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CORPORATE UNIVERSITIES: THE FOUNDATION OF FUTURE HUMAN CAPITAL

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Abstract:

This case study is devoted to the rising phenomenon of corporate universities. Since organizations can only be competitive and successful with the right approach by investing in the training and development of their employees, there is a need for learning institutions. By analyzing the most famous corporate universities – namely Hamburger University and Disney University – the key success factors of such institutes are shown. The aim of this work is to show the different approaches of each corporate university - with focus on training leadership or excellent customer service.

Resumen:

Este estudio de caso está dedicado al creciente fenómeno de las universidades corporativas. Dado que las organizaciones sólo pueden ser competitivas y tener éxito si invierten en la formación y el desarrollo de sus empleados, son necesarias las instituciones de aprendizaje. Mediante el análisis de las universidades corporativas más famosas, a saber, la Hamburger University y la Universidad de Disney, se muestran los factores clave del éxito de dichos institutos. El objetivo de este trabajo es mostrar los diferentes enfoques de cada universidad corporativa, centrándose en la formación del liderazgo o en el excelente servicio al cliente.

1. Introduction

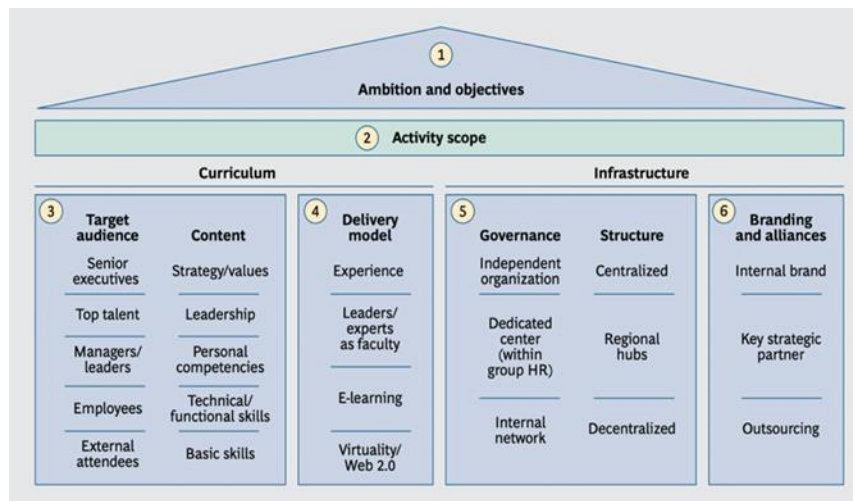
The Internal Marketing depicts the connection between Human Resource Management (HRM) and Marketing, in which the employee is viewed as an internal client (Nemteanu & Dabija, 2021). This concept can be distinguished from the traditional marketing, which focuses on the relationship with the external stakeholders (Gross & Rottler, 2019). Therefore, it is an essential factor for companies to achieve higher quality labor and enhance business practices (Munteanu, Pagalea, & Cristea, 2014).

Over the next years, companies will be confronted with an aging workforce, the unique demand of globalization on managers as well as wider gaps in employment skills within emerging economies (Kolo, et. al, 2013). Since employees need to be trained to perform in a rapidly changing organizational environment, Corporate Universities (CU) appeared as a form of progressive learning in order to fulfill the company's requirements (Lytovchenko, 2016). The rise of Corporate Universities in the end of the 20th century resulted from quick changes in the industries, which the traditional universities could not compete with. Around the world, beyond 4000 companies have established their own CU, together investing as much as \$400 billion in the right training (Kolo et. al, 2013).

Different than conventional forms of higher education, the CUs develop their own course material and curricula which is individualized for each company. Thereby, the main goals consist of recruiting and maintaining the best suited staff members as well as strengthening the brand image (Musielak & Newhouse, 2019).

But what defines a successful Corporate University? The Boston Consulting Group (2013) has determined the following six components for an ideal CU as it can be seen in Figure 48: ambition and objectives, activity scope, target audience and content, delivery model, governance and structure and branding and alliances.

Figure 48. The components of a successful Corporate University.



Source: <https://es.foursquare.com/v/disney-university/4b1a4c3ef964a520b9e823e3>, as available 19/11/2021.

