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# Strategic learning in Germany's largest companies

## Empirical evidence on the role of corporate universities within strategy processes

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**Abstract** *Over the past few years, corporate universities, as they are called, have become increasingly common. Independent of this, strategy process theory is also finding a place in international management research. In this paper, it will be shown that strategy process theory demonstrates an affinity with the concept of the corporate university. A survey of the 1,000 largest German companies for the "Federal Ministry of Education and Research" is examining for the first time how widespread corporate universities are in Germany and how they are organized. On the basis of this empirical data it will be shown to what extent the concept of the corporate university in practice is in line with the theoretical findings of strategy process theory.*

### Introduction

While corporate universities in Germany are a relatively recent phenomenon, their development in the corporate universities' land of origin, the USA, is much further advanced. There are many more of them – over 1,500, it is said [1] – differing both in their organization and in what they offer. This can be traced back to the formative models of the early years of the corporate university idea, General Electric and Motorola for example. While GE's corporate university "Crotonville", founded in 1950s, focused on the "swearing in" and training of their own management (Tichy and Sherman, 1993), Motorola University was established at the beginning of 1980s with the help of local colleges, to compensate for the inadequate level of education of the Motorola employees, right down to operator level (Wiggenhorn, 1992). The first corporate universities were, according to how they were originally conceived, positioned on a broad spectrum between a "Boot Camp" (Elite training) and an in-house adult education center (education for all). This diversity has, if anything, increased over the years so that it is difficult to speak about a unified corporate university concept.



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Independent of the expansion of Corporate universities in company practice, academic strategy process theory has developed its own insights which demonstrate a clear affinity to the corporate university idea. For the last 15 years, management theorists have been looking particularly at the question as to in what way company strategies are empirically achieved. A recurring finding of this research trend is that the empirically observable model of strategic development differs considerably from that of synoptic-rational planning. This observation is increasingly being used prescriptively, with many researchers recommending abandoning the planning model. There are however hardly any concrete proposals as to how strategic development should be structured otherwise. Hence, strategy process theory is criticized for its lack of prescriptive content (Eisenhardt and Zbaracki, 1992, p. 33). This background begs the question as to whether the corporate university can be seen as a concept, relevant to practice and in line with several of the central findings of strategy process theory.

No meaningful empirical studies have been carried out as yet. Initial evidence suggests, however, that it is indeed the corporate universities in Germany that stand out through a strong focus on strategy and management (Andresen and Irmer, 1999). In the following, we examine what developments are to be observed in Germany in this area and how much they differ from those in America. This paper is based on the results of an empirical survey paper among the 1,000 largest (in turnover) German companies which was supported by the German "Federal Ministry of Education and Research". In the interpretation of the survey results, the question of what importance corporate universities actually play in the strategy processes of German companies was given particular attention.

### Strategy process theory

#### *Content versus process*

The research efforts of the academic arm of strategic management can be roughly divided into a content and a process tradition (Lechner and Mueller-Stewens, 2002; Mintzberg and Lampel, 1999). Content research concerns itself with the content of strategic decisions, especially in regard to the connection between performance and market position, resource provision, or specific constellations of company attributes and environmental conditions. The way in which these beneficial combinations, positions and so on were achieved is to a large extent left unconsidered.

Process research or strategy process theory on the other hand examines decision-making processes as well as their relation to the organization and deals with planning methods, questions of implementation and so on (Lechner and Mueller-Stewens, 2002). Strategic understanding of process research can be very concisely described as a sequence of events. Freeman and Lorange (1985, p. 21) propose the key questions "What is to be done?" (content) and "How do

we decide what is to be done?" (process) to help differentiate between these categories.

Within the theoretical discipline of strategic management the content focus has so far predominated. Efforts are directed at giving management recommendations as to how it should shape its strategies in terms of content.

### *Strategic planning*

The strategy process is hardly dealt with in content research. It is accepted explicitly or implicitly that it follows a synoptic-rational planning logic. This means that it follows sequentially the steps of goal setting, internal and external analysis, strategy formulation, implementation and monitoring. As a result of this understanding of strategy the organization only has subordinate significance. It is merely given the role of an "implementation tool" (Schreyögg, 1998, p. 34). Critical for success however is the senior management, who, with the support of planning staff, if necessary, analyzes the situation thoroughly and defines the "right" strategic content.

If there is a central theme in the heterogenic process research, then it is the doubt that the process of strategic management runs as rationally as work in the prescriptive content tradition suggests (Mintzberg and Lampel, 1999). Process researchers are interested in how or if at all strategy processes, perform empirically beyond the normative model. This research was first carried out in the style of a deviance analysis, where deviations from the planning model were examined with the goal of minimizing them. The advantage of synoptic-rational planning was not questioned. It soon became clear however that strategic planning can have quite dysfunctional consequences and is in no way always advantageous (Burgelman, 2002). There was criticism that the problem-solving capacity of the organization was not utilized, that information requirements were set too high, thus risking "paralysis through analysis", that the idea of adaptation to the environment was misleading and neglected the endogenous creative aspect of strategic development, that side effects of planning were ignored and that the reactive ability would be limited by unforeseen environmental changes, and so on (Lechner and Mueller-Stewens, 2002; Mintzberg and Lampel, 1999; Schreyögg, 1998).

### *Strategic development as an organizational learning process*

For the above reasons it is the more recent strategy process research that emphasizes that deviations from the planning model are not only empirically determinable but also desirable. One of the most prominent advocates of this school of thought is Henry Mintzberg. He has defined strategy as a "pattern in a stream of decisions" (Mintzberg, 1979, p. 68). Here we can talk of strategies when a consistent pattern develops in a sequence of decisions over a certain period of time. These realized strategies are not identical to the intended strategies that are usually to be found in strategic planning documents. Whether due to misjudgments, unforeseen environmental changes or deficits in

implementation, as a rule only a part of intended strategies are realized. On the other hand, realized strategies are also influenced by emergent strategies. Emergent strategies are unintended models that occur through the intervention of individuals or interaction among the members of the organization. In extreme cases, strategies occur through a "grass roots model" where strategic initiatives that have been distributed within the organization and have nothing in common with the intended strategy "grow rampant". The other extreme would be a comprehensive, deliberate strategy where the intended strategy is completely realized.

Mintzberg attaches central importance to the idea of strategic development as a learning process. It is the emergent, not the deliberate part so stressed in content research, that harbors learning potential. This is because in emergent strategies we should not think of chaotic processes, but of rules which just do not follow an overall intention. Within the framework of emergent strategies new paths are taken, trial and error processes are carried out and a great deal of detailed information from the immediate company reality is processed. If learning is the central factor in successful strategy formation, then it is clear why Mintzberg is one of the harshest critics of the predominant tendency to view strategic development solely as a planning process.

