raelin (2006) emphasizes that action learning theorists value active teaching strategies that create opportunities to live a classroom experience, including cases, business games, and simulations, among others, but they consider that the best way to test theories and make them actionable is actual experience.

Though classrooms are self-contained and controlled learning environments, the diffusion of active learning strategies facilitates the creation of an environment where the managerial decisions occur and the process of managerial education is enhanced.

The articulation of the different dimensions of the system reveals the complexity of its deployment in an institutional environment largely because of limiting factors, such as lack of institutional support, lack of resources and structure, lack of lecturer knowledge to teach, limited time for conducting and assessing the teaching processes, disinterest of lecturers, or students lack of maturity that can hinder diffusion of the teaching strategies in action (Lima and Silva, 2012).

Practical implications of the action learning system on management education

The proposal to deploy the action learning system at higher education level also has significant implications for management learning in executive education because understanding learning styles, increasing ability to reflect, capacity to share experiences among instructors and learners, and the interaction of educational environment with management practice all promote a greater link optimal to bridge the gap in management development (Fox, 1997). The action learning processes can make managers self-confident, self-directed, reflective, and participative to act as participatory leaders in the learning processes of seniors and subordinates.

Learning in action grows in popularity offering a wide variety of applications in managerial training in career programs, knowledge management, leader development, problem-solving, building teams, and increasing individuals' skills (Raelin, 2006).

Reynolds and Vince (2004) highlight that action learning approaches are effective alternatives to formal management education and development where learning and knowledge are derived from and integrated with daily tasks and work experience.

The action learning system can fulfil an important objective of management learning proposed by Sadler-Smith (2009), training students and future managers in learning strategies that help to understand the thinking and learning processes. The system encourages the development of competencies for action in the personal and professional contexts because it puts the learner at the center of the management education process.

Therefore, an important aspect of the action learning system in the context of higher education in management is the development of leaders. This assumption is supported by Leonard and Lang (2010) who state that action learning is used in the development of leaders' behavior. In this context of change, some experiences and studies (Hughes, 2010; Leonard and Lang, 2010; Sofo et al., 2010) show that action learning is increasingly being used as the principal method for building leadership habits and improving managers and leaders' behaviors.

In the 20th century, action learning was applied primarily to decision-making, knowledge transfer, corporate training, team development, organizational learning, and fusion of multicultural groups. In the 21st century, action learning has transcended these possibilities and is applied to strategic planning, technological innovation, globalization, and leaders' development (Waddill et al., 2010).

Marquardt et al. (2009) state that the main leadership skills than can be developed in action learning programs are cognitive skills, execution skills, relationship skills, and self-management skills. The authors note that leadership skills development depends on certain conditions such as insight, motivation, real work experience, and accountability, and action learning can add more value than other approaches to leadership development.

After the analysis of various instances of program implementation, Leonard and Lang (2010) conclude that contrary to traditional programs, which present difficulties to apply learning upon return to the organization, action learning works with real and global challenges faced by leaders in everyday organizational life.

The spread of the action learning system in the context of higher education contributes to the development of professional competencies that enhance the performance of learners when they are back in their organizations. Human resource management no longer focuses on leadership development but on policies that transform leaders into facilitators of organizational learning (Zagorsek et al, 2009), who play determinant roles in the development of the learning organization (Senge, 1990).

The study on facilitative leadership by Amy (2008) identifies leaders' beliefs and behaviors that facilitate difficult individual learning of followers and the way these beliefs and behaviors favor or interfere with the transfer of knowledge at organizational level. The development of people

in organizations must take precedence and learning processes must be established where leaders must play the role of a change agent with a transformational leadership dimension.

To argue for one of the principal focuses in action learning and its links to strengthen the business teaching process, the proposal to support the action learning system in education offers significant benefits that can enhance the development of managers in organizations and institutionalize management practices essential for skills development focused on innovation, participation, reflection, and the sharing of experiences.

The need for the transformation of management practice is well known and the discussion on people development applies to organizations but must also be well understood to advance management in higher education.

The perspective of action learning proposed in this chapter focuses on management education processes that bridge the gap between theory and practice and proposes alternatives to improve work processes and managerial action results from a practical perspective.

Conclusions

This chapter presents an action learning system for management education with the objective to boost the process and introduces new dimensions that should be incorporated in the training process to facilitate professional education in management in a more effective way. The proposed system has implications for people development in organizations because it enhances the development of transformational leaders and the improvement of management practices, and positions managers as change agents and facilitators of individual and collective learning in organizations.

The action learning system reduces the dichotomy and synchronizes the student's management education with the human resource development in organizations and it helps managers to deploy effective practices based on innovation, participation, reflection, and focuses on sharing experiences.

The action learning system in higher education management links theory with practice, reflection with action, and enhances the development of leadership skills (cognitive, technical, relational, and emotional), thereby making the leader an organizational learning facilitator.

Among those challenges it uncovers that higher education in management in Brazil needs to undergo profound transformation that includes a reframing of the course project and pedagogical strategies to deploy more flexible curricula in synch with the dynamics of the workforce and the transformations the society goes through in light of emerging political and social arrangements.

It is expected that the discussions undertaken in this chapter assist agents involved in professional education in academic and business to discuss alternatives to deploy the system in higher education in management, inducing

to assess and re-design an action-based curriculum that can change and improve the way lecturers teach and perceive learning processes, which in the current scenario are increasingly complex and multidimensional.

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14
A Soft Skills Training Model for Executive Education

Maurizio Massaro, Roland Bardy, and Andrea Garlatti

Introduction

It is an imperative for executive education (EE) to assess the learning needs of participants, the course contents and the knowledge, skills, and teaching methods of instructors to be effective and sustainable. An increasing number of scholars are disagreeing with the way business schools are conducting their business (Andrews and Tyson, 2004; Mintzberg, 2004; Pfeffer and Fong, 2002). While many have long ago postulated that learning and contents must shift toward a global focus (Conger and Xin, 2000; Greenwalt, 1999), others acknowledge that business schools "are still on the wrong track" (Bennis and O'Toole, 2005), emphasizing a "relevance-rigor-gap" (Tushman et al., 2007). It seems that there has been a backlash which drove contents and teaching methods toward over-emphasizing hard core business techniques and neglecting soft skills and which has consequently focused on rules-based rather than on principles-based content.

Human centered management in businesses and other organizations of all kinds (private or public) is embedded in soft skills. Soft skills are an important and a necessary condition, but they do not suffice to consolidate the deployment of human centered management in business organization. Moreover, soft skills need to be factually deployed by the people who work "in" and "for" the organization to improve collaboration and to foster an organizational culture that enables continuous improvement, adherence to quality standards, and sustainable organizations.

An initial clarification is necessary. The terms "rules-based" and "principles-based" go beyond the differentiation between hard skills and soft skills, because any training beyond mere technicalities must be based on a foundation of principles (Fryer, 2011). One such principle is "The purpose of business is business!", as ascribed to Milton Friedman (Friedman, 1983) and which is frequently misunderstood (the real meaning is that the purpose of a business is to serve "people" and meet needs of customers). Other principles

would be shareholder- or stakeholder-value or "The customer comes first!". However, when theorizing on leaders' pre-eminent needs, the most heard conclusion is that effective leadership is based on "a deep sense of mission and passion guided by strong moral, ethical, and spiritual values" (Larue, 2004, p. 3). Therefore, the prevailing principle on which to base EE should be an unequivocal ethical foundation.

Ethical[1] foundation is a fundamental element in the development of soft skills. This study examines this nexus in detail later, it starts with an identification of soft skills.

So far, there is no unique definition for soft skills (Lepeley and Albornoz, 2012; Massaro et al., 2014). Robotham and Jubb perceive that *soft competencies*/soft skills are related to personal qualities which lie behind peoples' rational behavior (Robotham and Jubb, 1996), and this is a conceptual difference from *hard competencies*. Still, following, Robotham and Jubb, both soft and hard competencies are descriptions of regular individual behavior.

A limited number of empirical studies investigate the importance of soft skills and how they are integrated into formal education, including how soft skills are offered in traditional business schools. We intend to fill this gap from two angles: firstly, by using a semantic approach to review articles on soft skills to draw a theoretical setting, and secondly, by assessing what business school programs offer in or associate with the subject of soft skills. Finally, suggestions are proposed to adjust and re-design business schools' curricula on soft skills for EE.

Literature review on soft skills

Seuring and Gold (2012, p. 544) state that "literature reviews are the backbone of almost every academic piece of writing". However, a critical view is required on literature reviews as they move "through a myriad of potentially contradictory research findings" (Kirca and Yaprak, 2010, p. 306). Objectivity can be reached through content analysis. According to Krippendorff (2013, p. 10), "content analysis entails systematic reading of the body of texts, images and symbolic matter, not necessary from an author's or user's perspective". The use of computer aids reduces time to conduct analysis and increases the reliability of textual analysis (Krippendorff, 2013, p. 210).

This study uses four steps to develop the literature review: the first is inspection of peer-reviewed papers in management journals. Database SCOPUS® by Elsevier[2] is used to search papers with soft skills in titles, abstracts, or key-words.

A list of 140 papers came up of which, in a second step after browsing through all of them, 77 were identified to fit the purpose. The third step was a coding process. Reading each paper and using a recursive approach, concepts were compounded and codified analyzing content and
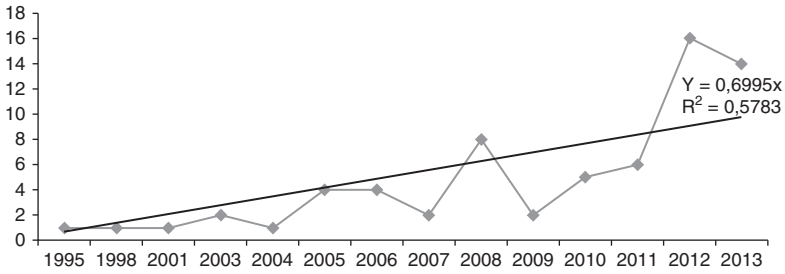
Figure 14.1   Soft skills evolution in management literature
Source: Authors.

each codification was discussed to reach a shared view of concepts. The last step was to analyze the main findings.

The findings allow for several considerations. First, there is a growing importance of the concept of soft skills in the literature between 1995 and 2013, as depicted in Figure 14.1. The topic is getting momentum which is expressed through the growing number of publications as per the vertical axis of the graph. The fragmented line shows the number of articles per year in the selected management journals and the regression line shows the trend.

Our second consideration comes from a follow up of different definitions for soft skills in the literature.

Andrews and Higson state that "it is possible to identify key 'transferable' *soft skills and competencies* integral to graduate employability". According to these authors, the main soft skills related to employability are professionalism, reliability, ability to cope with uncertainty, ability to work under pressure, ability to plan and think strategically, capability to communicate and interact with others, written and verbal communication skills, information technology skills, creativity and self-confidence, self-management, and willingness (Andrews and Higson, 2008, p. 413). Bedwell et al. identified "interpersonal skills as a crucial competence in today's business environment" (2013, p. 174). For an in-depth analysis a notion is required that lists operative items like those provided by Andrews and Higson. The growing number of publications on the topic merits a wide approach to the subject. Starting from this premise, we present the following content analysis which gives a comprehensive categorization of the main elements that shape the soft skills concept (Table 14.1).

Figure 14.2 gives the number of papers (vertical axis) that quote each of the main concepts of soft skills from the literature review and provides a longitudinal view of the growing importance of soft skills.

The results depicted in Table 14.1 and in Figure 14.2 confirm that soft skills are an increasingly important construct in the literature. Among them,

Table 14.1 Soft skills: Literature review

Soft Skills Items/ Field	Authors	Main Words/Concepts Used by Authors
Ideas creation	(Andersen et al., 2006; Andrews and Higson, 2008; Bailly and Léné, 2013; Bajada and Trayler, 2013; Baron and Morin, 2010; Barraquier, 2011; Bodell, 2014; Clarke, 2008; Dixon, 2011; Falconer and Pettigrew, 2003; Griffith and Hoppner, 2013; Kahlon, 2013; Massaro et al., 2014; Tobin, 2007; Weber et al., 2009)	Problem Solving, Creativity and Self-Confidence, Intuition, Flexibility, Imagination, Ingenuity, Inventiveness, Creativity
Coordination ability	(Barraquier, 2011; Bedwell et al., 2013; Dixon, 2011; Falconer and Pettigrew, 2003; Kahlon, 2013; Parente et al., 2012; Tyagi and Tomar, 2013; Weber et al., 2009)	Collaborative Skills, Ability to Communicate and Interact with Others, Interpersonal Relations and Communications, Work in Groups and Team, Collaboration, Cooperation, Help, Contribution, Communication, Dissemination, Influence, Relationship Connection, Correlation, Team Environment, Staff, Units
Multicultural ability	(Andrews and Higson, 2008; Bailly and Léné, 2013; Bajada and Trayler, 2013; Barraquier, 2011; Bodell, 2014; Crosbie, 2005; Falconer and Pettigrew, 2003; Griffith and Hoppner, 2013; Haro and Turgut, 2012; Massaro et al., 2014; Mirchandani, 2012; Neely and Tucker, 2013; Nilsson, 2010; Pant and Baroudi, 2008; Rao, 2013a; Smith, 2005b; Tilley et al., 2012; Tobin, 2007; Tyagi and Tomar, 2013; Velasco, 2012)	Global Expertise/Multicultural, General Culture, Networking, Global Context, Character, Complexity Skills, Languages, Interaction, Knowledge, Learning, Scholarship, Social Network, Workplace, Environment, Personality, Inclination, Mind, Mind Multiplicity, Variety, Variability, Multiplicity
Planning ability	(Ashcroft, 2004; Bailly and Léné, 2013; Bodell, 2014; Falconer and Pettigrew, 2003; Griffith and Hoppner, 2013; Rao, 2013b; Tyagi and Tomar, 2013; Weber et al., 2009)	Ability to Cope with Uncertainty, Plan, Strategy and Strategic Planning, Indeterminacy, Vagueness, Indecision, Ambiguity, Organization, Planning, Design, Skills, Tactics, Cunning, Change, Renewal, Innovation

