

Corporate Universities: making a strategic contribution by enhancing absorptive capacity

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The corporate university concept roots back to the sixties when some corporations in the US used the label for the internal training facilities. In the late 1990s several scholars (Fresina, 1997; Meister, 1998; Walton, 1999) describe the corporate university as a model that supports an integral approach to learning in organisations. Knowledge is increasingly seen as the most strategically significant resource of the firm (Drucker, 1988; Grant, 1996). Although there is value in explicit knowledge embedded in processes, practices and patent, more strategic value lies in tacit knowledge (Polyani, 1983) and dynamic capabilities (Teece *et al.*, 1997) required for strategic change and innovation. In the search for solutions for the support of knowledge processes and capability development the corporate university remains an interesting model. More recently scholars have tried to describe the strategic capabilities of the corporate university model (Rademakers, 2005; Jansink *et al.*, 2005; Hilse & Nicolai, 2004). To some extent they have been able to describe the connection between the corporate university and strategy and/or innovation, but the efforts are rather abstract and do not explain the connection between corporate universities and strategy. In this paper a first attempt to increase understanding of this connection is made. It provides a fundament for further research by drawing on strategic management literature and more specific the concept of absorptive capacity (Cohen & Levinthal, 1990; Zahra & George, 2002).

Keywords: word; corporate university; strategy; innovation; organisational learning; knowledge management, absorptive capacity

Introduction

The corporate university concept roots back to the 1960s when US corporations like Walt Disney Company, McDonalds and General Electric used the label for their internal training facilities. These first corporate universities were large, physical training institutions aimed at efficient workforce training. They emerged out of dissatisfaction of these companies with the output of the educational system. The growing interest in learning and knowledge that emerged with the rise of the knowledge economy (Drucker, 1988) supported a renewed interest in the concept in the late 1990s. Central management issues of this time like the learning organisation, core competencies and knowledge management reflect an 'explosive interest in the subject of learning' (Deiser, 1998). Organisations and their employees nowadays face an even stronger need for lifelong learning due to the continuous flow of change in society resulting from technological innovations to increased market dynamics through deregulation and globalization. For many contemporary organisations knowledge is an important asset and learning a

strategic process. These organisations are in search for models that help to improve their competitive advantage and business performance. The corporate university model offers a strategic learning architecture that can connect strategy processes and organisational learning with each other (Hilse & Nicolai, 2004). This raises the expectation that the corporate university can play a pivotal role in improving organisational performance in today’s dynamic business environment.

The corporate university model

Definitions and typologies

Although the term corporate university suggests a clear and identified model, there is no uniform definition and configuration and this model. In the mainly practice based publications several definitions exist. The most widespread definition comes from Meister (1998):

“A corporate university is an educational organisation established and run by a company. It functions as a strategic umbrella for a firm’s total educational requirements for all employees and the entire value chain, including customers and suppliers”

In this definition the corporate university provides education and is therefore aimed at knowledge transfer, rather than on knowledge production. The university label is somewhat misleading in this definition, because research and knowledge production play a significant part in universities.

More recently Allen (2007) defined the next-generation corporate university to be:

“A corporate university is an educational entity that is a strategic tool designed to assist its parent organisation in achieving its mission by conducting activities that cultivate both individual and organisational learning, knowledge and wisdom”

In this definition the combination of the individual and organisational learning perspective is made explicit. Although some development in thinking can be perceived, the definition remains rather abstract and the relationship with strategy seems to be still one-way (top-down). In an era of rapid change and the need for knowledge productivity one would expect that the corporate university would become more central in shaping strategy and operating on other paradigms than the education model. At this point the typologies of corporate universities have more to offer. Some scholars defined the corporate university in different prototypes rather than coming up with one definition. These typology-based definitions give more insight into the bidirectional strategic role of the corporate university (see Table 1).