Mintzberg (1994) examines the dramatic fall of strategic planning that it experienced after its sharp rise in the middle of 1960s. The central argument against it is that the analytical actions of formal planning hinder the creative, synthetic efforts of the management, which according to Mintzberg (1994, p. 109) make up the core of strategic thinking. With planning, only the established thought categories are confirmed and possibly rearranged, but the framework of basic assumptions cannot in fact be abandoned. This does not mean that formal planning should be avoided. The planner's contribution, however, exists only on the fringe of the actual strategic development. Planning can, as Quinn (1981) has also shown, allow strategic questions to be considered and, further, can expand observation horizons as well as deconstructing further the information available. However, planning cannot pull these results together into the "right" strategy. The fact that, outwardly, business practice occasionally gives the opposite impression does not conflict with Mintzberg's (1994, p. 107) argumentation that "strategic planning, as it has been practiced, has really been strategic programming; the articulation and elaboration of strategies or visions that already exist."

#### *Core ideas*

Various researchers have pursued the idea of strategic development as a learning process and a series of case studies verifies that this form of strategic development can be thoroughly successful (Schreyögg, 1998). In summary, the following ideas can be extracted from recent process research in strategic management:

- (1) Strategic development is a creative process which cannot be defined solely through environmental adaptation. This stronger endogenous form of strategic development corresponds to Weick's (1969) idea of "enactment".
- (2) Senior management is not the sole architect of strategy, but rather influences it indirectly. This happens for example through the fostering, formation and integration of organizational processes.
- (3) The phases of strategy formulation and its implementation are not clearly divisible in the life of an organization. Initiatives can also emerge in later phases of the strategy process which have a crucial influence on strategic organization (Burgelman, 2002).
- (4) Strategies are an emergent phenomenon. They have their origins in decentralized "subsystems" (Burgelman, 2002; Quinn, 1981). These subsystems consist of various sets of participants, each with their own goals, interests and time horizons. Incrementally they develop various models of behavior. These models make up the building blocks of the overall strategy.
- (5) Planning is a highly inadequate description of strategic development. But this however does not necessarily mean that it should be avoided from the outset. It means only that other functions, for example integration, are ascribed to it. The success of planning is no longer measured by the degree to which it has been fulfilled. It is accepted that planning is a part of the evolution of the system.

This understanding of strategy did not remain uncontested, but it has quickly won followers in the academic debate. It is noticeable however that many process studies have remained weak on the prescriptive aspect. For this reason several authors have demanded that strategy process theory must highlight more clearly what concrete consequences arise out of it for business leaders (Eisenhardt and Zbaracki, 1992, p. 33). Such demands are absolutely typical for the discipline and show moreover that process studies really are still a part of an, albeit more and more powerful, academic counter culture.

The core ideas of the corporate university concept show discernible similarities to the basic tenets of recent strategy process theory. This relationship will be examined in the following section, to examine it empirically.

### **Corporate universities**

#### *Origins*

As corporate universities have only established themselves in business practice in the last few years (in the USA since the end of 1980s, in Europe since the end of 1990s) the number of publications on corporate universities is still limited.



This also makes it difficult to discern any particular closeness between corporate universities and the strategy process.

An exception in this respect is the work of Deiser (1998). He traces the development of the corporate university using central management issues of 1990s, for example the learning organization, core competencies, knowledge management, the management of organizational networks and learning as a core element of the strategic process. All these management themes reflect an "explosive interest in the subject of learning" (Deiser, 1998, p. 38). New information and communication technologies, the breaking down of trade barriers as well as the increased influence of the capital markets and globalization processes; all these have made the intelligent use and further development of in-company knowledge crucial for survival.

"Learning has become so important that the management itself, and no longer the toothless staff, has to undertake to design of learning architectures and to link them with business processes and strategy" (Deiser, 1998, p. 38).

In this way, the understanding of learning processes changes fundamentally. Learning should orientate itself directly around the challenges of the business. "Strategic initiatives which are linked to the core business processes of the company ... become the center of learning" (Deiser, 1998, p. 41). This also has an effect on the form of the learning processes. Alongside traditional seminars (cognitive knowledge transfer) at corporate universities can be found more dialogue and action orientated formats, for example dialogues, forums, workshops, communities and action learning projects. With the help of new media for example the idea is to integrate knowledge and learning processes directly into work and business processes.

According to Deiser, however, not only does the understanding of learning processes change with the establishment of a corporate university in the company but also that of strategy processes. Where internal "core competences" (Prahalad and Hamel, 1990) take center stage in strategic considerations and where distributed expertise and collective learning are adapted to strategic business challenges, the classical understanding of the strategy process as planning model is weakened. "Strategic management, hitherto the domain of senior management and of its specialist support staff suddenly becomes a company-wide revolutionary creative process" (Deiser, 1998, p. 39).

The picture emerges of the corporate university as the strategic learning architecture, connecting strategy process and organizational learning with each other. With the term "strategic discourse" Deiser (1998, p. 48) proposes consciously institutionalizing this connection with the strategic process.

Several corporate universities practice this type of discourse. For example the Lufthansa School of Business arranges "strategic and cultural dialogues" in order to get board members, senior managers and employees to discuss key

issues and challenges together (Sattelberger and Heuser, 1999). Depending on the context, the targets involve strategy and change communication (top-down), the collation of opinions and expertise on specific topics (bottom-up) or the collective creation of ideas and problem-solving (diagonal).

*Typology*

In order to sum up concisely the particular characteristics of corporate universities despite their various appearances, various attempts have recently been made at describing and categorizing them. A common way of doing this is to look at their objectives. In most cases, we can differentiate between three types of corporate universities (Fresina, 1997).

- (1) *Individual qualification.* This type concentrates on the learning individual. The aim is to process and transfer specific company knowledge that is critical for success, through this ensuring a uniformly high quality standard. The format of choice is seminars and training courses.
- (2) *Organizational change.* The second type connects individual learning processes closely with organizational change processes. For example, the corporate university organizes forums and workshops in which employees are informed about requirements and initiatives for change and where corresponding solutions can be developed.
- (3) *Strategic renewal.* In this type of corporate university, learning and business development are directly bundled together. In strategic dialogues or action learning projects, unsolved strategy and business problems are picked up and worked on, partly through bringing in external value chain partners. Strategic problem-solving and competence building go hand in hand (the type outlined by Deiser, 1998).

In all three corporate university types, there is a connection to strategy, but it differs in its nature. While in the first two types, the strategy is a prerequisite (corporate university as an implementation instrument), in the third case the corporate university plays its part as a potential strategic player in the strategic development process. It does not represent its own interests, but opens up an arena in which various strategically relevant observations, knowledge resources and interests can be brought together beyond the borders of hierarchy or function. For this reason, the third type of corporate university has been portrayed either explicitly or implicitly as “the most highly developed” by several authors. Reference is often made to the General Electric corporate university as an example from business practice. In its “Work out” program it has, for example, managed to involve wide circles of employees as well as external partners in the solving of strategic business problems. This happened not by calling into question the decision-making competence of the

senior management but by involving the “collective intelligence” of the whole system (Tichy and Sherman, 1993).