Table 14.1 (Continued)

Soft Skills Items/ Field	Authors	Main Words/Concepts Used by Authors
Learning ability	(Andersen et al., 2006; Bell, 2012; Bixby, 2012; Crosbie, 2005; Dixon, 2011; Griffith and Hoppner, 2013; Haro and Turgut, 2012; Kahlon, 2013; Massaro et al., 2014; Navarro, 2008; Neely and Tucker, 2013)	Learning to Learn, Willingness to Learn and Accept Responsibility, Acquire, Understand, Learn, Experience, Aspiration, Awareness, Maturity, Will
Professionalism	(ElShenawy, 2010; Fletcher et al., 2014; Garwood, 2012; Griffith and Hoppner, 2013; Kahlon, 2013; Rao, 2013b; Tyagi and Tomar, 2013)	Professionalism, Reliability, Stress Management, Time Management, Seriousness, Commitment, Competence, Trust, Secure, Stress, Endeavors, Urgency, Independence, Run, Self-Management
Leadership	(Barraquier, 2011; Bell, 2012; Crosbie, 2005; ElShenawy, 2010; García-Sánchez et al., 2013; Hornett and Fredricks, 2005; Kahlon, 2013; Kumar and Hsiao, 2007; Rao, 2013b; Tobin, 2007; Trompeter et al., 2013; Weber et al., 2009)	Employee Motivation, Leadership and Influence, Boost, Encouragement, Management, Command, Direction, Principles-Based, Governance
Information management ability	(Walker et al., 2008)	ICT Competences, Decision Making, Information Management, Boost, Encouragement, Management, Command, Direction, Principles-Based, Governance
Ethics	(Baden, 2013; Bajada and Trayler, 2013; Barraquier, 2011; Boyce, 2014; Clarke, 2008; García-Sánchez et al., 2013; Hornett and Fredricks, 2005; Kahlon, 2013; Micewski and Troy, 2006; Rao, 2013b; Shadnam and Lawrence, 2011; Soltani, 2014; Su, 2013; Tilley et al., 2012; Trompeter et al., 2013)	Ethics, Morality, Integrity, Customs, Norms

Communication ability	(Andersen et al., 2006; Andrews and Higson, 2008; Falconer and Pettigrew, 2003; Fletcher et al., 2014; Garwood, 2012; Kahlon, 2013; Mirchandani, 2012; Parente et al., 2012; Robles, 2012; Saunders et al., 2008; Smith, 2005a; Sullivan and Kedrowicz, 2012; Tyagi and Tomar, 2013; Weber et al., 2009)	Written and Verbal Communication Skills, Communication, Relationships
Social responsibility	(Baden, 2013; Bailly and Léné, 2013; Bajada and Trayler, 2013; Kahlon, 2013; Walker et al., 2008)	Social Responsibility, Stakeholder Integration, Sustainable Development, Community Relations
Entrepreneurship development	(Andersen et al., 2006)	Guidance, Entrepreneurial Abilities, Creativism
Collaborative governance	(Shih et al., 2010)	Participative Competences, Humanistic, Management, Bottom-Up Involvement, Alignment, Interaction
Sustainable development	(Baden, 2013; Clarke, 2008)	Integrative Resource Use
Dealing with others	(Andrews and Higson, 2008; Ashcroft, 2004; Bailly and Léné, 2013; Baron and Morin, 2010; Bedwell et al., 2013; ElShenawy, 2010; Falconer and Pettigrew, 2003; Kahlon, 2013; Parente et al., 2012; Robles, 2012; Smith, 2005a)	Rule-finding, Discourse, Dealing with Conflictive Environments, Reflection, Inquiry and Advocacy, Involvement, Interaction, Alignment
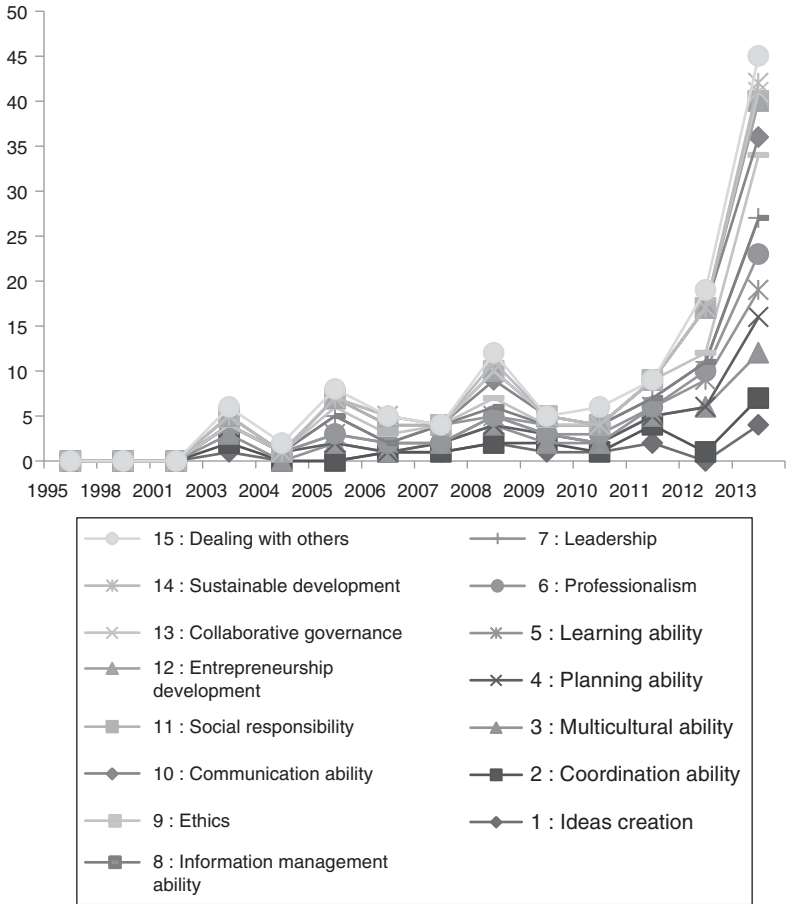
Figure 14.2   Soft skills evolution of main concepts according to literature review
Source: Authors.

multicultural ability is identified as a core concept in 20 papers, and 26 percent of the papers consider it a crucial element in today's economy with globalization requiring managers to improve soft skills to cope effectively with different cultures of employees, supervisors, clients, and suppliers. Table 14.2 shows which core concept has the top rank in how many papers (*Total*) and how many of the papers define it as "crucial". Ethics is recognized as another core "soft skill", followed by communication ability. This goes beyond the sole capacity to communicate and would rather be labeled "communicative action", a skill oriented toward shared understanding and

Table 14.2   Soft skills: Details of Figure 14.2 on main soft skills attributes according to literature review

Soft skills	Total	%
1: Ideas creation	15	19
2: Coordination ability	8	10
3: Multicultural ability	20	26
4: Planning ability	8	10
5: Learning ability	11	14
6: Professionalism	7	9
7: Leadership	12	16
8: Information management ability	1	1
9: Ethics	15	19
10: Communication ability	14	18
11: Social responsibility	5	6
12: Entrepreneurship development	1	1
13: Collaborative governance	1	1
14: Sustainable development	2	3
15: Dealing with others	11	14

ensuring that partners reach consensus. One appropriate definition is "convince each other based on actions coordinated with motivation through reason" (Sinhababu, 2009, p. 468). Other concepts like entrepreneurship or sustainable development, which in the past were less commonly connected with management training, are now quoted as key soft skills.

An ethical foundation is of critical importance in soft skills and it should observe the following three levels of moral development (cf. Kohlberg, 1973): (1) *pre-conventional morality* that anchors moral principles in narrow self-interest, fear of punishment, and desire for reward; (2) *conventional morality* which represents an emerging concept of self-identity in the framework of institutional community, i.e. morality motivated by concepts such as good neighbor, good community member, or a good citizen and devotion to community norms and authority; (3) *post-conventional or principled morality* which utilizes universal moral principles transcending community norms and rooted in a conception of autonomy and moral objectivity (Gross, 1999). These considerations help strengthen business management and EE. Reliance on this moral development compound cultivates the executive and leadership self-determined and supportive abilities to develop communicative skills.

Soft skills and principles-based contents for executive education

The findings exhibited in the previous section confirm that literature and practitioners worldwide suggest that business educators provide an adequate

Figure 14.3   Most frequent words in curricula of business schools
Source: Authors' own sources and analysis.

set of courses in EE to promote ethical, mental, and social skills. Our find-
ings also show that until 2014 (our survey was conducted mid-2014), these
skills were scarcely provided in business schools. This concurs with earlier
analyses: An empirical analysis conducted in 2003 in 40 traditional business
school programs (Reeves-Ellington, 2004) revealed widespread lack of atten-
tion to soft skills. The situation is changing, but slowly. Figure 14.3 depicts
the frequency of word items used in 2014 online offers of business schools.

We assessed business schools and EE curricula with regard to the inclusion
of soft skills in full-time master degree education and professional degree
EE programs. U-multi-rank[3] was used to access business schools websites.
There were 315 business schools and EE programs included in the sample.
Their websites were looked up and manifestos and programs were down-
loaded for each institution providing English websites or translations. 112
institutions from 42 countries were selected for analysis. This international
sample included 235 curricula for master degree programs and EE programs.
Figure 14.3 exhibits the word-cloud used to structure the most frequent word
items mentioned using the definition proposed in the previous section as
soft skills. A semantic approach was used to aggregate similar concepts. The
process was developed using Nvivo 10, a computer-aided content analysis

Figure 14.4 Soft skills proxies by most frequent words in business schools' curricula
Source: Authors' own sources and analysis.

software.[4] Figure 14.4 reports the word-cloud analysis of sentences coded with the development of soft skills.[5] The findings show that a trend favoring soft skills is slowly moving in front of the picture and away from what Reeves-Ellington reported on a general lack of references on development of soft skills in higher education.

While the Reeves-Ellington report has already evinced the importance of multicultural ability and the development of skills necessary to operate globally, only 54 percent of the analyzed curricula contain explicit references to these skills in our analysis. The ranking of references is shown in Figure 14.5. What we found is that the words ideas creation, leadership and information management abilities receive the highest attention in business schools' programs and in this cohort explicit reference to soft skills was acknowledged in 50 percent of the programs.

Evidence is smaller in other soft skills such as social responsibility and sustainable development. In these cases, less than one out of four curricula shows reference to these variables. Ethics is mentioned by one-third of the programs reviewed between 1995 and 2013. However, this will most probably not reflect that teaching "soft skills" is based on an ethical foundation. Even the most prominent definitions of the term do not directly relate to

Figure 14.5   Incidence of soft skills in business schools' and EE programs' curricula (order of appearance follows literature review in Figure 14.2)
Source: Authors.

moral or morality – but this would be the prerequisite for building the skills teaching on an ethical base.

Recommendation and suggestions

Soft skills and principles-based education

The findings in this study show the need to review and improve business management and EE programs in universities and other educational institutions and particularly to update "the old body of knowledge paradigm still prevailing and limiting the ability to introduce curricula change" (Reeves-Ellington, 2004).

Adding ethical praxis would be a necessary action to promote change in contents and norms to govern organizational relationships (Nielsen, 1996). According to earlier studies, employers paid low or nil attention to soft skills and to ethical awareness during the recruitment phase (Tannahill, 2008). This raises the question of whether employers rely on "self-development" of soft skills of the persons recruited or provide soft skill training in-house as career development programs.

A study conducted in 2003 by Hunt and Baruch showed that organizations that invest in programs to improve soft skills of managers reported mixed results. While some show significant productivity increases, others report significant impact on some areas, but not in all of the competencies and skills under review (Hunt and Baruch, 2003).

Similar studies by Tushman et al. (2007) and by Dover et al. (2009) show similar results. Latest research is scarce but provides a slightly improved picture (Paik et al., 2011; Zeynap, 2012). It seems a paradox that the studies showed no visible outcome from teaching soft skills. A most plausible reason lies with the isolated analysis of soft skills, which is found in the following definition: "soft skills are those critical to an employee's ability to

work smarter and deal with people at the emotional level. Soft skills build and sustain effective relationships that will result in mutual gain" (Ezhilan and Renuga, 2013, p. 34). This does not mean that insightful training programs fail to raise performance of students and ensure effective utilization of resources, because integrating interpersonal goals are prone to deliver good "results in productivity improvement, greater workforce flexibility, savings on resources and principal costs, and more motivated workforce" (ibid.). But here we are with an isolated approach that is primarily focused on techniques. However, soft skills training must be connected to a holistic view connecting techniques with a principle-driven and value-creating culture. Otherwise, both the education model and the business model will go wrong (Rossouw 2002; Tsamenyi and Uddin 2008).

Soft skills and ethical principles: The moral foundation

A holistic view of education requires an encompassing view that integrates multiple layers of meanings and experiences to help learners recognize their mental models and the paradigm shift from a mechanistic mindset to a dynamic perspective. "It is through mental models that we interpret and make sense of the world around us, and in business and social systems mental models shape decisions and actions" (Morecroft, 2004, p. 104). The more powerful the mental models the easier for managers to understand changes in the external environment to improve decision making strategies. This is in line with the perception that communication – a key soft skill as described in the previous section – is "a social process necessary to add value and bring meaning to life through negotiation and consensus" (Smircich and Stubbart, 1985). Negotiation and consensus require a communal base to understanding the positions and assimilate the proposals of all the parties involved. That base is found in the moral fundament of trust building and the overall objective to secure trustworthiness. When this "level playing field" (Homann, 2006) is established and conforms with the base, collaboration can be attainable. Without this base outcomes are uncertain and often transitory.

   Below is a prototype proposal of interdependent relationships between skills and ethical principles for EE programs:

  i. ethical leadership and governance, trust building, social responsibility, synthesis of ethics and economics;
  ii. morality, self-interest, and the markets;
 iii. entrepreneurship, development, and collaboration: fostering spirit of morally conducted business;
  iv. dimensions of sustainable development;
  v. social interaction: acts and rules of collaboration and of a rule-finding discourse;

    vi. ethical initiatives, agreed-upon predefined norms and procedures, organizational approaches to social and/or environmental issues;

   vii. fundamental learning and communication skills in conflictive environments: reflection, inquiry, and advocacy.

