

Corporate University: Glorified Training Departments or More?

Dr Anamika Sinha, Asst Prof, Institute of Management, Nirma University, Ahmedabad
Natasha Kaul, Doctoral Student, Institute of management, Nirma University, Ahmedabad.

Abstract

The human resources are now accepted as a source of competitive advantage. Sustaining this advantage requires adequate training to the staff. There are various choices available to train the staff – sending employees to refresher or other university courses, setting up a T&D department or setting up a corporate university. Each of these choices yield different results and are apt for different focus of learning and development envisioned by the top management. Corporate universities are one way where companies are able to accommodate blended, focused interventions to deliver strategically oriented, job specific learning for large number of employees. There are examples like Deloitte, Sears and Lufthansa etc. that have benefited from setting up corporate universities. This article discusses the benefits of such universities and how they align learning and development needs of the employees to organization's strategy.

Keywords: Corporate university, learning, employee development,

This is the time when talent and employability are raging issues; an educated workforce is an asset for organizations. MNCs are quickly realizing that their talent and culture are the only two sources of competitive advantage. Hence, companies are investing heavily in maintaining and developing them. Corporate Universities (CUs) are one of the many options for the development of talent and a lot of MNCs in the US have been adopting this strategy to start corporate universities so as to have access to "educated" employees. With time, various US, UK, and European corporations; with a focus on learning and development of employees, have made CUs mission critical, sophisticated and centralized.

Slowly the Indian counterparts are also taking a leaf out of the same book. Previously the CUs were looked at as 'little more than re-badged training departments' and viewed with considerable skepticism by both HRD specialists and academics alike. Today with the increased incidence of successful learning interventions through CUs, more and more organizations are making serious attempts to create corporate universities that manage a range of individual learning needs and organizational development requirements.

CUs first shaped in the late 1980s. General Electric and Motorola were the pioneers. They used the CUs as an enrichment tool for traditional training departments. The universities were intended to ally with the strategic initiatives of the corporation while employing technology to support and reinforce learning. In 1980s there were just about 400 companies that had Corporate University or Institution for learning and names included only the large conglomerates like Boeing, however now that number has moved up to 3700 and includes several mid sized companies as well. According to Annick Renaud-Coulon, the founder and chairman of the Global Council of Corporate Universities (GlobalCCU), Paris, "A tidal wave of corporate universities has touched the shores of the developing world. There are about 4,000 such institutes in the world. The number has more than doubled in the last decade."

Corporate University : Taxonomic differences and More...

According to Jeanne Meister, President of Corporate University Xchange, the phrase "*corporate university*" can be defined as a "...*centralized strategic umbrella for the education and development of employees ... [which] 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*"

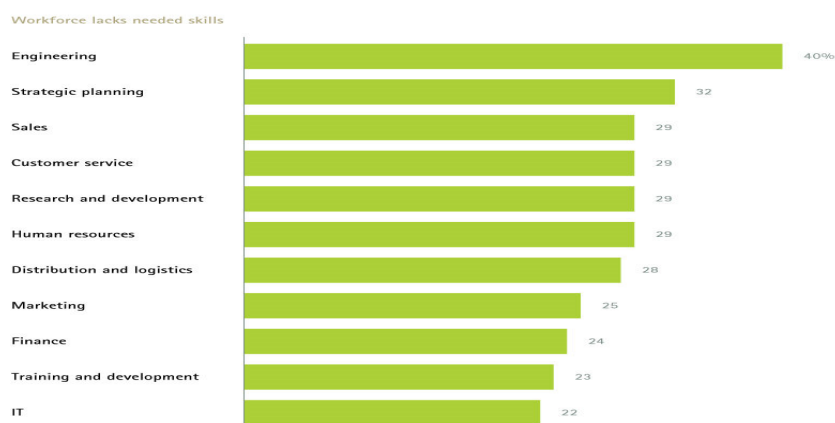
Put simply, a **corporate university** is any educational entity that is a strategic tool designed to assist its parent organization in achieving its goals by conducting activities that foster individual and organizational learning and knowledge. They are a formal units initiated at the corporate level in large, complex and differentiated settings which pursue continuous strategic alignment. Their prime focus is to provide workers with the skills that alleviate standards and expectations as regards to training and development. According to the needs of the company, the training can vary from departmental training to degree programs. An important facet of CUs is the active involvement of senior management in the learning process and their support in accepting learning as a tool for competitive advantage. The definition itself stipulates a combination from the word "Corporate" which emphasizes "strategic" and "university" which proposes the "educational nature". As the definition implies, the corporate university exists to help its parent organization (and a corporate university, by definition, is not a stand-alone entity—it is a part of a larger organization) achieve its mission. By integrating the complete value chain, and by owning up the cause for improvement, the CUs are able to demonstrate higher, improved results in specific areas like building a culture of innovation, managing turnarounds and change, accelerating growth through talent development and HR brand building.