#### *Connection to the core ideas of strategy process theory*

Against the background of the references mentioned we can clearly see the connection of the corporate university idea to the core ideas of strategy process theory. Corporate universities, especially those that correspond to the type “strategic renewal” support the concept of dialogue and action-oriented strategy development. With regard to strategic challenges, strategies can be formed in speech and action; they can be realized and adapted. Hilse sees this form of corporate university as still in the early stages of its realization. When the strategic discourses outlined above take place at corporate universities then they mostly do so at (senior) management level (as an example DaimlerChrysler University in Hilse, 2000).

The corporate university is naturally only one player in the huge movement of organizational or strategic learning. But it can take on the possible role of a “structuring element” (Deiser, 1998, p. 48) without immediately reactivating classical ideas of management and control. It can pull the various subsystems and the knowledge and learning processes that arise there together communicatively and contribute towards the creation of “company-wide relevance contexts” (Hilse, 2000, p. 93) of which company strategy is one. As an accompaniment to existing planning processes it can endow strategic issues under discussion with expertise and different perspectives without calling into question the strategic decision-making competence of senior managers.

The establishment of the corporate university between that which is traditionally defined as “strategy processes” on the one hand and “learning processes” on the other makes it a possible action arena of some central findings of strategy process theory. In the following study, it will be examined whether this thesis can already be confirmed empirically.

#### **Methodology**

In October 2001, within the framework of a project supported by the “Federal Ministry of Education and Research”, a total of 1,000 companies were questioned in a written survey [2]. The companies which had not replied by November 2001 were questioned again in a telephone survey in December 2001 and January 2002 in order to guarantee the most complete data possible. In this way, a reply quota of 32.6 percent was reached.

The question as to what significance corporate universities have on the strategy process was investigated in the empirical study on various levels. The first thing to look at was, what empirical status corporate universities have in Germany overall. Next it was asked what motives had lead to the establishment of the corporate university and what targets these functions



have. In order to test the consistency of these statements, a few indirect indicators were asked about. Such indicators cover target groups, training formats as well as the structural integration. It is also important in what overall strategic company concept the corporate university is embedded. This point was looked at last.

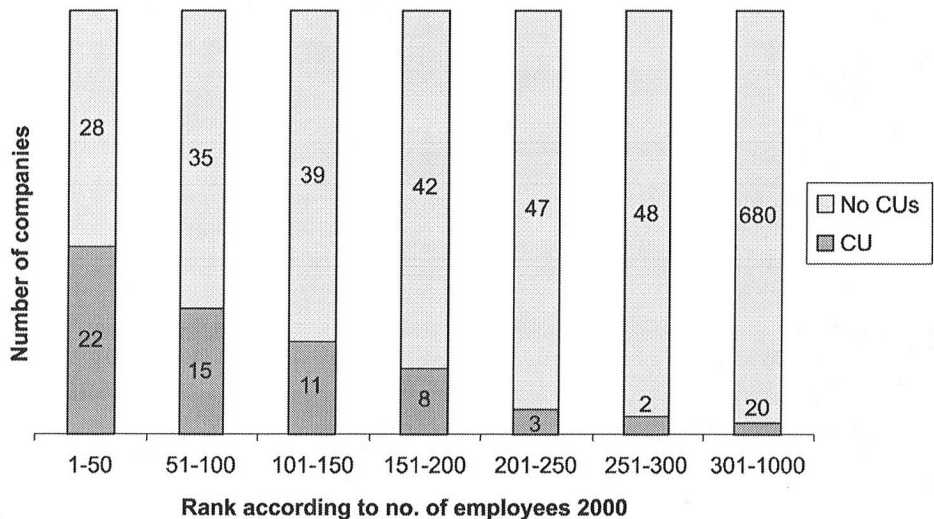
**Results**

*Empirical status of corporate universities in Germany*

Corporate universities are much less common in Germany than in the USA. On the basis of the replies received the total number of corporate universities within the 1,000 biggest companies (in turnover) can be projected at about 80 [3] (Figure 1). Whether a company has a corporate university depends to a great extent on the number of employees it has. In the group of the 50 largest companies by number of employees, 44 percent did indeed have one. That represents over half of all corporate universities in the 1,000 largest companies altogether. If we consider the dynamics of their development it will be noticed that the number of such institutions is still increasing. DaimlerChrysler University and the Lufthansa School of Business (both 1998) were among the earliest although 52 percent of the institutions were not set up until 2000 and 2001.

*Motives*

The most significant motive for establishing a corporate university, as mentioned by 86 percent of respondents, is the development of management potential (Figure 2). This motive takes the individual as its starting point



**Figure 1.** Projected number of corporate universities and their distribution according to size of organization (according to number of employees in 2000)

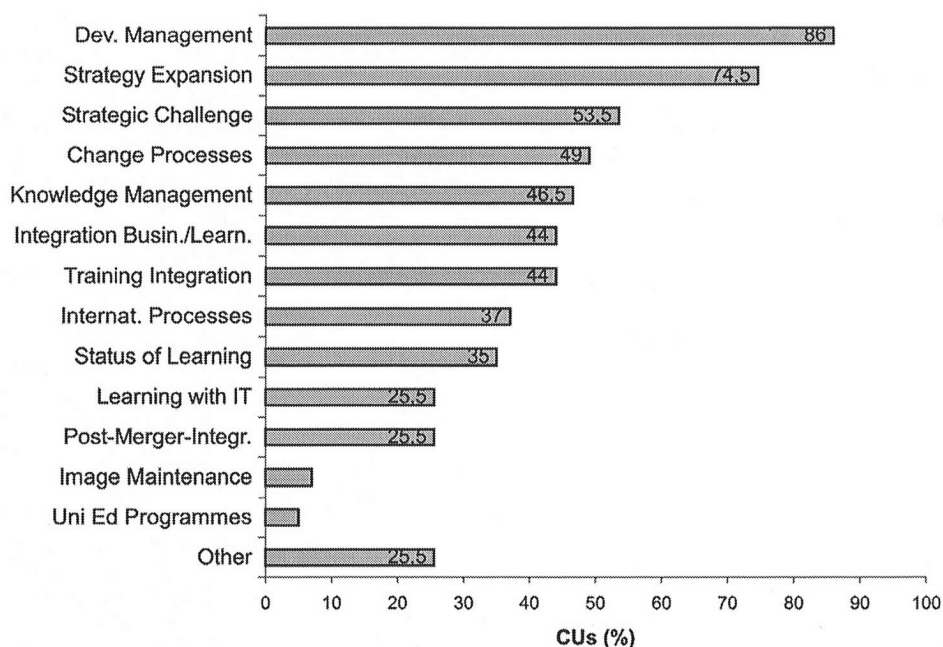


Figure 2.  
Motives (multiple entries possible)

and is connected at most indirectly to company strategy processes. In second place however, at 74.5 percent, is the intention to increase the ways in which company strategy is carried out. This finding corresponds to Moore's observation (Moore, 1997, p. 81): "Corporate universities... are focused on implementing the strategic imperatives of their business". Similarly, the significance of corporate universities is indicated in the context of Post Merger Integration (25.5 percent), a typical strategy implementation task. As not all companies questioned find themselves in a PMI situation, the number of mentions in this area is to be valued quite highly. In contrast, inadequate education provision at German universities was the only reason for establishing a corporate university in 5 percent of cases. This is a low value when we consider that compensating for weaknesses in the national education system was the motive behind Motorola's corporate university and one of the reasons behind the increase in their numbers generally (Davis and Botkin, 1995).