The above classification is pertinent with a recent recommendation for a curriculum for master degrees and EE training programs: The 2010 Business Research Yearbook prescribes an ethics course as a necessary condition to attain compliance with the professional and ethical standard (Khan, 2010). It includes these five learning objectives (ibid.):

A. Learning core values in global ethics
B. Critical ethical executive thinking
C. Interdisciplinary and intercultural thinking
D. Oral rhetorical communication for ethical management
E. Business writing across the globe using technology and information literacy conforming to global business ethics.

We add a few practical examples which are relatively close to what is considered compliance with the study recommendations. Among them there are lists of learning objectives found in the English language versions of the websites of two German EE institutions: "Wissenschaftliche Hochschule für Unternehmensführung" (WHU) – Otto Beisheim School of Management[6] and Wittenberg Center for Global Ethics[7] (WCGE).

   WHU lists the following key objectives:

- *Provide an engaging journey of learning, combining theory with practice*
- *Understand how the view on emerging markets has changed*
- *Analyze current challenges and opportunities of emerging markets*
- *Explore links between strategy, leadership, and innovation*
- *Promote awareness on cultural differences and need to internationalize*
- *Develop and leverage personal networks and engage in trusting dialogue*
- *Reflect on the challenges that lie ahead and own role of leadership*

WCGE posts the following on the English Website:

- *... an introduction to the principles of global ethics and value-oriented management ...*
  ... knowledge and tools which help to identify and analyze ethical challenges (reflective competences), to develop solutions (constructive competencies) and to communicate these approaches (communication competencies) ...
  ...

- *The focus is on the following topics:*
  the basics of ethics
  the moral quality of market economy
  corporations and their responsibilities
  the management of values
  applied ethics in management practice.

The second set of examples presents content for regular curriculum courses in two German business schools (English version of their websites):

The Frankfurt School of Finance and Management[8] offers two modules: Leading Intercultural Teams and People Working Across Boundaries in the following contents:

- *"About people" …*
- *Motivation, trust, relationship-building, networking*
- *Developing awareness of critical situations*
- *Extrapolating beliefs, views, and values*
- *Cross-cultural understanding of each team member*
- *Leadership -*
- *Leading virtual teams: What do your team members expect and what kind of support do they need?*
- *Organizational and international diversity*
- *Developing individual and team goals*
- *Appropriate use of technology: "connecting" rather than "disconnecting"*

And the European School of Management and Technology, Berlin[9] displays a module on Integrative Leadership in Action with the following content:

- *Leaders, leadership, and followers*
- *Leading organizations through change*
- *Ethical dilemmas in leadership*
- *Corporate governance*
- *Managing across cultures*
- *Executive careers and transitions*
- *Leading and reinventing yourself*
- *Managing your back-to-the-job agenda*
- *Executive communication*

Other examples might be found in other business schools or EE institutions throughout the world, but not all of them list program contents on their websites or offer English versions, expecting prospective students to trust the reputation of a highly renowned institution or to request detailed

information directly. Apparently, EE programs which do not provide information related to soft skills in their websites are overlooking that the main attributes and abilities of executives in the global economy of the 21st century are not technical but human centered. There is another aspect, which may explain why large EE institutions in the United States expect participants or their organizations to first establish contact with the institution and request information: often executives require a need assessment or a sort of "philosophical coaching" to understand and capture the importance of principle-based soft skills training.

One advice that may help executives understand the philosophical dimension is an introduction to ethical issues in a moral discourse. Moral discourse is achieved through a reflective position of "putting oneself in the other person's shoes" (Daboub and Calton, 2002). This may be fulfilled acquiring skills needed to accomplish a reasoned agreement on a human centered way of life. According to contemporary philosopher Seyla Benhabib, this is centered in two principles that align moral claims with legitimate reasoning:

– the principle of universal moral respect: recognizing the right of all human beings to speech and action to participate in any conversation;
– the principle of egalitarian reciprocity: leading only conversations that provide the same symmetrical rights to the speakers, to give everyone chance to initiate new topics and reflections about the conversation (Benhabib, 1993, p. 337).

Executives who master this type of communications skill and abide by the fundamental principles of philosophers like Benhabib might be better prepared to understand how social responsibility of business organizations is put into practice.

Conclusion

Soft skills are gaining growing interest in literature and praxis. Headhunters and industrial relation executives are paying more attention to the soft skills of future managers. More literature is addressing the topic and the number of studies on the topic is increasing rapidly. Although until 2013, the last year included in this analysis, soft skills were not unanimously defined, multiple definitions are recognized in the literature and they all serve the purpose of both academic discussion and practical application.

This chapter contributes to the debate on the topic in three ways. First, the literature review and content analysis, using a computer-aided approach, have identified abilities necessary to shape so-called soft skills and showed that diverse studies differ in the definition and conceptualizations of soft skills. Second, the website-based survey of 235 curricula in 112 institutions in 42 countries supported previous studies: the attention of business schools

to adopt soft skills and ethical principles is advancing very slowly. Only a few soft skills are explicitly addressed in the business schools' curricula, while others are omitted or ignored. Third, moving further on, this study offers suggestions that consider how ethics may be taught as a core competence to shape other soft skills in master's degrees and EE programs.

For manager practitioners in business or other organizations, this chapter highlights why soft skills are needed to transform management in the 21st century and points to the benefits for organizations using soft skills versus organizations that omit them. EE programs that encompass principle-based ethics shape responsible managers who build human centered governance. With this focus, the challenges governance faces in the internet era can be met more smoothly, and a broad range of new opportunities can be developed to improve effectiveness, creativity, and innovation and restructure business and systems at all organizational levels.

Notes

1. The terms "ethics" and "ethical" refer to rules that govern moral behavior as used in this chapter. "Ethos", is an important term in this context, refers to the fundamental spirit of a culture or underlying sentiment that shapes beliefs, customs, or practices of a society.
2. http://www.elsevier.com/online-tools/scopus
3. http://www.umultirank.org
4. http://www.qsrinternational.com/products_nvivo.aspx
5. The analysis was developed by one author of this chapter and findings were discussed among all authors to reach a shared interpretation of data.
6. www.whu.edu
7. www.wcge.org
8. www.frankfurt-school.de
9. www.esmt.org

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15

Educating Educators: A Case Study on Human Centered Management Education

Mary Lopez Holly

Introduction

Upon graduation, new doctors of education (EdD), scholar-practitioners typically hold influential positions as university professors, executive managers, and corporate leaders. These fledgling doctors of education springboard into the competitive workforce armed with uniquely designed concepts of leadership and social fairness. No binding commonality of professional oath exists to provide general moral and ethical guidance to influence and nourish societal benefit. Meanwhile, McFarlane and Orgazon (2011) report that economic growth and wealth accumulation remain primary motives to pursue higher academic degrees.

For scholars and lecturers who seek to facilitate student transformation, the task requires time away from academia and a period of genuine reflection to gain new knowledge to support the student in the 21st century. After all, once a graduate enters or returns to the work environment, formal education and theoretical models learned at school may or may not contribute to improve the executive's practices in ongoing management, leadership, and decision making. So this instance provides an opportunity for reflections on human centered management.

Despite the use of institutional brief exit surveys, the graduates' self-assessment of transformed habits of mind and points of view are sparsely explored. Thus, this narrative research was conducted at the school of education following doctoral standards to benchmark fellow alumnus self-reported perceptions of principled conduct based on a cross-checking of underlying goals and expectations in the program.

Experiential learning, student engagement, and learner outcomes

Graduate students seek to enhance what they know through introspection, collaboration, coursework, and research. Some universities view these students as co-learners. "When instructors assume diverse roles (e.g., guide, mentor, facilitator, discussant, [and] provocateur), they create experiential learning opportunities where adult learners practice transferable skills" (Browne-Ferrigno and McEldowney Jensen, 2012, p. 410). In view of this, the three research streams that supported this research are (a) experiential learning, (b) student engagement, and (c) learner assessments and outcomes.

Experiential learning

Universities are slowly adopting experiential learning strategies to apply them in traditional learning communities (to enhance student retention) and to facilitate coaching skills (associated with critical thinking), group discovery, and teamwork (Beachboard et al., 2011; Maher, 2004). In its simplest state, experiential learning is a reflective by-product of cognitive and kinesthetic activity.

Experiential learning focuses on andragogical theory. This theory is where the interaction of the situation, the education, and the student learner collaborate in traceable developmental instances.

Based on research from a variety of disciplines, Knowles et al. (2005) published new perspectives on core andragogical (adult learning) principles. These principles are listed below followed by examples relevant to an EdD program structure:

• the learner's need to know (promotes faculty–student collaborative learning partnerships)
• self-directed learning (taking control of learning goals and purpose, such as completing a paper or a dissertation)
• prior experience of the learner (provides depth in other learning experiences and is a depository for biases that can inhibit or shape new learning)
• readiness to learn (situations tied to one's need to know and motivation to learn)
• orientation to learning and problem-solving (adult learning style typically relies on prior experience and real-life interactions)
• motivation to learn (serving internal needs for success, choice, value, and pleasure)

In relation to adult learning, in and outside the formal classroom, experiential learning is defined as a context-specific student-centered

learning process structured around real-world settings that encourages student involvement to gain concepts, facts, and information necessary to help to create new knowledge and habits through participation, collaboration, and reflection (Mezirow, 1997; Sfard, 1998; Sumara et al., 1997).

Fink (2013) described *significant learning* as learning that is life-changing affecting thinking, confidence, and capacity for living a more meaningful life. He asserts that when important learning goals are integrated with learning processes, students improve self-development skills and learn how to take charge of interactions with others. Because each person places value on post-reflective learning, it follows that research should query how 21st-century learning approaches affect the individual's sense of authorship (Baxter Magolda, 1998, 2009) and self-directed learning (Wirth and Perkins, 2013).

Student engagement

Student engagement draws upon adequate educational resources to enhance the student ability and energy to learn. In turn, a student who is engaged in studies can impact the professor's ability to motivate and create educational practicums most relevant to the student (Astin, 1984; Axelson and Flick, 2011; Taylor and Parsons, 2011; Zepke and Leach, 2010). Educational researchers conclude that student-centered engagement has a positive correlation with the likelihood of learning (Astin, 1985; Carini et al., 2006; Taylor and Parsons, 2011; Zepke and Leach, 2010), and conversely, disengagement correlates with less or a lack of learning (Taylor and Parsons, 2011). Ultimately, it is the student's task to determine the level of development and achievement (Dewey, 1929).

Fagen and Suedkamp Wells (2004) and Gardner (2007) related fundamental effects of the faculty–student relationship on aspects of the doctoral experience. O'Meara et al. (2013) researched a case of 21 graduate school faculty members and doctoral students. Faculty members, when compared with students, showed a higher rate of emotional competencies, confidence, self-motivation, self-regulation, and self-awareness and maintained higher scores in social competence, social awareness, and social skills.

The students ranked the same in self-motivation and self-awareness, but lower in self-regulation. Supposedly competent communicators and conflict managers, they ranked low in the social awareness categories of service orientation (understanding and tending to needs of others), and leveraging diversity (respect for other worldviews and challenging intolerance). Additionally, O'Meara et al. (2013) detected need for greater emphasis on the development of student self-regulation (composure, ethics, accountability, adaptability, and adopting a cosmopolitan worldview).

Owen (2012) states that a key to developing self-aware adaptive leaders necessary to lead modern organizations lies in the design of classroom environments that support and challenge students. At higher stages of

leadership, students recognize their leadership and apply systems thinking and positive behavior as a part of their leadership identity.

Learner outcomes

Learner outcomes are "specific expectations of what students are supposed to know or be able to do as the result of a specific course or learning activity" (Ravitch, 2007, p. 131). Building on this definition, Webber (2012, p. 201) describes learner-centered assessment "as activities designed to foster student learning". In essence, the professor determines the lesson to be learned and coaches students to help them learn how to approach the subject matter allowing them to grasp, recommend, or enact, with the most appropriate actions based on a particular set of circumstances. Then the outcome is assessed.

Though academics are quicker to attempt transformative teaching methodologies, Newman (2012) cautions that overuse of claim for transformation has hindered the meaning of the experiences. Newman (2012) has said that most educational experiences are by-products of good and sought-after learning but not necessarily transformative.

Student transformation involves not only growth in intellect and self-development but also a passion for lifelong learning and effective citizenship. Stevens-Long et al. (2012) equate the outcome with a deep and lasting change or a developmental shift. These then become the ideal educational consequences, and, therefore, best describes the goals of transformational learning as a composite and evolving learning process (Keeling, 2004; Mezirow and Taylor, 2009; Taylor, 2008).

Learner assessments and learner-centered outcomes are a new frontier for academia. Outcomes, once under the watchful eyes of bill-payer parents, now are being questioned by bill-payer adult students. The employers, the state and federal governments, and global competitive overseers do mind ineffective teaching practices that depreciate institutional worth.

Framing research

Maintaining a social constructivist orientation, a collection of personal interviews, active use of a primary archival record, and researcher field notes framed the research. As an explanatory note: The key archival document, the Drexel (2013) Keystones exists as the gold standard for the neophyte doctor of education student and is written to remain intact as a living document to sustain alumni through life.

The Keystones of the EdD (Drexel, 2013) archival document are as follows:

(1) EdD graduates possess abilities to create and support communities that are bases for sustainable change.

(2) Leaders develop habits of mind and competencies to lead complex organizations shaped by global forces.
(3) Leaders develop abilities to sustain their own leadership growth.
(4) EdD graduates utilize the full range of emerging technologies to reach across generations, communicate effectively, and engage others in meaningful change.
(5) EdD graduates exemplify the curiosity, inquiry skills, and scholarly competencies needed to investigate an idea and transform it into meaningful action.

Albeit brief exit surveys commonly serve to document graduate student self-assessed learning outcomes – this prevailing use of survey brevity provides no narrative entry to delve into the students' deeper learning experiences of transformed habits of mind and points of view; therefore, this data typically remain unidentified.

