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Corporate universities : what companies should know

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Abstract

This paper reviews the research conducted about corporate universities. Our society lives in constant change, in regards to roles, skills, careers, and technology. Continual staff development seems to be requiring technology, as corporate universities are becoming more evident throughout the business world. Corporate universities differ from traditional training programs by providing employees with cutting edge information, in order to keep the company competitive. The research cited in this paper addresses the need to constantly update and transform their training programs, so that employees maintain and enhance their role as a productive and lifelong learner.

CORPORATE UNIVERSITIES: WHAT COMPANIES SHOULD KNOW

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Introduction

Corporate universities are becoming more evident throughout the corporate world as technology requires continual staff development. Corporate universities differ from traditional training programs by providing employees with cutting edge information, in order to keep the company competitive. Many are beginning to partner with traditional universities in order to award employees their degrees. Several forces drive the development of corporate universities, including mission statements, goals, competition, and constant changing technology. Training is crucial to the company's success, which is why many businesses have decided to customize training materials in order to fit their needs. The review of literature supports the importance of training, the benefits to the companies, their employees and clients, as well as the direct impact reflected in the success of businesses.

Methodology

The research for this paper was conducted both through the Rod Library on-line collections, as well as the Internet. The scope of the search in the Rod Library covers published findings from the past seven years, as the information concerning technology must be constantly updated. The references found through the Expanded Academic ASAP on InfoTrac was evaluated with regard to its validity (refereed journals). Other references were found through the AskERIC Educational database with regard to validity and content. Other searches were conducted through the Google search engine. The selection of the literature was a direct reflection of the information it contained concerning corporate universities. The sources were analyzed by the researcher for current and relevant information regarding the topic. The dates of the articles were part

of the criteria when evaluating the research. Only articles within the past six years were used, as the topic of technology directly reflects the need of recent and up to date information.

<div align="center">Analysis and Discussion</div>

Definition

Corporate universities (CUs) represent the fastest growing segment of the adult education market. "A corporate university is a centralized, internally sourced training and education center that helps companies deal with the shortening shelf life of knowledge and to harmonize employee training and development with overall business strategies" (Meister, 1998a, p.38). They are a response to the need of an alternative, yet efficient way to train and retain employees. Corporate universities establish clear goals, objectives, and long-term strategic plans that help benefit the success of the business. "Corporate universities function as the strategic umbrella for a firm's total education requirements for all employees and the entire value chain, including customers and suppliers" (Meister, 1998b, p. 52). Jobs and skills are becoming more complex and require extra time, which is why the CU justifies the need for training closer to home. It seems the major purpose appears to be helping the firm maintain or expand their competitive advantage in the marketplace. There are a variety of corporate university models ranging from those that have built physical facilities to those that exist only virtually.

Background

CUs are not recent phenomena; however they are receiving much attention from

corporations in need of alternative staff development. Dealtry stated "the corporate university is without parallel potentially one of the most powerful business and organizational development interventions to evolve in the past two decades" (2001, p. 30). Meister (cited in Twomey, Jones, Densford, Keller & Davis, 1999) stated "the oldest corporate university is General Electric's Management Development Institute in Cortonville, NY, which held its first session in 1955" (p. 340). The Arthur D. Little School of Management was one of the first efforts to develop a corporate university over thirty years ago, which focused on educating managers (Arnone, 1998). It still remains as one of the only CUs accredited to award master's degrees in management. Twenty years ago, there were few corporate training efforts which captured the attention of the business community for their size or their importance. According to Atkinson (cited in Twomey et al.) "Motorola is the first to coin the term, 'Corporate University'" (p. 340). The interest in the concept of a CU seemed to strengthen in the mid-1980s when leaders in the computer and technology industries began to develop educational initiatives, which they labeled corporate universities. This was the direct effect of the industries facing fierce competition globally and wanting to provide training to their employees that related to their company's goals and objectives.