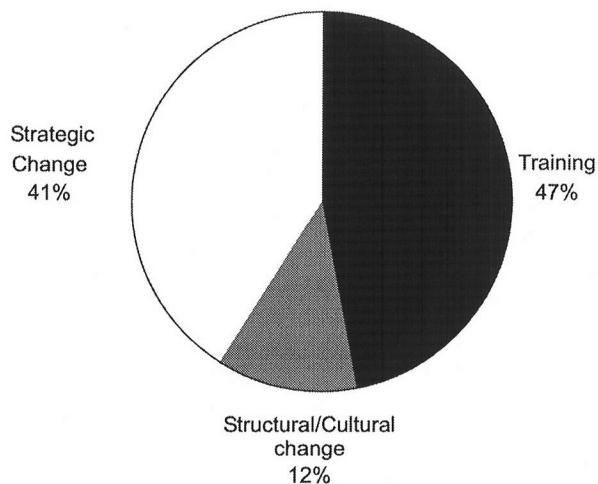
In comparison with the USA, where corporate universities are significantly more orientated towards the operative dimensions of immediate increases in efficiency and productivity (Corporate University Xchange, 2002, p. 23), it is above all strategic motives that lie behind the establishment of German Corporate universities.

*Targets and performance formats*

If we take the above typology as a basis, and differentiate between corporate universities on the basis of “individual qualification”, “organizational change” and “strategic renewal”, then the sector which dominates will be individual qualification or training with 47 percent. The type which supports the idea of the corporate university as relevant for the strategy process almost reaches the same figure with 41 percent while organizational, including structural and cultural, change only applied to 12 percent of replies (Figure 3). Not surprisingly, the corporate university’s targets are closely connected to the motives of establishing such an institution. All corporate universities primarily targeting on individual qualification have been established with the motive of management development. Corporate universities focussing on strategic renewal were indeed founded in order to expand corporate strategy and to meet the strategic challenge (86 percent). All corporate universities that can be attributed to “organization change” shared the founding motive “change processes”, but also the motive “knowledge management” played a much higher role compared to the other types (82 percent).

It is also shown here that the largest companies by turnover favor the type “strategic renewal” while smaller companies tend towards person-orientated programs. All companies with less than 10,000 employees focussed on individual qualification, whereas 60 percent of the companies employing more than 100,000 people concentrated on strategic renewal.

The spectrum of training formats offered by corporate universities corresponds to information in the replies received. Traditional training courses directed at the individual predominate, and are offered in 83 percent of corporate universities. At the same time, special courses (79 percent), dialogue forums (76 percent), change workshops (62 percent) and action-learning

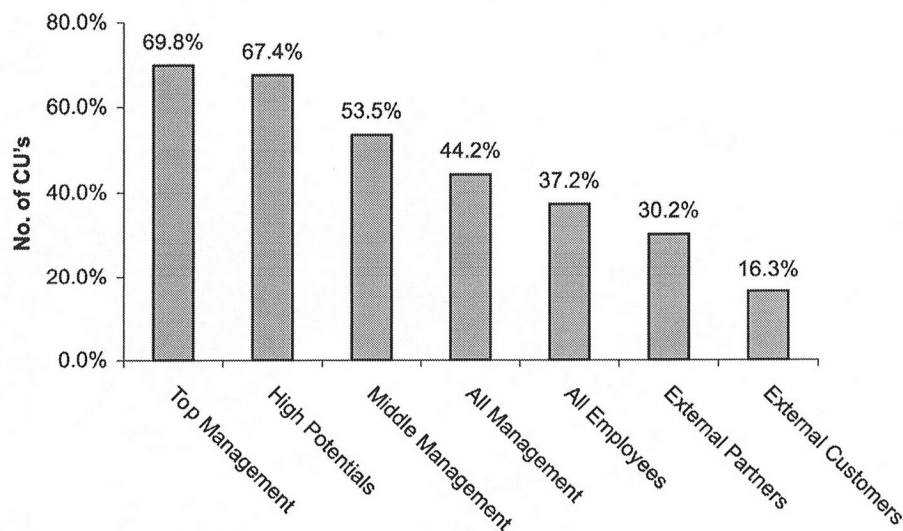


**Figure 3.**  
Primary focus of  
corporate universities

projects (58 percent) are common, all of which can easily be an integral part of the strategy process. Whether this is at all the case, as for example Deiser (1998) outlines it with the concept of strategy discourse, can only partly be elicited through an empirical study. At least a few individual examples are known of, where such ideas are beginning to be followed up on. In Germany for instance, this is the case at DaimlerChrysler University, Bertelsmann University and the Lufthansa School of Business.

### *Target group*

The target group of a corporate university is an indirect indicator for the strategic relevance of each institution. If the target group is limited to the lower levels of the hierarchy it can be supposed that individual qualification is the main focus. With strategy relevant issues, connections between different sectors of the organization have to be made and placed in a whole company perspective. This is hardly possible without the inclusion of senior management. In more than two thirds of all corporate universities the senior management is the target group, and the same is true for high potentials. Thirty-seven percent of corporate universities target all employees of the company on principle (Figure 4). The example of Trilogy University (Tichy, 2001) shows that even external partners, for example suppliers or customers can contribute crucial strategic input. Thirty percent of companies do in fact include this group. Although it cannot be seen from the target groups exactly what measures are being taken, at least most German corporate universities have a target group profile which supports the idea of the corporate university as a strategic innovator.



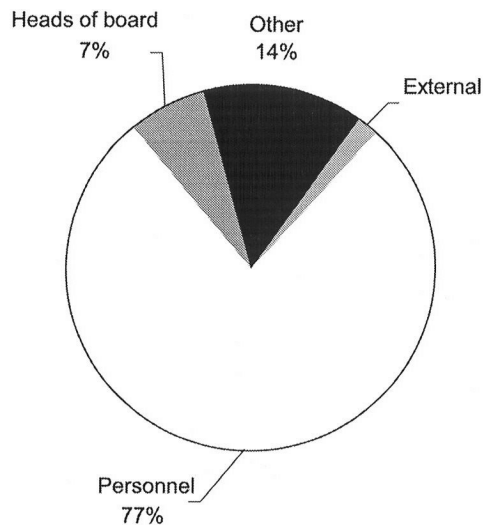
**Figure 4.** Participants in corporate university programs (multiple entries possible)

*Organization*

Another important indirect indicator is how the corporate university fits into the organizational structure of the company. With this we mean its corporate function, how it is linked to the board, what hierarchical level it has, how it is monitored, and the committees attached to it.