The following research questions were addressed to gain deeper understanding of this problem: (1) What do the stories of EdD alumni reveal about value creation during their university experience? (2) What do events within the stories of EdD alumni reveal about their assumption of faculty, student peers, and staff members? (3) What do the stories of alumni reveal about how their university experience may have redefined their points of view, habits of mind, or skills?

Methodology

Design

Qualitative research approach best reflects the tone of the research and the nature of central questions to be researched (Lunenburg and Irby, 2008). Triangulation (Bloomberg and Volpe, 2008; Denzin, 2012; Lunenburg and Irby, 2008) of field notes, the Keystone archival document, and participant interview data were analyzed, focusing on participant perspectives relative to their assigned meanings and context of situations (Denzin, 2001; Hatch, 2002).

Setting and sampling strategy

The selected university, Drexel University Sacramento's doctoral program offers a hybrid design that blends weekend in-class learning (attended by 10 to 20 students) with online studies. The campus is a small start-up satellite strategically and coastally opposite the parent campus. The parent university has a 125 year legacy originally established to serve the common man.

Sampling

The researcher selected a sample of 12 participants representing a broad range of ages, cultural diversity, and occupations. The pool of potential

participants available to participate in this study was limited due to the 2009 start-up status of this satellite campus. Consequently, a total of 32 participant university EdD program graduates from cohorts 1–4 were the target population. Twelve participants volunteered and were selected representing 38 percent of doctoral graduates. Due to the limited sample size, participants' age, ethnicity, and occupations were not included in the analysis. The age of participants in the sample ranged between 30 and 50, closely representing the age range of the university EdD students. Furthermore, seven women and five men aligned with the gender mix of the program's graduates. The sample represented ethnic diversity, including Caucasian, African American, Afro-Caribbean, and Latino-American origins. The professional careers represented were organizational consultants, human resources administrators, state governmental administrators, K-12 educators, higher education faculty, and administrators.

Data collection and analysis

Most interviews took place on or near the university's campus. The planned time for each interview was one hour, and the time range for the interview process was between 50 and 65 minutes. Each conversation interview was audio-recorded.

Prior to the interview, the participants received a copy of the semi-structured questionnaire and the EdD program Keystones. Each participant was assigned a pseudonym to protect confidentiality.

Transcripts were coded using QDA Miner Lite freeware (Provalis Research, 2013) which allowed the researcher to import transcribed data into a case file for coding analysis. Coding was accomplished with a combination of codes fitting the data.

Findings

Participant interviews were assessed in relation to the research questionnaire. Alumni data revealed three themes: (a) value concepts, (b) social interaction, and (c) learner outcomes. A summary is presented here:

Value concepts

One of the participants entered the program with a military leadership mindset, eager that the university would deliver as per its reputation:

> I wanted the program to show me that there are methodologies and approaches that the military probably never use that are effective to get individuals do things or aspiring individuals to things they wouldn't necessarily do on their own. And so, I wanted to challenge my thought processes on leadership as well.

Ten of 12 participants agreed that the program was demanding, and they expected it to be that way.

Ten alumni liked the hybrid model as a strong program attraction because it afforded "minimal time away from the family".

Only 1 of the 12 alumni speculated that a total online EdD program would have been preferable.

None of the alumni would have preferred a full-time student status.

Two participants found the Keystones, underlying program goals and expectations, to be the most significant attraction of the EdD program.

All 12 alumni cited the foundational leadership series as the most insightful, useful set of courses. The foundational leadership series infuses leadership theories with practical application on workshops, lectures, interviews, collaborative learning, and networking.

The majority of participants did not mention the integration of ethics into the curriculum. However, two valued assigned readings on ethics. One participant detected a need for ethics beyond the foundational leadership courses. One participant advocated intertwining ethics in the EdD program curriculum in the following way:

And truly understanding that we will be leaders in the community: What does it mean to be an ethical leader? Because you can have all these tools but if you are not ethical, then they are worth nothing. And we see this just throughout the world.

Social interaction

The finding explored the relationship between the EdD graduates' self-identity and connections with peers, faculty, staff, and remote cohorts.

One participant created social instances to assist fellow students in the dissertation process. During the interview, this person conveyed a genuine sense of social consciousness relating, "We, as a team, are bonded to recognize that we are here to help each other to contribute to a greater good of critical thinking in the community."

Three alumni quoted instances when assistance was needed in the team and they were pleased with the team experience.

One participant stated: "I probably had a much greater need for support from my team because I felt I needed to rely on others for help in courses that were a challenge for me."

Another participant described the team as a recharging entity, "I did enjoy face-to-faces meetings much because once in a while you could get over

burdened, but having face-to-faces meetings with the team every month was beneficial because it allowed recharging energy and getting motivated."

One participant who had struggled with "interpersonal dynamics in the team", described it this way: "how can we most effectively build a community to deal with different personalities, different agendas, different backgrounds, and the diversity of experiences that everyone brings to a team".

Visibly emotional about team difficulties one alumnus detailed:

> We really never had deep conversations about race in our team. I don't think. And I think we needed to because it was definitely an issue. I'm surprised that it was an issue because everyone in the program was, super intelligent, accepting, open-minded and yet, for some reason there was a race issue that I could not understand. And I wished we would have addressed that.

One participant stated: "In the community you don't necessarily have to get along with everybody but at least to work effectively for the common good is always something that we should strive to do."

Two participants relied on their sense of determination that aided their conviction to succeed. One described it: "I didn't put much value in the team helping me. I almost saw them as a competitive situation that I wanted to do on my own and solve it myself in as an individual experience." Another mentioned befriending one classmate but otherwise, "With respect to the team in all honesty I didn't really care. For me, it was just the need to do what I need to do."

Networking as a constructive learning opportunity was the only learning approach that was accepted by all the participants. One put it this way: "I now understand that with all the opportunities we have at the university how it plays a significant role in the bigger picture of what I want to do and how to do it."

Eleven of the 12 participants highly valued face-to-face interactions with professors in class or on a one-on-one basis. Still, having experienced feelings of being "rushed" or not receiving timely feedback prompted two alumni to reflect on the anxiety of being "feedback dependent". Both recognized that the faculty members appeared overloaded with work, and they claimed that adequate coaching time had not been given to all students.

The 12 participants gave opinions about their interactions with supporting staff and perceptions were mixed: One said: "With respect to the staff, I did not feel that there was anything I needed from them. Perhaps because I ignored all the different resources we had available". Another stated: "Just staff being accessible, able to answer questions, programming questions; operational questions, more so, even about parking. My experience with staff

was wonderful. They were always accessible. Someone always got back to me in a short time".

Learning outcomes

This topic was addressed by participants first in reference to university Keystones described above followed by specific learning outcomes in the program.

> Different thought processes didn't happen in one class. It happened within the program. And that is valuable because many people start to think about, "What am I going to learn from this class and all classes? It's not about one class, but it is a 'stepping stone' effect and the transformation happens within the program – which is impactful".

> I do a lot of reading. Now I know how to tap into resources that I may not have known before. I am constantly learning, but from a place I understand, whereas before, I was coming from a place where I was trying to grasp at straws, and I was trying to figure out what I was doing.

One participant, favoring a hard-science mentality saw problems as things in need of repair. The ability to review a change required a different approach to identifying problems and collaboration patterns to reach sustainable solutions: "Now I am excited about ambiguity because it means there is no one defined answer so I can become involved in identifying what the defined answer is".

One participant observed that aside from strong leadership qualities compassion was lacking. "I always try to see through a different lens now particularly when I find myself being judgmental or critical about something I say, 'Okay, now wait a minute'. And I'll try a different lens; I'll try a reframe".

The environment of complex situations was perceived as inspiring in the EdD program journey. Alumni value personal and professional transformations during the EdD journey. For example, one participant said about staff and faculty: "They saw growth in my leadership style. I don't know if the word is 'wisdom', but they felt that a sense of understanding had grown in me."

Every contribution, scholarly or otherwise, after degree attainment, is based on each alumnus's qualifications, self-efficacy, ability to recognize opportunity, and responsible citizenship as students experienced personal and professional growth.

One participant, a leadership management consultant, translates community needs into action in this way:

> I have developed my own ability to undertake problems and view them as current realities. I now break those realities into smaller sub-problems that I can solve one at a time.

Another participant credited a sharpening of inquiry, research, and writing skills to current success in organizational effectiveness at the job:

> We are working on change management in the organization, and I am part of a team that has the opportunity to develop the organization's capacity to expedite necessary changes. I am using the information, skills, and knowledge I got in the EdD program.

> A participant reflected on his primary vocation and marveled how the refinement of existing skills contributed to reshaping his self-identity:

> I am frequently sought after to speak at professional conferences. I am now an expert in the field relating to my dissertation topic, and I am seen as a leader at both the regional and state level. These are unexpected outcomes of the program. I look back and think "The program experience, learning, and accomplishment led me to who I am now".

One participant, who felt less practiced in adult learner teaching skills found the program to be a valuable process that provided confidence to educate organizational leaders and university students in sustainable change. The description is this:

> In one of the universities where I teach, I mentioned that we cannot allow our students to think that we live in a bubble where all things in the world are immune. Often students do not understand how things that occur globally will impact young people here. So how can we prepare young people not to think exclusively of deficits and achievement gaps, but rather positively to prepare them for work within the wholeness of life?

> Eight of 12 alumni moved to a new work environment. Two participants are stable in current employment and have introduced new technological functionalities in their organizations.

The data provided three themes and six findings. A matrix of themes and findings is shown in Table 15.1.

Value concepts, social interaction, and learner outcomes

The following research questions were analyzed: (1) What do EdD alumni stories reveal about value creation during the university experience?

Table 15.1   Themes and findings matrix

Themes	Findings
1. Value Concepts	(a) Challenge and rigor are key EdD program stressors that help crystallize the value of attaining a doctoral degree. (b) Program benefits and deficiencies shape the perception of graduate students to a relevant EdD program.
2. Social Interaction	(a) Self-identity and professional identity influenced EdD graduate sense of connection with others. (b) Presence of graduate student, collaborative learning teams contributes significantly to a holistic EdD program.
3.Learning Outcomes	(a) Shifting paradigms affect graduate student learning outcomes. (b) Developing scholarly competencies becomes motivational and energy spans beyond the EdD program experience.

(2) What do events in the EdD program reveal about new assumptions about faculty, student peers, and staff members? (3) What do alumni reveal about how the university experience redefines points of view, habits of mind, or skills?

These part-time EdD graduates were motivated to learn and goal-oriented to succeed in the academic quest and reflected on two core andragogical principles: readiness to learn and motivation to learn (Knowles et al., 2005). One alumna mentioned having had the stamina to successfully navigate the rigors of the doctoral program while valuing the discovery process. Academic rigor was vitally attractive to these graduate students.

Most of them valued the collaborative learning environment as an academic relief valve for the highly engaged part-time student and preferred applied practical learning over theoretical learning. Further, the blending of weekend in-class meetings with online classes was deemed better suited to the lifestyle of the part-time doctoral student.

Since the EdD program focused on educational leadership and management, some participants thought that the foundational leadership courses were not well aligned with adult learners who entered the program believing that their leadership skills were adequate. Ultimately, though the design and delivery of the foundational leadership courses led to the reflection that previously unconscious mental models evoked personal and professional transformations. Additionally, the leadership courses considered most valuable included those with readings that highlighted systems thinking and sustainability.

Some educational researchers related the student–faculty relationship to the concept of student engagement where students are more likely to learn when the lessons are perceived as valuable and engaging (Astin, 1984; Axelson and Flick, 2011; Taylor and Parsons, 2011; Zepke and Leach, 2010).

Learning about the contextual life-space of each participant helped to understand empathy factors. Participants assessed that the level of participation in team socialization and collaborative learning was a consequence of self-regulated preference assimilating in-class social climate and ideal learning style.

Viewing colleagues as fellow professional scholars or team members was largely absent. O'Meara et al. (2013) measured 21 doctoral students and ranked them low in social awareness of service orientation (understanding and tending to help others). This information facilitates understanding of four types of student-to-student compatibilities described in this study as solitary, pack-minded, persistence-oriented, and benevolent or pragmatic. Results suggest that EdD graduate student ability or desire to connect with peers depends on the individuals' predisposition to collaborate, place in time, and mindfulness to change. However, assessment of student peers in teams of collaborative learners is considered a pending area of alumni reflectiveness.

The study revealed that graduate student willingness to collaborate with peers was relative to the value placed on community building. Further, there is evidence that students entered the team with rigid social barriers and exited teams expressing no need for social paradigm shifts.

Educating educators may place university professors under deep scrutiny. Graduate students, in general, expect faculty members to be available to coach, co-learn, and role model. Further, to share knowledge and discuss different conduits such as experiential learning, collaborative learning, and self-directed learning methodologies. Some students noted personal transformations of teaching or leadership styles after having been exposed to more positive role modeling by the university faculty. Supporting works of Astin (1984), Fagen and Suedkamp Wells (2004), and Gardner (2007), this study supports that student–faculty engagement is a highly ranked characteristic that an institution of higher learning can offer students. Eleven among 12 participants mentioned the importance of physical presence and face-to-face interactions to stay on track, eager to do quality work, and make the experience more tangible and personable. The staff was perceived as a transparent network of enablers whose primary functions were to support faculty and expedite students' interests.

EdD students discovered that significant learning is attached to strengthened self-efficacy followed by pursuits of meaningful change. Redefined mindful habits were precursors to positive growth in self-efficacy, career advancement, and acquiring and creating employment at a level that exceeded the participants' capabilities prior to entering the program.

Curiously, participating in the educational leadership and management program did not highlight any new or redefined management skills related to growth in leadership. They explored leadership in terms of reflectiveness, mental models, and habits of mind, rather than as a list of new character traits. Dewey (1929) explained that it is a task of the student to realize achievement and development. Identity transformation was attributed to a more refined leader-scholar identity. Identity was discussed at length in relation to mindful habits. It was noted that each graduate was contributing to a particular field of knowledge based on newly acquired scholarly skills. Identity also related to the phenomenon of experiencing how the newly acquired title "Dr" can open doors.

