

Offering Money for School Pays Off

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Tuition assistance, especially when supported by a corporate culture that encourages knowledge transfer, is a catalyst for employee development and engagement.

Tuition assistance (TA) often serves as a catalyst for employees to advance their education, skills and credentials, which employers see as a benefit to both the employee and the organization. Still, as resources become scarcer, questions about TA's value have become routine.

To address these questions, ROI Institute, EdLink and Capella University created a study on the organizational benefits of offering tuition assistance (Editor's note: The authors work for these organizations). The Tuition Assistance Value Study suggests that organizations seeking to optimize their investment should require TA users to complete their degree program in a timely manner, create a corporate culture that supports knowledge transfer and include managerial oversight to embed the TA program within the larger talent management context.

The study employed the Phillips ROI Methodology, which includes five levels of evaluation and measurement: reaction, learning, application, impact and return on investment (ROI). The Phillips team created a model that provides a consistent approach to collecting and analyzing data, along with a step to isolate the effects of the program from other influencing factors. EdLink then used its client base to distribute the survey to thousands of learners and graduates from hundreds of different academic institutions, all participants in corporate-funded TA programs. The result was more than 2,000 survey respondents and a statistically significant sample size.

Real Employee and Employer Value

Employer investments in continuing education provide significant value for the individual and employer, according to the study (Figure 1). When respondents were asked to rate the potential benefits of TA programs, the highest favorable ratings were garnered by statements about the value of TA-supported courses — 96.68 percent — and whether the TA program was a good use of organizational resources — 96.67 percent. All categories received favorable ratings of at least 58 percent, and there was little difference in the level of positive response even when factoring in degree type, time spent in the program or whether the respondent had completed his or her program.

The one exception was learners in certificate programs, who were significantly less inclined to believe the TA program delivered value to the employer. Only 35 percent of certificate learners felt the TA investment was a good use of their organization's resources, which suggests that employers may wish to encourage employees to pursue degree programs instead of certificates.

The study also showed that TA programs are a significant factor in motivating employees to advance their learning. More than 75 percent said the program was a key reason they pursued additional academic or professional development and nearly 60

FIGURE 1: VALUE PERCEPTION AMONG PARTICIPANTS



percent said they would not have pursued development without the program.

Further, according to survey respondents, TA-supported education programs deliver on-the-job results, but those results may decline over time. Ninety-five percent said they acquired knowledge that was useful on the job, and 89 percent felt more confident in their ability to perform their jobs. Those who had been participating in TA for two or three years reported the highest satisfaction. However, as participation extended to five or more years, the usefulness of the acquired knowledge began to decrease. TA programs may have greater ROI if parameters are set that require continuous, timely progress toward degree completion.

The study delved deeper into the usefulness of the knowledge and skills gained through the TA-sponsored programs by determining if the acquired skills were needed on the job. Two-thirds of respondents — 66 percent — agreed that they were. Next, respondents were asked how their job proficiency improved. They indicated that, on average, it improved by 63 percent. Lastly, respondents provided insight into how much of the acquired knowledge and skills were applicable. On average, they reported 67 percent of their acquired knowledge was applied on the job. Certificate learners indicated the lowest applied knowledge, while

doctoral learners indicated the highest.

Respondents also provided more specific examples of how they applied their knowledge, including this description of one employee's learning experience: "Throughout my educational journey, I have become more proficient at managing my workforce, meeting my objectives and understanding the business as a whole. ... I also am better able to decipher and manipulate the information sent to us daily in the form of spreadsheets and analysis databases. ... I have learned to drive results and to get things done through effective management of the resources afforded to me within the company."

Enablers and Barriers to Impact

Certain factors emerged as universal enablers or barriers to knowledge transfer, which provide insight into ways organizations can maximize their TA program investment (Figure 2).

For example, the rate at which knowledge was applied on the job was most influenced by the employee's interest in using the knowledge. However, the next three enablers, when considered together, suggest that knowledge application improves if the TA program is integrated into the talent and performance management process, including a supportive corporate culture, managerial support and job requirements that demand use of the newly acquired knowledge. The top barriers — lack of need within the job and a non-supportive work environment — also support an integrated approach.

