CHAPTER 7

Conglomerates' Corporate Universities: Major Engine Behind the Growth and Success of HRD in South Korea

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Introduction

The tremendous success of South Korean industrialization can be explained by firms' consistent investments in human capital. South Korean firms have facilitated rapid economic advancement via effective learning processes that encourage employees and organizations to acquire and employ knowledge and skills (Rowley & Warner, 2014). Indeed, firms have developed structured learning-by-doing processes to compete with their global competitors (Bae, Rowley, & Sohn, 2001). As proposed by human capital theory and its focus on the linear relationship between learning and earning, highly skilled South Korean employees contribute to the actualization of the country's economic prosperity (Bae et al.,

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2001; Schultz, 1961). One of the characteristics that distinguishes large South Korean firms' training and development investments from those of other global firms is the operation of corporate universities such as the Samsung HRD Center and the LG Academy (Hemmert, 2012).

In this chapter, we describe the spread of these corporate universities among big conglomerates or "chaebols" in South Korea, as well as the role of the corporate universities in managing organizations' tailored HRD systems and implementing a variety of training and development interventions for branch firms (Hemmert, 2012). Moreover, we illustrate the important role that the corporate universities play as training and development platforms for addressing talent issues in a challenging business landscape. We also discuss how corporate universities' role has evolved over the years, concluding with a discussion of the changing demands and needs of corporate universities as well as important practice and research directions.

Human Capital Theory

Human capital theory emerged in the 1960s within the context of the advancement of the US economy. At that time, economists were struggling to identify the reasons behind the prosperity of the US economy, taking into account existing economic growth factors such as physical capital, labor, land, and management. The unidentified residual factor in income level was ultimately found to be human capital (Nafukho, Hairston, & Brooks, 2004; Zula & Chermack, 2007). Schultz (1961) defined human capital as "the knowledge and skills that people acquire through education and training" and subsequently suggested that "this capital is a product of deliberate investment that yields returns" (as cited in Nafukho et al., 2004, p. 11). Human capital theorists argue that employees with more education are more productive than employees with less education (Wright, Coff, & Moliterno, 2014).

Human capital theory has since been used to justify firms' human capital investments. Becker (1993) suggested breaking down human capital into two types: general human capital, which is applicable to any organizational context, and firm-specific human capital, which is only meaningful within a specific organizational context. Early instances of human capital investment for training and development purposes most often fell within the realm of general human capital, which can be acquired through company-sponsored formal training (e.g., MBA

sponsorship, technical certifications, basic soft skills trainings; Coff & Kryscynski, 2011; Wright et al., 2014).

Firm-specific human capital is generally considered a source of sustainable growth for companies. This type of capital is optimally tailored to the work environment in which it was first cultivated such that it is difficult for competitors to replicate and cannot be perfectly acquired from labor markets (Hatch & Dyer, 2004). Firm-specific human capital, which is a firm's valuable, rare, inimitable, and non-substitutable resource, is created through a combination of formal and informal workplace learning. Hence, many organizations promote workplace learning to build and develop employees' abilities to perform critical business processes that are aligned with the organizations' core competencies (Clardy, 2008; Hamel & Prahalad, 1990). Corporate universities have become centers of workplace learning.

The Corporate University

Meister (1998) defined a corporate university as "a centralized in-house training and education facility to address the shortened shelf life of knowledge and to align training and development with business strategies" (p. 1). Allen (2002) suggested that "a corporate university is an educational entity that is a strategic tool designed to assist its parent organization in achieving its mission by conducting activities that cultivate individual and organizational learning, knowledge, and wisdom" (p. 9). Despite numerous attempts to describe corporate universities, the universities' definition and major characteristics remain ambiguous. The role of corporate universities is inevitably multifaceted and highly dependent upon a particular university's purpose and circumstances. In a reflection of their specific purposes, corporate universities adopt various titles, such as "university" (e.g., Disney University), "college" (e.g., ZTE College), "leadership institute" (e.g., Crotonville Leadership Institute), or "training center" (e.g., Lowe's University Training Center).

There are several perspectives on the roles of corporate universities (Kolo, Strack, Cavat, Torres, & Bhalla, 2013). The traditional role of corporate universities is to provide training and development interventions. This traditional role focuses on increasing essential job skills by offering structured lesson plans for all levels of employees. Some corporate universities concentrate on providing leadership development

interventions for high-ranking executives, high performers, and high-potential employees after they complete formal training courses. A few others, as the strategic HRD (SHRD) literature shows, expand the role of corporate universities as a training and development platform to aim at strengthening their parent and branch firms' firm-specific human capital by connecting learning in the classroom with performance in the workplace (Clardy, 2008; Kolo et al., 2013). In order to fulfill these changing expectations, corporate universities proactively design talent strategies and implement enterprise-wide programs for talent development initiatives.

