

CORPORATE UNIVERSITIES: A CATALYST FOR STRATEGIC HUMAN RESOURCE DEVELOPMENT?

Peter Holland & Amanda Pyman

*Working Paper 39/05
May 2005*

**DEPARTMENT OF MANAGEMENT
WORKING PAPER SERIES
ISSN 1327-5216**



Abstract

The corporate university has become a major area of research and debate in the field of strategic human resource development. At the centre of this debate, is whether it is a simple relabelling of the functional area of training or a paradigm shift in the development of organisational human capital. This paper explores this issue through an in-depth single case study of Australia's largest private sector employer, Coles Myer Limited, which has recently developed a corporate university. A typology developed by Taylor and Paton (2002), is used to analyse the role and integration of the corporate university within CMLs strategic human resource management (HRM) agenda. The analysis indicates that the corporate university is clearly linked to the strategic objectives of the organisation.

This paper is a work in progress. Material in the paper cannot be used without permission of the author.

CORPORATE UNIVERSITIES: A CATALYST FOR STRATEGIC HUMAN RESOURCE DEVELOPMENT?

INTRODUCTION

In recent years the corporate university has become an increasingly significant aspect of contemporary corporate training and development in Europe (Walton, 1999). In the US, the development of corporate universities has been widespread, with their current rate of growth leading researchers to estimate that they will outnumber traditional universities within the next decade (Prince & Beaver, 2001). Once thought to be a relabelling of the traditional training department, the corporate university has diversified in the last two decades to be identified as a key element in the strategic creation and management of organisational human capital. This development has led to a growing tension in the literature as to whether corporate universities represent a paradigm shift in strategically developing human capital or a repackaging of the training function (Eccles, 2004). This paper explores the debate surrounding the emerging role of the corporate university, through a single case study analysis of the development of a corporate university within Australia's largest private sector employer, Coles Myer Limited (CML). To facilitate this investigation, a typology developed by Taylor and Paton (2002) is used.

WHAT IS A CORPORATE UNIVERSITY?

Despite increasing attention being given to the role and development of corporate universities, the debate as to what constitutes a corporate university remains. A review of the literature reveals the two broad themes which can be identified. The first is the functional approach, where the corporate university focuses on day-to-day training issues. As Meister (1998: 29) notes:

Corporate universities are essentially the 'in-house' training facilities that have sprung up because of the frustration of business with the quality and content of post-secondary education on the one hand, and the need for life-long learning on the other. They have evolved at many organisations into strategic umbrellas for educating not only employees, but also secondary customers and suppliers.

The key elements drawn from this approach are the focus on basic skills and the need to develop consistent and uniform knowledge, skills and ability across an organisation and its network of customers and suppliers to ensure consistent quality of product and/or service. The second theme is the strategic approach linked to the long-term development of the organisation's human capital. Walton's (1999: 412) definition emphasises the strategic focus of knowledge creation and management across the whole organisation when defining corporate universities. He states:

The notion of a corporate university is becoming increasingly fashionable as an overarching designation for formal learning and knowledge creation activities and processes in an organisation.

There are a number of common elements to both definitions, including a focus on formal in-house training and development and an on-going investment to improve an organisation's human capital. This second approach fits with a key theory in the area of human resource development; that of human capital theory, which links investment in the organisation's key asset, employees, to increased productivity and sustained competitive advantage (Schultz, 1959; Becker, 1964; Smith, 1998). Because such investment can lead to the employee adding value and being retained by the organisation through incentives such as career progression, increased security and higher remuneration, the firm's resource base is enhanced. This can be linked to the resource based view of the firm where an organisation develops these resources in such a way that they become rare, valuable and difficult to imitate, further developing the organisations competitive advantage (Barney, 1991).

This strategic focus on the management and development of human resources can be linked to the deliberate promotion of corporate universities as a catalyst for strategic human resource development. As noted, the debate around the focus of corporate universities has led to increased analysis of the differential features. A critical element in determining the functional or strategic nature of corporate universities appears linked to the type and depth of learning taking place (Thomas, 1999). The functional approach reflects a uniform organisational training philosophy embedded in a scientific management culture of standardisation of basic knowledge and skills, and a cost reductive approach to the management of human resources (Schuler & Jackson, 1999). The strategic approach sees organisations dependent on diverse knowledge creation and dissemination, underpinned by staff development and retention for competitive advantage. These latter organisations will seek a longer-term diverse approach to managing and investing in their human resources, using for example, management development centres, as the focus of such development and the exchange of information (Taylor & Paton, 2002). To develop the level of learning and critical analysis, these organisations are also building linkages with traditional universities (Blass, 2002).

