

Research paper on tuition reimbursement programs

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Definition of Topic

Tuition is usually attributed to educational related costs which are incurred when a person pursues a particular course or a variety of study courses. Consequently, tuition reimbursement programs are a category of employee benefits whereby the employer compensates the workforce for the costs accrued in furthering their education. Thus, tuition reimbursement is a process where the students pay for their learning costs and are later repaid by their respective employers in the future (Martocchio, 2001). Therefore, tuition reimbursement program is a form of learning financial aid that is designed to relieve students the costs of higher learning. However, tuition reimbursement program requires that the student should initially pay their educational costs unlike other common learning financial aid programs. This program involves two parties; that is, the employer and the student who later becomes the employee. Most companies provide compensation to a variety of courses which might not relate directly to the current job of the employee. In some cases, the student does not need to pay his or her educational costs. It only requires the student to agree to take the responsibility of paying the school and thereafter the school might defer the payments until the student is employed.

Hence, if the employer does not provide the funds to the school then the burden of educational costs is laid upon the student. In some instances there are conditions which are imposed in tuition reimbursement programs. These conditions vary on the basis of the source which is expected to reimburse the funds. In most cases, the source of reimbursement is the employer and thus he or she might state that a student undertakes a course that is directly

related to the operations of the company. Other sources of tuition reimbursement include private donors and the government. Consequently, all these sources of reimbursement usually set a standard level of education that the students must attain in order to remain eligible for the tuition reimbursement program. Thus, if students fall short of the average level of educational attainment required they might lose their tuition reimbursement from their sources. The tuition reimbursement is carried out so as to accomplish some particular goals for the employer and the employee. To begin with, employers use the tuition reimbursement program as a recruitment tool to ensure that they admit quality and highly motivated employees to their company.

This is due to the fact that the employer can determine the learning progress of the student which fits his or her company. Secondly, the program is also applied by employers as a form of promoting employee retention for the company. This is achieved by absorbing the student beneficiaries of the program to the organization and retaining them until their educational funds are fully reimbursed. Thus, the employees can be preserved in the entire organization's workforce for a longer period of time. Thirdly, the tuition reimbursement program is also used as a tool of enhancing job satisfaction amongst the organizations' employees. This is due to the fact that the students can be guided on the courses to pursue which relate directly with their job functions. Hence, once the students are employed by the company they find it easier and much fun handling their job operations. In this way they tend to experience a given level of job satisfaction which is very important for the organization (Bhatia, 2010). Lastly, the tuition

reimbursement programs also aim at helping the student to attain their desired levels of higher learning as well as providing a financial aid towards their educational endeavours. In the current management circumstances, most organizations have been absorbed in the process of providing non wage compensations to their employees. The tuition reimbursement program is one example of such compensations that employers have taken up for their employees. A survey carried out by the Bureau of Labor Statistics, in the US Department of Labor between May and August 1995 provided some significant data which explains the background of the tuition reimbursement program.

The survey reported that there was a substantial amount spend on tuition reimbursement programs. For instance, in 1994 companies spent a whopping 2. 8 billion dollars in tuition reimbursements for their employees. Another survey carried later in 2003 showed that the amount spent on tuition reimbursements had increased to 10 billion dollars. This shows how the program has improved since the early days of its inception. The findings from the 1995 survey reported that 61 percent of the companies with more than 50 employees were offering the tuition reimbursement program to their workforce. This topic presents some relevance in wage and salary administration. Tuition reimbursement program is a non wage employee benefit and thus offers tax advantages to the employer. Thus in wage and salary administration, it is perceived as a nontaxable allowance to benefit the employee. Salary and wage administration is aimed at formulating remuneration packages that motivate the employee as well as caring for their welfare. Thus, the inclusion of tuition reimbursements in the wage and

salary administration is quite relevant to both the employers and the workforce.

Application of the Topic

There has been a widespread application of the tuition reimbursement program by many organizations all over the world. There has been a need for more companies to provide room for learning and training amongst their workforce. A good example of an organization that has adopted this program is the US Department of Defense. A case study was conducted in 1992 which showed that the US Navy offered tuition reimbursements for its employees (Siegel, 1992). However, this was also showed that there was a likelihood of employees working up to six years in the Navy as a result of this program (Foulkes, 1991). Hence, participation in the tuition reimbursement program increased the probability of working in the Navy by approximately 13 percent. The positive effect of this program in the Navy was that it improved the rate of employee retention in the organization. However, the Navy also experienced a negative effect since it was also found out that a lot of employees leave the Navy at the end of the program. This therefore means that employees benefit with the program then leave the organization in search of green pastures. Hence, this renders the organization short of the skilled employees whom they supported in their educational costs.