In the USA, corporate universities have historically grown out of the personnel function, yet they only belong to the Human Resources Department in just 50 percent of cases (Corporate University Xchange, 2002, p. 26). A corporate university of the type "strategic innovator" goes beyond the traditional HR function. So it is not to be assumed that it is attached to it. However, the empirical results do show that the link to the HR function is the rule (77 percent) in Germany (Figure 5). A direct link to senior board members, which would underline a strategic orientation, is only true in 7 percent of cases.

However, the board does play an important role. In most corporate universities, it acts as its sponsor or mentor (86 percent) and/or consultant (83 percent). In 43 percent of cases it has a supervisory function. The above strategy process analyses show that in the case of strategic initiatives, although they originate in decentralized subsystems, their connection to the board is still crucially important. This is where the individual initiatives are collected, budget decisions made and so on. Because of this, a corporate university can only be strategically of consequence when the board is also involved. This appears to be the case in the 52 percent of the corporate university facilities where the board members themselves take part in programs. This seems to be of particular importance for the strategic



**Figure 5.**  
Position in company  
structure



orientation. Whenever board members visit the programs it is likely that the corporate university describes itself as a “strategic renewal”-type (89 percent).

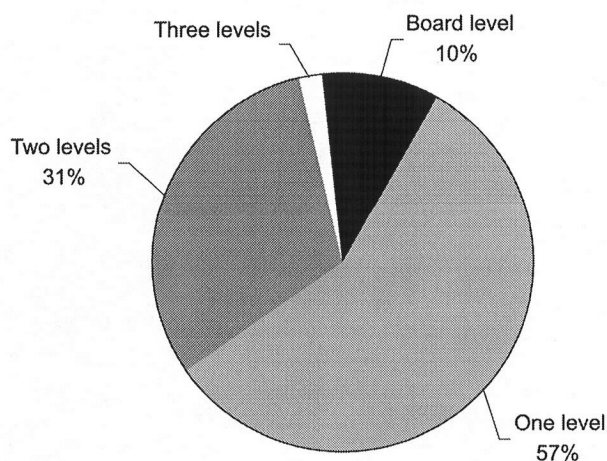
The issue of relationship to the board raises the next question as to which hierarchical level the corporate university belongs to. In comparison to the USA, the German corporate universities are seated quite high. The results show that in just over 57 percent of companies the directorship of the corporate university is one level below the board (Figure 6). In well over 30 percent of companies on the other hand it sits two levels below the board.

#### *Total strategic conception*

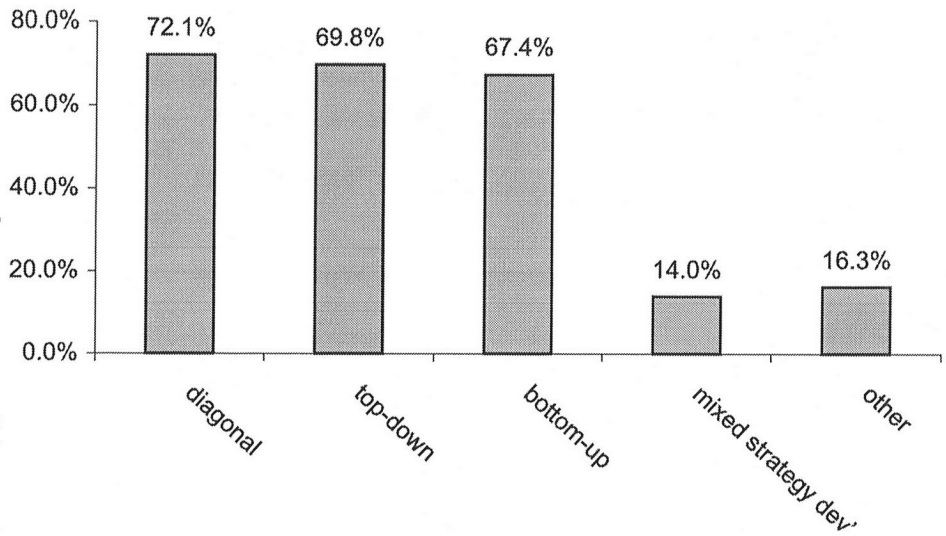
An important aspect in relation to this question is what individual conception is meant, when corporate universities have a strategic function. Such a strategic concept can be orientated towards strategy or change communication (top-down), can consist of the collation of opinions and expertise on individual subjects (bottom-up) or have as its objective the joint creation of ideas and problem-solving (diagonal). The survey shows that a top-down view is just as common as a bottom-up one or a diagonal conception. This is true in around two thirds of cases. The corporate university is a place for new joint development in only 14 percent of cases (Figure 7).

As Figure 8 shows, strategy development takes place instead mostly in the board or management board (91 percent of companies) and much more rarely amongst the managers of the individual business fields and divisions (65 percent of companies). This is followed by the strategy department (54 percent) and other functional areas such as finance and controlling, IT and HR with 33 percent.

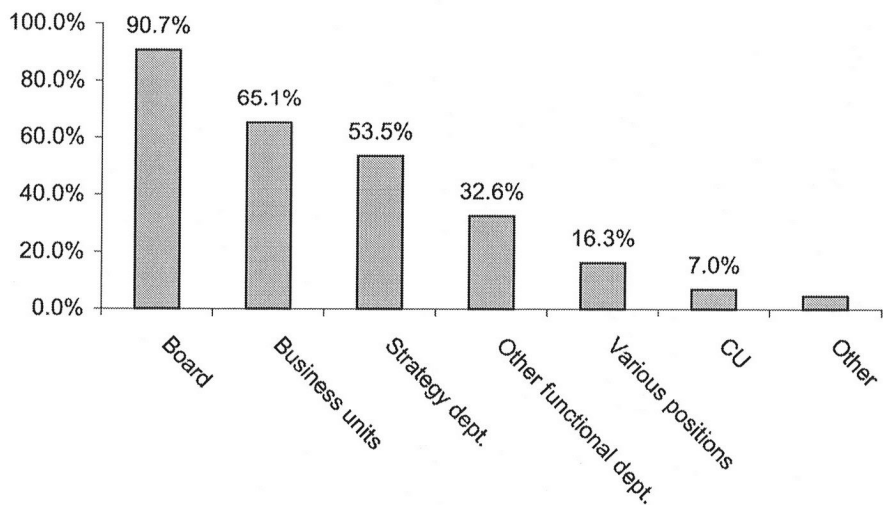
In order to obtain a more precise picture of the role of corporate universities, we asked the following additional question *Where is the main*



**Figure 6.**  
Hierarchical levels and the directorship of the corporate university



**Figure 7.**  
The role of the corporate university in the strategy process (multiple entries possible)



**Figure 8.**  
Where strategic development takes place (multiple entries possible)

*difference for you between the function of a corporate university and that of a good training department? Here corporate university representatives gave a broad spectrum of answers, which strengthens the impression that the definition “corporate university” is a highly ambiguous one. Some examples of responses were:*

- there is no difference;
- our clients are the senior management;
- it sponsors research, certifies, gives more power and better employee branding; and
- brings together six different business divisions.