The management of learning and knowledge within organisations, in a more complex and competitive environment, reflects a key strategic role for corporate universities in the creation of competitive advantage, which is increasingly reflected in the literature (Andresen, Cascorbi & Harms, 2003; Thomas 1999; Walton, 1999). As such, the concept of the corporate university is identified as an emerging aspect of the field of strategic human resource development (Prince & Stewart, 2002; Stewart & McGoldrich, 1996; Walton, 1999). In a dynamic environment, this means that the corporate university must strategically develop a diverse and adaptive approach, to ensure each area within the organisation has access to appropriate levels of training and development to meet these objectives.

DEVELOPING A FRAMEWORK FOR ANALYSING CORPORATE UNIVERSITIES

Attempts have been made to categorise the corporate university in order to understand their role and focus. Walton (1999) has categorised corporate universities by placing them in an evolutionary or generational context, linking the development of corporate universities to the changing work environment. This generational structure, describes a 'First-Generation' corporate university as characterised by formal, narrow training, specific to the organisation, uniform products, and a standardised approach to work organisation. 'Second-Generation' corporate universities, Walton argues, emerged as a response to the increasing competition and market volatility in the late 1970s and early 1980s, as organisations sought ways to increase organisational flexibility and responsiveness. The subsequent 'delaying' of hierarchies enabled decision making to be pushed down the organisation, thus empowering employees to become responsible for the work, broadening the approach to training and development. Finally, Walton (1999) describes the development of 'Third-Generation' corporate universities, which are a reflection of technology advancements and the move to a virtual mode of communicating training.

Whilst Walton's typology is useful in linking the development of corporate universities to the changing environment, for analysis purposes, this evolutionary framework is one dimensional and too static in its assumption of uniformity in type and development. The dynamic environment within which many organisations operate requires a variety of responses to training, development and knowledge management across different organisational levels. Shifting responses and strategies are required by a corporate university to remain effective and relevant, as a wide range of learning experiences for both employees and management are developed. This is essential if the corporate university is to be a central part of human resource development strategies. In this context, Taylor and Patton (2002) have developed a typology which provides a more dynamic approach to understanding corporate universities.

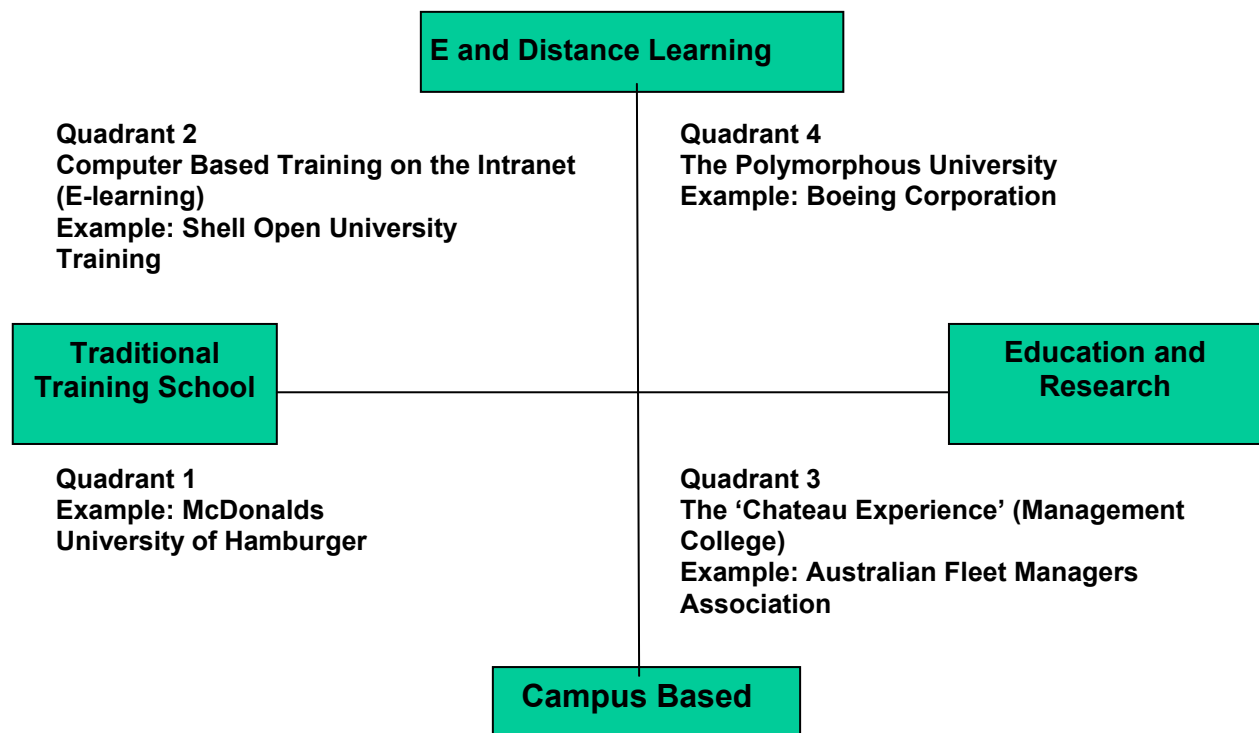
Taylor and Patton (2002) have framed the development of corporate universities along two dimensions: learning continuum and spatial organisation. The spatial organisation axis defines the

