

Corporate education as business unit – a case study

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Abstract: This study presents the corporate education as a business unit within a large company of solutions in equipments and commercial automation services in Brazil. The objective is to present the corporate education as a profitable resource for organizations. The corporate education has been adopted throughout companies for leveling the knowledge, increasing competences, retaining talents, keeping the stakeholders updated. This work also shows that this practice of the knowledge management can become a business department. An interview and a questionnaire with the corporate education manager were used in this case study, besides the direct observation. The training and development department has been substituted by this business unit, which focus on spreading the knowledge all over the company's employees, clients and suppliers, aligning the educational procedures with the enterprise strategies, responding for its costs of maintenance and presenting ways of covering those costs. Although it is in a beginning level, this unit of the company in study has achieved satisfactory results.

Key words: Corporate education. Business unit. Brazil.

Educação corporativa como unidade de negócios: um estudo de caso

Resumo: Este estudo demonstra a Educação Corporativa – EC como uma unidade de negócios em uma grande empresa de soluções em equipamentos para automação comercial no Brasil. O objetivo é apresentar a EC como uma fonte lucrativa para a organização. A EC tem sido adotada pelas organizações para nivelar o conhecimento, aumentar as competências, reter talentos, manter todos os interessados atualizados. O presente trabalho também demonstra que essa prática da gestão do conhecimento pode vir a ser um departamento de negócios. Foram utilizados, neste estudo de caso, um questionário e uma entrevista com o responsável pela unidade de EC, além de observações diretas. O departamento de Treinamento e Desenvolvimento foi substituído por essa unidade de negócios, o qual evidencia a disseminação do conhecimento pelos colaboradores, clientes e fornecedores, alinhando os procedimentos educacionais com as estratégias da empresa, respondendo inclusive pelo seu custo de manutenção. Embora em estágio inicial, esta unidade de negócios em estudo tem alcançado resultados satisfatórios.

Palavras-chave: Educação corporativa. Unidade de negócios. Brasil.

INTRODUCTION

The constant development of procedures, techniques and difficulties approach within organizations also reached the sector of learning. The former departments of training and development have become more and more obsolete, rising a more comprehensive system of knowledge acquisition - the Corporate Education (CE).

At the beginning they were like centers to improve their technical skills. This situation remained until the 1980s, when high-tech corporations, with significant investments in research and development, began a new round of development for the CE units (TARAPANOFF, 2004).

During this period, organizations witnessed a reduction in the validity of their knowledge and started to realize that was no longer possible to rely on Higher Education Institutions to develop their workforce. It was necessary to link closely the learning programs to the goals and strategic results for the organizations.

Among the main features of modern corporations is a more flexible and horizontal structure, with decentralized decision-making. The result was directed towards the development of individual capabilities on a continuous basis so that companies could maintain useful and efficient their intellectual capital. The speed in the adoption of new strategies caused the emergence of a new business environment characterized by deep and frequent changes to ensure the survival of the organization, and that generates a significant impact on managers that companies expect to train and retain within their structures (EBOLI, 2004).

This employees' profile takes the creation of sustainable competitive advantage, in other words, the organization's commitment to maintain the continued development of their employees for better results. Thus, the idea of Corporate Education as an effective tool for alignment and development of human talents has appeared, in agreement with the organizational strategies.

The goal of this work is to demonstrate, through this study case, that the corporate education unit can become a business unit within the organization, and instead of using financial resources of the company, it can be responsible for its own costs of maintenance.

CORPORATE EDUCATION

The start of the CE happened at the Jack Welch Management Development Institute, at General Electric in Crotonville, New York, in 1956. The goal of this creation at that time was to better educate and train their managers. Since then, other companies started to use more investment in that knowledge acquisition mode, creating their CE units, which have gone through many changes (MEISTER,

1998a).

According to Meister (1998b), CE can be understood as the union of structured practices by a company with the purpose of encouraging continuing education, improvement of professional qualification, and corporate learning. Also, CE can be defined as the act of learning, allowing the employee to assimilate new acquisitions, new skills and new attitudes, permitting the growth, development and adaptability to the demands of the market.

Corporate education units are developed by corporations that have changed their focus from training the collaborator to educate the collaborator, as a result of the emergence of the knowledge economy.