Although the existence of academic rigor is universally expected, participants placed more value in the personal challenge of uniquely analyzing causes and softening hindrances. For example, learning to deal with ambiguity.

Management educators should note that student self-identity can contribute to tolerance for team dysfunction when condoned as a part of the scholarly challenge rather than an opportunity to strengthen one's compassionate leadership growth.

University professor influence on elucidating learner paradigms provides students with new lenses to address organizational problems with a deeper level of awareness. Reflective re-examination and shifts in mental models showed transformation in thinking and core learning. According to some students, this shift is "part of their doctoral DNA". Stevens-Long et al. (2012) equate this outcome to a deep and lasting change or a developmental shift known as transformative learning.

New awareness correlated with enlightened self-efficacy, and in turn, led to more daring self-imposed executive boundaries. Implications for these sequences are the bases for an impact model which accommodates socially oriented leadership activities. Scholarly competencies emboldened pursuits previously deemed unrealistic. Fink (2013) described significant learning as learning that is life-changing and affects thinking, improves confidence, and the capacity to live a more meaningful life.

Grounded in leadership identity development theory, Owen (2012) ranked self-efficacious behavior highest in the leadership identity development model. Leaders at this level may possess an awareness of organizational complexities and know how to contribute to the group and seek opportunities that will support professional growth. This study presented evidence of participant growth in confidence leading to rewarding actions in career change, upward mobility, or broadening responsibilities.

Limitations of the study include consideration that the literature on part-time EdD program experience is minimal. Also, research is limited by students' level of willingness to share candid, deeper reflections, about experiential learning. Participants were solicited from the initial four EdD

cohorts in a doctoral program in its first stage of implementation and refinement. Thus, these results may not be representative of other EdD programs.

Opportunities for further research include (1) the phenomenon of self-identity frequently surfaced in the coding analysis of this study; an opportunity exists for further research exploring self-development, (2) to conduct longitudinal study with these or other participants to assess long-term learner outcomes, and (3) to extend study to doctoral graduates in other university satellites to ascertain if the experiences of these participants are representative of a larger population.

Conclusion

Executive education (EE) leadership programs continue to advance, train, and transform leaders. Nonetheless, educators cannot assess in a valid and reliable way graduates' sense of professional transformation. Therefore, executive leadership should be explored from a postgraduate professional perspective.

Taking time away from academic duties offers new knowledge. It offers time to experience and reflect on the leadership experience.

In this case, the new scholars need time to consider what sort of leader they want to become. To this end, this inquiry showed to be a useful human centered research approach to understanding how graduates perceive values and efforts or constraints associated with EE programs.

Additionally, this study provides educator assessment tools for experiential and temporal perspective. Longitudinal studies of this type are needed to assist curriculum designers with program improvement.

Finally, it is remarkable to learn that graduates, initially challenged with a commitment to the program's goals and expectations, continue to value their commitment to learned leadership habits. It follows that introducing a well-grounded code of professional principles into executive leadership programs may cultivate deeper understanding of the profession that sustains graduates beyond the formal education experience.

Ultimately, we have an obligation as human centered educators to learn jointly with our EE graduates; this adds significant value to the collective experience. Higher education programs must strive to sustain and inspire future leaders with innovative and inclusive knowledge that serves after graduation and advances their future careers within the realm of human centered mindfulness.

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16

Proposal for Online People-Centered Management Executive Education: A Case Study at ESAN University in Peru

Oswaldo Morales, Julio Puertas, and Hugo Vertiz

Introduction

This chapter discusses the development of the online program designed to offer executive education (EE) courses in a market confronting increasing demand and limited supply in Peru. The target is to offer programs with the same characteristics and rigor of in-class graduate level courses but using an online education platform to reach learners with a new profile as executives seeking courses that allow them to deploy knowledge fast and effectively to match increasing demands imposed by conducting global business.

On the internal, supply side dimension, the analysis assesses the cultural change process in and around the new office while the program is developed and implemented observing its impact on other academic and administrative areas. On the external dimension, it evaluates the need to create this online program at ESAN after collecting evidence of business and organization executives with new needs and demands willing to pay more for an executive online program than an in-class equivalent alternative. In this case, ESAN considers the effectiveness of online instructors a crucial element to construct a people-centered innovative online program proposal that can effectively match emerging demand among executives with new online executive program supply.

The Graduate School of Business at ESAN University

The Graduate School of Business at ESAN University was the first business school in Latin America to offer exclusively graduate degree programs and the first in Peru to offer a full-time MBA. ESAN University was chartered on July 25, 1963, through an agreement between the governments of Peru and

the US and the school's organization and launching was overseen by the Graduate School of Business of Stanford University in California.

In the sixties, there were deep changes in Peru, political, social, and economic. "It was a favorable context to formulate new ideas and alternatives to improve the Peruvian society. This gave rise to the proposal to create the School of Graduate Business Administration (ESAN is its acronym in Spanish). Respected and bold Peruvian entrepreneurs gathered from the Peruvian Institute of Business Administration (IPAE Spanish acronym) drove this project based on awareness of the need to address problems the country was facing but with a different vision, among others – it was the urgency to train professionals specialized in administration to undertake a sound strategy for the development of Peru in several areas: trade, banking, industries, and public affairs.

With this purpose in mind Peruvian leaders searched and got interviews with the office in Peru of the United States Agency for International Development. Its director, Robert E. Culbertson, enthusiastically welcomed the proposal to establish a first level graduate school that could expedite national development from the academia and the classroom. The School of Business at Stanford University became interested in the project and agreed to participate. Negotiations prospered and in March 1962 Stanford sent a mission of professors to assess the possibility of establishing a school of business administration in Peru. The results were favorable. In a detailed report, teachers provided recommendations for this academic project, which incorporated full-time faculty from the United States.

This cooperation was structured in an agreement of technical assistance between the governments of Peru and the United States sponsored by the Alliance for Progress. The agreement considered within its essential objectives that the school should teach fundamentals of management, economics, and business methodology to exclusively graduate degree students coming from other Peruvian and Latin American universities" (ESAN, 2013, pp. 10–11).

ESAN is recognized internationally and it is first in Peru in rankings of América Economía and the *Financial Times*. The business programs have accreditation by the AACSB[1] of the United States and the European AMBA[2] of the United Kingdom. ESAN is considered a high-quality, non-profit, international institution recognized as leading providers of higher education in Peru and Latin America. ESAN has only one campus in Lima, Peru, since 1970.

In 2014, the Peruvian economy was at a favorable crossroads with 14 years of continuous economic growth and 6.3 percent growth rate reported by the Central Reserve Bank of Peru (Banco Central De Reserva Del PERÚ, 2014). This rate of economic growth has stimulated the creation and entry of new businesses in the market while existing businesses, in order to compete, are increasingly pressed to improve management capacities, thus creating

enormous opportunity for business schools facing increasing demands from business executives.

Profile of global executives seeking online EE

Globalization is demanding a new breed of professionals able to participate and compete in global markets. These individuals work in different parts of the world and are constantly traveling for professional reasons. These are business executives willing to invest money and time to pursue advanced training and commonly prefer options without the limitations on traditional face-to-face classroom programs. These professionals often search executive programs that better synchronize demands of work with lifestyle, where time is a most valuable asset.

The developments in information and communications technologies of the last decades have expedited advances on online teaching and learning platforms to deliver education, and primarily EE programs that offer participants alternatives to take advantage of the tools of current technologies.

Different online education methodologies have been developed around the world in the last decades and two are most commonly used to deliver higher education programs. The first is *asynchronous*, where contact between instructors and program participants is done at any time and courses include activities such as video lectures, information videos, presentations, chat rooms, among other emerging set of techniques. The second is *synchronous,* which includes real-time interactions between instructor and learners, such as Skype[3] video conferences.

People-centered online EE

When we talk about online education, it is useful to refer to the definition of Volery and Lord, who mention, "Online delivery is a form of distributed learning enabled by the internet. Uses may include the provision of student access to learning resources, the facilitation of communication and collaborative working among and between students and academic staff, the assessment of individual students or groups of students, and the provision of administrative and student support" (2000, p. 217).

To meet the growing demand for EE described above, ESAN started developing virtual/online programs in 2013 to offer online EE courses adapting same class-based methodologies using direct contact between instructors and participants, so the change of face-to-face classes to the virtual environment would be as soon as possible.

Unlike most online education programs worldwide, ESAN offers exclusively synchronous methodology that allows professors and participants to interact in real time. ESAN chose this methodology to meet the needs of

participants who demand flexible business programs and consider that the synchronous delivery mode with a regular classroom setting minimizes differences and retains the level of academic rigor with professors but online. This alternative also allows maintaining the same characteristics and structure of a regular classroom program. The synchronous decision allowed ESAN to differentiate its program from other virtual executive programs in the local market, which are mostly asynchronous and therefore perceived by executives as falling far below the classroom alternatives in terms of institutional quality standards.

One of the objectives of this delivery mode was to knock down geographic barriers and a cultural paradigm doubting the value of online EE to retain the recognized quality standards and rigor of ESAN. Stefan Hrastinski (2008) argues that attributes of the synchronous method (supported with media, video conferencing, chats) has the potential to support students' and teachers' socialization answering questions and queries in real time as if participating face-to-face in a classroom and not isolated from each other. The sense of isolation may be diminished by continuous contact in the synchronous method.

The market responded favorably as it is evidenced by increasing numbers of participants willing to pay more for synchronous online courses than for regular classroom options. Executives value the new way to receive education and appreciate ESAN's people-centered approach that meets their personal and professional needs. In a recent market research, Futurolabs (2014) assessed that ESAN courses ranked second place at the online level compared with universities offering online education programs in asynchronous mode for many years.

ESAN offered 13 courses in 2013 (see Table 16.1) and 27 in 2014 (see Table 16.2) in the functional areas of business, including management and human resources, operations and information technology, finance and marketing, distributed in 195 class hour programs.

Given the success of the online program, in 2014 ESAN decided to expand the installed capacity of the direction by 400 percent, to provide more courses simultaneously.

The level of participant satisfaction reported in 2013 and 2014 is 92 percent measured with a satisfaction questionnaire. Table 16.3 shows the participant questionnaire and Figure 16.1 shows the level of satisfaction.

The success of the program has helped to attract corporate clients interested in tailored synchronous online EE to train their executives in alignment with the company needs. In some cases, these corporations include ESAN's courses in their corporate universities. The combination of the institution's prestige with the capacity to offer short-term diplomas, instead of long-term graduate degrees, using the online synchronous education alternative, offers attractive benefits to the corporate sector.

Table 16.1   Courses taught in 2013

Courses 2013

Competence Management
Operations Management*
Workshop of Negotiations
The Effective Leadership
Crisis Management
Project Finance
Marketing and Communication 2.0
NLP and Teamwork
Performance Evaluation Competency
Leading Teams in Changing Environments
Design and Development of Strategic Plans
Development of Business and Virtual Stores

(*) Course delivered twice to meet growing demand
Source: ESAN's Directorate of Distance Education

Table 16.2   Courses taught in 2014

Courses 2014

Process Management*
Project Management in Controlled Environments
Culture Management and Work Climate*
Corporate Social Responsibility
Business Systems for Business Managers
Human Development in Organizations
Business Intelligence for Marketing and Sales
Project Finance*
Management for Brand Positioning
Online Advertisement: Campaign Management on Facebook and Google*
Globalization
Marketing and Communication 2.0
Preparation of Technical and Managerial Reports
Online Stores and E-Commerce
Market Research
The Workshop of Creativity, New Production Factor
Operations Management
Project Management
Distribution and Logistics Management
Personal Brand Management
Integrated Talent Management
Competency Management
Tools Quality Management

(*) Course delivered twice to meet growing demand
Source: ESAN's Directorate of Distance Education

Table 16.3   Participant questionnaire

Assessment of Satisfaction

Before starting the course, the software and hardware requirements are specified properly.

There is information available to participants about who and how to contact in case of technical problems during class sessions.

The participant access to the platforms class is easy (Blackboard Collaborate, ESAN Virtual).

Class participation and exchange of ideas in critical aspects of content are promoted.

The program staff demonstrate commitment and continuous improvement to ensure quality.

I am satisfied with the development of the course, the teacher and the modality used.

Considering your experience in the Online Program. Do you want to comment, either positive or negative?*

(*) This is an open question and has no rating, so it is not part of the analysis.
Source: ESAN's Directorate of Distance Education
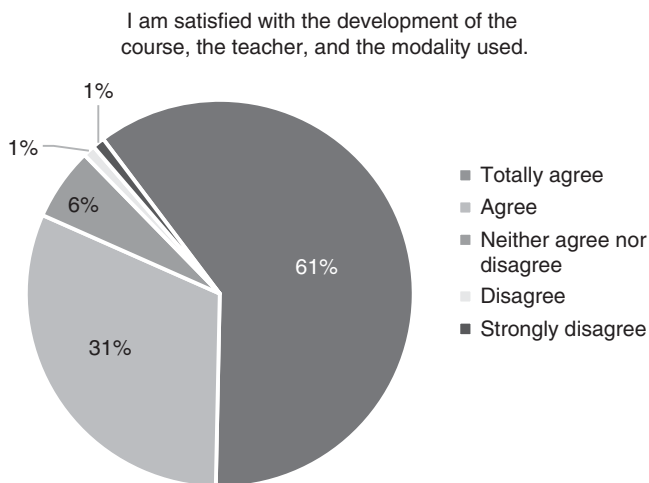
Figure 16.1   Participants' level of satisfaction (2013–2014)
Source: ESAN's Directorate of Distance Education.

Methodology and managing online programs in EE courses

ESAN began the online education project with a small team responsible in administering the academic program. ESAN outsources the online technological platform so the team focuses solely on managing the core business of course development and coordination.

The team includes a director, responsible to develop new markets and proposing innovative ideas, and a coordinator in charge of the office's activities and processes to develop courses and train online instructors. Two student interns provide assistance with operations ensuring, along with the coordinator, that professors are receiving adequate support and training.

The team members were trained on how to administer the platform and reply to questions participants may have in the shortest possible time. The team is responsible to train professors to use the online platform and explore new methodologies.