Differences from Traditional Approaches

A corporate university differs from a training department in several ways, including decentralizing, reacting to needs of further development, and serving mainly internal employees. A good corporate university has a number of basic foundation blocks (Meister, 1998b). Elements of the program should be aligned with business strategies and performance models. Training courses and programs should also be accompanied by

seminars and workshops. The company needs on-the-job development opportunities, such as built in tutorial programs for employees to use. Top management needs to support the effort. The executives should be involved and make themselves known as participating supporters, as well. Employees must take the responsibility of continuous learning in order to stay on top of his/her skills. From a corporate point of view, learning should be integrated with the job. When employees return to their jobs after training, they need to be able to apply the new techniques they have just learned. This is referred to as just-in-time training.

Just-in-time training (JIT) can provide an opportunity for companies to examine different staff development models. Not only does JIT strengthen the employee's contributions to the company, but also keeps the company on the cutting edge of technology. "Just-in-time learning systems deliver training to workers when and where they need it. Rather than sitting through hours of traditional classroom training, users can tap into Web-based tutorials, interactive CD-Roms and other tools to zero in on just the information they need to solve problems, perform specific tasks or quickly update their skills" (Sambataro, 2000, p.1). Just-in-time training is available as it applies to employees' needs. The goal of JIT training is to surround the workers with all of the information they need in order to be productive. This information should build upon the employees' experience and goals, in order to perform their current jobs and adapt to the change. JIT training surrounds employees with virtually all of the instant information in their specific field. This enables individuals to learn the appropriate amount of information in a timely manner, in order to be highly productive. Typical programs cover

the needed information at a much faster pace, so that employees are able to stay current with the constantly evolving technology.

Collaboration

Many corporate universities award joint degrees with traditional universities, but they themselves are not accredited. For example, Bell Atlantic Learning Center offers joint degrees with a wide variety of 23 universities in the New England area. Meister (cited in Johnson & Cooper, 1999) suggests four elements, which provide the framework for building a strong corporate and college partnership:

1. Develop a shared vision.
2. Select criteria to serve as ground rules for the alliance.
3. Create a business plan.
4. Define a pilot partnership offering/activity (p. 5).

Mottl (1999) suggests, "the most popular type of corporate university features an alliance with an institution of higher learning. The relationship can be as simple as partnering with a local college for a course, or as complex as a specialized curriculum offered at several different campuses" (p. 23). Granting degrees is not the primary function of a corporate university, but rather customizing training needs to the mission and goals of a specific business. The Kellogg Commission on the Future of State and Land-Grant Universities (as cited by Johnson & Cooper, 1999) stated "training offered by corporate universities covers everything from how to run a hamburger stand (in more than twenty languages) to theoretical concepts undergirding advances in electronics and computer science" (p. 4). Again, the courses must align with the company's goals and objectives. "The traditional universities that move quickly to forge new and different partnerships

with corporations can play an important role in helping create corporate university models that are responsive to changing workforce needs..." (Johnson & Cooper, 1999, p. 3). Many traditional universities may see this as a high priority for its long-range plans for the future. According to a database provided by Meister (1998a), there are over 1,600 organizations referred to as "corporate universities", "corporate colleges", or "institutes for learning." By the year 2010, corporate universities may outnumber the traditional universities.

Factors Driving the Creation

Many driving factors exist as companies contemplate creating universities of their own. These include, mission statements, goals, the changing of technology, and others that became apparent in the mid-1990s. "Companies or organizations that do not improve their skills to match their strategic direction and products are going to have difficulty remaining competitive within global markets" (Baldridge, 1999, p.17). This means that achieving the necessary level of skills for the employees is largely up to the corporation. The importance of integrating the goals and direction of the company is crucial when establishing a corporate university. According to Beltaos, dean of the School of Applied Media and Information Technology at the Northern Alberta Institute of Technology (NAIT) in Edmonton, "companies form corporate universities in order to systemize the training function, maximize the investment in education, drive change in the organization, spread common culture and values, develop the employability of the workforce and remain competitive in the marketplace" (cited in Dillich, 2000, p.25). Wheeler (2001) agrees that in order to create a university the developers must include, "a clear vision of the future, being well-chartered and governed, developing a structure that

supports the vision and building a staff that can execute the strategic intent of the sponsor" (p. 1). Many companies want to link training to corporate strategy/business goals, but lack the resources in a traditional training department.