First, the ambition and objectives as well as the vision and purpose of the company should be implemented thoroughly. Then, the CU needs to establish a structure to fulfill the strategic role and vision of the company with the activity scope. Regarding the target audience and content, the university needs to develop these curricula for each target audience like managers or senior executives. The delivery model creates a learning environment in which experience and experts will contribute to the needs of the company. The governance and structure should include an internal network and an independent organization to manage reporting relationships, finances, and facilities. Lastly, through the branding and alliances, the CU needs to form a strong internal brand and collect key strategic partners.

But also, these other aspects were mentioned by many executives as key success factors for a Corporate University: engage the CEO, connect to company strategy, stay close to business, provide high-caliber offerings, create links with employee development processes, market internally and externally and measure the value (Kolo et. al, 2013).

Nowadays, almost every global company has established its own Corporate University as a successful method for training and to optimize its human capital. Two of the most famous and historically significant CUs belong to McDonald's Corporation and Walt Disney company.

For the most successful company in the fast-food industry, McDonalds, everything started in 1940 with a restaurant in San Bernardino, California. The idea – produce much food for low prices. With over 39.000 restaurants and over 1.9m employees worldwide in 2021, McDonald's is ranked on the ninth place of the most valuable brands around the globe (Graefe, 2021). These figures make McDonald's the second largest employer in the world behind Wal-Mart (TheBestSchools, 2021).

The start of the Walt Disney company, formerly known as the Disney Brothers cartoon studio, can be marked as Walt Disney moved to Los Angeles to partner up with his brother Roy in order to publish his first own cartoons (Disney, The Walt Disney Company, 2021). Since then, the Walt Disney company became one of the five biggest media companies and is ranked in the Forbes Global 2000 of the world's top public companies (Forbes Media, 2021). Since the first opening of Disneyland Anaheim in 1955, five additional parks were established in Florida, Hong Kong, Paris, Shanghai, as well as in Tokyo (Walt Disney, 2021). It can be referred to as the Disney Universe including the Disney Animation Studios, Pixar Animations, Marvel Entertainment, Lucasfilm, 21st Century Fox and Searchlight Pictures (Disney, The Walt Disney Company, 2021).

Now that the respective companies have been introduced, this work presents as follows the two most famous examples of Corporate Universities – The Hamburger University and the Disney University - to approach the technique and key success factors of each CU and to determine whether it is appropriate for these aims.

2. Case development

Organizations can only be competitive and successful with the right approach by investing in the training and development of their most important resource – the people. Two companies, McDonald's and Walt Disney, have been chosen to underline the differences of training human capital in globally known companies.

McDonalds: The pioneer in leadership training

Being one of the pioneering corporate programs of its type, the Hamburger University (HU) – McDonald's very own Corporate University - was founded in 1961 by Fred Turner who was McDonald's former CEO and Ray Kroc's first grill man. This was only a few years after opening the first McDonald's restaurants. The HU is historically noteworthy since McDonald's was the very first restaurant company worldwide to offer a global training program by the time of its founding (University of the people, n.d.). The first courses still took place in the basement of one of their restaurants in Elk Grove Village, Illinois, as it is shown in Figure 49, with 15 students graduating in 1961 (Galagan, 2011; TheBestSchools, 2021).

In 1983, the Illinois campus opened its facilities of over 80 acres and provided the students with “17 teaching rooms, three kitchen labs, a 300-seat auditorium, and eight interactive-education team rooms” (Walters, 2015). HU has evolved into a number one global skills center, where employees are educated and trained as well as introducing standardized restaurant practices around the world (McDonald's Corporation, 2011).

The success of this first Hamburger University campus has been so huge that McDonald's expanded this concept of a Corporate University into other parts of the world.

Nowadays, the company established eight HU globally – located in Sydney, Munich, London, Tokyo, São Paulo, Shanghai, and the newest university in Moscow (Walters, 2016). The original HU moved its campus from Illinois to Chicago in 2018 (TheBestSchools, 2021). In total, the Hamburger University had more than 275 000 students since 1961 (Walters, 2015). The international campuses were established with the intention to enhance the professionalism in the food and service sector in order to recruit better employees (Furdyk, 2021). Over 65 000 students have earned their unique degree in Hamburgerology at the corporate campus (The Economist, 1999).

