

DBA Thesis Evaluation
The 'Moon Shots' of 21st Century Talent
Comparative Corporate Training and Leadership Development at General Electric
and Toyota
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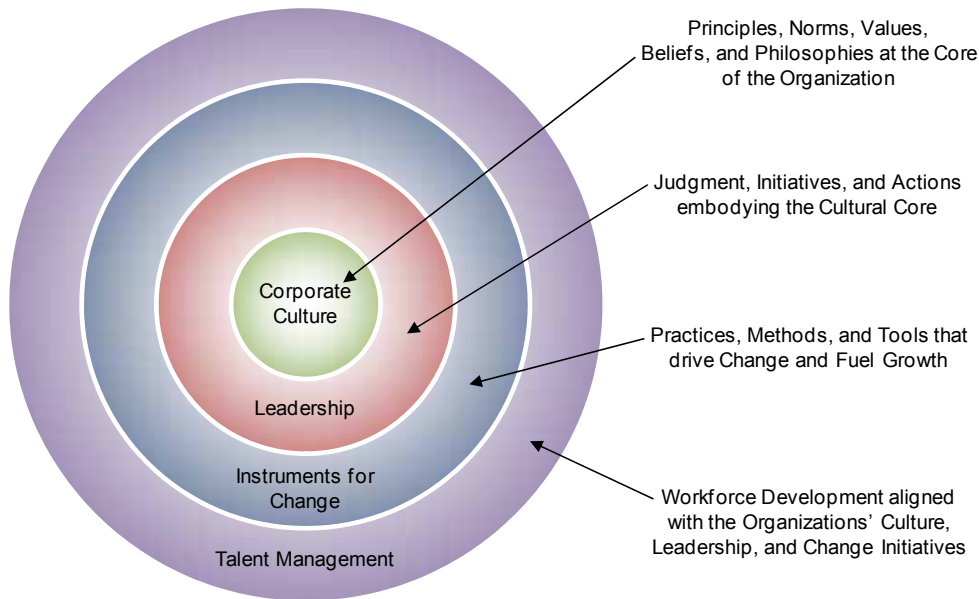


DBA Program in International Business Strategy
Graduate School of International Corporate Strategy
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DBA Thesis Report

This DBA thesis compares approaches by General Electric and Toyota to employee training and development. Specifically, this thesis examines divergent practices to address common issues around organizational culture, leadership development, organizational change, and talent development. Some of the divergent practices examined include workforce diversity, promotional path, and succession planning, among others.

Theoretical Contributions. This thesis develops a model of talent development that employs four elements: Corporate Culture, Leadership, Instruments for Change, and Talent Management. These elements are stratified according to how visible they are to people outside the company, with Corporate Culture (e.g. principles, values, beliefs) as the most intangible and invisible, hence its position at the center, and Talent Management (e.g. facilities, programs, training content) being the most visible, placing it as the outermost layer. Starting at the innermost layer of Corporate Culture, this is where the underlying principles, norms, values, beliefs, and philosophies that guide behavior, decision-making, and execution exist. The cultural core is also the foundation that shapes and structures all the other layers in the organization. Surrounding the core is Leadership – the judgments, initiatives, and actions of individuals who embody the core principles, norms, and values of the organization. It is in this action-orientated layer where the individual plays an essential role to actualize the company's respective corporate culture. The next layer is Instruments for Change – the practices, methods, and tools that promote change and fuel growth throughout the organization and support leadership judgment, initiative, and action. The outermost layer is Talent Management – the approach to attract, develop, manage, and retain a capable workforce that exemplifies the organization's cultural core, leadership qualities, and change initiatives.



The Four Layers where Capability Develops in an Organization.

With regard to talent management, the thesis follows the employee from hiring to training to assignments to cultivating their mindsets. It starts by examining where capability develops in General Electric and Toyota, beginning with a description of their talent management infrastructures that develop people over the long-term by blending formal instruction with experience-building job rotations to support growth at every career stage. It looks at the instruments at both companies that transform uncertainty and opposing demand into concrete and implementable solutions that stimulate change and fuel growth. It explains the company-specific leadership traits to drive change through observation, listening, and learning. Finally, it looks at the corporate cultures in each firm that foster a common and shared understanding of unique company values and philosophies.

Theoretically, this thesis develops several other new concepts as well. These include:

- The Two-sided Organization. A model describing how organizations are composed of two sides, one structured and the other flexible, that together determine the capability potential of the organizational whole. Emphasizing just one side makes it larger than the other, causing the organization to develop lopsidedly and spin out of control. Both sides have to be emphasized equally in order to align the organization to embrace change and develop new capability.
- The Model of Capability Accretion. A theoretical construct that operationalizes how restraint from operational rigidity, organizational inertia, and socio-cultural norms curbs learning, knowledge creation, and ultimately, the development of capability. This model explains the 'diminishing returns' of learning and performance: why many years at the same company can be equivalent to just a few years because people stop learning and instead re-experience repackaged variations of old experiences. It is grounded in epistemology, organizational systems, and socio-psychological theory, and characterizes the factors influencing capability development.
- The Capability Booster Framework. A three-block template linked to the model of capability accretion that shows how capability increases by capitalizing on individual and organizational experience, leveraging it to overcome the restraint to change that slowly calcifies inside organizations, in operational systems, and in employees, over time degrading acceptance to capability-imparting change.

- The 'Ecology' of Capability Accretion. The learning environment in an organization where the development process is dynamically reinvigorated and enriched, overcoming the 'diminishing returns' of learning by embracing the change that boosts capability.

Capability accretion examines restraint, change, and capability. Employees are immovable because restraint glues them in place, people are movable because they embrace change, and people continue to move because their capability spirals to higher and higher levels of performance. This thesis examines how to transform the immovable potential of the organization, systems, and people into moving performance.

The study concludes with the following three lessons to develop capability in firms:

- Restraint is the single biggest hurdle in the way of institutionalizing change.
- Flexible change is difficult to sustain, much less pioneer.
- Abandoning talent-building endeavors in response to unexpected change lowers long-term performance.

Research Methods. In terms of methodology, this study relies on 30 in-depth interviews and corporate documents to provide insight into these two companies. Specifically, this study draws on structured and in-depth interviews with current and former senior-, mid-, and entry-level managers and training personnel as well as site visits to corporate training centers at General Electric and Toyota.

Evaluation. The thesis review committee, consisting of Hiro Takeuchi, Ryuji Yasuda and Tish Robinson, evaluated the thesis and conducted an oral thesis defense on March 1, 2010. The committee concluded that the thesis presented a thorough and detailed view of talent development in GE and Toyota, that gave new insights into both GE and Toyota, as well as new insights into the topics of talent development, organizational change tools, leadership development and organizational culture.

This thesis provides an outstanding example of a well-researched management book, in that it approaches the topic of talent development from the standpoint of theory, internal training documents and in-depth interviews. It is well-organized, examining each of the four elements of the theory in a separate chapter. It explains GE's and Toyota's programs in depth and then enriches the documentation with insight and perspectives of various senior managers involved in different aspects of HR, as well as managers who have experienced the programs. This thesis is unique in its unparalleled access to key personnel, internal documents, and real-time evolving changes in talent management in GE and Toyota. In sum, it provides a deep and detailed look into talent development, organizational change tools, leadership development and organizational culture in GE and Toyota.

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