To offer better service to participants and professors, a team member assists all professors during classes to expedite and resolve issues that may arise with tools and the platform.

Online performance standards

To generate an adequate class environment, ESAN built acoustic cubicles designed and equipped with high-performance computers and audiovisual equipment to facilitate professors' teaching in order to improve students' performance. To maintain quality standards and ensure that professors can interact efficiently with learners, class size is limited to 20 participants. ESAN developed manuals and video tutorials to facilitate work of participants and professors. Online classes are offered at night to match participants' schedules. Participants can connect from home or office after work hours. The online program offers two sessions, which run each week on a daily basis for an hour with a 15-minute break between sessions.

In the first stage of the project, after professors received training and felt comfortable with the methodology, the program was launched as a virtual course.

All professors must prepare and present a model of their classes to be evaluated by the Academic Quality Unit, which approves the professor's incorporation into the program. The second level of approval is the head of the academic area of the teaching professor. Next, the professor proposes a syllabus to the head office, which provides feedback until the course is approved and scheduled. Other departments, including marketing, sales, and logistics, participate in the process to offer experience gained over the years with supply and demand of several courses at the business school level.

To sign up for online courses, applicants must have a bachelor degree or meet minimum requirements of work experience. Online courses follow the

same assistance regulations as regular classroom courses. Course participants can miss up to 20 percent of the total number of classes, equivalent to two sessions, to complete the program, otherwise they fail. To pass a course, participants must achieve a minimum grade of 12 (on a scale from one to 20) as per the evaluation system described in each course.

Managing online education services and the platform

There is a variety of platforms to develop online programs. Open source platforms are available free of charge to use and can be downloaded and installed on external servers, but these platforms require resources for continuous maintenance and updating. The systems are quite flexible and in most cases can be adapted to the needs of the institution. Closed source platforms, on the other hand, are systems that require a license to use it including accommodations, maintenance, and updating but are less flexible than open source platforms.

ESAN outsources platform servicing for its synchronous online system and can independently upload classes to the cloud and participants can connect from any point with internet connection. Geographic location is no longer a barrier to further education. In addition to computers, participants can log on to classes from smartphones or tablets.

Managing cultural change

The creation of the Direction of Distance Education led the Graduate School of Business of ESAN to experience cultural changes and internal challenges. Generating courses for executives in a synchronous format meant breaking the traditional teaching paradigms of professors accustomed to teach using lectures in face-to-face interactions with participants.

For professors who have been teaching in regular classrooms for a long time, when they were invited to deliver courses using the new online mode they, naturally, felt uncomfortable about this unknown terrain considering a high opportunity cost, because on the occasions that choose the virtual option they would have to put aside the traditional way. Other professors thought that online methodology does not provide a course with the same quality standards as a traditional classroom.

In a pilot program professors were recorded for an assessment team to evaluate class performance in play backs. In one particular case, a professor felt so uncomfortable in cubicles that he asked to have a few people sitting nearby, even if they were not paying attention, in order to feel that he was "not so alone". In many instances, the administrative support staff have had to go through surmounting challenges to break and change traditional teaching habits, course development, and delivery forms that have been in place for half a century.

Instructors: Key people in online EE

For many professors participating in this program this was their first time teaching online courses. A few had experience of using information technology to give classes in a synchronous mode. The Distance Education Office offered training sessions on platform use and how to develop effective teaching methods to deliver contents online. ESAN trained 129 teachers between 2013 and 2014.

As with any kind of cultural change, at the beginning there is resistance to change until people become familiar with the new system and feel more comfortable to begin breaking old paradigms and accept new methods and technology. ESAN professors were no exception, so the program sought support from a faculty group that was not afraid of technology and understood the new system as an opportunity to develop and deliver new courses.

Various strategies were proposed to assist professors in the transition and adjustment to the online program. For example, the program provided advisory services after office hours to an invited group of professors to help familiarize them in using the online platform. The operating team collected feedback among professors and participants to improve operations and many expressed interest in receiving additional training online.

In one instance, the program had the opportunity to support a professor in developing and offering courses in Chinese language for participants in China. ESAN invited its regular participants to participate in the course and after several test runs the program decided to incorporate this course, offering it on a trial basis. This professor decided to use this platform to bring international speakers to his classes without the need to incur travel costs. This professor moved forward and benefited from the ESAN's online education effort.

The online platform generated offered additional possibilities providing support to other programs in ESAN's Graduate School of Business, including training courses for local companies. All of these activities combined expedited change in ESAN's culture and stimulated professors' interests to join the project. They are the key to success for the online people oriented format.

Assessment of participant satisfaction

Over time, the program expanded course offerings in administration, finance, marketing, operations, and information technologies. The option to deliver executive courses in synchronous mode has allowed ESAN to increase course offerings and include innovative proposals that meet the needs of participants without requiring physical presence on campus.

The new online courses offered include how to manage social networks for business purposes that goes hand-in-hand with the growing use of new technologies. This course has become one of the favorites.

Table 16.4 Assessment questionnaire regarding courses and professors (scale from 1 lowest to 5 highest)

Item	Question
Academic Preparation	Relevance of course contents Domain course by professor Balance between theory and practice of the course
Methodology	Course structure Effectiveness of applied methodology Reading material and delivery Audiovisual aids and professor support
Interaction Professor–Student	Promotion of class participation Interactions between professor and participants Professor accessibility (out of class, in person, by phone, by email or by chat)
Accomplishment	Perception of course accomplishment Helpful comments on participant's work and timely delivery of grades Compliance schedule of classes Timely class start
Others*	Teacher score Course score Learning course score
Reviews*	Positive aspects Negative aspects Recommendations

(*) The items "Others" and "Reviews" are open questions and have no rating, so are not part of the analysis.
Source: ESAN Graduate School of Business

To assess participants' level of satisfaction, and evaluate effectiveness of instructors and the online courses offered, participants have to complete an online questionnaire at the end of each course. A survey measures academic preparation, methodology, professor-student interaction, and accomplishment, among other areas (see Table 16.4).

Additionally, the participants provide feedback on positive aspects of the course and recommendations in areas that need improvement. Survey results are evaluated by the online office coordinator and the head of area to maintain quality of teaching standards so that the staff can ensure a high level of participants' satisfaction. See Tables 16.5 and 16.6.

The program set an average score (range: 1 lowest to 5 highest) of 4 as the minimum acceptable satisfaction rate to maintain a high performance standard, student satisfaction, and professor performance. It shows the importance ESAN assigns to quality standards in terms of participant's level of satisfaction. In this context, the online platform used must provide

Table 16.5 Average of participants' satisfaction in all courses in 2013 (scale from 1 lowest to 5 highest)

Aspect to Evaluate	Weighted Average (1 to 5)
Methodology	4.13
Interaction Professor-Student	4.53
Encouraging Participation in Class	4.55
Professor's Score	4.48
Course Score	4.38
Score of How Much Was Learned	4.29

Source: Directorate of Distance Education – ESAN

Table 16.6 Average of participants' satisfaction in all courses in 2014

Aspect to Evaluate	Weighted Average
Methodology	4.14
Interaction Professor-Student	4.52
Encouraging Participation in Class	4.58
Professor's Score	4.44
Course Score	4.35
Score of How Much Was Learned	4.32

Source: Directorate of Distance Education – ESAN

easy access as an important element and must be continuously assessed and improved.

Assessments of professors' performance are consolidated with historic information from other courses and teaching periods. If the professor has received a consecutive score that is equal to or higher than four over a period of three years, he or she is recognized for good academic performance.

The online program coordinates with the Academic Quality Unit and the heads of the business disciplines the assessment system that includes evaluation of applicants for teaching positions and professors' class models. Professors who obtain a grade higher than or equal to 16 in a scale from zero to 20 are accepted to teach courses. When professors need to strengthen teaching methods, courses are available through the online unit.

Academic Quality is in charge of developing a methodology for the teaching and learning standard for the whole school to ensure approval and quality of education across the institution and that online education for executives has the same quality requirements as the in-class counterpart. In Table 16.7 the aspects evaluated are presented.

Table 16.7   Evaluation system of model class for aspiring professor position

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ASPECTS TO EVALUATE

PROFESSIONAL
   Demonstrates academic standing
   Answers questions correctly
   Combines theory with examples related to the business
    environment
   Provides career guidance aligned with school profile

METHODOLOGY
   Expresses ideas clearly and coherently
   Manages space properly, maintains eye contact, and changes
    intonation to strengthen relevant aspects
   Motivates audience with different resources to generate interest
    in the subject
   Presents issues in organized manner and partially summarizes
    significant contents of the session
   Makes good use of time

RELATIONSHIP WITH PARTICIPANTS
   Shows an open attitude

Source: Academic Quality Unit – ESAN

In-class executive education comparison with online executive education

ESAN offers an in-classroom EE program, named in Spanish "Programa de Especialización para Ejecutivos" (PEE), where participants take courses distributed in 15 sessions and each session lasts 90 minutes. Completing five courses in the same area offers a certificate of specialization. This program is open to executives with a bachelor degree or proven expertise in the area of the course. This program has more participants (5,000 on average per year) than any other offered by the school and generates significant income due to the high demand for its courses. This program was initially concerned that the online option, which offered many of the same characteristics as the in-class alternative, would lead to market cannibalization and generate an internal struggle for the pool of executives.

   In-Company Programs are tailor-made programs for companies, which have a different structure to the PEE.

   As time passed the program's results became evident. Demand for the in-class program remained stable and a new demand was generated by other kinds of executives who, due to their professional activities or personal reasons, preferred to take online courses.

Future: Increasing people-centered online EE offer

The future trend in online EE in ESAN will be to offer training alternatives that meet the needs of professionals in the global business environment. Information technologies and communications are constantly evolving and to comply with demand it is necessary to meet the need of global executives with the online alternatives. ESAN offers online courses in Spanish, aimed at the Latin American market, and in 2015 ESAN started delivery of courses in English for a global market.

There is a group of people interested in executive programs tailored to individual needs creating a demand. With this evolution, new professions have been created, to include "Community Managers", who are in charge of managing social networks at companies and helping clients find further education that adapts to their needs and ways to conduct business.

Global changes also affect the way institutions offer education. Several years ago, professionals were unable to attend in-class programs due to time constraints and responsibilities conflicting with professional demands. Today, information technologies have ended these barriers and the university can reach out to participants on their own grounds. Online EE alternatives make it possible to use a people-centered approach that is not limited to traditional teaching models requiring the physical presence of participants.

Conclusions

This chapter presents a case of innovation in a Graduate Business School in Peru showing significant capacity to expand the offer of EE programs online that may serve as an example for Latin America and worldwide.

The analysis is focused on important issues that affect program development and it emphasizes the need for continuous assessment of participants' needs to meet institutional standards of client satisfaction.

Online education based on synchronous or asynchronous methodology is increasingly appreciated by digitally oriented students and professors and, in addition, it generates a new source of income and profitability to ESAN, and other Peruvian and foreign educational institutions.

Between 2012 and 2015, online courses at ESAN have increased enrollment by 30 percent largely through participants' referrals to co-workers and friends. This reflects a captive audience that prefers course in online mode.

Synchronous methodology has proved to be one of ESAN's main strengths to facilitate participants and teachers interactions in real time to discuss inquiries, questions, debates, and ideas, generating significant academic value compared with asynchronous online programs.

Each year the technology gap is reduced as the information age expands around the world. Increasing global connectivity helps expansion of online education and expedites cultural change. Training in physical classrooms will give way to "digital classrooms" where "digital" teachers and students will interact online without traveling long distances or missing work.

Watson and Sutton (2012) make a comparison between online education and classroom alternatives, stating that neither method is better nor worse. A great deal depends on individual preferences. Regardless of the alternative participants choose, all get the benefit of acquiring knowledge that they can apply to improve themselves and the organizations where they work. Executive programs offer participants alternatives to spend more time with the family and have more independence managing study time.

With regard to the cultural change from traditional classroom to online setting, ESAN's most successful strategy to help professors advance from the known classroom setting to the online environment was to train them and provide them assistance using the online platform until they assume that the "new" method is more of a new global trend, and education is no exception. And still online education can be people-centered as this chapter demonstrates.

For half a century, ESAN has been a facilitator of progress in technological and educational modernization in Peru and a leading institution on business in South America. Currently, its online EE programs provide new alternatives to educate present and future executives for businesses and organizations in Peru, which can indeed reach worldwide.

Notes

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2. http://www.mbaworld.com/
3. www.skype.com

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17

Conjoining Competition and Morality: Six Teaching Blocks for Building Human Centered Organizations

Roland Bardy

Introduction

Management education has made a significant contribution to advance organizational development and improve business performance in the post-World War II decades. Nonetheless, there is no consensus, but rather a great deal of controversy about what to teach, about the benefits and costs, as well as about the impact of education. A considerable amount of higher education management programs advertise and claim to integrate moral, social, and ecological contents into their curricula. It is hoped that this will help to eradicate greedy and unethical business practices (Wankel and Stachowitz-Stanusch, 2011); so it is in the interest of both scholars and practitioners to further change and improve management education and training programs. This also is the purpose of this chapter and this book.

Furthermore, criticism on business education often highlights what is missing, but fails to offer constructive ideas for improvement. This results in executives and practitioners turning away from training programs as they find they are often overburdened with triviality or pure philosophy and lack practical application to solve problems business executives face daily. This chapter discusses an alternative method on how to assess and improve management and business training. The proposal is based on a construct of teaching blocks (TBs) directed to balance reflective, self-aware, and practice-based learning which should help executive program faculty and participants to advance social transformation in organizations and contribute to the common good.

The TBs are based on functional aspects of management and relate each topic to experiences executives already have. The teaching content is meant

to foster ethical leadership associated with accountability and to guide leaders and the people they supervise to achieve job satisfaction and high performance as individuals, teams, and organizations. Effectiveness and efficiency in an organization cannot prosper without ethical leadership. Gary Yukl, who has studied the leadership phenomenon for over three decades, arrived at the conclusion that to be effective leaders have to be ethical. He chose the following definition: "Leadership is the process of guiding others to understand and agree on what needs to be done, what is the best option to do it, and which is the best process to optimize individual and collective efforts to reach shared objectives" (Yukl, 2010, p. 26).