Another factor is the shelf life of technology, which is becoming increasingly shorter. In an ideal situation, corporate universities would possess the resources to keep current with the technological trends, so they are able to pass the competitive edge along to the employees through training. Competing with rival companies is a part of business that keeps everyone on their toes. Creating and maintaining a university that focuses on a specific company's objectives is definitely evidence of keeping up with the competition. According to the WR Hambrecht report, "business managers realize that corporations that offer ongoing education and training enjoy a high rate of employee retention and the benefits of a better-skilled workforce" (Dillich, 2000, p.25). Companies must realize employees want to be provided with skills they can use throughout their careers. As corporations identify their own needs, the driving factors will help them become aware of the beneficial investment in a university of their own.

In the mid-1990s additional factors became the driving forces in the creation of a corporate university. These factors included: reengineering, centralizing resources to reduce expenses, strategically aligning the educational efforts of the first with its corporate goals and objectives, and realizing a newly transformed corporate appreciation for education. "As corporations review their key processes and functions, an increasing number of firms have chosen to replace or supplement the training and development area with a corporate university" (Arnone, 1998, p. 200). As a first step in centralization, organizations usually conduct a needs assessment to identify a gap in where the company

is presently and where they must be in the future. The needs assessment also identifies the amount of resources used in training. The redesigning of training activities under one umbrella is usually a logical change for the company. Other benefits of centralizing the training function include internal collaboration. Employees are able to gain a different perspective of the corporation by communicating with employees of different departments and branches.

Corporations are wrestling with the implications of these changes as technology increases the complexity of the work environment. Cunningham (cited in Clarke & Hermens, 2001) stated:

> ...that factors fueling the drive towards alternative forms of delivery of education are the advance of globalization with a demand for world class products, services and technical infrastructures; a demand for great access to tertiary education and the need for lifelong learning created by rapid changes in the economy; growing reluctances on the part of governments to fund the increasing demand for higher education; and dissatisfaction of industry with the responsiveness of traditional providers. (p. 256)

Corporate universities are learning to align their courses to fit the employees' needs, which in return provides them with the knowledge and skills to compete within the global market. Knowledgeable and skilled workers deserve consistent, continual, and flexible learning, rather than occasional and structured courses. It is important for the employees to maintain their skills, which in turn encourages lifelong learning.

When a corporation commits to the development of a corporate university, it is recommended that there is a period of strategic alignment with corporate goals. This

process assists in leading the company in a direction, which is consistent with the bigger picture. Companies must be constantly keeping the employees skilled and knowledgeable, in order to promote a strategic alignment of training with their corporate vision. Due to the increased popularity of corporate universities, many businesses seem to be repositioning their education departments to a more university-like structure. A renewed appreciation for education seems to be sweeping through the departments, as training is targeted to match the goals of the company.

There is a wide range of key concepts to consider when creating a corporate university. The CU model should reflect the process of learning, rather than a place. According to Meister, an expert in developing corporate universities, they should "provide learning opportunities that support the organization's critical business issues, and incorporate the three Cs, corporate citizenship, contextual framework, and core competencies, when designing a curriculum" (cited in Johnson & Cooper, 1999, p.4). The components of the business that should be valued include the customers, distributors, suppliers, and the partnered university.

Benefits

Developing a training department within the business, not only benefits the company, but the employees and clients, as well. Benefits of CUs include businesses staying competitive with other markets, employees on top of current information, and corporate universities saving the business time and money.

Meister also advises, "to utilize the corporate university for competitive advantage and entry into new markets by assuming a global focus" (cited in Johnson & Cooper, 1999, p.4).

Experienced employees have the necessary abilities to learn new technical skills, while incorporating them in the already known company culture. Twomey et al. (1999) stated:

> Executives of companies that have corporate universities feel that allocating resources to developing their employees' skills, abilities and competencies for their current jobs and for future job requirements will create a world-class workforce focused on their firms' competitiveness and future survival. (p. 340)

Competition is what keeps each company striving to the next level. Employees are the essential key in reaching those goals. Training departments are an effective way to keep the employees armed with the latest information to compete in the global markets.

Experienced employees seem to already fit into a company's mentality. According to Meister (1998c), "officials admit that companies benefit in a number of other ways, including that their employees remain 'state of the art' and hot on fulfilling the company's strategic plan" (p. 26). A company that values its employees by continually training them on current information will see the effect in the long-term retention rates. Corporate universities should be the mechanism to provide their employees with the just-in-time information that is appropriate to their work sites.