While a traditional university grants under graduate and post graduate degrees in a variety of subjects, conducts original research with an intent to create knowledge; CUs limit their scope to providing job-specific, company-

specific, training for the managerial personnel of the parent corporation. Thus they break through the knowing doing gaps and are free from fragmented, redundant and decentralized learning which leads to graduates who are not job ready. According to a survey by Accenture, following were the most important skill shortages identified in the current workforce.

Serious skill shortcomings

Workforces critical to the success of companies may not have the skills needed to drive growth. Among executives identifying the following workforces as critical, significant percentages of respondents noted serious skill shortcomings.



Source: Accenture analysis

Source: Smith D, Farley CS, Diego SL and Gault S, “The Talent to Grow”, Accenture report on Outlook Vol 1 2011

Similarly, training departments, though focused on employee development tend to be myopic on immediate job requirements and fail to align the training with broad organizational strategy. Often when major strategic changes are happening at the board level, training department is last to be informed. Being out of loop of decision process, at implementation level; training departments typically put a catalogue of courses and coordinate activities as the courses go along. They tend to be reactive, decentralized, tactical and operational.

Established as an autonomous, apex level entities, Often headed by Chief Learning Officer who is closely related to core organizational activities and broad organizational strategy, CUs are able to break through the trap of “fix it in yesterday” for training department.

CUs can be proactive and can steer organization to achieve their mission. University of Toyota is an example that has been able to achieve this successfully. Established in 1998, it chartered to design strategies that would enhance Toyota’s competitiveness. It was established as a distinct business unit independent of HR and OD departments. Built on values of trust, respect, integrity, enthusiasm and commitment, the UT had its mission as “continuous improvement of associate and dealer performance through lifelong learning”. It established two distinct colleges: ‘College Of Dealer Education And Development’ and ‘College Of Associate Education And Development’. Today, it serves the global Toyota organization. By anchoring itself solidly to corporate values, having clear vision, and tenaciously linking to business needs, the UT is a source for envy for industry and by redefining the concept of lifelong learning, it has established a clear path for all Toyota Associates to increase their impact both professionally and personally.”

Making the best of University set up and training departments, CUs combine the education and knowledge creation as a central body, adopt blended experiential training methodology; and come up to a place where they deliver solutions to real time business problems and improve individual and business performance. The experiential learning and knowledge enhancement also builds greater accountability in employees and change and culture management becomes more congruent. Management of Turnaround at Sears Inc with the help of Sears University is one of the classic examples of change management and business results.

Martinez took over Sears in 1992 and took drastic turnaround measures to rejuvenate a \$3.4 Million loss making company to a profitable path. Downsizing 50,000 jobs, closing 113 loss making stores, selling the famous Sears tower, divesting Allstate, Coldwell banker, Discover Card and Dean Whitter Brokerage to focus on core businesses. A complete HR culture reorientation was done where employees had to adapt from command and control culture to innovation and risk taking, exposing them to the softer sides of Sears. Supported by Senior HR VP Tony Rucci, a culture of ownership which was backed by econometric study and scorecards was initiated. Sears developed a conceptual model of firm’s performance where employees, customers and shareholders were linked in a causal chain. A “three C’s” framework viz ‘A compelling place to work’, ‘a compelling place to shop’ and ‘a compelling place to invest’ was decided. The two cultural values: Innovation and risk taking were transmitted with developing a DNA in new and continuing workforce. The communication and implementation of 3C Framework for business excellence was juggled with several training inputs and finally Sears offered its first course in 1994. The curriculum was a blend of classroom experience, self-directed learning through

interactive CDs, e learning synchronous and asynchronous modules etc. Employees self- selected into classes based on development plan negotiated with their managers as part of performance management process. Currently the university can accommodate more than 20,000 managers annually. Course sign ups are on first come first serve basis. The courses are offered at Corporate headquarters at Chicago as well as seven regional centers. Senior managers usually facilitate the sessions therefore the content is quite job contextual. Sometimes outsiders (Faculties from premium institutes and trainers), who the university feels can integrate the 3C framework are invited to facilitate the learning. Learning is facilitated through team processes which results in greater on job transference. Executives at Sears University have suggested that since the curriculum is strongly linked with strategy, there is senior management buyin, not just the performance management and turnaround but also the growth thereafter has been convened through the university.