Although the university's name might suggest that it teaches how to make the perfect hamburger, that is not the case here. Based on Kroc's motto “quality, service, cleanliness and value”, the HU puts emphasis on

the teaching of leadership development as well as business growth and operation procedures, with special attention on the service and quality.

Figure 49. The first Hamburger University in Elk Grove Village, Illinois.



Source: <https://www.businessinsider.com/mcdonalds-hamburger-university-2333#it-was-founded-in-1961-in-the-basement-of-a-mcdonalds-in-elk-grove-village-illinois-by-fred-turner-the-first-grill-man-for-mcdonalds-and-later-the-ceo-for-20-years-over-the-past-55-years-more-than-275000-people-have-attended-a-hamburger-university-3>, as available 15/11/2021.

The intention of this courses is to provide students with the right knowledge to perform better in managerial positions in the restaurant industry (Walters, 2015). As the Hamburger University states on its website, the mission is to introduce “a continuous Education process for the value chain and transforming knowledge into actual business results” (Hamburger University, 2021). With the vision of providing training and talent offer, career development and long-term perspective, the Hamburger University is laying the foundation for the formation of successful leaders and managers of tomorrow (Hamburger University, 2021).

Employees who want to attend Hamburger University do not need any academic requirements. They are simply nominated by their franchise owner based on their work performance or management potential (University of the people, n.d.). Nevertheless, with an acceptance rate of less than 1%, it is more difficult to get a place at the Hamburger University than at the American elite university Harvard where 5,9% of all applicants are chosen (Walters, 2015).

The university programs consist of entry-level programs and internships as the company states on its website (McDonald’s, 2021). The Hamburger University features a curriculum for restaurant managers as well as mid-management leadership. In 1996, the company introduced its leadership institute, a program that contributes to the goal of building a rich pool of talent around the world.

At the university, students can take classes in specific topics such as restaurant operations, customer service or leadership skills. These taught techniques are then deepened and perfected in practice - for example, in role-playing games. Other than that, students are welcome to participate in courses that cover the topics of guest service, shift management and general management to gain more experience in leadership, teamwork and solving problems in different situations (Wohl, 2015). Businessman Ray Kroc famously practiced the “three-legged stool” business model in his restaurants. In this model the relationship between the owners of the restaurant, the suppliers and McDonald’s own employees are pictured. Up to now, this theory is taught at the Corporate Universities of McDonald’s (Walters, 2015).

Generally, the Corporate Universities of McDonald’s employ about 64 full-time global college professors who can teach in over 28 languages, making training and further education available for employees from different countries. The teaching is done with the latest technology and training methods (McDonald’s Corporation, 2011).

The Hamburger University impresses with a modernized learning experience through “cutting-edge digital features that provide personalization for our participants, as well as video broadcast capabilities that enable ‘outside-in’ participation by our franchise owners where they can share their journey, experiences, and lessons learned” as Senior VP and Chief Learning Officer Rob Lauber explains (TheBestSchools, 2021).

Students must follow an intense timetable in order to graduate successfully. During five days, these people need to complete various assignments in which they have to operate under different circumstances in an artificial McDonald’s restaurant. Many roleplays, meetings with the “boss” and dealing with customer complaints - working under pressure can be very intense for the students but this will prepare them for the

real world of customer service (London, 2019; Wohl, 2015). Students are graded on the points they score in the simulations and in a final group presentation. Only those who score at least 90% can graduate the university. According to McDonald's, only about 10% of the students each year get their degree at one of the Hamburger Universities (Wohl, 2015).

The Walt Disney Company: Training cast members to provide the world's best customer service

With the opening of the first Disneyland Park in 1955 in Anaheim, California, there was a need for employees to be trained in order to give guests the best possible experience while visiting the theme park. Therefore, the Disney University, as it can be seen in figure 50, has been established. It is America's oldest Corporate University stating a global training program for newly hired employees, referred to as cast members. In the beginning it was limited to in-class teaching. As Disney expanded, the apprenticeship increasingly has been switched to online learning methods. Especially because of new technologies, virtual classrooms were created, to be able to offer the teaching methods to the internationally growing audience (CLN, 2017).