Scholar	Contribution	Typology
Fresina (1997)	Depending on the purpose of the corporate university three prototypes can be distinguished. Depending on their strategy and environment organisations should choose the right prototype.	<ul style="list-style-type: none"> • Prototype I – To reinforce and perpetuate • Prototype II – To manage change • Prototype II – To drive and shape
Deiser (1998)	Describes corporate university models along the dimensions or core function, business rationale, role of top management and case studies.	<ul style="list-style-type: none"> • Profit Center • Qualification Center • Standardisation Engine • Strategic Change Enabler

Scholar	Contribution	Typology
Walton (1999)	Describes the evolution of corporate universities on the dimensions of time and breadth of coverage. Also describes generations in terms of strategic alignment and physical versus virtual presence.	<ul style="list-style-type: none"> • Training School • Staff/Management College • Academy of Learning/ Corporate University
Rademakers (2005)	Describes the maturity of corporate universities in terms of the strategic impact (pro-active) and contribution to innovation (knowledge production).	<ul style="list-style-type: none"> • School • College • Academy

Table 1. Corporate University typologies

In most typologies only the combination and accumulation of the stages create some analogy with the university model. Both the definitions and typologies give only high-level information about the corporate university model. They do not provide specific design principles for the implementation of the model. Neither do they provide insight into the way corporate universities can contribute to strategic learning and innovation, something that most scholars claim in their higher-order types. Also the boundaries between the stages are unclear and artificial. The insight the relationship between the corporate university model and key theories in strategic learning and innovation is lacking.

Dimensions of corporate universities

From the publications on corporate universities several building blocks or dimensions that play a role in the configuration of the corporate university can be extracted. These dimensions vary from scholar to scholar, but can be summarised as follows.

Dimension	Description
Scope	Breadth of coverage of the corporate university. Based upon the examples presented in literature this can vary from a management development program based corporate university to a model that offers multiple subjects to players across the value chain of an organisation.
Structure	The corporate university can vary on several structural dimensions. It can be either a central body or have more decentred elements. It can be 'mortar & brocks' with physical facilities or a more virtual corporate university with a network based structure. It also can be an internal organisation or an external body set-up for commercial purposes or in joint effort with an education institution or outsourcing partner.
Governance	Both governance and funding can follow the structure of the corporate university. It can be centrally governed residing under the board of directors or HR department or have decentred governance with sounding boards. It can have lump sum funding or operate as a profit centre.
Services	The range of methods offered can vary depending on the corporate university configuration. This can range from more traditional education, certification and training to assessment, coaching, organisation development, business analysis, research/future centres.
Technology	This dimension represents the technology base of the corporate university. This technology enables efficient operations of the corporate university and effect monitoring by increased storage of information about the corporate university activities. The technology applied can be placed under the umbrella term of e-learning technology.

Dimension	Description
Strategic alignment	The relationship of the corporate university with corporate strategy can be either absent, top-down and/or bottom-up. If the relationship is absent no real corporate university exists. Top-down refers to the translation of corporate strategy via HR strategy to learning offerings. Bottom-up refers to the translation of corporate university research and learning outcomes into new strategic directions.
Reporting	The management reporting the corporate university provides can range from quantitative information on training delivered up to level 5 evaluation of the impact of learning provided and the contribution to organisational innovations. In some cases corporate universities provide input for the annual report of their parent organisations.

Table 2. Corporate university dimensions

The dimensions give some insight into the configuration options organisations have for setting-up their corporate universities. The description doesn't add to the understanding of the relationship between the dimensions. Relating the dimensions in an integrated model can raise this understanding. The house of learning model (Atrivision, 2007) integrates some of the dimensions described. This model is presented in Figure 1.