By integrating innovative and creative approaches like distance learning, online training, virtual campus, in physical setting story telling by seniors, CUs can add more value to the culture building process in any organisation CUs provide learning on demand, they happen or take place anywhere thanks to distance learning and satellite campuses and create an ambience for a continuous learning process. The employees gain better than getting taught by experts and building inventory of skill sets. Virtual campus has been very successfully managed at Sun U. Sun U worked under extremely dynamic conditions and pervasiveness and potency of communication through technical aids and its application to training and development was significant. To quote Jim Moore, Director of Workforce Planning and Development at Sun U “Starting our university was practically a necessity since 100 percent of our revenue comes from products less than 18 months old”

Per year training budgets were very high and workforce had to continuously adapt and change, innovate to keep pace with the dynamism.

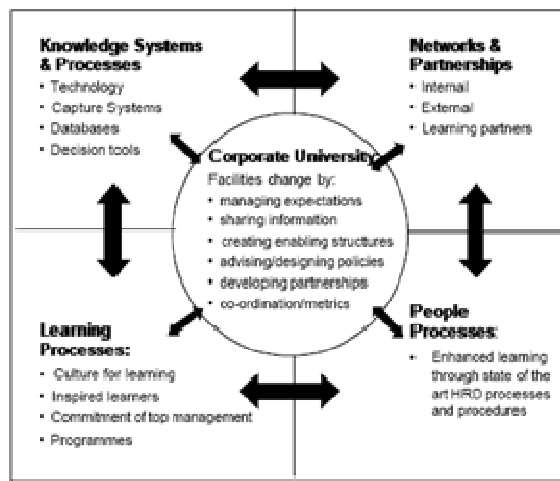
Almost opposite is the case of Deloitte University, where culture of innovation was created through establishment of a dedicated campus. Initially management speculated on having a virtual university since majority of Deloitte workforce was young. However a complete survey suggested that a multi facility, single location, physical university was better suited to create the cultural shift. Most youngsters mentioned that the Physical University allowed them time and space to personally interact with the industry seniors and experts and thereby gain mentoring relationship, build network and leverage relationships. From the company’s perspective, this allowed culture management in an otherwise dynamic work culture, cross functional team and network development, better retention of talent and competitive advantage in client interactions. More than anything, in 2009, the cost to establish the University was around \$300 million, which was difficult to get a buy in from management as an investment. However considering that Deloitte, anyways invested about \$100 million on training and development, it was a cost that company was able to realize over a period of time. An internal survey report had mentioned that though learning and development at the DU employees benefitted by way of skill sets that they brought into client engagements, development of job specific skills, enhance and preserve culture, and align people to strategy. For many, this is also a forum for peer learning from diverse workplace and understanding of best practices at Deloitte. At Deloitte focus is maintained on developing core workplace competencies- using action learning methodologies. They don’t look at education, but instead add value to the entire chain, that is to say that an intervention leads to better customer satisfaction, suppliers, distributors and wholesalers as well. The faculty is often an internal senior manager and a team of external professors and consultant, thus bringing in a greater contextualization of the content.

Some CUs are even branding their course-ware and license it to suppliers, becoming an independent revenue center. The name, logo, print publications, Web sites, degree or certification programs, faculty and guest faculties of the university build a brand image. For example GE licensed the Six Sigma method of Motorola and now runs training programs on six sigma for a fee to its customers and suppliers. The company gains advantage as it gets vendor and customer both at the same point and since the number of people trained by the university is large, they further pitch their training sales as “ tried and tested measure of success”. Flexibility through affiliation with a business school, web based training, on site- expert led class, assignments, face to face discussions Results in a design which is a bouquet of options within which an employee can juggle to achieve best learning.

By establishing a CU, an organization clearly communicates its intention to invest in developing a learning organization. This helps in building an HR brand and also allows companies to hire and retain the best and the brightest people.

It is aptly said that the uneducated in the 21st century will be a person who refuses to learn unlearn and relearn continuously. Most senior and mid level executives today feel the need for further training to cope with the dynamic environment.