Van France, who already experienced working with the formation of human capital in several manufacturing companies and the military became the founder of the methods in the Disney University. Another man who can be credited for the foundation of the timeless principles of the University is Dick Nunis, who originally was the Chairman of the Disneyland parks and a board member of the company, hired to be Van's assistant (Lipp, 2013).

The practices applied at the Disney University are aimed at delivering happiness to the visitors. Therefore, the training is based on traditions and values which Walt Disney considered to be important to provide the best customer service possible. At the beginning, in order to convey the manners, cast members should exude, to create a happy atmosphere for the visitors, a set of standards has been developed. The four words safety, courtesy, show and capacity, which later emerged into efficiency, have been the main principles. These are easy to remember, timeless and applicable to strategic situations which need to be reconsidered as well as in front line situations. Over the years, guidelines evolved and became more difficult to remember since they then consisted of more than one word. Therefore, Disney's Service basics were created, which consisted of four key areas underlined with specific behavior for each situation.

Figure 50. Disney University in Anaheim, California.



Source: <https://es.foursquare.com/v/disney-university/4b1a4c3ef964a520b9e823e3>, as available 14/11/2021.

Rapidly, the problem arose that those that those Service Basics were not related to the initial set of standards. In order to solve this issue Disney created standards that included the set of standards from the initial period underlined by two to three actions related to each key factor (Kober, 2016).

While working at Disney, as already mentioned above, employees are referred to as cast members. That is because in the Disney parks and resorts, cast members are trained to provide a show called Disneyland for the visitors. For that reason, the park is divided into two areas, referred to as on-stage and off-stage. Any area that is accessible for guests is called on-stage and cast members are required to act according to the set of behavioral standards. The apprenticeship in the Disney University comprises an orientation two-day-program including presentations by cast members, videos, a tour through the park and interaction with other trainees. Overall employees at Disney are expected to be spot on all the time. Requirements among others are to smile during the whole working hours, wear spotless clothing, to be punctual every time and not having any visible tattoos or piercings. Furthermore, when giving directions to visitors cast members are trained not to point the way with their index finger but to gesture with an open hand in the desired direction. This method is used because pointing with a finger could be considered as rude and not welcoming for the guests (Lipp, 2013).

The Disney University comprises many success factors integrated into the apprenticeship, making the customer service one of the best in the world. The practices are conveyed by cast members, who work in the park themselves and have already experienced several different situations with visitors. Furthermore, not only cast members working front line in the park but also leaders are trained according to the set of standards and key factors since managers are responsible for the guest's experience as well (Kober, 2016). Moreover, there are elective modules available for further education purposes. These include theme park retail sales or front desk operations in the resort hotels among others. The University is based on the transfer of specific company knowledge such as traditions and heritage as well as behavioral training oriented towards the specific needs of the clients. In addition, the improvement of individual skills and capabilities is being promoted. The Disney University is used to reinforce and ensure the behavior of the cast members by making sure to enshrine the company's values and core practices in the mindset of the employees (Musielak & Newhouse, 2019).

In the Disney University not only newly hired employees but also Disney College Program students and Disney International Program participants are trained. The Disney College Program is a national internship where college students over the age of 18 can apply for a paid internship at Disneyland Anaheim or Disney World Florida. The internship takes one semester but can be extended to one year if desired. Besides that, the Disney International Program follows the same purpose as the College Program but is designed for international students interested in working at Disney World in Florida for one semester (Disney, Disney Careers, 2021).

Apart from the Disney University, the company supplies two additional education offers for employees and the growing audience all over the world. The Disney Aspire program provides an opportunity for employees to reach their career goals by providing degree programs. Thereby employees can catch up on educational degrees and can get on the job coaching (The Walt Disney Company, 2020). Furthermore, Walt Disney hosts the Disney Institute which deploys training for external professionals from different industries through seminars, workshops and presentations. The purpose is to convey Disney's approach of excellent customer service and make it available for other industries (Disney, Disney Institute, 2021).

3. Questions for discussion

Question 1. Can the Hamburger University and the Disney University be compared in their approaches to the apprenticeship?

