

# Corporate Universities: Competitors or Collaborators?

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## ABSTRACT

“... universities bogged down by internal politics, bureaucratic procedures and traditionalism may well suffer the long-term consequences and lose influence, a significant role in future higher education opportunities, and even their own independent existence (Jarvis, 2001).” Are these the words of a radical? Hardly, Dr. Jarvis is Professor of Continuing Education in the School of Educational Studies at the University of Surrey, UK and convenor of the Centre for Research in Lifelong Learning. In this article, four top experts address the role and growth of corporate universities and explain why traditional universities are failing to meet the educational needs of students and organizations as we enter into the 21<sup>st</sup> century. Their comments will both reassure and disturb anyone interested in the future of higher education.

## INTRODUCTION

Have you ever heard the term corporate university? If you have not, you are not alone. However, “By 2010, the number of global corporate universities could surpass the number of accredited for-profit and non-profit universities located in the United States, now totaling more than 4,200 (Meister, 2006). In the past, the church or the state founded universities. However, this is no longer the case given the size and complexity of many organizations and their need for highly skilled employees. In this paper, the author communicated with four leading experts in the field of corporate universities to provide a clearer understanding of this rapidly growing segment of higher education: Mark Allen, Ph.D., Director, Executive Education, Pepperdine University. Mark served as editor of *The Corporate University Handbook* (2002) and *The Next Generation of Corporate Universities* (2006).

Ed Cohen, Senior Vice President, Satyam School of Leadership, Satyam Computer Services LTD, Hyderabad, India and formerly was the founder and strategic leader of Booz Allen Hamilton’s corporate university.

Annick Renaud-Coulon, President, The European Club of Corporate Universities. Based in Paris, Annick is a leading international researcher, author and lecturer on corporate universities.

Sue Todd, President, Corporate University Xchange. Prior to joining CUX, Todd was Director of Product Development for KnowledgePlanet, a leading developer of Learning Management System technologies and provider of training administration outsourcing and application hosting services.

### **First Question: Why are major corporations, associations and government agencies establishing their own universities?**

**Sue** - Corporations spend more than \$60 billion on employee training in the US alone (\$700B worldwide) to teach employees about new products and services, business and competitive conditions impacting their organizations, leadership skills and the functional and technical knowledge needed to drive improved business performance. Businesses need to make investments in people just as they invest in new plants and equipment. In addition to employee education, many companies also need to educate and train customers, partners and other people external to the organization.

Companies that make a serious, concerted investment in learning have a competitive advantage over those that do not. But it is critical that companies be willing to make that investment and do it in a way that is cost-effective, and tightly coupled to the needs of the business.

**Mark** - The main reason is to provide education that is relevant and timely for the needs of their workers and organizations. Degree programs are expensive, lengthy, and provide just-in-case education. Many executive education offerings are designed for a general audience and do not address the specific needs of the organization. Corporate universities can provide the relevant learning when and where needed.

**Ed** - Corporate Universities are much more than a branding activity. Launching a corporate university is a company's way of demonstrating the importance and value that they place on learning and employee development. Today, corporate universities are going far beyond traditional training programs. They are offering organization development services, coaching, action learning and many other learning alternatives.

**Annick** - First, with the advent of the information age, there has been a democratization of knowledge. Universities were once the centers of learning and knowledge, but today are only one of many different types of organizations that create and disseminate knowledge on a global scale.

Secondly, the graduates of many colleges and universities do not possess the knowledge, skills, or attitudes needed by employers. Employers are concerned with locating and hiring people who can be productive within a short period of time. Traditional colleges and universities have a different mindset, one that values and requires long periods of preparation and study that may or may not be relevant to the needs of society.

Third, because of the growth in student populations and the length of time it takes to earn a degree, many state institutions are increasingly unable to fulfill their goal to provide subsidized higher education for their citizens.

Finally, there are subjects, such as those that address a company's culture or business strategy that should be conducted exclusively by a company's corporate university. These subjects are often the result of globalization, business transformations and the information revolution.

### **Second Question: What impact are corporate universities having upon traditional universities?**

**Sue** - Business change is occurring at an unprecedented pace due to increased global competition, technology-enabled transparency, the speed at which products and services become commoditized, the value of good partners to build an effective supply chain and other factors. Preparing people to succeed amidst this kind of massive change is an overwhelming job, and corporate universities are in the best position to react to the specific needs of their organizations. It is difficult for the traditional university to meet those needs. And doing so may be beyond the scope of the mission of many colleges and universities. However, if traditional universities create programs that keep pace with changes in technology and the overall business climate, they will be considered as resources and partners for a variety of programs.

**Annick** - For the moment, except in the United States, most traditional universities are unaware of the existence of corporate universities.

For example, in 2005 I spoke at a conference attended by the presidents of The University of Quebec (Canada) who confirmed this statement. It is my experience that this lack of awareness is true not only in Canada but also in France and in other countries. Academicians are often surprised to learn that such organizations exist. Their reaction is to view corporate universities as a threat to their institutions when they realize that a corporate university can design and deliver high quality engineering programs. Some deny any interest in corporate universities while others dismiss them as "only training centers" that do not conduct research. Still others were willing to consider corporate universities seriously and expressed an interest in working with them as a mechanism for self-renewal. The impact is obvious, many academicians

are beginning to have questions regarding their institution's mission, role in society, curriculum and the value of their graduates in the marketplace of the 21st century.

**Mark** - I firmly believe that corporate universities are having very little impact on traditional universities. They do not compete in the core business of traditional universities—degree programs. There are virtually no corporate universities that are offering their own degree programs. In many cases the presence of corporate universities has helped traditional universities: corporate universities that want degree programs for their employees partner with traditional universities. I view corporate and traditional universities more as potential collaborators than competitors.

