Jeanne Meister, a leading expert in corporate education, defines a corporate university as “the strategic umbrella for developing and educating employees, customers, and suppliers in order to meet an organization’s business strategies.” Its purpose is to provide company-related business education for individuals affiliated with the business and to foster a shared company vision. There are several reasons why a growing number of companies are establishing their own corporate university. It can enhance productivity, profits, and global competitiveness as workers apply their education to the marketplace. It can provide added incentives for employees to stay where they are rather than leave for a rival company or even another country. It may also become a profitable division, offering courses to the public for a fee and bringing prestige to the company.

In 1927, General Motors was the first company in North America to develop its own educational division, calling it the General Motors Engineering and Management Institute (GMI). It was a novel idea that soon caught on with other firms, although the focus for much of the twentieth century was just on grooming future managers. In addition, “classes were not typically aligned with overall business plans but were consistently reactive to observed problems in the workplace.”

The modern incarnation of the corporate university began in 1961 with McDonald’s “Hamburger University,” a facility designed to prepare McDonald’s executives and franchisees for running the now-famous fast-food restaurants. The idea behind Hamburger University was simple: to retain a sense of company unity through instilling corporate values and teaching basic business skills to all employees. In this way, corporate university played a direct role in helping expand McDonald’s influence worldwide. Hamburger University now has branches in England, Japan, Germany and Australia.

The fundamental difference between the corporate training of old and corporate university education of today is that training is reactive to past or current issues, while education is proactive, anticipating and shaping the future. A corporate university also differs in its scope, educating not just employees but people throughout the company’s “value chain,” such as suppliers and customers. Although successful companies have always carried on with a corporate vision of how the future would be, corporate universities have become the means through which that vision is shared with others.

A corporate university today is in a favorable position in relation to traditional universities. Barley writes that the corporate university’s “most powerful accomplishment is the fact that the corporate university has encouraged higher education and business to rethink their existing relationships.” Some companies are even creating entire degree programs in cooperation with traditional universities, enhancing both their educational opportunities and prestige, both of which also help to retain top employees.

**Structuring a Corporate University**

Jeanne Meister notes that, in order to set up a corporate university, a company must do several things: form a governance system that includes active participation by the CEO; create a vision of the future that is easy to communicate to others; ascertain who the students will be (i.e. employees, suppliers, customers, and/or the general public); establish the scope of the educational program; create educational products and services; select learning partners such as e-learning companies or universities; develop a technology strategy to determine how the educational material will be delivered; and create a measurement system that reflects the effectiveness of the education on individual performance.

Corporate university faculty is not just traditional academic Ph.D.s who introduce theory and research. Faculty also includes managers and supervisors who can teach first-hand from their own experiences and share anecdotal information with junior employees that will help them succeed and excel in their jobs.

Curricula are as diverse as the corporations served, but many successful companies base their corporate curricula on the three C’s: “developing Corporate citizenship, providing a Contextual framework to the company, and building Core workplace competencies among employees.”

- The first “C,” developing Corporate citizenship, involves building a sense of community among employees so that they “buy into” the company. The corporate university helps build Corporate citizenship by teaching
employees about the company’s values and mission, and by fostering a sense of responsibility for the future of the company.

- The second “C,” the Contextual framework, provides employees with the basic knowledge of their company’s work, products, competition, and “how to learn from the best practices of world-class companies that determine standards of excellence within an industry.”

- The third “C,” Core competencies, comprises the skills necessary to compete in the company’s marketplace. These skills include learning to communicate well with others, thinking creatively, and developing technological and global business literacy.

**Technology Enhancement**

While the traditional means for delivering a corporate education has been in the classroom, many companies are now embracing the Internet as a medium of instruction because it offers many advantages over face-to-face teaching. A web-based system of instruction allows centralized coordination but dispersed learning, can be adapted to each individual’s learning needs, can provide numerous resources without taking space on a computer’s hard drive, and is more convenient to incorporate into the workday than traditional classroom instruction.\(^1\) It also usually cuts costs, often dramatically, when personnel otherwise would have to travel to another city for the instruction.