One survey respondent summed up the value of this approach by saying: "There is always a better way to do things, a better

FIGURE 2: KNOWLEDGE TRANSFER ENABLERS AND BARRIERS

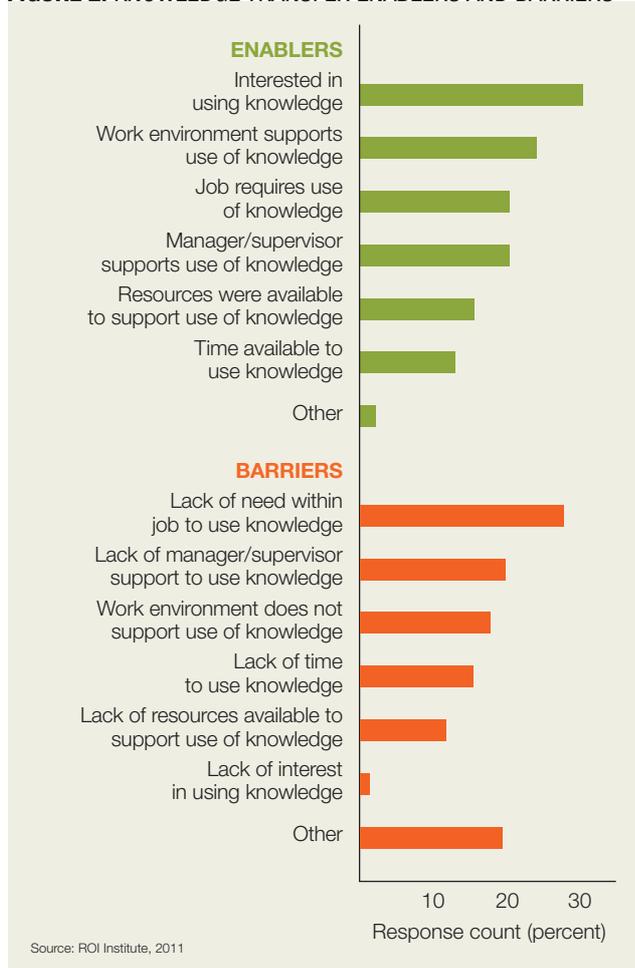
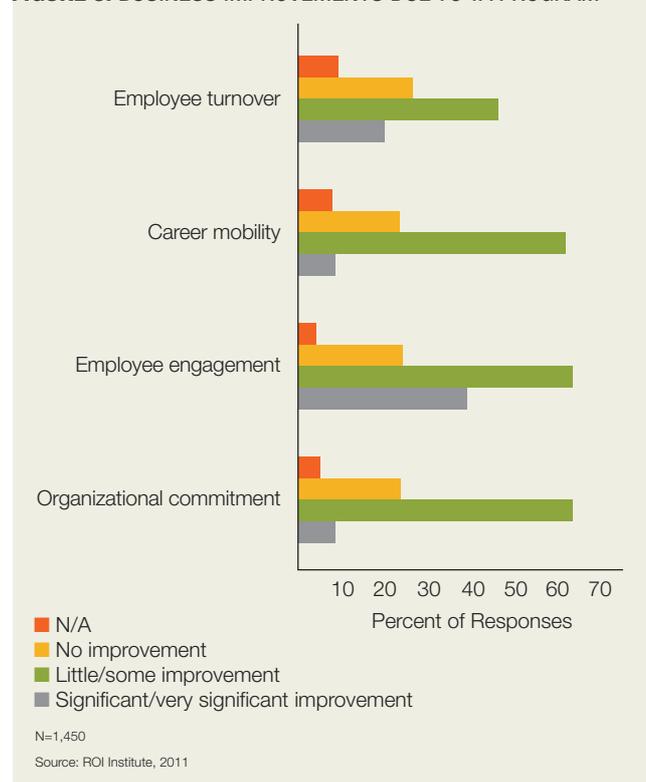


FIGURE 3: BUSINESS IMPROVEMENTS DUE TO TA PROGRAM



way to look at processes and an opportunity to expand one's knowledge. My role demands constant improvement, my work environment encourages it and my manager values it."