Thus, this can be reported as a loss for the organization with regard to its human capital base. Another peculiar example of a company that utilizes the tuition reimbursement program is Continental Grain Company which is a private multinational organization in the United States. The company has

dealings with a variety of businesses ranging from flour milling, animal feeds, aquaculture, beef and poultry. The tuition reimbursement program is offered to full time workers who have attained three months of examination. The program is applicable to both single courses at recognized colleges as well as full degree programs for the employees. Furthermore, the reimbursement program is also presented to employees with professional training from other institutions. In this company the course to be studied by the student must be related to the job that they wish to take up in the organization at a future date and this must be approved by the company manager. Continental Grain Company thus takes this program seriously and to this regard the company has been able to identify a positive effect of the program (Gerhart & Rynes, 2003). The company has realized that the program improves job satisfaction amongst its employees. This can be attributed to the fact that the company helps its workforce to achieve their career prospects and goals thus improving their job satisfaction. Conversely, the company has also found out that the program is quite costly and hence it reduces their net income. However, the company is still committed in offering this lucrative program for its employees.

Regulations, Ethics and Social Responsibility

The tuition reimbursement program is broadly covered by the United States regulations. The US Department of State has passed regulations which require that employees should receive compensation of their educational costs. This is meant to cover for tuition costs, books as well as other costs involved in their learning. The State has grouped tuition reimbursement as a

non wage item thus ensuring that this allowance is tax free for the employer. Hence this helps to make it certain that the employers do not suffer a greater burden caused by the employee. The government has also put some requirements which help to assess the eligibility of the employees in the tuition reimbursement program. Thus, these provisions set aside by the government show that this program is well covered by the United States workplace regulations (Trevor, 2008). The ethical aspect of this program is that it is a way through which companies can improve their employee welfare especially in the area of learning and development. It is therefore considered ethical for employers to offer this program to their employees as a way of boosting their motivation and also in achieving job satisfactions for their workforce (Long, 2005).

It is therefore unethical for employers to deny employees their tuition reimbursements. On the side of the employees, it is viewed as unethical to provide wrong information for the purpose of getting a tuition reimbursement from the company. This nullifies the eligibility process and thus might render such employees punishable by the law of the United States. A company might also take up the tuition reimbursement program as part of its corporate social responsibility. This can be viewed from the perspective that the company is providing incentives to education and learning. Thus, the organization would be helping the community in terms of achieving knowledge and education. In most cases social responsibility towards education in the community is carried out by offering scholarships to bright needy students. However, in this case that social responsibility comes in as a reimbursement of the costs incurred in educating the employee.

Thus, this is just a different package of the company's social responsibility towards educating the community.

Recommendations to Management

I would recommend that the management of the company should take a front step in spearheading the implementation of this helpful and motivating program for the sake of the employees of the company. It is a compensation program that can be significant in turning around the performance of the company due to its advantages to the workforce. Some of the practices that the management must take up so as to ensure successful implementation include; ensuring that every department forms its own tuition reimbursement account to serve its individual employees. It would also be prudent for the management to come up with a comprehensive design of how the reimbursements would be paid, in what amount and within what time. Lastly, the management must also be ready to fund other educational costs that the employee might experience while in the company for the purpose of equipping them with proper skills as well as higher learning (Milkovich, 2005). In order to aid effective implementation of the program, managers must also draft policies to govern the program. For instance, managers should impose a policy to control tuition reimbursements depending on the level of educational attainment of the company's employees.

Hence, there should have a degree reimbursement plan, a college reimbursement plan and a professional course plan. This would help to categorize the workers for easy cross reference when dealing with the

reimbursement process. Some of the steps that the company would take before implementing this program include; taking up every employee record with regard to their education, liaising with the employees' schools so as to verify their genuineness, to hold discussions with employees about the program and find out their views about the method of implementation, finally the company should choose the most appropriate method of implementation and put it into action while incorporating the relevant policies adopted. However, it would also be good for the company to be having periodic measurements of the performance of their tuition reimbursement program (Weiss, 2012). In order to ensure that the desired goals are achieved, managers must ensure that the tuition reimbursement program also helps employees to further their learning while in the company. Managers should not impose a policy which does not meet the employee's educational costs in due course as this would have a negative impact on the motivation to be experienced by the employee.

Result of Recommendations

If the company would take up a successful implementation of the recommendations, then there will be some resulting impact to the company, employee and the customers. To begin with, the company would be able to earn a higher retention rate of employees, absorption of quality workforce and also achieve the employee's job satisfaction. Secondly, the employees would earn a benefit of receiving a reprieve on educational costs as well as helping them in accomplishing their career prospects and objectives. Lastly,

the customers of the company would receive better service delivery due to the highly skilled and motivated employees.

Conclusion

The tuition reimbursement program is a useful compensation program that should be embraced by employers. The program accrues some benefits to the employer as well as to the employee hence it creates a mutual benefit to both groups. The program helps employers to absorb into the company quality workers who have attained the desired level of education. This program also assists the employers to improve their levels of employee retention, which is an advantage for the company. Tuition reimbursements also facilitate the company in the achievement of job satisfaction for its workforce. The program benefits the employees by helping them to pay up educational costs and thus ensuring that they acquire higher learning for the purpose of their individual professional development.

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