

Tuition reimbursement is a no-brainer for business essay

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Learning is a lifelong goal. Many employees must learn new information every day just to keep up with competitors, technology and trends.

However, in today's fast-paced world, some business managers erroneously believe that reimbursing employees' tuition expenses or providing extra time for adult learning is too costly. These businesses may find themselves left behind as their competition grows. Implementing plans to enable employees to return to college will make their company more competitive in several major ways – in both the realms of finances and in morale. Companies that offer tuition reimbursement and time for adult learning to their employees will reap more benefits than they will spend on the tuition payments and the lost time. While everyone knows the costs of college are astronomical, tuition assistance or reimbursement programs are not as expensive as one might think. First of all, both the employee and the employer gain a tax benefit. According to Linda Jenkins, salary researcher, money paid to an employee as a reimbursement for higher education is no longer taxable income.

The business can contribute up to \$5,250 without the employee being taxed. This change is known as the “employee scholars” program and is scheduled to continue through 2010, at which time it will be evaluated (Jenkins, 2005). The business might also be able to count this expenditure as a donation, which will reduce its taxes, something that company CFOs are always interested in doing.

Reimbursing tuition may also come in other ways. Customers are drawn to businesses that can show that their employees are the most knowledgeable. This builds a great employee-customer relationship.

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Nobody wants to buy from a person who does not know what he is doing. Therefore, the newly acquired skills of the employee will translate to an increase in customers. In addition, many companies create contracts with their employee scholars. This contract may stipulate the grade that the employee must receive to get certain tuition costs reimbursed or the types of classes that will be reimbursed.

This way, the company can be assured that the student is serious about his education and worthy of the extra money he is receiving. This assurance reduces the company's risk. Of course, time is money. If the employee is taking off to attend classes, he is not doing his job. The advent of distance learning and online courses has taken much of the burden off of continuing education students.

It is possible for the employee to remain at his workstation while telecommuting to the institution or to complete his requirements after work hours. In fact, entire universities now exist online. One such example is the University of Phoenix which provides for hundreds of degree opportunities online. Thus, the employee will be available to complete his job and continue his education. However, if it is impossible for the employee to telecommute, it may be necessary to alter his work schedule for the duration of the course. This may prove to be beneficial.

Companies with flexible hours thrive. A study of companies who allowed their employees to vary their starting and ending times or to “bank” time for the future resulted, among several morale-related benefits, an actual savings in overtime pay. When an employee is allowed the flexibility to come to work

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very early or to stay very late to make up his hours lost due to education, no real productivity is lost.

In addition, allowing employees to work extra hours for no pay but for future use for time off results in less overtime paid out (Flexible hours make workforce happy, 2006). Beyond the financial angle, the emotional makeup of the workforce is positively affected by encouraging additional education. For example, a company that is seen as caring and supportive will naturally attract and retain its employees. Spherion, a company specializing in staffing and employment, conducted a study of employees who had been granted tuition assistance. Sixty-two percent responded by saying that they were “very likely to stay with their current employer” (Establishing a Tuition-Reimbursement Program, 2006). Sixty-one percent said that they would probably remain in their current jobs for at least five years.

This type of employee retention is beneficial for the company. In addition to avoiding the costs of training new employees, the staff feels a part of the company and cares about what goes on there because the company initially cared about them. A new report indicates that both the companies and the employees benefit from more flexible working hours. The Spherion report mentioned above also found that employees were happier on a day-to-day basis and that absenteeism was reduced. Absenteeism is a big problem among companies today. In fact, Gale (2003) reports that on any given day, three to six percent of a companies employees are absent. This translates into the loss of 2.8 million workdays annually at an unfathomable cost.

This loss has a huge impact on productivity, leading some companies to actually hire more employees than they actually need to keep operations at full capacity when people are out (Gale, 2003). Basically, happy people want to come to work; they don't find any excuse to stay out and may even come when they are sick. Perhaps they feel indebted to the company for providing for their education, or perhaps they truly feel valued as a part of an organization that cares enough about its employees to provide for them in this manner. Finally, the morale in a company will skyrocket as a result of offering tuition reimbursement and time for study. Morale is often overlooked as an important part of maintaining a happy and productive staff.

Roger E. Herman, a staffing researcher, says that people do not most often leave their jobs for more money but for better opportunities. He says "People are hungry for opportunities to grow into their jobs. They crave advancement, both in position and stature and in responsibility and opportunity" (Boosting Employee Morale, 2001). What better way to show employees that they are going to grow with the company than to provide them with the education and training to do so? In addition, employees want to work for a company that looks to the future.

A failing company will experience lay-offs, which nobody wants. Thus, a company that stays one step ahead of trends and technology will see increases in employee morale. However, trends and technology changes so much that without education and training, business could never keep up. Therefore, the tuition reimbursement plans are vital to maintain knowledgeable, confident and happy employees. Businesses cannot afford to

overlook the fact that “ employees with advanced education can offer more training, ideas and skills” and that “ employees who are happy, supported and able to reach their personal goals while working with a sense of job security, are happy employees” (Daugherty, 2006).

Not only does offering education reimbursement affect the bottom line, but it also affects the emotions of the employees, both individually and as a whole. As online learning becomes more prevalent and the benefits of flexible hours are made even more apparent, there is no excuse for any business to refuse to offer tuition reimbursement as part of its benefit package.

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