The expression "the knowledge economy" demonstrates that these corporations recognized their responsibility to provide education to employees. Many corporations believe that with the continuing education of the employee or the Corporate Education, they can achieve strategic goals and improve the performance (MEISTER, 1998b).

The concept of CE is not limited, necessarily, to the scope of the company. Corporate education begins with the preparation of the employees of a company, evolved for the service of the external public, suppliers, clients and franchises, and develops partnerships with colleges and universities. In this sense, it cannot be confused with the institutions of higher education, because it does not operate with the knowledge amplitude and does not grant diploma (ALPERSTEDT, 2001).

As the process of organizational education was managed for a long time by the Department of Human Resources, it can not be affirmed that this department by itself will be responsible for the training of the stakeholders within and outside the organizations. In the CE's view, there is the involvement of everyone in the dissemination of knowledge.

It appears that the CE is based on a broader perspective and its challenge is to create a new culture, where education is an inherent process in every form of work, at any level of the organization. For that cultural change happens, it is also necessary a change of attitude of those involved in the process, and that is understood the real connection between the CE and the organizational strategies.

This point of view is also shared by Fleury & Fleury (2001), which teach that the corporate education is defined as a system for human resource development, guided by the skills management, which main role is to build entrepreneurial and human competences considered critical for the viability of the strategy of an organization.

The mission of the CE would be then, to provide continuing education and sharing of knowledge, so that all the intellectual capital of the organization has the necessary qualifications for sustaining competitive and permanent advantage.

For Eboli (2004) the CE system appears to increase the competitiveness and value of companies by increasing the intellectual capital of them. The EC installs, develops and consolidates core business skills through the Knowledge Management and People Management by Competence. Consequently, these attitudes amount to Business Intelligence and perpetuate the mentality of continuous learning.

In Brazil, some companies initiated their corporate education units about 20 years ago, but most of them have discovered the advantages of aligning the educational procedures with the enterprise strategies recently, according to MDIC/STI – (*Ministério do Desenvolvimento, Indústria e Comércio / Secretaria de Tecnologia Industrial*) - Brazilian Development, Industry and Commerce Ministry / Industrial Technology Office (2006).

The same office points out the increasing number of national companies adopting CE units within their workplace in recent years, inferring that those units bring advantages to the stakeholders.

BUSINESS UNIT

There are companies that operate in businesses that may involve various segments. At times some segments are highly lucrative and at times prejudicial. The administration of the company as a whole, without taking into account the performance of individual units, can not enable the assessment of business in each segment, so the need of businesses to adopt management by business unit.

A business unit is an organization unit which performs management or business processes within an enterprise. It can be considered as a subset of a corporation that is independent with regard to one or more operational or accounting functions (KLESSE; WINTER, 2007).

The concept of administration per business unit in its broadest sense, considers the unit as a separate company, entrusting to the unit manager or director, authority and power of decision. Once the model of divisional management is directly linked to authority decentralization and delegation.

Some of the most successful organizations have well-defined rules and procedures which delimit the powers delegated to their managers. Indeed there is not a completely decentralized system. It has a relative decentralization which is always in line with the pre-standards. It does not mean that the manual of procedures are untouchable and can not ever be changed, but the profound changes in procedures should be aligned with the corporate interest or the company as a whole (SILVA, 2007).

The administration of enterprises through Business Units requires high-level professional, besides being an essential requisite to a reasonable set of standard procedures, since the standardization and normalization are

pre-requirements for the division of the business, as stated by Klesse and Winter (2007).

Furthermore the delegation and decentralization requires a high degree of standardization, otherwise the division can run serious risks. Decentralization without standards and procedures can be harmful to the organizations.

According to Andrade e Famá (1998) the segmentation aims to better the business management and it can be occurred in several ways. Each company must, taking into account its own characteristics, seek the best model of divisional management.

Executives of business units may propose changes to cooperate for the improvement and modernization of procedures of the company, since the rules and procedures of the company form a dynamic element by which to delimit the main routines.

Using of Business Units means to divide the company into different parties, treating them as if they were different companies. The business unit appears normally associated with the segment of the company responsible for revenue, costs and expenses (ANDRADE; FAMÁ, 1998).

Silva (2007) brings some advantages to the business unit as measuring performance by segment; healthy competition among units; agility, high level training, among others. On the same way, the author mentions some disadvantages of it as complexity; difficulty of implementation; lack of support systems; and common costs rate.