Among the 100 largest companies, 87 percent showed a relationship to strategy, most of whom emphasizing support during implementation. Some example statements from this group were as follows.

- Strategic implementation is a significant factor.
- The putting into practice of a company-wide qualifications policy in order to safeguard the goals and strategies of the company through the necessary knowledge transfer.
- Strategic alignment.
- Improvement, expansion and implementation of company strategy.
- Joint focus on company strategy.

A very small group (14 percent) highlights in this question the explicit relationship between the learning organization and strategic development. Some examples are as follows.

- Link between company strategy and learning the business.
- To integrate individual and company development as a joint process.
- The corporate university combines strategy and business with learning. It does not merely serve the development of skills and pure knowledge.

### **Discussion and concluding remarks**

Please note the following limits in the interpretation of the empirical results.

- German corporate universities are still very young; on an average 18 months old. As such in many cases we can only talk about partially established organizations. Integration into the strategy process needs time, and not just because strategy processes touch on the interests of many internal and external players and show a highly micropolitical character. Therefore, it is to be expected that in some of the companies questioned it is not yet clear whether the conception of their corporate universities can be fully implemented.
- It should be further considered that the HR function which the corporate university is joined to in most cases is often under pressure to justify its actions. For this reason the strategy concept, hitherto only vaguely defined but still accorded with importance, is possibly an attractive one

for those business areas which deal with personnel issues. Therefore, it is possible that strategy issues play in some cases a bigger role on the “talk” level than on the “action” level (Brunsson, 1992).

- The three types of corporate universities, including the type “strategic renewal” of particular interest here are ideal types. Among the companies questioned mixed types dominated, which were not always clearly categorizable.

Despite these reservations the empirical study has clearly shown that German corporate universities do demonstrate certain characteristics in practice that set them apart from a traditional HR department. This is different to the USA where the definition of a corporate university is somewhat broader. The results show that it is strategic orientation that typifies German corporate universities. On top of that the senior management focus indicates the relative importance of hierarchy and the fact that in no less than 41 percent of cases strategic change is explicitly mentioned as the primary focus of corporate universities. Particularly in the group of the 100 largest companies, corporate universities are to be found which correspond in some respect to the typologies of Deiser (1998), Fresina (1997) or Kraemer (2000) and can be referred to as the advanced “type 3” of corporate universities (“strategic renewal”).

However, even if many of the large companies describe their own corporate universities as “strategic innovators” it would be premature to conclude from these findings that German corporate universities fulfill some of the central ideas of strategy process theory by linking organizational learning to strategy development. In practice, i.e. both in the company itself and with its stakeholders (for example investors, business consultants, the business press and so on) it is still, unaffected by the findings of strategy process theory, the idea of strategic development as a rational planning process that predominates (Mintzberg, 1994; Schreyögg, 1998). The vast majority of corporate universities seem to fit into such a picture and thus can better be attributed to “type 1” (individual qualification) or “type 2” (“Organizational Change”). After all their task is, according to a traditional planning philosophy, to contribute to the functioning of the organization as an “instrument of implementation”. In contrast to traditional HR departments, these institutions establish a connection to an overriding organizational change process. However, the place where strategic *development* takes place is in 91 percent of the cases determined exclusively by those at the top. The image of the corporate university as an aid to implementation holds sway. In two thirds of the companies, the focus on implementation accords with explicit self-definitions. In this regard, also the strategic-oriented corporate universities support as earlier a traditional planning concept and not such a strategic learning process, as



described by Quinn (1981). The additional qualitative comments confirm this impression.

Only in 14 percent of the cases are corporate universities involved specifically in the strategic development process. There are in Germany (as well as internationally) at least a few documented individual cases where corporate universities do clearly fit to the strategic renewal-type. The Lufthansa School of Business or GE's "Crotonville" are examples of this. These corporate universities can indeed be regarded as institutions that implement some of the core ideas of strategy process research. This too was held up by both the quantitative and the qualitative results of the empirical study.

In addition, results of the study indicate that the learning function is experiencing a new strategic importance in large German companies. It is moving closer to strategic players and processes and is being accorded not inconsiderable status. This is also underlined by the fact that not insignificant financial resources are being ploughed into these organizations (the average annual budget is Euro 5M) and by the fact that senior management itself is involved in setting up as well as taking part in the learning programs.

#### Notes

1. The number refers to an article in the Corporate University Xchange from 12 April 2002. It should be noted that this estimate is based on a very wide definition of the concept.
2. The list of the 500 biggest German companies by turnover, 50 large German banks and the largest 20 insurance companies comes from an annual survey by the weekly newspaper "Die Welt" ([www.welt.de/wirtschaft/ranglisten](http://www.welt.de/wirtschaft/ranglisten) on 14 July 2001), where the data were taken from the year 2000. The data for the remaining 430 companies were collected with the help of the Schober address database.
3. The calculations assume no significant bias in replies. This assumption is based on the structure of the replies from the first batch of questionnaires and on the results of the telephone survey. No noteworthy differences were found.

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#### Further reading

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Appendix. Questionnaire

Information of the Company  
(for international companies: German branch)

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1. What is your name and your position in the company?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Which industry does your company belong to?

\_\_\_\_\_

3. How much was the turnaround of the last financial year?

\_\_\_\_\_ Euro

4. How many employers are currently working in your company?

\_\_\_\_\_

Details about the Corporate University  
(Place of business in Germany)

5. Does your company have a CORPORATE UNIVERSITY?

(no multi-referencing)

- Yes, we call it "CORPORATE UNIVERSITY". We introduced the term in the year \_\_\_\_\_
- Yes, although we don't call it "CORPORATE UNIVERSITY", but \_\_\_\_\_
- No, but we are going to establish a CORPORATE UNIVERSITY
- No, we do not have a Corporate university or something like that

6. If no: Why did your company not built up a CORPORATE UNIVERSITY?

(multi-referencing possible)

- The idea of the CORPORATE UNIVERSITY is still too unclear
- It is only a fashion
- It does not improve the value added in a discernable way
- Our present human resource practices are absolutely sufficient
- Our company is too small to provide the financial resources

\_\_\_\_\_

\_\_\_\_\_

Comment: In the following, both CORPORATE UNIVERSITIES that are termed this way and institutions corresponding to their profile (but which are called differently) are termed CORPORATE UNIVERSITIES.