Corporate Universities in the South Korean Business Scene

South Korean business activity rapidly increased in the 1980s (average GDP growth rate of 9.8% per year), and there was high demand for qualified employees who possess standardized industrial skills. Beginning in the 1980s, many conglomerates launched corporate universities (Cho, Lim, & Park, 2015). Located primarily in rural metropolitan areas far away from the employees' physical workplaces, these universities provided a variety of training programs that had been imported from US and Japanese companies. The imported programs were modified to help employees develop the required knowledge, skills, attitude, and other characteristics (KSAOs) in accordance with job duty (e.g., sales, production), rank in the organization (e.g., new employees, managers), and management position (e.g., team leaders, executives).

While South Korean businesses in the 1980s were largely dependent on labor-intensive manufacturing industries (e.g., the shipbuilding industry) that needed a skilled workforce, in the 1990s, South Korean businesses became more technologically advanced and jumped into competitive global markets that require cutting-edge technologies (e.g., the semiconductor industry). The challenges that the businesses faced necessitated the development of more firm-specific human capital through training and development interventions tailored to each firm's work environment. Instructional systems design (ISD) and concepts related to HRD were introduced and applied to the training curriculum and program development (Cho et al., 2015). Some HRD practitioners started to study at US universities to learn instructional design and learning technologies. Benchmarking became very popular during this time, as South Korean

firms looked to global firms for best practices in managing corporate universities, such as the GE Crotonville Leadership Institute.

However, the International Monetary Fund (IMF) bailout struck corporate universities heavily in 1997. There were severe layoffs in corporate universities and substantial training budget cuts over the subsequent years. Corporate universities came to the painful realization that important training interventions should be connected to corporate strategies and corporate universities should be able to prove the enhanced performance as a result of training and development investment (Kim, Kwon, & Pyun, 2008). Training evaluation models (e.g., Kirkpatrick's training evaluation, return on training investment), action learning, and human performance technologies (HPT) became popular ways of demonstrating the effectiveness of training interventions and thereby justifying the existence of corporate universities (Cho, Bong, & Kim, 2019).

Corporate universities attracted increasing support and interest starting in the mid-2000s (Cho et al., 2015). South Korean businesses became more global and performance-driven, and firms utilized their corporate universities as the primary method of promoting their core values. Corporate universities acted as hubs for defining and implementing the corporate core value initiatives across branch firms in a given conglomerate. In order to systematically manage overall organizational capabilities and align them with individuals' skills development, competency modeling and competency-based HRD systems were widely applied to various programs offered by the corporate universities. After the release of The War for Talent in 2001, talent management and high-potential (Hi-PO) programs became the signature programs of corporate universities (Michaels, Handfield-Jones, & Axelrod, 2001).

SWOT Analysis of Corporate Universities in South Korea

Despite the critical roles of corporate universities over the era of industrialization, the current leading global firms do not see a need for the traditional corporate university as an essential business unit that could impact corporate objectives due to rapidly changing knowledge and the emergence of digital/virtual learning environment (Rio, 2018). In order to identify the current state and future direction of corporate universities, we conducted a SWOT (strength, weaknesses, opportunities, and threats) analysis.

Strengths: Physical Facilities, E-Learning Infrastructure, HRD Practitioners, and Instructional Design Ability

South Korean firms have invested in corporate universities by establishing excellent physical facilities where instructors and HRD practitioners can devote their full attention to learning and development. Corporate universities have multiple classrooms, making them flexible and adaptable spaces that can be used for various activities that serve different learning objectives. Most corporate universities include e-learning/mobile learning infrastructure, learning/content management systems, and synchronous/asynchronous virtual classrooms. In the optimal learning environment, highly skilled and educated HRD practitioners provide thoughtful learning programs developed using standardized and structured instructional design approaches. As a result, participants trust the quality and application value of the training, workshops, and seminar programs offered.

Weakness: Physical and Psychological Distance from Business Value Chains

The corporate universities' well-appointed facilities ironically act as a double-edged sword that may hinder the HRD functions to be considered as a regular part of the day-to-day business. Phillips (1999) suggested that corporate universities should function as a "process" within a regular business value chain instead of simply a remote and peaceful physical "place" that may fail to meet urgent managerial needs for just-in-time learning. The physical and therefore psychological distance between corporate universities and business value chains promotes a negative perception of corporate universities as cost centers that do not influence firms' bottom lines. This is the principal reason that training and development investment for corporate universities can vary according to high-ranking executives' preferences and the fluctuations of the economy.