Not only big companies can benefit from corporate universities. Verifone, a company of about 2,500 employees in regional offices of the Americas, Africa, Asia, and Australia, operates its own university. Verifone University created its curriculum using in-house experts when possible and contractors when necessary. They made all course information available on each employee’s computer or at office-based learning centers, and are now moving towards making all education available on company web sites. Verifone encourages employees to take charge of their own education, going so far as to provide subsidies for employees’ home computer purchases.

**Costs and E-Learning Providers**

As of this writing, there are a variety of estimates regarding the costs for developing, implementing, and maintaining a corporate university. The cost of attending a corporate university education is usually free to employees. Large U.S. corporations are estimated to spend an average of $10-12 million, or about 2.2% of the payroll on their corporate universities.\(^12\) \(^13\) Such figures are often unrealistically high for smaller companies, but there are several ways in which these high costs can be reduced.

A company can collaborate with other local or national businesses, collaborate with public or private institutions of higher education, or outsource some of the educational functions to e-learning training companies. These solutions, however, are not without potential problems. Collaborating with other businesses can put a company in the position of having to share its business plans and trade secrets with competitors and risk losing the uniqueness of its corporate culture when forming classes with other firms. Government regulations and red tape can complicate working with a public institution of higher education, while a private university may charge high fees. Outsourcing work to an e-learning provider requires careful shopping to assure that high quality education is provided. As in any field, some commercial e-learning is of low quality and there has been some fraud in this field. See the article, “E-Learning Buyer’s Guide” in this issue for more advice on searching for good e-learning providers.

Regardless of how a company sets up its corporate university, “if you’re going to do it right, it’s going to cost you money.”\(^15\) But, Titchenal observes, “if your training programs meet your company’s business goals, the corporate university will pay for itself.”\(^16\) Developing a corporate university can be an expensive process, however, and one should carefully study company needs and future trends before deciding to do so.

**Government Involvement**

To date, Government involvement has played little role in the functioning of corporate universities. There are, however, several roles governments could play in fostering corporate universities. Government grants might be provided to help companies establish corporate universities that are expected to contribute to expansion of the national economy. This is especially applicable to scientific, technical, industrial, or medical companies. Governments could offer tax credits for the same purposes. Traditional colleges and universities could be rewarded for forming partnerships with corporate universities. Finally, governments might set up technical-assistance organizations that would share information and
provide consultation on the establishment and operation of corporate universities.

Resources

Two professional associations may be of assistance to those establishing corporate universities. The American Society for Training and Development is a professional association of corporate education officers and consultants. The European Consortium for the Learning Organisation is a network of business and academic professionals that collaborate on learning.

There is now a journal, Corporate University Review. Several websites now index e-learning firms, such as L-Guide; the Clearinghouse for Training, Education, and Development; and EdSurf. For-profit firms have also sprung up to consult and provide services in this new field. These include the Corporate University Xchange, The Corporate University, The Virtual Corporate University Extension, Woohoo Inc., and McGraw-Hill. For a description of these organizations and their URL’s, please consult the “Worthwhile-Webs” article in this issue.

Conclusion

The underlying foundation of a successful corporate university involves a number of factors: the company’s commitment to its business ideals, its emphasis on education as a means of providing both guidance and inspiration, and its willingness to view employees as its most valuable resource. Since the concept is relatively new, the long-term benefits for developing a corporate university are still little known. Nevertheless, paired with the Internet, corporate education appears to have great potential for boosting productivity and helping companies in developing countries compete in the global marketplace. When developing a corporate university, however, companies must contend with high start-up costs and the unregulated e-learning market, and aligning education with their vision of the future. Although governments are currently playing little role in corporate universities, governments of developing countries may wish to consider such a role. Implemented skillfully, a corporate university may be just what a business needs to succeed in the global economy.

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3 Ibid.
5 Ibid.
9 Ibid.
10 Ibid.
11 Ibid.
17 This journal is also available online at: [http://www.traininguniversity.com/](http://www.traininguniversity.com/)