7. In which stage of development is your CORPORATE UNIVERSITY at the moment?

(no multi-referencing)

(continued)

Figure A1.



- Preliminary considerations
- Conception
- Decision
- Implementation
- Normal operation
- Disbanding

**8. When was the CORPORATE UNIVERSITY (irrespective of the term) founded?**

- Year: \_\_\_\_\_
- 1. Half year
  - 2. Half year

**9. Which motives led to the foundation of your CORPORATE UNIVERSITY?**  
*(multi-referencing possible)*

- Improved dissemination/realization of the corporate strategy
  - Implementation of a company-wide knowledge/competency management
  - Accurate development of the management potential
  - Incentive for high performers and high potentials
  - Integration of the entire education and development activities under one roof
  - Designing a company-specific internationalization process
  - Supporting post merger integration processes
  - Clarifying the importance of learning in the company
  - Balancing the insufficient educational possibilities of German universities
  - Promoting the integration of learning and business
  - Accompanying company-wide change process
  - Use of new IT technologies for learning processes
  - Image making vis-à-vis analysts and investors
- \_\_\_\_\_
- \_\_\_\_\_

**10. What is the objective of your CORPORATE UNIVERSITY?** *(multi-referencing possible)*

- Development/communication of the corporate strategy
  - Further development of the core competencies of the company
  - Supporting change processes in the company
  - Intercultural integration in transnational companies
  - Integrating the entire qualification and development measures
  - Proof of economic value of human resource development
- \_\_\_\_\_
- \_\_\_\_\_

**11. Where does strategy development take place in your company?**  
*(multi-referencing possible)*

- In the board of management
  - In the central strategy/planning units, corporate development
  - In other functional units (finance, accounting, IT, HR etc.)
  - In the leadership committees of the business units
  - In the Corporate university
  - At very different places
- \_\_\_\_\_
- \_\_\_\_\_

**12. What is the main difference between the function of a CORPORATE UNIVERSITY and the function of a qualified further development unit?**

\_\_\_\_\_

\_\_\_\_\_

Figure A1.

*(continued)*



13. Which role does your CORPORATE UNIVERSITY play in the strategy process of your company?  
(multi-referencing possible)

- It supports the communication of company goals and strategies (top-down)
- It is a place for exchanging strategically relevant observations (diagonal)
- It ensures the transportation of strategically relevant ideas (bottom-up)
- It is a place for the shared development of strategies.

\_\_\_\_\_  
\_\_\_\_\_

14. What has changed in your company after the foundation of the Corporate university?  
(multi-referencing possible)

- Increased importance of learning and further development in the company
- Increased effectiveness of human resource development
- Advanced attractiveness of the company on the labour market
- Nothing

\_\_\_\_\_  
\_\_\_\_\_

15. How would the chairman of the management board describe the role of the CORPORATE UNIVERSITY in your company?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### Details About Financing

16. How large is the current budget of your CORPORATE UNIVERSITY per year?  
\_\_\_\_\_ Euro (amount is not published)

17. How is your Corporate university financed?  
(multi-referencing possible, individual amount is not published)

- Allocation of central budgets
- Measure-related payments of the company divisions (profit center-model)
- Performance-based income on a free market

#### Details About The Target Group

18. Who are the target groups of your CORPORATE UNIVERSITY? (multi-referencing possible)

- All employees
- Leadership
- Young professionals
- Middle management
- Senior management
- External partners (suppliers, customers etc.)
- Customers on the free market

19. How many persons are included in the target group of your CORPORATE UNIVERSITY?  
Ca. \_\_\_\_\_ persons

(continued)

Figure A1.

20. Are there any entrance criteria for participating in the measures of your CORPORATE UNIVERSITY?  
(multi-referencing possible)

- None, i.e. participants can freely enroll for a measure
- Leadership sends employees to the CORPORATE UNIVERSITY
- Standardized potential assessment procedures determine access
- Access is automatically defined by the hierarchical career ladder (e.g. threshold seminars, measures for specific hierarchy levels etc.)
- Access is based on qualification/ functional field
- \_\_\_\_\_
- \_\_\_\_\_

21. Which degrees and certificates are awarded by your CORPORATE UNIVERSITY?  
(multi-referencing possible)

- Internal participation certificates
- Externally certified degrees, non-academic (e.g. awarded by associations, chambers etc.)
- German university degrees (e.g. magister, diploma)
- International university degrees (BA-/MA-degrees, e.g. MBA)
- None

22. How many courses (in terms of the percentage) of the CORPORATE UNIVERSITY's offer the possibility to turn the challenges from the own work activities into objects of learning?  
Ca. \_\_\_\_\_ %

23. Which course formats does your CORPORATE UNIVERSITY offer to potential participants?  
(multi-referencing possible)

- Trainings
- Long-term curricula/development programs
- Dialogue events (Strategy dialogues, fora etc.)
- Accompanied business-/action learning-projects
- Knowledge management-/e-learning-platform
- Change Workshops
- Inhouse-Consulting
- Individual coaching/mentoring (e.g. during change in leadership)
- \_\_\_\_\_
- \_\_\_\_\_

24. What are the motives the participants associate with the activities of your CORPORATE UNIVERSITY?  
(multi-referencing possible)

- "As the chosen few, it is an honor to participate in the CORPORATE UNIVERSITY-measures"
- "CORPORATE UNIVERSITY-measures further the internal career development"
- "Company-related knowledge acquisition improves the personal chances and capabilities on the labor market"
- "Everybody is dependent on the learning and further development of others"
- "Big challenges require a strong backing and support"
- "The CORPORATE UNIVERSITY provides help in dealing with daily problems"
- "The CORPORATE UNIVERSITY is a platform for meeting important potential network partners"
- \_\_\_\_\_
- \_\_\_\_\_

#### Details About Administration

25. How many members of staff are employed in your CORPORATE UNIVERSITY?

Ca. \_\_\_\_\_ employees

26. On which hierarchical level is the leadership of your Corporate university anchored?  
(no multi-referencing)

(continued)

Figure A1.