Opportunities: Talent Analytics and Retooling of Employees

Contemporary developments in the Fourth Industrial Revolution (4IR) field present an opportunity for corporate universities. The developments in big data, machine learning, algorithmic management, and artificial intelligence are impacting human and organizational cognitive abilities

to manage the design and implementation of talent analytics. Particularly, the onset of 4IR has brought high demand for retooling human capital through the process of unlearning, learning, and relearning for workforce development. However, most firms and HR-related departments have struggled to make any progress in creating new talent analytics approaches (Tambe, Cappelli, & Yakubovich, 2019). Corporate universities are urged to actively participate in the discussion on how data science-based talent analytics can guide employees in choosing among learning and development opportunities.

Threat: Workplace Learning

The current 4IR increasingly requires employees to be involved in the nonroutine tasks that require higher-order cognitive skills as well as socio-emotional skills. Workplace learning facilitates employees' acquisition of tacit knowledge for higher levels of task complexity and the development of firm-specific skills. Since the early 2010s, the Association for Talent Development (ATD) has championed the concept of workplace learning (e.g., the 70-20-10 percentage rule). Formal learning can be easily isolated from real-world practices, however, and efforts to transfer training from the corporate universities to the workplace are likely to fail in creating strong connections between the universities and the workplace. Workplace learning occurs on a continual basis and incorporates a wide variety of formal and informal activities that include not only training workshops but also on-the-job experiences, self-directed learning, and learning with leaders and colleagues. The advent of workplace learning has challenged the overall systems of corporate universities, which typically require employees to spend a significant amount of time away from work. Particularly, the recent and rapid growth in employees' use of alternative learning resources such as social media (e.g., YouTube) could be negatively impacting the employees' interest and participation in corporate universities' company-sponsored programs.

Unevenly Distributed Future of Corporate Universities

To leverage the existing strengths, weaknesses, opportunities, and threats of corporate universities, it is crucial to understand how the future of corporate universities is already actualized but not evenly distributed.

Corporate Universities as Innovation Laboratories

Contemporary South Korean firms require agile organization systems to cope with the challenges caused by environmental turbulence and ambiguity. An agile organization system favors small-scale actions that produce prompt feedback based on the success and failure of fast strategic executions. These executions necessitate a lean organizational structure that is able to generate quick wins and incremental steps within a short time window, rather than a hierarchical organizational structure that demands well-calculated strategic initiatives requiring multiple levels of approval. In this context, by using their strength in instructional design, corporate universities can act as innovation laboratories where employees can engage in thought experiments and knowledge/feedback exchanges by working through scenarios in a psychologically safe classroom or digital learning environment. These experiences help generate innovative ideas and reveal unforeseen risks from diverse perspectives, thereby enabling firms to cope with rapidly evolving business uncertainty.

Corporate Universities as Strategic Knowledge Management Tools

Although there has been a surge in knowledge created within and outside an organization, group boundaries have made it challenging for a single individual or team to cherry-pick, assimilate, and process all the knowledge aligned with corporate-level strategies and project initiatives. To be effective, more than a few employees need to play the role of knowledge gatekeepers and boundary spanners, filling structural holes in the organization. In a large organization, it is particularly hard for individual employees to access the tacit knowledge, expertise, and emotional or cognitive support needed for novelty tasks. Corporate universities can act as networked learning communities that use task-expertise-person-organization linkages to connect experts, groups, and organizations for intra- and inter-firm learning. To do so, however, the universities' physical resources will need to be either migrated or better integrated with an online environment where on-demand resources can be created, shared, curated, and disseminated more rapidly.

Corporate Universities as Artificial Intelligence for Self-Directed Learning

Competency modeling, a practice that has been widely adopted in South Korean firms, encourages employees to create individual development plans (IDP) on a regular basis along with their yearly performance and competency assessments. Even though programs and resources that help employees to become increasingly self-directed and engaged in professional development are available, more sophisticated and intelligent ways to facilitate employees' learning and development are required. By leveraging emerging artificial intelligence technologies, corporate universities can suggest needs-specific and usage-based resources to improve employees' competency development.

Corporate Universities as In-House Consultancies

Despite the multifaceted role that they have played over time, corporate universities generally focus on the realm of individual development, primarily relying on training interventions in the classroom setting. Given the longstanding emphasis placed on workplace learning, it is time for corporate universities and their experts to bring in-house organization development (OD) consulting to the workplace. OD consulting can be a shared service used to address socio-emotional problems such as poor communication, dysfunctional conflicts, and inefficient workgroup processes that are present in workgroups and organizations.

Conclusion

This chapter reviewed how corporate universities have evolved to become firms' main sources of improving their human capital through formal training and development programs. It also considered how changing environments call for a better integration of formal and informal learning and the use of modern data-analytic technologies. Today's employees need to utilize their expertise and knowledge in well-connected and resource-rich environments, and corporate universities should provide not only the physical but also the digital space for coordinated learning. We believe that although structured training and development programs are not likely to go away, the use of innovative learning experiences, knowledge management, talent analytics, and OD consulting will become

increasingly common in modern society. The corporate university has an important role to play in designing and implementing optimal workplace learning and performance solutions.

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