In an ideal situation, each course is especially designed to support the main focus of that specific department or the entire company. The training content is relevant to each specific job, giving the employee a real world experience that can apply to their specific duties. Employees have more information on the exact skills and capabilities that they should be bringing to the job. These courses are flexible to work schedules and can be facilitated during work hours in the comfort of the actual building. This provides for an accommodating atmosphere, as opposed to training that is done away from the site and

after hours. According to Dealtry (2001), "it requires the application of multiple thinking skills, high qualities of intellectual leadership and organizational innovation if it is to reap a truly golden harvest of new learning and new competitive knowledge" (p. 30).

In many instances, CU's include all departments with learners focusing on centralized goals throughout their work, rather than once in a great while. Not only are internal employees part of the learning experience, but suppliers, customers and dealers are, as well. This helps relay the company's goals to the people they deal with on a daily basis. According to Meister (1998b), "a corporate university is the chief vehicle for disseminating an organization's culture and fostering the development of not only job skills, but also such core workplace skills as learning-to-learn, leadership, creative thinking, and problem solving" (p. 38). Saturn, the automotive manufacturer, comes to the forefront as a leader in developing an innovative approach in linking learning to compensation. Meister (1998c) describe the Saturn learning culture as:

-Every team member has his/her training and development plan

-Training has a demonstrated impact on job performance

-Training is an investment, not a cost

-Training is driven by the needs of the organization

-A high percentage of Saturn team members are involved in providing training

(p. 28-29)

The use of a professional development plan reflects a belief that success is dependant upon employees making a commitment to life-long learning.

CUs may also provide an incentive of saving time and money to the company. Rather than having employees take time away from work to attend trainings outside of

the company, corporate universities may be built right within the structure of the business. Time spent away from the business may prevent employees from implementing their new skills immediately. According to Dongilli, vice president of marketing for RTN, a distance educator that produces live and interactive seminars and workshops, "the impositions of today's workers are many and the skills they require are constantly changing, they need training systems that manage and distribute pertinent information expediently and efficiently" (ProfNet Business Leads, 1998). Ideally, staff development should be delivered for convenience to companies and their employees.

Saving money is a shared concern across the corporate world. Many corporations believe training is an effective component to their success. Companies may save travel and education costs by conducting in-house trainings, such as CUs, rather than flying training managers all over the world. Typically, companies believe the longer someone stays with them, the more valuable they are. It would take far longer and cost more money to train a new employee, than to train a long-term employee. According to Larson, (cited in Watson, 1995) who is the senior training representative of Target Stores University, "the strengthened employee loyalty should be credited to the inculcation of a more participatory culture at Target University" (p. 51). Retention rates save companies the cost of training new employees. Similarly, Automation University of Zurich, an international technology and engineering company has recently had a status change from cost to profit center. According to Landau (2000), "opening the courses up to those external customers who have purchased the company's equipment, Automation U has actually turned its center into a moneymaker—providing a 10% net return to the

company" (p. 23). Many companies are following in the footsteps of the pioneers, as they observe the many benefits supported by corporate universities.

Adopting Different Strategies

Many strategies exist that companies may choose to adopt when creating their corporate universities, including a competency-based career development focus, a change-management focus, an initiative driven strategy, a business development driven model, a customer/supplier relationship management orientation, and a leadership development driven model.

Companies that choose a competency-based career development focus create a systematic way of supporting individual growth within the company. "The corporate university takes responsibility for competency building and ensuring that there is a competent and highly skilled workforce. Apart from skill building, it is directed at managing the process of career development in the company" (Andresen & Irmer, 1999, p.5). Strategically placing employees so they are able to deal with present and future challenges will help foster the company's goals. This strategy should be incorporated in every university as it supports all of the other strategies.

A change-management focus concentrates its efforts on driving change or facilitating a complete renovation process for the company. This strategy may be useful as a company decides to embark on completely new goals and objectives or as they are in the process of merging with another company. "Learning, training, and education are vehicles for facilitating and driving change programs and to accelerate the implementation of change. Changes can refer to a corporations' practices, systems, policies, strategies or even underlying values" (Andressen & Irmer, 1999, p.2). The

merging of companies is quite common in the corporate world, and the two must work together in adopting new, similar views. Once the company has completed its transformations, they then may choose to outline the initiative driven strategy.