location of the corporate university as a physical entity, like a traditional university campus, or a 'virtual' campus', delivering training and learning to the workplace online. The second axis or continuum of learning ranges from a narrow training focus (for example firm specific and vocational training), through to broader developmental programs (for example professional development and research). These latter organisations will seek a longer-term approach to managing and investing in their human resources, using for example, management development centres and traditional universities, as the focus of such development and exchange. The two dimensions offered by Taylor and Paton provide a clear insight into the role and function of the corporate university, and thus allow for a clearer interpretation of the corporate university focus.

Taylor and Paton (2002) combined these two dimensions in a model, shown in Figure 1, to develop a (quadrant) typology of corporate universities. Both Type 1 and 2 corporate universities could be described as taking a functional approach. The emphasis is on cost effective training delivery, and the ability to incorporate training into work schedules at appropriate times with minimal disruption. In other words, it is subordinate to the organisation of work.

Taylor and Paton describe the Type 3 style of corporate university as 'The 'Chateau Experience''. This is in effect, the traditional management college, where face-to-face courses are run. Often in partnership with accredited universities this approach provides an opportunity for more in-depth development of staff, detached from the everyday work environment for time periods of days, up to weeks at a time. Often associated with management courses, they are linked to long-term developmental skills. The final type - Type 4 - is described as the 'Polymorphous University'. The name reflects the dynamic environment within which many organisations operate, and thus, the shifting responses and strategies required by this type of corporate university to remain effective and relevant. This approach attempts to include a wide range of learning experiences for both employees and management, and is the most strategic of all the approaches, as it actively seeks to engage all levels of the organisation. To achieve this, in-house training is blended with the building of alliances with centres of higher education to provide professional and independent input.

Figure 1: A Typology of Corporate Universities Adapted from Taylor & Paton (2002)



Taylor and Paton's approach provides a dynamic framework in which organisation can move, change and develop their position in the matrix to reflect a transformation in the focus of their corporate university. More significantly, it allows for testing and analysis of corporate universities to determine their focus as either functional or strategic.

The development of corporate universities in Australia has been neglected in the academic and practitioner press (Holland & Pyman, 2004), despite significant developments in corporate universities in Australia in recent times. In particular, major corporations across Australia have been restructuring their internal training and development centres to reflect a changing focus in the management and development of their human resources. The following case study examines the development of a corporate university in Australia largest employer, to examine whether the organisation has undertaken a strategic focus in training and development. The research question is: in undertaking to develop a corporate university, what type of approach has Coles Myer adopted?

RESEARCH METHOD

Case study methodology was undertaken for this research as it facilitates the exploration of training and development strategies within a complex and dynamic organisation. In addition, the case study approach allows for the collection of diverse information to allow interpretation through the use of the theoretical construct developed by Taylor and Paton (Yin, 1994; Larson & Lowendahl, 1996). Case study methodology is also appropriate in new areas of research, allowing for the generalising of theory (Eisenhardt, 1989, 1991). The use of case-study design also acknowledges the 'open-ended' nature of social science research, allowing for more effective research and an understanding of the situation(s) (Morgan & Smircich, 1980). It is only through this approach to data collection and analysis that the contextual elements of the research can be understood and incorporated into the study.