Survey respondents were asked to indicate the extent to which employee turnover, career mobility, employee engagement and organizational commitment improved as a result of TA, or would decrease without it. Employee engagement and organizational commitment received the highest ratings, with 63.49 percent indicating a significant or very significant improvement in engagement and 63.27 percent indicating a significant or very significant improvement in commitment (Figure 3). When asked about negative impacts, all four factors — employee retention, career mobility, employee engagement and organizational commitment — were identified by at least 50 percent of respondents as business measures that would decline significantly or very significantly if a TA program was not offered.

Respondents also were asked to rate the impact TA had on specific business measures, providing detail on how improvements were measured. More than 85 percent indicated that employee satisfaction, efficiency, quality and productivity were positively influenced by their participation in TA programs.

Further, the study demonstrates the impact a tuition program can have for an organization and its workforce development, particularly in employee engagement and organizational commitment. Most respondents consider TA programs to be valuable and a good use of resources, and think the knowledge and skills they gain in TA-supported education programs are relevant and applicable to their on-the-job performance.

Based on the survey results, the following actions can help organizations optimize the impact of TA programs:

- Put parameters around the TA program that require employees to make continuous, timely progress toward completing their degree program, which can increase on-the-job impact.
- Embed the program within the larger talent management context, making sure program use aligns with the employee's job function and career path, and that educational progress becomes part of the performance review.
- Develop a corporate culture to support the transfer of knowledge from academic programs to on-the-job performance.
- Encourage enrollment in higher-level degree programs for the most impact on job performance and applied knowledge.

Well-run tuition assistance programs can provide benefits to all organizations. As one respondent said: "This is an investment from the employer's perspective. Therefore, I return that investment by performing to the greatest of my abilities and applying the skills I have acquired in my continued learning to my daily responsibilities." **CLO**

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and established a peer networking and mentoring approach. Leaders delivered this information through a Coaching to Wow intranet site launched in 2009 and used LEAN continuous improvement methodology to find solutions to workload barriers. Finally, senior leaders set expectations for the business unit and provided recognition and rewards for demonstrated behavior and successes.

The team treated this as a process, not a one-time event. Customer service continues to use the Coaching to Wow site to customize work in Leader as Coach and supplement the company's Lead the Way online portal. In addition to core materials such as playbooks and discussion guides, customer service people leaders use the Coaching to Wow site to share resources such as team-building games and coaching scenarios.

Evaluating Results

In 2011, Grainger examined program results using existing and newly developed evaluation processes. Grainger worked with an external agency to develop and distribute a survey to leaders who had direct reports and completed at least one module of the Leader as Coach program. More than 500 people completed the survey, which answered two key questions: "Is the curriculum providing value for the business?" and "Is it providing the knowledge and skills necessary to improve coaching, and in turn to enhance the performance of each team member?"

Findings showed the curriculum successfully transferred knowledge and skills that were immediately useful on the job:

- 78 percent of respondents said the training helped them better understand expectations around coaching and teaching.
- 89 percent of the respondents noted they were able to apply what they learned in the training within one month.

Further, within five to six weeks, 96.6 percent of participants applied the training on the job. The Leader as Coach program has substantial positive impact on training team members to communicate more effectively, understand expectations around coaching and teaching, and prepare for and conduct coaching conversations.

The survey also identified some inconsistent tool utilization, and some participants still noted challenges finding the time to thoroughly and consistently apply the skills. Grainger's learning and development team is working closely with various teams to address the issues through action plans.

During the last two years, the company has increased its focus on talent management, improved its leaders' coaching skills and defined clearer links between individual, team and business goals. "We achieve sustainable, profitable growth when we focus on talent development and excellence, from the top down," said Joseph High, senior vice president and chief people officer for Grainger. **CLO**

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