**Ed** – Corporate universities are rapidly becoming the primary customer for traditional universities. If universities view their student base as customers, then one student is equal to one customer. When a company's corporate university organizes the programs of study in partnership with universities then one corporate university can represent hundreds, if not thousands, of customers to the university.

Third Question: How are traditional universities working with corporate universities?

**Ed** – The relationship between traditional universities and corporate universities vary greatly. Many universities see themselves as delivering value to individuals and in this case, they are much too rigid to be able to effectively work with corporate universities. Those that are entrepreneurial, and have made the shift to recognizing the value of corporate university - university partnerships are providing custom degree programs, certifications and joint research.

**Annick** - Precondition: To answer this question, one must understand that universities in the United States are different from universities in other parts of the world.

For example, business courses and engineering courses are often integrated into a unified curriculum. This is not the case in other countries. While American universities conduct operations research within actual companies, it is seldom the case elsewhere. When corporate universities collaborate with traditional universities, it is often to create a curriculum, which is specific to a new methodology or technology. There are several reasons why companies seek collaborative relations with traditional universities. First, they want their methodology or technology to be recognized by an established academic institution often to improve business. Secondly, they want the prestige of offering a certified diploma to their employees. Third, collaborating with a traditional university can be used as a recruiting tool to attract graduates with desirable competences and skills. Forth, they need to use their logistic facilities and to employ their teachers or professors. And fifth, collaborating with a traditional college or university is a powerful strategy for branding the company.

**Mark** - Some corporate universities send their employees to traditional universities for degrees. Others have enlisted traditional universities to customize degree programs around content, time, or place. Traditional universities that are willing to be a bit flexible have found opportunities to expand their reach.

**Sue** - Corporate universities need the help of many learning partners to develop and deliver comprehensive and effective learning programs. Most corporations do not employ large internal teams of instructional designers and classroom facilitators because it is too costly. In fact, it doesn't make sense for corporations to build new material if the foundation-level information resides in the programs traditional universities have in place. However, the material must be adapted for the context of the organization's industry and its competitive positioning, and must balance theoretical knowledge with practical application.

Traditional universities can and will become great long-term partners to business by:

Adapting materials to reflect learning needs spelled out in an organization's annual operating plan;

Matching the pace of change in business to serve as thought leaders and guides to the corporate work force;

Develop a business-oriented approach to recruiting and retaining lifelong corporate learners.

#### **Fourth Question: How are corporate universities shaping and influencing traditional universities?**

**Ed** - CU's are shaping and influencing traditional universities as a result of their vast buying power. Working with a CU means having access to an entire employee base. This allows the CU to identify the strategic goals of their company and to influence the curricula to produce the right talent for the right needs, matched to the market and demand.

**Annick** - Precondition: The influence of corporate universities upon traditional universities depends upon the country where the two organizations are located.

In the United States, corporate universities are viewed with greater interest than in China for example, where collaborative relationships are at the very least confidential. In countries such as the United States, Brazil, Northern and Western Europe corporate universities influence traditional universities in several different ways:

**Andragogic:** While case studies used in Business Schools are certainly interesting, Corporate Universities have shown that other methods of teaching, such as action learning, have merit and advantages over case studies. Teaching methods and strategies that have their roots in training and are used by corporate universities have a history of migrating into traditional universities.

**Strategic:** Corporate universities, because they operate so closely to the world of application and practice, often serve as a link between what is offered by a given curriculum and the real needs of employers. Corporate universities, because they are grounded in the world of practice often perceive and anticipate changes and evolutions in a given area or field of study, months or years before traditional universities. This advanced knowledge, enables corporate universities to prepare courses of study and curricula in terms of anticipated competences to deal with technological advances and societal demands before they become a threat to the organization.

**Operational:** Within corporate universities program costs must be controlled while maintaining program effectiveness, in short, instructional activities must more and more be able to prove their Return on Investment (ROI) a concept that is often foreign to traditional universities. In traditional universities, program cost effectiveness is often undermined by competition between disciplines, fractures between schools and colleges and other bureaucratic traps based upon prestige, money, and scarce resources.

**Mark** - For the most part, sadly, traditional universities are out of touch with what corporate universities are doing, and therefore are not at all influenced by them.

**Sue** - Whether they are employed by a corporation or not, adult learners need flexibility in programs to make learning fit around hectic work and family schedules. That's why distance learning programs are growing at such a rapid pace, why they will continue to attract students, and why universities with online programs that reach a globally dispersed work force may serve corporate needs more effectively.

Some universities very much recognize the value and revenue potential inherent in corporate partnerships. Universities have always been a strong research arm for the corporation. In the future, many universities will become effective partners in helping the corporation increase the value of its intellectual and human capital.

#### **CONCLUSION**

So to answer the question, 'are corporate universities competitors or collaborators?' the answer is neither. Michael Echols, vice president for strategic initiatives at Bellevue University, writing for Chief Learning Officer (CLO) magazine (2006), wrote that "the corporate world largely under uses four-year universities and community colleges as resources" and a CLO Business Intelligence Board survey showed that almost half of the companies surveyed had no relationship with a university. Furthermore, in a survey conducted by Bellevue, 62 percent of companies who did have a

relationship with a university were not satisfied. Unfortunately, both traditional universities and corporations have adopted attitudes that deter and discourage collaboration and cooperation. What we a society need is for our major organizations, educational, non-profit, profit and governmental is to reach out to one another and to build organizations and communities of practice and that promote innovation, creativity, problem solving, stability and ethical behaviors that benefit everyone.

#### **REFERENCES**

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