Semi-structured interviews were undertaken with three human resource managers in the case study organisation. These managers were selected because of their involvement in the development of the corporate university and their linkage to senior management and their strategies for the development of the corporate university within the organisation. The open-ended nature of the questions allowed the managers to discuss issues relating to HRM, and development issues within the context of the organisational setting. These themes were investigated using NVIVO computer software.

THE COLES MYER INSTITUTE

Background

CML is the largest private sector employer in Australia. Its businesses include retail (Myers-Grace Bros, Target, K Mart) supermarkets (Coles, Bi-Lo, Liquorland, Vintage Cellars) and commercial products (Officeworks). With more than 1900 stores throughout Australia and New Zealand, CML employs approximately 165,000 people.

The original concept was developed in the late 1990s by the Coles supermarket chain. The Coles Institute was launched in April 1999. The Institute focused on the training, development and education of employees, from shelf-stackers to management, within supermarkets. The National headquarters, based in Melbourne, managed the programs, but training and development was decentralised to state level. The Coles Institute was developed in partnership with Deakin University, offering a range of education from customer service and short courses, to competency-based training, graduate diplomas and Masters of Business Administration qualifications, all accredited by Deakin University. The awards are also linked to the eight levels of the Australian Qualifications Framework (AQF) (see Figure 2). The alliance with Deakin University was perceived

to be important for the credibility of the training and development programs, for both employees and the broader retail industry. It also provided Coles supermarkets with the opportunity to develop in-house training and development with a professional provider.

Since 1999, Deakin University has worked collaboratively with Coles Myer to further develop the Institute. This has centred on four major strategies. First, the organisation developed a competency charter, linking all Deakin University and Coles Myer programs and qualifications to competencies required in the business, with the objective of providing employees with an educational pathway. Second, in conjunction with the Business and Law Faculty at Deakin University, new delivery options for senior managers were developed in the form of a new suite of postgraduate programs based at a residential school. Third, research projects were commissioned to evaluate the success of the Coles Institute and to identify the organisation's readiness for e-learning. Fourth, an innovative coaching program was implemented for all managers to ensure they can effectively support their employees undertaking education and training programs (Thomason, Vinning & Hansen, 2003).

The Coles Myer Institute

As part of an ongoing business transformation and the centralisation of human resources, Coles Myer senior management identified the Coles Institute as one of its key areas of competitive advantage. This has seen the expansion of the Coles Institute to feature as a centre of excellence for the development of staff across the whole organisation. Consequently, the Institute was re-named the Coles Myer Institute and (re)launched in November 2003. As with the original Coles Institute, the Coles Myer Institute is located at head office in Melbourne, with training and development decentralised to the state level.

Building on the original concept, the Coles Myer Institute has two primary aims. The first is to provide continuous learning for all employees via flexible modes of delivery. The development of an e-learning platform is the most recent initiative in this area, and follows from internal research by Coles Myer management, assessing the capability and readiness of employees to embrace this mode of learning. As part of the development of an e-learning training platform, the Coles Myer Institute has, in partnership with Deakin, developed an online induction program. The second aim is to assist the organisation to achieve its vision, by directly connecting training and development with the organisation's goals. This reflects what Thomas (1999) envisions as a strategic focus, whereby the key defining feature of the corporate university is meeting organisational goals and not just training per se. This strategic focus was further explored. In order to ensure that training and development meets the various needs of the diverse business objectives of CML, DeakinPrime, the corporate arm of Deakin University, agreed to place three full-time employees at the CML headquarters. Apart from the day-to-day contact with head office human resources, meetings are held monthly with Coles Myer brand managers to discuss and evaluate current and future training and development issues in line with the business objectives.

The vocational education and training provided by CML continues to incorporate the AQF, through its on-going partnership with Deakin University. National accredited qualifications through vocational education and training are also available to employees in six key areas: retail, transport and distribution, hospitality, information technology, customer contact, and business services. A range of programs from day courses focusing on specific skills; through to short courses including computing, professional writing and public speaking, are also available to staff. Professional development is also a core component of the learning experience, with a range of courses offered to employees, to degree and post-graduate level for management.