In other words, a business unit is responsible for a function within the overall business, usually with a considerable degree of significance, as well as an expressive standing of autonomy and responsibility.

METHODOLOGICAL CONSIDERATIONS

Once the present study relates a theoretical deepening on Corporate Education in Brazil, the data try to interpret and comprehend the reality. According to technical procedures (GIL, 1999), a bibliographical research was done due to the data survey over sites, magazines, articles, thesis and searched books.

The empiric data showed on it was prepared through an interview and a questionnaire with the corporate education coordinator of a large Brazilian industry of solutions in equipments and commercial automation services.

The system used to determine the size of the business was described by SEBRAE – *Serviço Brasileiro de Apoio às Micros e Pequenas Empresas* (Brazilian Micro and Small Enterprises Support Services). Large companies must contain over 499 employees for industry and at least 100 employees for services and commerce; medium ones must have from 100 to 499 employees for industry and

from 50 to 99 employees for services and commerce.

A direct observation inside the company in study was also used in a formal visit. It took place during the interview that was carried out in April, 2008. The questionnaire was answered by e-mail during the previous month, on March, 2008.

SCENERY OF CORPORATE EDUCATION IN THIS CASE STUDY

As part of the questionnaire, the information about the year of the implantation of the CE unit, named as Corporate University, was informed by the responsible manager as 2003, indicating that it is still a recent department within the organization.

In agreement with Eboli (2004), the Corporate University appears in the end of the 20th century as the sector of bigger growth in the higher education. Moreover, it is the fastest growing segment of the adult education market, according to Meister (1998b). This author also states that the true outbreak of interest in the creation of a Corporate University, as strategic complement of the T&D

management of the organization officials, occurred in the end of the 1980's worldwide.

It was also asked about the stage of development of CE inside the organization. The answer could be chosen from 6 different levels, and only one of them should be enough to determine the actual stage of CE development inside the company. The “Consolidated activities turned to the capacitating of the whole organization in the operational, tactical and strategic level, as well as activities to the clients, suppliers and community” was the chosen alternative by the Corporate University coordinator. It shows, by the coordinator’s point of view, that the organization demonstrates a consolidated stage of development.

As Eboli (2004) reports, a concept of CE is to develop the intern and extern competence, including family, clients, suppliers, commercial partners and community.

After that, the following question tried to observe the degree of importance on the CE activities developed inside the organization in study. The questionnaire also presented four different levels of importance (3 = highest importance; 2 = intermediate importance; 1 = lowest importance; and 0 = not considered), and the answers are seen on the table below.

CE activities developed inside the organization	Importance
Activities in the development of professional skills; Supporting for educational training of employees; Creating partnerships with education institutions; Programs focused on the alignment between the individual skills and basic skills of the company; Programs developed to raise the intellectual capital of the company; Activities that seek to increase the intellectual capacity of collaborators.; Activities directed at improving the functional performance; Educational programs in order to disseminate the organizational culture.	Highest
Actions turned to the integration of new employees; Supporting the development of knowledge, skills and attitudes; Courses focused on suppliers, customers and external community; Training courses aimed at the development of communities; Activities that strengthen the integration and work in teams, turning them more flexible and agile for any strategic changes; Promoting the continuous improvement of internal processes.	Intermediate
Promoting digital and social inclusion of the community	Lowest
Support for the realization of social and environmental programs	Inconsiderate

Source: Author’s questionnaire (2008)

Table 1 – Degree of importance on the CE activities developed within the company

In the CE activities developed by the organization, it was highlighted, during the interview and in the questionnaire, the Programs developed to raise the intellectual capital of the company and Activities directed at improving the functional performance as the highest in importance. The focus of the organization was preparing the collaborators for the market changes.

Moreover, as the business unit was launched, the center of attention for the CE activities of the organization

has moved towards the external clients. Courses focused on suppliers and customers received an extra emphasis.

At the bottom part of the table, it is possible to check the activities to Support the realization of social and environmental programs are not in the company priorities. Although is part of future plans, according to the corporate university coordinator, those programs were left aside at this moment due to the concentration of the actions on the business unit.

In the next topic, a critical issue was to determine the observations on the results after adopting the corporate education within the organization. The CE responsible attributed “3” for the most important and “0” for results not noticed (TABLE 2).