Leadership always pursues predictable or expected outcomes. So, the question about "what and how to teach" in an executive or leadership course or program inevitably connects ethical principles with organizational performance. Consequently, each of the six TBs described below connects to practical aspects of business. They show how strengthening human centered management produces perceptible outcomes:

1. *Capacity building*: What do executives consider to be leadership capacity?
2. *The "moral market" axiom*: Does the free market system corrode or construct moral character?
3. *Systems thinking and cause-effect relationships*: Are there tangible benefits from morality?
4. *Ethical leadership impact on business processes*: Does morality improve efficiency?
5. *The humanistic perspective in the workplace*: Is there a visible effect of ethical behavior?
6. *Ethical stakeholder relationship management*: Does ethical leadership transcend to all the organization's constituencies and the external social environment?

TB 1: Capacity building

There is continuous debate whether a person's attitudes and values change when learning new things. Even though obtaining insight into issues of morality and ethics goes beyond simple learning, the question remains whether ethical judgment can be affected by a business course or the faculty/instructors who teach it. Some studies give an affirmative response (Glenn, 1992; Whalley, 2005). And when research claims (e.g. Bass, 1999) that leaders can inspire followers to change perceptions and motivations, this indicates that leadership values can therefore be taught and learned.

A survey conducted by Ahn et al. (2012) among senior executives in business, non-profit, and government, uncovered the following *eight value-driven determinants of leadership* in order of importance:

- integrity (adherence to moral and ethical codes)
- good judgment (flexibility and situation awareness)
- leadership by example (collective actions, decisions, general behavior of leaders)
- ethical decision making (adherence to the principle of "do no harm")
- trust (reliance between leader and followers)
- justice/fairness (impartiality and equal treatment)
- humility (lack of arrogance, capacity to listen carefully, understand deeply)
- sense of urgency (immediacy, action orientation to achieve results).

The results of the survey are shown in Figure 17.1.

Figure 17.1 shows that integrity is valued highest among this group of executives, followed by good judgment, and leadership by example, while sense of urgency and humility are ranked lowest. Although it would be provocative to debate these findings, there is almost consensus that leaders need to have the right combination of patience and impatience (Ahn et al., 2012, p. 124). And with respect to humility it is apparent that a leader needs to live through an ordeal first to grasp its meaning and learn a lesson. Jeffrey Immelt, CEO of General Electric, has said that instead of blaming economic conditions for poor performance during the 2008 crisis, it was indeed the crisis that made General Electric stronger: "I am humbler and hungrier because after the crisis I learned I need to be a better listener. It would have helped me very much to anticipate the radical changes that occurred" (Glader, 2009).
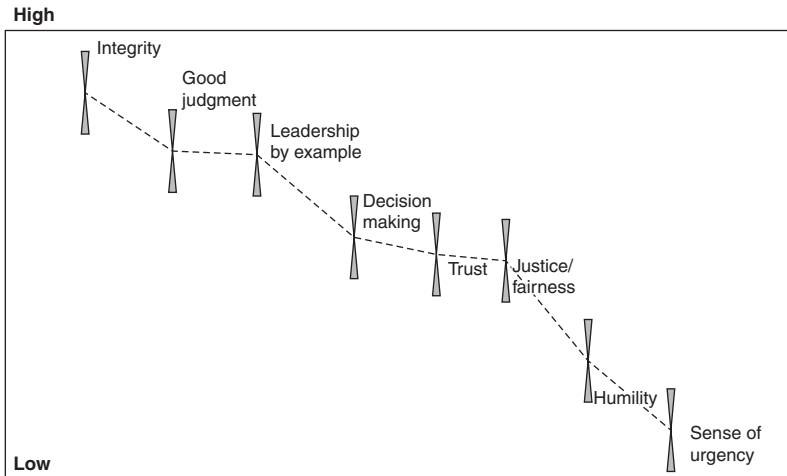
Figure 17.1 Rankings of value-driven leadership determinants
Source: Adapted from Ahn et al. (2012, p. 126).

Immelt's lesson in humility validates leaders' needs to cope with contingencies in a way that puts accomplishments and talents in proper perspective to enhance authenticity and credibility (Kanungo, 2001; Van Dierendonck, 2011).

But, why is moral behavior necessary, or desirable? Kwame Anthony Appiah reflects on five modes of response underlying moral sentiments (Appiah, 2008, pp. 126 ff.) and all are related to business life.

a) Compassion, the "concern mechanism" where individuals aim to minimize the suffering of others
b) Reciprocity, combines fairness and gratitude
c) Attitudes, respect and contempt
d) Tolerance, for disgust toward violations of social harmony
e) Belonging, to a community

Most leaders and people who work in organizations would agree that Appiah's five modes of morality are deeply interwoven in management and would induce managers to act morally. But management anomalies, like fraud, conspiracy, negligence, and disrespect, do exist. There are managers who act irresponsibly (Lange and Washburn, 2012). The dilemma today is that there are limited options to solve anomalous management practice and few mechanisms to help managers and corporations to "do good" and, at least, "avoid bad". It would not suffice to have some "moral managers" in the market; it is the market that needs to be moral. The "moral market" construct (Smith, 2005), as will be set forth below, is inextricably linked to human centered management, and the assumption is growing increasingly strong that this lies at the center of potential solutions in the 21st century.

TB 2: The "moral market" axiom: Connecting individual capacity to collective accountabilities

The "moral market" construct (Boatright, 1999) leads away from the focus on the individual responsibility of managers toward a focus on economic regulations that advance ethical ends. Here the discussion is not on formal regulations like laws and ordinances, but informal mechanisms that deter and punish immoral behavior.

The axiom states clearly that the main objective of markets and competition is to serve human beings. And this is "moral": to "do good".

Competition and markets guarantee and enhance opportunities for all individuals to attain a better life. Consequently, business ethics in market economies is an ethical principle of highest social order (Homann, 2006a).

When competition is driven by incentives and advantages, then the result is an "incentive- and advantage-based ethics" (Luetge, 2005). In this environment, advantages and disadvantages steer action and expectations and this holds true for ethics as well.

Ethics and economics explain and shape the results of all human interactions, and, more precisely, the *aggregate results* of interactions.

Hence, ethically results are never introduced by an individual agent, but are determined by collective "rules". Rules, in this sense, are mechanisms that govern the business and the social environment with incentives emerging from both. Thus, if moral behavior promises recompense – in whatever fashion – then individuals behave morally in self-interest (Homann, 2006b).

Incentives can only be displayed in an effective and orderly fashion in the competitive environment of open markets. Only in this environment individuals are free to choose what they do, where they work, and how they allocate income and wealth. And this principle applies equally to employees in business and the government sectors, and from civil servants to entrepreneurs.

Human freedom is the moral feature of markets and competition. And there are three subsequent contingent features (Homann, 2006c):

(a) Markets are built on a systematic feedback mechanism where buyers determine preferences through purchasing patterns. This also applies to labor markets for executives as well as executive education (EE) programs.
(b) Responsibility is clearly set in open markets. When a product or service is not acceptable to consumers, the producer has to adapt it to the needs of buyers. No other type of "business incentive" has a stronger effect. And this construct encompasses the behavior of business leaders.
(c) Competition ensures that innovation in goods and services is an imperative when it provides effective solutions to problems that are rapidly disseminated. In consequence, positions of power, which are continuously created in markets that open opportunities for all, are short lived and can erode fast unless there is continuous improvement that benefits people, buyers, and society. Opportunism is invariable deterred and destroyed in competitive markets. Opportunism prevails and blooms under obscurantism and restrictive information systems.

These market features explain how a market can correct itself in accordance with its own informal human laws. And they demonstrate how threats of economic decay can hinder individuals acting counter to lawfulness or unmorally. Critics of capitalism and competitive markets point out the unequal distribution of income generated by market systems and frequent periods of unemployment and instability that affect people and societies worldwide (Wade, 2104). Others argue that competitive markets reward selfishness instead of cooperative activity (Hart, 2010). Freedom allows for human imperfections and markets are human communities. Illegal activities do happen in market societies when opportunistic people

and leaders choose short-sighted self-serving decisions, instead of long-term social solutions.

But when the question arises whether free markets corrode moral character, as the Templeton Foundation did (Bogle, 2008), it is too nearsighted to accept, for an answer, only one which represents a vision like that of Nobel laureate Joseph E. Stiglitz, who gave the following response: "[m]arkets do not lead to efficient outcomes, let alone outcomes that comport with social justice" (Stiglitz, 2007). The problem with this answer is that the incompatibility of profits and social justice is not the cause of social injustice, but a corollary. Business history shows that corporate managers who have held control of giant publicly held business enterprises – without holding significant ownership stakes – were lured into all sorts of aberrations hindering their companies to pursue responsible business (from Enron to WorldCom to Siemens, etc.). But the economic and business landscape is not dominated by these irresponsible few. The system is led by leaders who, while pursuing a reasonable self-interest, exhibit distinguished positive character traits of prudence, initiative, and self-reliance to advance the interests of their corporations aligned with the well-being of the local and global community (Bogle, 2008). And the corrective system, at the end, worked to expectations. The then culprits of Enron, WorldCom, and Siemens were punished and no longer lead these corporations.

In the words of Carly Fiorina, when she was Chairman and Chief Executive Officer of Hewlett Packard: "I honestly believe that the most successful companies of this century will be those that can prove with concrete actions that they can be profitable and increase social value at the same time. Companies that 'do well' and 'do good'. Increasingly, shareowners, customers, partners, and employees are rewarding companies that fuel social change through business endeavors. This is simply the new reality of business, one that we should and must embrace" (Chatterjee, 2008). This leads to TB 3: the cause-effect relationship, exposing how ethical leadership impacts business.

TB 3: Systems thinking and cause-effect relationships

Correctness to identify, assess, diagnose, and analyze ethical issues is a most predominant trait in ethical leadership.

This type of analysis implies and reveals that morally enhanced attitudes increase validity of business decisions and consequences. A well-known case illustrates supply chains where trust and reciprocity yield benefits and success to all parties involved (Capó-Vicedo et al., 2011).

Another case relates to the effects of disseminating business knowledge in a fair and equitable mode to all those concerned in order to achieve mutual understanding and smooth interchange (Nandeshwar and Jajasimha, 2010). A practical example is a firm's knowledge management process governed by the "need to know principle, instead the 'need to withhold' norm" (Guo, 2011).

Openness is a trait of good leadership necessary to attain tangible effects.

But there are also "soft outcomes" in cause-effect relationships. Brown and Treviño (2006) identify "soft outcomes" as effects that cannot easily be measured in ethical leadership. These authors identify the following four types of "soft outcome" in their study:

- Ethical decision making of leader's followers
- Level of satisfaction, motivation, and commitment of leader's followers
- Prosocial behavior (going above and beyond the call of duty)
- Counterproductive behavior (a negative correlation)

The study is based on a multi-sample field survey by Turner et al. (2002) and the results show that persons with higher levels of moral reasoning are more likely to influence their followers to make decisions based on moral principles, demonstrate more concern for the rights of others, and value fairness. A corrective effect has also been reported. Employees' behavior that is harmful to the organization or to other employees decreases when ethical leaders clearly communicate performance expectations and standards of appropriate conduct and spell out consequences associated with rule violations (Brown and Treviño, 2006, p. 607).

Contradictory results also exist. Abusive supervision using power and authority to humiliate, ridicule, and mistreat subordinates decreases social-citizenship behavior (Zellars et al., 2002) and perpetuates detrimental behavior that induces retaliation and aggression (Mitchell and Ambrose, 2007). A deeper analysis exhibits a two-step relationship: an intangible input (abusive supervision produces an intangible outcome (counterproductive behavior), and this in turn produces tangibly deficient organization performance. Two-step cause-effect relationships like this require systems thinking.

The cause-effect relationships and systems thinking TB is taught more effectively using a practical approach. For instance, executives often deal with issues where merely solving a problem does not improve the situation, so they need to learn to "see behind the problem", why it evolved and how it is connected to other issues (Heracleous and Rao, 2008).

Systems thinking expedites managing complex issues and is defined as "many parts that interact with each other in multiple ways" (Principia Cybernetica Web, 1996). It helps to solve interconnected issues one by one in isolation. For instance, executives become aware that customer satisfaction, employee capacity, and competitive technologies are entwined with each other. But from the logic of division of work, solutions for each of these different issues may not be closely intertwined. In systems thinking, the three issues would be viewed as complements that complete the system of a business operation.

TB 4: Ethical leadership impact on business processes: The input-output perspective

Emiliani (2006) assesses that "[a]s educators, we should teach students that improvement is a human-centered activity, and it is impossible to innovate and improve processes when managers penalize employees trying new ideas that have potential to fail". This quote explains it clearly: "Abusive supervision, jealous bosses, lack of understanding and listening to employees cause significant damage to business processes and are detrimental to orderly execution of business strategies". Additionally, other academic research sources shows that team work ability to collaborate in a frank and non-opportunistic way is more important than individual talent to innovation and boosts employees' performance and loyalty (Burt and Ronchi, 2007; Subramaniam and Youndt, 2005).

Similar results are reported outside of academia. A 2005 McKinsey report indicates that while companies with high collaborative management achieve superior financial performance, only 25 percent of senior executives described their organizations as effective at sharing knowledge across boundaries. But nearly 80 percent acknowledged that collaboration was crucial to growth (McKinsey, 2005). An update of this report five years later found that management still relies on a few of the same strategies to improve: organization restructuring, business process reengineering, cross-unit incentives, teamwork training. This is despite evidence that many fail because they generate unintended consequences or overlook underlying issues that provide formidable obstacles for people to change behavior and advance (Aiken et al., 2009).

A critical issue is effective collaboration. Collaboration is based on a common purpose that also requires common trust. And instigating trust is a most critical leadership task. There is much research on trust *in* leadership (Yang and Mossholder (2010), and Norman et al. (2010)), but there is much less research and literature on how ethical leaders ensure that trust prevails in their organizations and among their followers (van den Akker et al., 2009).