Table 1: The Coles Myer Institute Learning Framework

Vocational Education/Training	Higher Education Qualifications
Certificate II - AQF 2 Certificate III - AQF 3 <ul style="list-style-type: none"> • <i>Self leadership</i> Certificate IV - AQF 4 Diploma of Business - AQF 5 <ul style="list-style-type: none"> • <i>Operational leadership</i> 	Graduate Certificate of Corporate Management - AQF 6 Graduate Diploma of Management - AQF 7 <ul style="list-style-type: none"> • <i>Business and Functional leadership</i> Masters of Business Administration - AQF 8 <ul style="list-style-type: none"> • <i>Strategic leadership</i>

Source: Adapted from the Coles Myer Institute (2003)

The three training delivery methods utilised by the Coles Myer Institute are face to face workshops and courses at a management college, self paced distance programs and most recently, e-learning. A key learning resource provided by the Coles Myer Institute is their research library. This contains magazines, texts, professional journals and research reports. Employees also have the ability to access specialist libraries in the areas of: information technology; learning and development; policies and procedures; management; and, human resources. In addition to the libraries, the Coles Myer intranet is available to employees 24 hours per day from home or work, and provides access to national and international resources to support the learning process.

The tailoring of knowledge and skills to the retail industry is at the heart of the Coles Myer Institute. Reflecting the strategic focus of the Institute, the completion of courses constitutes a core element of professional accreditation, career development and progression. One of the most recent initiatives of the Coles Myer Institute is the Women's Leadership Development Program, designed to provide training and development opportunities for women to develop their careers through to management levels. A second initiative of the Coles Myer Institute is an increased focus on marketing the training and development function. As part of this objective, Coles Myer has implemented a schools-based trainee program, and, offers 25 internal scholarships annually, for vocational education and training.

Coles Myer's initiative to develop the corporate university in collaboration with a traditional university (Deakin University) focused on the acceptance of the limitations of in-house training for higher level employees. This partnering was seen by human resources as significant for the development of the higher order critical skills required by management, and illustrates the increasingly strategic nature of the corporate university within CML in terms of the development of human resources.

It is clear that the development of the corporate university within CML is strategic and reflective of Taylor and Paton's Polymorphous University (Quadrant 4). This approach provides the best strategic fit with the diverse make up of CML workforce and the different markets and strategies adopted by each of the divisions. The use of a range of learning experiences for both management and staff enables the corporate university to remain effective and relevant in developing and managing knowledge across the whole organisation. The success and importance of the corporate university at CML can also be seen from an external perspective with its main rival, the Woolworths Group, now undertaking to develop its own strategic development centre. As Densford (1999) has noted, corporate universities bring another benefit to the bottom line beyond the development and delivery of training. They help attract and retain talented employees. Densford (1999) also points out that according to Ernst & Young, institutional investors are more likely to buy into companies with stable and skilled workforces. This is reflected in many organisations highlighting training and development programs (such as CML) on their web site as a core element of HRM strategies. This approach suggests that CML in undertaking to develop a corporate university, have adopted, and continue to adopt a strategic approach.

CONCLUSION

The emergence of corporate universities in recent years highlights their importance in the area of strategic human resource development. However, because of the diversity of these forms of in-house training and education facilities, it has until recently been difficult to interpret how they are evolving. In this context, Taylor and Paton's typology provides a useful template to analyse the development of these functions. While the research on corporate universities in Australia is not well developed, it is clear from a case study of the largest private sector organisation, that they have seen the development of a corporate university as critical to their future success, in the management and development of human capital.