As companies adopt the initiative-driven strategy, they are recognized by their public activity, which may be a business project or a corporate-wide initiative. This is usually a plan or initiative advocated by the CEO and is based on his/her passion of producing the ideas throughout the company. Motorola University was very successful as they drove an important initiative throughout Motorola. They were involved in planning and spreading the company into China, as well as other parts of the world. "It pioneered bringing focus to one or two issues and putting a structure in place to facilitate delivering the content, coaching the implementation and building understanding and acceptance of the issues with management and the employees" (Global Learning Resources, 2001, p.2). Characteristics of the initiative-driven model include globalization, productivity, process improvement, and empowerment. This turns out to be one of the most important definitions of corporate universities.

The business development driven model is "oriented towards helping develop business opportunities, solving of concrete business-related problems of the organization, and/or toward guiding an active, aggressive and regular exploration process to what is possible beyond the known boundaries of the business and the industry" (Andresen & Irmer, 1999, p.2). When a corporation decides to take on a particular business strategy, for example opening several offices abroad, the corporate university can educate the employees on their new roles, provide information about the new countries, perform research on specific competitors, and support the new process. The goal is to acquire

external knowledge and generate new ideas. CU's are helping to expand the current company by informing and training employees so they feel comfortable and secure in their new roles.

The customer/supplier relationship management orientation includes the relevant parties and their cross-organizational networks. The corporate university's goals are on managing, fostering, and maintaining a positive relationship between the customer and supplier, and incorporating customer feedback into the corporate planning. Customers are the most valuable asset to a company, which is why a rich and growing relationship must be established. "Universities engaged in this activity focus on educating employees in negotiating skills and in relationship management and may offer skills training to suppliers and educate to standards" (Global Learning Resources, 2001, p.1). This is a common practice among the corporate universities of Ford and Motorola.

The final strategy available to corporate universities is the leadership development-driven model. The prime example for this strategy is General Electric's Management Development Institute at Crotonville, New York. According to Global Learning Resources (2000), "this institute has focused on developing managers and leaders for General Electric for decades. It has been almost exclusively the tool of the CEO, Jack Welch, for orienting and assimilating new managers to the company" (p.3). Corporate universities with CEO support are quite successful, as they understand the importance of employee, customer and management training. Internal management strength is a huge aspect of CEO's who are advocates of CU's. This is what drives change initiatives, while promoting the growth of a company.

Each strategy has overlapping characteristics and can be used in combination, but corporations must assess themselves before choosing a strategy in order to ensure a successful fit. They must assess both internal and external aspects because each organization has its individual characteristics, which leads to the most important strength and weakness they must build upon. The flexibility of the university concept in the sense that it can be molded to the nature of a particular organization's environment, allows for many of the strategies to be used interchangeably.

<div align="center">Conclusions and Recommendations</div>

Corporate universities serve several purposes for a specific company, as well as providing a framework. CU's are "functions or departments that are strategically oriented toward integrating the development of people as individuals with their performance as teams and ultimately as an entire organization by linking with suppliers, by conducting wide-ranging research, by facilitating the delivery of content, and by leading the effort to build a superior leadership team" (Global Learning Resources, 2001, p.5). The researcher focused on some of the many aspects of corporate universities, including the differences between CUs and traditional universities, factors that drive creation, benefits, and different types of strategies that can be used when forming the foundation of the university. In an ideal situation, business managers should advocate the positive attributes of corporate universities to their employees on a daily basis. Spreading the word down the chain informs each department of the importance and impact a CU would make to the success of the corporation. "A corporate university's primary goal is to prepare an organization's employees to take full advantage of the emerging opportunities and to institutionalize a culture of continuous learning aligned to core

business strategies" (Meister, 1998b, p.43). Our society lives in constant change, in regards to roles, skills, careers, and technology. Companies must realize the need to constantly update and transform their training programs, so that employees maintain and enhance their roles as productive, lifelong learners.

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