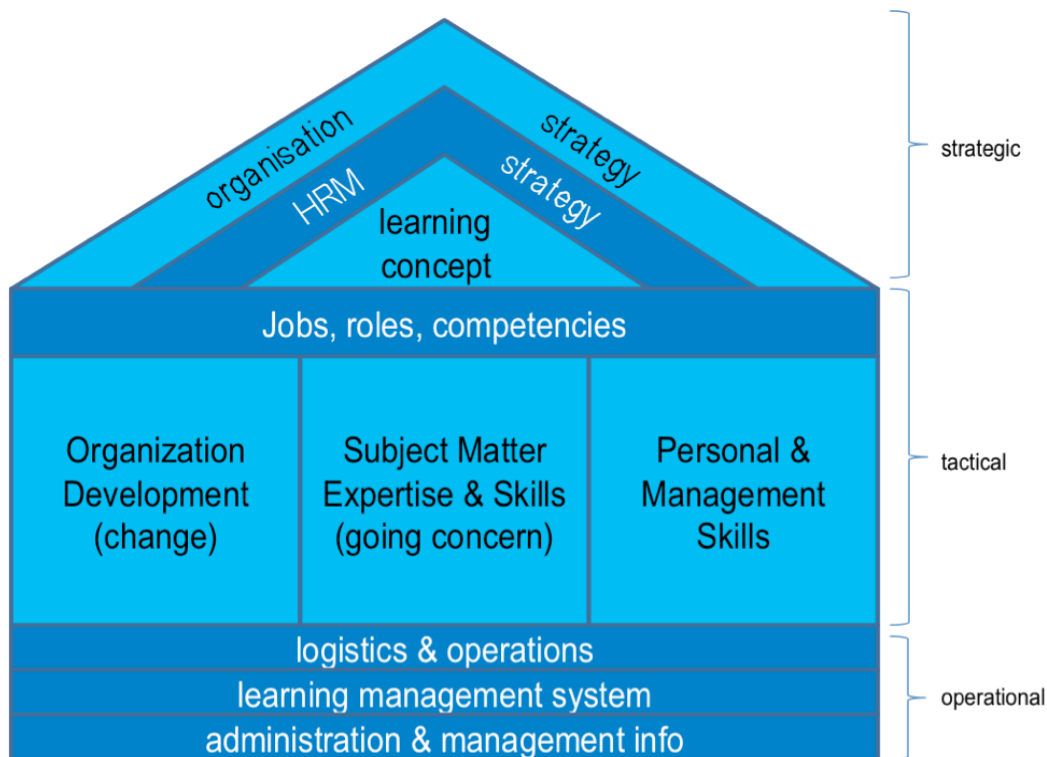


Figure 1. House of Learning

Although this model clarifies the relationship between several dimensions of a corporate university, it is still rather top down and abstract. For research into the strategic potential of corporate universities it has limited value. In order to investigate the relationship of corporate universities with strategy the next paragraph will concentrate on the work done on this specific aspect of corporate university research.

Strategic learning and the Corporate University

Although many scholars highlight the strategic role of the corporate university, only few have actually researched the relationship of corporate universities with strategy (Hilse & Nicolai, 2004; Jansink *et al.*, 2005). In this paragraph some of the main findings from their work are described.

The knowledge-productive corporate university

Jansink *et al.* (2005) focus in their research on the question how corporate universities contribute to the organisational competency to produce new knowledge. This knowledge productivity is the ability of an organisation to track down relevant information, to create new knowledge with this information and to apply this knowledge in improving and renewing working processes, products and services (Kessels, 2001). In their research three different theoretical concepts are examined: the developmental stages of corporate universities (Rademakers, 2005), the concept of knowledge productivity (Kessels, 2001; Harrison & Kessels, 2004) and the concept of strategic alignment. Based upon these concepts a set of 11 characteristics of the knowledge-productive corporate university are formulated. These are aimed of the link with organisational goals, knowledge processes supported by the corporate university and climate for knowledge productivity. The characteristics are tested in two studies. The first was a study into the characteristics of knowledge-productive corporate universities within 12 Dutch corporate universities. Second an in depth case study was conducted within one Dutch corporate university. They found signs of knowledge production within four of the twelve corporate universities in their research (33%). In order for this knowledge production to occur, the learning as well as the working environment has to fulfil certain conditions. The seven learning functions of the corporate curriculum (Kessels, 2001) can serve as a guiding principle to achieve this. This means that corporate universities need to extend their reach beyond the classroom and focus on creating conditions that facilitate learning in the workplace.

Corporate university's role within strategy processes

Hilse & Nicolai (2004) researched the role of the corporate university in strategic learning within Germany's largest companies. Their research draws on strategy process theory in combination with scholarly work on corporate universities. The 1,000 largest companies in Germany (in revenue) were questioned in this research. Based upon the typology of Fresina (1997) they found 47% of the corporate universities targeting individual qualification, 41% supporting organisational change, and 12% aiming at strategic renewal. Although this suggests that some of the corporate universities serve as strategic innovators, it would be premature to conclude their central role in linking organisational learning to strategy development. In most of the cases the corporate university is more of a strategy implementation tool, than a model for supporting strategy

processes in the organisation. Despite this fact the researchers conclude that a shift is visible; the learning function is experiencing a new strategic importance and is moving closer to strategic players and processes in the organisation. Some interesting limitations these scholars observe in their research are the fact that:

- most corporate universities were rather young initiatives (average 18 months old);
- strategic impact may play a bigger role in ‘talk’ level than on ‘action’ level.
- the typology used consists of ideal types, whereas in the companies mixed types dominated, which did not always fit clearly into a category.