REFERENCES

- Andresen, M., Cascorbi, A.H. & Harms, M. (2003) 'Corporate Universities – A systematisation of the Concept and Explanation of their Role in a Global Environment', in M.J. Morley, C. Cross, P.C. Flood, C. Gubbins & N. Heraty (eds.) *Exploring the Mosaic, Developing the Discipline*, Full Proceedings of the 7th Conference on IHRM, University of Limerick, Ireland, 4th-6th June.
- Argyris, C. & Schon, D.A. (1978) 'Organizational learning: A theory of action perspective', Reading, MA: Addison-Wesley.
- Aronowitz, S. (2000) 'The Knowledge Factory: Dismantling the Corporate University and Creating True Higher Learning', Boston: Beacon Press.
- Barney, J. (1991) 'Firm resources and sustained competitive advantage', *Journal of Management*, 17(1): 99-120.
- Becker, G.S. (1964) *Human Capital: A Theoretical Analysis with Special Reference to Education*. New York: Colombia University Press.
- Craig, R., Clarke, F. & Amernic, J. (1999) 'Scholarship in University Business Schools: Cardinal Newman, Creeping Corporatism and Farewell to the Distributor of Peace?', *Accounting, Auditing and Accountability Journal*, 12(5): 510-524.
- Coles Myer Institute (2003) 'Learning for Success'.
- Densford, L.E (1996) 'What I learned from the Mouse', *The New Corporate University Review*, May-June, 4(3): 1-2, http://www.traininguniversity.com/tu_pi1996mj_6.php.
- Densford, L.E. (1999) 'Front Lines – Corporate Universities add value by helping recruit, retain talent', *The New Corporate University Review*, March-April, 7(2): 1-3, http://www.traininguniversity.com/tu_pi1999ma_4.php.
- Eccles, G. (2004) 'Marketing the Corporate University or Enterprise Academy', *Journal of Workplace Learning. The Journal of Workplace Learning*, 16(7) 410-417.
- Eisenhardt, K. (1989) 'Better Stories and Better Constructs: The Case for Rigor and Comparative Logic', *Academy of Management Review*, 16(3): 620-627.
- Eisenhardt, K. (1991) 'Building Theories from Case Study Research', *Academy of Management Review*, 14(4): 532-550.
- Holland P.J. & Pyman, A. (2004) 'Corporate Universities: Training and Development Re-Packaged or a strategic Shift?', *Human Capital Magazine*, June pp. 18-19.
- Larson, R. (1993) 'Case Survey Methodology: Qualitative Analysis of Patterns Across Case Studies', *Academy of Management Journal*, 36(3): 1515-46.
- Meister, J.C. (1998) 'Corporate Universities – Lessons in Building a World-Class Workforce', McGraw Hill: New York.
- Morgan, G. & Smircich, L. (1980) 'The Case for Qualitative Research', *Academy of Management Review*, 5(4): 491-500.
- Paton, R. & Taylor, S. (2002) 'Corporate Universities: Between Higher Education and the Workplace' in G. Williams (ed.) *The Enterprising University*, Society for Research in Higher Education and Open University Press: Buckingham.
- Price, C. & Beaver, G. (2001) 'The Rise and Rise of the Corporate University: The emerging corporate learning agenda', *The International Journal of Management Education*, 1(3) 17-26.
- Prince, C. & Stewart, J. (2002) 'Corporate universities – an analytical framework', *Journal of Management Development*, 21(10): 794-811.

- Schuler, R. & Jackson, S. (1999) 'Strategic Human Resource Management', Blackwell Publishers: Oxford.
- Stewart, J. & McGoldrich, J. (1996) 'Human Resource Development: Perspectives, Strategies and Practice', Financial Times Pitman Publishing: London.
- Taylor, S. & Paton, R. (2002) 'Corporate Universities – Historical development, conceptual analysis and relations with public-sector higher education', The Observatory on Borderless Higher Education: London.
- Thomas, D. (1999) 'Seminar on Corporate Business Schools', Henley Management College, 28th October.
- Thomason, R., Vinning, L. & Hansen, K. (2003) 'The Coles Institute', Deakin University, External Relations Unit, http://www.deakin.edu.au/govt_rel_prot/Jan2003/coles.php.
- Topfer, A. (1999) 'Corporate Universities and Intellectual Capital', *Personalwirtschaft*, 26(7): 32-37.
- Walton, J. (1999) 'Human resource development and the corporate university', in J. Walton *Strategic Human Resource Development*, Pearson Education Limited, Great Britain: pp. 412-437.
- Yin, R. (1994) *Case Study Research: Design and Methods* (2nd ed). Thousand Oaks, CA: Sage Publications.

Internet Sites

- <http://www.info.aiuonline.edu/zinepartners/issue3/main.htm>
- http://www.deakinaccord.com.sg/colesinstitute_casestudy.htm