- On the level of the board of management
- One level below the board
- Two levels below the board
- Three levels below the board
- Four levels below the board

**27. Into which organizational unit/field is the corporate university integrated?**

*(no multi-referencing)*

- Personnel/human resource management
- Strategy/planning, corporate development
- Information management
- Research and development
- Direct association with chairman of the management board
- Disincorporated/independent firm
- Merger of several firms
- Association, cooperative society, etc.
- Integrated in external university, business school

\_\_\_\_\_  
\_\_\_\_\_

**28. Which role do board members and senior management play in your CORPORATE UNIVERSITY?**

*(multi-referencing possible)*

- Sponsors/mentors
- Supervising authority
- Advisor, teacher
- Participant, learner

\_\_\_\_\_  
\_\_\_\_\_

**29. Who is supervising the activities of your CORPORATE UNIVERSITY?**

*(multi-referencing possible)*

- Chairman of the board of management
- Board of management
- Chief human resources officer
- Chief Knowledge Officer
- Chief Learning Officer
- Chief Information Officer
- Specially created advisory board

\_\_\_\_\_  
\_\_\_\_\_

**30. What is legal form of your CORPORATE UNIVERSITY?**

*(no multi-referencing)*

- Does not have an own legal form, because it is integrated in the overall company
- Public company (e.g. limited partner, stock corporation)
- Association, cooperative society, registered society etc.

**31. Which processes directly belong to the CORPORATE UNIVERSITY? *(multi-referencing possible)***

- Strategic definition of thematic and competency concentrations
- Establishment of a learning infra structure (e.g. virtual platforms, communities)
- Conceptualization and design of events
- Event marketing
- Branding of the Corporate university
- Selection decisions of external cooperation partners
- Contact and relationship management with internal and external partners
- Selection and obtaining of concrete learning contents
- Event service/management
- Carrying out of courses/measures

*(continued)*

Figure A1.

- Evaluation of courses/measures
- \_\_\_\_\_  
\_\_\_\_\_

**Details About The Concentration**

**32. What is the main focus of your CORPORATE UNIVERSITY?**

*(no multi-referencing)*

- Focus on training/qualification
- Focus on structural/cultural change (change management)
- Focus on strategic change (business development)

**33. How are the main issues and contents of your CORPORATE UNIVERSITY measures determined?**

*(multi-referencing possible)*

- According to the company strategy
- According to the needs of the business units
- According to the needs of the different target groups
- Based on comparisons and competitions (e.g. benchmarking)
- According to the need of business partners (customers, suppliers, etc.)
- According to trends and current issues in economy and society
- \_\_\_\_\_  
\_\_\_\_\_

**34. On which particular level are the measures of your CORPORATE UNIVERSITY supposed to trigger changes and developments?**

*(no multi-referencing)*

- Individual
- Division
- Business Unit
- Company
- Group
- Value chain/-network

**Co-operations of the CORPORATE UNIVERSITY**

**35. Who are the cooperation partners when carrying out the CORPORATE UNIVERSITY-measures?**

*(multi-referencing possible)*

- International business schools
- German universities
- Independent trainers/advisors
- Internal trainers/advisors
- Internal employees
- The own (top) management
- \_\_\_\_\_  
\_\_\_\_\_

**36. Which universities (business schools resp.) are your cooperation partners?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**37. What determines the selection of external partners for learning alliances?**

*(multi-referencing possible)*

- The scientific reputation

Figure A1.

*(continued)*

- The public prominence ("guru")
- The experiences made with corporate universities
- The cultural fit with the company
- The contents they represent
- Didactics and teaching methodologies
- The experiences in training/consulting
- The references of other companies
- The Internationality
- The unconventionality

\_\_\_\_\_  
\_\_\_\_\_

**38. What would make the cooperation with a German university interesting?**

*(multi-referencing possible)*

- Extraordinary scientific achievements
- Increased focus on current management issues and concepts
- Increased focus on applicability
- Tailored programs for the company
- Prominent individual researchers
- More post graduation/ further development programs
- Postgraduate programs and degrees (e.g. MBA)
- Increased international orientation (language, contacts, etc.)
- Use of modern learning and teaching methods (e.g. e-learning)
- More flexibility/less bureaucracy

\_\_\_\_\_  
\_\_\_\_\_

**39. How is the cooperation with universities and business schools usually organized? *(no multi-referencing)***

- Universities as suppliers of standardized content, lectures, seminar modules etc.)
- Close learning partnerships with universities (i.e. continuous cooperation, mutual learning)
- Complete outsourcing of service packages to universities

**Details About The Use Of Media**

**40. What are the new media used for in the CORPORATE UNIVERSITY?**

*(multi-referencing possible)*

- Complete virtual processing of CORPORATE UNIVERSITY-activities ("virtual university")
- Communication of current issues and strategies of the company
- Supporting the training managements (applications, invitations etc.)
- Preparation of trainings and events (learning materials etc.)
- During the training (e-learning)
- For communication and knowledge transfer beyond the trainings (forum, chats, communities etc.)
- Skill management (competence portfolios, development plans etc.)
- For supporting virtual project and group works
- Alumni management

\_\_\_\_\_  
\_\_\_\_\_

**41. How many measures/courses (in terms of the percentage) of the CORPORATE UNIVERSITY are offered online?**

Ca. \_\_\_\_\_ %

**42. In what way is the CORPORATE UNIVERSITY related to scientific research?**

*(multi-referencing possible)*

- External partners transmit current research results in the CORPORATE UNIVERSITY-measures
- Research projects are allocated to external researchers

*(continued)*

Figure A1.

- Research projects are carried out at the CORPORATE UNIVERSITY (e.g. by external graduate/doctoral students)
- The CORPORATE UNIVERSITY is a place of independent scientific work (incl. publication activities)
- \_\_\_\_\_
- \_\_\_\_\_

43. In what extent (in percentage) is the learning architecture of your CORPORATE UNIVERSITY characterized by the following elements? (in total 100%)

1. Cognitive knowledge transfer (lectures, literature review, working with written material etc.)  
Ca. \_\_\_\_\_ %
2. Acquisition of personal action competence (action learning, working on practical problems, simulations etc.)  
Ca. \_\_\_\_\_ %
3. Development of self-reflection (working on the own role, personal potential assessment, development of social competences etc.)  
Ca. \_\_\_\_\_ %

44. Where do the measures/events of your CORPORATE UNIVERSITY mainly take place?  
(no multi-referencing)

- In a specific CORPORATE UNIVERSITY-building
- In company meeting rooms
- In conference/seminar hotels
- In rooms of external partners (e.g. business schools)
- Intra-/Internet (online)

45. How are the measures and programs of your CORPORATE UNIVERSITY evaluated? (multi-referencing possible)

- Via external accompanying research
- By testing the satisfaction of participants after completion of course/measure
- Detailed questioning of participants after completion of course/measure
- Via performance indicators (e.g. scorecards)
- By success "on the job"
- Not at all
- \_\_\_\_\_
- \_\_\_\_\_

46. How do you ensure the practice transfer when providing CORPORATE UNIVERSITY courses/measures?  
(multi-referencing possible)

- Use of education controlling methods
- Learning in strategic business projects (action learning)
- Working on the own business case in the training (case supervision)
- Working with binding implementation instruments (objectives, scorecards etc.)
- Integration of whole teams (working units) in the training
- Coupling of learning processes with organizational change processes
- Use if computer-based knowledge/learning architecture ("knowledge on demand")
- Not aware

Figure A1.

\_\_\_\_\_