Rate of knowledge obsolescence has been greater and work has become knowledge intensive for many organisations. For many organisations, this has been a trigger to establish their own CU as well.



Source: Earle, M.J.(1994) "Knowledge as Strategy: Reflections on Skandia International and Shorko Films" In Ciborra, C. Jelassi, T. Strategic Information systems, Chichester:Wiley.

The above model proposed by Earle highlights the complexity and multifaceted nature of knowledge building which requires a combination of sociological and technical actions which are critical to building strategic capacity of an organization. These components are knowledge systems and processes, networks and partnerships, knowledge workers and people processes and learning processes and learning organisations. Knowledge systems and processes integrate Information technology to capture experiences and institutionalize the learning in databases, expert systems and sophisticated software hubs. Network and partnership processes are facets that include the community both internal and external and several processes of interaction and exchange within the organization. People component is HRD processes and procedures and other systematic support systems that build, reinforce and ensure the alignment of all training interventions with the strategic alignment. A complete integration of all the components, facilitate learning and allows application of learning in real life context.

Lufthansa school of business was founded in 1998, as the first CU of Germany ; under the motto of "there is no better way to learn" and it integrates this model, offers customized training for employees. The CU model reflects and achieves general management requirements, practical approach and internationality. In 2004 the university was awarded the prestigious award of International Best Practice in Orlando, Florida, for demonstrating innovation and excellence in aligning corporate learning to business strategies. It partners and networks based on shared responsibilities and trust with London business School and two other renowned business schools. The process adopts two stages, a bottom up stage, where participants from all business partners within LH group and some external partners are involved in a structured interview to arrive at understanding future requirement and prioritize agendas for management development. Data from performance evaluations, corporate management gradings, 360* feedback is also integrated to arrive at a complete picture. Business school partners are involved from stage one for designing Strategic fields of action, looking at future forward looking approaches to HR. In second stage of top down, the strategic field of action is prioritized by the board in terms of Business impact and urgency. This data is used to guide and design MDPs. Based on this data a general management program spread over three modules of 3-4 days each, to be covered in 8 months was designed. Choice of participants is also very precariously done. Managers have to show above average performance and above average potential. Nomination of each participant is done bilaterally with the board of respective business unit. The process integrates systematic succession management with individual training needs. The selected candidate is personally invited by board, a gesture that recognizes the employee's value to the company. The GMP program covers strategy, transformation and leadership in the three modules. The training is backed by right learning environment and provides scope for internalization of learning. Virtual learning environment at LBS enables participant to access an online on demand bulletin board with preparatory reading material, further references etc. peer coaching groups support "Competence for dialogue and communication". Inter module discussions, simulation, varied experience sharing by peer contextualizes the learning and deepens relationships with the peer. A letter writing, immersion field visits, going cross borders and several such interventions facilitate a complete learning module. Networking activities and assessing business impact is also integrated. The module thus is able to deliver a proactive, futuristic, complete development of employee.

Road ahead for CU In India

Today companies employ fewer employees but develop them for optimum performance. Most MNCs spend 70-20-10 ratio of learning, 70 % on job, 20% coaching and mentoring and 10 % formalized training to be able to leverage talent as a strategic advantage. Thus companies where number of employees is large or quantum of

spend on per person development is high, CUs become an obvious choice. Some other companies choose their talent acquisition on philosophies which make it mandatory for them to invest in CUs. For example, industries where knowledge and skill gap is steep, professional service firms or companies that believe in “catch them young” “hire for attitude and train for skill” or in building teams out of Low Potential- High skills workforce, for them setting up a CU may become imperative.

The knowledge worker in every industry and occupation is concerned about the short shelf life of their knowledge, causing them to constantly retool their schools. Corporate universities become a panacea for this need as employees can learn the job related tools and perform the job assigned better. They earn skills and degrees which have an application value and is not mere a paper. This degree sees them through their career, making them more marketable and competitively advantaged. By fulfilling this need in employees Corporate Universities have become a growing segment of the adult education market. By investing in setting up a corporate university, organizations have an advantage in terms of retaining “eligible employee pool,” and creating a brand image of “employers of choice”. Corporate universities strive to achieve their mission of developing programs which are in synch with the broad business strategy and is designed to convey corporate culture. By integrating action learning approach, CUs assess and cater to education needs of employee which otherwise may not be available to them, or if available may be very expensive.

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