Connecting with strategic management research

The research described in the previous paragraph provides some first insights into the connection between corporate universities and strategy. It underlines the ambition of the corporate university is to play a strategic role in organisations. The research is still quite limited as it is not explanatory (Hilse & Nicolai, 2004) or is based on a limited set of unstructured case studies (Jansink *et al.*, 2005). Whilst one would expect that the link between corporate university and strategy should be established from both the field of human resource development and strategic management, the latter field is not represented well in research on corporate universities. To examine the strategic potential of the corporate university it makes sense to draw on relevant strategic management literature. Relevant body of knowledge can be found under the umbrella of the knowledge-based view of the firm and related concepts of dynamic capabilities and absorptive capacity. These strategic management concepts are reviewed in this paragraph in order to contribute to the answer to the question: “How can corporate universities contribute to strategic learning and innovation in organisations?”

The Knowledge-Based View

The Knowledge-Based View of the firm (Grant, 1996) is a strategic management theory that is relevant to the corporate university. It focuses upon knowledge as the most strategically important of the firm’s resources and is an outgrowth of the broader resource-based view. The knowledge-based view describes the coordination mechanisms through which firms integrate the specialist knowledge of their members. Knowledge is viewed as residing within the individual, and the primary role of the organisation is knowledge application rather than knowledge creation. This line of reasoning emphasizes the role of the individual in creating and storing knowledge. This is unique ‘tacit knowledge’ in contrast to ‘explicit knowledge’ stored in manuals, procedures and patents (Polyani, 1983). The corporate university can play a central role both the integration of this knowledge of employees and in facilitating individual learning. The interventions for knowledge integration come from the field of organisation development. Some of these interventions may be outside the scope of many corporate universities, but should not if the corporate university wants to play a strategic role. Especially organisation development interventions are closely connected with the aims of corporate universities (e.g. job rotation, change programs). The support of individual learning is a central task for most corporate universities that grew from a traditional training department. Following Jansink *et al.* (2005) training isn’t the only method to support this individual learning. Training has to be part of a broader learning policy, in which there is also room for creating positive conditions for learning and for guiding learning in the workplace.

The knowledge-based view emphasises the role of the context to this individual learning, which makes workplace learning a crucial intervention for corporate universities to take into account. Although the knowledge-based view provides a useful background for corporate university thinking, it is too broad and abstract to serve as a fundament for our research.

Dynamic Capabilities

Dynamic capability theory is closely linked with the knowledge-based view of the firm (Eisenhardt & Santos, 2002). This theory states that competitive advantage is dependent on particular organisational and managerial processes, termed dynamic capabilities. These are defined as the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments (Teece *et al.*, 1997). Organisations that operate in a dynamic environment should possess these dynamic capabilities in order to stay competitive, but as Zollo & Winter (2002) argue, these dynamic capabilities are also relevant for organisations in more stable environments in order to continuously improve their operating routines. They indicate that dynamic capabilities are shaped by different learning mechanisms: experience accumulation, knowledge articulation and knowledge codification. Especially in knowledge articulation and codification the corporate university can play a central role. It can support individual and collective learning by offering a platform for exchange of experiences, expressing opinions, and challenging beliefs. According to Zollo & Winter (2002) sharing individual experiences and comparing opinions with colleagues, organisation members can achieve an improved level of understanding of the causal mechanisms intervening between the actions required to execute a certain task and the performance outcomes produced. This can lead to new approaches, tools and instruments to improve operational routines. This type of learning isn't part of most classroom training offered, but can be incorporated by taking the work context as a fundament for learning and facilitating dialogue between employees. This lies within the logical reach of a strategic corporate university that is implemented as a process for linking organisational learning to strategy processes. In this sense having a corporate university can be seen as a dynamic capability of an organisation. This notion makes this strategic management concept hard to tackle the research question presented. In order to investigate the connection between the corporate university and strategic innovation a more specific concept will be needed.

Absorptive Capacity

Absorptive capacity can be seen as a specific dynamic capability of an organisation (Zollo & Winter, 2002). Absorptive capacity is the set of organisational routines and processes by which firms acquire, assimilate, transform and exploit knowledge to produce dynamic organisational capability (Zahra & George, 2002). This means that absorptive capacity can be seen as a requirement for developing the dynamic capabilities described before. If organisations have absorptive capacity they are able to develop sustainable innovative and competitive power. The dimensions of absorptive capacity as described by Zahra & George (2002) are presented in the following table (see table 3).