Tschannen-Moran (2004) identifies five dimensions of trust that support trustworthiness in the workplace:

• benevolence (I convey my knowledge to you without expecting a reward)
• honesty (I fully share my ideas with you)
• openness (I do not have second thoughts)
• reliability (I will be around when needed)
• competence (I make sure that my abilities are state of the art)

Ethical practitioners consent that these five dimensions are the roots of "real" trust. Kyte (2007) states that relating ethics to business processes should be a routine in leadership: "corporate social responsibility is smart

business when fully integrated into business processes". These effects are confirmed with research and a growing consensus among managers that are summarized in the following process results (Bardy, 2015):

• less friction at process interfaces
• higher transparency of business processes
• increased speed in business processes
• improved quality of business process output
• increased process reengineering effort
• less costly processes

These are hard facts and tangible outcomes derived from intangible inputs supporting the principle that acting ethically in relationships in the workplace stimulates the learning process for all the people and cohorts involved in the organization. All organizations engage in collective learning as a natural part of their organization development process and collaboration in business processes significantly serves this purpose. While the opposite, unethical behavior, sooner or later leads to organizational atrophy with heavy costs for all the people involved.

Even the most hard-hearted managers recognize that trust, collaboration, and social learning produce useful outcomes. And managers are becoming increasingly concerned when they realize through hard facts that in the long run there is no useful outcome without humanism in management, as reviewed next in the fifth TB.

TB 5: The humanistic perspective in the workplace

The process perspective shows that employees, who have a clear perception of their leaders' ethical performance, outline their work context more effectively and deploy in their activities behaviors transferred from their leaders, such as fair treatment, shared values, and integrity in personal and business transactions. There are many critical statements against competitive markets and the capitalist firms which say the contrary and assert that it is solely guided by self-interest. This critique is wiped out when the behaviors of ethical leaders and effects on followers are included in the equation. Ignoring the importance of human behavior and ethical effects on organizations' performance and outcome (as well as on the structure of markets) runs against the reliability and validity of any unbiased analysis of economic, social, or business phenomena.

The Encyclical-Letter *Caritas in Veritate* by Pope Benedict XVI explains it this way: "Ethics is deeply integrated into the structure of entrepreneurial and managerial actions such that any attempt at arriving at decisions on merely 'technical' grounds fail" (Grassl and Habisch, 2011, p. 44). This statement does not imply that an enterprise should not strive for effectiveness, but that it will never succeed if it is merely technically effective.

Technical effectiveness relies on collaboration and team work in organizations. Extrapolating "collaboration" beyond the firm's physical boundaries includes all stakeholders, reaching the domain of the "common good", which is inherent to all kinds of organizations.

The common good of society is the referential value for all businesses and all government undertakings (Mahon and McGowan, 1991). This is a classical humanistic concept in the Aristotelian tradition and Medieval Scholastics philosophically embedded in natural law theory and assumed into Catholic social thought as a key reference for business ethics (Garriga and Melé, 2004). It is expressed in the four fundaments of Aristotelian humanism, which are the essence of ethical leadership values and tightly correspond to the fundamental principles of EE programs:

- prudence and wisdom, using good judgment, taking counsel
- fortitude and courage, perseverance and persistence for "noble" causes
- temperance and moderation, humility, acknowledging own limitations
- justice and fairness, unselfishness

All are related and entrenched in previously identified leadership capabilities.

Aristotelian theory merges philosophy with management to measure ethical leadership. Yukl et al. (2013, p. 46)[1] validate research of the "Ethical Leadership Questionnaire" (ELQ) based on two indications of leadership influence: leader-member exchange and overall effectiveness. The item leader-member exchange matches the humanistic perspective where ELQ lists four specific relationship-oriented behaviors, supporting, recognizing, consulting, and delegating, with the item "leading by example", as indication of integrity. In practical terms ELQ asks respondents to confirm or reject the following statements about their leader on the five options of the Likert scale:

My boss

1. Shows strong concern for ethical and moral values.
2. Communicates ethical standards clearly to members.
3. Sets example of ethical behavior in decisions and actions.
4. Is honest and can be trusted to tell the truth.
5. Keeps actions consistent with stated values ("walks the talk").
6. Is fair and unbiased when assigning tasks to members.
7. Can be trusted to carry out promises and commitments.
8. Insists on doing what is fair and ethical even when it is not easy.
9. Acknowledges mistakes and takes responsibility for them.
10. Regards honesty and integrity as personal values.
11. Sets example of dedication and self-sacrifice for the organization.

12. Opposes the use of unethical practices to increase performance.
13. Is fair and objective when evaluating members' performance and providing rewards.
14. Puts needs of others above own self-interest.
15. Holds members accountable for using ethical practices at work.

The items included in this questionnaire match directly with the tangible outcomes described previously and confirm evidence that omitting these "soft" outcomes impairs leaders' performance and work outcome.

Another term included in the humanistic perspective is "universal". In the context of globalization, some leaders enquire if humanism is a universal concept. The answer is that humanism is increasingly valued by people worldwide who turn to humanism to improve organizations, economic conditions, the well-being of people, and society at large (Kudishina, 2005). And it expands across developed and developing nations. In sub-Saharan Africa it prevails as "Swahili humanism" embedded in the notion of *utu*, which means "putting moral knowledge in action" (Kresse, 2007, p. 168). In East Asia it is rooted in Confucian philosophy, principles, and values (Wei-Ming, 2008). And even though it is sometimes said that ways of life based on Confucian ethics are different from Western values, its emphasis on humanity, rightness, propriety, wisdom, filial piety, and loyalty, stemming from communalism rather than individualism (Pye, 1988), is increasingly in synch with Aristotelian and Western values.

TB 6: Ethical stakeholder relationship management: The constituency dialogue perspective

Leadership is displayed through interactions between leaders and followers inside and outside the corporation. Therefore it is equally important in management that the relationships of corporate leaders extend to a multitude of stakeholders. Leaders are expected to be accountable not only to shareholders, but also to all the people in the community, who are or will be impacted directly or indirectly, by corporative decision and business operations, be it economics, environmental, or social in nature.

This dimension has a systems perspective, meaning that an impact affecting one stakeholder group also affects all stakeholders at the same or at different levels. There is a growing body of evidence in business literature that demonstrates positive and instrumental links between corporate social performance and financial performance (Freeman, 2004; Maak and Pless, 2006; Valentine, 2014), and this naturally includes effects on stakeholder relations.

Reverse effects have been reported as well. Choi and Wang (2009) found that when a firm performs above average in its industry, good stakeholder relations help sustain results for a longer time. And when a firm confronts problems, good stakeholder relations help it bounce back. Clarke et al.

(2010) demonstrate how capital enhances stakeholder value. And the way to achieve stakeholder value is managing with integrity, and making *profits with principles*.

The concept "profits with principles" was coined by Body Shop founder Anita Roddick (Maak and Pless, 2006, p. 100), based on awareness that a significant part of her business success originated in managing stakeholder relations ethically and prudently (Roddick, 1991). Her design was taken by the Corporate Social Responsibility Initiative at Harvard Business School. The Harvard concept of *Profits with Principles – Delivering Value with Values* (Jackson and Nelson, 2004) places shareholder and social value-added in relation with each other and the creation of social value on a par with shareholder value described in Figure 17.2.

Building sustainable stakeholder relations, beyond the ethical foundation, requires legitimacy. And legitimacy is rooted in a moral conception. There are several typologies of legitimacy in the literature (e.g., Suchman, 1995), including regulative (compliance with laws and regulations) and organizational (conferred to an institution from outside stakeholders).

Leaders can build a legitimacy reservoir through effective communications with the organization's social surroundings, like customers, suppliers, joint venture partners, banks, and other organizations in local, national, and international community. A critical consideration for successful stakeholder management is a clear philosophical conception that combines ethical, economic, and social considerations.
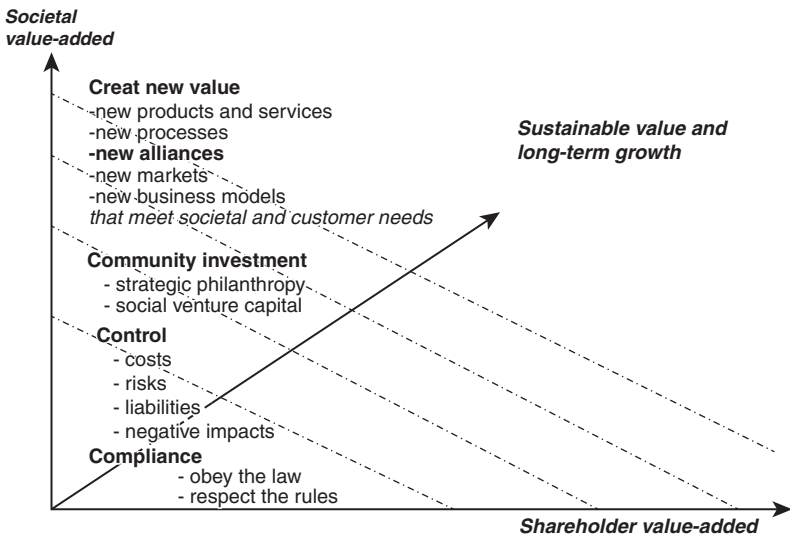
Figure 17.2   Building up shareholder and social value-added
Source: Adapted from Jackson and Nelson (2004, p. 7).

A good example is given by Yukl (2010, p. 334):

> In the 1970s river blindness was one of the world's most dreaded diseases, that had long frustrated scientists trying to stop its spread in developing countries. A potential cure for the disease was discovered by researchers at Merck. The new drug Mectizan would cost over $ 200 million to develop. And it was needed only by people who could not afford to pay for it. When Roy Vagelos, the CEO of Merck, was unsuccessful to get governments of developing nations to pay for the drug, it became obvious that Mectizan would never make any profit for Merck. Nevertheless, Vagelos decided to distribute Mectizan for free to the people whose lives depended on it. Many people in the company said the decision was a costly mistake that violated the responsibility of the CEO to stockholders. However, Vagelos believed that the decision was consistent with Merck's guiding mission to preserve and improve human life. The development of Mectizan was a medical triumph and it helped to nearly eradicate river blindness. The humanitarian decision enhanced the company's reputation and attracted some of the best scientific researchers in the world to work for Merck.
>
> (Useem, 1998)

The example shows very well how friction between a CEO and major stakeholders, including owners, which produced uneasiness in the first place, may lead to a positive outcome.

Conclusion

The six TBs presented in this chapter aim to meet the demands of practitioners who wish to delve into clear-cut essentials, and to academics who wish to learn the concerns of practitioners.

A comparison may help here. There is a great book by Louis Coutts titled *The Six Hour MBA* (2013) where he does not propose that an MBA class that lasts only six hours can replace a full-MBA course. Rather his intent is to demystify management. In a similar fashion our six TBs demystify the philosophical content of ethics by exploring morality, which is a basic human (and not a metaphysical) concern, in the context of business concerns. Practitioners will find this more understandable than a theoretical treatise, and it should help them to perceive how issues of responsible leadership are deeply engrained in any business.

Teaching or putting business ethics education into practice cannot be exclusively based on case studies. Effective deployment must be complementary "moving towards the grounded theory approach" (Maital et al., 2008). That means, begin with a problem, issue or challenge (a "case"), then avoid jumping to data analysis and solution directly ("action strategies"), but

systematically seek causal conditions, context, and consequences in order to understand the process and arrive at the desirable outcome. The six TBs guide faculty and students in this "complementary" direction.

The approach of our six TBs connects to the fundamental human centered principle that the purpose of the firm is not solely to maximize stockholders' wealth; they must deploy their power in a socially responsible manner to line up the competing interests of all stakeholders. This is an equality important responsibility. It has become an adopted position among business leaders that contributing to the well-being of the people in the local, national, and global constituencies of their firm will produce a benefit to the firm and its shareholders as well. So, leaders must make their decisions in a way that aligns the complementary and also the competing interests of all stakeholders. Similarly, EE program providers worldwide need to abide by the same principles.

Advocates of the above-mentioned human centered fundamentals are increasingly shaping business school curricula and EE worldwide. Among other agencies, there are the UN Global Compact, the Globally Responsible Leadership Initiative (GLRI), the World Business School Council for Sustainable Business (WBSCSB), the European Foundation for Management Development (EFMD), and the Academy of Business in Society (ABIS Global). The American Association of Collegiate Schools of Business (AACSB),[2] founded in 1916, has expanded rapidly worldwide since 1997, when it accredited the first foreign business school in a French university. Today, this largest global business schools accrediting agency has accredited over 1,400 business programs in 87 countries, and it is requiring business programs to address ethics in business to attain accreditation. And so do the European Quality Improvement System (EQUIS) for universities and the Association of MBAs (AMBA).

Both for university-based EE programs and for executive training taking place inside business corporations (which are approximately 50 percent of the total and growing fast; see Thomas and Wilson, 2013), the question remains, with regard to an ethics content, not too much now about *Why*, but about *What* and *How*. Still, there are always some who argue that "the notion of a socially responsible corporation is potentially an oxymoron because of the naturally conflicted nature of the interests of stakeholders in a corporation" (Devinney, 2009, p. 63). But if top management takes up the competing interests of all stakeholders in an ethical fashion to decipher conflicts, then solving these conflicts simply becomes a routine. For this, top management must take up the obligation to train ethical leadership at all levels. In essence, the *What* and *How* are about teaching human centered management and to teach that complementing economic profits with people and process improvement is a necessary condition to rebuilding the basis of corporate business performance (Locke, 2013).

Well-trained leaders, who practice what they talk, can revert the notion that business activities always have a private return that is much higher than the perceived social return. This will have a significant effect on society because then business companies will be seen as main contributors to economic *and* social progress. Ethical leadership is the main driver here. Jordi Canals (2010), one of the prominent proponents of EE, expresses it this way: "There is a widespread belief that the quality of business leadership can be improved … and the sound ethical principles that once were replaced by sheer opportunism and self-interest must return to the boardrooms".

Notes

1. Yukl et al. (2013) also give an overview of previous research based on different survey content.
2. www.aacsb.edu

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Index

291