Both universities pursue different approaches in the apprenticeship of the employees. Nevertheless, they can be classified in the same category of Corporate Universities. In 1999 Töpfer invented three stages of development for CUs which have been valid since then. The first level is for the development of individual skills. Whereas the second stage is considered to underline organizational changes and the third level considers the corporate strategy and the network. The Hamburger University and the Disney University belong to the first level of the training of individual skills. Therefore, the universities are both set up on the fundament of the transfer of knowledge (Hovestadt & Beckmann, 2010). Their purpose is the further education of employees hired for the company. The Hamburger University as well as the Disney University base the approach to the apprenticeship on the needs of the customers and the core values of the company. Furthermore, the theoretical training in both universities is connected to practical actions. In the Hamburger University the trainees operate in an artificial restaurant while in the Disney University cast members learn the required skills in front line situations with the customers.

The universities differ in their direct approaches to the apprenticeship of newly hired employees. However, the two Corporate Universities can be encountered in the same development stage which is why the Hamburger University and the Disney University are suitable for the comparison of different approaches within the first level of development.

Question 2. What do the Corporate Universities cost for participants?

For the students, the degree in Hamburgerology costs absolutely nothing. Considering that only employees of McDonald's can enroll at the Corporate University, all expenses are fully paid by the company and the franchisees. After all, these costs are only used to enhance the employees' skills and give them training.

Furthermore, there are scholarships and tuition assistance programs for HU graduates who wish to pursue a college degree. As the American Council on Education's College Credit Recommendation Service confirms, it is even possible to transfer some of the credits from HU towards a college degree. (University of the people, n.d.; McDonald's Corporation, 2011).

For the Disney University the college as well as the international program and the training for new cast members is free. Only the seminars and workshops at the Disney Institute have to be paid by the companies taking the courses. However, the Disney Institute essential courses are already available at a price of \$49 (Disney, Disney Institute blog, 2020).

Question 3. Are graduates from Corporate Universities more successful in their job?

Indeed, by taking on a leadership role in McDonald's, many of the graduates look forward to pushing their careers. And as a matter of fact, more than 40 % of McDonald's senior managers have graduated from the Hamburger University (University of the people, n.d.). Which states that, considering McDonalds, graduates of the Hamburger University are more likely to obtain leadership positions in the company.

In contrast to that, the promotion opportunities for graduates of the Disney University are limited. Since every employee, including front line workers as well as managers, has to attend the courses from the Disney University there is no guarantee to obtain a leadership position afterwards. However, the Disney Aspire program provides the opportunity for employees to receive further education in order to acquire more skills needed for a promotion (The Walt Disney Company, 2020). Therefore, depending on the concept of the specific Corporate University graduates are not necessarily more successful than career changer.

4. Conclusions

Two different Corporate Universities have been described in order to depict different approaches to the training of human capital. Although the universities belong to the same structural model of Corporate Universities, the approaches to the apprenticeship show various differences. Since both companies are prominent all over the world the marketing activities of the Corporate Universities remain limited.

Firstly, McDonald's Hamburger University has been described, which evolved from teaching in the basement of the first restaurant to opening an over 80-acre campus in Illinois. The university has been marketed as the key success factor of McDonald's provision of food and service. The company advertises the Corporate University as the foundation of the apprenticeship of leadership skills paired with business growth and operation procedures in order to attract the recruitment of the best employees possible. Furthermore, the Hamburger University is promoted as the best pathway to becoming a senior manager and pushing the career of employees which underlines its success.

Moreover, with the investigation of the Disney University, the oldest Corporate University of the United States has been described. The university's purpose has been advertised as to train employees in order to exude the best customer service possible. The foundation of the apprenticeship is for the employees to depict the Disney parks as the happiest place on earth and convey this feeling to the visitors. However, the Disney University's audience is not limited to the training of hired cast members but provides the opportunity for american as well as international students to complete an internship at the Disney theme parks. Therefore, the advertisement of the Corporate University is more important in order to attract college students on a global basis.

Obviously, the two companies have different approaches to the apprenticeship in the Corporate Universities as well as the desired audience. Nevertheless, both universities can be stated as the key success factors of the provided service in the restaurants and the theme parks. This makes the human capital, trained in the universities, one of the most important resource for the satisfaction of customers.

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