Dimensions/ capabilities	Description	Components	Role and importance
Acquisition	Refers to a firm's capability to identify and acquire externally generated knowledge that is critical to its operations.	<ul style="list-style-type: none"> • Prior investments • Prior knowledge • Intensity • Speed • Direction 	<ul style="list-style-type: none"> • Scope of search • Perceptual schema • New connections • Speed of learning • Quality of learning
Assimilation	Refers to the firm's routines and processes that allow it to analyse, process, interpret and understand information obtained from external sources.	<ul style="list-style-type: none"> • Understanding 	<ul style="list-style-type: none"> • Interpretation • Comprehension • Learning
Transformation	Refers to the firm's capability to develop and refine the routines that facilitate combining existing knowledge and newly acquired assimilated knowledge.	<ul style="list-style-type: none"> • Internalization • Conversion 	<ul style="list-style-type: none"> • Synergy • Recodification • Bisociation
Exploitation	Refers to the routines that allow firms to refine, extend, and leverage existing competencies or to create new ones by incorporating acquired and transformed knowledge into its operations.	<ul style="list-style-type: none"> • Use • Implementation 	<ul style="list-style-type: none"> • Core competencies • Harvesting resources

Table 3. Dimensions of absorptive capacity (Zahra & George, 2002)

All processes described as dimensions of absorptive capacity should play a central role in the strategic corporate university (Jansink *et al.*, 2005; Hilse & Nicolai, 2004). This makes absorptive capacity an interesting concept for researching the strategic role of corporate universities.

Corporate universities enhancing absorptive capacity

Several aspects described in work on the knowledge-based view, dynamic capabilities and absorptive capacity are closely linked with the strategic role scholars see for the corporate university. Due to the broad array of definitions and typologies of corporate universities, it is hard to describe the generic role corporate universities can play in enhancing absorptive capacity. By examining the corporate university dimensions on their contribution to the dimensions of absorptive capacity a connection can be made. In general the conclusion can be drawn that corporate university contribution to these dimensions stem from the most strategic (Fresina, 1997) or developed (Rademakers, 2005) ideal types of corporate universities. When a corporate university is able to increase absorptive capacity in an organisation, it can make a strategic contribution to it. Based upon this notion we can make a first rough examination of how corporate universities can make this contribution (see Table 4).

Dimensions	Possible contributions
Acquisition	<ul style="list-style-type: none"> • Investments in prior learning and education have a positive effect on the acquisition capacity of the organisation. The existing knowledge base is supportive for knowledge acquisition. • The scope of the corporate university determines in what direction the absorptive capacity of the organisation is enhanced. Speed and quality of learning will be higher in these directions. • Involvement of clients, suppliers and partners in corporate university learning initiatives supports absorptive capacity. • Connections of corporate universities with external education and research institutions enhance absorptive capacity.
Assimilation	<ul style="list-style-type: none"> • Involvement of clients, suppliers and partners in corporate university learning initiatives supports assimilation in mutual understanding and improved collaboration. • Organising sessions in order to review external knowledge that has been taken up by the organisation (e.g. reflection, discussion).
Transformation	<ul style="list-style-type: none"> • Supporting sessions that are aimed at the transformation of knowledge into new products and services (e.g. brainstorm, workshops).
Exploitation	<ul style="list-style-type: none"> • Delivering training programs that support the distribution and exploitation of knowledge. • On the job coaching.

Table 4. Corporate university contributions to absorptive capacity

Conclusion & discussion

Although the rise of the corporate university seems to express a growing interest in the connection between learning and strategy in contemporary organisations, the research fundament of corporate universities is still lacking. Most research in this field is aimed at definitions, typologies and case studies with a descriptive nature. This results in models and typologies that are ideal types and have limited value in directing organisations and their corporate universities towards successful adoption and implementation of the corporate university ideas of 1) linking individual and organisational learning, 2) linking learning and strategic innovation, and 3) improving overall business performance. A proper understanding of how corporate universities can contribute to strategic innovation is missing in research and practice. In this paper a first exploration is presented of what the research field of strategic management has to offer to explain the possible contribution. Absorptive capacity might be an interesting means to explain the relationship between corporate universities and strategic innovation. Research has shown that absorptive capacity is an indicator for innovation and business performance (Zahra & George, 2002). When a corporate university is able to enhance the absorptive capacity of an organisation it can make a strategic contribution to organisational performance. Based upon this first exploration I believe that absorptive capacity is an interesting concept for corporate university research. But, the concept might be too limited since it is only focused on absorption of external knowledge. Also the dimensions of absorptive capacity where a corporate university can contribute need closer investigation. Future research will need to aim at extending the absorptive capacity concept and develop a theoretical model for the contribution of corporate universities to absorptive capacity development.

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