Reached Results	Importance
Creation of a business unit, with revenues and expenses directly involved; Creation of an organizational structure capable of meeting the challenge of developing the employees of the company, aligned to the strategic plan; Increasing intellectual capital of the organization; Improving the performance of employees of the operational, tactical and strategic level; Improving the competitiveness of the organization; Elevation of individual competence; Encouragement of partnerships with educational institutions.	Highest
Increase the degree of satisfaction among employees of the operational, tactical, and strategic level; leveling the knowledge in several sectors of the company; Increases in core competencies of the organization; Facilitation on the processes of innovation; Improving the institutional image in the community; to the external collaborators, as well as to the internal ones.	Intermediate
Awareness of corporate citizenship (mission, vision, organizational values); Reducing the cost of recruitment and selection of new employees; Declining in staff turnover; Favoring the integration of teams; Increased the teams flexibility in terms of strategic changes; Facilitation on reaching the company goals.	Lowest
Increased the realization of social and environmental programs.	Inconsiderate

Source: Author’s questionnaire (2008)
 Table 2 – Reached Results after the Implantation of the CE

Sit is possible to determine the interpretation of this question on three categories from the results after the implementation of the corporate education activities: the significantly, the partially and the non-noticed results.

The company hasn’t developed social and environmental programs, which is a non-noticed result. Besides of being a normal trend among enterprises, the company in study has focused its efforts towards a better organizational structure.

Nevertheless there is a discrepancy between the stage of development of CE activities inside the organization, previously answered as “Consolidated activities turned to the capacitating of the whole organization in the operational, tactical and strategic level, as well as activities to the clients, suppliers and community”, and the non-noticed results presented on this last topic, regarding the “community”.

An explanation for this incongruity, observed during the interview, was the fact of the company had developed activities towards the clients and suppliers, as presented in the alternative, but there were not any activities for the community. Due to the lack of other alternatives, this was the chosen one.

As a new department, the Corporate University of the studied company, has partially noticed the awareness of corporate citizenship, its mission, vision, and organizational values as an important result, assuming that the employees were used to the corporate culture.

Therefore, it was highlighted on the questionnaire, as well as in the interview, a significantly noticed result, which is the creation of a business unit, with revenues and expenses directly involved.

FINAL CONSIDERATIONS

Enterprises that adopt Corporate Education focus on employee competencies and ensure their competitive state and success. Those companies have improved employee satisfaction, since this new organizational culture benefit them in more ways than simply learn specific skills, or improve their job tasks performance. They also acquire abilities that can be carried through their professional career, turning them into better and more prepared employees for the future market.

The Corporate Education focuses the future and its goal is to reach the competence of the organizations entire stakeholders, including their suppliers, clients, and employees. It promotes the completely organizational knowledge management and the assimilation of the new educational culture within the companies, through a continuous and proactive learning.

Corporate Universities focus on employee’s competencies and achieve their mission of developing educational programs properly connected to the business objectives and organizational strategy, and disseminate the corporate culture. However, when it is also turned to the external collaborators, it can generate profits for the organization, as the case presented on this study.

Although Meister (2006) states that a growing number of corporate universities have strategically outsourced all or select parts of their operation into a shared services model to drive greater value while reducing costs, the studied company moved its acts towards an opposite direction.

The scenery of the CE, analyzed in this paper, showed that the company, object of this research, has turned its corporate university into a business unit, responsible for its costs of maintenance. This can become a trend for future companies for benchmarking. This hypothesis could be a topic for a further study.

The CE unit, known as Corporate University, demanded financial resources to develop its programs. As affirmed by Westwood and Stewart (2002), there are costs of investment in the initial start-up, in new technologies, to implement the complete aspect of the university, for the roll-out phases to follow, and ongoing costs, as well.

Business leaders around the world are no longer glad to finance the learning budget passively. Instead, they demand

that learning investments drive business improvements such as increased revenue, increased speed of new product rollouts and faster time to competency (MEISTER, 2006).

The idea of CE as a business unit brings some privilege for the department, once it can manage their own investments according to their revenue. The area of activity of the organization in study is solutions in equipments and commercial automation services, so it became a business unit whenever it negotiates educational services to its clients.

Finally, this Brazilian organization has acted toward education. Instead of waiting for the formal institutions fulfill their functions of preparing new professionals for the market, the present case study company, through the adoption of CE transformed into a business unit, became responsible for the preparation and improvement of their own professionals, external clients, costs of maintenance and revenue.

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